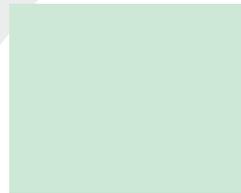
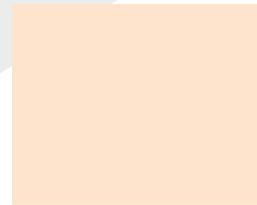
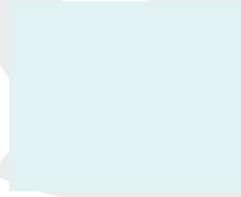


# ANNUAL REPORT 2012-13



**JK** *AGRI GENETICS LTD.*

*Our respectful homage to an extraordinary  
human being, an inspiring leader, remarkable industrialist  
and phenomenal business pioneer.*



SHRI HARI SHANKAR SINGHANIA  
20th June 1933 - 22nd February 2013  
PRESIDENT, J.K. ORGANISATION

# A GREAT LEADER & AN ICONIC INDUSTRIALIST



Leading industrialist, philanthropist and President of J.K. Organisation, Shri Hari Shankar Singhania, passed away on 22<sup>nd</sup> February 2013. Among his many stellar qualities was the ability to look into the future far better than most mortals could. Yet, inspite of his extraordinary business success, he always held close to his heart the well-being of human beings not as fortunate as him.

He was a doyen of Indian Industry, an institution builder, an entrepreneur, educationist, welfare protagonist and a visionary par excellence.

Hari Shankarji, who learnt the ropes of business under his illustrious father Late Lala LakshmiPatji Singhania, was actively involved in J.K. Organisation, one of the oldest and largest business Groups in the country, from 1951 at the age of 18 years. He soon became well-known for his entrepreneurial capabilities and setting up various pioneering ventures in India.

Hari Shankarji was involved in establishing and overseeing the Group's diverse businesses such as aluminium, paper, steel, insurance, jute, paints, office equipment etc. Taking the growth of the Group forward, he set up various industries in several product categories such as Tyre, Cement, Automotive products & Power Transmission systems, Agri Genetics, Dairy products, Sugar, drugs & pharmaceuticals, textiles and more. Today, thanks to his leadership, many of these have emerged as leaders in their respective fields, manufacturing and marketing world class products. He took keen interest in ensuring that areas around industrial plants in particular, most of them being in backward areas, are developed for overall growth of the society at large.

His un-relenting focus on quality and customer satisfaction, and his belief "When it is good enough, improve it", built the culture of excellence in all the Companies within the JK Group.

He also established education and medical foundations which are running a number of schools, academies, university and hospitals across the country. These include the Pushpawati Singhania Reseach Institute (PSRI), a Super Speciality Hospital in Delhi, as well as the newly set up JK LakshmiPat University in Rajasthan which combines the serene settings of the Gurukuls of yesteryears with the technological advancements of the new age. He served as Chairman of Board of Governors of Indian Institute of Management, Lucknow for 15 years.

For his contribution in the field of commerce and industry, in the economic development of India, the President of India had conferred him with the prestigious 'Padma Bhushan' award in 2003. In 2005, Hari Shankar ji was awarded one of the highest Swedish awards - Royal Order of the Polar Star - by the King of Sweden for his contribution to the development of Indo-Swedish business relations.

Hari Shankar ji was the second Indian to serve as the President of the International Chamber of Commerce (ICC), Paris, during 1993 & 94. He was involved with Confederation of Asia-Pacific Chambers of Commerce and Industry, Taipei. He was the only Indian to be nominated on the Board of Atlas Copco, Sweden. He also held with distinction, and was the first Indian, to serve on the Board of the Commonwealth Development Corporation. He led various industry chambers and councils in India and abroad – Bharat Chamber of Commerce, Federation of Indian Chambers of Commerce and Industry (FICCI), ASSOCHAM etc.

In his passing we have lost not just a leader but an extraordinary human being.

His vision will continue to inspire us to strive towards ever-increasing heights in the years to come.

## **THE FAR-SIGHTED VISIONARY**

In the late 1980s Shri Hari Shankar Singhaniaji envisioned that for the development of Indian economy and to support its growing population, substantial improvement in agricultural productivity would be required. Keeping this in mind, under his guidance and dynamic leadership the group made a foray into the seed business in 1989 by setting up JK Agri Genetics (which was initially a division of JK Industries Limited). The objective of this business was to help improve productivity in agriculture through the application of latest technologies to develop new Hybrids Seeds.



Shri Hari Shankarji always believed in delivering quality products to the consumer involving latest technologies. He was the guiding force and instrumental in establishing a huge Research & Development facility and Bio Technology Laboratory to support the development of path breaking Hybrids Seeds which in turn benefits the farmers and community at large. Even at a time when Bio Technology was not a buzz word, he encouraged the business to build relationships with global and Indian technical institutions to develop high quality and high yielding seeds using this new technique.

Since its establishment, the company has come a long way and made a mark in key growth areas of agriculture by introducing world-class Hybrids Seeds under the brand name **"JK Seeds"**, a name that is trusted and well established among the farming community across India, with a leadership position in various crops.

### **THE PHILANTHROPIST**

*"People are not pulled from the front or pushed from behind...they are driven from within."*

Shri Hari Shankarji always believed in the philosophy of improving the quality of life of people and societies at large, while setting up industry, particularly in backward areas. With this objective, the Group has established a number of Education, Health and Social Welfare Centers and Institutes across the country, including Education at Ekal Vidyalyayas, running and supporting various schools in the rural areas. Six ITIs under PPP Model were adopted, and SC/ST Girls hostels supported. He was the inspiration behind undertaking exemplary projects like 'Parivartan' & 'Natal care' for Women and 'Adult Literacy programmes' for illiterates. Several mobile clinics, medical and eye camps are being organized regularly, for needy people of the areas around our manufacturing facilities. He was keen on development of green areas, water harvesting etc., around industrial establishments, as a measure towards protecting the environment. The company has adopted several environment friendly practices and has been bestowed with numerous green tech safety and environment management awards.

# CONTENTS

Directors' Report and Management Discussion & Analysis	2-5
Corporate Governance Report	6-9
Auditors' Report	10-13
Balance Sheet and Statement of Profit & Loss	14-32
Cash Flow Statement	33

## **BOARD OF DIRECTORS**

**Bharat Hari Singhania**  
Chairman

**J. R. C. Bhandari**

**Sanjeev Kumar Jhunjunwala**

**Sanjay Kumar Khaitan**

**Raghupati Singhania**

**Vikrampati Singhania**

**Swaroop Chand Sethi**

### **President**

S.K. Gupta

### **Auditors**

Lodha & Co.  
Chartered Accountants

### **Bankers**

AXIS Bank Limited  
State Bank of Mysore

### **Company Secretary**

Anoop Singh Gusain

### **Processing Plant**

Survey No.-509/2  
Village: Gundlapochampally  
Distt. Ranga Reddy - 501 401  
Andhra Pradesh

### **Administrative Office**

1-10-177, 4<sup>th</sup> Floor,  
Varun Towers, Begumpet,  
Hyderabad - 500 016  
Andhra Pradesh

### **Registered Office**

7, Council House Street,  
Kolkata – 700 001  
West Bengal

visit us at [www.jkseeds.net](http://www.jkseeds.net)

# DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

## TO THE MEMBERS

Your Directors have pleasure in presenting the Annual Report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2013.

## RESTRUCTURING

The Company's appeal which was filed on 9th June 2010 in the Division Bench of the Hon'ble High Court, Calcutta for sanction of the Scheme of Arrangement and Demerger (Scheme) between JK Agri Genetics Ltd. (Transferor Company name since changed to Florence Investech Ltd.) and the Company (Transferee) has been allowed and the Scheme was sanctioned on 10<sup>th</sup> September 2012. After the Scheme was sanctioned, a Special Leave Petition (SLP) was filed against the judgement of the Division Bench in the Hon'ble Supreme Court of India. The SLP was heard and was dismissed on 18<sup>th</sup> October 2012. The Scheme thus attained finality in view of the Order passed by the Hon'ble Supreme Court of India confirming the judgement of the Division Bench of the Hon'ble High Court at Calcutta. The Scheme became effective on 2<sup>nd</sup> November 2012 and is operative w.e.f., the appointed date i.e., 1<sup>st</sup> April 2005.

On the Scheme becoming effective as aforesaid, the Seed Undertaking of Transferor Company stands transferred to and vested in the Company (Transferee). Pursuant to the Scheme the name of the Company has also been changed from Florence Alumina Ltd. to JK Agri Genetics Ltd.

## SHARE CAPITAL

Pursuant to the said Scheme, the Company has issued and allotted 21,03,906 Equity Shares of ₹ 10/- each as fully paid-up to the Equity Shareholders of the Transferor Company as on the Record Date of 7th February 2013, consequent upon reorganization and allocation of Share Capital of the Transferor Company in the ratio of 2:3 i.e., for every 100 Equity Shares of ₹ 10/- each, 60 Equity Shares (fully paid-up) of the Company have been issued.

## OPERATIONS

During the year under review, the Company achieved a turnover of ₹ 185.01 Crores with Operating Profit of ₹ 21.67 Crores and the Profit before Tax of ₹ 10.58 Crores.

The year has ended on a positive note with significant improvement in the financial performance of the Company. The sales turnover increased by 37% over the same period of the previous year.

The Seed industry is highly competitive and fragmented with number of companies and brands in each

product category as well as geography. To succeed, the Company needs to continue to bring out new products at regular intervals. JK Agri Genetics Limited (JKAGL) is the research driven Company with products across various sectors like cotton, maize, jowar, bajra, rice and wheat etc. and sells its products across the country. The Company continues to launch new and better products while phasing out older ones.

Trials have been conducted by the Company to launch newly developed hybrids in several mandate crops with a view to test market and launch them during Kharif season. These initiatives are expected to increase the sales of Cotton, Bajra and Vegetables over the next few years.

To continue the growth momentum, the Company has strengthened its marketing and distribution network by innovative brand building campaigns as well as increased penetration in the market. The Company works very closely with the farming community to impart improved farming techniques as well as help them to choose the right seeds and other inputs to increase their overall returns. The Company has initiated novel farmer education programs and product promotional activities which would enable it, to get the positive results in the ensuing Rabi & Kharif seasons. Innovative practices like distribution of saplings and farmer demonstration plots have helped to establish the 'JK Seeds' brand.

Participation in Government schemes in Eastern India, Assam, West Bengal and Odisha have also helped to make the company's products popular. Company also co-markets some of its products through other seed companies.

## RESEARCH AND DEVELOPMENT

The Company has well developed infrastructure with sizable investment, a large germplasm collection, a very capable and strong R&D team which include a large number of well qualified plant breeders and biotechnologists having the right skill set and experience to develop new lines and a hybrid to suit varying agro climatic conditions and disease resistant products. This has helped the Company to continuously develop new and innovative products. The Company also carries out research through collaborations with national and international research institutions / strategic partners to improve the germ plasm base which helps in introduction of new varieties. It has also been investing in biotechnology research projects to introgress new technologies to bring down the product development cycle time.

