

ANNUAL REPORT

2013-14



CONTENTS

Directors' Report and Management Discussion & Analysis	2-5
Corporate Governance Report	6-11
Auditors' Report	12-15
Balance Sheet and Statement of Profit & Loss	16-31
Cash Flow Statement	32

BOARD OF DIRECTORS

Bharat Hari Singhania
Chairman

Jatan Roop Chand Bhandari

Sanjeev Kumar Jhunjunwala

Sanjay Kumar Khaitan

Dr. Raghupati Singhania

Vikrampati Singhania

Swaroop Chand Sethi

Sanjay Kumar Gupta
(President & Director)

Processing Plant

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

Administrative Office

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

Registered Office

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

Auditors

Lodha & Co.
Chartered Accountants

Bankers

Axis Bank Limited
State Bank of Mysore
Yes Bank Limited

Chief Financial Officer

Amit Agarwal

Company Secretary

Anoop Singh Gusain

Website: www.jkseeds.net

CIN: L01400WB2000PLC091286

E-MAIL ID: jkaglshareholder@jkmail.com

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 31st March, 2014.

Financial results	(₹ in Crore)
Sales & Other Income	188.84
Profit before Finance Cost & Depreciation (PBIDT)	27.30
Profit before Depreciation	17.17
Profit after Tax	11.86
Surplus brought forward	4.80
Amount available for appropriation	16.66
Appropriations	
Dividend (incl. tax on Dividend)	1.05
General Reserve	5.00
Surplus carried to Balance Sheet	10.61
	16.66

DIVIDEND

Your Directors are pleased to recommend a maiden dividend of ₹ 2.5 per Equity Share of ₹ 10 each (i.e. 25%) on the Equity Share Capital of ₹ 3.60 Crores. The Dividend outgo will be ₹ 1.05 Crores (inclusive of dividend tax of ₹ 0.15 Crores).

LISTING

As the members are aware, 36,03,906 Equity Shares of ₹ 10 each of the Company were listed with BSE Ltd. and the Calcutta Stock Exchange Ltd. pursuant to their respective approvals dated 26th September 2013 and 24th September 2013.

OPERATIONS

During the year ended 31st March, 2014 the Company achieved a turnover of ₹ 188.84 Crores. EBITDA of the Company increased by 26% from ₹ 21.67 Crores to ₹ 27.30 Crores and Profit Before Tax increased by 36% from ₹ 10.58 Crores to ₹ 14.39 Crores.

The Company continues to develop new hybrids and also increase its distribution depth and width across the country. The endeavour of the marketing team is to increase penetration of the Company's hybrids in the market by demonstrating its superiority and benefits to the farming community. The Company is pursuing innovative farm productivity enhancing techniques and is working closely with its increasing network of channel partners to reach the target customers. Continuous emphasis on distribution, logistics as well as better management of seed production techniques, is helping the company drive efficiencies.

Introduction of new products both for Kharif and Rabi seasons as well as introduction of newer products in vegetable seeds is helping the company gain momentum. The Company continues to focus on field crops like Cotton, Paddy, Maize, Bajra and Jowar, apart from Okra, Tomato and Chillies in the vegetable segment.

RESEARCH AND DEVELOPMENT

Your Company continues to strengthen its base in developing its future capabilities and competencies in breeding, biotech R&D and transgenic research. Your company believes that in the competitive arena this capability will help differentiate the company and its products from others. The dedicated team of Scientists is working closely with a number of National & International Research Institutes, e.g. ICRISAT, CIMMYT, IRRI, etc.

Apart from working on transgenic technology, the Company has been working on development of hybrids through non-transgenic methods like marker assisted breeding, etc. This has led to development of value added products in field crops as well as vegetables. Developed using molecular markers and due to its uniqueness in tolerating multiple abiotic stresses, the launch of its new rice hybrid is an important milestone for the company. A number of products in Cotton, Maize and Bajra are also undergoing trials. Products in Okra and Tomato are also showing great potential due to their ability to tolerate diseases. Such multi-pronged research is creating the platform for your Company's growth in the coming years.

