

## INFORMATION MEMORANDUM

## JK AGRI GENETICS LIMITED

**Registered Office:** 7, Council House Street, Kolkata - 700001, West Bengal, India; **Tel:** 03322486181; **Fax:** 03322481641;

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JK Agri Genetics Limited (“**Company**”) was originally incorporated on March 06, 2000 under the Companies Act, 1956 (“**Companies Act**”) under the name ‘Netfliar Communications Limited’. Subsequently, the name of the Company was changed to ‘Manaksia Alumina Limited’ on December 03, 2002 and a fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies, West Bengal. The name of the Company was further changed to ‘Florence Alumina Limited’ on March 11, 2003 and then again changed to its current name, i.e. ‘JK Agri Genetics Limited’ on November 19, 2012 and fresh certificates of incorporation consequent to changes of name were issued by the Registrar of Companies, West Bengal. The registered office of the Company is located at 7, Council House Street, Kolkata - 700001, West Bengal, India. Corporate Identification Number of the Company is U01400WB2000PLC091286.

**INFORMATION MEMORANDUM FOR LISTING OF 36,03,906 EQUITY SHARES OF Rs. 10 EACH  
PURSUANT TO THE  
SCHEME OF ARRANGEMENT AND DEMERGER  
AMONGST THE COMPANY, FLORENCE INVESTECH LIMITED AND THEIR RESPECTIVE  
SHAREHOLDERS AND CREDITORS  
NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS  
INFORMATION MEMORANDUM**

<b>FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY</b>
<b>GENERAL RISKS</b>
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the equity shares of the Company unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking a decision of investing in the equity shares of the Company. For taking an investment decision, investors must rely on their own examination of the Company, including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (“ <b>SEBI</b> ”) nor does SEBI guarantee the accuracy or adequacy of this Information Memorandum. Specific attention of investors is invited to the Section titled “ <b>Risk Factors</b> ” in this Information Memorandum.
<b>ISSUER’S ABSOLUTE RESPONSIBILITY</b>
The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to the Company, which is material, that the information contained in this Information Memorandum is true and correct in all material respects, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
<b>LISTING ARRANGEMENT</b>
The equity shares of the Company are proposed to be listed on BSE Limited (“ <b>BSE</b> ”) and The Calcutta Stock Exchange Limited (“ <b>CSE</b> ”). The Company has submitted this Information Memorandum to BSE and CSE and the same would also be made available on the websites of BSE ( <a href="http://www.bseindia.com">www.bseindia.com</a> ) and CSE ( <a href="http://www.cse-india.com">www.cse-india.com</a> ). This Information Memorandum is also available on the Company’s website ( <a href="http://www.jkseeds.net">www.jkseeds.net</a> ).
<b>REGISTRAR AND SHARE TRANSFER AGENT</b>
<b>Name:</b> Alankit Assignments Limited <b>Address:</b> 205-208, Anarkali Complex,, Jhandewalan Extension, New Delhi – 110055, India <b>Tel:</b> 01142541234; <b>Fax:</b> 01123552001 <b>Contact Person:</b> J.K. Singla; <b>Email:</b> rta@alankit.com <b>Website:</b> <a href="http://www.alankit.com">www.alankit.com</a>

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## SECTION 1 – GENERAL

## 1.1 Definitions and Abbreviations

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Information Memorandum and reference to statutes, regulations or policies shall include amendments thereto, from time to time:

Term	Description
Appointed Date	April 1, 2005
BACL	Bengal & Assam Company Limited, having its registered office at Link House, 3, Bahadur Shah Zafar Marg, New Delhi - 110002, India
Board of Directors	Board of directors of the Company
Companies Act	Companies Act, 1956
Company / Transferee Company	JK Agri Genetics Limited, having its registered office at 7, Council House Street, Kolkata - 700001, West Bengal, India
Demerged Undertaking	Seed Undertaking of the Transferor Company that has been demerged into the Company in accordance with the Scheme of Demerger
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depository and Participants) Regulations, 1996
Directors	Directors of the Company
Effective Date	November 02, 2012
Equity Shares	Equity shares of the Company having a face value of Rs. 10 each
High Court	Hon'ble High Court of Calcutta
Information Memorandum	This draft information memorandum filed with the Stock Exchanges
Investment Undertaking	Business activity of the Transferor Company engaged in holding and dealing in investments and matters incidental thereto
JKLC	JK Lakshmi Cement Limited, having its registered office at Jaykaypuram, Basantgarh, Dist. Sirohi - 307019, Rajasthan, India
JK Paper	JK Paper Limited, having its registered office at Fort Songadh, District Tapi, P.O. Central Pulp Mills – 394660, Gujarat, India
JK Tyre	JK Tyre & Industries Limited, having its registered office at 7, Council House Street, Kolkata - 700001, West Bengal, India
Listing Agreements	The listing agreements entered into between the Company and each of the Stock Exchanges
NI Act	Negotiable Instruments Act, 1881
Order	Order sanctioning the Scheme of Demerger passed by the High Court on September 10, 2012
Record Date	February 07, 2013
Registrar & Share Transfer Agent	Alankit Assignments Limited, having its registered office at 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi - 110055, India
Scheme of Demerger	Scheme of Arrangement and Demerger under Sections 391 to 394 of the Companies Act amongst the Company, the Transferor Company and their respective shareholders and creditors, sanctioned by the High Court, pursuant to which the Demerged Undertaking stands vested in the Company
SEBI Circular	Circular no. SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009 issued by SEBI
Seed Undertaking	As defined in paragraph 6.1 of this Information Memorandum
Stock Exchanges	BSE and CSE (i.e. stock exchanges where the Equity Shares are proposed to be listed)
Transferor Company / Florence Investech	Florence Investech Limited, having its registered office at Link House, 3, Bahadur Shah Zafar Marg, New Delhi - 110002, India (formerly known as JK Agri Genetics Limited)
Umang Dairies	Umang Dairies Limited, having its registered office at Gajraula Hasanpur Road, District Jyotiba Phule Nagar, Uttar Pradesh – 244235, India