With the help of the Research and Development team, the Company has been able to launch a number of BT cotton hybrids with stack gene technology in North, Central and South India. Full

season and mid-early hybrids of maize and new hybrids in bajra were launched. Additional hybrids in rice as well as wheat have helped to increase penetration in newer markets. Hybrids in the areas of mustard and wheat have been added to the portfolio through collaboration with outside bodies including licensing in one mustard hybrid from a leading public institute. Several new hybrids in vegetable have been identified for trial marketing during the current year.

Since all research projects are of long term nature, the continued focus of the Company in this area will yield positive results in the years to come.

## **INDUSTRY OVERVIEW**

Agriculture industry continues to be one of the key focus sectors for the Indian economy contributing to about 16% of India's GDP and employing about 60% of Indian population. Because of its size and importance, this sector continues to get attention of policy makers with continuous attempts to reform and make the sector more productive.

During the year, the Government raised the minimum support prices of primary Kharif 2012-13 crops by upto 53%. It was expected that this increase in support price will encourage growth in production ultimately leading to adequate supplies in the market which in turn would bring down prices of food grains and arrest inflation. The Finance Minister tried to maintain fiscal management on one hand, while creating growth drivers for the agricultural sector at the same time.

However, the first three months of the 2012 monsoon season registered a lower than expected rainfall which caused drought in many parts of the country. The delayed onset and deficient first half of South-West monsoon in 2012 had adverse impact on Kharif crop area coverage and yields. There was a significant improvement in the rainfall situation in the later part of the monsoon which helped farmers avoid facing the worst possible drought in a decade. This resulted in good soil moisture conditions and improved prospects for Rabi crops for 2012-13.

Rashtriya Krishi Vikas Yojna (RKVY) has been one of the major steps taken by the government in the recent years to try and improve production by increasing public investment in agriculture and allied sectors. National Food Security Mission (NFSM) has also emerged as the path breaking interventions which will help in achieving record production of Food grains.

As we all know one of the ways to increase yield and productivity in the farm sector is to use Genetically Modified (GM) crops which has been proven in number of countries in the world. However, one of the disappointing developments of the year has been the moratorium placed on field testing of GM crops. Industry is hopeful that a positive view would be taken in the matter by the courts and the regulators based on scientific data and by putting strong regulatory

mechanisms. The Indian agriculture sector is expected to continue to grow with the support of new technologies and new hybrids to increase yields and farm outputs. Industrial consumption as well as the opening up of the retail sector along with improved supply chain infrastructure will help the sector grow further. India's growing population and its moving up the value chain will continue to demand better quality grains and vegetables.

## **OPPORTUNITIES, THREATS AND CONCERNS**

India is blessed with 2nd largest arable land in the world with 15 major agro-climatic zones and 46 soil types. This diversity offers great opportunities as well as challenges for companies in this sector. On one hand it offers a number of large market segments while on the other hand it demands different types of crops to suit each agro-climatic zone. This diversity also offers Indian companies to conduct breeding and research for similar agro-climatic zones in other parts of the world.

The innovative and open minded approach of the Indian farmers offers an opportunity to introduce new technologies that benefit the farmers, for example the wide spread growth and the impact that BT cotton has had in the cotton and textile industry in India.

India's growing population and its resultant consumption of food will continue to drive growth in this sector. Challenge is to meet this growing need of food crops despite the shrinkage in agricultural land as well as falling water tables. These challenges will need to be met by improved varieties and hybrids as well as better farming practices. The use of GM crops will go a long way in improving productivity as well as reducing costs to the farmers.

The sector further offers potential for growth as hybridization in a number of crops is low, as well as the preference of farmers is now moving towards increased seed replacement rates. The ability of the industry to offer new technologies that reduce loss due to pest attacks as well as effort to offer seeds that perform better under varied conditions of drought or high temperatures will help create new markets for the industry. With the continuing growth of India's middle class and improvement in the lifestyle, India's consumption of fruits and vegetables is likely to increase. This new consumption will help increasing the sales of high quality vegetable seeds in India. Similar agro-climatic conditions in South Asia as well as Africa offer new opportunities for Indian companies to explore.

While there are number of opportunities there continue to be challenges for the seed industry. The vagaries of weather and erratic monsoon continues to be a major threat for the industry. Government regulations on GM crops as well as increased time taken for testing before launching new products could slow down the growth of the industry. The need of

continuously developing new products in the face of global competition is also a challenge.

### HUMAN RESOURCE DEVELOPMENT

Apart from R&D, the success of your Company lies on the shoulders of its people. The Company has strengthened its sales force by recruiting required talent across geographies. The teams have also been regrouped into three major verticals spanning across cotton, field crops and vegetable in order to focus on the relevant products. Fresh talent from the campus have also been infused in sales, production and R&D to strengthen the knowledge pipe line.

Your Company has worked hard to increase engagement and promotes active Cross Functional Team working on key strategic and functional objectives. Key talent was exposed to internal and external training and development programmes along with monitoring training effectiveness. Enhancing knowledge sharing through various channels like intranet portal, news letters etc. are being encouraged. Performance recognition and rewards schemes have been introduced to encourage results in R&D, Sales and Marketing and other functions.

### FINANCIAL PERFORMANCE AND INTERNAL CONTROL SYSTEMS

Particulars	₹ in Lacs)	
	2012-13	2011-12
1. Turnover	18501.33	13471.49
2. Operating Profit / (Loss)(PBIDT)	2166.86	1556.26
3. Interest	806.46	532.36
4. Profit/(Loss) Before Tax	1057.84	740.96
5. Provision for Tax	158.62	54.77
6. Profit/(Loss) after Tax	899.22	686.19

The Company has a formal and structured Internal Audit system. All the functions of the Company are reviewed periodically. The system ensures that the Company achieves its targets and complies with the applicable laws and regulations and checks its efficiency of operations and reliability of financial reporting.

Findings and observation of Internal Audit is placed before the Audit Committee consisting of Independent Directors before submission to the Board for approval. Audit Committee meets every quarter to review the Audit Report and action taken on the findings of Internal Audit Report discussed in the previous meeting.

### DIRECTORS

Shri S.K. Khaitan, who was appointed as a Director of the Company w.e.f. 30<sup>th</sup> March 2013 in the casual vacancy caused by resignation of Shri V.K. Sharma, pursuant to Section 262 of the Companies Act, 1956 retires at the ensuing Annual General Meeting

(AGM). Shri Vikrampati Singhania, Shri S.C. Sethi, Shri J.R.C. Bhandari and Shri S.K. Jhunjhunwala who were appointed by the Board as Additional Directors pursuant to Section 260 of the said Act with effect from 12<sup>th</sup> February 2013 will also hold offices as Directors upto the date of the ensuing AGM, in terms of Section 260 of the said Act.

The Company has received from members notices pursuant to Section 257 of the said Act proposing candidature of Shri S.K. Khaitan, Shri Vikrampati Singhania, Shri S.C. Sethi, Shri J.R.C. Bhandari and Shri S.K. Jhunjhunwala for appointment as Directors, liable to retire by rotation. The Board recommends their appointments.

The Board also appointed Shri Bharat Hari Singhania and Dr. Raghupati Singhania as Directors w.e.f. 30<sup>th</sup> March 2013, in the casual vacancy caused by resignation of Shri A.K. Kinra and Shri PK Rustagi respectively pursuant to Section 262 of the said Act.

The Board placed on record its deep appreciation for the valuable services and guidance rendered by Shri A.K. Kinra, Shri PK Rustagi and Shri V.K. Sharma.

### SUBSIDIARY COMPANY

Upon the Scheme of Arrangement and Demerger becoming effective, the Company has ceased to be a Subsidiary Company of the Transferor Company w.e.f., the appointed date i.e., 1<sup>st</sup> April 2005.

### AUDITORS

M/s Lodha & Co., Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment. The observations of the Auditors in their report on Accounts read with the relevant notes are self-explanatory.

### COST AUDIT

Pursuant to the Scheme of Arrangement and Demerger, the Seed Undertaking stands transferred and vested in the Company.

Consequently, the Cost Audit of the Cost Accounts of the Seed Undertaking becomes applicable to this Company. For the purpose the Company has appointed M/s. Vijender Sharma & Co., Cost Accountants as the Cost Auditors. The Cost Audit for the year ended 31<sup>st</sup> March, 2013 will be conducted by the Cost Auditors and the Cost Audit Report will be submitted to the Ministry of Corporate Affairs, Government of India, within the prescribed time.

### PARTICULARS OF EMPLOYEES

Particulars of employees required under Section 217 (2A) of the Companies Act, 1956 are given in the enclosed statement forming part of the Report. However, as per the provisions of Section 219(1)(b) (IV) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the

Company excluding aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Company's New Delhi address.

## CORPORATE GOVERNANCE

Your Company reaffirms its commitment to good corporate governance practices. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state that:

- (i) in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the accounting policies selected and applied are consistent and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on a going concern basis.

## CAUTIONARY STATEMENT

"Management's Discussion and Analysis Report" contains forward looking statements, which may be identified by the use of the words in that direction, or connoting the same. All statements that address expectation or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements. The Company's actual results, performance or achievements could thus differ materially from those projected in such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward - looking statements on the basis of any subsequent development, information or events.

## ACKNOWLEDGEMENTS

Your Directors wish to acknowledge and place on record the commitment and dedication on the part of the employees of your Company in achieving good results.

The Directors would like to acknowledge and record their appreciation of the continued support and assistance received by the Company from its valued Customers, Dealers, Suppliers, Shareholders, Banks and various Central and State Government Agencies.

On behalf of the Board

Date: 21<sup>st</sup> May, 2013

Place: New Delhi

Bharat Hari Singhanian

Chairman

## ANNEXURE TO THE DIRECTORS' REPORT

### A. ENERGY CONSERVATION

Your Company is not covered under the schedule of Industries required to furnish information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors), Rules 1988.

### B. RESEARCH & DEVELOPMENT EXPENSES

The Capital Expenditure incurred on R & D during the period was ₹ 29.14 lacs and recurring expenditure was ₹ 1152.98 lacs.

### C. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

The good performance and acceptance of Company's Rice hybrids with salinity and drought tolerance was a noteworthy achievement of this year. Using Biotech tools for screening and conducting quality assessment of seeds has increased the Company's accuracy and speed. Many high performing hybrids of the Company are ready for commercialization.

### D. EXPORT, FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lacs)

Description	2012-13	2011-12
Foreign Exchange Earnings (on account of Export sales- FOB value)	173.14	159.53
Others	-	-
Total Foreign Exchange Earnings	173.14	159.53
Foreign Exchange Outgo	334.01	168.04

# CORPORATE GOVERNANCE REPORT

The Company is in the process of getting its Equity Shares listed at BSE Ltd. and the Calcutta Stock Exchange Ltd., pursuant to the Scheme of Arrangement and Demerger. The requirement of providing Corporate Governance Report in the Annual Report of the Company will be applicable on listing of Equity Shares of the Company. However, as a responsible corporate citizen, substantial information regarding Corporate Governance are provided in this report.

