



Annual Report  
2016-17

**JK AGRI GENETICS LTD.**

| CONTENTS   |       |
|--|-------|
| Directors’ Report and Management Discussion & Analysis ... | 3-20  |
| Corporate Governance Report .....                          | 21-28 |
| Auditors’ Report .....                                     | 29-33 |
| Balance Sheet and Statement of Profit & Loss .....         | 34-49 |
| Cash Flow Statement .....                                  | 50    |

## **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 India  
Yes Bank Limited

### **Chief Financial Officer**

Amit Agarwal

### **Company Secretary**

Anoop Singh Gusain

**Website:** [www.jkagri.com](http://www.jkagri.com)

**CIN:** L01400WB2000PLC091286

**E-MAIL ID:** [jkaglshareholder@jkmail.com](mailto: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 31<sup>st</sup> March 2017.

| <b>FINANCIAL RESULTS</b>                          | <b>(₹ in Crores)</b> |
|---|----------------------|
| Sales & Other Income                              | 193.54               |
| Profit before Finance Cost & Depreciation (PBIDT) | 27.63                |
| Profit after Tax                                  | 12.09                |
| Surplus brought forward                           | 21.00                |
| Surplus carried to Balance Sheet                  | <b><u>33.09</u></b>  |

### DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 4/- per Equity Share of ₹ 10/- each (i.e. 40%) on the Equity Share Capital of ₹ 3.60 crores for the financial year ended 31<sup>st</sup> March 2017. The Dividend outgo will be ₹ 1.74 crores ( inclusive of dividend tax of ₹ 0.29 crores).

### OPERATIONS

During the year ended 31<sup>st</sup> March 2017, the Company achieved a turnover of ₹ 193.54 crores. EBIDTA of the Company grew by 14.40% from ₹ 24.15 crores to ₹ 27.63 crores and Profit After Tax increased from ₹ 8.02 crores to ₹ 12.09 crores, an increase of 50% over previous year.

The revenues of the Company could have been higher if the Government had not reduced the Maximum Sale Price for cotton seed. Short term impact of demonetisation also affected the purchasing power of the farmer during the Rabi season. Steep reduction in prices of vegetables also negatively impacted the buying power of the farmers during the last quarter of the Financial Year. During these headwinds, the Company spent time in consolidating its operations and focusing on the bottom-line.

### PORTFOLIO:

Your Company works across segments of field crops like Jowar, Bajra, Wheat, Rice, Cotton, etc. and vegetable segments like Okra, Tomato, Chillies, Cabbage, Gourds, etc, with a number of products suitable for both Kharif and Rabi seasons. This robust portfolio has been further segmented into products to meet the diverse agro-climatic conditions in the

country as well as specific farmer and end-consumer preferences.

During the year, the Company launched a number of innovative products across segments. For example, in the area of Cotton, JK Agri's innovative product - JK PAAS PAAS has been finding favour with the farmers due to its unique characteristic of being suited for high density planting, mechanical harvesting and higher yield. Going forward paucity of farm labour would drive demand for mechanical harvesting oriented products like Pass Pass.

In our Bajra portfolio also 3 newly launched products have been well accepted by the farmers. In fact one of the products stood at first place in independent trials at AICRP and ICRISAT for both Kharif and Rabi seasons. Highly compact cob and non-lodging property along with high plant height and higher fodder and grain yields are characteristics of some of our hybrids, making them popular among the farmers.

In Paddy too where yield has been stagnant, products that improve the economic viability of the farmer is the need of the hour. One of your Company's products – JKRH 401 Suraksha offers the farmer better tolerance to diseases reducing the cost of pesticides while offering higher yield per acre.

The newly launched Tomato hybrid JK Ratan offers the farmer a number of features and is suitable across various states of India.

### RESEARCH AND DEVELOPMENT

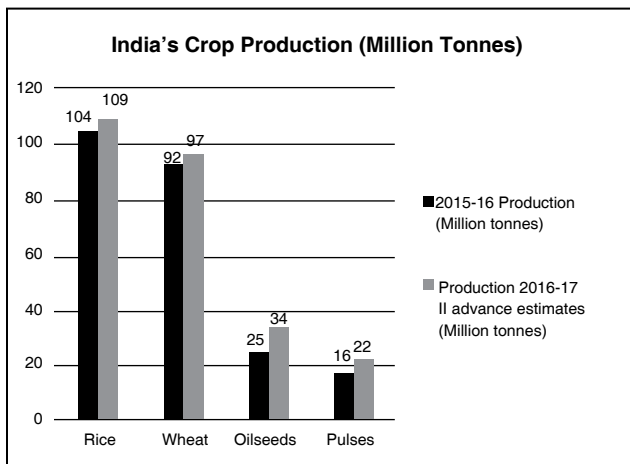
One of the strengths and backbone of your Company is its Research and Development (R&D) programme.

