



ANNUAL REPORT 2014-15

JK *AGRI GENETICS LTD.*

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BOARD OF DIRECTORS

Bharat Hari Singhania
Chairman

Dr. Raghupati Singhania

Sanjay Kumar Khaitan

Sanjeev Kumar Jhunjhunwala

Swati Singhania

Abhimanyu Jhavar

Jatan Roop Chand Bhandari

Swaroop Chand Sethi

Vikrampati Singhania

Sanjay Kumar Gupta
(President & Director)

Processing Plant

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

Administrative Office

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

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: jkagls shareholder@jkmail.com

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

TO THE MEMBERS

Your Directors have pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2015.

Financial Results	(₹ in Crore)
Sales & Other Income	210.10
Profit before Finance Cost & Depreciation (PBIDT)	32.59
Profit before Depreciation	22.14
Profit Before Tax	17.19
Profit after Tax	12.22
Surplus brought forward	10.61
Amount available for appropriation	22.83
Appropriations	
Dividend (incl. tax on Dividend)	1.30
General Reserve	7.24
Surplus carried to Balance Sheet	14.29
	22.83

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 3 per Equity Share of ₹ 10 each (i.e. 30%) on the Equity Share Capital of ₹ 3.60 Crores for the financial year ended 31st March 2015. The Dividend outgo will be ₹ 1.30 Crores (inclusive of dividend tax of ₹ 0.22 Crores).

OPERATIONS

During the year ended 31st March, 2015, the Company achieved a turnover of ₹ 210.10 crores. EBITDA of the Company increased by 19% to ₹ 32.59 crores from ₹ 27.30 crores and Profit Before Tax increased by 19% to ₹ 17.19 crores from ₹ 14.39 crores in the previous year.

While the Company continues to develop new hybrids and strengthen its marketing, the focus has been to increase its bottom line. This has been achieved by a better product mix as well as entering newer and more profitable segments. Launches of new innovative hybrids across field crops and vegetable segments have started showing some early positive signs. The Company lays emphasis on improving its seed production techniques as well as processing plant efficiencies. All these facts helped the Company to improve its overall performance.

RESEARCH AND DEVELOPMENT

The Company is conscious that an edge in this sector can only be achieved by developing technically superior and consumer friendly hybrids through a well-planned research programme and by continuously investing in research and development. Each crop segment typically has 5 or 6 leading hybrids that command majority of the market share. For any hybrid to be successful, it is important that it is significantly superior to the existing product in the market, both from the perspective of productivity as well as adaptability to flexible agronomic conditions. Your Company continues to focus on developing hybrids with these capabilities and characteristics through breeding, biotech R&D and transgenic research. This apart, your company has also developed key hybrids in vegetables and paddy through non transgenic methods like marker assisted breeding. Further, the biotechnology lab focuses on varieties tolerant to biotic and abiotic stresses and marker-assisted selection to speed up the breeding programme.

JK Agri Genetics invested 6% of its turnover in R&D activities and today produces and markets more than 80 of its internally developed hybrids in the areas of cotton, corn, paddy, sunflower, bajra, jowar, and in vegetable crops like okra, tomato and chillies. In the last few years the Company has established itself as one of the leading players in the area of vegetables and one of the top players in key crops like Okra and Tomato. While JK Agri Genetics' Okra is in great demand, its newly introduced heat resistant tomato has done well in India as well as in our neighbouring countries.

INDUSTRY OVERVIEW

This is a challenging time for agriculture globally, particularly in emerging economies such as India where the demand dynamics and farming patterns are changing. Indian agriculture is really at crossroads with growth rates from 2012 onwards being 3.6%, higher than the historic growth rate of 2.8 %. India has become self-reliant with grain output of approx 258 MMT, yet there are signs of weak health of this sector like persistent high food inflation and low capital productivity.

Three factors are significant (1) Low productivity states are contributing more to agricultural growth than the higher productivity states. Sustainability of this kind of growth

is very doubtful, (2) Cost of producing India's output continues to increase, both from the perspectives of cost per acre as well as cost per drop, and (3) Volatile returns from the back breaking profession of farming coupled with higher opportunity cost of land, is making agriculture less lucrative.

The Indian government too has recognised that food security is an emerging menace to the economy in the near future, given the burgeoning population and low crop productivity levels.