**Abbreviations**

<b>Term</b>	<b>Description</b>
AoA	Articles of Association of the Company
BSE	BSE Limited
CDSL	Central Depository Services (I) Limited
CSE	The Calcutta Stock Exchange Limited
DSE	Delhi Stock Exchange Limited
GAAP	Generally Accepted Accounting Principles
MoA	Memorandum of Association of the Company
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
R&D	Research & Development
SCRR	Securities Contract (Regulations) Rules, 1957
SEBI	Securities and Exchange Board of India
UPSE	U. P. Stock Exchange Limited

**1.2 Certain conventions, Use of Market Data**

Unless stated otherwise, the financial data in this Information Memorandum is derived from the Company's financial statements prepared in accordance with Indian GAAP. The financial year of the Company commences on April 1 and ends on March 31 of the next year, so reference to a particular financial year is to the 12 month period ended March 31 of that year. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

All references to 'India' contained in this Information Memorandum are to the Republic of India. All references to 'Rs.' are to Indian Rupees, i.e. the official currency of India.

For additional definitions, please see the definitions and abbreviations in the Section titled "**General**" in this Information Memorandum.

Unless stated otherwise, industry and market data used throughout this Information Memorandum has been obtained from publically available documents, expert opinions and the Company's experience. It cannot be guaranteed that the publically available information is accurate and complete and their reliability cannot be assured. Although the Company believes that the industry and market data used in this Information Memorandum is reliable, it has not been independently verified. Data from these sources may also not be comparable. The extent to which industry and market data used in this Information Memorandum is meaningful depends on the readers' familiarity with and understanding of the methodologies used in compiling such data.

The information included in this Information Memorandum about various other companies is based on their respective annual reports and information made available by the respective companies.

**1.3 Forward looking statements**

This Information Memorandum contains words or phrases such as 'may', 'can', 'will', 'believe', 'expect', 'will continue', 'intend', 'plan', 'future', 'objective', 'should' and similar expressions or variations of such expressions that are forward looking statements. Similarly, statements that describe the Company's objectives, plans and goals are forward looking statements.

Actual results may differ materially from those suggested by the forward looking statements due to risks, uncertainties and assumptions associated with the Company's expectations with respect to, but not limited to:

- Regulatory changes pertaining to the industries in India in which the Company has its business and the Company's ability to respond to them;
- Company's ability to successfully implement its strategy, its growth and expansion;
- Company's exposure to market risks and competitive landscape;

- General economic, business and political conditions in India and other countries, which have an impact on the Company's business activities or investments;
- Monetary and fiscal policies of India, inflation, deflation, unanticipated fluctuations in interest rates, foreign exchange rates, equity prices or other rates or prices and the performance of the financial markets in India and globally;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry; and
- Technological changes.

For further discussion on factors that could cause the actual results to differ, please see the Section titled "**Risk Factors**" in this Information Memorandum. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

The Company does not have any obligation to and does not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not materialize.

**SECTION 2 - RISK FACTORS****Introduction**

This is only a summary. Investors should read the following summary with the risk factors mentioned and the more detailed information about the Company and its financial statements included elsewhere in this Information Memorandum. Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implications of any of the risks described in this Section. The numbering of the risk factors has been done to facilitate ease of reading and reference. It does not in any manner indicate the importance of one risk over another.

An investment in equity shares of a company involves a high degree of risk. The investor should carefully consider all the information in this Information Memorandum including the risks and uncertainties mentioned below, before making an investment in the Equity Shares through secondary market. If any of the following risks actually occur, the business, financial condition and operations of the Company could suffer, the trading price of the Equity Shares could decline and the investor may lose all or part of its investments.

**2.1 Internal Risk Factors****2.1.1. *The business of the Company is subject to risks related to environmental / external factors that could adversely affect the business of the Company.***

Seeds industry is subject to a variety of environmental / external factors in the agricultural sector. The seeds industry is subjected to weather conditions. Among other factors, weather can also affect the presence of disease and pests in the products of the Company. Extreme weather conditions can potentially affect quality and quantity of the seeds and may have a material adverse effect on the business, results of operations and financial condition of the Company.

**2.1.2. *Operating results of the Company may be affected by the seasonality of its business.***

In India, the seeds business is highly dependent on seasons. The operating results of the Company are highly unpredictable as the same are subject to various seasonal factors. During periods of low sales, the revenue and profit of the Company may remain low on account of continuing operating expenses. Due to the inherent seasonality of the Company's business, the operating results for 2 reporting periods may not be comparable.

**2.1.3. *Technologic advancements resulting in increase of competition in the seeds business.***

The Company faces substantial competition due to technological advancements by its competitors in various areas of the seeds business. It competes with other manufacturers operating in the same sector on the basis of pricing, product quality, range of products as well as for production inputs etc. Further, the introduction of new technologies has resulted in the entry of various companies into the seed business and has resulted in the increase of competition in the market. Due to these factors, the Company expects that it will have to face new challenges on continuing basis.

Additionally, in the area of hybrid seed technology, it can take several years to develop and market hybrid seeds effectively. If a company operating in a similar business introduces an improved product, it could negatively impact the Company, unless the Company develops a suitable product which could compete with the improved product of the competitor. If the Company is unable to compete effectively, it may result in decline of market share of the Company and consequently may have a material adverse effect on its business, results of operations and financial condition.