While the Company has been able to launch a number of products during the year, its R&D teams continue to develop new hybrids in the areas of Cotton, Corn, Paddy, Bajra and new varieties in Mustard, Wheat and Paddy. The focus of the vegetable breeding and R&D teams has started yielding results enabling the Company to introduce leading hybrids in Okra, Tomato and Chillies. Some promising hybrids have also been identified in the areas of Gourd and Cucurbits. Some of these products are also making inroads in markets beyond Indian boundaries. The R&D teams continue their efforts to enhance the economic yield of the farming community by a combination of better yields and by reducing biotech and abiotic stresses and

curtailing the need of other costly inputs like pesticides, etc. Biotech integrated crop breeding and product development are helping the Company to enhance speed in precision achieving these objectives.

## INDUSTRY OVERVIEW

There are many positive indications in the agricultural sector and agricultural production in the country today. The importance of agriculture in the Indian economy is underscored by the fact that 54.6% of India's population is engaged in agriculture and contributes 17% to GDP.



Source: Press Information Bureau, Government of India, Ministry of Agriculture, – II Advance Estimates

A good monsoon in 2016, brought relief to Indian farmers who were reeling under the pressure of poor monsoon over the last two years, helping them to achieve a near-record production of most kharif crops in FY 2016-17. Overall, the agriculture sector recorded a robust growth of 4.1 per cent in 2016-17 as against the previous year's drought-impacted growth rate of 1.2 per cent.

Although 2016 monsoon seemed to be normal with rains of 97%, however, the geographical distribution and timing were erratic across the country. Many agriculture belts like Karnataka & Tamil Nadu remained rain deficient. In fact several areas witnessed drought like conditions leaving the farmer in dire straits.

The agriculture sector in India is expected to gather momentum over the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage etc. Factors such as reduced transaction costs and time, improved post-harvest management and better fiscal incentives would contribute to the sector's growth. Furthermore, the growing use of genetically modified

crops will improve the yield for Indian farmers. The 12<sup>th</sup> Five-Year Plan estimates the food grains storage capacity to expand to 35 MMT. The Prime Minister's stated objective of doubling farmers' income by the year 2022 will also give impetus to this sector.

Some schemes announced by the government to enhance farmer income are:

- The total allocation for rural, agricultural and allied sectors for 2017-18 stand at ₹ 1,87,223 crores, which is 24% higher than last year's allocation.
- The Cabinet has approved extension of tenure of loans under Credit Linked Subsidy Scheme of the Pradhan Mantri Awas Yojana from 15 to 20 years
- The government will issue soil health cards and will setup a mini lab in Krishi Vigyan Kendras.
- Fasal Bima Yojana will be increased to 40 percent from the current 30 percent.
- A dedicated micro-irrigation fund will be set up by NABARD to achieve the goal of 'Per Drop More Crop'. Its initial corpus will be ₹ 5,000 crores.
- Dairy processing infrastructure fund will be set up under NABARD, with a fund of ₹ 8,000 crores.

Normal monsoon in 2017 will give agriculture a onetime growth kicker because of the low base effect of the last two years. This should boost up sluggish rural demand adding to agriculture sector growth and to overall GDP growth.

Considering forecast of a normal monsoon, the government has also targeted a record food grain production during the 2017-18 crop year beginning July. The agriculture ministry has set a production target of 273 million tonnes of grains and pulses during the year, marginally higher than the 272 million tonnes estimated for the year 2016-17.

Growth is expected to gather momentum as the government continues to undertake structural reforms. Centre is planning on reforming agricultural markets to realize the goal of "One Nation, One Market", and also aim to cover 40% of land holdings under the revamped crop insurance scheme. In the event of a normal monsoon and higher production, agricultural growth is expected to be around 4% in 2017-18.

## OPPORTUNITIES, THREATS, RISK AND CONCERNS

### Opportunities

Agriculture will remain an integral part of the Indian economy. With its rich and fertile land mass, India

has the potential not only to be self-sufficient but also an exporter of agricultural products too. It remains the largest employer of India's population. However, our average productivity per acre remains sub-par compared to a number of other agricultural Economies. In order to overcome the declining productivity, a shift from wheat-rice rotation cycle to other cereals, pulses and vegetables is needed.

Last year your Company and Gujarat government jointly promoted the concept of crop diversification in the tribal dominated areas of the state and it was a resounding success. The project envisaged working with nearly 40,000 BPL tribal farmers to promote diversification in their cropping habits and boost their incomes. We are hopeful of continuing the same in future too.

Changing food preferences and increased intake of better quality grains and vegetables offers an opportunity to increase crop diversification. The nascent food processing industry as well as increased demand for "ready-to-eat" and packaged food can further catalyze agricultural sector growth. Your Company too continues to enter new product categories like sweet corn, root crops and even some horticultural segments.

Similar agro-climatic conditions in other parts of the world like Asia and Africa also offer growth opportunities for Company's involvement in agriculture. Your Company too is exploring opportunities in our neighboring countries as well as some African countries.

Withdrawal of new technologies by a leading multinational has created a huge vacuum and blocked technical innovation in the area of cotton. Since a large part of Indian agriculture requires improved technology, it is both a challenge and opportunity for the Indian private seed companies as well as for Government Agriculture Institutes to develop appropriate technology to meet the needs of the sector.

