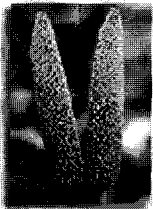




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JK AGRI GENETICS LTD.

Annual Report 2004 - 05

BOARD OF DIRECTORS

Bharat Hari Singhania
Chairman

J. R. C. Bhandari

Sanjay Kumar Khaitan

Sanjeev Kumar Jhunjhunwala

Raghupati Singhania

Vikrampati Singhania

Swaroop Chand Sethi

Report  Junction.com

President & Manager

P.S. Dravid

Auditors

Lodha & Co.
Chartered Accountants

Bankers

UTI Bank Ltd.
State Bank of Bikaner & Jaipur
HDFC Bank Ltd.
Central Bank of India

Deputy Company Secretary

Rajesh Relan

Research & Development Centre

Ravalkol,
Medchal Mandal,
Distt. R. R. - Andhra Pradesh

Divisional Office

1-10-177, 4th Floor,
Varun Towers, Begumpet,
Hyderabad - 500 016

Registered Office

7, Council House Street,
Kolkata - 700 001

Administrative Office

Link House,
3, Bahadurshah Zafar Marg,
New Delhi-110 002.

JK AGRI GENETICS LIMITED

Link House, 3 Bahadur Shah Zafar Marg, New Delhi-110002

NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the members of JK Agri Genetics Limited will be held at Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road, (Chowringhee Road), Kolkata – 700020 on Monday, the 22nd August 2005 at 11:30A.M. to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2005 and the Reports of the Directors and Auditors thereon.
2. To appoint M/s Lodha & Co., the retiring Auditors as Auditors from the conclusion of the 12th Annual General Meeting (AGM) until the conclusion of the next AGM and to fix their remuneration.
3. To consider and if thought fit to pass, with or without modifications, the following as Ordinary Resolution:

“RESOLVED that Shri Vikrampati Singhania be and is hereby appointed as a Director of the Company.”

4. To consider and if thought fit to pass, with or without modifications, the following as Ordinary Resolution:

“RESOLVED that Shri Swaroop Chand Sethi be and is hereby appointed as a Director of the Company.”

Regd. Office:
7, Council House Street,
Kolkata – 700 001.

By Order of the Board

Date : 30th May, 2005

Rajesh Relan
Dy. Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members of the Company will remain closed from 16th August to 22nd August 2005 (both days inclusive).

3. APPOINTMENT OF DIRECTORS:

Brief resumes of Shri Vikrampati Singhania and Shri Swaroop Chand Sethi, whose reappointment as Directors liable to retire by rotation is proposed at items 3 and 4 respectively are given hereunder :-

Name	Shri Vikrampati Singhania	Shri Swaroop Chand Sethi
Age	39 years	67 years
Qualification	M.Com., MBA (USA)	M.Com , L.L.B., DBM, GDCS
Expertise in Specific Functional Area	Industrialist	General Management
Date of appointment on the Board of the Company (JK Agri Genetics Ltd.)	4th September 2003	4th September, 2003
Name (s) of the other companies in which Directorships held (as per Sections 275 and 278 of the Companies Act, 1956)	- J.K. Industries Limited - JK Sugar Limited	- J.K. Industries Limited - Hansdeep Investment Ltd. - Radial Finance Ltd. - Mayfair Finance Limited - Bhopal Udyog Ltd. - JKI Employees' Welfare Assn. Ltd - Juggilal Kamlapat Udyog Ltd.
Name (s) of the other Companies in which Committee Membership (s)/ Chairmanship (s) held (as per Clause 49 of the Listing Agreement with the Stock Exchanges).	- J.K. Industries Limited <i>Shareholders/ Investors' Grievance Committee</i> -Member - JK Sugar Limited <i>Shareholders/ Investors' Grievance Committee</i> -Chairman	- J.K. Industries Limited <i>Audit Committee</i> - Member <i>Shareholders/Investors Grievance Committee- Member</i> - Juggilal Kamlapat Udyog Ltd. <i>Audit Committee - Member</i> - Mayfair Finance Ltd. <i>Audit Committee- Member</i> - Bhopal Udyog Limited <i>Audit Committee - Member</i> <i>Shareholders/ Investors Grievance Committee- Member</i>

4. Nomination : Pursuant to Section 109A of the Companies Act, 1956, individual Shareholders holding Equity Shares of the Company either singly or jointly may nominate an individual to whom all the rights in such Shares shall vest in the event of death of the sole/ all Joint-holders.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 3

Shri Vikrampati Singhania was appointed as a Director of the Company in terms of Section 262 of the Companies Act, 1956 read with Article 142 of the Articles of Association of the Company in the casual vacancy caused by the resignation of Shri R.N. Saraf. Shri Vikrampati Singhania holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, together with requisite deposit from a member of the Company proposing the name of Shri Vikrampati Singhania for appointment as a Director of the Company liable to retire by rotation. Your directors recommend this resolution for your approval. The particulars of Shri Singhania are given in the notes appended to the notice of this meeting.