Further, the Company's success will depend in part on its ability to respond to technological advances and emerging seeds industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails technical and business risks. The Company will have to successfully implement new technologies effectively and adapt its systems to emerging industry standards. If the Company is unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, its business could be adversely affected.

**2.1.4. *Inaccurate forecasts could result in mismatched inventory.***

In order to maintain adequate inventory levels, the Company must make decisions in relation to its production activities well in advance. An inaccurate forecast for any seed product may result in the unavailability / surplus of that product. The unavailability of products could impact the sales volume. On the other hand, surplus supply of products in the market may increase costs for the Company and could impact the quality and quantity of the inventory of the Company. This may also erode margins substantially and ultimately resulting in the write-off of the inventories. Any of the aforesaid circumstances may have a material adverse effect on the business, results of operations and financial condition of the Company.

**2.1.5. *Unpredictable nature of R&D efforts.***

The Company's success depends heavily on its ability to continue and launch new products in the market frequently. The technological advances are frequent, rapid and complex. Since the outcome of R&D activities cannot be predicted, there is always a possibility that R&D efforts and investment may not produce the desired results. Further, the Company cannot predict that a product developed by the Company will be successful in the market and will yield the desired results. In addition, R&D undertaken by competitors, may lead to the launch of competing or improved products that may affect the sale of the products of the Company. If R&D efforts of the Company do not result in commercially successful products and technologies, the same could have a material adverse effect on the business, results of operations and financial condition of the Company.

The R&D and new innovations of the Company are subject to certain inherent threats like leakage of trade secrets, piracy and / or theft, other competitors developing relevant technologies / innovations and patenting before the Company due to which the costs and efforts involved in producing the new innovative seed products may go waste and would be of no commercial benefit. If any of aforesaid events happens, the same could have a material adverse effect on the business, results of operations and financial condition of the Company.

**2.1.6. *The Company significantly relies on the proprietary technologies, and failure to obtain or protect the same may affect the capability of the Company to adequately compete.***

The Company's success depends in part on the proprietary technologies it owns, such as patents, germ plasm, parental line collection, plant variety protections, plant breeders rights, trademarks, trade secrets etc. Typically, protection of intellectual property in seed business is ensured through legal mechanisms and physical security procedures. The Company cannot be certain that the steps it has taken or will take, will adequately protect its proprietary rights.

Further, the Company may not be able to obtain the assignments, rights or licenses to use any of the technologies developed by third parties, or obtain them on favourable terms and conditions, since the same is not within the control of the Company. This may have a material adverse effect on the business, results of operations and financial condition of the Company.

**2.1.7. *The Company may be subject to claims of infringement of third-party intellectual property rights.***

The Company may unknowingly, during the course of undertaking R&D activities, infringe upon intellectual property rights of third parties. Any claims in this regard will result in the Company having to incur cost. In case of such claims succeeding, the Company may have to make changes to its processes and technologies which may have further cost implications on the Company.

**2.1.8. *The Company relies on the success of its marketing and sales network.***

The Company relies on its distribution networks and dealerships to reach the customer and distributes, markets and sells its seed products in each of the regions in which the Company operates. Competition for developing good commercial relationships with seed dealers / distributors is extreme. Good working relationship with the marketing network is very critical for the business of the Company. The Company has to ensure that the distributors and dealers find products of the Company to be lucrative and have continuing demand from farmers. Further, the Company's growth depends on its ability to add additional dealerships to its distribution network. It is not possible to predict whether the distributors and dealers of the Transferor Company will continue to do business with the Company or that the Company will be able to add additional distributors and dealers to its network. If the Company is not able to maintain its distribution network and attract more dealers, the same could adversely

impact the market share of the Company, thereby materially adversely affecting the business, results of operations and financial condition of the Company.

**2.1.9. *The Company's success depends largely on its highly qualified human resource.***

The Company's success substantially depends on the continued service and performance of the members of its management team and other personnel for project implementation, management and running of its daily operations and the planning and execution of its business strategy. There is intense competition for experienced senior management and other key personnel with technical and industry expertise and if the Company loses the services of any of these or other key individuals and is unable to find suitable replacements in a timely manner, the Company's ability to realize its strategic objectives could be impaired. The Company's performance also depends on its ability to attract and train highly skilled personnel. If the Company is unable to do so, it could have a material adverse effect on its business, results of operations and financial condition.

**2.1.10. *The business of the Company is subject to logistics risks.***

Dealers and/or distributors of seeds are segregated and dispersed through-out the country and are generally situated far from the Company's production facilities. The sowing season is short. Any interruption in the Company's ability to reach its products to the distributors/dealers/end users, due to reasons like transportation and other that are not within its control, could have a material adverse effect on its business, results of operation and financial condition.

**2.1.11. *Profit of the Company depends on the prices of the products that the Company sells in the market. If there is a fall in the prices, the same may reduce its profit margins.***

There are various factors which determine the pricing of the seed products, such as products of the competitors, demand from the customers etc. Any change in these factors, including those which are not within the control of the Company may result in a material adverse effect on the profitability of the Company.

**2.1.12. *Environmental damage due to use of certain inputs by the Company.***

Due to the nature of the business that the Company operates, it is required to use certain inputs in the production of hybrid seeds which may have an adverse impact on the environment. If case any harm is caused to the environment due to the improper use of certain inputs, the Company may have to pay for the damages, which could result in additional financial burden on the Company.