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company.

## 2. BOARD OF DIRECTORS:

The Board of Directors presently consists of seven Non-Executive Directors (NED), out of which four are Independent Directors (IND). The Chairman is Non-Executive. Attendance and other details are as given hereunder:

Name of the Director	Category	Number of Board Meetings Attended 2012-13	No. of other Directorships and Committee Memberships/ Chairmanships		
			Other Directorships \$	Committee Memberships*	Committee Chairmanships*
Shri Bharat Hari Singhania, Chairman#	NED	1	3	1	-
Dr. Raghupati Singhania#	NED	1	7	2	1
Shri Vikrampati Singhania@	NED	2	3	1	1
Shri S. C. Sethi@	IND	2	5	6	-
Shri S. K. Khaitan#	IND	N.A.	-	-	-
Shri J.R.C. Bhandari@	IND	1	3	2	2
Shri S. K. Jhunjhunwala@	IND	N.A.	1	-	-
Shri A.K. Kinra ^	NED	8	7	3	1
Shri V.K. Sharma ^	NED	8	-	1	-
Shri PK Rustagi ^	NED	8	3	3	-

The last Annual General Meeting held on 14<sup>th</sup> August 2012 was attended by Shri A.K. Kinra and Shri PK Rustagi.

@ Appointed as Additional Director w.e.f. 12<sup>th</sup> February 2013.

^ Ceased to be a Director w.e.f. 12<sup>th</sup> February 2013.

# Director appointed in Casual Vacancy w.e.f. 30<sup>th</sup> March 2013

\$ As per Section 275 read with Section 278 of the Companies Act, 1956.

\* Only covers Memberships/Chairmanships of Audit Committee and Shareholders/ Investors Grievance Committee.

N.A. Not Applicable

Shri Bharat Hari Singhania is brother of Dr. Raghupati Singhania and father of Shri Vikrampati Singhania.

**NUMBER AND DATES OF BOARD MEETINGS HELD:-** Nine Board Meetings were held during the financial year ended 31<sup>st</sup> March 2013 i.e., 15.06.2012, 12.07.2012, 12.09.2012, 08.10.2012, 03.11.2012, 31.12.2012, 11.02.2013, 12.02.2013 and 30.03.2013.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

Pursuant to the provisions of Clause 49 of the Listing Agreement, the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company and the same is available on the website of the Company ([www.jkseeds.net](http://www.jkseeds.net)). All the Board Members and Senior Management Personnel have affirmed compliance with the Code. This Report contains a declaration to this effect signed by the President.

### 3. AUDIT COMMITTEE:

The Board at its meeting held on 12<sup>th</sup> February 2013 has constituted an Audit Committee consisting of four Directors - all being Non-Executive Independent Directors, namely - Shri J.R.C. Bhandari (Chairman), Shri S.C. Sethi, Shri S.K. Khaitan and Shri S.K. Jhunjhunwala.

The 'Terms of Reference' and the constitution of the Committee are in conformity with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

The Company Secretary acts as Secretary of the Committee.

### 4. REMUNERATION COMMITTEE (Non Mandatory):

Remuneration Committee was not required to be constituted.

### NON EXECUTIVE/ INDEPENDENT DIRECTORS:

The Company has paid sitting fees aggregating to ₹ 32,000/- to all Non-Executive Directors for attending the meetings of the Board/ Committees thereof.

No other payments were made to Non-Executive Directors and such Directors did not have any other pecuniary relationship or transactions vis-à-vis the Company during the year except as stated above.

The number of Equity Shares of ₹ 10 each (i.e. Shares) held by the Non-Executive Directors as on 31<sup>st</sup> March 2013 are: Shri Bharat Hari Singhania - 11,272 Shares; Dr. Raghupati Singhania – 3,744 Shares; Shri Vikrampati Singhania – 4,119 Shares; Shri S.C. Sethi – 3 Shares; Shri J.R.C. Bhandari - Nil Shares; Shri Sanjay Kumar Khaitan – Nil Shares and Shri Sanjeev Kumar Jhunjhunwala – Nil Shares.

The Company does not have any outstanding convertible instruments.

## 5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Board at its meeting held on 12<sup>th</sup> February 2013 has constituted a Shareholders/ Investors Grievance Committee at the Board level consisting of three Directors - all being Non-Executive Directors (out of which two are Independent Directors), namely - Shri S.C. Sethi (Chairman), Shri Vikrampati Singhania and Shri S.K. Khaitan. The composition of the Committee is in conformity with Clause 49 of the Listing Agreement. No meeting of the said Committee was held during the financial year ended 31<sup>st</sup> March 2013.

The Company Secretary of the Company is the Compliance Officer.

During the financial year 2012-13, no complaint was received from the members. Also, no complaint pertaining to the previous financial year 2011-12 was pending at the end of the said previous financial year. As on date, there are no complaints pending.

The Board in its meeting held on 12<sup>th</sup> February 2013 delegated the power of share transfer to a Committee of Directors and the share transfer formalities are attended as required. All valid requests for transfer of shares in physical form were processed in time and there were no pending transfers of shares.

### 6. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGMs):

Year	Location	Date	Time
2009-2010	7, Council House Street, Kolkata - 700 001	27.09.2010	2.00 P.M.
2010-2011	Same as above	03.09.2011	10.00 A.M.
2011-2012	Same as above	14.08.2012	10.00 A.M.

No Special Resolution was passed in the previous 3 AGMs.

### 7. DISCLOSURES:

- (a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large:

None. Suitable disclosure as required by Accounting Standard (AS-18) - Related

Party Transactions has been made in the Annual Report.

- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There was no case of non-compliance on any matter related to capital markets during the last three years.

## 8. MEANS OF COMMUNICATION:

The Company is in the process of getting its Equity Shares listed at BSE Ltd. and the Calcutta Stock Exchange Ltd., as stated above. Accordingly, the requirements of the publication of financial results, presentation to the Institutional Investors or the analysts etc., will be complied suitably after the listing of its shares.

Management Discussion and Analysis forms part of the Annual Report.

## 9. GENERAL SHAREHOLDERS' INFORMATION:

- (i) Registered Office : 7, Council House Street, Kolkata – 700 001  
Phone No: 033-22486181
- (ii) Annual General Meeting (AGM)
- (a) Date, Time & Venue : Saturday, the 7<sup>th</sup> September 2013 at 11.30 A.M. at Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata - 700 020.
- (b) As required under Clause 49(IV)(G)(i), a brief resume and other particulars of Directors retiring by rotation and seeking re-appointment/appointment at the aforesaid AGM are given in the Notes to the Notice convening the said Meeting.
- (iii) Financial Calendar (tentative):

Financial Reporting:

- |  |  |
|--|--|
| • 1 <sup>st</sup> Quarter ending June 30, 2013             | } Within 45 days of the end of the Quarter               |
| • 2 <sup>nd</sup> Quarter ending September 30, 2013        |  |
| • 3 <sup>rd</sup> Quarter ending December 31, 2013         |  |
| • Annual and 4 <sup>th</sup> Quarter ending March 31, 2014 | Within 60 days of the end of the 4 <sup>th</sup> Quarter |

- Annual General Meeting for the financial year 2013-14 Between July and September, 2014

- (iv) Date of Book Closure 26<sup>th</sup> August to 7<sup>th</sup> September, 2013 (both days inclusive)

- (v) Distribution of Shareholding (as on 31.03.2013):

No. of Equity Shares Held	No. of Shares		Shareholders	
	Number	% of Total	Number	% of Total
1 - 250	135610	3.76	9149	97.51
251 - 500	31001	0.86	92	0.98
501 - 1000	36192	1.00	53	0.57
1001 - 5000	134067	3.73	61	0.65
5001 - 10000	61311	1.70	8	0.08
10001 & above	3205725	88.95	20	0.21
Total	3603906	100.00	9383	100.00

- (vi) Share Transfer System

The transfer/ transmission of shares in physical form is normally processed and completed within a period of 15 days from the date of receipt thereof. In case of shares held in electronic form, the transfers are processed by National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) through the respective Depository Participants.

Outstanding GDRs/ADRs/Warrants/Options : NIL  
or any Convertible instruments, conversion date and likely impact on equity

- (vii) Plant Locations

The Company has Production centres for high-yielding hybrid seeds at various places in Andhra Pradesh and other States. Besides, the Company has state-of-the-art Biotechnology R&D Centre and Seeds Processing Plant at Hyderabad/Near Hyderabad in the State of Andhra Pradesh and another Seed Processing Plant at Kota in the State of Rajasthan.

(viii) Address for Correspondence for Share Transfer and Related Matters

- |   |  |
|---|--|
| <p>1. Company Secretary<br/>JK Agri Genetics Limited<br/>Secretarial Department<br/>3rd Floor, Gulab Bhawan (Rear Block)<br/>6A, Bahadur Shah Zafar Marg,<br/>New Delhi - 110 002<br/>Phone No.: 91-11-30179891<br/>Fax No.: 91-11-23716670<br/>Email: jkagshareholder@jkmil.com<br/>Website: www.jkseeds.net</p> | <p>2. Registrar &amp; Share Transfer Agent:<br/>Alankit Assignments Ltd.<br/>Alankit House<br/>2E/21, Jhandewalan Extension,<br/>New Delhi-110 055 (India)<br/>Phone No.: 91-11-23541234, 91-11-42541234<br/>Fax No.: 91-11-42541967<br/>Contact Person – Shri J.K. Singla<br/>Email: rta@alankit.com<br/>Website: www.alankit.com</p> |
|---|--|

#### **10. DECLARATION:**

It is hereby declared that all the members of the Board and the Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of the Company." during the Financial Year ended 31<sup>st</sup> March 2013.

(S. K. Gupta)  
President

#### **AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE:**

To

The Members of JK Agri Genetics Limited

We have examined the compliance of conditions of Corporate Governance by JK Agri Genetics Limited for the financial year ended 31<sup>st</sup> March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: New Delhi  
Date: 21<sup>st</sup> May 2013

For Lodha & Co.  
Chartered Accountants  
Firm Registration No: 301051E  
(N. K. Lodha)  
Partner  
Membership No.85155

# **INDEPENDENT AUDITORS' REPORT**

**To the members of JK Agri Genetics Ltd. (formerly Florence Alumina Ltd.)**

## **Report on the financial statements**

We have audited the accompanying financial statements of **JK Agri Genetics Ltd. (formerly Florence Alumina Ltd.)**, which comprise the balance sheet as at 31<sup>st</sup> March 2013, and the statement of the profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation of these financial statements that give a true and the fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountant of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

## **Emphasis of the Matters**

We invite attention to Note No. 26 read with Note No. 27 to the Financial Statements regarding the transfer of assets and liabilities of Seed Undertaking of Florence Investech Limited (formerly JK Agri Genetics Limited) to the Company [JK Agri Genetics Limited (formerly Florence Alumina Limited)], pursuant to the Scheme of Arrangement & Demerger between the Company and Florence Investech Limited (formerly JK Agri Genetics Ltd.), which has been approved by the Hon'ble High Court of Judicature at Calcutta operative from 1<sup>st</sup> April 2005 (appointed date), impact of which have been given in these financial statements with respect to Net difference being considered as General Reserve on transfer of Seed undertaking with the Company as stated in Note No. 27 (a) (vi) to the Financial Statements which is not in line with the Generally Accepted Accounting Principles, as has been carried out as per the Order of the Hon'ble High Court.

