



JK AGRI GENETICS LTD.

Link House, 3, Bahadur Shah Zafar Marg, New Delhi - 110 002

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Members of **JK Agri Genetics Limited** will be held at **Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata -700 020** on Thursday, the 15th March 2012 at 11.30A.M. to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended 30th September 2011 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jatan Roop Chand Bhandari who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sanjay Kumar Khaitan who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass, with or without modifications, the following as Ordinary Resolution:

“RESOLVED that M/s Lodha & Co., Chartered Accountants, the retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of the 18th Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of ₹ 1,50,000/- (Rupees One Lac Fifty Thousand only) in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit.”

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

“RESOLVED that pursuant to the provisions of Sections 269, 387 and 198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 or any statutory modification(s) or re-enactment(s) thereof, the appointment of Shri S.K. Gupta as Manager of the Company under the designation 'President' for a period of 3 (three) years with effect from 1st January 2012, be and is hereby approved on the terms of remuneration as are set out in the explanatory statement annexed hereto which shall be deemed to form part hereof, and in the event of inadequacy or absence of profits under Sections 349 and 350 of the said Act in any financial year or years, the remuneration comprising salary, perquisites and benefits approved herein be paid as minimum remuneration to the said Manager subject to approvals, if any, as may be required.

RESOLVED FURTHER that the Board of Directors (including a Committee thereof) be and is hereby authorised to vary and/or revise the remuneration of the Manager within the overall limits approved herein and to settle any question or difficulties in connection therewith or incidental thereto.”

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

Date: 24th November 2011

By Order of the Board

Parimesh Manocha
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 5th March to 15th March, 2012 (both days inclusive).

3. RE-APPOINTMENT OF DIRECTORS:

Brief resumes of the Directors proposed to be re-appointed (Item Nos. 2 and 3 of the Notice) are given hereunder:

I. Shri Jatan Roop Chand Bhandari, aged 78 years, holds Masters Degree in Commerce. His Director Identification Number is 00292314. He is a retired Senior Company Executive having rich and varied experience in the field of Accounts & Finance. He was appointed as a Director of the Company on 4th September 2003. He is also a Director on the Board of JK Sugar Ltd., Ultima Finvest Ltd. and Bengal & Assam Company Limited (Directorships held in other companies are as per Sections 275 and 278 of the Companies Act, 1956). Also, Shri Bhandari is the Chairman of Audit Committee of Bengal & Assam Company Limited and Ultima Finvest Ltd. and a member of Audit Committee of JK Sugar Ltd. Shri Bhandari is also a member of Shareholders/Investors Grievance Committee of Bengal & Assam Company Limited (Chairmanship/Membership of Shri Bhandari in Committees of Directors in other Companies are in terms of Clause 49 of the Listing Agreement). Shri Bhandari is not related to any Director of the Company.

II. Shri Sanjay Kumar Khaitan, aged 45 years, holds Bachelors Degree in Commerce and is a Law Graduate and an advocate. His Director Identification Number is 00156816. He was appointed as a Director of the company on 4th September 2003. He is also a Director on the Board of Usha Hydro Dynamics Ltd. (Directorship held in other company is as per Sections 275 and 278 of the Companies Act, 1956). In terms of Clause 49 of the Listing Agreement, Chairmanship/Membership of Shri Khaitan in Committees of Directors in other company is NIL. Shri Khaitan is not related to any Director of the Company.

4. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act 1956 in respect of Special Resolution at Item No. 5 of the Notice is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 5**

The Board of Directors of the Company at its meeting held on 24th November 2011 has appointed Shri S.K. Gupta, as Manager of the Company under the designation 'President' for a term of three years commencing 1st January 2012, subject to requisite approvals, in place of Shri P.S. David, who retired from the services of the Company with effect from close of business hours on 31st December 2011.

As required under paras (B) and (C) of Section II of Part II of the Schedule XIII to the Companies Act 1956, the relevant details to be sent alongwith the notice calling the general meeting are as under:-

I. GENERAL INFORMATION :

(1) Nature of Industry : Agri-Genetics which produces high yielding Hybrid seeds.

- (2) Date or expected date of commencement of commercial production :
The Agri-Genetics Undertaking together with certain investments of J.K. Industries Limited (JKIL) [name since changed to JK Tyre & Industries Limited] was transferred to the Company as a going concern pursuant to the Scheme of Arrangement and Amalgamation between J.K. Industries Limited, JK Agri Genetics Limited, JK Sugar Limited and Vikrant Tyres Limited sanctioned by the Hon'ble High Courts at Calcutta and Bangalore which became effective on 5th September 2003 and operative w.e.f. 1st April 2002.

The commercial production in Agri-Genetics Undertaking of JKIL commenced in March 1990.

- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
- (4) Financial Performance based on given indicators :

| Particulars for the financial year ended 30 th September 2011 | ₹ in Lacs |
|--|-----------|
| - Sales and other Income | 13089.62 |
| - Operating Profit (Before Interest, Depreciation and Tax) | 1628.12 |
| - Profit before Tax | 1097.95 |
| - Profit after Tax | 1088.75 |

- (5) Export performance and net foreign exchange earnings:

Though the Company has foreign exchange earnings aggregating to ₹ 107.59 lacs from exports, it has been so far concentrating on Indian market to establish domestic leadership position in this sector.

- (6) Foreign investments of collaborators, if any : Not Applicable.

II. INFORMATION ABOUT THE APPOINTEE :

- (1) Background details : Shri S. K. Gupta, aged 42 years, is a Science Graduate from National Dairy Research Institute (NDRI), Karnal and also holds PG Diploma in Management from IIM, Ahmedabad. He has over 18 ½ years of rich experience in agri products and related industry in various capacities.

Shri S. K. Gupta joined the Company as Chief Operating Officer (COO) on 16th May 2008 and was elevated to the position of President of the Company w.e.f. 5th March 2011. Before joining JK Agri Genetics Ltd., Shri S.K. Gupta was working with Godrej Agrovet Ltd.

- (2) Past Remuneration : As President of the Company, Shri S.K. Gupta was drawing the following remuneration :- Salary : ₹ 2 Lacs per month and Perquisites valuing ₹ 4.27 Lacs per month (perquisites valued as per actual cost or Income-tax Rules, as applicable). In addition, Shri Gupta was also entitled to the retirement benefits such as contribution to Provident Fund, Superannuation Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 and Gratuity, aggregating to ₹ 0.64 Lacs per month.
- (3) Recognition or Awards : Shri S.K. Gupta has been a National Talent Search Examination Scholar. Shri Gupta has also been among the top 10 students in his batch at IIM (Ahmedabad). Shri Gupta also got Silver Medal and Merit Scholarship at NDRI, Karnal.

- (4) Job Profile and his suitability: The job requires high level of policy planning, vision and strategy, techno-commercial skills, analytical ability, communication and leadership skills. It also calls for indepth understanding of agri-business sector. As Shri S.K. Gupta possesses all these competencies in abundant measure, he is ideally suited for the job.
- (5) Remuneration proposed: The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 24th November 2011 approved the terms of remuneration of Shri S.K. Gupta for the three years tenure commencing 1st January 2012 as under :-
- (A) Salary : ₹ 2,50,000/- per month in the range of ₹ 2,50,000/- to ₹ 4,00,000/- per month (maximum) with suitable increases as may be determined by Shri Vikrampati Singhania or Shri S.C. Sethi, Directors, from time to time.
- (B) Perquisites comprising provision of residential accommodation or house rent allowance together with furnishings, gas, electricity & water and other amenities, reimbursement of medical expenses incurred and leave travel assistance for self and family, club fees, premium on personal accident insurance, car with driver, telephone at residence etc. and other perquisites, allowances and benefits as may be agreed to between the Company through Shri Vikrampati Singhania or Shri S.C. Sethi, Directors and the Manager.
- The perquisites will be evaluated as per the actual cost or the Income-tax Rules, as applicable.
- (C) (i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per rules of the Company.
- (ii) Gratuity at the rate of 15 days salary for each completed year of service.
- (iii) Encashment of unavailed leave as per rules of the Company.
- (D) In the event of inadequacy or absence of profits under Sections 349 and 350 of the Companies Act, 1956, in any financial year or years, the said Manager shall subject to the approvals, if any, as may be required, be entitled to minimum remuneration comprising salary, perquisites, benefits and allowances as detailed in paras (A) and (B) above, and be also entitled to benefits mentioned in para(C) above.
- (6) Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person : The executive remuneration in the industry is on the rise. The 'Remuneration Committee' constituted by the Board in terms of the said Schedule perused the remuneration of managerial personnel in other companies, industry benchmarks in general, profile and responsibilities of Shri S.K. Gupta and other factors, before approving the remuneration as proposed hereinbefore with the company.
- (7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any : Besides the remuneration proposed as above, Shri S.K. Gupta does not have any other pecuniary relationship with the Company.

III. OTHER INFORMATION :

- (1) Reason of loss or inadequate profits :

At present, the Company is having adequate profits. However, the appointment is for three years commencing from 1st January 2012 and the future trend in profitability will largely depend on business environment in the domestic and global markets, cost of inputs, behaviour of monsoon and changes in the crop patterns, occurrence of pests and diseases in crops etc.

(2) Steps taken or proposed to be taken for improvement of profitability :

With a view to improve overall financial health of the Company and also to diversify and broad base its portfolio of hybrid, high yielding seeds and also to improve overall profitability, the Company has been continuously taking several steps. All such steps have been holding the Company in good stead and will continue to give positive results on sustainable basis in future also. Some of the key steps have been in the areas of– development of number of hybrid BT Cotton for meeting the growing demand of farming community spread across different climatic zones, education of farmers with a view to improve productivity and prosperity of farmers, development of state-of-the-art processing infrastructure for improving seeds quality, continuous focus on research and development, etc.

All these initiatives are expected to lead to much improved performance, after the initial phase of consolidation of research products is over.

(3) Expected increase in productivity and profits in measurable terms : As a result of all these measures, the Company is expected to have growth in its turnover with better productivity and profitability in the years to come.

The proposed remuneration of Shri S.K. Gupta has been approved by the Remuneration Committee constituted in terms of Schedule XIII to the Companies Act at its meeting held on 24th November 2011. The Company has not made any default in payment of any of its debts. The specified information required to be given to the shareholders alongwith the notice is given herewith in the preceding paragraphs. The Resolution is therefore recommended to the shareholders for approval by means of a Special Resolution.

None of the Directors of the Company may be deemed to be concerned or interested in the proposed Resolution. This may also be treated as an abstract of the terms of appointment of Shri S.K. Gupta pursuant to Section 302 of the Companies Act 1956.

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

By Order of the Board

Date: 24th November 2011

Parimesh Manocha
Company Secretary

FOR ATTENTION OF THE SHAREHOLDERS

1. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
2. Please check the Pin Code in the address slip pasted on the envelope and advise correction, if any, therein. Also please do indicate the Pin Code Number of your delivery post office while notifying change in your address to the Company where shares are held in physical form. Members holding shares in dematerialized form should approach the Depository Participant with whom they are maintaining Account for change in address, nomination etc.
3. **NOMINATION:** Pursuant to Section 109A of the Companies Act, 1956, individual Shareholders holding Shares in the Company singly or jointly may nominate an individual to whom all the rights in the shares in the Company shall vest in the event of death of the sole/all joint Shareholders.

4. **Information in terms of Clause 5A of the Listing Agreement :** As on 30th September 2011, the Company had 5581 Equity Shares, issued in physical form, which remained unclaimed by 561 Equity Shareholders. In terms of Clause 5A of the Listing Agreement, the Company has sent two reminders to the said shareholders for providing the correct address and other details.

As required, one more reminder is being sent to the concerned shareholders and thereafter the unclaimed Equity Shares, if any, will be transferred to Unclaimed Suspense Account and will also be dematerialized as per the said Clause of the Listing Agreement.

IMPORTANT COMMUNICATION TO THE MEMBERS

Ministry of Corporate Affairs, Government of India, has taken a “Green Initiative” by allowing paperless compliances by companies and has issued Circulars No. 17/2011 dated 21st April 2011 and No. 18/2011 dated 29th April 2011 stating that service of documents by a company can be made through electronic mode. This “Green Initiative” of the Government is commendable and will go a long way in protecting environment on sustainable basis. Your Company accordingly supports this initiative of the Government. For achieving this objective, Members holding shares in physical mode are requested to get their email addresses registered with the Company by writing a letter, giving e-mail address, folio no. etc, so that Annual Report and other documents can be sent through email.

Members holding shares in dematerialized mode may write to their respective Depository Participants for registering their email addresses.



JK AGRI GENETICS LTD.
Regd. Office : 7, Council House Street, Kolkata-700 001

ADMISSION SLIP

| | |
|-----------------------------------|--|
| Folio No. or DP Id# / Client-Id # | |
| No. of Shares held | |

I hereby record my presence at the 18th Annual General Meeting of the Company being held at **Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata-700 020 on Thursday, the 15th March 2012 at 11.30 A.M.**

| | |
|--|--|
| Name of the Member <i>(in block letters)</i> | |
| Name of the Proxy-holder/ Authorised Representative* <i>(in block letters)</i> | |

* Strike out whichever is not applicable.

Applicable for investors holding shares in dematerialised form.

Signature of the Member / Proxy / Authorised Representative*

- Notes:**
1. A member / proxy / authorised representative wishing to attend the meeting must complete this Admission Slip before coming to Meeting and hand it over at the entrance.
 2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form given below at the Company's Registered Office at least 48 hours before the Meeting.



JK AGRI GENETICS LTD.
Regd. Office : 7, Council House Street, Kolkata-700 001

PROXY FORM

| | |
|-----------------------------------|--|
| Folio No. or DP Id# / Client-Id # | |
| No. of Shares held | |

I/We.....of
.....being a member / members of JK Agri Genetics Limited hereby appoint
Shri / Smt. / Km.....of.....
or failing him/ her Shri / Smt. / Km.....Of.....
or failing him/ her Shri / Smt. / Km.....Of.....
as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Company to be held on Thursday, the 15th March 2012 at 11.30 A.M. and at any adjournment thereof.

Signed this.....day of.....2012

Signature (s).....

Affix
Revenue
Stamp

Applicable for investors holding shares in dematerialised form.

Note: The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.



JK AGRI GENETICS LTD.

Annual Report 2010 - 11

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BOARD OF DIRECTORS

Bharat Hari Singhania
Chairman

J. R. C. Bhandari

Sanjeev Kumar Jhunjunwala

Sanjay Kumar Khaitan

Raghupati Singhania

Vikrampati Singhania

Swaroop Chand Sethi

Manager

P.S. Dravid

Processing Plant

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

Auditors

Lodha & Co.
Chartered Accountants

Administrative Office

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

Bankers

AXIS Bank Limited

Registered Office

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

Company Secretary

Parimesh Manocha

DIRECTORS' REPORT

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 30th September, 2011.

OPERATIONS

During the year under review, the Company achieved a turnover of ₹130.90 crore with Operating Profit of ₹16.28 crore and the Profit before Tax of ₹10.98 crore.

The year has ended on a positive note with some improvement in the financial performance of the Company. The sales turnover increased by 6% over the same period of the previous year. The Company's focus continuous to be on Cotton, Paddy, Bajra, Maize and Vegetables.

The Company has initiated novel farmer education programs and product promotion activities during the past few months which would enable us to get positive results in the ensuing Rabi & Kharif seasons. Furthermore, the Company has undertaken trials of newly developed hybrids in several crops with a view to trial market and commercially launch during the Kharif season. As a result of all these initiatives, we expect the sales of the company to grow reasonably in respect of Cotton, Bajra & Vegetables over the next few years.

RESEARCH AND DEVELOPMENT

The Company has intensified its research efforts in developing differentiated superior products for the major segments in its focus crops. Accordingly, promising products are fast tracked so as to select the best products whilst ascertaining the performance and stability at several locations under varying agro climatic conditions. Simultaneously, production is taken up so as to scale up the volumes rapidly. Various biotech tools are being applied for introgressing the biotech traits within shortest span of time to bring down the product development cycle times. The Company has widened its collaborative network with national and international Institutions as well as global agri-biotech companies to source out the latest technologies and traits.