Agricultural input supply and marketing strategies will have to respond to these rapid changes, with newer technologies in the area of transgenics, crop protection and post harvesting techniques.

Worldwide the seed industry is valued at approximately \$ 45 billion. Top six countries including India account for nearly 67% of the global market out of which India is at 6th position with nearly a ₹12,000 crore market including hybrids and non-hybrid varieties. In the last couple of years the Indian seed industry has grown faster than the growth experienced by a number of other countries, however, agriculture in India still remains inefficient with low replacement rates and yields. In India, 70% of Agriculture is still rain fed and is dependent on the vagaries of monsoon. Multi-National companies in the seed space have large presence in India and leading Indian Companies as well as niche players continue to compete with them.

OPPORTUNITIES, THREATS & CONCERNS

Over the last few years inspite of a general economic slowdown, the agricultural sector continues to be an important pillar for the Indian economy. Over 52 % of India's labour is still involved in agriculture, both for sustenance as well as commercial production. The ever growing population of India creates new markets for agricultural produce while the improving affluence of Indian population has started preferring better quality agricultural products. The advent of organised retail and distribution network are helping the agricultural community get better value for their quality products. The government's focus on the food processing industry and opportunities for agricultural exports has been opening up new markets for these products. Increasing Minimum Support Price (MSP) has been aiding farmers earn better returns.

Inspite of some of these positive cues, the agricultural sector has a whole set of complex challenges. The sector continues to be significantly dependent on the monsoons, as majority of the area is rain-fed and is dependent on timely and adequate rain fall. The effects of global warming and unseasonal rains have

a negative impact on the crops and the farmers' ability to take risks. Changing food consumption patterns as well as volatility in agricultural price has an important impact on the sowing patterns of the crops across various states of India.

Harvesting and post harvesting practices need significant improvement to avoid huge losses. The pressure on land usage for alternate purposes of real estate and industry are shrinking the availability of cultivable land in the country.

While these are challenging tasks, the opportunities in the agricultural sector are still underexploited. There are immense opportunities for improving all-round technologies in the entire supply chain right from the field to plate. High quality seeds with improved productivity as well as pest resistance capabilities continue to offer good potential. In fact seeds with the ability to perform under various abiotic stresses are the need of the hour to improve the health of the agricultural sector in India. Mechanisation and improved farming techniques including crop protection technologies would help this sector grow. The government's increasing allocation of budget for the agricultural sector augurs well for the industry. There are new growth opportunities for Indian seed companies to explore newer markets in the Africa's and Asia's that have agro-climatic conditions akin to India. The growing Indian population and increasing per capita income will need doubling of our food production over the next decade. Hence the industry is at an interesting cross road, which has its own set of challenges but also great opportunities ahead.

HUMAN RESOURCE DEVELOPMENT

People are the key assets that are instrumental in driving the company's performance year on year. Their passion, commitment, sense of ownership and team work has enabled the Company to grow even in unpredictable environmental and socio-political agribusiness circumstances. Your company has been focusing on improving the talent in its management cadre by hiring people from leading Management Institutes as well as by conducting focused Management Development Programmes by Senior Faculty and Management & Technical Practitioners. Focus is also being given to functional and technical skill up-gradation of specific team members based on their needs for improvement. The Krishna-Arjuna initiative - a mentoring programme innovated by the JK Group Companies, and now internationally acclaimed, has helped to build up bonds between team members as well as provide guidance to younger members. The Company

endeavours to make each employee feel that he/she is an important part of the Company imparting customised need based training programme.

The Company strives to offer a positive, supportive, open and high performance work culture where innovation and risk taking is encouraged. Performance is recognised and employees are motivated to realise their full potential.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements and no material reportable weakness was observed in the system. Further, the Company has in place adequate internal financial controls commensurate with the size and nature of its operations.

The Company also has robust Budgetary Control System and Management Information System (MIS) which are backbone of the Company for ensuring that your Company's assets and interests are safeguarded.

LISTING

The Equity Shares of the Company have been voluntarily delisted from the Calcutta Stock Exchange Limited w.e.f. 21st August 2014. The Equity Shares of the Company, however, are continuing to be listed in BSE Ltd.

