

Annual
Report
2015-16

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Board of Directors

Bharat Hari Singhania
Chairman

Dr. Raghupati Singhania

Sanjay Kumar Khaitan

Sanjeev Kumar Jhunjunwala

Swati Singhania

Abhimanyu Jhaver

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: 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 Financial Statements of the Company for the financial year ended 31st March 2016.

FINANCIAL RESULTS	(₹ in Crore)
Sales & Other Income	190.20
Profit before Finance Cost & Depreciation (PBIDT)	24.15
Profit before Depreciation	13.09
Profit before Tax	9.08
Profit after Tax	8.02
Surplus brought forward	14.28
Amount available for appropriation	<u>22.30</u>
Appropriations	
- Dividend (incl. tax on Dividend)	1.30
- General Reserve	-
- Surplus carried to Balance Sheet	21.00
	<u>22.30</u>

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 2016. The Dividend outgo will be ₹ 1.30 crores (inclusive of dividend tax of ₹ 0.22 crores).

OPERATIONS

During the year ended 31st March 2016, the Company achieved a turnover of ₹ 190.20 crores. EBIDTA of the Company during the year was ₹ 24.15 crores and Profit before Tax was ₹ 9.08 crores.

Operations of the Company were negatively impacted due to two years of continuous failed monsoons leading to failure of four crop cycles. Not only has this led to hardships for the farmer but also has substantially reduced his affordability and cash flow. On top of it, regulatory uncertainty added to the challenges faced in the year gone by. Combination of all these led to a slow-down in the industry and slow recovery of

payments from the farmers. Hopefully, the expected good monsoon this year will help companies involved in the Agri economy as well as the farming community.

RESEARCH AND DEVELOPMENT

Over the years R&D spend of the Company has been significant. During the year 2015-16 around 7% of its turnover was invested in R&D activities. The Company has developed and markets a number of its own hybrids across the crops of Cotton, Corn, Paddy, Sunflower, Bajra, Jowar etc. Over the last few years the vegetable breeding programme has also produced leading hybrids in the areas of Okra, Tomato and Chillies amongst others.

With this portfolio of products, the Company has been able to access new market segments across the country. Apart from being an important player in cereal and cash crops, the Company is emerging as a strong player in the field of vegetables with some leading hybrids in Okra and Tomato having significant market shares in various regions of India and neighbouring countries.

The Company continues to focus on its research programme as its backbone for growth. In order to speed up the product development cycle and stay ahead of competition, your Company is using advanced techniques like Double Haploid, Embryo Rescue, DNA based methods etc. Farmers' growing expectations towards disease and pest tolerance has created new avenues in Vegetable Hybrid development, where desired characters are being successfully transferred from wild species into new hybrids.

To build a continuous pipe-line of products, a dedicated team of scientists at different locations are working on more than 100 hybrids that have new improved attributes which are in different stages of evaluation right from Multi-location testing to minikit trials and demonstration plots.

INDUSTRY OVERVIEW

The poor monsoons over the last two years during Kharif coupled with unseasonal rains in the Rabi season has created havoc in the agricultural economy

leading to dwindling productivity and large crop losses. The deficit monsoon during the year gone by has compounded the problems of the farming community, who were already reeling under the pressures of the previous bad monsoons. Since a large part of Indian agriculture is still rain-dependent, water scarcity has a significant impact on the crop output in these areas. Two years of back to back rain fall deficit coupled with lower subsidies and relatively non-remunerative prices for their produce has put financial pressure on the farmers. The skewed crop patterns and absence of advanced agronomy practices have added to the problems of the farmers in States like Haryana, Punjab, Eastern Uttar Pradesh, etc. where they continue to grow water intensive crops.

Also during the year, pests like White Fly in Punjab and Pink Bollworm in Gujarat caused extensive damage to the cotton crops in these states, resulting in significant losses to the farmers. This along with lack of farm credit has resulted in trying times for the farmers and has reduced their overall affordability. During the year the Government also regulated the Cotton seed pricing by fixing the maximum sales price.

Given the growing population in India, the Indian Government understands the significance of these challenges and its impact on food security. Keeping this in mind, the Government has started a number of schemes to help the farmers, some of the significant ones being:

- Soil Health Card
- Pradhan Mantri Fasal Bima Yojana
- Rashtriya Krishi Vikas Yojana
- Pradhan Mantri Krishi Sinchai Yojana
- National Agricultural Market

The intent to move subsidies for input and food grain into direct cash transfer mechanism is also under consideration, which should help plug subsidy leakages and ensure greater availability of funds in the hands of the farmer as well as for strategic public investments in the areas of irrigation, grain storage systems and cold storages. Government's initiative of crop insurance will also go a long way in providing stability to the farming community.