The Company has already started reaping the benefits of this strategy. Several Bt. Cotton hybrids with stacked gene technology were launched during the year. In addition, several superior virus tolerant hybrids in

Tomato and Bhendi were also launched. We launched a number of hybrids of Bt. Cotton, Maize and Bajra during this year. Further some hybrids of Maize, Rice, Mustard, along with some varieties of Wheat were identified for production and commercialization. Similar focused efforts are underway in the other crops which will start showing results in the coming years.

RESTRUCTURING

As reported earlier, a Scheme of Arrangement and Demerger (Scheme) between JK Agri Genetics Limited and Florence Alumina Limited has been filed in the Hon'ble High Court at Calcutta for sanction thereof pursuant to Sections 391-394 of the Companies Act, 1956. The Scheme envisages transfer of Seed undertaking of the Company to Florence Alumina Limited with effect from the Appointed Date i.e., 1st April 2005. The Scheme was approved by the requisite majority of the equity shareholders of the said two Companies at their respective meetings held on 13th September 2006 at Kolkata under the directions of the said Court. The said Hon'ble Court pronounced its judgement on 20th May 2010 and did not sanction the Scheme. However, in view of the fact that the Scheme was approved by the Stock Exchanges, by the shareholders and the bondholders, an Appeal was filed in the Division Bench of the said Hon'ble High Court on 9th June 2010. The appeal was admitted and has been heard and is pending for final disposal. The impact of the Scheme accordingly will be given in the accounts only after the Scheme is sanctioned and becomes effective pursuant to Sections 391-394 of the Companies Act, 1956.

DIRECTORS

Shri Jatan Roop Chand Bhandari and Shri Sanjay Kumar Khaitan retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

SUBSIDIARY COMPANY

The particulars required under the provisions of the Companies Act, 1956 in respect of the subsidiary company are appended.

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

There's an unmistakable buzz in and around the \$1.5 billion Indian seed industry. The seed industry in India has been making great strides since Independence. Globalization and economic reforms have opened new opportunities with many challenges. The seed industry is now in a position to meet the demand of diverse agro-climatic conditions and intensive cropping systems. The ever-increasing demand for agriculture products can only be met by sustained increase in production and productivity to which new and improved variety of quality seeds contribute to a greater extent.

In 2010-11, hybrid seeds accounted for 60% of the seed industry's turnover of ₹8,000 crore. Further conversion of area from varieties to hybrids will be the next herculean task. The availability of technology can lead to faster adoption as experienced in the case of Bt. Cotton. The Green Revolution was driven by the public sector, the Bt. Cotton revolution by the private sector and the next push will come from public-private partnerships.

Seed accounts for 5-15% of the cost of production and a farmer is willing to pay for value, performance and consistent quality. While the Government is using policy to increase consumption of new seeds, companies are improving product quality. At present, number of hybrids are available for Cotton, Corn, Pearl millet, Sorghum, Sunflower and Vegetables which drive the seed business in India.

Seed Companies continue to reinvest profits in research and infrastructure creation as well as creating IPR (Intellectual Property Rights). As R&D costs increase, companies are seeking building relations and alliances with Government Research Institutes and State Agricultural Universities.

Biotechnology will play an important role in agriculture development through transgenic seeds. It holds great promise in developing crop varieties with higher level of tolerance to biotic and abiotic stresses and nutritional enhancement.

The Indian seed industry is well placed to serve both domestic and international markets. Companies are making variants to be relevant in all eight agro-climatic zones of India. They are expanding to Africa and South-east Asia, where the climate is similar to India. They are venturing into new crops with untapped market potential.

The Indian seed industry is now in a better position by investing more in Research and Development programs, use of biotechnology, acquisitions, mergers and collaborations with like-minded research

companies to bring synergy, addition of new range of crops, products and technologies and also value-addition to the existing crops by traditional methods.

JK SEEDS

Your company has now come out with a number of hybrids with Bt. Cotton technology to meet the requirement of farming community spread across different climatic zones. Besides this, the Company has also focused on farmer education service activities with a view to improve the productivity and prosperity of Farmers. Furthermore, we have undertaken field trials of several newly developed hybrids in Maize, Rice, Mustard and Vegetable crops. Thus, the Company has now got complete portfolio of products to meet the needs of all the major market segments in these crops. The Company hopes to build on this new found strength by rapidly increasing volumes in Bt. Cotton, while consolidating its position in other crops like Maize, Paddy, Jowar, Bajra and Vegetables.

Several initiatives taken up in the production and processing front, gave encouraging results. Improvements in the production & processing side have started showing results by improving seed productivity and quality output.

The Company has initiated several farmer services to enhance returns to farmers and also establish relationships with them. The wholesaler network was also expanded to reach untapped markets. The Company's farmer contact program is a major source of promoting brand awareness and generating demand of JK Seeds.

RESEARCH & DEVELOPMENT

Research and Development (R&D) is the backbone of the seed industry. JK Agri Genetics, over a period of time has build strong R&D capability in terms of large germ-plasm pool, infrastructure facilities, testing farm, and team of dedicated breeding and biotech scientists, who are focused on research of new hybrids. We also partner with a number of academic institutions and other strategic partners for increase of knowledge base.

JK Agri Genetics commitment to Research and Development distinguishes it from many seed company enabling it to effectively compete against them. Our strength in Research and Development is evident from the successful commercialization of several products by the Company. We believe that our continuing efforts in research and development provide the Company with a strong platform to build additional market share in the seed industry over a period of time.

JKAL is working relentlessly on increasing the breeding and research capabilities. During the last few years we have made investments in selected R&D programs so as to develop products in fast track mode. We are also investing in biotechnology research projects to increase development process of new technologies, to compete with competitors in the market.

OPPORTUNITIES, THREATS AND CONCERNS

The fortunes of the seed industry is influenced and closely linked to the growth and development of the overall agricultural sector. With steady increase in the population, land available for cultivation is shrinking. This means we need higher yields to feed a growing population. High yields generally can be assured by saving loss of crop from the losses caused by weeds, pests and insects. Higher yields can also be driven by better quality of seeds. This is a positive side for the long-term prospects of the crop protection and seed industry. In addition, current Government policies encourage the growth of the Seed industry as well as food processing industry and exports of agro-based products.

The use of hybrid seeds is still very low in India and farmers still prefer to save and use their residual crop as seed for next season. However, increasing awareness about high yielding and good quality hybrid seeds is attracting farmers to switch from farm saved varieties to hybrid seeds.

The farmers acceptance of modern technologies of farming and availability of hybrid seeds in several regions is also a positive indication for the growth of the seed industry.

Reform of the agriculture sector has not yet been touched upon and farm sizes and poor farm economies of scale still compel most farmers to still use old technologies/practices. This affects volume growth in the use of pesticides and new varieties of hybrid seeds. The dependence on the monsoon is again a major threat to an agriculture-based industry. The growing concern of excessive use of pesticides, and the increasing stress on huge investments on effluent treatment, and excessive excise duty on pesticides are other areas of concern.

HUMAN RESOURCE DEVELOPMENT

During last year, we strengthened our sales force by recruiting leadership positions & segregating the department into three major verticals of Cotton Sales, Field Crops Sales & Vegetable Sales in order to emphasize special focus on relevant crops. We have

also infused fresh talent from Campus in various functions like Sales, Production and R&D for creating a talent pipeline within the departments. We have leveraged Information Technology for enabling High Performance by providing Laptop, Data Card & Digital Camera to Field Personnel. We have provided need based training for identified MCS across various functions in line with our Strategic Business Plan.

FINANCIAL PERFORMANCE AND INTERNAL CONTROL SYSTEMS

(₹ in Lacs)

| PARTICULARS | 2010-11 | 2009-10 |
|------------------------------------|------------------|-----------|
| 1. Turnover | 13,089.62 | 12,377.35 |
| 2. Operating Profit/(Loss) (PBIDT) | 1,628.12 | 1,571.41 |
| 3. Interest | 233.59 | 208.31 |
| 4. Profit/(Loss) Before Tax | 1,097.95 | 1,098.79 |
| 5. Provision for Tax | 9.20 | 34.91 |
| 6. Profit/(Loss) after Tax | 1,088.75 | 1,063.88 |

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

Findings and observation of Internal Audit is 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 Report discussed in the previous meeting.

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.

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.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and commitment to high standard of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practised by its entire management cadre.

2. BOARD OF DIRECTORS:

The Board of Directors presently consists of seven Directors, all being Non-Executive Directors (NED), out of which four are Independent Directors (IND). The Chairman is Non-Executive. Attendance and other details are as given hereunder:

| Name of the Director | Category | Number of Board Meetings Attended | No. of other Directorships and Committee Memberships/ Chairmanships | | |
|--------------------------------------|----------|-----------------------------------|---|------------------------|--------------------------|
| | | | Other Directorships§ | Committee Memberships* | Committee Chairmanships* |
| Shri Bharat Hari Singhania, Chairman | NED | 3 | 4 | 1 | - |
| Dr. Raghupati Singhania | NED | 3 | 7 | 2 | 1 |
| Shri Vikrampati Singhania | NED | 4 | 3 | 1 | 1 |
| Shri S. C. Sethi | IND | 3 | 5 | 6 | - |
| Shri Sanjay Kumar Khaitan | IND | 2 | 1 | - | - |
| Shri J.R.C. Bhandari | IND | 4 | 3 | 2 | 2 |
| Shri Sanjeev Kumar Jhunjunwala | IND | 3 | 1 | - | - |

The last Annual General Meeting held on 24th February 2011 was attended by Shri Bharat Hari Singhania, Shri Vikrampati Singhania and Shri S.C. Sethi.

§ 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.

Shri Bharat Hari Singhania is brother of Dr. Raghupati Singhania and father of Shri Vikrampati Singhania.

NUMBER AND DATES OF BOARD MEETINGS HELD:- Four Board Meetings were held during the financial year ended 30th September 2011 i.e., on 29th November 2010, 3rd February 2011, 5th May 2011 and 28th July 2011.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

Pursuant to the provisions of Clause 49 of the Listing Agreement, 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 Code. This Report contains a declaration to this effect signed by the President.

3. AUDIT COMMITTEE:

The Company has an Audit Committee of Directors which consists of four Directors – all of them are Non-Executive Independent Directors.

The 'Terms of Reference' and the constitution of the Committee 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. Four meetings of the Audit Committee were held during the financial year ended 30th September 2011.

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

| Date of the Meeting | Number of Members attended |
|--------------------------------|----------------------------|
| 29 th November 2010 | 2 |
| 3 rd February 2011 | 4 |
| 5 th May 2011 | 3 |
| 28 th July 2011 | 3 |

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 Sanjay Kumar Khaitan | Member | 2 |
| Shri Sanjeev Kumar Jhunjhunwala | Member | 3 |
| Shri S.C. Sethi | Member | 3 |

Head of Finance, Head of Internal Audit and Representative of the Statutory Auditor attended all the Audit Committee Meetings. The Company Secretary acts as Secretary of the Committee.

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Company has Shareholders/ Investors Grievance Committee at the Board level which consists of three Directors, all being Non-Executive Directors, out of which two are Independent Directors. The composition of the Committee is in conformity with Clause 49 of the Listing Agreement.

Four meetings of the Shareholders/ Investors Grievance Committee were held during the financial year ended 30th September 2011.

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

| Date of the Meeting | Number of Members attended |
|--------------------------------|----------------------------|
| 29 th November 2010 | 2 |
| 3 rd February 2011 | 3 |
| 5 th May 2011 | 2 |
| 28 th July 2011 | 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 | 3 |
| Shri Sanjay Kumar Khaitan | Member | 2 |
| Shri Vikrampati Singhania | Member | 4 |

Shri Parimesh Manocha, Company Secretary is the Compliance Officer.

During the financial year 2010-11, no complaint was received from the members. Also, no complaint pertaining to the previous financial year 2009-10 was pending at the end of the said previous financial year. As on date, there are no complaints pending.

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 2010-11, 22 Meetings of this Committee were held.

5. REMUNERATION PAID TO DIRECTORS AND MANAGER:

(i) **Manager:** The aggregate value of salary, perquisites and contribution to Provident Fund and Superannuation Fund for the financial year ended 30th September 2011 to Shri P.S. Dravid, Manager is ₹ 65.52 lacs. No Commission was paid during the year.

(ii) **Non-Executive/Independent Directors:** The Company has paid sitting fees aggregating to ₹ 2.40 lacs to all the Non-Executive Directors for attending the meetings of the Board / Committees thereof.

No other payments were made to Non-Executive Directors and such Directors did not have any other pecuniary relationship or transactions 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 30th September 2011 are : Shri Bharat Hari Singhania-18,788 Shares; Dr. Raghupati Singhania-6,240 Shares; Shri Vikrampati Singhania-6,866 Shares; Shri S.C.Sethi-5 Shares; Shri J.R.C. Bhandari-Nil Shares; Shri Sanjay Kumar Khaitan-Nil Shares and Shri Sanjeev Kumar Jhunjhunwala-Nil Shares.

The Company does not have any outstanding convertible instruments.

6. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGMs):

| Year | Location | Date | Time |
|-----------|---|------------|------------|
| 2007-2008 | Shripati Singhania Hall, Rotary Sadan, 94/2, Jawaharlal Nehru Road (Chowringhee Road), Kolkata -700 020 | 17.12.2008 | 11.30 A.M. |
| 2008-2009 | Same as above | 28.01.2010 | 11.30 A.M. |
| 2009-2010 | Same as above | 24.02.2011 | 11.30 A.M. |

No Special Resolution was passed in the AGMs held in the years 2008 and 2011. A Special Resolution was passed at the AGM held in the year 2010. No Special Resolutions were required to be put through postal ballot during the year.

7. DISCLOSURES:

- (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.
- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:
There was no case of non-compliance on any matter related to capital markets during the last three years.
- (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.

8. MEANS OF COMMUNICATION:

Quarterly, half-yearly and annual results are published in leading English Newspapers and also in 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.

9. GENERAL SHAREHOLDERS' INFORMATION:

Registered Office : 7, Council House Street, Kolkata – 700 001
Ph.: 033-22486181

Annual General Meeting (AGM)

(a) Date, Time & Venue : Thursday, the 15th March 2012 at 11.30 A.M. at Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata - 700 020.

(b) As required under clause 49(IV)(G)(i), a brief resume and other particulars of Directors retiring by rotation and seeking re-appointment at the aforesaid AGM are given in the Notes to the Notice convening the said Meeting.

Financial Calendar (tentative):

Financial Reporting for the quarter ending:

| | |
|--|---|
| 1 st Quarter ending 31 st December 2011 | Within 45 days of the end of the Quarter |
| 2 nd Quarter ending 31 st March 2012 | Within 45 days of the end of the Quarter |
| 3 rd Quarter ending 30 th June 2012 | Within 45 days of the end of the Quarter |
| 4 th Quarter ending 30 th September 2012 | Within 60 days of the end of the Quarter |
| Annual General Meeting for the financial year 2011-12 | Between January and March, 2013 |
| Date of Book Closure | 5 th March to 15 th March, 2012 (both days inclusive) |

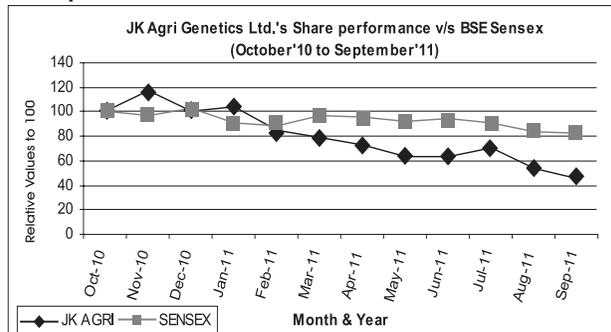
Listing on Stock Exchanges
The Equity Shares of the Company are listed on Bombay Stock Exchange Ltd., Mumbai (BSE) and the Calcutta Stock Exchange Ltd., Kolkata (CSE). The annual listing fee for the year 2011-12 has been paid to both the Stock Exchanges.