## **Opinion**

In our opinion and best to our information and according to the explanations given to us, the financial statements give the information required by Act in the manner so require and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the balance sheet, of the state of the affairs of the company as at 31<sup>st</sup> March 2013,
- b. In case of the statement of the profit and loss, of the profit for the year ended on that date, and
- c. In case of the cash flow statement, of the cash flows for the year ended on that date.

## Report on other legal and the regulatory requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give the Annexure a statement on the, matters specified in the paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of Companies Act, 1956;
  - e. On the basis of the written representations received from the Directors and taken on records by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March 2013 from being appointed as a Director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Lodha & Co.  
Chartered Accountants  
Firm Registration No. 301051E

(N. K. Lodha)

Partner

Place: New Delhi

Date: 21<sup>st</sup> May 2013

Membership No.: - 85155

## ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)

1.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management according to the programme of periodical physical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.
  - (c) As per the records and information and explanations given to us, fixed assets disposed off during the period were not substantial.
2.
  - (a) The inventories of the Company have been physically verified by the management at reasonable intervals. In respect of stock lying with third parties, the same have been substantially confirmed/checked with subsequent receipts.
  - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) In our opinion and according to information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loan secured or unsecured to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of Clause 4(iii) (b) to (d), (f) & (g) of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Based on the audit procedure performed and on the basis of information and explanations provided by the management, during the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanations provided by the management and based upon audit procedures performed, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section; and the transactions made in pursuance of such contracts or arrangements (exceeding the value of ₹ 5 lacs in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the directive issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Act or any other relevant provisions of the Act and the rules framed there under with regard to deposit accepted from the public. We have been informed that no order has been passed by the Company Law Board or National Company Tribunal or Reserve Bank of India or any Court or other tribunal in this regard.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company as prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete.
9. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Income Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities to the extent applicable and there were no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31<sup>st</sup> March, 2013.
- (b) According to the records and information & explanations given to us, there are no dues in respect of Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and Cess that have not been deposited with the appropriate authorities to the extent applicable on account of any dispute and the dues in respect of Income tax and Sales tax that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending are given below:-

Name of the statute	Nature of dues	Period (Financial Year)	Amount (₹ in Lacs)	Forum where dispute is pending
Income tax Act, 1961	Income Tax	2007-2008	204.13	Commissioner (Appeal)
	Income Tax	2008-2009	76.91	Commissioner (Appeal)
	Income Tax	2009-2010	90.58	Commissioner (Appeal)
UP Sales Tax Act	Sales Tax	2006-2007	5.85	Dp. Commissioner (Appeal)
	Sales Tax	2007-2008	1.05	Dp. Commissioner (Appeal)

10. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year & in the immediately preceding financial year.
11. In our opinion, on the basis of audit procedure and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders. {read with Note No. 27 (a) (v)}.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi/ mutual benefit fund/society and therefore, the provisions of clause 4 (xiii) of the said Order are not applicable to the company.
14. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments; therefore the provisions of clause 4(xiv) of the said Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions.
16. On the basis of information and explanations given to us, term loan were applied for the purpose for which the loans were obtained.
17. On the basis of information and explanations given to us and on overall examination of financial statements of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under Section 301 of the Act.
19. The Company has not issued any debenture during the current year {read with Note No. 27 (a) (v)}. The Company does not have outstanding debentures at the year end.
20. The Company has not raised any money through a public issue during the current year.
21. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Lodha & Co.  
Chartered Accountants  
Firm Registration No. 301051E

(N. K. Lodha)  
Partner

Place: New Delhi  
Date: 21<sup>st</sup> May 2013

Membership No.: - 85155

# BALANCE SHEET (AS AT 31ST MARCH, 2013)

₹ in Lacs

	Note no.	31.03.2013	31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital	2	360.39	150.00
(b) Reserves and surplus	3	3,256.33	50.13
		<u>3,616.72</u>	<u>200.13</u>
<b>(2) Non-current Liabilities</b>			
(a) Long-term borrowings	4	2,278.69	-
(b) Other long term liabilities	5	565.67	-
(c) Long-term provisions	6	203.70	-
		<u>3,048.06</u>	<u>-</u>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	7	3,914.50	-
(b) Trade payables		7,815.28	-
(c) Other current liabilities	8	6,901.74	0.15
(d) Short-term provisions	9	16.69	-
		<u>18,648.21</u>	<u>0.15</u>
<b>TOTAL</b>		<u>25,312.99</u>	<u>200.28</u>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	2,464.16	-
(ii) Intangible assets	10	1,216.89	-
(b) Deferred tax assets (net)	11	938.36	-
(c) Long-term loans and advances	12	45.27	-
(d) Other non-current assets	13	154.97	-
		<u>4,819.65</u>	<u>-</u>
<b>(2) Current Assets</b>			
(a) Inventories	14	11,564.72	-
(b) Trade receivables	15	5,142.94	-
(c) Cash and cash equivalents	16	245.30	199.04
(d) Short-term loans and advances	17	3,531.00	0.41
(e) Other current assets	18	9.38	0.83
		<u>20,493.34</u>	<u>200.28</u>
<b>TOTAL</b>		<u>25,312.99</u>	<u>200.28</u>

Significant Accounting Policies

1

The accompanying Notes are an integral part of the Financial Statement (26 to 51)

As per our report of even date

For Lodha & Co.,

Chartered Accountants

Firm Registration No. 301051E

N.K. Lodha

Partner

Membership No. 85155

New Delhi, the 21<sup>st</sup> May, 2013

S.K. GUPTA

President

ANOOP SINGH GUSAIN

Company Secretary

BHARAT HARI SINGHANIA

J.R.C. BHANDARI

SANJAY KUMAR KHAITAN

RAGHUPATI SINGHANIA

VIKRAMPATI SINGHANIA

SWAROOP CHAND SETHI

SANJEEV KUMAR JHUNJHUNWALA

Chairman

Directors

## STATEMENT OF PROFIT AND LOSS (FOR THE PERIOD ENDED 31ST MARCH, 2013)

₹ in Lacs

	Note no.	2012-13	2011-12
I. <b>Revenue from operations</b>	19	<b>18,473.56</b>	-
II. Other income	20	<b>27.77</b>	19.40
III. <b>Total Revenue (I + II)</b>		<b>18,501.33</b>	19.40
IV. <b>Expenses:</b>			
(a) Cost of materials consumed	21	<b>10,818.03</b>	-
(b) Purchases of Stock-in-Trade		-	-
(c) Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	<b>(1,676.75)</b>	-
(d) Employee benefits expense	23	<b>2,647.23</b>	-
(e) Finance costs	24	<b>806.46</b>	-
(f) Depreciation and amortization expense		<b>302.56</b>	-
(g) Other expenses	25	<b>4,545.96</b>	0.39
<b>Total Expenses</b>		<b>17,443.49</b>	0.39
V. Profit before exceptional and extraordinary items and tax (III-IV)		<b>1,057.84</b>	19.01
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		<b>1,057.84</b>	19.01
VIII. Extraordinary items		-	-
IX. Profit before tax (VII- VIII)		<b>1,057.84</b>	19.01
X. Tax expense:			
(1) Current tax		<b>154.97</b>	5.88
(2) Mat Credit Entitlement		<b>(154.97)</b>	-
(3) Deferred tax		<b>158.62</b>	-
XI. <b>Profit for the period</b>		<b>899.22</b>	13.13
XII. Earnings per equity share: Basic & Diluted		<b>24.95</b>	0.88

Significant Accounting Policies

1

The accompanying Notes are an integral part of the Financial Statement (26 to 51)

As per our report of even date

For Lodha & Co.,

Chartered Accountants

Firm Registration No. 301051E

N.K. Lodha

Partner

Membership No. 85155

New Delhi, the 21<sup>st</sup> May, 2013

S.K. GUPTA

President

ANOOP SINGH GUSAIN

Company Secretary

BHARAT HARI SINGHANIA

J.R.C. BHANDARI

SANJAY KUMAR KHAITAN

RAGHUPATI SINGHANIA

VIKRAMPATI SINGHANIA

SWAROOP CHAND SETHI

SANJEEV KUMAR JHUNJHUNWALA

Chairman

Directors

## **Note No. 1**

### **Significant Accounting Policies: For The Year Ended 31<sup>st</sup> March 2013**

#### **1.1 General:**

The Accounts of the company are prepared under Mercantile System of Accounting on Historical Cost and in accordance with the general accepted accounting principles, applicable Accounting Standards and requirement of the Companies Act, 1956 unless otherwise referred herein. Claims/Refunds not ascertainable with reasonable certainty are accounted for on settlement.

#### **1.2 Fixed Assets:**

Fixed Assets are stated at their Original Cost, Net of Cenvat, Less Accumulated Depreciation, Addition includes Purchase Cost, Freight, Duties and other expenses including borrowing cost wherever incurred for acquisition and installation.

#### **1.3 Method of Depreciation:**

- a) Depreciation on fixed assets is calculated on straight-line method. Depreciation is provided at the rates in force as per Schedule XIV of the Companies Act, 1956.
- b) Capital expenditures on lease hold premises are charged on straight-line method (SLM) over the lease period or at the rates specified in Schedule XIV of the Companies Act, 1956, whichever period is lower.
- c) Leasehold Land is being amortized over the lease period.

#### **1.4 Investments:**

Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if, such a decline is other than temporary in the opinion of the management. Current investments are carried at lower of cost and quoted / fair value computed category-wise.

#### **1.5 Foreign Currency Transactions**

Assets & Liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year. Exchange difference on revenue account is charged to Statement of Profit & Loss.

#### **1.6 Inventories:**

Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### **1.7 Impairment:**

The carrying amount of assets are reviewed at each Balance Sheet date to assess impairment, if any based on internal/external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value being higher of value in use and net selling price. An impairment loss is recognized as an expense in the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

#### **1.8 Intangible Assets:**

Intangible assets are recognized if future economic benefits are likely and cost of the asset can be measured reliably. The depreciable amount of an intangible asset is allocated on a systematic basis over the useful life of the asset.