EXTRACT OF ANNUAL RETURN

An Extract of the Annual Return as on 31st March 2015 in the prescribed Form MGT-9 is attached as Annexure - 1 to this report and forms part of it.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees or securities and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the financial statements.

RELATED PARTY TRANSACTIONS

During the financial year ended 31st March 2015, all the contracts or arrangements or transactions entered into by the Company with the Related Parties were in the ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Agreement.

Further, the Company has not entered into any contract or arrangement or transaction with the related parties which could be considered material

in accordance with the policy of the Company on materiality of Related Party Transactions. In view of the above, disclosure in Form AOC-2 is not applicable.

The Related Party Transaction Policy as approved by the Board is available on the website of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

With enactment of the Companies Act, 2013, the Independent Directors of the Company, namely – Shri J.R.C. Bhandari, Shri S.K. Khaitan, Shri S.K. Jhunjhunwala and Shri S.C. Sethi were appointed by the Members at the Annual General Meeting (AGM) held on 6th September 2014 under Section 149 of the Act for a term of five consecutive years commencing from the date of the AGM.

Shri Vikrampati Singhania retires by rotation and being eligible offers himself for re-appointment at the ensuing AGM.

The Board of Directors appointed Smt. Swati Singhania as an Additional Director of the Company pursuant to Section 161 of the Companies Act, 2013 (Act) effective 3rd February 2015. The Board of Directors also appointed Shri Abhimanyu Jhaver as an Additional Director pursuant to Section 161 of the Act effective 25th March 2015 and also appointed him as an Independent Director of the Company from the said date for a term of five consecutive years pursuant to the provisions of Section 149 of the Act and the Listing Agreement with Stock Exchange, subject to approval of the members of the Company at the ensuing AGM.

In terms of Section 161 of the Act, Smt. Swati Singhania and Shri Abhimanyu Jhaver will hold office as Directors up to the date of the ensuing AGM.

The Company has received from members notices in accordance with Section 160 of the Act proposing candidatures of Smt. Swati Singhania for appointment as Director, liable to retire by rotation and of Shri Abhimanyu Jhaver for appointment as Director as aforesaid.

The Board recommends appointments as aforesaid.

All Independent Directors of the Company have given declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and also Clause 49 of the Listing Agreement with the Stock Exchange.

Further, in terms of Section 203 of the Companies Act 2013, Shri S.K. Gupta, President & Director; Shri Amit Agarwal, Chief Financial Officer and Shri Anoop Singh Gusain, Company Secretary were appointed as Key Managerial Personnel of the Company on their

existing terms and conditions.

CONSERVATION OF ENERGY ETC.

The details as required under Section 134(3)(m) read with the Companies (Accounts) Rules, 2014 is annexed to this Report as Annexure –2 and forms part of it.

DEPOSITS

The Company has neither invited nor accepted any deposits from the public.

AUDITORS

(a) Statutory Auditors and their Report

M/s Lodha & Co., Chartered Accountants, have been appointed as Auditors of the Company to hold the office from the conclusion of the 14th Annual General Meeting (AGM) held on 6th September 2014 until the conclusion of the 17th AGM to be held in the year 2017, subject to ratification of their appointment by the members at the respective AGMs to be held in the years 2015 and 2016. Accordingly, being eligible, matter relating to the appointment of the Auditors will be placed for ratification by members at the forthcoming AGM. The observations of the Auditors in their Report on Accounts and the financial statements, read with relevant notes are self-explanatory.

(b) Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors appointed Shri Namoo Narain Agarwal, Company Secretary in Practice as Secretarial Auditor to carry out Secretarial Audit of the Company for the financial year 2014-15. The Report given by him for the said financial year in the prescribed format is annexed to this Report as Annexure –3. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

(c) Cost Audit

The Cost Audit for the financial year ended 31st March 2014 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. Pursuant to the order of the Central Government dated 30th June 2014 and also revised order dated 31st

December 2014, your Company did not fall within the ambit of Cost Audit for the financial year 2014-15.

PARTICULARS OF REMUNERATION

Information in accordance with the provisions of Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 regarding remuneration and other details is annexed to this Report. However, as per the provisions of Section 136 of the said Act, the Report and Accounts are being sent to all the members of the Company and others entitled thereto, excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company. The said information is available for inspection at the Registered Office of the Company during working hours.