**2.1.13. *Certain civil and / or criminal proceedings against the Company.***

The Company is involved in various legal proceedings, which are pending at various stages of adjudication before the Civil Courts and High Courts. Should any new developments arise, such as change in Indian law or rulings against the Company by the appellate courts or tribunals, the Company may need to establish reserves in its financial statements, which could increase its expenses and current liabilities. Further, if a claim is determined against the Company and it is required to pay all or a portion of the disputed amount, it could have a material adverse affect on the cash flows of the Company. For further information regarding litigation, please refer to the section titled '*Outstanding Litigation, Defaults and Material Developments*'

**2.2 External Risk Factors**

**2.2.1 *The price of the Equity Shares may be volatile.***

It cannot be predicted if active trading market on the Stock Exchanges will develop or be sustained after the listing of the Equity Shares. The trading price of the Equity Shares after listing may be subject to significant fluctuations in response to, among other factors, variations in the Company's operating results, market conditions specific to the seed industry in India, developments relating to India and volatility in the Stock Exchanges. Additionally, any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of the Equity Shares.



**2.2.2 *Political, economic and social developments in India could adversely affect the Company's business, financial condition and operations.***

The central and state governments serve multiple roles in the Indian economy, which have significant influence on the seed industry and therefore, the Company. Economic liberalization policies have encouraged private investment in the seed sector and changes in these policies could have a significant impact on the business and economic conditions in India in general and the seed sector in particular, which in turn could adversely affect the Company's business, financial condition and operations.

**2.2.3 *The Company's performance and the growth of its business are necessarily dependent on the performance of the overall Indian economy. A slowdown in the economic growth in India and other countries could adversely impact the Company's business.***

India's economy could be adversely affected by a general rise in interest rates, currency exchange rates and adverse conditions affecting agriculture, commodity and electricity prices and various other factors. Further, conditions outside India, such as slowdown in the economic growth of other countries could have an impact on the growth of the Indian economy and government policy may change in response to such conditions. This could have a material adverse effect on the Company's business, financial condition and operations.

**2.2.4 *A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact the Company's financial condition.***

A decline in India's foreign exchange reserves could impact the valuation of the Rupee and result in reduced liquidity and higher interest rates, which could adversely affect its future financial condition. On the other hand, high levels of foreign fund inflow could add excess liquidity to the system, leading to policy interventions, which could also slowdown economic growth. In either case, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect the Company's business, prospects, financial condition, operations and the trading price of the Equity Shares.

**2.2.5 *The extent and reliability of Indian infrastructure could adversely impact the Company's operations and financial condition.***

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its rail and road networks, communication systems or any other public facility could disrupt the Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies and add costs to doing business in India. These problems could interrupt the Company's business operations, which may have a material adverse effect on the business, results of operations and financial condition of the Company.

**2.2.6 *Companies operating in India are subject to a variety of central and state government taxes and surcharges.***

Tax and other levies imposed by the central and state governments in India that affect the Company's tax liability include central and state taxes and other levies, income tax, service tax, stamp duty and other taxes and surcharges which are introduced on a temporary or permanent basis from time to time. For example, a new direct tax code is proposed to be introduced before the Indian Parliament. In addition, there is a proposal to introduce a new goods and services tax. The central government may in the future increase the corporate income taxes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure may have a material adverse effect on the business, results of operations and financial condition of the Company.

**2.2.7 *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and the Company's business.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian financial markets on which the Equity Shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and

ultimately adversely affect the Company's business. India has also witnessed civil disturbances in past and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on the Company. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on the Company's business and the price of its Equity Shares.

**SECTION 3 – OVERVIEW OF INDUSTRY & BUSINESS****Summary**

You should read the following summary together with the risk factors and the more detailed information about the Company and its financial results included elsewhere in this Information Memorandum. The information presented in the Industry Overview in this Section has been derived from publicly available documents, expert opinions and the Company's experiences.

**3.1 Overview of the Seed Industry**

- 3.1.1 Agriculture accounts for one of the most significant parts of the Indian economy despite the emergence of other sectors. One of the most critical inputs in agricultural production is the nature and kind of seeds used. With the rising demand for agricultural products at the domestic and international front, there is a need to keep pace with the increased demands and cater to the needs of the growing population in India and abroad. The seed industry in India has been making great strides post the 1980s, with initiation of reforms by the government of India propelling the growth of the private seed sector in the country.
- 3.1.2 However, the fortunes of the seed industry are 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 which highlights the need for higher yields to feed a growing population. High yields can be assured by saving loss of crop due to 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.
- 3.1.3 In the year 2011-12, hybrid seeds accounted for more than 70% of the seed industry's turnover of Rs. 5,600 crores. With the onset of the food crisis, it is pivotal to make the best possible use of scientific knowledge and achieve technological breakthroughs to produce hybrid seeds. At present, a number of hybrid seeds are available for cotton, corn, pearl millet, sorghum, rice, sunflower and vegetables which drive the seed business in India.
- 3.1.4 The Indian seed industry is well placed to serve both domestic and international markets. Companies engaged in the seed industry are making variants to be relevant in all eight agro-climatic zones of India and taking active steps to invest more in R&D programs, use of biotechnology, acquisitions, mergers and collaborations with like-minded research companies to bring synergy, additions to new range of crops, products and technologies. With the increase in the R&D costs, companies are seeking to build relations and alliances with the Government Research Institutes and State Agricultural Universities. Due to technological development, the seed industry is now in a position to meet the demand of diverse agro-climatic conditions and intensive cropping systems in India. In the future, biotechnology will play an important role in agriculture development through transgenic seeds. It holds great promise in developing crop varieties with nutritional enhancement and higher level of tolerance to biotic and abiotic.
- 3.1.5 Whilst use of hybrid seeds is still very low in India and farmers prefer to save and use their residual crop as seed for the next season, there is increasing awareness about high yielding and good quality 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.
- 3.1.6 The Indian seed market is among the top 10 largest in the world, estimated to be about US\$ 2 billion in the year 2012. Apart from the Company, the notable seed companies in India include PHI Seeds Private Limited, Mahyco Monsanto Biotech Ltd, Monsanto India Limited, Proagro Seed Company Private Limited, Syngenta India Limited and Nuziveedu Seeds Limited, to name a few.