All these initiatives augur well for the industry in the long run.

OPPORTUNITIES, THREATS, RISK AND CONCERNS

Opportunities

The global population currently stands at 7.2 billion, and is expected to rise to 9.3 billion by 2050. This will lead to an increased demand for food. Increasing demand for food along with reducing arable land will put pressure on Nations across the globe to increase their Food productivity, in turn creating a demand for high quality hybrid seeds.

Around 25% of the global crop output is lost due to attacks by pests, weeds and diseases, causing stress for the farming community. This offers an opportunity for improved technologies, both GM and non-GM to face these challenges. Global water shortage is also pushing companies to develop new technologies for crops to consume less water in the fields.

The opportunities in the agricultural sector are still under exploited. There are immense opportunities for improving all-round technologies in the entire supply chain right from 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 budget allocation for the agricultural sector augurs well for the industry. There are new growth opportunities for Indian seed companies to explore 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 crossroad, which has its own set of challenges but also great opportunities ahead.

Threats, Risk and Concerns

High reliance on rainfall for irrigation in India, frequent intervention by the Government both at State and Central levels, increasing weather variability and depressed commodity prices globally, overall economic conditions, ever increasing cost of manpower, unavailability of skilled labour, lack of liquidity in the hands of farmer, withdrawal of government led subsidy schemes, continue to pose challenge to the entire Agriculture Sector including seed industry.

Even the supply of unprocessed seeds, our basic raw material is also subject to production risk due to its heavy dependence on climatic conditions. Failure to get the raw material owing to bad monsoon may impact our sale and market share. Better and timely production planning, focus on geographical diversity for production has enabled the Company to minimize the production related risk.

Rising competition intensity, rapid introduction of superior Hybrids, shifting crop by the farmer to the alternative crops exposes the company to market volatility and risk.

Your Company has been trying to mitigate its market and weather related risk by diversifying into large number of crops, which can be sold both in Kharif and Rabi season.

HUMAN RESOURCE DEVELOPMENT

Apart from R&D, the other important pillar is the people in your Company. Your Company has been focussing in improving the quality of talent by hiring people from good management institutes as well as by conducting focussed Management Development Programmes by senior faculties in both the areas of Management and Technical Skills. The Company is also strengthening employee involvement through communication meetings, cross functional teams, Young Leader Forums, Suggestion Schemes, etc. Members of the team also create a sense of community by involving them in various CSR activities of the Company. In the mission of creating sustainability and building a strong agile culture, the Company participates in employee surveys conducted by external agencies and also benchmarks itself with other competitors and best work places. The Company continues to endeavour to offer a motivating but challenging work environment where 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.

EXTRACT OF ANNUAL RETURN

An Extract of the Annual Return as on 31st March 2016 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 2016, 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Shri Bharat Hari Singhania and Dr. Raghupati Singhania retire by rotation and being eligible offer themselves for re-appointment at the forthcoming AGM.

The Board of Directors of the Company re-appointed Shri S.K. Gupta as Whole-time Director of the Company with the designation "President & Director" for a term of three years commencing 1st September 2016, subject to the approval of the members of the Company at the forthcoming AGM and other requisite approval, as required.

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 Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Namo Narain Agarwal, Company Secretary in Practice as Secretarial Auditor to carry out Secretarial Audit of the Company for the financial year 2015-16. 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.

PARTICULARS OF REMUNERATION

Disclosure of the ratio of the remuneration of each director to the median employee's remuneration and other requisite details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended is annexed to this Report as **Annexure - 4**. Further, Particulars of Employees pursuant to Rule 5(2) & (3) of the above Rules, form part of this report. However, in terms of 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 said particulars of employees. Any member interested in obtaining such particulars may write to the Company Secretary. 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 imparting agricultural knowledge and promoting preventive healthcare, rural development and livelihood enhancement projects.

The Company has requisite 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-5**

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 Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 : 2nd August 2016
New Delhi

Bharat Hari Singhania
Chairman

ANNEXURE - 1 TO DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2016

[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. - 033-22486181
Fax No. - 033-22481641
Email id: jkagshareholder@jkmall.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	98%

*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 Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2015)				No. of Shares held at the end of the year (as on 31st March 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters**									
(1) Indian									
a) Individual/ HUF	57147	-	57147	1.59	45161	-	45161	1.25	-0.34
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	2299833	-	2299833	63.81	2311819	-	2311819	64.15	0.34
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	2356980	-	2356980	65.40	2356980	-	2356980	65.40	-
(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)	2356980	-	2356980	65.40	2356980	-	2356980	65.40	-

**The total shareholding of Promoters at (A) above includes 1557447 Equity Shares (43.21%) as on 1st April 2015 and also as on 31st March 2016, 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.