CORPORATE SOCIAL RESPONSIBILITY

Since inception, your Company considers itself a responsible corporate citizen and has been involved in undertaking projects and interventions for overall development and welfare of the society. It has been working closely with the farming community in areas of adult literacy, imparting agricultural knowledge and promoting preventive healthcare, rural development and livelihood enhancement projects.

The Company has framed Corporate Social Responsibility (CSR) Policy in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The contents of the CSR Policy are disclosed on the website of the Company.

The Annual Report on the CSR activities undertaken by the Company during the financial year under review, in the prescribed format is annexed to this Report as Annexure – 4.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the financial year under review, there were no significant and material orders passed by the regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

CORPORATE GOVERNANCE – including details pertaining to Board Meetings, Nomination and Remuneration Policy, Performance Evaluation, Risk Management, Audit Committee and Vigil Mechanism.

Your Company reaffirms its commitment to good corporate governance practices. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, 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. The Corporate Governance Report which forms part of this Report also covers the following:

- a) Particulars of the four Board Meetings held during the financial year under review.
- b) Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management including, inter alia, the criteria for performance evaluation of Directors.
- c) The manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.
- d) The details with respect to composition of Audit Committee and establishment of Vigil Mechanism.
- e) Details regarding Risk Management

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) of the Companies Act 2013, your Directors state that:-

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the accounting policies have been selected and applied consistently 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 and loss of the Company for that period;
- c. proper and sufficient care has been taken for the 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;
- d. the annual accounts have been prepared on a going concern basis;

- e. the internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- f. the proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

CAUTIONARY STATEMENT

"Management's Discussion & 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: 7th August 2015
New Delhi

(Bharat Hari Singhania)
Chairman

Annexure - 1

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I.REGISTRATION AND OTHER DETAILS:

(i) CIN : L01400WB2000PLC091286

(ii) Registration Date : 6th March 2000

(iii) Name of the Company : JK Agri Genetics Ltd.

(iv) Category/Sub-Category of the Company : Public Company/ Limited by Shares

(v) Address of the Registered Office and Contact Details : 7, Council House Street,
Kolkata – 700 001
Ph. No. - 033-22488343
Fax No. - 033-22481641
Email id: jkagshareholder@jkmail.com
Website: www.jkseeds.net

(vi) Whether Listed Company Yes/ No : Yes (Listed on BSE Ltd.)

(vii) Name, Address and Contact Details of Registrar and Transfer Agent, if any- : Alankit Assignments Ltd.,
Alankit Heights, 1E/13,
Jhandewalan Extension,
New Delhi- 110 055
Ph. No.- 91-11-42541234,
Fax No.- 91-11-41543474
Email id: rta@alankit.com
Website: www.alankit.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service*	% to total turnover of the Company
1	Growing of non-perennial crops-Seeds	011	96%

*As per National Industrial Classification (2008) - Ministry of Statistics and Programme Implementation.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

- **NIL**

IV. SHAREHOLDING PATTERN (Equity Share Capital breakup as percentage of total Equity)

(i) Category-wise Share Holding

Category of Share- holders	No. of Shares held at the beginning of the year (as on 1st April 2014)				No. of Shares held at the end of the year (as on 31st March 2015)				% Change during the year
	Demat	Physi- cal	Total	% of Total Shares	Demat	Physi- cal	Total	% of Total Shares	
A. Promoters**									
(1) Indian									
a) Individual/ HUF	57147	-	57147	1.59	57147	-	57147	1.59	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	2299533		2299533	63.80	2299833	-	2299833	63.81	.01
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):-	2356680	-	2356680	65.39	2356980	-	2356980	65.40	.01
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any others	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)**=(A)(1) + (A)(2)	2356680	-	2356680	65.39	2356980	-	2356980	65.40	.01

** The total shareholding of Promoters at (A) above includes 1557147 Equity Shares (43.20%) as on 1st April 2014, 1557447 Equity Shares (43.21%) as on 31st March 2015 and a change of 0.01% during the year, pertaining to constituents of the Promoter Group as per SEBI (Issue of Capital & Disclosure requirements) Regulations, 2009. The same does not form part of the Promoters as defined in the Companies Act, 2013.