INDUSTRY OVERVIEW

Indian agriculture has come a long way since the Green Revolution of the late 1960s. India presents an interesting scenario: both GDP and food grain production in the country have risen faster than the growth in population over the last 50 years. However, now the situation is becoming alarming as the agricultural growth has been static in recent years. The enormity of the problem is indicated by the fact that during the 7 year period 2006-07 to 2012-13, our food grain production has grown at a CAGR of only 2.4%. The total estimated demand for food grains will touch 298 million tons by 2020. To achieve the forgoing amount of production the compounded annual growth rate of 2.2% in agricultural sector has to be maintained over next 7 years. For this, agricultural growth needs to be in the forefront of our national GDP growth agenda.

Indian seed Industry is one of the most mature and vibrant ones in the world, currently occupying 6th position with nearly ₹ 12,000 Crore turnover. During the past 5 years the Indian Seed Industry has been growing at a CAGR of 10% compared to global growth of 6-7%. In value terms the major growth has come from increased adoption of BT cotton hybrids, single cross corn hybrids and hybrid vegetables. The volume growth has mainly come through increased Seed Replacement Rates in crops like Paddy and Wheat.

India has the second largest agricultural land and has favourable climatic conditions to support this growth. It has over 15 major climatic zones and possesses 46 different soil types. India is the largest producer of pulses, milk, tea, cashew and jute; and the second largest producer of wheat, rice, fruits and vegetables, sugarcane, cotton and oilseeds. All in all with its land resources and the growing role of farm input companies, India will continue to play a major role in world agriculture.

OPPORTUNITIES, THREATS & CONCERNS

The large population of India is the key driver of demand for agricultural products. Rising urban and rural incomes have also aided demand growth. The growth of organised procurement and retail as well as growing consumption of packaged and processed food would also fuel demand. The potential to not only export processed food but also the improvement in infrastructure is allowing fresh farm produce to be exported to other countries. Apart from being one of the largest consumers of agricultural products, India is also among the top 10 leading exporters

of agricultural products in the world. The continued focus and incentives under various national and state Government schemes, like Rashtriya Krishi Vikas Yojana as well as focus for improvement in farm productivity under the aegis of National Food Security Mission is helping increase production and productivity. Improved rural lending facilities as well as improved infrastructure to store and distribute produce will also help this process.

While there are number of opportunities, they continue to be inherent concerns and threats for the seeds industry. The vagaries of weather and inconsistent monsoon across the country continue to be the major challenge. The growing unavailability of water either through rivers or bore-wells is also threatening productivity. Pest attacks and rising temperatures also have an impact on agricultural production. The inconsistent Government policies and regulations on GM crops is also a matter of concern.

HUMAN RESOURCE DEVELOPMENT

The real strength of your Company lies in the hands of its teams and people. The backbone of the Company, whether be it in R&D or in the field, is based on the dedication of its teams. The company has adopted a robust, progressive and dynamic culture and focuses on organisational development, engagement and Talent Management of its employees through a structured mechanism for identification, reviewing, implementing and rewarding the identified talent. The Company identifies "High Talent" through assessment centres and provides high potential employees a cross-functional exposure creating a growth path for them. People are sponsored to various internal and external training programmes including leading Business schools to hone their technical as well as general management skills. The Company also runs a special programme under the group's "Krishna-Arjuna" initiative which serves as the mentoring and guidance platform.

INTERNAL CONTROL SYSTEMS

The Company has a 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 efficiency of operations and reliability of financial reporting.

Financial Statements on quarterly and on annual basis are 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 Reports are discussed and wherever required action is taken to enhance effectiveness of the internal control system.

DIRECTORS

Shri Bharat Hari Singhania and Dr. Raghupati Singhania who were appointed as Directors of the Company w.e.f. 30th March 2013, in the casual vacancy caused by resignation of Shri A.K. Kinra and Shri P.K. Rustagi respectively pursuant to Section 262 of the Companies Act, 1956 retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting (AGM).

The Board of Directors appointed Shri S.K. Gupta as an Additional Director pursuant to Section 161 of the Companies Act, 2013 and also appointed him as Whole-time Director with the designation 'President & Director' for a period of three years w.e.f. 23rd October, 2013 subject to the approval of shareholders and other necessary approvals as may be required. In terms of the said Section Shri S.K. Gupta will hold office as Director upto the date of the ensuing AGM.

The Company has received from members, notices in accordance with Section 160 of the Companies Act, 2013 proposing candidatures of Shri Bharat Hari Singhania, Dr. Raghupati Singhania and Shri S.K. Gupta for appointment as Directors as aforesaid.