#### **1.9 Employee Benefits:**

- a. Defined Contribution Plan  
Employee benefits in the form of Superannuation Fund, Provident Fund (PF) and ESI considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss of the year when the contribution to the respective funds are due.
- b. Defined Benefit Plan  
Retirement benefits in the form of Gratuity, Leave Encashment and PF (funded) are considered as defined benefit obligations and are provided for on the basis of an Actuarial Valuation, using the projected unit credit method, as at the date of the Balance Sheet.
- c. Short term compensated absences are provided based on past experience of the leave availed.  
Actuarial gain/ Losses, if any, are immediately recognized in the Profit and Loss Account.

#### **1.10 Accounting for Taxes on Income:**

Current Tax is the amount of tax payable on the estimated taxable income for the current year as per the provisions of Income Tax Act, 1961. Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being difference between taxable income and accounting income.

### 1.11 Provisions & Contingent Liabilities:

Provision in respect of present obligation arising out of past events is made in Accounts when reliable estimates can be made of the amount of the obligation. Contingent Liabilities (if material) are disclosed by way of Notes to Accounts. Contingent Assets are not recognized or disclosed in Financial Statements and are included, if any, in the Directors' Report.

### 1.12 Government Grants:

Other Government grants are deducted from the related expenses/credited to Statement of Profit & Loss.

### 1.13 Lease:

Lease which does not transfer substantially all the risks and rewards of ownership is classified as Operating Lease and is recognized as expense as and when incurred over the lease-term.

### Note No. 2

	<b>31.03.2013</b>	<b>(₹ in Lacs)</b> 31.03.2012
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
Equity Shares - 1,40,00,000 of ₹10 each	<b>1,400.00</b>	150.00
Previous year 15,00,000 of ₹ 10 each {Refer Note No. 27 (a) (iv)}		
	<b>1,400.00</b>	150.00
<b>Issued, Subscribed and Paid up:</b>		
Equity Shares - 36,03,906 shares (Previous Year 15,00,000 shares) of ₹ 10/- each fully paid up	<b>360.39</b>	150.00
	<b>360.39</b>	150.00

2.1. Subsequent to issue & allotment (on preferential basis) of 14,50,000 equity shares of ₹ 10 each in the year 2005-06 to Florence Investech Limited (FIL) (formerly JK Agri Genetics Limited), FIL along with its nominees had become a Holding Company. However, in view of Order of Hon'ble High Court at Calcutta read with Note 27, FIL ceased to be Holding Company.

2.2. 21,03,906 nos Fully paid up Equity Shares of ₹ 10 each since been issued to the Shareholders of FIL in terms of Scheme of Arrangement and Demerger {Refer Note No. 27 (a) (iii)}.

### 2.3. Details of Shareholder who held more than 5% of Equity Share

<b>Name of Shareholder</b>	<b>As at 31.03.2013 No. of Shares held</b>	<b>As at 31.03.2012 No. of Shares held</b>
Bengal & Assam Co. Ltd	<b>7,97,892</b>	-
Florence Investech Ltd	<b>15,00,000</b>	15,00,000
Edgefield Securities Ltd.	<b>2,17,749</b>	-

### 2.4. Reconciliation of number of share outstanding - Equity Share

	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
Shares outstanding as at the beginning of the year	<b>15,00,000</b>	15,00,000
Add: Pursuant to Scheme of Arrangement and Demerger {Read with Note No. 27 (a) (iii)}	<b>21,03,906</b>	-
Less: Bought back during the year	-	-
Shares outstanding as at the end of the year	<b>36,03,906</b>	15,00,000

- 2.5. There is no change in the Share Capital during the year and no Bonus / Right Buy-back in the preceding five years except to the extent and read with note no. 2.2 above and 27(a)(iii).
- 2.6. Terms/right attached to equity shares:  
The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and also have equal right in distribution of profit/surplus in proportion to the Equity shares held by the shareholders.
- 2.7. In the event of winding up the equity shareholders will be entitled to receive the remaining balance of assets, if any, proportionate to their individual shareholding in the paid up equity capital of the company.

**Note No.3**

	As at 01.04.2012	Additions	Transfers	(₹ in lacs) As at 31.03.2013
<b>RESERVES AND SURPLUS</b>				
Debenture Redemption Reserve (DRR)*	-	472.34	472.34	-
General Reserve @	-	2,775.94	-	2,775.94
Surplus in the Statement of Profit & Loss#	50.13	430.26	-	480.39
	50.13	3,678.54	472.34	3,256.33
Previous year	37.00	13.13	-	50.13

\* Transferred pursuant to The Scheme.{Refer note no.26 & 27}

**@ Details of General Reserve**

	As at 31.03.2013	As at 31.03.2012
Opening Balance	-	-
Add/Less : On account of Transfer of Seed Undertaking. {Refer Note No. 27 (a) (vi)}	2,775.94	-
Closing Balance	2,775.94	-

**#Surplus in the Statement of Profit & Loss**

	50.13	37.00
Opening Balance	50.13	37.00
Add/Less: Profit/(Loss) during the year	899.22	13.13
Add/Less: Profit/(Loss) from 01.04.2005 to 31.03.2012 (Refer Note No. 26, 27 and 28)	(941.30)	-
Add/Less: Transferred from DRR {Refer Note No. 26 & 27 (a) (vi)}	472.34	-
Surplus in Profit and Loss Statement carried to Balance sheet	480.39	50.13

**Note No.4**

	(₹ in lacs)			
	Non Current		Current Maturities	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
<b>LONG TERM BORROWINGS</b>				
<b>SECURED LOANS</b>				
Term Loans:				
Banks	1,629.65	-	416.00	-
Others	59.61	-	-	-
	1,689.26	-	416.00	-
<b>UNSECURED LOANS</b>				
Council of Scientific & Industrial Research (CSIR)	589.43	-	73.68	-
	589.43	-	73.68	-
	2,278.69	-	489.68	-
Less: Amount disclosed under the head "Other Current Liabilities" (Note No.8)			(489.68)	-
	2,278.69	-	-	-

Notes:

1. a) Term loan of ₹ 444.46 lacs (Previous year Nil) taken from bank is secured against first charge of the assets purchased thereunder, hypothecation of entire intangible assets, pari passu second charge on the entire current assets viz stocks and book debts etc., both present and future, of the company and is further secured, by way of first charge on land at Dundigal village (AP) and on entire movable fixed assets of the Company. This is further secured by second Pari Passu charge on the entire fixed assets financed by Department of Biotechnology (DBT). Balance Term loan is repayable in 2 quarterly installments of ₹ 75 lacs each, 2 quarterly installments of ₹ 112.5 lacs each and 1 Installment of ₹ 69.46 lacs.
 

b) Term Loan of ₹ 101.19 lacs (Previous year Nil) taken from bank is secured against first charge of the assets purchased thereunder, Hypothecation of entire intangible assets, pari passu second charge on entire current assets viz stock and book debts etc., both present and future, of the company and is further secured by extension of equitable mortgage on land at Ranpur, Kota(Rajasthan). This is further secured by second Pari Passu charge on the entire fixed assets financed by DBT and balance amount of term loan is repayable in 9 equal Quarterly installments of ₹ 10.25 lacs each and 10th installment of ₹ 8.94 lacs.

c) Term Loan of ₹ 1500.00 lacs (Previous year nil) taken from bank is secured by subservient charge on entire current and movable assets (both Present and future) and repayable in 6 equal Quarterly installments of ₹ 214.29 lacs each & one quarterly Installments of ₹ 214.26 lacs commencing from July 2014.
2. Term loan of ₹ 59.61 lacs (Previous year Nil) taken from Department of Bio-Technology (DBT) is secured by First Charge on the Assets created out of the loan, Pari Passu second charge on the entire fixed Asset of the Company including the land at Dundigal village, Ranga Reddy District (AP) with market value of ₹ 7.78 crs and excluding land at ICICI Knowledge Park & Pari Passu second charge on the current assets and is repayable in 10 equal half yearly installments of ₹ 5.96 lacs each commencing from September, 2016.
3. The balance amount of unsecured loan of ₹ 663.11 lacs (Previous year nil ) taken from CSIR which is repayable in 9 equal yearly installments of ₹ 73.68 lacs each.

**Note No.5**

	<b>As at</b>	<b>(₹ in lacs)</b>
	<b>31.03.2013</b>	As at 31.03.2012
<b>OTHER LONG TERM LIABILITIES</b>		
Interest accrued but not Due	<b>54.37</b>	-
Others #	<b>511.30</b>	-
# Includes ₹ 500 lacs payable to Florence Investech Ltd.		
	<b>565.67</b>	-

**Note No.6**

<b>LONG-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Gratuity	<b>94.29</b>	-
Leave encashment	<b>109.41</b>	-
	<b>203.70</b>	-

**Note No.7**

<b>SHORT TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Repayable on Demand from Banks #	<b>3,914.50</b>	-
	<b>3,914.50</b>	-

# Working Capital borrowing is Secured by hypothecation of current assets viz stocks and book debts etc., both present and future, of the Company and by a second charge on entire fixed assets of the Company including land at Dundigal village (AP) and Ranpur, Kota, (Rajasthan).

**Note No.8**

	<b>As at</b>	<b>(₹ in lacs)</b>
	<b>31.03.2013</b>	As at 31.03.2012
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Borrowings	<b>489.68</b>	-
Advance from Customers	<b>5,178.77</b>	-
Interest Accrued but not due on loan	<b>48.56</b>	-
Security Deposits	<b>23.50</b>	-
Other Liabilities		
Government and Other dues	<b>61.26</b>	-
Others#	<b>1,099.97</b>	0.15
# Includes ₹ 32.30 lacs payable to Florence Investech Ltd.		
	<b>6,901.74</b>	0.15

**Note No.9****SHORT TERM PROVISIONS**

Provision for Retirement Benefits		
Gratuity	<b>4.52</b>	-
Leave Encashment	<b>12.17</b>	-
	<b>16.69</b>	-