Security Code for Company's Equity Shares on Stock Exchanges and ISIN
BSE - 532518
CSE - 10020255
ISIN of the Equity Shares is INE211G01012.

Stock Market Price Data

| Bombay Stock Exchange Ltd.(BSE) | | |
|---------------------------------|----------|---------|
| Month | High (₹) | Low (₹) |
| October 2010 | 634.00 | 390.00 |
| November 2010 | 726.00 | 500.00 |
| December 2010 | 744.00 | 510.00 |
| January 2011 | 694.70 | 605.00 |
| February 2011 | 650.00 | 461.75 |
| March 2011 | 574.95 | 436.00 |
| April 2011 | 545.00 | 415.05 |
| May 2011 | 538.40 | 372.05 |
| June 2011 | 430.00 | 360.00 |
| July 2011 | 474.00 | 315.00 |
| August 2011 | 445.00 | 306.20 |
| September 2011 | 364.95 | 272.55 |

Comparison with BSE Sensex



Distribution of Shareholding (as on 30.09.2011):

| No. of Equity Shares Held | No. of Shares | | Shareholders | |
|---------------------------|---------------|------------|--------------|------------|
| | Number | % of Total | Number | % of Total |
| 1 - 250 | 212084 | 6.05 | 10362 | 96.75 |
| 251 - 500 | 53769 | 1.53 | 140 | 1.31 |
| 501 - 1000 | 64057 | 1.83 | 84 | 0.78 |
| 1001 - 5000 | 203549 | 5.80 | 86 | 0.80 |
| 5001 - 10000 | 110401 | 3.15 | 16 | 0.15 |
| 10001 & above | 2862650 | 81.64 | 22 | 0.21 |
| Total | 3506510 | 100.00 | 10710 | 100.00 |

Share Transfer System

The transfer/transmission of shares in physical form is normally processed and completed within a period of 15 to 20 days from the date of receipt thereof. In case of shares held in electronic form, the transfers are processed by National Securities Depository Ltd. (NSDL)/Central Depository Services (India) Ltd. (CDSL) through the respective Depository Participants.

Dematerialisation of Shares and liquidity

Trading in the Equity Shares of the Company is permitted on Stock Exchanges only in dematerialised form. Shareholders may dematerialise their holdings

in physical form with any one of the Depositories namely, NSDL and CDSL. As on 30th September 2011, 97.96% of the Equity Shares were held in dematerialised form. The Equity Shares of the Company are actively traded on the Bombay Stock Exchange Ltd. In respect of shares held in dematerialised form, all the requests for nomination, change of address, change of bank mandate/bank particulars and rematerialisation of shares etc. are to be made only to the Depository Participant with whom the shareholders have opened their Demat Account.

Outstanding GDRs/ADRs/Warrants/Options : NIL
or any Convertible instruments, conversion date and likely impact on equity

Plant Locations

The Company has production centres for high-yielding hybrid seeds at various places in Andhra Pradesh and other States. Besides, the Company has state-of-the-art Biotechnology R&D Centre and Seeds Processing Plant at Hyderabad/Near Hyderabad in the State of Andhra Pradesh and another Seed Processing Plant at Kota in the State of Rajasthan.

Address for Correspondence for Share Transfer and Related Matters

- The Company Secretary
JK Agri Genetics Limited
Secretarial Department
3rd Floor, Gulab Bhawan (Rear Block)
6A, Bahadur Shah Zafar Marg,
New Delhi-110 002
Phone : 91-11-30179891
Fax No : 91-11-23322059
Email : jkagshareholder@jkmail.com
Website : www.jkseeds.net
- Registrar & Share Transfer Agent:
Alankit Assignments Ltd.
Alankit House
2E/21, Jhandewalan Extension,
New Delhi-110055 (India)
Phone : 91-11-23541234, 42541234
Fax : 91-11-42541967
Email : rta@alankit.com
Website : www.alankit.com

10. DECLARATION:

It is hereby declared that all the members of the Board and the Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of JK Agri Genetics Limited" during the Financial Year ended 30th September 2011.

(S. K. Gupta)
President

11. AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE:

To

The Members of JK Agri Genetics Limited

We have examined the compliance of conditions of Corporate Governance by JK Agri Genetics Limited for the financial year ended 30th September 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: New Delhi

Date: 24th November 2011

For LODHA & CO.
Chartered Accountants
Firm Regn. No. 301051E

N. K. LODHA
Partner
Membership No.85155

AUDITORS' REPORT

TO THE MEMBERS

We have audited the attached Balance Sheet of JK AGRI GENETICS LIMITED as at 30th September 2011, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (The order) issued by the Central Government of India in terms of section 227 (4A) of The Companies Act, 1956, (The Act), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the

Company so far as appears from our examination of those books;

- (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956;
- (e) As per the information & explanations given to us, none of the directors of the Company is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 30th September, 2011;
- (ii) In the case of Profit & Loss Account, of the profit for the year ended on that date; and
- (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For LODHA & CO.
Chartered Accountants
Firm Regn. No. 301051E

N. K. LODHA
Partner
Place: New Delhi
Dated: 24th November, 2011 Membership No.85155

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our Report of even date of JK AGRI GENETICS LIMITED for the year ended 30th September, 2011)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets have been physically verified by the management according to the programme of periodical physical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.
(c) As per the records and information and explanations given to us, fixed assets disposed off during the period were not substantial.
2. (a) The inventories of the Company have been physically verified by the management at reasonable intervals. In respect of stock lying with third parties, they have substantially confirmed these.
(b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loan secured or unsecured to and from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (b) to (d), (f) & (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Based on the audit procedure performed and on the basis of information and explanations provided by the management, during the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanations provided by the management and based upon audit procedures performed, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and the transactions made in pursuance of such contracts or arrangements (exceeding the value of ₹ 5 lacs in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanations given by the management, the Company has not accepted any deposits from the public covered under Section 58A and 58AA of the Act during the current year.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company as prescribed by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete.
9. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Income Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities to the extent applicable and there were no material undisputed statutory dues payable for a period of more than six months from the date they became payable as at 30th September, 2011.

(b) According to the records and information & explanations given to us, there are no dues in respect of Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and Cess that have not been deposited with the appropriate authorities

to the extent applicable on account of any dispute and the dues in respect of Income Tax and Sales Tax that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending are given below:-

| Name of the statute | Nature of the dues | Period (Financial Year) | Amount (₹ in Lacs) | Forum where dispute is pending |
|----------------------|--------------------|-------------------------|--------------------|--------------------------------|
| Income tax Act, 1961 | Income Tax | 2003-2004 | 15.63 | Commissioner (Appeal) |
| | Income Tax | 2006-2007 | 11.72 | Commissioner (Appeal) |
| | Income Tax | 2007-2008 | 164.78 | Commissioner (Appeal) |
| UP Sales Tax Act | Sales Tax | 2003-2004 | 1.84 | Dp. Commissioner (Appeal) |
| | Sales Tax | 2004-2005 | 1.21 | Dp. Commissioner (Appeal) |
| | Sales Tax | 2005-2006 | 9.38 | Dp. Commissioner (Appeal) |
| | Sales Tax | 2006-2007 | 5.85 | Dp. Commissioner (Appeal) |
| | Sales Tax | 2007-2008 | 1.05 | Dp. Commissioner (Appeal) |

10. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and has incurred cash losses in the immediately preceding financial year.
11. In our opinion, on the basis of audit procedure and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders. (Read with note no.1 of Schedule 3).
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society and therefore, the provisions of clause 4 (xiii) of the said Order are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments; therefore the provisions of clause 4(xiv) of the said Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions.
16. On the basis of information and explanations given to us, term loan were applied for the purpose for which the loans were obtained.
17. On the basis of information and explanations given to us and on overall examination of financial statements of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debenture during the current year; however the Company has outstanding Zero Coupon Non convertible Bonds of ₹ 4,250 lacs. Refer Note No.1 of schedule 3.
20. The Company has not raised any money through a public issue during the current year.
21. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

For LODHA & CO.
Chartered Accountants
Firm Regn. No. 301051E

N. K. LODHA

Partner

Place: New Delhi

Date: 24th November 2011 Membership No.: - 85155

BALANCE SHEET (As at 30th September, 2011)

| | Schedule | 30.09.2011 | 30.09.2010 |
|--|----------|------------------|------------|
| ₹ in Lacs | | | |
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| SHARE CAPITAL | 1 | 4,600.65 | 4,600.65 |
| RESERVES AND SURPLUS | 2 | 6,348.39 | 5,259.64 |
| | | 10,949.04 | 9,860.29 |
| SECURED LOANS | 3 | 8,290.75 | 7,072.47 |
| UNSECURED LOANS | 4 | 1,261.01 | 549.90 |
| | | 9,551.76 | 7,622.37 |
| | | 20,500.80 | 17,482.66 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| GROSS BLOCK | 5 | 5,869.73 | 5,670.43 |
| LESS: DEPRECIATION/AMORTISATION | | 1,834.50 | 1,570.51 |
| NET BLOCK | | 4,035.23 | 4,099.92 |
| CAPITAL WORK IN PROGRESS | | - | 29.55 |
| | | 4,035.23 | 4,129.47 |
| INVESTMENTS | 6 | 9,996.54 | 7,893.83 |
| DEFERRED TAX ASSET (NET) | | 348.90 | 358.10 |
| CURRENT ASSETS, LOANS AND ADVANCES | 7 | | |
| INVENTORIES | | 3,981.83 | 3,606.60 |
| SUNDRY DEBTORS | | 3,696.45 | 4,342.67 |
| CASH AND BANK BALANCES | | 236.29 | 118.79 |
| LOANS AND ADVANCES | | 2,977.61 | 2,025.25 |
| | | 10,892.18 | 10,093.31 |
| LESS: CURRENT LIABILITIES AND PROVISIONS | 8 | | |
| CURRENT LIABILITIES | | 3,573.95 | 3,997.01 |
| PROVISIONS | | 1,198.10 | 995.04 |
| | | 4,772.05 | 4,992.05 |
| NET CURRENT ASSETS | | 6,120.13 | 5,101.26 |
| | | 20,500.80 | 17,482.66 |

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 15

Schedules 1 to 8 and 15 attached to the Balance Sheet form an integral part thereof.

As per our report of even date
for LODHA & CO.,

Chartered Accountants

Firm Regn. No. 301051E

N.K. LODHA
Partner

Membership No. 85155
New Delhi, the 24th November, 2011

P.S. DRAVID
Manager

PARIMESH MANOCHA
Company Secretary

BHARAT HARI SINGHANIA

J.R.C. BHANDARI
SANJAY KUMAR KHAITAN
RAGHUPATI SINGHANIA
VIKRAMPATI SINGHANIA
SWAROOP CHAND SETHI

Chairman

Directors

PROFIT AND LOSS ACCOUNT (FOR THE PERIOD ENDED 30TH SEPTEMBER, 2011)

| | Schedule | 2010-11 | 2009-10 |
|--|----------|------------------|-----------|
| ₹ in Lacs | | | |
| INCOME | | | |
| SALES AND OTHER INCOME | 9 | 13,089.62 | 12,377.35 |
| INCREASE/(DECREASE) IN STOCKS | 10 | 329.88 | 718.19 |
| | | 13,419.50 | 13,095.54 |
| EXPENDITURE | | | |
| MATERIALS AND MANUFACTURING | 11 | 6,035.15 | 6,476.93 |
| EMPLOYEES COST | 12 | 2,120.26 | 1,857.67 |
| OTHER EXPENSES | 13 | 3,635.97 | 3,189.53 |
| | | 11,791.38 | 11,524.13 |
| OPERATING PROFIT/(LOSS)(BEFORE INTEREST & DEPRECIATION) | | | |
| | | 1,628.12 | 1,571.41 |
| INTEREST | 14 | 233.59 | 208.31 |
| PROFIT/(LOSS) BEFORE DEPRECIATION | | | |
| | | 1,394.53 | 1,363.10 |
| DEPRECIATION / AMORTISATION | | 296.58 | 264.31 |
| PROFIT/(LOSS) BEFORE TAX | | | |
| | | 1,097.95 | 1,098.79 |
| PROVISION FOR TAXATION | | | |
| - CURRENT TAX | | 217.30 | 210.62 |
| - MAT CREDIT ENTITLEMENT | | (217.30) | (210.62) |
| - DEFERRED TAX | | 9.20 | 41.60 |
| PROFIT/(LOSS) AFTER TAX | | | |
| | | 1,088.75 | 1,057.19 |
| ADJUSTMENT FOR EARLIER YEAR TAX (NET) | | - | (6.69) |
| PROFIT/(LOSS) AFTER TAX | | | |
| | | 1,088.75 | 1,063.88 |
| Balance Brought forward | | 2,588.17 | 1,575.68 |
| | | 3,676.92 | 2,639.56 |
| APPROPRIATIONS | | | |
| DEBENTURE REDEMPTION RESERVE | | - | 51.39 |
| BALANCE CARRIED TO BALANCE SHEET | | 3,676.92 | 2,588.17 |
| | | 3,676.92 | 2,639.56 |
| BASIC AND DILUTED EARNINGS PER SHARE (₹) | | | |
| | | 31.05 | 30.34 |

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 15

Schedules 9 to 15 attached to the Profit & Loss Account form an integral part thereof.

As per our report of even date

for LODHA & CO.,

Chartered Accountants

Firm Regn. No. 301051E

N.K. LODHA

Partner

Membership No. 85155

New Delhi, the 24th November, 2011

P.S. DAVID

Manager

PARIMESH MANOCHA

Company Secretary

BHARAT HARI SINGHANIA

J.R.C. BHANDARI

SANJAY KUMAR KHAITAN

RAGHUPATI SINGHANIA

VIKRAMPATI SINGHANIA

SWAROOP CHAND SETHI

Chairman

Directors

| Schedule 1 | 30.09.2011 | ₹ in Lacs 30.09.2010 |
|--|------------------------|--------------------------------|
| SHARE CAPITAL | | |
| Authorised: | | |
| Equity Shares - 1,75,00,000 of ₹ 10 each | 1,750.00 | 1,750.00 |
| Preference Shares - 50,00,000 of ₹ 85 each | 4,250.00 | 4,250.00 |
| | <u>6,000.00</u> | <u>6,000.00</u> |
| Issued, Subscribed and Paid up: | | |
| Equity Shares - 35,06,510 of ₹ 10 each fully paid up | 350.65 | 350.65 |
| Zero Coupon Preference Shares 50,00,000 of ₹ 85 each fully paid up | 4,250.00 | 4,250.00 |
| | <u>4,600.65</u> | <u>4,600.65</u> |

Pursuant to the Scheme of Arrangement & Amalgamation, in an earlier year;

- 34,56,510 Equity Shares of ₹10 each were allotted as fully paid up to the shareholders of JK Tyre & Industries Limited (JKTIL), without payment.
- 50,00,000 Zero Coupon Redeemable Preference Shares (ZCRPS) of ₹ 85 each were allotted as fully paid up to JKTIL (now Bengal and Assam Company Ltd.), without payment. These Shares are redeemable in five annual instalments of ₹15, ₹ 20, ₹ 20, ₹ 20 and ₹ 10 respectively commencing from 1st April, 2010. However, pending appeal before the Division Bench of Hon'ble High Court of Calcutta, against the due installments, payment have not been given effect/made.

| Schedule 2 | 01.10.2010 | Additions | Transfers | 30.09.2011 |
|------------------------------|-----------------|------------------------|-----------|------------------------|
| RESERVES AND SURPLUS | | | | |
| Debenture Redemption Reserve | 1,062.51 | - | - | 1,062.51 |
| General Reserve | 1,608.96 | - | - | 1,608.96 |
| Profit & Loss Account | 2,588.17 | 1,088.75 | - | 3,676.92 |
| | <u>5,259.64</u> | <u>1,088.75</u> | - | <u>6,348.39</u> |
| Previous year | <u>4,195.76</u> | <u>1,063.88</u> | - | <u>5,259.64</u> |

| Schedule 3 | 30.09.2011 | 30.09.2010 |
|-----------------------------------|------------------------|-----------------|
| LOANS | | |
| SECURED LOANS | | |
| Zero Coupon Non-Convertible Bonds | 4,250.00 | 4,250.00 |
| Term Loans: | | |
| Banks | 519.85 | 557.18 |
| Others | 59.61 | - |
| Other Loan from Bank | 3,461.29 | 2,265.29 |
| | <u>8,290.75</u> | <u>7,072.47</u> |

Notes:

- Zero Coupon Secured Non-Convertible Bonds (ZCSNCBs) of ₹ 4250 lacs are secured by subordinate and subservient charge created/to be created on all the movable and immovable properties of the Company, both present and future. These Bonds are redeemable in four instalments of ₹ 1000 each at the expiry of the 4th to 7th year and ₹ 250 at the expiry of 8th year from 1.4.2002. The terms of these ZCSNCBs are proposed to be revised pursuant to a Scheme of Arrangement and Demerger, appeal filed to the Division Bench of the Hon'ble High Court at Calcutta, the impact of which have not been given in these Accounts pending final disposal of said appeal. (Please see Note B1 of Schedule 15).
- Term loan of ₹357.16 lacs (Previous year ₹557.18 lacs) is secured against first charge of the assets purchased thereunder, hypothecation of entire intangible assets, pari passu second charge on the entire current assets viz stocks and book debts etc., both present and future, of the Company and is further secured, by way of first charge on land at Dundigal village (AP) and Ranpur, Kota, (Rajasthan) and on entire movable fixed assets of the Company. This is further secured by second charge on the entire fixed assets financed by DBT.
 - Term Loan of ₹162.69 lacs (Previous year nil) is secured against first charge of the assets purchased thereunder, Hypothecation of entire intangible assets, pari passu second charge on entire current assets viz stock and book debts etc., both present and future, of the Company and is further secured by extension of equitable mortgage on land at Ranpur, Kota (Rajasthan). This is further secured by second charge on the entire fixed assets financed by DBT.
- Term loan of ₹59.61 lacs (Previous year Nil) is secured by First charges on the Assets created out of loan from Department of BioTechnology (DBT), Pari Passu second charge on the entire fixed Assets of the Company including the land at Dundigal Village, Ranga Reddy District (AP) with a market value of ₹7.78 crore and excluding land at ICICI Knowledge Park & pari passu second charge on the current assets.