**3.2 Business Overview**

- 3.2.1 The Company is one of the few recognized agri-input companies in India. It is mainly into the business of production, processing and marketing of high quality hybrid seeds for different crops like bajra, jowar, paddy, cotton, sunflower, maize, fodder beat, vegetables, etc. and has recently forayed into micronutrients and growth promoters.

- 3.2.2 The Company has acquired over 23 years of experience in this business and is proceeding further towards realizing its objective of developing seeds having superior yield potential, drought tolerance, tolerance to pests and diseases etc.
- 3.2.3 Currently, the Company has production, processing and R&D facilities in Andhra Pradesh, Karnataka, Maharashtra, Gujarat, Bihar, Tamil Nadu, Madhya Pradesh and Rajasthan. The Company's research mainly focuses on developing superior hybrids in different crops like cotton, maize, sunflower, bajra, jowar, paddy, fodder beat, vegetables etc. and has recently forayed into micro-nutrient and plant growth promoters. All the hybrids developed by the R&D team is marketed under the brand name of "JK Seeds". The in-house R&D facilities located at Ranga Reddy District in Andhra Pradesh are recognized by the Department of Science & Technology, Government of India. The Company expects its R&D facilities to drive the future growth of the Company.
- 3.2.4 The Company has an extensive marketing network with loyal and committed distributors and dealers in Andhra Pradesh, Orissa, Karnataka, Tamil Nadu, Maharashtra, Bihar, Madhya Pradesh, Jharkhand, Chhattisgarh, Gujarat, Uttar Pradesh, Punjab, Haryana, West Bengal, Assam and Rajasthan
- 3.2.5 In the year 2012, the Company has also ventured into marketing of micronutrient products and plant growth promoters. In addition to this, it has also ventured into sales and marketing of natural extract products.
- 3.2.6 The Company's focus is to be a leading provider of crop solutions to the farmers by supplying high yielding hybrid seeds and crop management namely micronutrients and plant growth promoters. For achieving this, the Company is engaging in R&D efforts in the areas of superior breeding programmes and biotechnology tools that will enable it to develop highly effective and differentiated hybrid seeds.
- 3.2.7 The business of the Company comprises of the following:
- (i) **R&D:** The Company has established its main breeding R&D facilities at Ravalkol, Medchal, Ranga Reddy District near Hyderabad, over an area of more than 69 acres taken on a long term lease basis. At this site, the Company undertakes R&D activities for development of new experimental hybrids in all its mandate crops. The facility is well equipped with Dehumidified Cold Storage/ Germplasm Bank for keeping the valuable germplasm lines of the mandate crops. Further, the Company has also established its breeding R&D centres at 5 other locations viz. Bangalore, Dharwad and Jaipur, supported by 2 sub-centres at Sonipat and Sriganaganagar. The Company also has 16 multi-location trial centres, spread across different agro-climatic zones of India to test and evaluate newly developed hybrids.  
  
Further, the Company has established its state of art biotech laboratory, with facilities for tissue culture, transgenic crop development, molecular biology, molecular breeding, radio isotope laboratory, molecular QC laboratory, insectory and large containment green houses. It has achieved unique distinction of being the first Indian company commercializing Bt Cotton with indigenous GM Technology in collaboration with Indian Institute of Technology, Kharagpur. The Company is working on several other transgenic crops with novel traits. Both breeding R&D and biotech R&D facilities have been recognized by the Department of Scientific & Industrial Research (DSIR), Government of India.
  - (ii) **Production of hybrid seeds:** The Company has its seed production operations in about 15 strategically diverse crop specific agro-climatic locations, spread across 8 States viz. Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan and Bihar. A team of seed production experts ensures that the latest technical know-how and production practices are followed to achieve highest quality and timely supply of seeds to the customers. The Company has established world class seed processing, conditioning and packing facilities at (a) Hyderabad (Andhra Pradesh) with a total godown area of 1,23,050 sqft., with seasonal capacity of 15,000 MTs; and (b) Kota (Rajasthan) with godown area of 18,000 sqft. and seasonal capacity of 3,000 MTs.
  - (iii) **Marketing and distribution of hybrid seeds:** The Company is marketing its products through a wide network of 16 carrying & forwarding Agencies, 750 wholesalers and over 30,000 dealers spread across 23 States. The Company has a strong, young and motivated sales force assisted by field personnel to reach out to the customers throughout the country. The

Company has developed farmer services in cash crops like sunflower and cotton, which aim to improve the profitability of the farmer. The Company plans to extend similar services for other crop growers as well. The Company has also tied up with certain multinational as well as strong domestic companies for co-marketing and co-promotion. The Company is also extending after sales services under the scheme “Kisan Samruddhi Seva” which is aimed to provide total crop solution to farmers in collaboration with other agri-input companies to boost farmers’ income in selected crops.

The Company’s products are being cultivated over a large geographical area.

- (iv) **New Business Lines:** The Company has successfully launched energy crops viz. fodder beet, sugar beet and sweet sorghum to cater to the needs/ availability of quality fodder to the dairy farmers of various States. The Company is presently dominating in several market segments cultivating bajra, jowar, rice and vegetable crops.

The Company is making efforts to enter South Asia and Asia Pacific markets having similar agro-climatic conditions. The Company is also testing and identifying the products, suitable for various African countries. It has also entered into plant growth solution product segment and successfully launched its products in the current year which will contribute in increase in sales during offseason and productivity of the sales force.