**Note No.10****FIXED ASSETS****(₹ in Lacs)**

Assets	Gross Block					Depreciation / Amortisation					Net Block	
	As at 01.04.12	Additions Due to Merger \$	Additions	Sales/ Adjustments	As at 31.03.13	As at 01.04.12	Additions Due to Merger \$	For the Year	On Sales/ Adjustments	As at 31.03.13	As at 31.03.13	As at 31.03.12
<b>Tangibles:</b>												
Land - Free Hold	-	401.61	-	-	401.61	-	-	-	-	-	401.61	-
Land - Lease Hold	-	134.09	-	-	134.09	-	4.78	2.45	-	7.23	126.86	-
Building#	-	270.66	23.39	26.00	268.05	-	70.14	30.28	12.58	87.84	180.21	-
Plant and Equipments#	-	1,890.74	17.66	3.76	1,904.64	-	357.32	102.22	3.28	456.26	1,448.38	-
Furniture & Fixtures	-	39.64	2.82	4.19	38.27	-	16.46	2.16	1.91	16.71	21.56	-
Office Equipments	-	205.39	4.20	1.26	208.33	-	47.88	10.38	0.36	57.90	150.43	-
Vehicles	-	187.42	45.79	23.11	210.10	-	65.98	18.91	9.90	74.99	135.11	-
	-	<b>3,129.55</b>	<b>93.86</b>	<b>58.32</b>	<b>3,165.09</b>	-	<b>562.56</b>	<b>166.40</b>	<b>28.03</b>	<b>700.93</b>	<b>2,464.16</b>	-
<b>Intangibles:</b>												
Brand	-	2,700.00	-	-	2,700.00	-	1,350.00	135.00	-	1,485.00	1,215.00	-
Software	-	53.32	-	-	53.32	-	50.27	1.16	-	51.43	1.89	-
	-	<b>2,753.32</b>	-	-	<b>2,753.32</b>	-	<b>1,400.27</b>	<b>136.16</b>	-	<b>1,536.43</b>	<b>1,216.89</b>	-
<b>Total</b>	-	<b>5,882.87</b>	<b>93.86</b>	<b>58.32</b>	<b>5,918.41</b>	-	<b>1,962.83</b>	<b>302.56</b>	<b>28.03</b>	<b>2,237.36</b>	<b>3,681.05</b>	-
Capital Work in Progress Previous Year	-	-	-	-	-	-	-	-	-	-	-	-

§ In terms of the Scheme of Arrangement and Demerger, read with note no.26, 27(a)(vi) & 28

# Includes gross value as at 31.03.2013 of Building ₹ 268.05 lacs (Previous year Nil) and Plant & Equipments ₹ 1288.80 lacs (Previous Year nil) {WDV ₹ 180.21 lacs (Previous year nil) and ₹ 1098.09 lacs (Previous year nil respectively)} on leasehold premises.

**Note No.11****DEFERRED TAX ASSET (NET) \$****(₹ in lacs)**

	<b>As at</b>	<b>(₹ in lacs)</b>
	<b>31.03.2013</b>	As at 31.03.2012
1. Deferred Tax Assets		
i) Provision for Doubtful Debts	<b>31.36</b>	-
ii) Disallowance under Income Tax Act	<b>88.62</b>	-
iii) Unabsorbed depreciation and carried forward losses	<b>1,214.50</b>	-
<b>Sub-Total</b>	<b>1,334.48</b>	-
2. Deferred Tax Liabilities		
i) Related to Fixed Assets	<b>396.12</b>	-
Deferred Tax (Liability) / Asset (Net) #	<b>938.36</b>	-

§ Transferred Pursuant to Scheme, Deferred Tax Asset (Net) amounting to ₹ 1096.98 lacs.

# Deferred tax assets on unabsorbed depreciation and business losses have been recognized based on management's opinion that there is virtual certainty and sufficient taxable income will be generated / available against which such deferred tax assets can be realized.

**Note No.12****(₹ in lacs)**

	<b>As at 31.03.2013</b>	As at 31.03.2012
<b>LONG TERM LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
Deposit with Govt. Authorities	7.14	-
Deposit with Others	36.76	-
Capital Advance	1.37	-
	<u>45.27</u>	<u>-</u>

**Note No.13****OTHER NON-CURRENT ASSETS**

MAT Credit Entitlement	154.97	-
	<u>154.97</u>	<u>-</u>

**Note No.14****INVENTORIES**

(As taken, valued and certified by Management)

Stores, Processing & Packing Material	449.71	-
Semi Finished Goods	6,910.89	-
Finished Goods	4,204.12	-
	<u>11,564.72</u>	<u>-</u>

**Note No.15****TRADE RECEIVABLES**

(Unsecured, considered good unless otherwise stated)

Outstanding for more than six months from the date they are due for payment	3,035.77	-
Considered Doubtful	96.67	-
Less: Provision for doubtful Receivable	(96.67)	-
Others	2,107.17	-
	<u>5,142.94</u>	<u>-</u>

**Note No.16****CASH & BANK BALANCES****Cash & Cash Equivalents**

Cash on hand	2.35	-
Cheques on hand	6.97	-
Balances with Scheduled Banks :		
On Current Accounts	26.35	3.24
<b>Other Bank Balances</b>		
On Deposit Accounts	209.63	195.80
	<u>245.30</u>	<u>199.04</u>

**Note No.17****(₹ in lacs)**

	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>SHORT TERM LOANS &amp; ADVANCES</b>		
(Unsecured, considered good unless otherwise stated)		
<b>Others</b>		
Advance to Suppliers	<b>2,825.19</b>	-
Advance to Employees	<b>71.57</b>	-
Prepaid Expenses	<b>35.84</b>	-
Deposit with Government Authorities	<b>246.95</b>	-
Advance payment of Income Tax {Net of Provisions ₹ 498.08 Lacs (Previous Year ₹ 5.88 Lacs)}	<b>350.59</b>	0.41
Others	<b>0.86</b>	-
	<b>3,531.00</b>	0.41

**Note No.18****OTHER CURRENT ASSETS**

Interest Accrued	<b>9.38</b>	0.83
	<b>9.38</b>	0.83

**Note No.19****REVENUE FROM OPERATIONS**

	<b>2012-13</b>	<b>2011-12</b>
1. Sales : Seeds	<b>17,840.87</b>	-
Others	<b>431.33</b>	-
2. Sales of Services - Agri Related Services	<b>18.80</b>	-
3. Other Operating Revenues		
Liabilities no longer required written back	<b>55.68</b>	-
Insurance Claims	<b>20.01</b>	-
Miscellaneous Income	<b>106.87</b>	-
	<b>18,473.56</b>	-

**Note No.20****OTHER INCOME**

Interest on Deposit with Banks & others	<b>27.77</b>	19.40
	<b>27.77</b>	19.40

**Note No.21****COST OF MATERIALS CONSUMED**

Purchase of Seeds	<b>9,881.74</b>	-
Purchase of Other Agri Products	<b>260.21</b>	-
Consumption of Packing Materials	<b>676.08</b>	-
	<b>10,818.03</b>	-

<b>Note No.22</b>	<b>2012-13</b>	<b>(₹ in lacs) 2011-12</b>
<b>Changes in Inventories of Finished Goods work-in-progress and Stock-in-Trade</b>		
<b>Opening Stock</b>	-	-
<b>Transferred Balance due to Demerger @</b>		
- Semi Finished Goods		
Seeds	4,817.39	-
- Finished Goods	4,620.87	-
	<u>9,438.26</u>	-
<b>Closing Stock</b>		
- Semi Finished Goods		
Seeds	6,910.89	-
- Finished Goods	4,204.12	-
	<u>11,115.01</u>	-
(Increase)/Decrease in Stocks @ Read with Note No. 27 and 28	<u>(1,676.75)</u>	-
<b>Note No.23</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Allowance, Etc.	2,263.48	-
Contribution to Provident and other Funds	143.76	-
Employees' Welfare and other Benefits	239.99	-
	<u>2,647.23</u>	-
<b>Note No.24</b>		
<b>FINANCE COST</b>		
Interest Expenses	717.12	-
Other Borrowing costs	70.69	-
Net (Gain)/Loss on Foreign Currency Transaction	18.65	-
	<u>806.46</u>	-
<b>Note No.25</b>		
<b>OTHER EXPENSES</b>		
Processing Charges	97.87	-
Power & Fuel	32.86	-
Labour Expenses	156.36	-
Repair & Maintenance- Machinery	17.48	-
Rent	244.30	-
Rates & Taxes	3.89	-
Insurance	39.46	-
Discount	182.70	-
Freight & Transportation	515.64	-
Advertisement	1,004.27	-
Royalty	653.28	-
Directors' Fees	0.32	0.03
Farming Expenses	383.31	-
Travelling	546.75	-
Commission	125.82	-
Loss on Sales/Discard of Assets (Net of profit of ₹ 1.94 lacs (PY nil))	15.35	-
Bad Debts Written off	0.79	-
Foreign Exchange Fluctuation (Net)	31.23	-
Printing & Stationery, Postage, Telephone and other Miscellaneous Expenses etc.	494.28	0.36
	<u>4,545.96</u>	<u>0.39</u>

## NOTES ON ACCOUNTS:

26. Scheme of Arrangement and Demerger (The Scheme) between the Company {JK Agri Genetics Limited (JKAGL) (formerly Florence Alumina Limited) (FAL) (Transferee)} and Florence Investech Limited (FIL) (formerly JK Agri Genetics Limited) (Transferor) has been Sanctioned by the Hon'ble High Court at Calcutta vide its order dated 17<sup>th</sup> October, 2012 and the Scheme became effective on 2<sup>nd</sup> November 2012, operative from 1<sup>st</sup> April 2005, the Appointed Date.
27. Pursuant to the Scheme:
- (a)
- Name of the Company has been changed from Florence Alumina Limited to JK Agri Genetics Limited.
  - The Seed undertaking of Florence Investech Ltd. (formerly JK Agri Genetics Limited) as defined in the scheme has been transferred to and vested in the Company with effect from the said Appointed Date. The Scheme has accordingly been given effect to in these accounts.
  - The paid up equity share capital of FIL (formerly JKAGL) of ₹ 350.65 lacs has been reorganized and allocated between FIL & the Company in the ratio of 2:3 (i.e. in the ratio 40:60) and accordingly the Share Capital amounting to ₹ 210.39 lacs has been allocated to the Company.
  - a) An amount of authorised capital of ₹ 1,250 lacs divided into 1,25,00,000 equity shares of ₹ 10 each stands transferred from the share capital of FIL to the authorized capital of the Company.  
b) Transfer of authorized Capital of ₹ 4,250 lacs divided into 50,00,000 preference share capital of ₹ 85/- each: will also be transferred in due course from FIL to the Company as authorized capital divided into 4,25,00,000 unclassified shares of ₹ 10 each as per the said Scheme.
  - The Company has issued ₹ 1000 lacs Zero Coupon Non-Convertible Bonds (ZCNCB) to the Bond holders of Florence Investech Ltd as provided in the Part IV of the Scheme. The Bonds have also since been redeemed by the Company, the last date of redemption being April 01, 2010.
  - The difference of ₹ 2775.94 lacs between assets and liabilities (including ZCNCB of ₹ 1000 Lacs) transferred from FIL (formerly JKAGL) at their book values w.e.f. April 01, 2005 along with Debenture Redemption Reserve of ₹ 472.34 lacs and paid up Equity Capital of ₹ 210.39 lacs has been recorded as General reserve in the books of the company.
- (b) Certain fixed assets, licenses, approvals, charges on secured loan are pending for transfer in the name of the Company.
- (c) Business of Seed undertaking for the period 1<sup>st</sup> Apr'2005 till 1<sup>st</sup> Nov'2012 has been carried out by FIL (formerly JKAGL) for and on account of, and in trust for, the Company.
- 28
- (a) Pursuant to the scheme, the effect on the financial statements of operation carried out by the FIL (formerly JKAGL) post appointed date for and on behalf of the Company have been given in these accounts (for the period April 1, 2005 to till September 30, 2011) are as summarized below:-

(₹ in Lacs)						
Revenue items	2005-06 (Apr'05- Mar'06)	2006-07 (Apr'06- Mar'07)	2007-08 (Apr'07- Mar'08)	2008-09 (18 months) (Apr'08- Sept'09)	2009-10 (Oct'09 Sept'10)	2010-11 (Oct'10 Sept'11)
Particulars [Post Appointed (Period(s))]						
Revenue	4,814.64	8,150.61	11,119.24	14,240.14	12,298.77	12,749.31
Expenses	4,631.37	7,509.53	10,768.73	15,821.37	11,943.40	12,296.87
Profit before Tax	183.27	641.08	350.51	-1,581.23	355.37	452.44
Tax Expense	134.74	288.74	194.72	-638.61	17.42	-11.78
Profit after Tax	48.53	352.34	155.79	-942.62	337.95	464.22
Tax Provision for Earlier Years	-	22.20	-	1.64	-6.69	-
<b>Profit transferred to Balance Sheet</b>	<b>48.53</b>	<b>330.14</b>	<b>155.79</b>	<b>-944.26</b>	<b>344.64</b>	<b>464.22</b>

The above figures are extracted from audited accounts.