4. Other Loan from Bank represent Working Capital borrowing which is Secured by hypothecation of current assets viz stocks and book debts etc., both present and future, of the Company and by a second charge on entire fixed assets of the Company including land at Dundigal village (AP) and Ranpur, Kota, (Rajasthan).

30.09.2011 30.09.2010

**Schedule 4
UNSECURED LOANS**

| | | |
|--|------------------------|---------------|
| Council of Scientific & Industrial Research (CSIR) | 761.01 | 549.90 |
| Others | 500.00 | - |
| | <u>1,261.01</u> | <u>549.90</u> |

**Schedule 5
FIXED ASSETS**

₹ in Lacs

| Assets | Gross Block | | | | Depreciation / Amortisation | | | | Net Block | |
|--|-------------------|---------------|-----------------------|-------------------|-----------------------------|-----------------|--------------------------|-------------------|-------------------|-------------------|
| | As at 01.10.10 | Additions | Sales/ Adjustments | As at 30.09.11 | As at 01.10.10 | For the Year | On Sales/ Adjustments | As at 30.09.11 | As at 30.09.11 | As at 30.09.10 |
| Land - Free Hold | 401.61 | - | - | 401.61 | - | - | - | - | 401.61 | 401.61 |
| Land - Lease Hold | 151.09 | 115.40 | 132.40 | 134.09 | 10.35 | 2.51 | 9.33 | 3.53 | 130.56 | 140.74 |
| Building# | 125.27 | 132.39 | - | 257.66 | 37.57 | 26.31 | - | 63.88 | 193.78 | 87.70 |
| Plant and Machinery# | 1,779.17 | 92.65 | 2.65 | 1,869.17 | 210.01 | 98.57 | 1.52 | 307.06 | 1,562.11 | 1,569.16 |
| Office Equipments, Furniture & Fixtures | 232.63 | 24.05 | 8.05 | 248.63 | 50.65 | 12.55 | 2.49 | 60.71 | 187.92 | 181.98 |
| Vehicles | 230.42 | 32.77 | 57.94 | 205.25 | 65.89 | 20.44 | 19.25 | 67.08 | 138.17 | 164.53 |
| Intangibles: | | | | | | | | | | |
| Brand | 2,700.00 | - | - | 2,700.00 | 1,147.68 | 135.00 | - | 1282.68 | 1,417.32 | 1,552.32 |
| Software | 50.24 | 3.08 | - | 53.32 | 48.36 | 1.20 | - | 49.56 | 3.76 | 1.88 |
| | 5,670.43 | 400.34 | 201.04 | 5,869.73 | 1,570.51 | 296.58 | 32.59 | 1,834.50 | 4,035.23 | 4,099.92 |
| Capital work-in-progress | | | | | | | | | - | 29.55 |
| Total | | | | | | | | | 4,035.23 | 4,129.47 |
| Previous year | 4,413.53 | 1,313.31 | 56.40 | 5,670.43 | 1,330.33 | 264.31 | 24.13 | 1,570.51 | | |

Includes gross value as at 30.09.2011 of Building ₹ 257.66 lacs (Previous year ₹ 125.27 lacs) and Plant & Machinery ₹ 1278.39 lacs (Previous year ₹ 1198.55 lacs) {WDV ₹ 193.83 lacs (Previous year ₹87.70 lacs) and ₹ 1185.58 lacs (Previous year ₹ 1168.02 lacs respectively)} on leasehold premises.

**Schedule 6
INVESTMENTS**

| Names of the Bodies Corporate | Class of Shares/ Debentures | 30.09.2011 | | 30.09.2010 | |
|---|-----------------------------------|-------------------|------------------------|------------|-----------------|
| | | Numbers | ₹ in lacs | Numbers | ₹ in lacs |
| LONG-TERM INVESTMENTS (Non trade) | | | | | |
| Quoted | | | | | |
| JK Paper Ltd. | Equity | 11,681,684 | 5,106.57 | 6,675,248 | 3,003.86 |
| JK Lakshmi Cement Ltd. (F.V. ₹5) | Equity | 13,645,040 | 982.67 | 13,645,040 | 982.67 |
| Umang Dairies Ltd. (F.V. ₹5) | Equity | 1,194,965 | 14.34 | 1,194,965 | 14.34 |
| JK Sugar Ltd. | Equity | 271,035 | 163.05 | 271,035 | 163.05 |
| JK Tyre & Industries Ltd. | Equity | 6,034,070 | 2,891.43 | 6,034,070 | 2,891.43 |
| Bengal & Assam Company Ltd. | Equity | 646,811 | 645.59 | 646,811 | 645.59 |
| Unquoted | | | | | |
| JK Pharmachem Ltd. - Under Liquidation | Equity | 2,371,903 | - | 2,371,903 | - |
| Udaipur Cement Works Ltd.-BIFR Co. | Equity | 4,333,000 | 41.16 | 4,333,000 | 41.16 |
| Fenner (India) Limited | Equity | 3,796 | 1.23 | 3,796 | 1.23 |
| JK Plant Bio Sciences Research Limited | Equity | 5,000 | 0.50 | 5,000 | 0.50 |
| Subsidiary Companies Wholly owned - Unquoted | | | | | |
| Florence Alumina Limited | Equity | 1,500,000 | 150.00 | 1,500,000 | 150.00 |
| | | | <u>9,996.54</u> | | <u>7,893.83</u> |
| Aggregate book value of unquoted Investments | | | 192.89 | | 192.89 |
| Aggregate book value of quoted Investments | | | 9,803.65 | | 7,700.94 |
| Market value of quoted Investments | | | 16,742.66 | | 27,350.33 |

Investments purchased and sold during the year: IDFC Money Manager Fund-Treasury Plan - Inst Plan B-Daily Dividend 6712177.783 units (Previous year Nil) & Reliance money manager fund-Retail Option-Daily Dividend Plan: 18369705.031 units (Previous year 333.811 units).

| | 30.09.2011 | ₹ in lacs 30.09.2010 |
|--|------------------|-------------------------|
| Schedule 7 | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| A. CURRENT ASSETS | | |
| Inventories | | |
| Stores, Processing & Packing Material | 283.89 | 238.54 |
| Semi Finished Goods | 682.50 | 783.86 |
| Finished Goods | 3,015.44 | 2,584.20 |
| | <u>3,981.83</u> | <u>3,606.60</u> |
| Sundry Debtors | | |
| (Unsecured, considered good): | | |
| Debts over six months | 141.46 | 147.63 |
| Other Debts | 3,554.99 | 4,195.04 |
| | <u>3,696.45</u> | <u>4,342.67</u> |
| Cash and Bank Balances | | |
| Cash on hand | 2.69 | 1.66 |
| Cheques on hand | 31.35 | 6.71 |
| Balances with Scheduled Banks : | | |
| On Current Accounts | 92.25 | 0.42 |
| On Deposit Accounts | 110.00 | 110.00 |
| {Pledged with Bank ₹110.00 lacs (P.Y. ₹110.00)} | | |
| | <u>236.29</u> | <u>118.79</u> |
| B. LOANS AND ADVANCES: | | |
| (Unsecured considered good) | | |
| Advances recoverable in cash or in kind or for value to be received (Note B10 in Schedule 15) | 1,569.78 | 841.78 |
| Capital Advances | 4.18 | 6.67 |
| Prepaid Expenses | 34.07 | 32.24 |
| Deposit with Government Authorities and Others | 137.91 | 96.36 |
| Advance Payment of Income Tax | 634.48 | 629.63 |
| Mat Credit Entitlement | 563.03 | 345.72 |
| Advance Payment of Fringe Benefit Tax | 34.16 | 72.85 |
| | <u>2,977.61</u> | <u>2,025.25</u> |
| | <u>10,892.18</u> | <u>10,093.31</u> |
| Schedule 8 | | |
| CURRENT LIABILITIES AND PROVISIONS | | |
| A. CURRENT LIABILITIES | | |
| Acceptances | 569.35 | 525.33 |
| Sundry Creditors | | |
| Micro & Small Enterprises* | - | 0.76 |
| Others | 812.58 | 532.47 |
| Advance from Customers | 407.29 | 538.48 |
| Interest Accrued but not due on loan | 70.69 | 44.82 |
| Other Liabilities | 1,714.04 | 2,355.15 |
| * To the extent information available with the Company (refer note B13 Schedule 15) | | |
| | <u>3,573.95</u> | <u>3,997.01</u> |
| B. PROVISIONS | | |
| Provision for Income Tax | 977.50 | 760.20 |
| Provision for Fringe Benefit Tax | 34.16 | 72.85 |
| Provision for Retirement Benefits | 186.44 | 161.99 |
| | <u>1,198.10</u> | <u>995.04</u> |
| | <u>4,772.05</u> | <u>4,992.05</u> |
| | <u>2010-11</u> | <u>2009-10</u> |
| Schedule 9 | | |
| SALES AND OTHER INCOME | | |
| 1. Sales | 12,035.69 | 11,383.09 |
| 2. Other Income | | |
| Income from Long Term Investments (Non trade) | | |
| - Dividends | 529.17 | 703.51 |
| Income from Current Investments | | |
| - Dividend | 52.60 | 5.39 |
| - Profit on sale | - | 1.93 |
| Interest on Deposit with Banks & others | 7.46 | 9.52 |
| (Tax at source ₹ 0.75 lacs; Previous Year ₹ 0.64 lacs) | | |
| Foreign Exchange Fluctuation | - | 23.23 |
| Liabilities no longer required written back | 398.28 | 53.02 |
| Miscellaneous Income | 66.42 | 197.66 |
| | <u>1,053.93</u> | <u>994.26</u> |
| | <u>13,089.62</u> | <u>12,377.35</u> |

| | 2010-11 | ₹ in lacs 2009-10 |
|---|-----------------|----------------------|
| Schedule 10 | | |
| INCREASE/(DECREASE) IN STOCKS | | |
| Opening Stock | | |
| - Semi Finished Goods | 783.86 | - |
| - Finished Goods | <u>2,584.20</u> | <u>2,649.87</u> |
| | <u>3,368.06</u> | <u>2,649.87</u> |
| Closing Stock | | |
| - Semi Finished Goods | 682.50 | 783.86 |
| - Finished Goods | <u>3,015.44</u> | <u>2,584.20</u> |
| | <u>3,697.94</u> | <u>3,368.06</u> |
| Increase/(Decrease) in Stocks | <u>329.88</u> | <u>718.19</u> |
| | | |
| Schedule 11 | | |
| MATERIALS AND MANUFACTURING | | |
| Production and Purchase of Seeds & Others | 5,099.48 | 5,406.68 |
| Processing Charges | 185.80 | 335.23 |
| Consumption of Stores, Processing & Packing Materials | 558.64 | 604.39 |
| Power & Fuel | 25.10 | 21.92 |
| Labour Expenses | 132.54 | 99.78 |
| Repair & Maintenance- Machinery | 16.57 | 1.73 |
| Others | 17.02 | 7.20 |
| | <u>6,035.15</u> | <u>6,476.93</u> |
| | | |
| Schedule 12 | | |
| EMPLOYEES COST | | |
| Salaries, Wages, Bonus & Retirement Benefits | 1,811.46 | 1,557.57 |
| Contribution to Provident and other Funds | 123.82 | 115.13 |
| Employees' Welfare and other Benefits | 184.98 | 184.97 |
| | <u>2,120.26</u> | <u>1,857.67</u> |
| | | |
| Schedule 13 | | |
| OTHER EXPENSES | | |
| Rent | 264.77 | 175.69 |
| Rates & Taxes | 3.33 | 3.86 |
| Insurance | 26.41 | 15.39 |
| Discount | 140.00 | 112.42 |
| Freight & Transportation | 442.09 | 352.38 |
| Advertisement | 682.32 | 730.34 |
| Royalty | 342.62 | 121.85 |
| Provision for Diminution in the value of Long Term Investments | - | 41.51 |
| Directors' Fees | 2.40 | 1.96 |
| Farming Expenses | 406.38 | 370.19 |
| Travelling | 686.50 | 649.40 |
| Commission | 94.82 | 83.47 |
| Loss on Sales/Discard of Assets Net of Profit of ₹3.87 lacs (Previous year ₹3.15 lacs) | 1.65 | 3.20 |
| Office & Godown Maintenance | 55.70 | 64.43 |
| Provision for Doubtful Debts & Advances | 29.28 | 63.43 |
| Bad Debts Written off | 2.90 | 0.29 |
| Foreign Exchange Fluctuation | 40.31 | - |
| Bank Charges, Printing & Stationery, Postage, Telephone and other Miscellaneous Expenses etc. | 414.49 | 399.72 |
| | <u>3,635.97</u> | <u>3,189.53</u> |
| | | |
| Schedule 14 | | |
| INTEREST | | |
| Interest on : | | |
| Term Loans | 74.89 | 55.43 |
| Others | <u>158.70</u> | <u>152.88</u> |
| | <u>233.59</u> | <u>208.31</u> |

Schedule 15

ACCOUNTING POLICES AND NOTES ON ACCOUNTS OF JK AGRI GENETICS LIMITED FOR THE YEAR ENDED 30th September, 2011.