Shri JRC Bhandari, Shri S.C. Sethi, Shri S.K. Khaitan and Shri S.K. Jhunjhunwala whose period of office is liable to determination by retirement of Directors by rotation are proposed to be appointed as Independent Directors of the Company, each for a term of five consecutive years commencing from the date of ensuing AGM. The Company has also received declarations from the said directors about their independence pursuant to Section 149 of the Companies Act, 2013.

The Board recommends appointments as aforesaid.

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

The Cost Audit for the financial year ended 31st March 2013 was conducted by M/s Vijender Sharma & Co., Cost Accountants, Delhi and as required Cost Audit Report was duly filed with Ministry of Corporate Affairs, Government of India. The Audit of the cost accounts of the Company for the financial year ended 31st March 2014 is being conducted by the said firm and the Report will also be filed.

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 SOCIAL RESPONSIBILITY

The Company has always been life sensitive towards its social responsibility and has been undertaking various programmes like, Adult Literacy, Medical Camp and Health awareness, etc. Pursuant to the provisions of the Companies Act, 2013 and Rules thereto, a Corporate Social Responsibility (CSR) Committee of the Board has been constituted to monitor CSR related activities in terms of the said provisions and Rules, comprising of Shri Vikrampati Singhania (Chairman of the Committee), Shri S.K. Jhunjhunwala and Shri S.K. Gupta, as members.

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.

Your Directors would also 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: 27th May 2014
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 ₹ 6.97 lacs and recurring expenditure was ₹ 1089.18 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	2013-14	2012-13
Foreign Exchange Earnings (on account of Export sales- FOB value)	160.31	173.14
Others	2.86	-
Total Foreign Exchange Earnings	163.17	173.14
Foreign Exchange Outgo	308.71	334.01

CORPORATE GOVERNANCE 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. The core values of the Company are:

- Commitment to excellence and customer satisfaction
- Maximising long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment

2. BOARD OF DIRECTORS:

The Board of Directors presently consists of Eight Directors, of which one is Executive Director(ED) and seven are Non-Executive Directors(NED), out of which four are Independent Directors(IND). Four Board Meetings were held during the twelve months period from 1st April 2013 to 31st March 2014 i.e., on 21st May 2013, 8th August 2013, 23rd October 2013 and 10th February 2014. Attendance and other details are as given below:

Name of the Director	Category	Number of Board Meetings Attended	Whether last AGM attended	No. of other Directorships and Committee Memberships/ Chairmanships		
				Directorships \$	Committee Memberships*	Committee Chairmanships*
Shri Bharat Hari Singhania, Chairman	NED	4	Yes	4	1	-
Dr. Raghupati Singhania	NED	4	No	7	2	1
Shri Vikrampati Singhania	NED	4	Yes	2	1	-
Shri S.C. Sethi	IND	4	Yes	5	3	3
Shri S.K. Khaitan	IND	2	No	-	-	-
Shri J.R.C. Bhandari	IND	4	No	2	1	2
Shri S.K. Jhunjhunwala	IND	1	No	1	1	-
Shri S.K.Gupta @ President & Director	ED	2	Yes	1	-	-

\$ 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.

@ Appointed as Additional and Whole-time Director with the designation "President & Director" w.e.f. 23rd October 2013.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and steps taken by the Company to rectify instances of non-compliances, if any.

In terms of the provisions of Clause 49 of the Listing Agreement and contemporary practices of good Corporate Governance, 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). All the Board Members and Senior Management Personnel have affirmed compliance with the said Code. This Report contains a declaration to this effect signed by Shri S.K. Gupta, President & Director.

3. AUDIT COMMITTEE:

The Company has an Audit Committee of Directors, the 'Terms of Reference' and also the composition of which 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 'Terms of Reference' of the Committee have since been revised by the Board of Directors at its Meeting held on 27th May 2014, in accordance with the provisions of Section 177 of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement.

The Committee consists of four Directors, all being Non-executive Independent Directors. The composition of the Committee is also in conformity with the provisions of the Companies Act, 2013 and also the revised Listing Agreement.

Four meetings of the audit committee were held during the financial year ended 31st March 2014. Dates of the meetings and the number of the Members attended are:

Date of the Meeting	Number of Members attended
21 st May 2013	4
8 th August 2013	2
23 rd October 2013	3
10 th February 2014	2

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri J.R.C. Bhandari	Chairman	4
Shri S.K. Khaitan	Member	2
Shri S.K. Jhunjunwala	Member	1
Shri S.C. Sethi	Member	4

All the Committee Meetings were attended by the Head of Finance Function, Internal Auditor and the Company Secretary. The Statutory Auditor of the Company also regularly attends the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

4. STAKEHOLDERS RELATIONSHIP COMMITTEE

As at 31st March 2014, the Company had a Shareholders/Investors Grievance Committee consisting of three Directors all being Non-executive Directors. The composition of the Committee was in conformity with Clause 49 of the Listing Agreement.