(b) Audited Statement of Profit & Loss during the period from 01.10.2011 to 31.03.2012

	Particulars	Note no.	Amount in (₹ In Lacs)
I.	<b>Revenue from Operations</b>	<b>b(i)</b>	<b>2,078.71</b>
II.	<b>Other income</b>	<b>b(ii)</b>	<b>6.64</b>
III.	<b>Total Revenue (I + II)</b>		<b>2,085.35</b>
IV.	<b>Expenses:</b>		
	(a) Cost of materials consumed	<b>b(iii)</b>	<b>6,714.30</b>
	(b) Changes in inventories of finished goods work-in-progress and Stock-in-Trade	<b>b(iv)</b>	<b>(5,740.31)</b>
	(c) Employee benefits expense	<b>b(v)</b>	<b>1,284.87</b>
	(d) Finance costs	<b>b(vi)</b>	<b>283.28</b>
	(e) Depreciation and amortization expense		<b>142.51</b>
	(f) Other expenses	<b>b(vii)</b>	<b>1,446.56</b>
	<b>Total expenses</b>		<b>4,131.21</b>
V.	Profit before exceptional and extraordinary items and tax (III-IV)		<b>(2,045.86)</b>
VI.	Earnings (Net of Tax expenses (credit) amounting to ₹ 749.27 Lacs & Tax Adjustment for period post appointed Date Debit of ₹ 43.77 lacs)@		<b>(1,340.36)</b>

@ Tax Includes Deferred Tax amounting to ₹ 749.27 Lacs

As stated in the Note no. 26, the Scheme became effective from 2<sup>nd</sup> November 2012 i.e. subsequent to the adoption of accounts for the year ended 31<sup>st</sup> March 2012 by the Shareholders of the Company in the Annual General Meeting held on 14<sup>th</sup> August, 2012. In view of this the results for the period 01.10.2011 to 31.03.2012 are audited by the Statutory Auditors of the Company are as stated above.

The net loss of ₹ 1340.36 lacs net of tax provision as stated above of the period of six months ended 31<sup>st</sup> March, 2012 have been adjusted against the balance in Statement of Profit and Loss (Read with Note no.3).

(b)(i)

Particulars	(₹ in Lacs)
	For the period from 01.10.2011 to 31.03.2012
<b>REVENUE FROM OPERATIONS</b>	
1. Sales of Products	
Seeds	<b>1,893.25</b>
Others	<b>89.94</b>
2. Sales of Services - Agri Related Services	<b>8.96</b>
3. Other Operating Revenues	
Miscellaneous Income	<b>86.56</b>
	<b>2,078.71</b>

b(ii)

Particulars	For the period from 01.10.2011 to 31.03.2012
<b>OTHER INCOME</b>	
Interest on Deposit with Banks & others	<b>6.64</b>
	<b>6.64</b>

(b)(iii)

(₹ in Lacs)

Particulars	For the period from 01.10.2011 to 31.03.2012
<b>COST OF MATERIALS CONSUMED</b>	
Purchase of Seeds	6,426.15
Purchase of Other Agri Products	94.88
Consumption of Stores, Process & Packing Material	193.27
	<b>6,714.30</b>

b(iv)

Particulars	For the period from 01.10.2011 to 31.03.2012
<b>Changes in Inventories of Finished Goods, work-in-progress and Stock-in-Trade</b>	<b>(5,740.31)</b>

b(v)

Particulars	For the period from 01.10.2011 to 31.03.2012
<b>EMPLOYEE BENEFIT EXPENSES</b>	
Salaries, Wages, Allowance, Etc.	1,123.10
Contribution to Provident and other Funds	73.40
Employees' Welfare and other Benefits	88.37
	<b>1,284.87</b>

b(vi)

Particulars	For the period from 01.10.2011 to 31.03.2012
<b>FINANCE COST</b>	
Interest Expenses	254.06
Other Borrowing costs	12.57
Net (Gain)/Loss on Foreign Currency Transaction	16.65
	<b>283.28</b>

b(vii)

Particulars	For the period from 01.10.2011 to 31.03.2012
<b>OTHER EXPENSES</b>	
Processing Charges	94.13
Power & Fuel	12.76
Labour Expenses	59.56
Repair & Maintenance - Plant, Machinery & Building	5.51

Particulars	(₹ in Lacs)
	For the period from 01.10.2011 to 31.03.2012
Rent	131.42
Rates & Taxes	1.01
Insurance	11.30
Discount	15.92
Freight & Transportation	112.56
Advertisement	334.70
Royalty	0.87
Farming Expenses	149.23
Travelling	272.77
Commission	13.73
Loss on Sales/Discard of Assets	4.64
Foreign Exchange fluctuation (net)	3.78
Office & Godown Maintenance	18.49
Printing & Stationery, Postage, Telephone and other Miscellaneous Expenses etc.	204.18
	<b>1446.56</b>

29. Estimated amount of contracts net of advances amounting to ₹ 3.77 lacs (Previous year Nil) remaining to be executed on capital account.
30. (A) Contingent liabilities, not provided for in respect of :
- (a) Claims by certain parties against the company not accepted and not provided for ₹ 157.84 lacs (Net of ₹ 99.00 lacs to be indemnified by another party) (Previous Year Nil (Net of Nil to be indemnified by another party)).
  - (b) Pending export obligation against import of capital goods under EPCG Scheme (Guarantee given ₹ 129.24 lacs); ₹ 160.68 lacs (Previous year Nil).
  - (c) Income Tax (matters in appeals) of ₹ 371.62 lacs (Previous year Nil) & Sales tax (Matters in appeals) of ₹ 6.90 lacs (Previous year Nil).
- (B) In respect of certain disallowances and additions made by the Income Tax authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally determined.
31. (a) In terms of disclosure requirements stated in Accounting Standard on Intangible Assets (AS-26) notified by the Companies (Accounting Standards) Rules, 2006 the management considered it appropriate to amortize "J.K. SEEDS" brand over a period of 20 years (balance 9 years as on Balance Sheet date) from the date of its acquisition, considering nature of business, life cycle of brand, its inherent value and expected future benefits. The carrying amount of "J.K.SEEDS" brand as on 31<sup>st</sup> March, 2013 is ₹ 1215 lacs which is to be amortized in over the balance period of 9 years.
- (b) Software is amortized over a period of 5 years from the year of installation.
32. Research and Development Revenue expenses as assessed and ascertained by the management amount to ₹ 1152.98 lacs (Previous Year ₹ Nil). The same have been included in respective revenue heads of accounts.

(₹ In Lacs)

Particulars	2012-13	2011-12
<b>Recurring Expenses</b>		
Employees Cost	509.84	-
Rent	36.82	-
Motor Vehicle Maintenance	2.70	-
Office & Godown Maintenance	11.14	-
Telephone Expenses	6.18	-
Travelling Expenses	48.18	-
Electricity Charges	31.24	-
Farming Expenses	383.31	-
Bank Charges, Printing & Stationery, Postage, & Other Miscellaneous Expenses	63.88	-
Depreciation	59.69	-
<b>Total Recurring Expenses</b>	<b>1152.98</b>	-
<b>Capital Expenditure</b>		
Land	-	-
Building	22.54	-
Equipments	6.60	-
<b>Total Capital Expenditure</b>	<b>29.14</b>	-
<b>Total R &amp; D Expenses (incl. Capital Expenditure)</b>	<b>1182.12</b>	

33. Remuneration to Manager :

	2012-13 (From 1st Oct' 11 to 1st Nov'12)	2011-12
Salary	27.71	-
Contribution to PF & other Funds	8.45	-
Value of Perquisites (as per Income Tax Rules) and other allowances	88.94	-
	<b>125.10#</b>	-

Excludes provision for Gratuity and Leave Encashment where the actuarial valuation has been done on overall Company basis.

# Transferred from FIL (formerly JKAGL)

34. Amount paid to Auditors:

	2012-13 (Oct'11 to Mar'13)	2011-12
Statutory Auditors		
Audit Fee	2.33	-
Taxation	1.12	-
Certification & Other Charges	7.98	-
Reimbursement of expenses	0.44	-
	<b>11.87\$</b>	-

\$ Includes ₹ 2.90 lacs transferred from FIL (formerly JKAGL)

35. a) Debtors over six months and Advances are net of Provisions made for doubtful Debts of ₹ 96.67 lacs and Advances ₹ 21.85 lacs (Previous year Nil).

b) Some of the balances of debtors, loans & advances and current liabilities are in the process of confirmation/reconciliation.

36. Income tax calculation has been made considering certain expenses/adjustments available as assessed by the management for the current year as well as for the period post appointed date.

37. Foreign Currency exposure not hedged as at Balance sheet date:

Particulars	Currency	31.03.2013		31.03.2012	
		Foreign Currency	₹ in Lacs	Foreign Currency	₹ in Lacs
Payable	USD	29025.22	15.79	Nil	Nil
	EURO	695.00	0.48	Nil	Nil
Receivable	USD	14000.00	7.61	Nil	Nil
Advances Paid*	EURO	19944.00	12.66	Nil	Nil
Advances Received*	USD	601.00	0.26	Nil	Nil

\*Since the Forex Liability is crystallized to the extent advances given & received these exposure are not required to be hedged.

38. The details of amounts outstanding under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) to the extent information available with the Company are as under: (i) Principal & Interest amount due and remaining unpaid as at 31.03.2013: Nil (Previous year: Nil) (ii) Payment made beyond and appointed day during the year: Nil (Previous Year: Nil) and (iii) Interest accrued and unpaid as at 31.03.2013 : Nil (Previous year : Nil).