A. SIGNIFICANT ACCOUNTING POLICIES

1. The financial statements have been prepared under historical cost convention on accrual basis in compliance with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.
2. Fixed assets are stated at cost. Cost includes all costs incurred to bring the assets to their present location and condition.
3. (a) Depreciation on fixed assets is calculated on straight-line method (SLM). Depreciation is provided at the rates in force as per Schedule XIV of the Companies Act, 1956.
(b) Capital expenditures on lease hold premises are charged on straight-line method (SLM) over the lease period or at the rates specified in Schedule XIV of the Companies Act, 1956, whichever period is lower.
(c) Leasehold Land is being amortized over the lease period.
4. Long Term Investments are stated at cost less diminution. Provision for diminution in the value of long-term investments is made only if, such a decline is other than temporary in the opinion of the management. Current investments are carried at lower of cost and quoted / fair value.
5. Assets & liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year. All exchange differences are recognised in the Profit and Loss Account.
6. Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted average basis. Finished Goods, Semi Finished goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
7. The carrying amount of Assets are reviewed at each Balance Sheet date to assess impairment, if any based on internal/external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value being higher of value in use and net selling price. An impairment loss is recognised as an expense in the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been an improvement in recoverable amount.
8. Intangible assets are recognised if future economic benefits are likely and cost of the asset can be measured reliably. The depreciable amount of an intangible asset is allocated on a systematic basis over the useful life of the asset.
9. Employees Benefits:
 - (a) Defined Contribution Plan
Employee benefits in the form of Superannuation Fund, Provident Fund (PF) and ESI considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contribution to the respective funds are due.
 - (b) Defined Benefit Plan
Retirement benefits in the form of Gratuity, Leave Encashment and PF (funded) are considered as defined benefit obligations and are provided for on the basis of an Actuarial Valuation, using the projected unit credit method, as at the date of the Balance Sheet.
 - (c) Short term compensated absences are provided based on past experience of the leave availed.
Actuarial gain / Losses, if any, are immediately recognized in the Profit and Loss Account.
10. Current Tax is the amount of tax payable on the estimated taxable income for the current year as per the provisions of Income Tax Act, 1961. Deferred Tax is recognized, for timing differences. However, deferred tax asset is recognized on the basis of reasonable/virtual certainty that sufficient future taxable income will be available against which the same can be realised.

11. Provision in respect of present obligation arising out of past events are made in Accounts when reliable estimates can be made of the amount of the obligation. Contingent Liabilities (if material) are disclosed by way of Notes to Accounts. Contingent Assets are not recognized or disclosed in Financial Statements and are included, if any, in the Directors' Report.
12. Other Government grants are deducted from the related expenses/Credited to Profit & Loss Account.

B. NOTES ON ACCOUNTS

1. The Company filed a Scheme of Arrangement and Demerger under Sections 391- 394 of the Companies Act, 1956 ('the Scheme') with Hon'ble High Court at Calcutta, pursuant to which it is proposed to demerge Seed Undertaking into a separate entity w.e.f. the Appointed Date i.e. 1st April, 2005. The said Hon'ble High Court by its judgment dated May 20, 2010, did not approve the said Scheme. The Company has, however, filed an appeal to the Division Bench of the said Hon'ble Court which is pending for final disposal. The impact of the Scheme would be given in the financial results w.e.f. the said appointed date, after the scheme is sanctioned by the said Hon'ble Court.
2. Estimated amount of contracts net of advances amounting to ₹ 17.10 lacs (Previous Year ₹ 98.75 lacs) remaining to be executed on capital account.
3. Contingent liabilities, not provided for in respect of :
 - (a) Claims by certain parties against the company not accepted and not provided for ₹ 140.83 lacs (Net of ₹104.22 lacs to be indemnified by another party) (Previous Year ₹176.15 lacs, Net of ₹108.75 lacs to be indemnified by another party).
 - (b) Pending export obligation against import of capital goods under EPCG Scheme (guarantee given ₹129.24 lacs): ₹ 394.08 lacs (Previous Year ₹501.67 lacs).
 - (c) Income Tax (matters in appeals) of ₹192.13 lacs (Previous year ₹66.66 lacs) & Sales Tax (Matters in appeals) of ₹19.34 (Previous year Nil) .
4. (a) Income tax calculation has been made considering certain expenses/adjustments available as assessed by the management.
(b) Provision for taxation represents Minimum Alternate Tax computed under section 115JB of the Income Tax Act, 1961.
5. (a) In terms of disclosure requirements stated in Accounting Standard on Intangible Assets (AS-26) issued by the Institute of Chartered Accountants of India, the management considered it appropriate to amortize "J.K.SEEDS" brand over a period of 20 years from the date of its acquisition, considering nature of business, life cycle of brand, its inherent value and expected future benefits. The carrying amount of "J.K.SEEDS" brand is ₹1,417.32 lacs as on 30th September, 2011 to be amortized over the balance period of ten and half years.
(b) Software is amortized over a period of 5 years from the year of installation.
6. Research and Development Revenue expenses amounting to ₹ 1,275.05 Lacs (Previous Year ₹ 1,116.35 lacs) have been included in respective revenue accounts.

| | 2010-11 | ₹ in Lacs 2009-10 |
|--|---------------------|-----------------------------|
| 7. Remuneration to Manager: | | |
| Salaries | 49.10 | 44.86 |
| Contribution to PF & other Funds* | 6.87 | 5.83 |
| Value of Perquisites (as per Income Tax Rules) | 9.55 | 7.89 |
| | <u>65.52</u> | <u>58.58</u> |

* Excludes provision for Gratuity and Leave Encashment where the actuarial valuation has been done on overall Company basis.

| | 2010-11 | ₹ in Lacs 2009-10 |
|-----------------------------|--------------------|-----------------------------|
| 8. Amount paid to Auditors: | | |
| Statutory Auditors | | |
| Audit Fee | 1.65 | 0.94 |
| Taxation | 0.55 | 0.33 |
| Certification Charges | 0.66 | 1.24 |
| Reimbursement of expenses | 0.20 | 1.05 |
| | <u>3.05</u> | <u>3.56</u> |

9. Additions to Fixed Assets and Capital work-in-progress include Machinery in stock/transit, construction/erection materials and also includes the following pre-operative expenses pending allocation:

| | 30.09.2011 | ₹ in Lacs 30.09.2010 |
|-------------------------------------|---------------------|--------------------------------|
| Lease Rent | - | 37.55 |
| Power and Fuel | - | 2.20 |
| Travelling | 2.65 | 0.06 |
| Office & Godown Maintenance | 0.03 | 2.58 |
| Freight & Transportation | - | 4.29 |
| Rates & Taxes | - | 0.51 |
| Miscellaneous Expenses | 4.13 | 10.53 |
| Electricity connection charges | - | 0.40 |
| Salaries | 5.74 | - |
| | <u>12.55</u> | <u>58.12</u> |
| Add: Expenditure upto previous year | 0.40 | - |
| | <u>12.95</u> | <u>58.12</u> |
| Less: Transferred to Fixed Assets | <u>12.95</u> | <u>57.72</u> |
| | - | <u>0.40</u> |

10. (a) Debtors over six months and Advances are net of provisions made for Doubtful Debts of ₹ 105.98 lacs and Advances ₹ 21.85 lacs (Previous year ₹ 88.48 lacs and ₹ 21.85 lacs respectively) and are after bad debts of ₹ 11.78 lacs (Previous year Nil).

(b) Some of the balances of debtors, loans & advances and current liabilities are in the process of confirmation/reconciliation.

11. In respect of certain disallowances and additions made by the Income Tax authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally determined.

12. (a) Forward Contract Nil (Previous year ₹ 140.46 lacs-USD 300,000) taken for the purpose of hedging against Import Creditors are outstanding at year end.

(b) Foreign currency exposure not hedged as at Balance Sheet date:

| Particulars | Currency | 30.09.2011 | | 30.09.2010 | |
|--------------------|----------|------------------|---------------|------------------|-----------|
| | | Foreign Currency | ₹ in Lacs | Foreign Currency | ₹ in Lacs |
| Payable | USD | 11,63,706 | 569.35 | 863,706 | 389.90 |
| | Euro | Nil | Nil | 30,000 | 18.51 |
| Advances paid* | Euro | 21,519 | 13.66 | Nil | Nil |
| | USD | 120 | 0.05 | Nil | Nil |
| Advances Received* | USD | 601 | 0.26 | Nil | Nil |
| Receivable | USD | Nil | Nil | 13,725 | 6.20 |

*Since the Forex Liability is crystallized to the extent advances given & received these exposure are not required to be hedged.

13. The details of amounts outstanding under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) to the extent information available with the Company are as under: (i) Principal & Interest amount due and remaining unpaid as at 30th September, 2011: Nil (Previous Year: Nil) (ii) Payment made beyond and appointed day during the year: Nil (Previous Year: Nil) and (iii) Interest accrued and unpaid as at 30.09.2011: Nil (Previous Year: Nil).

14. The disclosures required under Accounting Standard (AS-15) "Employees Benefits" notified in the Companies (Accounting Standards) Rules, 2006 are as given below:

Defined Benefits Plans / Long Term Compensated Absences - As per Actuarial Valuation on 30th September, 2011.

| | ₹ in Lacs | | | |
|--|--|-----------------------------------|--|-----------------------------------|
| | 2010-11 | | 2009-10 | |
| | Gratuity Non Funded | Leave Encashment Non Funded | Gratuity Non Funded | Leave Encashment Non Funded |
| I. Expenses recognised in the Statement of Profit & Loss Account for the Period ended 30 th September, 2011 | | | | |
| 1. Current Service Cost | 17.58 | 23.67 | 15.02 | 20.03 |
| 2. Past Service Cost | - | - | 8.39 | - |
| 3. Interest Cost | 5.85 | 5.54 | 4.92 | 4.56 |
| 4. Expected Returns on plan assets | - | - | - | - |
| 5. Actuarial (Gain)/Losses | 4.25 | (10.65) | (1.21) | (2.30) |
| 6. Total expenses | 27.68 | 18.56 | 27.12 | 22.29 |
| II. Net Asset/(Liability) recognised in the Balance Sheet as at 30 th September, 2011 | | | | |
| 1. Present Value of Defined Benefit Obligation as at 30 th September, 2011 | 88.43 | 76.42 | 73.19 | 69.31 |
| 2. Fair Value of plan assets as at 30 th September, 2011 | - | - | - | - |
| 3. Funded status Surplus/(Deficit) | - | - | - | - |
| 4. Net Asset/(Liability) as at 30 th Sep., 2011 | (88.43) | (76.42) | (73.19) | (69.31) |
| III. Change in obligation during the period ended 30 th September, 2011 | | | | |
| 1. Present Value of Defined Benefit Obligation at the beginning of the year | 73.19 | 69.31 | 61.45 | 57.01 |
| 2. Current Service Cost | 17.58 | 23.67 | 15.02 | 20.03 |
| 3. Past Service Cost | - | - | 8.39 | - |
| 4. Interest Cost | 5.85 | 5.54 | 4.92 | 4.56 |
| 5. Actuarial (Gain)/Losses | 4.25 | (10.65) | (1.21) | (2.30) |
| 6. Benefits Payments | (12.44) | (11.45) | (15.38) | (9.99) |
| 7. Present Value of Defined Benefits Obligation at the end of the year | 88.43 | 76.42 | 73.19 | 69.31 |
| IV Change in Assets during the period ended 30 th September, 2011 | Nil | Nil | Nil | Nil |
| V The major categories of plan assets as % of total plan | Nil | Nil | Nil | Nil |
| VI Actuarial Assumptions | | | | |
| 1. Discount Rate | 8.00% | | 8.00% | |
| 2. Expected rate of return on plan assets | - | | - | |
| 3. Mortality | LIC (1994-96) duly modified | | LIC (1994-96) duly modified | |
| 4. Turnover rate | Age upto 30-3%, upto 44-2%, above 44-1% | | Age upto 30-3%, upto 44-2%, above 44-1% | |
| 5. Salary Escalation | 5.50% | | 5.50% | |

(a) Defined Benefit Plans

Amounts recognised as expense and included in the Schedule 12:

Item "Salaries, Wages, Bonus & Retirement Benefits" includes ₹ 27.68 lacs (Previous year ₹ 27.12 lacs) for gratuity, ₹ 18.56 lacs (Previous year ₹ 22.29 lacs) for leave encashment.

(b) Defined Contribution Plans

Amount recognised as an expense and included in the Schedule 12 "Contribution to Provident and other Funds" of Profit & Loss account ₹ 123.82 lacs (Previous year ₹ 115.13 lacs).

(c) The estimates of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

15. Segment information for the period ended 30th September, 2011.

₹ in Lacs

| PARTICULARS | 2010-11 | | | 2009-10 | | |
|--|----------------------------------|-------------|-----------|----------------------------------|-------------|-----------|
| | Seeds Allied Products & Services | Investments | Total | Seeds Allied Products & Services | Investments | Total |
| Revenue | | | | | | |
| Sales | 12,035.69 | – | 12,035.69 | 11,383.09 | – | 11,383.09 |
| Other Income | 472.16 | 670.19 | 1,142.35 | 283.43 | 796.76 | 1,080.19 |
| Total Revenue | 12,507.85 | 670.19 | 13,178.04 | 11,666.52 | 796.76 | 12,463.28 |
| Less: Intersegment Revenues | | | 88.42 | | | 85.93 |
| Net Sales/Other Income from operations | | | 13,089.62 | | | 12,377.35 |
| Results | | | | | | |
| Segment Results (PBIT) | 665.51 | 666.03 | 1,331.54 | 556.01 | 751.09 | 1,307.10 |
| Less: Interest | | | 233.59 | | | 208.31 |
| Add: Unallocable Income net of Unallocable Expenditure | | | – | | | – |
| Profit / (Loss) before Tax | | | 1,097.95 | | | 1,098.79 |
| Other Information | | | | | | |
| Segment Assets | 13,106.49 | 10,585.79 | 23,692.28 | 11,148.65 | 9919.76 | 21,068.41 |
| Unallocable Assets | | | 1,580.57 | | | 1,406.30 |
| Total Assets | | | 25,272.85 | | | 22,474.71 |
| Segment Liabilities | 13,312.15 | – | 13,312.15 | 11,781.37 | – | 11,781.37 |
| Unallocable Liabilities | | | 1,011.66 | | | 833.05 |
| Total Liabilities | | | 14,323.81 | | | 12,614.42 |
| Capital Expenditure | 370.79 | – | 370.79 | 1,317.54 | – | 1,317.54 |
| Depreciation | 296.58 | – | 296.58 | 264.31 | – | 264.31 |

Note: Business Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17). The Company's income from sales is mainly from customers located in India. The conditions prevailing in India being uniform, no separate geographical Segment disclosure is considered necessary.

16. Related Party disclosure in accordance with Accounting Standard 18

(A) Relationships

- (i) Wholly Owned Subsidiary : Florence Alumina Limited
(ii) Associate : -
(iii) Key Management Personnel (KMP) : Shri P.S. Dravid, Manager*
(iv) Relative of KMP : Smt. Surekha Dravid: Wife of Shri P.S. Dravid \$

(B) Transactions with Related Parties : Nil

*Remuneration-Details given in Note No.7.

\$ Lease rent: ₹ 12.60 lacs (Previous year ₹9.00 lacs)

| 17. Earnings per Share | 2010-11 | 2009-10 |
|---|------------------|-----------|
| (a) Profit/(Loss) after Tax (₹ in lacs) | 1,088.75 | 1,063.88 |
| (b) Weighted average no. of Equity Shares (Nos.) | 35,06,510 | 35,06,510 |
| (c) Nominal Value of Equity Share (₹) | 10 | 10 |
| (d) Basic and Diluted Earnings per Equity Share (₹) | 31.05 | 30.34 |

18. Pursuant to the Accounting Standard on 'Accounting for Taxes on Income' (AS-22), Deferred Tax Liability / Asset (net) are as under:

₹ in lacs

| | 30.09.2011 | | 30.09.2010 | |
|--|-----------------------------|-----------------|------------|----------|
| | 1. Deferred Tax Liabilities | | | |
| (i) Related to Fixed Assets | | 380.52 | | 369.90 |
| (ii) Others | | - | | 7.95 |
| 2. Deferred Tax Assets | | | | |
| (i) Provision for Doubtful Debts | 32.75 | | 29.39 | |
| (ii) Disallowance under Income Tax Act | 73.14 | | 61.77 | |
| (iii) Unabsorbed depreciation and carried forward losses | 617.33 | | 644.79 | |
| (iv) Others | 6.20 | 729.42 | - | 735.95 |
| 3. Deferred Tax Liability / (Asset) (Net) | | (348.90) | | (358.10) |

In view of the management, deferred tax asset (net) as above is realisable.