Shri Vikrampati Singhania for himself, and Shri Bharat Hari Singhania as relative may be deemed to be concerned or interested in the proposed Resolution. None of the other Directors may be deemed to be concerned or interested in the proposed Resolution.

Item No. 4

Shri Swaroop Chand Sethi was appointed as a Director of the Company in terms of Section 262 of the Companies Act, 1956 read with Article 142 of the Articles of Association of the Company in the casual vacancy caused by the resignation of Shri P. K. Rustagi. Shri S.C. Sethi holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, together with requisite deposit from a member of the Company proposing the name of Shri S.C. Sethi for appointment as a Director of the Company liable to retire by rotation. Your directors recommend this resolution for your approval. The particulars of Shri S.C. Sethi are given in the notes appended to the notice of this meeting.

None of the Directors, except Shri S.C. Sethi may be deemed to be concerned or interested in the proposed resolution.

Regd. Office:
7, Council House Street,
Kolkata - 700 001.

By Order of the Board

Date : 30th May, 2005

Rajesh Relan
Dy. Company Secretary

Directors' Report

TO THE MEMBERS

The Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the financial year ended 31st March, 2005.

OPERATIONS

During the year under review, the Company achieved a turnover of Rs. 69.79 crs. and operating profit of Rs. 4.51 crs. After providing for financial charges, diminution in value of long term investments, depreciation/amortisation and tax, the net profit was Rs. 1.24 crs. A sum of Rs. 1.24 crs. has been transferred to Debenture Redemption Reserve (DRR). The amount to be transferred to DRR from the current year onwards shall be lower. The Directors regret their inability to recommend any dividend on the Equity Shares for the year under review.

The year witnessed a considerably delayed monsoon in most parts of the country and particularly in the Bajra and Jowar growing areas in Northern & Central India. This resulted in substantial reduction in coverage under hybrid bajra and jowar in the country. Furthermore, in the commercial crops like Cotton, because of faster acceptance for new technology of Bt. Cotton, the markets for traditional non-Bt. Cotton remained stagnant or declined in some geographical areas despite an overall increase in area under cotton cultivation. As the company's major sales accrue from these crops i.e. Jowar, Bajra and non Bt. Cotton, there were larger carryover stocks which has affected profitability adversely.

The Company has developed new innovative products and introduced them in different market segments, which will help to sustain profitable growth in the long run. The Company continued its emphasis on value added farmer service to help them to earn adequate returns by use of "JK Seeds". As in the past, the Company continued its thrust on innovative schemes for channel partners and farmers to reinforce their bonding.

J.K. Drugs & Pharmaceuticals Ltd. ceased to be a subsidiary of the Company.

RESEARCH AND DEVELOPMENT

The company has widened its portfolio of crops by adding some of the vegetable crops viz. Chillies, Gourds, Brinjal and Watermelon apart from its continued focus on major hybrid crops in food grains, oilseeds, fibre crops and pulses. As such, the company has a wide portfolio of crops to meet the diverse needs of Indian farming community. In order to take up these research programmes under various agro-climatic zones, it has established several new

breeding centers to develop products suitable for different agro-climatic areas. The scientific manpower has also been stepped up accordingly, wherein parallel work is being taken up in various mandate crops in order to develop superior products at faster rate to meet the changing needs of the market.

Similarly, the testing and multilocal evaluation facilities have also been strengthened to cover all the areas for systematic screening of the newly developed hybrids. The company is also collaborating with leading agricultural universities and research institutes for screening newly developed products for biotic and abiotic stresses.

The company has also taken up biotechnology based research to complement its crop and quality improvement programs. The basic focus on Biotechnology research is on development of genetically modified seeds, which are resistant to biotic and abiotic stresses and having suitable quality traits. Apart from this, various tools of molecular markers and DNA finger printing technologies are being used for improving quality of seeds.

In respect of Bt. Cotton seed, which has been developed in collaboration with a renowned research institute, various biosafety studies and multilocal trials have been completed as per the guidelines of Deptt. of Biotechnology. The company has got permission from GEAC for conduct of large scale trials and seed production.