39. Production and Purchase of Seeds & Others Consumed:

	2012-13		2011-12	
	Amount (₹ in lacs)	% of total Consumption	Amount (₹ in lacs)	% of total Consumption
Indigenous	9799.87	96.59	-	-
Imported	346.00	3.41	-	-
Total @	10145.87	100.00	-	-

An amount of ₹ 3.92 lacs (Previous year ₹ Nil) included above is grouped under Farming Expenses.

@ Excludes amount of ₹ 6522.94 lacs (includes ₹ 1.91 lacs grouped under Farming Expenses) related to period Oct'11 to Mar'12 which includes Imported amounting ₹ 91.78 lacs (1.41%).

40. Stores, Process & Packing Materials consumed:

	2012-13		2011-12	
	Amount (₹ in lacs)	% of total Consumption	Amount (₹ in lacs)	% of total Consumption
Indigenous	750.41	98.00	-	-
Imported	16.02	2.00	-	-
	766.43	100.00	-	-

An amount of ₹ 90.35 lacs (Previous year Nil) included above is grouped under Farming Expenses.

@ Excludes amount of ₹ 239.73 lacs (includes ₹ 46.46 lacs grouped under Farming Expenses) related to period Oct'11 to Mar'12 which includes Imported amounting ₹ 6.71 lacs (2.80 %).

	(₹ in lacs)	
	2012-13	2011-12
41. CIF Value of Imports		
Seeds	291.47	-
Consumables & Spare Parts (R & D)	17.55	-
Total ^	309.02	-

^ Excludes amount of ₹ 123.76 lacs related to period Oct'11 to Mar'12.

	(₹ in lacs)	
	2012-13	2011-12
42. Expenditure in Foreign Currency (as remitted) :		
Technical Services (R&D)	5.59	-
Travelling & Others	19.40	-
Total \$	24.99	-
\$ Excludes amount of ₹ 15.42 lacs related to period Oct'11 to Mar'12.		
43. Earnings in Foreign Exchange		
F.O.B value of exports @	173.14	-
@ Excludes amount of ₹ 107.58 lacs related to period Oct'11 to Mar'12.		
44. The disclosures required under Accounting Standard (AS-15) "Employees Benefits" notified in the Companies (Accounting Standards) Rules, 2006 are as given below:		
Defined Benefits Plans / Long Term Compensated Absences – As per Actuarial Valuation on 31 <sup>st</sup> March, 2013.		

	2012-13		2011-12	
	Gratuity Non Funded	Leave Encashment Non Funded	Gratuity Non Funded	Leave Encashment Non Funded
<b>I. Expenses recognised in the Statement of Profit &amp; Loss Account for the Period ended 31<sup>st</sup> March, 2013</b>				
1. Current Service Cost	19.93	23.28	-	-
2. Past Service Cost	-	-	-	-
3. Interest Cost	6.34	5.74	-	-
4. Expected returns on plan assets	-	-	-	-
5. Actuarial (Gain)/Losses	1.65	3.36	-	-
6. Total expenses	27.92	32.38	-	-
<b>II. Net Asset/(Liability) recognised in the Balance Sheet as at 31<sup>st</sup> March, 2013</b>				
1. Present Value of Defined Benefit Obligation as at 31 <sup>st</sup> March, 2013	98.82	86.59	-	-
2. Fair Value of plan assets as at 31 <sup>st</sup> March, 2013	-	-	-	-
3. Funded status Surplus/(Deficit)	-	-	-	-
4. Net Asset / (liability) as at 31 <sup>st</sup> March, 2013	(98.82)	(86.59)	-	-
<b>III. Change in obligation during the period ended 31<sup>st</sup> March, 2013</b>				
1. Present Value of Defined Benefit Obligation at the beginning of the year	79.22	71.72	-	-
2. Current Service Cost	19.93	23.28	-	-
3. Past Service Cost	-	-	-	-
4. Interest Cost	6.34	5.74	-	-
5. Actuarial (Gain)/Losses	1.65	3.36	-	-
6. Benefits Payments	(8.32)	(17.51)	-	-
7. Present Value of Defined Benefits Obligation at the end of the year	98.82	86.59	-	-
<b>IV Change in Assets during the period ended 31<sup>st</sup> March, 2013</b>	Nil	Nil	-	-
<b>V The major categories of plan assets as % of total plan</b>	Nil	Nil	-	-
<b>VI Actuarial Assumptions</b>				
1. Discount Rate	8.00%		-	
2. Expected rate of return on plan assets	-		-	
3. Mortality				
4. Turnover rate				
		<b>LIC (1994-96) duly modified Age upto 30-3%, upto 44-2%, above 44-1%</b>		
5. Salary Escalation		5.50%		

Note: 1) All the figures provided above are related to 12 months (i.e. Apr'12 to Mar'13)  
2) Read with note no.26 to 28

a) Defined Benefit Plans

Amounts recognized as expense and included in the Note 23:

Item "Salaries, Wages, allowances, etc." includes ₹ 27.92 lacs (Previous year Nil) for gratuity, ₹ 32.38 lacs (Previous year Nil) for leave encashment.

b) Defined Contribution Plans

Amount recognized as an expense and included in the Note 23 "Contribution to Provident and other Funds" of Statement of Profit & Loss ₹ 127.87 lacs (Previous year Nil).

c) The estimates of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

45. There are no separate reportable segments as per Accounting Standard 17 "Segment Reporting" pursuant to Scheme of Arrangement and Demerger, hence segment reporting is not being given.

46. Related Party @:

(A) Relationships

(a) Wholly Owned Subsidiary	:	-
(b) Investing Company	:	-
(c) Key Management Personnel	:	-
(d) Relative of KMP	:	-

@ In pursuance of Scheme of Arrangement and Demerger JKAGL (Now FIL) ceased to be 100% Holding Company w.e.f. 1<sup>st</sup> April,2005. Accordingly, related party transactions have been re-organized.

47. Earnings per Share	<u>2012-13</u>	<u>2011-12</u>
(a) Profit/(Loss) after Tax (₹ in lacs)	<b>899.22</b>	13.13
(b) Weighted average no. of Equity Shares (Nos.)	<b>36,03,906</b>	<b>15,00,000</b>
(c) Nominal Value of Equity Share (₹)	<b>10</b>	10
(d) Basic and Diluted Earnings per Equity Share (₹) (To be read with Note No. 28 B)	<b>24.95</b>	0.88

48. In view of Note No. 27 (read with note no. 28), the company ceased to be Wholly owned Subsidiary (WOS) of the FIL (Formerly JKAGL) with effect from 1st April'2005.

49. Impairment of Assets:

The Company carries out a periodic review of all its assets with a view to identify any impairment. Impairment of assets, if any, identified on the basis of such review is accounted for in the books as required by the Accounting Standard on Impairment of Assets (AS-28) issued by the Institute of Chartered Accountants of India. There is no Impairment of assets which has not been accounted.

50. Leases

Operating Lease

Factory Premises and Vehicles have been obtained on lease. Lease rentals in case of factory premises have escalation clause while there is no escalation in case of Vehicles except for change in taxes, if any. There are no significant restrictions imposed by Lease agreements. There are no sub leases.

	(₹ in Lacs)	
<b>Lease Payments</b>	<b><u>As at 31.3.2013</u></b>	<b><u>As at 31.3.2012</u></b>
Lease Payments during the year	<b>150.46</b>	-
Not later than one year	<b>146.48</b>	-
Later than one year and not later than five years	<b>639.56</b>	-

51. Previous year's figures have been re-grouped/re-classified wherever necessary and Previous Year's figure are not strictly comparable in view of note no. 26.

For Lodha & Co.,

*Chartered Accountants*

Firm Registration No. 301051E

N.K. Lodha

Partner

Membership No. 85155

New Delhi, the 21<sup>st</sup> May, 2013

BHARAT HARI SINGHANIA *Chairman*

J.R.C. BHANDARI *Directors*

SANJAY KUMAR KHAITAN

RAGHUPATI SINGHANIA

VIKRAMPATI SINGHANIA

S.K. GUPTA ANOOP SINGH GUSAIN SWAROOP CHAND SETHI

*President Company Secretary* SANJEEV KUMAR JHUNJHUNWALA

## Cash Flow Statement

For the period ended 31st March, 2013

(₹ in Lacs)  
2011-12

	2012-13	2011-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	1,057.84	19.01
Adjustment for :		
Depreciation / Amortisation	302.56	-
Interest Expenses	787.81	0.02
(Profit)/Loss on sale of Assets	15.35	-
Foreign Exchange Fluctuation	0.22	-
Interest/Dividend Received	(27.77)	(19.40)
Liabilities no longer required written back	(55.68)	-
<b>Operating Profit before working capital changes</b>	<b>2,080.33</b>	<b>(0.37)</b>
(Increase)/ Decrease in Trade and Other Receivables	(1,921.76)	-
(Increase)/ Decrease in Inventories	(1,676.02)	-
Increase/ (Decrease) in Trade Payables	928.27	-
<b>Cash generated from Operations</b>	<b>(589.18)</b>	<b>(0.37)</b>
Direct taxes paid	(348.37)	(5.88)
<b>Net Cash from Operating Activities</b>	<b>(937.55)</b>	<b>(6.25)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(105.11)	-
Sale of Fixed Assets	14.94	-
Interest Received	23.79	19.35
<b>Net Cash from / (used in) Investing activities</b>	<b>(66.38)</b>	<b>19.35</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term borrowings	2,015.69	-
Repayment of Long Term borrowings	(2,012.45)	-
Proceeds from Short Term borrowings (Net)	1,738.57	-
Interest Paid	(769.02)	-
<b>Net cash from / (Used in) financing activities</b>	<b>972.79</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash and Cash equivalents</b>	<b>(31.14)</b>	<b>13.10</b>
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>199.04</b>	<b>185.94</b>
<b>Cash received on account of Scheme of Arrangement &amp; Demerger</b>	<b>77.40</b>	<b>-</b>
<b>Cash and Cash equivalents as at the end of the year</b>	<b>245.30</b>	<b>199.04</b>
<b>Notes:</b>		
Cash and Cash Equivalents Include:		
- Cash, Cheques in hand and Remittances in transit	35.67	-
- Balances with Scheduled Banks	209.63	199.04
<b>Cash and Cash Equivalents</b>	<b>245.30</b>	<b>199.04</b>

1. Previous Year's figures are not strictly comparable to the current year figures pursuant to Scheme of Arrangement and Demerger.
2. Impact of the Scheme which is cash neutral have not been disclosed above.

As per our report of even date

For Lodha & Co.,

Chartered Accountants

Firm Registration No. 301051E

N.K. Lodha

Partner

Membership No. 85155

New Delhi, the 21<sup>st</sup> May, 2013

S.K. GUPTA

President

ANOOP SINGH GUSAIN

Company Secretary

BHARAT HARI SINGHANIA  
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SANJAY KUMAR KHAITAN

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SANJEEV KUMAR JHUNJHUNWALA

Chairman  
Directors