19. Impairment of Assets:

The Company carries out a periodic review of all its assets with a view to identify any impairment. Impairment of assets, if any, identified on the basis of such review is accounted for in the books as required by the Accounting Standard on Impairment of Assets (AS-28) issued by the Institute of Chartered Accountants of India. There is no impairment of assets which has not been accounted.

20. Leases

Operating Lease

Factory Premises and Vehicles have been obtained on lease. Lease rentals in case of factory premises have escalation clause while there is no escalation clause in case of Vehicles except for change in taxes, if any. There are no significant restrictions imposed by Lease agreements. There are no sub leases.

| | As at 30.09.2011 | ₹ in lacs As at 30.09.2010 |
|---|-----------------------------|---|
| Lease Payments | | |
| During the year | 136.09 | 114.33 |
| Not later than one year | 149.61 | 133.54 |
| Later than one year and not later than five years | 52.11 | 177.11 |

21. Particulars of Production, Purchase, Sales and Stocks:

| Particulars | 2010-11 | | 2009-10 | |
|-------------------------|----------------------------|-------------------------------|--------------------|-----------------------|
| | Qty (100 Qtls.) | Amount (₹ In Lacs) | Qty (100 Qtls.) | Amount (₹ In Lacs) |
| Licensed Capacity | Not Applicable# | | Not Applicable# | |
| Installed Capacity | Not Applicable# | | Not Applicable# | |
| Opening Stock | | | | |
| Seeds (Semi-Finished)* | 199.14 | 783.86 | - | - |
| Seeds (Finished)* | 408.23 | 2,253.14 | 332.99 | 2,325.67 |
| Others \$ | | 331.06 | | 324.20 |
| Total | | 3,368.06 | | <u>2,649.87</u> |
| Production & Purchase** | | | | |
| Seeds* | 736.05 | 4,336.06 | 889.19 | 4,796.50 |
| Others \$ | | 763.42 | | 610.18 |
| Total | | 5,099.48 | | <u>5,406.68</u> |
| Sales | | | | |
| Seeds* | 668.08 | 11,360.48 | 614.81 | 10,577.58 |
| Others \$ | | 602.73 | | 630.94 |
| Services | | 72.48 | | 174.57 |
| Total | | 12,035.69 | | <u>11,383.09</u> |
| Closing Stock | | | | |
| Seeds (Semi-Finished)* | 210.46 | 682.50 | 199.14 | 783.86 |
| Seeds (Finished)* | 464.88 | 2,399.76 | 408.23 | 2,253.14 |
| Others \$ | | 615.68 | | 331.06 |
| Total | | 3,697.94 | | <u>3,368.06</u> |

Since agricultural produce.

*excluding Foundation and Breeder Seeds.

** Net of Process loss/shortage of 122.67 and Remnant of 76.35 (Previous year 200.04 and 56.83 respectively) (Quantity in 100 Qtls.) and includes processing of finished goods by outside parties. Purchase-Others excludes ₹ 4.65 lacs (Previous year ₹ 6.72 lacs) included under Farming Expenses.

\$ No individual items accounts for 10% or more of the total value of stocks and sales in case of "Others".

22. Production and Purchase of Seeds & Others Consumed:

| | 2010-11 | | 2009-10 | |
|------------|-------------------------------|-----------------------------------|-----------------------|---------------------------|
| | Amount (₹ in lacs) | % of total Consumption | Amount (₹ in lacs) | % of total Consumption |
| Indigenous | 4,960.66 | 97.19 | 5,357.43 | 98.97 |
| Imported | 143.47 | 2.81 | 55.97 | 1.03 |
| | 5,104.13 | 100.00 | <u>5,413.40</u> | <u>100.00</u> |

The above includes ₹ 4.65 lacs (previous year ₹ 6.72 lacs) included under Farming Expenses.

23. Stores, Process & Packing Materials consumed:

| | 2010-11 | | 2009-10 | |
|------------|-----------------------|---------------------------|-----------------------|---------------------------|
| | Amount (₹ in lacs) | % of total Consumption | Amount (₹ in lacs) | % of total Consumption |
| Indigenous | 630.90 | 96.96 | 675.76 | 98.29 |
| Imported | 19.76 | 3.04 | 11.74 | 1.71 |
| | 650.66 | 100.00 | 687.50 | 100.00 |

The above includes ₹ 92.02 lacs (Previous year ₹ 83.11 lacs) included under Farming Expenses.

| | ₹ in lacs | |
|--|-----------|---------|
| | 2010-11 | 2009-10 |
| 24. CIF Value of Imports | | |
| Seeds | 126.63 | 47.19 |
| Capital Goods (R & D) | 7.16 | - |
| Capital Goods | - | 551.23 |
| Consumables & Spare Parts (R & D) | 14.87 | 10.10 |
| 25. Expenditure in Foreign Currency (as remitted): | | |
| Technical Services (R & D) | 20.70 | 2.36 |
| Travelling & Others | 9.17 | 21.03 |
| 26. Earnings in Foreign Exchange | | |
| F.O.B value of exports | 107.59 | 129.11 |
| Others | - | 94.09 |

27. The Company has long-term investments aggregating ₹9996.54 lacs in quoted/unquoted equity shares in certain companies. The market price of quoted investments in certain cases has fallen below the book value. However, considering the long-term nature of the investments and intrinsic value of investee company's assets, no provision is considered necessary by the management, at present, for diminution in the value of Quoted/Unquoted investments. The aggregate market value of all the quoted investments however is well above the aggregate book value of the quoted investments as per details given in Schedule 6 hereto.

28. Figures for the previous year have been regrouped/rearranged and/or restated wherever necessary, to conform to current year's presentation.

29. Schedules 1 to 15 forming part of the accounts for the year ended 30th September, 2011.

for LODHA & CO.,

Chartered Accountants

Firm Regn. No. 301051E

N.K. LODHA
Partner

Membership No. 85155

New Delhi, the 24th November, 2011

P.S. DRAVID
Manager

PARIMESH MANOCHA
Company Secretary

BHARAT HARI SINGHANIA

J.R.C. BHANDARI

SANJAY KUMAR KHAITAN

RAGHUPATI SINGHANIA

VIKRAMPATI SINGHANIA

SWAROOP CHAND SETHI

Chairman

Directors

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI PART IV OF THE COMPANIES ACT, 1956

I. REGISTRATION DETAILS

| | |
|--------------------|------------|
| Registration no. | 92885 |
| State Code | 21 |
| Balance Sheet Date | 30.09.2011 |

II. CAPITAL RAISED DURING THE YEAR (Amount in ₹ Thousands)

| | |
|-------------------|-----|
| Right Issue | Nil |
| Private Placement | Nil |
| Bonus Issue | Nil |

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in ₹ Thousands)

| | |
|-------------------|-----------|
| Total Liabilities | 2,050,080 |
| Total Assets | 2,050,080 |

SOURCES OF FUNDS

| | |
|--------------------------|---------|
| Paid-up Capital | 460,065 |
| Reserves & Surplus | 634,839 |
| Deferred Tax Liabilities | – |
| Secured Loans | 829,075 |
| Unsecured Loans | 126,101 |

APPLICATION OF FUNDS

| | |
|---------------------|---------|
| Net Fixed Assets | 403,523 |
| Investments | 999,654 |
| Deferred Tax Assets | 34,890 |
| Net Current Assets | 612,013 |
| Misc. Expenditure | Nil |
| Accumulated Losses | Nil |

IV. PERFORMANCE OF THE COMPANY (Amount in ₹ Thousands)

| | |
|---------------------------------|-----------|
| Turnover Including other Income | 1,308,962 |
| Total Expenditure | 1,199,167 |
| Profit/(Loss) Before Tax | 109,795 |
| Profit/(Loss) After Tax | 108,875 |
| Earning Per Share (₹) | 31.05 |
| Dividend Rate (%) | Nil |

V. GENERIC NAME OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY

(As per Monetary Terms)

| | |
|---------------------|------------------|
| Item Code No. | (Not applicable) |
| Product Description | Hybrid Seeds |

BHARAT HARI SINGHANIA *Chairman*

J.R.C. BHANDARI *Directors*

SANJAY KUMAR KHAITAN

RAGHUPATI SINGHANIA

VIKRAMPATI SINGHANIA

SWAROOP CHAND SETHI

New Delhi, the 24th November, 2011

P.S. DRAVID

Manager

PARIMESH MANOCHA

Company Secretary

Cash Flow Statement

For the period ended 30th September, 2011

| | 2010-11 | ₹ in Lacs 2009-10 |
|--|-------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax and extraordinary items | 1,097.95 | 1,098.79 |
| Adjustment for : | | |
| Depreciation / Amortisation | 296.58 | 264.31 |
| Interest Expenses | 233.59 | 208.31 |
| (Profit)/Loss on sale of Assets | 1.65 | 3.20 |
| (Profit)/Loss on sale of Investments | - | (1.93) |
| Foreign Exchange Fluctuation | 44.02 | (24.04) |
| Diminution in Value of Investments | - | 41.51 |
| Interest/Dividend Received | (589.23) | (718.42) |
| Provision for Doubtful Debts/Advances | 29.28 | 63.43 |
| Bad Debts Written off | 2.90 | 0.29 |
| Liabilities no longer required written back | (398.28) | (53.02) |
| Operating Profit before working capital changes | 718.46 | 882.43 |
| (Increase)/ Decrease in Trade and Other Receivables | (167.74) | (2,092.98) |
| (Increase)/ Decrease in Inventories | (375.23) | (711.93) |
| Increase/ (Decrease) in Trade Payables | (70.22) | 1,228.83 |
| Cash generated from Operations | 105.27 | (693.65) |
| Direct taxes paid | (4.86) | (10.42) |
| Net Cash from Operating Activities | 100.41 | (704.07) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets | (368.30) | (774.93) |
| Sale of Fixed Assets | 166.81 | 29.08 |
| Purchase of Investments | (4,825.31) | (0.50) |
| Sale of Investments | 2,722.60 | 392.75 |
| Interest Received | 0.92 | 3.75 |
| Dividend Received | 598.70 | 702.06 |
| Net Cash from/(used in) Investing activities | (1,704.58) | 352.21 |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from Long Term borrowings | 433.41 | 557.18 |
| Repayment of Long Term borrowings | (200.02) | - |
| Proceeds from short term borrowings (Net) | 1,696.00 | 103.02 |
| Interest Paid | (207.72) | (191.62) |
| Net cash from/(used in) financing activities | 1,721.67 | 468.58 |
| Net Increase/(Decrease) in Cash and Cash equivalents | 117.50 | 116.72 |
| Cash and Cash equivalents as at the beginning of the year | 118.79 | 2.07 |
| Cash and Cash equivalents as at the end of the year | 236.29 | 118.79 |

Notes:

- 1 Cash and Cash Equivalents Include:
- Cash, Cheques in hand and Remittances in transit
 - Balances with Scheduled Banks

| | | |
|---------------------------|--------|--------|
| | 34.04 | 8.37 |
| | 202.25 | 110.42 |
| Cash and Cash Equivalents | 236.29 | 118.79 |

As per our report of even date
for LODHA & CO.,
Chartered Accountants

Firm Regn. No. 301051E

N.K. LODHA
Partner

Membership No. 85155
New Delhi, the 24th November, 2011

P.S. DRAVID
Manager

PARIMESH MANOCHA
Company Secretary

BHARAT HARI SINGHANIA
J.R.C. BHANDARI
SANJAY KUMAR KHAITAN
RAGHUPATI SINGHANIA
VIKRAMPATI SINGHANIA
SWAROOP CHAND SETHI

Chairman
Directors

Statement pursuant to Section 212 of the Companies Act, 1956

| | | |
|---|---|--------------------------|
| 1 | Name of the wholly owned Subsidiary Company | Florence Alumina Limited |
| 2 | Financial year of the Subsidiary Company ended on | 31st March, 2011 |
| 3 | Shares of the Subsidiary Company held on the above date and extent of holding | |
| | (a) Equity Shares | 15,00,000 |
| | (b) Extent of Holding | 100% |
| 4 | The net aggregate amount of the Subsidiary Profit/(Loss) so far as it is concerned with the members of JK Agri Genetics Limited | |
| | (i) Not dealt within the Company's accounts | |
| | (a) For the Financial year of the Subsidiary (in lacs) | Profit of ₹ 8.14 lacs |
| | (b) For the previous Financial years of the Subsidiary since it became Holding Company's Subsidiary (in lacs) | Profit of ₹ 28.86 lacs |
| | (ii) Dealt within the Holding Company's accounts | |
| | (a) For the Financial year of the Subsidiary (in lacs) | NIL |
| | (b) For the previous Financial years of the Subsidiary since it became Holding Company's Subsidiary (in lacs) | NIL |
| 5 | Changes in the interest of Holding Company between the end of the Financial year of the Subsidiary and the end of the Holding Company's Financial year - increase % | - |

BHARAT HARI SINGHANIA *Chairman*

J.R.C. BHANDARI *Directors*

SANJAY KUMAR KHAITAN

RAGHUPATI SINGHANIA

VIKRAMPATI SINGHANIA

SWAROOP CHAND SETHI

New Delhi, the 24th November, 2011

P.S. DRAVID

Manager

PARIMESH MANOCHA

Company Secretary

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of JK AGRI GENETICS LIMITED (the Company) on Consolidated Financial Statements of JK AGRI GENETICS LIMITED & its Subsidiary.

We have examined the attached Consolidated Balance Sheet of JK AGRI GENETICS LIMITED and its subsidiary as at 30th September 2011, the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of subsidiary namely Florence Alumina Limited have been audited by us, whose financial statements as at 31st March 2011 reflect total assets of ₹187.00 lacs and total revenue of ₹12.15 lacs for the year then ended.

We report that the Consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of JK Agri Genetics Limited & its Subsidiary included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on consideration of the separate audit report on individual audited financial statements of the Company and its subsidiary included in the Consolidated Financial Statements, we are of the

opinion that the said Consolidated Financial Statements read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of JK Agri Genetics Limited and its subsidiary as at 30th September, 2011;
- (ii) In the case of Consolidated Profit & Loss Account, of the consolidated results of operations (profit) of JK Agri Genetics Limited and its subsidiary for the year ended on that date; and
- (iii) In the case of Consolidated Cash Flow Statement, of the consolidated cash flows of JK Agri Genetics Limited and its subsidiary for the year ended on that date.