- 3.2.8 The business of the Company comprises of the Demerged Undertaking that was transferred to it by Transferor Company pursuant to the Scheme of Demerger, which became effective on November 02, 2012.
- 3.2.9 The Company has established its main breeding and biotech R&D facilities at Hyderabad over an area of more than 69 acres and sub-centres at 5 locations, supported by 16 multi-location trial centres, spread over an area of nearly 95 acres. Additionally, the Company owns 10 acres of agricultural land at Dundigal Village, Hyderabad wherein the trials and evaluation of newly developed hybrids and technology will be taken up.
- 3.2.10 The Company is marketing its products through a wide network of 16 carrying and forwarding agencies, 750 wholesalers and over 30,000 dealers spread across 23 States in India.
- 3.2.11 The Company has so far registered 33 trademarks pertaining to its brand name, names of the hybrid seeds with Trades Marks Registry and 55 trademark applications have been filed for registration. The Company has also submitted more than 100 applications for registration of various crop hybrid, under Protection of Plant Varieties and Farmers Rights Act, 2001. Out of these 100 applications, the Company has so far received registration certificates for 8 crop hybrids. The Company has submitted 2 applications for patents with the Controller of Patents, Chennai in the year 2011, for grant of patent in respect of technologies developed in collaboration with Tamil Nadu Agricultural University, Coimbatore.
- 3.2.12 Strengths and competitive advantages:
- (i) **Hybrid seeds for wide range of crops:** The Company has hybrid seeds for jowar, bajra, cotton, paddy, maize, vegetables etc. These varieties give the Company an edge in the market and it has the ability and infrastructure to further develop different hybrids of these crops. The Company’s product portfolio gives it a natural edge against dependence on any particular crop(s), and it has an advantage to meet changing farmer needs even in the event of crop-shifting by farmers.
  - (ii) **Farmer education:** The Company focuses on farmer education service activities with a view to improve the productivity and prosperity of the farmers thereby enhancing returns to the farmers and establishing a relationship with them. The Company’s farmer contact program is a major source of promoting brand awareness and generating demand for its hybrid seeds.
  - (iii) **Newly developed hybrids:** The Company has undertaken field trials of several newly developed hybrid seeds in maize, rice, mustard and vegetable crops. The Company has a 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 the other newly developed hybrids.

- (iv) **Expansion of wholesale network:** The Company has taken several initiatives to expand the wholesale network and reach untapped markets.
- (v) **R&D:** The Company has over a period of time built a strong R&D facility in terms of large germ-plasm pool, infrastructure facilities, testing farm and team of dedicated breeding and biotech scientists who focus on research of new hybrids. The Company also partners with a number of academic institutions and other strategic partners for increase of knowledge base. The Company has made investments in select R&D programs so as to develop products in fast track mode. The Company has also invested in biotechnology research projects to increase development process of new technologies, to compete with competitors in the market.
- (vi) **Human Resource Development:** The Company has strengthened its sales force by recruiting for leadership positions and segregating the department into three major verticals of cotton sales, field crops sales and vegetable sales in order to emphasize special focus on relevant crops. The Company also imparts training to identified resources for maximization of efficiency of such resources.
- (vii) **Brand Value:** With constant and consistent improvement in performance of the Company's hybrid variety, augmented with quality, "JK Seeds" has become the preferred brand for the Indian farmer in some segments of the crops.
  - The success of the Company and its brand "JK Seeds" can be largely attributed to its research and marketing capabilities.
  - Low cost of production and processing. The availability of in-house technology has contributed towards successful growth of the Company.
  - The Company's channel partners recognize the Company as a reliable partner and are satisfied with its products and services.
  - The Company has a well-established R&D infrastructure and capable human resources necessary to cater to the specific requirements of the seed industry.

3.2.13 The seed business in India is highly competitive. The industry is a mix of multinational companies, Indian companies or divisions of Indian business houses and numerous local/regional players. The potential is considered huge because till date, the farmers use farm saved seeds to a large extent.

Typically, the multinational companies compete on the basis of technology while the local players depend on replicating products and price-cutting. The Company leverages its strength of local germplasm in crops like cotton, bajra, jowar and rice. Adoption of practices like IPM (Integrated Pest Management) etc. by the Company enable reasonable, if not low cost of production. It has taken a lead in associating with publicly funded organizations for research to reduce research costs and bring down product development cycle time.

Farmers recognize "JK Seeds" as a good brand in terms of quality, service and product performance. To reinforce this faith of farmers, the Company has endeavored to provide total crop solutions to the farmers through service initiative. The Company had launched "Kisan Samruddhi Seva", a farmer service initiative, for cotton and sunflower growing areas. The initial success of the pilot has encouraged the Company to fine-tune the services aspect and take up the project on a larger scale. Thus, the Company has been able to position itself distinctly in the multitude of competition.

## SECTION 4 – GENERAL INFORMATION ABOUT THE COMPANY

**4.1 Incorporation**

The Company was originally incorporated on March 06, 2000 under the Companies Act under the name 'Netfliar Communications Limited'. Subsequently, the name of the Company was changed to 'Manaksia Alumina Limited' on December 03, 2002 and a fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies, West Bengal. The name of the Company was further changed to 'Florence Alumina Limited' on March 11, 2003 and then again changed to its current name, i.e. 'JK Agri Genetics Limited' on November 19, 2012 and fresh certificates of incorporation consequent to changes of name were issued by the Registrar of Companies, West Bengal. The registered office of the Company is located at 7, Council House Street, Kolkata - 700001, West Bengal, India. Corporate Identification Number of the Company is U01400WB2000PLC091286.