The Board of Directors at its meeting held on 27th May, 2014 has rechristened the Committee as 'Stakeholders Relationship Committee' and the 'Terms of Reference' of the Committee have also been revised in accordance with the provisions of Section 178 of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement. The composition of the Committee is in conformity with

the provisions of the Companies Act, 2013 and also the revised Listing Agreement.

Dates of the meetings and the number of the Members attended are:

Date of the Meeting	Number of Members attended
21 st May 2013	3
8 th August 2013	2
23 rd October 2013	3
10 th February 2014	2

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri S.C. Sethi	Chairman	4
Shri S.K. Khaitan	Member	2
Shri Vikrampati Singhania	Member	4

Shri Anoop Singh Gusain, Company Secretary is the Compliance Officer. During the financial year ended 31st March 2014, no complaint was received from the members. Also, there is no complaint pending in respect of previous period.

The Board has 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. During the financial year ended 31st March 2014, 18 Meetings of this Committee were held.

5. NOMINATION AND REMUNERATION COMMITTEE:

The Board at its meeting held on 23rd October 2013 constituted a Remuneration Committee comprising of Shri J.R.C. Bhandari (Chairman of the Committee), Shri S.K. Khaitan and Shri S.C. Sethi, all being Non-Executive Independent Directors. The meeting of the Committee was held on the same day to consider, determine and recommend remuneration of Shri S.K. Gupta, Whole-time Director of the Company to the Board and was attended by all the above mentioned members.

The Board of Directors at its meeting held on 27th May, 2014 has rechristened the Committee as 'Nomination and Remuneration Committee' and the 'Terms of Reference' of the Committee have also been revised in accordance with the provisions of Section 178 of the

Companies Act, 2013 and the revised Clause 49 of the Listing Agreement with the Stock Exchanges. The composition of the Committee is in conformity with the provisions of the Companies Act, 2013 and also the revised Listing Agreement.

6. REMUNERATION PAID TO DIRECTORS:

i) Executive Director: The remuneration comprising of salary, perquisites and contribution to Provident Fund and Superannuation Fund for the financial year ended 31st March 2014 to Shri S.K. Gupta, President & Director is ₹ 57.79 Lacs. The remuneration to Shri S.K. Gupta is for the period from 23rd October 2013 to 31st March 2014 i.e., from the date of his appointment as "President & Director".

The Company does not have any Stock Option Scheme. In the case of President & Director, notice period is six months.

ii) Non-executive Directors: The Company has paid sitting fees aggregating to ₹ 2.23 Lacs to all the Non-executive Directors for attending the meetings of the Board and/or Committees thereof.

No other payments were made to Non-Executive Directors and such Directors did not have any other material pecuniary relationship or transaction 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 31st March 2014 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 S.K. Khaitan – Nil Shares and Shri S.K. Jhunjhunwala – Nil Shares.

The Company does not have any outstanding convertible instruments.

7. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGM) of the Company were :

Financial Year	Location	Date	Time
2010-2011	7, Council House Street, Kolkata – 700 001	03.09.2011	10.00 A.M.
2011-2012	Same as above	14.08.2012	10.00 A.M.
2012-2013	Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata – 700 020	07.09.2013	11.30 A.M.

No Special Resolution was passed in the previous 3 AGMs. No Special Resolution was required to be put through postal ballot during the year.

8. (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.

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

There were no cases of non-compliance of any matter related to capital markets during the last three years.

8. (c) The Company has strengthened its risk management system and has further laid down procedures to inform Board Members about risk assessment and minimization procedures. These procedures are being periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

9. MEANS OF COMMUNICATION:

Quarterly, half-yearly and annual results are published in leading English Newspapers and also in a Bengali language Newspaper (published from Kolkata). The said results are promptly furnished to the Stock Exchanges for display on their respective websites and are also displayed on the Company's website - 'www.jkseeds.net'.

Management Discussion and Analysis forms part of the Annual Report.

10. 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 6th September, 2014 at Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata – 700 020 at 11.30 A.M.