DIRECTORS

Shri Vikrampati Singhanla and Shri S.C. Sethi, who were appointed as Directors of the Company w.e.f. 4th September, 2003 in the casual vacancies pursuant to Section 262 of the Companies Act, 1956, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The Company has received from members notices pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Shri Vikrampati Singhanla and Shri S.C. Sethi for appointment as Directors, liable to retire by rotation. The Board recommends the appointments.

AUDITORS

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

PARTICULARS OF EMPLOYEES

During the year under review, the Company had no employees in the category specified under Section 217(2A) of the Companies Act, 1956.

CORPORATE GOVERNANCE

The Company is committed to the good corporate governance practices and reaffirms its commitment.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, 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 judgements 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.

ACKNOWLEDGEMENTS

Your Directors wish to acknowledge the continued support and co-operation received from our valued Customers, Dealers, Suppliers, Shareholders, Banks and various Central and State Government Agencies.

Your Directors also acknowledge and appreciate the commitment and dedication of the employees at all levels.

On behalf of the Board

The 30th May, 2005
New Delhi

Bharat Hari Singhania
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

A. ENERGY CONSERVATION

Your Company is not covered under the schedule of Industries required to furnish information under Sec.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 Rs. 32.28 lacs and recurring expenditure was Rs. 460.75 lacs. The total expenditure on R & D was 7.1% of the net turnover.

C. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION.

Several innovative products have been introduced in various new crops viz. Mustard, Wheat, Soyabean, Arhar and Vegetable crops viz., Tomato, Bhendi & Chilli and the same are being launched in the market. Apart from this, several products have been launched in the existing crops viz. Cotton, Jowar, Bajra, Maize, Sunflower & Paddy.

D. EXPORT, FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lacs)

Description	2004-05	2003-04
Foreign Exchange Earnings (on account of Export sales-FOB value)	27.46	Nil
Foreign Exchange Outgo	17.99	12.22

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Seed Industry has exhibited a healthy growth of 15% during the year under review. The growth in 3 major segments are as follows:

Segment	Growth (%)	Total Market Size (Rs. crs.)
Hybrid seeds of field crops	17	1400
Open Pollinated (OP) varieties	16	1050
Vegetable seeds	8	750

However, the acceptance of hybrid seeds in India is still very low compared to the developed countries. Now, the trend is changing and many factors e.g. higher yield, lower crop losses coupled with easy availability of micro level credit from different institutions and substantial education programs on cultivation practices have facilitated the acceptance level of high quality hybrid seeds amongst farming community.

The Seeds Act, 1966, The Seeds (Control) Order, 1983 and the rules framed thereunder regulate the production, processing, distribution and sales of seeds. Every product has to undergo several exhaustive research and field tests in different agro- climatic zones before permission is granted for commercialization. The new Seed Act is under consideration for enactment, which will have comprehensive coverage encompassing the various other Acts governing the operation in Seed Industry.

Even though the markets for coarse cereals viz. Jowar, Bajra have declined, there has been substantial growth in commercial/oil seed crops viz. Cotton, Sunflower & Soyabean. There has also been substantial growth in Hybrid Paddy as the acceptance has increased with the introduction of new hybrids by various companies.

In the Indian economy, agriculture continues to be a dominant sector and it will provide huge opportunities for newer farming practices including contract farming, agricultural mechanization and equally important is high yielding hybrid seeds and GM seeds. Although, unorganized sector in the seed business poses certain challenges, yet IPR regime and regulatory mechanism will create differentiating edge for organized sector in the times to come.

JK SEEDS

Traditional hybrid field crops viz. Jowar, Bajra, Maize, Rice, Cotton, Sunflower and vegetable crops viz. Tomato & Bhendi have been our priority crops for development of superior hybrids suiting to domestic segments. In addition to these traditional hybrid seeds, the Company has focused its efforts for development of several new crops viz. Wheat, Mustard and Arhar. With the help of renowned national and international institutes, JK Agri Genetics Limited (JKAL) has come out with experimental hybrid seeds in these crops and received very encouraging results for taking up further research in this segment. In order to gain understanding of the customer needs, the company has launched several speciality open pollinated varieties in these crops.

The cultivation of hybrid vegetables is also increasing very rapidly. Recognizing the importance of developing value added products, JKAL has added several crops in its portfolio viz. Chillies, Watermelon, Brinjal and Gourds to come with wide basket of vegetable crops for meeting the needs of vegetable farmers in major vegetable tracts of the country.

The hybrid seeds have to be produced in the farmers' fields. JKAL has established a very close partnership with the seed growing farmers in some of the major seed growing States such as AP, Karnataka, Tamilnadu, Gujarat and Rajasthan. JK Seeds has also gone in to the new seed production areas to reduce uncertainty in supply and reduce costs. The seed production program is being organized through a network of 60 Organisers and 8000 Growers. The seed growers are provided with complete package of crop management practices, various agricultural inputs and finance in order to enhance their productivity and ensure high quality seed.