### **Threats, Risk and Concerns**

Since a large part of Indian Agriculture is rain fed, the vagaries of Monsoon including erratic, scanty, untimely and uneven distribution of rain, continue to be the biggest risk factor, causing a great deal of uncertainty. High degree of unpredictability invariably forces the farmer to shift their crop choices at the last moment, causing further uncertainty in the industry.

The Government of India's increasing focus and

impetus on programmes involving river linking and irrigation projects would mitigate these risks. The Govt. policies regarding minimum support prices and subsidies schemes influence farmer preferences and cropping pattern in the short term.

Scarcity of farm labour coupled with ever increasing cost is negatively impacting the profitability of farmers. Renewed strategy of the Company to widen its portfolio of crops that address the needs of Kharif and Rabi seasons as well as varying farmer preferences across the country coupled with exploration of new markets would further help mitigation of risks.

### **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 and uncertain environment.

Your Company has been focusing on improving the Quality of Talent in the Management Cadre by hiring people from Management Institutes as well as by conducting focused Management Development Programmes. Efforts are also being made to enhance the functional and technical skillsets through initiatives like customised training programme.

Strengthening employee involvement through communication meetings, encourage employee involvement through CFT's, young leader forums, suggestion schemes, involvement in carrying CSR activities has imparted to the growth.

With a mission of creating sustainability, building strong agile culture and to maintain employment engagement levels, we constantly evaluate our standard through participation in external employee survey's and also benchmark with other talent competitors and best workplaces.

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 CONTROL SYSTEMS**

The Company has in place an adequate internal control system under which its Internal Auditor carries out extensive audit covering all significant areas of Company's operations throughout the year. The Internal Auditor regularly reviews the adequacy and



effectiveness of Company's internal control systems. Reports of the Internal Auditor are placed before the Audit Committee on quarterly basis for review. Further, an enterprise wide Legal Compliance Monitoring Software Tool has been implemented to monitor and ensure timely compliances of all applicable statutory requirements.

### **INTERNAL FINANCIAL CONTROLS**

The Company has in place an adequate budgetary control system and internal financial controls with reference to financial statements. No material reportable weakness was observed in the system during the previous financial year. Further, the Company has established adequate internal financial controls commensurate with its size, complexity and nature of its operations. These are designed to ensure adherence to the Company's policies, safeguarding of its assets & interests, prevention & detection of frauds & errors and accuracy & completeness of financial records. The Company also has a robust management Information System for the timely preparation of reliable financial information.

### **EXTRACT OF ANNUAL RETURN**

An extract of the Annual Return as on 31<sup>st</sup> March 2017 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, 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 31<sup>st</sup> March 2017, 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**

Smt. Swati Singhania and Shri S.K. Gupta retire by rotation and being eligible offers themselves for re-appointment at the forthcoming AGM. The Board recommends their re-appointment.

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 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**

As per the provisions of Section 139 of the Companies Act 2013, the term of office of M/s Lodha & Co., Chartered Accountants, as Statutory Auditors of the Company, will conclude from the close of the forthcoming Annual General Meeting of the Company.

The Board of Directors places on record its appreciation for the services rendered by M/s Lodha & Co., as the Statutory Auditors of the Company.

Subject to the approval of the Members, the Board of Directors of the Company has recommended the appointment of M/s BGJC & Associates, LLP, Chartered Accountants (ICAI Firm Registration Number- 003304N) as the Statutory Auditors of the Company for a period of 2 years commencing from the conclusion of 17<sup>th</sup> Annual General Meeting till the conclusion of 19<sup>th</sup> Annual General Meeting pursuant to Section 139 of the Companies Act, 2013.

Requisite Resolution regarding their appointment is included in the Notice of ensuing Annual General Meeting for approval by the Members.

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 2016-17. 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, 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

Your Company believes in the process of giving back to the society and aims to contribute to sustainable growth of the society at large. Besides undertaking projects for overall development and welfare of the society, your Company has been working closely with the farming community in areas of imparting agricultural knowledge, promoting preventive healthcare, skill 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

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:

- Particulars of the four Board Meetings held during the financial year under review.
- Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management including, *inter alia*, the criteria for performance evaluation of Directors.
- 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.
- The details with respect to Composition of Audit Committee and establishment of Vigil Mechanism.
- Details regarding Risk Management

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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 of Directors

Date: 10<sup>th</sup> May 2017  
Place: Hyderabad

Bharat Hari Singhania  
Chairman

## ANNEXURE - 1 TO DIRECTORS' REPORT

**FORM NO. MGT-9**

### **EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31<sup>st</sup> March 2017**

***[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 : 6<sup>th</sup> March 2000
- (iii) Name of the Company : JK Agri Genetics Ltd.
- (iv) Category/Sub-Category of the Company : Public Company Limited by Shares/  
Non-Government Company
- (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: jkaglshareholder@jkmail.com  
Website: www.jkagri.com
- (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:-

| <b>Sl. No.</b> | <b>Name and Description of main products/ services</b> | <b>NIC Code of the Product/ Service*</b> | <b>% to total turnover of the Company</b> |
|----------------|--|--|---|
| 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**