For LODHA & CO.
Chartered Accountants
Firm Regn. No. 301051E

N. K. LODHA
Partner

Place: New Delhi

Dated: 24th November 2011

Membership No.85155

CONSOLIDATED BALANCE SHEET (As at 30th SEPTEMBER, 2011)

| | ₹ in Lacs | |
|---|------------------|------------------|
| | 30.09.2011 | 30.09.2010 |
| SOURCES OF FUNDS | | |
| SHAREHOLDERS' FUNDS | | |
| SHARE CAPITAL | 4,600.65 | 4,600.65 |
| RESERVES AND SURPLUS | 6,385.75 | 5,288.86 |
| | <u>10,986.40</u> | <u>9,889.51</u> |
| SECURED LOANS | 8,290.75 | 7,072.47 |
| UNSECURED LOANS | 1,261.01 | 549.90 |
| | <u>9,551.76</u> | <u>7,622.37</u> |
| | <u>20,538.16</u> | <u>17,511.88</u> |
| APPLICATION OF FUNDS | | |
| FIXED ASSETS | | |
| GROSS BLOCK | 5,869.73 | 5,670.43 |
| LESS: DEPRECIATION / AMORTISATION | 1,834.50 | 1,570.51 |
| NET BLOCK | <u>4,035.23</u> | <u>4,099.92</u> |
| CAPITAL WORK IN PROGRESS | - | 29.55 |
| | <u>4,035.23</u> | <u>4,129.47</u> |
| GOODWILL ON CONSOLIDATION | 0.35 | 0.35 |
| INVESTMENTS | 9,846.54 | 7,743.83 |
| DEFERRED TAX ASSET (NET) | 348.90 | 358.10 |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| INVENTORIES | 3,981.83 | 3,606.60 |
| SUNDRY DEBTORS | 3,696.45 | 4,342.67 |
| CASH AND BANK BALANCES | 422.23 | 297.51 |
| LOANS AND ADVANCES | 2,986.36 | 2,038.21 |
| | <u>11,086.87</u> | <u>10,284.99</u> |
| LESS: CURRENT LIABILITIES AND PROVISIONS | | |
| CURRENT LIABILITIES | 3,574.10 | 3,997.49 |
| PROVISIONS | 1,205.63 | 1,007.37 |
| | <u>4,779.73</u> | <u>5,004.86</u> |
| NET CURRENT ASSETS | <u>6,307.14</u> | <u>5,280.13</u> |
| | <u>20,538.16</u> | <u>17,511.88</u> |

As per our report of even date
for LODHA & CO.,
Chartered Accountants
Firm Regn. No. 301051E

N.K. LODHA
Partner

Membership No. 85155
New Delhi, the 24th November, 2011

P.S. DRAVID
Manager

PARIMESH MANOCHA
Company Secretary

BHARAT HARI SINGHANIA

J.R.C. BHANDARI
SANJAY KUMAR KHAITAN
RAGHUPATI SINGHANIA
VIKRAMPATI SINGHANIA
SWAROOP CHAND SETHI

Chairman

Directors

CONSOLIDATED PROFIT AND LOSS ACCOUNT (FOR THE PERIOD ENDED 30TH SEPTEMBER, 2011)

| | ₹ in Lacs | |
|---|------------------|------------------|
| | 2010-11 | 2009-10 |
| INCOME | | |
| SALES AND OTHER INCOME | 13,101.76 | 12,390.08 |
| INCREASE/(DECREASE) IN STOCKS | 329.88 | 718.19 |
| | 13,431.64 | 13,108.27 |
| EXPENDITURE | | |
| MATERIALS AND MANUFACTURING | 6,035.15 | 6,476.93 |
| EMPLOYEES COST | 2,120.26 | 1,857.67 |
| OTHER EXPENSES | 3,636.32 | 3,189.83 |
| | 11,791.73 | 11,524.43 |
| OPERATING PROFIT/(LOSS) (BEFORE INTEREST & DEPRECIATION) | 1,639.91 | 1,583.84 |
| INTEREST | 233.59 | 208.31 |
| | 1,406.32 | 1,375.53 |
| PROFIT/(LOSS) BEFORE DEPRECIATION | | |
| DEPRECIATION / AMORTISATION | 296.58 | 264.31 |
| | 1,109.74 | 1,111.22 |
| PROFIT BEFORE EXCEPTIONAL ITEM & TAX | | |
| EXCEPTIONAL ITEM | - | - |
| | 1,109.74 | 1,111.22 |
| PROFIT/(LOSS) BEFORE TAX | | |
| PROVISION FOR TAXATION | | |
| - CURRENT TAX | 220.95 | 214.49 |
| - MAT CREDIT ENTITLEMENT | (217.30) | (210.62) |
| - DEFERRED TAX | 9.20 | 41.60 |
| | 1,096.89 | 1,065.75 |
| PROFIT/(LOSS) AFTER TAX | | |
| ADJUSTMENT FOR EARLIER YEAR TAX (NET) | - | (6.69) |
| | 1,096.89 | 1,072.44 |
| PROFIT/(LOSS) AFTER TAX | | |
| Balance Brought forward | 2,617.03 | 1,595.98 |
| | 3,713.92 | 2,668.42 |
| APPROPRIATIONS | | |
| DEBENTURE REDEMPTION RESERVE | - | 51.39 |
| BALANCE CARRIED TO BALANCE SHEET | 3,713.92 | 2,617.03 |
| | 3,713.92 | 2,668.42 |
| BASIC AND DILUTED EARNINGS PER SHARE (₹) | 31.28 | 30.58 |

As per our report of even date

for LODHA & CO.,
Chartered Accountants
Firm Regn. No. 301051E

N.K. LODHA
Partner

Membership No. 85155
New Delhi, the 24th November, 2011

P.S. DRAVID
Manager

PARIMESH MANOCHA
Company Secretary

BHARAT HARI SINGHANIA
J.R.C. BHANDARI
SANJAY KUMAR KHAITAN
RAGHUPATI SINGHANIA
VIKRAMPATI SINGHANIA
SWAROOP CHAND SETHI

Chairman
Directors

NOTES ON ACCOUNTS

1. The accounts have been prepared to comply with the requirements of Accounting Standard on 'Consolidated Financial Statements' (AS-21), issued by the Institute of Chartered Accountants of India, to include all material items.
2. Consolidated Financial Statements (CFS) as on 30.09.2011 comprise the financial statements of JK Agri Genetics Limited (Parent Company) and its 100% Subsidiary Florence Alumina Limited (Incorporated in India). The accounts of Florence Alumina Limited are for the 12 months period (i.e. from 1st April, 2010 to 31st March, 2011). There are no significant transactions or other material events that have occurred between the Balance Sheet date of Parent Company and its Subsidiary.
3. The Consolidated Financial Statements have been prepared based on a line-by-line consolidation using uniform accounting policies for like transactions and other events in similar circumstances. The effects of intra group transactions are eliminated in consolidation.
4. In view of insignificant/negligible transactions of the subsidiary company, the accounts of which are annexed elsewhere, notes and schedules are not prepared.
5. The difference between the Cost of Investment in the Subsidiary and the share of Net Assets at the time of acquisition of shares in the Subsidiary is identified in the financial statements as Goodwill.

| | | |
|---|------------------|-----------|
| 6. Earnings per Share | 2010-11 | 2009-10 |
| (a) Profit after Tax (₹ in lacs) | 1,096.89 | 1,072.44 |
| (b) Weighted average no. of Equity Shares (Nos.) | 35,06,510 | 35,06,510 |
| (c) Nominal Value of Equity Share (₹) | 10 | 10 |
| (d) Basic and Diluted Earnings per Equity Share (₹) | 31.28 | 30.58 |

for LODHA & CO.,
Chartered Accountants

Firm Regn. No. 301051E

N.K. LODHA
Partner

Membership No. 85155
New Delhi, the 24th November, 2011

P.S. DRAVID
Manager

PARIMESH MANOCHA
Company Secretary

BHARAT HARI SINGHANIA
J.R.C. BHANDARI
SANJAY KUMAR KHAITAN
RAGHUPATI SINGHANIA
VIKRAMPATI SINGHANIA
SWAROOP CHAND SETHI

Chairman
Directors

Consolidated Cash Flow Statement

For the period ended 30th September, 2011

| | 2010-11 | ₹ in Lacs 2009-10 |
|--|-------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax and extraordinary items | 1,109.74 | 1,111.22 |
| Adjustment for : | | |
| Depreciation / Amortisation | 296.58 | 264.31 |
| Interest Expenses | 233.59 | 208.31 |
| (Profit)/Loss on sale of Assets | 1.65 | 3.20 |
| Diminution in value of Investments | - | 41.51 |
| (Profit)/Loss on sale of Investments | - | (1.93) |
| Foreign Exchange Fluctuation | 44.02 | (24.04) |
| Interest/Dividend Received | (601.25) | (731.15) |
| Interest on Income Tax | 0.02 | 0.11 |
| Provision for Doubtful Debts/Advances | 29.28 | 63.43 |
| Bad Debts Written off | 2.90 | 0.29 |
| Liabilities no longer required written back | (398.28) | (53.02) |
| Operating Profit before working capital changes | 718.25 | 882.24 |
| (Increase)/ Decrease in Trade and Other Receivables | (167.74) | (2,092.98) |
| (Increase)/ Decrease in Inventories | (375.23) | (711.93) |
| Increase/ (Decrease) in Trade Payables | (70.55) | 1,228.65 |
| Cash generated from Operations | 104.73 | (694.02) |
| Direct taxes paid (Including FBT) | (8.56) | (16.18) |
| Net Cash generated from Operations | 96.17 | (710.20) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets | (368.30) | (774.93) |
| Sale of Fixed Assets | 166.81 | 29.08 |
| Purchase of Investments | (4,825.31) | (0.50) |
| Sale of Investments | 2,722.60 | 392.75 |
| Interest Received | 12.38 | 16.55 |
| Dividend Received | 598.70 | 702.06 |
| Net Cash used in Investing activities | (1,693.12) | 365.01 |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from borrowings | 433.41 | 557.18 |
| Repayment of borrowings | (200.02) | - |
| Proceeds from short term borrowings | 1,696.00 | 103.02 |
| Interest Paid | (207.72) | (191.62) |
| Net cash used in financing activities | 1,721.67 | 468.58 |
| Net increase in Cash and Cash equivalents | 124.72 | 123.39 |
| Cash and Cash equivalents as at the beginning of the year | 297.51 | 174.12 |
| Cash and Cash equivalents as at the end of the year | 422.23 | 297.51 |

Notes:

1 Cash and Cash Equivalents Include:

- Cash, Cheques in hand and Remittances in transit
- Balances with Scheduled Banks

| | |
|--------|--------|
| 34.04 | 8.37 |
| 388.19 | 289.14 |
| 422.23 | 297.51 |

As per our report of even date

for LODHA & CO.,
Chartered Accountants

Firm Regn. No. 301051E

N.K. LODHA
Partner

Membership No. 85155
New Delhi, the 24th November, 2011

P.S. DRAVID
Manager

PARIMESH MANOCHA
Company Secretary

BHARAT HARI SINGHANIA
J.R.C. BHANDARI
SANJAY KUMAR KHAITAN
RAGHUPATI SINGHANIA
VIKRAMPATI SINGHANIA
SWAROOP CHAND SETHI

Chairman
Directors

FLORENCE ALUMINA LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the financial year ended on 31st March 2011.

FINANCIAL HIGHLIGHTS

Profit for the Year is ₹ 11,79,755/-. Taking into account the profit of ₹ 28,85,807/- brought forward from previous year and the tax, the surplus of ₹ 37,00,421/- has been carried to the Balance Sheet.

SCHEME OF ARRANGEMENT AND DEMERGER

As reported earlier, a Scheme of Arrangement and Demerger (Scheme) between JK Agri Genetics Limited and Florence Alumina Limited has been filed in the Hon'ble High Court at Calcutta for sanction thereof pursuant to Sections 391-394 of the Companies Act, 1956. The Scheme envisages transfer of Seed undertaking of JK Agri Genetics Limited to this Company with effect from the Appointed Date i.e., 1st April 2005. The Scheme was approved by the requisite majority of the equity shareholders of the said two Companies at their respective meetings held on 13th September 2006 at Kolkata under the directions of the said Court. The said Hon'ble Court pronounced its judgement on 20th May 2010 and did not sanction the Scheme. However, in view of the fact that the Scheme was approved by the Stock Exchanges, by the shareholders and the bondholders, an Appeal was filed in the Division Bench of said Hon'ble High Court on 9th June 2010. The appeal was admitted and has been heard and is pending for final disposal. The impact of the Scheme accordingly will be given in the accounts only after the Scheme is sanctioned and becomes effective pursuant to Sections 391-394 of the Companies Act, 1956.

DIRECTORS

Shri A.K Kinra retire by rotation and being eligible, offer himself for re-appointment at the Annual General Meeting.

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 have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on a going concern basis.

AUDITORS

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

COMPLIANCE OF SECTION 383A OF THE COMPANIES ACT

As required under proviso to Section 383A(1) of the Companies Act, 1956, Compliance Certificate from a Practising Company Secretary is annexed to this report.

PARTICULARS OF EMPLOYEES

The Company had no employee in the category specified under Section 217 (2A) of the Companies Act, 1956.

INFORMATION PURSUANT TO SECTION 217(1)(e)

The requirement of furnishing particulars of energy conservation, technology absorption, etc. is not applicable to the Company. There has been no foreign exchange income or outgo during the year.

ACKNOWLEDGMENT :-

Your Directors wish to acknowledge their appreciation for the support and cooperation received from the Central and State Government agencies, Banks and Shareholders.

By Order of the Board
P.K. Rustagi
V.K. Sharma
Directors

New Delhi

Date: 20th July 2011

SECRETARIAL COMPLIANCE CERTIFICATE

| | | |
|---------------------------|---|-----------------------|
| Corporate Identity Number | : | U64202WB2000PLC091286 |
| Company Registration No. | : | 21-91286 |
| Authorised Capital | : | ₹ 150,00,000 |
| Paid up Capital | : | ₹ 150,00,000 |

To,

The Members,

Florence Alumina Limited

Kolkata

Year ended on 31st March, 2011

I have examined the registers, records, books and papers of **Florence Alumina Limited (the Company)** as required to be maintained under the Companies Act 1956, (the Act) and the rules made thereunder and also the provisions contained in the

Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2011.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:-

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made thereunder.
3. The Company is a Public Company and has much more than the minimum prescribed paid up capital and requisite number of members.
4. The Board of Directors duly met four times on 4th June, 2010, 3rd July, 2010, 30th October, 2010 and 11th March, 2011, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed, including the circular resolutions passed, if any, in the Minutes Book maintained for the purpose.
5. The Company was not required to close/has not closed its Register of Members, during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 27th September 2010 after giving proper notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the relevant financial year.
8. The Company has not advanced any loan during the year to its directors and / or persons or firms or companies referred in section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, no approval was required to be obtained by the company.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company has:
 - (i) delivered all share certificates after transfer of shares in compliance with the provisions of the Act. There was no allotment/transmission during the financial year.
 - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) not posted warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) not transferred any amount on account of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as the same were not applicable.
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. There was no requirement of appointment of Managing Director / Whole-time Directors / Manager as the provisions of section 269 read with Schedule XIII to the Act are not applicable.
16. The Company has not appointed any sole-selling agent during the financial year.
17. The Company was not required to take any approval of the Central Government/ Company Law Board/ Regional Director / Registrar of Companies and / or such other authorities prescribed under various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares, debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of section 58A or 58AA of the Act during the financial year and hence no compliance was required in this behalf.
24. The Company did not borrow any amount during the relevant financial year. Accordingly, no resolution was required to be passed u/s 293(1)(d) of the Act.
25. The Company has not made any loans and investments or given guarantee or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the

- year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
 28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
 30. The Company has not altered its Articles of Association during the relevant financial year.
 31. No Show cause notice has been received in the name of the Company during the relevant financial year.
 32. The Company has not received any money as security from its employees during the relevant financial year.
 33. No employee's or employer's contribution to provident fund was required to be deposited with prescribed authorities pursuant to section 418 of the Act, during the relevant financial year as the same was not applicable.

For MA & Associates,
Company Secretary

(Manisha Agarwal)

Company Secretary
FCS 5222 CP No. 3507

New Delhi

Dated: 20th July, 2011

Annexure - A

Registers as maintained by the Company

1. Minutes Books u/s 193
2. Members Register u/s 150
3. Register of Directors u/s 303
4. Register of Contracts in which Directors are interested u/s 301
5. Register of Directors' shareholding u/s 307.
6. Register of transfer of shares
7. Books of Account u/s 209

Annexure - B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2011: -

| Sl. No. | Form No./ Returns | Particulars | Date of Filing |
|---------|--------------------|---|----------------|
| 1. | Form 66 | Compliance Certificate under section 383A of the Act | 28.09.2010 |
| 2. | Forms 23AC & 23ACA | Annual Accounts alongwith Auditors'/ Directors' Report etc. for the year ended on 31.03.2010 filed under Section 220 of the Act | 01.10.2010 |
| 3. | Form 20B | Annual Return filed under Section 159 of the Act for AGM held on 27.09.2010 | 22.12.2010 |

Form at Sl. No. 3 was filed with additional fee on account of delay.

AUDITORS' REPORT

To the Members of FLORENCE ALUMINA LIMITED

We have audited the attached Balance Sheet of FLORENCE ALUMINA LIMITED as at 31st March 2011, the Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order 2003 (as amended) (The order) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 (The Act), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account of the company;
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) As per the information and explanations given to us, none of the directors of the company is disqualified as on 31st March 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31.03.2011;
- (ii) in the case of Profit & Loss Account, of the Profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **LODHA & CO.**
Chartered Accountants
Firm Registration No.-301051E

N. K. LODHA
Partner

Place : New Delhi
Dated : 20th July 2011

Membership No. - 85155

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (1) of our Report of even date of FLORENCE ALUMINA LIMITED for the year ended 31st March, 2011.