**4.2 Registered Office**

7, Council House Street  
Kolkata - 700001  
West Bengal, India  
Tel: 03322486181  
Website: www.jkseeds.net

Contact Person:

Mr. Anoop Singh Gusain  
Email: anoops@jkmail.com  
Tel: 01130179891  
Fax: 01123716670

**4.3 Board of Directors**

The Board of Directors comprises of:

S. No.	Name	Designation
1.	Shri Bharat Hari Singhania	(Chairman) Non-Executive Director (Non-Independent Director)
2.	Dr. Raghupati Singhania	Non-Executive Director (Non-Independent Director)
3.	Shri Vikrampati Singhania	Non-Executive Director (Non-Independent Director)
4.	Shri Swaroop Chand Sethi	Independent Director
5.	Shri J.R.C. Bhandari	Independent Director
6.	Shri Sanjeev Kumar Jhunjhunwala	Independent Director
7.	Shri Sanjay Kumar Khaitan	Independent Director

For further details of the Board of Directors, please see the Section titled "*History and Certain Corporate Matters*" in this Information Memorandum.

**4.4 Company Secretary and Compliance Officer**

Mr. Anoop Singh Gusain  
Secretarial Department  
Address: Gulab Bhawan, 3<sup>rd</sup> Floor, Rear Block, 6A, Bahadur Shah Zafar Marg, New Delhi – 110 002, India  
Tel: 01130179891; and Fax: 01123716670  
Email: anoops@jkmail.com, jkagls shareholder@jkmail.com

**4.5 Statutory Auditor**

M/s Lodha & Co., having its office at 14, Government Place East, Kolkata - 700069, India.

**4.6 Bankers to the Company**

- (i) Axis Bank Limited, 6-3-87/B, 1<sup>st</sup> Floor, G. Pullareddy Building, Greenlands, Begumpet Road, Hyderabad – 500016; Tel: 04023400731; and Fax: 04023255301.
- (ii) State Bank of Mysore, Corporate Accounts branch No. 3, 4 & 5, DDA Building, Nehru Place, New Delhi – 110019; Tel: 01126443042; and Fax: 01126216893.
- (iii) Central Bank of India, Link House, 3, Bahadur Shah Zafar Marg, New Delhi.

#### 4.7 Registrar & Share Transfer Agent

Alankit Assignments Limited  
Address: 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi - 110055  
Tel: 01142541234; and Fax 01123552001  
Contact Person: J.K. Singla; Email: rta@alankit.com  
Website: www.alankit.com

#### 4.8 Authority for Listing

The High Court, by its Order, has approved the Scheme of Demerger for demerger of the Demerged Undertaking into the Company, pursuant to Sections 391 to 394 of the Companies Act. The salient features of the Scheme of Demerger are set out in the Section titled “*Scheme of Demerger*” in this Information Memorandum. In accordance with the Scheme of Demerger, the Equity Shares issued by the Company shall be listed and admitted for trading on the Stock Exchanges, subject to applicable regulations, where the equity shares of the Transferor Company are listed i.e. BSE and CSE.

#### 4.9 Eligibility Criterion

Since in the present case, there is no initial public offering or rights issue, the eligibility criteria in terms of Chapters III and IV of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 are not applicable. However, in terms of the SEBI Circular, SEBI by its letter no. CFD/DIL/HB/RGA/OW/23565/2013 dated September 17, 2013, has relaxed the strict enforcement of the requirement of Rule 19(2)(b) of the SCRR, in relation to listing of Equity Shares pursuant to the Scheme of Demerger. The Company has submitted this Information Memorandum to the Stock Exchanges containing information about itself and other relevant disclosures. This Information Memorandum is available to the public on the websites of BSE ([www.bseindia.com](http://www.bseindia.com)) and CSE ([www.cse-india.com](http://www.cse-india.com)). The Company has made this Information Memorandum available on its website ([www.jkseeds.net](http://www.jkseeds.net)).

Before commencement of trading, the Company will publish an advertisement in one English and one Hindi newspaper with nationwide circulation and one regional newspaper with wide circulation at the place where the registered office of the Company is located, containing details in accordance with the requirements set out in the SEBI Circular. The advertisement will draw specific reference to the availability of this Information Memorandum on the Company’s website ([www.jkseeds.net](http://www.jkseeds.net)).

#### 4.10 Prohibition by SEBI

The Company, its Directors, its promoter and promoter group companies have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

#### 4.11 General Disclaimer of the Company

The Company accepts no responsibility for statements made otherwise than in this Information Memorandum or in the advertisement to be published in terms of the SEBI Circular or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and shareholders at large and no selective or additional information would be available for a section of the investors in any manner.

#### 4.12 Disclaimer – BSE



A copy of this Information Memorandum has been submitted to BSE. BSE has by its letter dated June 27, 2006, approved the Scheme of Demerger filed by the Transferor Company under clause 24(f) of the Listing Agreement and by virtue of that approval, BSE's name has been inserted in this Information Memorandum as one of the stock exchanges on which the Equity Shares are proposed to be listed.

BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of the contents of this Information Memorandum;
- warrant that the Company's securities will be listed or will continue to be listed on BSE; or
- take any responsibility for the financial or other soundness of the Company.

It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by BSE.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever for any loss, which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **4.13 Disclaimer – CSE**

A copy of this Information Memorandum has been submitted to CSE. CSE has by its letter dated July 14, 2006, approved the Scheme of Demerger filed by the Transferor Company under clause 24(f) of the Listing Agreement and by virtue of that approval, CSE's name has been inserted in this Information Memorandum as one of the stock exchanges on which the Equity Shares are proposed to be listed.

CSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of the contents of this Information Memorandum;
- warrant that the Company's securities will be listed or will continue to be listed on CSE; or
- take any responsibility for the financial or other soundness of the Company.

It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by CSE.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against CSE whatsoever for any loss, which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **4.14 Filing**

This Information Memorandum has been filed with the Stock Exchanges.

#### **4.15 Listing**

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. The Company has nominated BSE as the designated stock exchange for the listing of the Equity Shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading in all the Stock Exchanges.