The hybrid seed is subsequently processed in state of the art processing plants located at Hyderabad and Kota, wherein quality is further upgraded through air screen cleaners, gravity separators, seed treatment and film coating so as to give seed with uniform size, good germination and high vigour to the farmers.

The company markets hybrids & other seeds across the country through a network of 9 regional offices and more than 300 wholesalers & 20,000 retail dealers. This vast community of channel members is the key for JKAL's product positioning and delivery of product at correct time and right place. With the emergence of globalization & liberalization, we have started exporting our seeds viz. maize & tomato to Asian countries and are exploring all avenues to market our products to other countries of the same climatic conditions as of our country. JKAL strongly believes in service & education to farmers and support to our channel members. This uniqueness sets us apart from the competitors in gaining customer confidence year after year. Regular market research and customer satisfaction audits help us aligning the corporate strategies with the customer expectation.

RESEARCH & DEVELOPMENT

The Company has taken up major investment programme in all the areas of research viz. Crop Breeding, Biotechnology and Seed Conditioning towards development of superior pest, disease and drought resistant Hybrid seeds together with other enhanced quality traits so as to increase return of the farmers. Vast germplasm collection enables our scientists to develop world-class products and excel in setting new standards to meet customers aspirations. Products developed by the Company are tested across the country in our 23 multi locational trial centers, regional testing centers and farmers fields under different agro climatic conditions before their commercial launch.

We are also taking due care to meet the requirements of Plant Protection for Varieties & Farmers Rights, 2002 & IPR regime.

As a result of focused breeding efforts and rigorous evaluation process, the Company is having a robust pipeline of products in the several crops viz. Cotton, Jowar, Bajra, Maize, Rice, Tomato and Bhendi. Several promising hybrids in different crops are in advanced stage of evaluation. These products will enable the Company to achieve strong position in various mandate crops selected by the Company.

The Company has embarked upon one of the latest Agri-biotechnology research programmes in crop improvement through molecular breeding, marker assisted selection, DNA fingerprinting and development of transgenic crops. In addition to this, the company has established green house for transgenic trials and radio isotope handling facility. For ensuring integration of latest knowledge and technologies in all our research projects, we are collaborating with leading research institutes in India and abroad.

The Company has developed Bt. Cotton seed totally through indigenous efforts with the help of leading research institutes in the country. It has already completed biosafety studies & various multifocal trials as per RCGM protocols. Approval has been granted by GEAC for 4 of its hybrids for taking up large scale field trials and seed production in the coming year. These hybrids are undergoing ICAR trials. With all these efforts, the company is striving for getting clearance for commercial release soon.

HUMAN RESOURCE DEVELOPMENT

The Company is proud of its human resources who have been toiling consistently to garner a better performance year by year. The company took up an important initiative on "Talent Management" during the year. This system will certainly help in improving retention & motivation of Talent, Succession Planning and Career Planning, thus improving Business Performance.

The Company had shown its ability to adapt itself to the growing demands and needs of the industry, business and the farming community. With the

determination to improve its position among front runners, suitable training programs were conducted for the employees to tune them in meeting the requirements of the internal and external customers. The Company has continued its efforts in robust implementation of Performance Management System which is aimed at enhancing employee involvement and getting accustomed to their work schedules. The Performance Management System practiced by the Company offers continuous evaluation and feedback to the employee for improvement.

FINANCIAL PERFORMANCE AND INTERNAL CONTROL SYSTEMS

(Rs. in lacs)

ITEM	2004-05	2003-04
1. Turnover	6979.35	5618.23
2. Operating Profit (PBIDT)	451.21	628.62
3. Interest	5.41	9.04
4. Profit Before Exceptional Item & Tax	276.29	452.78
5. Provision for Tax	55.00	124.72
6. Profit after Tax	124.05	328.06

Innovative products, superior quality and value added services were key differentiators, which helped in achieving this turnover. However, higher seed procurement cost, reduced demand of non Bt. Cotton impacted profitability for the year under reference.

Internal Control Systems have been the strength of the company and it has paid rich dividends in the form of system driven processes and achievement of optimum operational efficiency. Periodic review of internal control systems by internal Auditors and Senior Management has further reinforced the systems. Internal audit reports and action taken on their observations are reviewed by the Audit Committee of the Board on regular basis.

CAUTIONARY STATEMENT

"The Management 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, expenditure and financial results are forward looking statements. The Company's actual results, performance of achievements could thus differ materially from those projected in such forwards 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.