- (i) As per explanations and information given to us, Company has no Fixed Assets, hence provisions of clauses 4(i)(a) to (c) of the Order are not applicable to the Company.
- (ii) As per explanations and information given to us, Company does not have any inventory, hence provisions of clauses 4(ii)(a) to (c) of the Order are not applicable to the Company.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to and from companies, firms or other parties as covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of the clauses 4 (iii)(b) to (d) and (f) & (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit in accordance with the auditing standards generally accepted in India, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) According to the information and explanations given to us and based upon audit procedures performed, we are of the opinion that there are no transactions that need to be entered into a register required to be maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (v) (b) of the Order are not applicable.
- (vi) The Company has not accepted any deposits from the public in terms of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder and the directives issued by Reserve Bank of India. We have been informed that no order has been passed by Company Law Board on National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- (vii) Internal audit systems in the Company are commensurate with its size and nature of its business.
- (viii) According to information and explanations given to us, The Central Government has not prescribed for maintenance of cost records under section 209(1)(d) of The Companies Act, 1956.
- (ix) (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Income Tax, Wealth Tax, Cess, Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Sales-tax, Service Tax, Custom Duty & Excise Duty and other material statutory dues with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March 2011.

(b) According to the records and information and explanations given to us, there are no dues in respect of Income Tax, Wealth Tax, Cess, Sales Tax, Customs Duty, Excise Duty and Service Tax that have not been deposited with the appropriate authority on account of any dispute.
- (x) The company does not have any accumulated losses as at the end of the current financial year. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xi) The company does not have any dues from financial institution or bank or debenture holders hence clause 4 (xi) is not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society therefore, the provisions of clause 4(xiii) of the said Order are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debenture and other instruments hence this clause is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) On the basis of information and explanations given to us, the Company has not taken any term loan during the year.
- (xvii) On the basis of information and explanation given to us and on an overall examination of the financial statements of the company, no fund raised on short term basis have been used for long-term investment.
- (xviii) The Company has not made preferential allotment of shares to any parties or companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) No debentures have been issued/ outstanding during the year. Hence the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based on the audit procedure performed and on the basis of information and explanations provided by the Management, no fraud on or by the Company has been noticed or reported during the year nor have we been informed of any such case by the management.

For **LODHA & CO.**
Chartered Accountants
Firm Registration No.-301051E

N. K. LODHA
Partner
Membership No. - 85155

Place : New Delhi
Dated : 20th July 2011

FLORENCE ALUMINA LIMITED

Balance Sheet as at 31st March, 2011

| | Schedule | 31.03.2011 | 31.03.2010 |
|---|----------|-------------------|-------------------|
| ₹ | | | |
| SOURCES OF FUNDS | | | |
| SHARE HOLDERS' FUNDS | | | |
| Share Capital | A | 15,000,000 | 15,000,000 |
| Reserves & Surplus | | | |
| Surplus in Profit & Loss A/C | | 3,700,421 | 2,885,807 |
| | | <u>18,700,421</u> | <u>17,885,807</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Investments | | - | - |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| (a) Sundry Debtors | | - | - |
| (b) Cash & Bank Balance | B | 18,594,051 | 17,872,372 |
| (c) Loans & Advances | C | 874,231 | 1,294,784 |
| | | <u>19,468,282</u> | <u>19,167,156</u> |
| LESS: CURRENT LIABILITIES & PROVISIONS | D | <u>767,861</u> | <u>1,281,349</u> |
| NET CURRENT ASSETS | | <u>18,700,421</u> | <u>17,885,807</u> |
| PROFIT AND LOSS ACCOUNT | | - | - |
| | | <u>18,700,421</u> | <u>17,885,807</u> |

Significant Accounting Policies and Notes on Accounts

Schedules A to D and G attached to the Balance Sheet are an integral part thereof.
As per our report of even date

For **LODHA & CO.**

Chartered Accountants
Firm Regn. No. 301051E

N. K. Lodha
Partner

Membership No. 85155
New Delhi
20th July, 2011

V.K. Sharma
PK. Rustagi
Directors

Profit and Loss Account For the Year ended 31st March, 2011

| | Schedule | 31.03.2011 | 31.03.2010 |
|---|----------|------------------|------------------|
| ₹ | | | |
| INCOME | | | |
| Other Income | E | 1,214,997 | 1,273,235 |
| | | <u>1,214,997</u> | <u>1,273,235</u> |
| EXPENDITURE | | | |
| Other Expenses | F | 35,242 | 29,773 |
| | | <u>35,242</u> | <u>29,773</u> |
| Profit before Tax | | <u>1,179,755</u> | <u>1,243,462</u> |
| Provision for Tax | | | |
| Current Tax | | 365,141 | 387,552 |
| Deferred Tax | | - | - |
| Fringe Benefits Tax | | - | - |
| Profit after Tax | | <u>814,614</u> | <u>855,910</u> |
| Profit/(Loss) Brought Forward from Previous Year | | <u>2,885,807</u> | <u>2,029,897</u> |
| Balance Carried to Balance Sheet | | <u>3,700,421</u> | <u>2,885,807</u> |
| Basic / Diluted Earning per Share (₹) | | <u>0.54</u> | <u>0.57</u> |

Significant Accounting Policies and Notes on Accounts

Schedules E to G attached to the Profit & Loss Account are an integral part thereof.
As per our report of even date

For **LODHA & CO.**

Chartered Accountants
Firm Regn. No. 301051E

N. K. Lodha
Partner

Membership No. 85155
New Delhi, 20th July, 2011

V.K. Sharma
PK. Rustagi
Directors

| | 31.03.2011 | 31.03.2010 |
|--|-------------------|-------------------|
| ₹ | | |
| Schedule - A | | |
| SHARE CAPITAL | | |
| Authorised : | | |
| Equity Shares - 15,00,000 shares of ₹ 10/- each (Previous Year 15,00,000 shares of ₹ 10/- each) | 15,000,000 | 15,000,000 |
| | <u>15,000,000</u> | <u>15,000,000</u> |
| Issued, Subscribed & Paid up: | | |
| Equity Shares - 15,00,000 shares of ₹ 10/- each (Previous Year 15,00,000 shares of ₹ 10/- each) | 15,000,000 | 15,000,000 |
| | <u>15,000,000</u> | <u>15,000,000</u> |

Note:

100 % Equity Shares are held by JK Agri Genetics Limited, the Holding Company.

Schedule - B

CASH AND BANK BALANCE

| | | |
|--|-------------------|-------------------|
| Cash in hand (as Certified by Management) | - | - |
| Balances with Scheduled Bank-Current Account | 68,974 | 645,822 |
| Fixed Deposit with Bank | 18,525,077 | 17,226,550 |
| | <u>18,594,051</u> | <u>17,872,372</u> |

Schedule - C

LOANS AND ADVANCES

(Unsecured, considered good)

| | | |
|--|----------------|------------------|
| Loans | - | - |
| Advances recoverable in cash or in kind or for value to be received | 815 | 815 |
| Interest Receivable | 78,214 | 21,745 |
| Advance Tax including TDS | 795,202 | 1,272,224 |
| | <u>874,231</u> | <u>1,294,784</u> |

Schedule - D

CURRENT LIABILITIES & PROVISIONS

A) CURRENT LIABILITIES

| | | |
|---------------------------|--------|--------|
| Micro & Small Enterprises | - | - |
| Other Liabilities | 15,168 | 48,222 |

B) PROVISION FOR TAX

| | | |
|--------------------|----------------|------------------|
| | 752,693 | 1,233,127 |
| Total (A+B) | <u>767,861</u> | <u>1,281,349</u> |

₹

| | | |
|--|----------------|----------------|
| | 2010-11 | 2009-10 |
|--|----------------|----------------|

Schedule - E

Other Income

| | | |
|---|------------------|------------------|
| Interest from Bank on Fixed Deposit (Includes tax at source ₹ 1,21,659/-, Previous Year ₹ 1,28,684/-) | 1,202,497 | 1,273,235 |
| Misc. Income | 12,500 | - |
| TOTAL | <u>1,214,997</u> | <u>1,273,235</u> |

Schedule - F

ADMINISTRATIVE, SELLING & OTHER EXPENSES

| | | |
|------------------------------|---------------|---------------|
| Audit Fee | 13,236 | 13,236 |
| Legal & Professional Charges | 3,861 | 1,655 |
| Directors Fee | 3,000 | 3,000 |
| Interest on Income Tax | 1,932 | 10,752 |
| Filing Fee | 2,500 | 1,000 |
| Bank Charges | 353 | 130 |
| Printing & Stationery | 5,070 | - |
| Misc. charges | 4,300 | - |
| Conveyance | 990 | - |
| | <u>35,242</u> | <u>29,773</u> |

FLORENCE ALUMINA LIMITED

Schedule – G

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Significant Accounting Policies adopted in preparation and presentation of financial statements.

- 1.1 Accounting Concepts:
The Accounts of the Company are prepared under Mercantile System of Accounting on Historical Cost and in accordance with generally accepted accounting principles, applicable Accounting Standards and requirement of the Companies Act, 1956 unless otherwise referred herein.
- 1.2 Valuation of Fixed Assets:
Fixed Assets are stated at their Original Cost, Net of CENVAT, less Accumulated Depreciation Addition includes Purchase Cost, Freight, Duties and other expenses including borrowing cost wherever incurred for acquisition and installation.
- 1.3 Method of Depreciation:
Depreciation on all Fixed Assets are calculated under Straight Line Method on single shift basis at the rate specified in Schedule XIV to the Companies Act, 1956. Depreciation includes amount written off in respect of leasehold land over the period of lease. Depreciation are calculated on prorata basis on additions and deletions of Fixed Assets during the year except for assets costing ₹ 5000/- or less on which 100% Depreciation are provided. Depreciation on individual items of plant and machinery costing ₹ 5000/- or less is being provided at normal applicable rates, whenever aggregate cost of such items constitute more than 10% of the total cost of plant and machinery in accordance with amendments of Schedule XIV to the Companies Act, 1956 vide Notification No. 101(E) dated 1.3.1995.
- 1.4 Treatment of Contingent Liabilities:
Contingent Liabilities are not provided for and are disclosed by way of Notes to Accounts.
- 1.5 Current Tax is the amount of tax payable on the estimated taxable income for the current year as per the provision of Income Tax Act, 1961. Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being difference between taxable income and accounting income

II. NOTES TO ACCOUNTS

1. Contingent Liability : Nil
2. Disclosure as required under Accounting Standard 18 "Related Party Disclosure" is as under:
A. List of Related Parties (as certified by the management)
i) Parties where control exists:
JK Agri Genetics Limited – Holding Company,
Transaction during the year-Advance received & Repayment
₹ Nil (Previous year ₹ 2,09,270/-)
Closing Balance at the year end ₹Nil (Previous year - ₹Nil)
3. Earning Per Share:
- | | 2010-2011 | 2009-2010 |
|---|-----------|-----------|
| (a) Profit / (Loss) after tax | 8,14,614 | 8,55,910 |
| (b) Weighted average no. of Equity shares | 15,00,000 | 15,00,000 |
| (c) Nominal value of Equity shares (₹) | 10 | 10 |
| (d) Earning per Share – Total - Basic & Diluted - per Equity share (₹) | 0.54 | 0.57 |
4. There are no separate reportable segments as per Accounting Standard 17 "Segment Reporting", hence segment reporting is not being given.
5. No Deferred Tax Assets/Liabilities (Net) is required to be created.
6. A Scheme of Arrangement & Demerger between J.K. Agri Genetics Limited and the Company u/s 391-394 of the Companies Act, 1956 (The Scheme) was filed with the Hon'ble High Court at Calcutta, pursuant to which the Seed Undertaking of J.K. Agri Genetics Limited is proposed to be transferred to the Company w.e.f. appointed date i.e. 1st April, 2005. The said Hon'ble High Court by its judgement dated May 20, 2010 did not approve the said Scheme. However, an appeal to the Division Bench of the said Hon'ble Court has been filed, which is pending for final disposal. The impact of the Scheme would be given in the financial results w.e.f. the said appointed date, after the scheme is sanctioned by the said Hon'ble Court.
7. The details of amounts outstanding under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) to the extent information available with the Company are as under:
(i) Principal & Interest amount due and remaining unpaid as at 31.03.2011 Nil (Previous Year Nil), (ii) Payment made beyond the appointed day during the year : Nil (Previous Year Nil) and (iii) Interest accrued and unpaid as at 31.03.2011 Nil (Previous Year Nil).
8. Figures for the Previous Year have been regrouped/rearranged/recast wherever considered necessary.

Signature to Schedule A to G.

As per our report of even date

For **LODHA & CO.**
Chartered Accountants
Firm Regn. No. 301051E

N. K. Lodha
Partner
Membership No. 85155
New Delhi, 20th July, 2011

V.K. Sharma
P.K. Rustagi
Directors

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956

| | |
|--|----------------------------------|
| I REGISTRATION DETAILS | |
| Registration No. | 91286 |
| State Code | 21 |
| Balance Sheet Date | 31.03.2011 |
| II CAPITAL RAISED DURING THE YEAR (Amount in ₹ Thousand) | |
| Public Issue | Nil |
| Rights Issue | Nil |
| Private Placement | Nil |
| Bonus Issue | Nil |
| III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in ₹ Thousand) | |
| Total Liabilities | 19,468 |
| Total Assets | 19,468 |
| SOURCE OF FUNDS | |
| Paid-up Capital | 15,000 |
| Reserves & Surplus | 3,700 |
| Secured Loan | Nil |
| Unsecured Loan | Nil |
| APPLICATION OF FUNDS | |
| Net Fixed Assets | Nil |
| Investments | Nil |
| Net Current Assets | 18,700 |
| Misc. Expenditure | Nil |
| Accumulated Profit/(Loss) | Nil |
| IV PERFORMANCE OF THE COMPANY (Amount in ₹ Thousand) | |
| Turnover including Other Income | 1,215 |
| Total Expenditure | 35 |
| Profit / (Loss) before Tax | 1,180 |
| Profit / (Loss) after Tax | 815 |
| Basic / Diluted Earning per Share (₹) | 0.54 |
| Dividend Rate (%) | Nil |
| V GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY | |
| (As per Monetary terms) | |
| Item Code No. | Nil |
| Product Description | N.A. |
| New Delhi | V.K. Sharma |
| 20 th July, 2011 | P.K. Rustagi <i>Directors</i> |

Cash Flow Statement as required by Accounting Standard on Cash flow Statement AS-3 is as under:

| | ₹ | |
|---|-------------------|-------------------|
| | 2010-2011 | 2009-2010 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before Tax and extra ordinary items | 1,179,755 | 1,243,462 |
| Adjustment for : | | |
| Interest Income | (1,202,497) | (1,273,235) |
| Interest on Income Tax | 1,932 | 10,752 |
| Operating Profit before working capital changes | (20,810) | (19,021) |
| (Increase)/ Decrease in Trade and Other Receivables | - | - |
| (Increase)/ Decrease in Inventories | - | - |
| Increase/ (Decrease) in Trade Payables | (33,050) | (17,263) |
| Cash generated from Operations | (53,860) | (36,284) |
| Direct taxes paid | (370,489) | (576,017) |
| Cash generated from Operations | (424,349) | (612,301) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Interest Received | 1,146,028 | 1,279,681 |
| Net Cash used in Investing activities | 1,146,028 | 1,279,681 |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Net cash used in financing activities | - | - |
| Net increase in Cash and Cash equivalents | 721,679 | 667,380 |
| Cash and Cash equivalents as at the beginning of the year | 17,872,372 | 17,204,992 |
| Cash and Cash equivalents as at the end of the year | 18,594,051 | 17,872,372 |

As per our report of even date

For **LODHA & CO.**
Chartered Accountants
Firm Regn. No. 301051E

N. K. Lodha
Partner
Membership No. 85155
New Delhi, 20th July, 2011

V.K. Sharma
P.K. Rustagi
Directors