#### **4.16 Demat Credit**

The Company has executed tripartite agreements with the Registrar & Share Transfer Agent and the Depositories, i.e. NSDL and CDSL, respectively, for admitting its equity shares in demat form and has been allotted ISIN – INE690O01011.

**4.17 Previous Rights and Public Issues**

On February 20, 2006, the Company issued and allotted 14,50,000 Equity Shares pursuant to a Rights Issue. The Company has not, in the past, undertaken any public issue.

**4.18 Commission and brokerage on previous issues**

Since the Company has not issued any Equity Shares to the public in the past, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

**4.19 Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company**

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company.

**4.20 Stock Market Data for Equity Shares**

The Equity Shares are not listed on any stock exchange. The Company is seeking approval from the Stock Exchanges for listing of its Equity Shares through this Information Memorandum.

**SECTION 5 – CAPITAL STRUCTURE AND SHAREHOLDING PATTERN****5.1 Share capital of the Company:****5.1.1 Share capital of the Company pre-Scheme of Demerger:**

Particulars	Aggregate nominal value (Rs.)
<b>Authorised Share Capital</b>	
15,00,000 Equity Shares of Rs. 10 each	1,50,00,000
<b>Issued, Subscribed and Paid-up Share Capital</b>	
15,00,000 Equity Shares of Rs. 10 each	1,50,00,000

**5.1.2 Share capital of the Company post-Scheme of Demerger:**

Particulars	Aggregate nominal value (Rs.)
<b>Authorised Share Capital</b>	
1,40,00,000 Equity Shares of Rs. 10 each	14,00,00,000
<b>Issued, Subscribed and Paid-up Share Capital</b>	
36,03,906 Equity Shares of Rs. 10 each	3,60,39,060

Notes to the Capital Structure:

**(i) Changes in the Authorized Share Capital since inception:**

- The Company was incorporated with an authorized share capital of Rs. 1,00,00,000 divided into 10,00,000 Equity Shares.
- The authorized share capital of the Company was subsequently increased from Rs. 1,00,00,000 to Rs. 1,50,00,000 divided into 15,00,000 Equity Shares by an ordinary resolution passed on February 8, 2006.
- The authorized share capital of the Company was subsequently increased from Rs. 1,50,00,000 to Rs. 14,00,00,000 divided into 1,40,00,000 Equity Shares pursuant to the Scheme of Demerger.

**(ii) Changes in the Issued, Subscribed and Paid-up Share Capital since inception:**

- The Company was incorporated with an issued, subscribed and paid-up share capital of 700 Equity Shares.
- On December 12, 2002, the Company issued and allotted 49,300 Equity Shares and subsequently, on February 20, 2006, it further issued and allotted 14,50,000 Equity Shares.
- In terms of the Scheme of Demerger, the Company has issued and allotted 21,03,906 Equity Shares to the shareholders of the Transferor Company.

**5.1.3 Share Capital History of the Company:**

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Cumulative Capital (Rs.)	Nature of Allotment / Remarks	Consideration (Rs.)
March 6, 2000	700	10	7,000	Subscriber to MoA	7,000
December 12, 2002	49,300	10	5,00,000	Capital raised in order to meet the requirement of Public Company as	4,93,000

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Cumulative Capital (Rs.)	Nature of Allotment / Remarks	Consideration (Rs.)
				per Section 3(iv)(b) of the Companies Act.	
February, 20, 2006	14,50,000	10	1,50,00,000	Rights issue	1,45,00,000
February 11, 2013	21,03,906	10	3,60,39,060	These Equity Shares were issued to the shareholders of the Transferor Company pursuant to the Scheme of Demerger.	

## 5.2 Shareholding Pattern

### 5.2.1 Shareholding pattern of the Company pre-Scheme of Demerger:

Category Code	Category of Shareholder	No. of Share holders	Total No. of Shares	No. of Shares held in Dematerialized Form	Total Shareholding as % of Total No. of Shares	Shares Pledged or Otherwise Encumbered	
						Number of Shares	As a Percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII) = (VII) / (IV)*100
	<b>Shareholding of Promoter and Promoter Group</b>						
(1)	<b>Indian</b>						
(a)	Bodies Corporate *	8	15,00,000	0	100	0	0.00
	<b>Sub-Total</b>	<b>8</b>	<b>15,00,000</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding</b>	<b>8</b>	<b>15,00,000</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0.00</b>

\* Bodies Corporate include 7 shareholders holding 100 Equity Shares each, who are nominees in terms of Section 49(3) of the Companies Act.

### 5.2.2 Shareholding pattern of the Company as on the date of allotment of the Equity Shares by the Company to the shareholders of the Transferor Company pursuant to the Scheme of Demerger:

Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
(A)	<b>Shareholding of Promoter and Promoter Group</b>						
1	<b>Indian</b>						
(a)	Individuals /Hindu Undivided Family	14	57,147	57,147	1.59	0	0.00
(b)	Bodies Corporate	9	22,97,892	7,97,892	63.76	0	0.00
	<b>Sub Total (A)(1)</b>	<b>23</b>	<b>23,55,039</b>	<b>8,55,039</b>	<b>65.35</b>	<b>0</b>	<b>0.00</b>

					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerializ ed form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
	Total Shareholding of Promoter and Promoter Group (A)	23	23,55,039	8,55,039	65.35	0	0.00
(B)	Public shareholding					NA	NA
B 1	Institutions					NA	NA
(a)	Mutual Funds/ UTI	6	750	714	0.02	-	-
(b)	Financial Institutions/ Banks	12	268	88	0.01	-	-
(c)	Insurance Companies	3	30	15	0.00	-	-
	Sub Total (B)(1)	21	1,048	817	0.03	-	-
B 2	Non-institutions					NA	NA
(a)	Bodies Corporate	202	5,69,538	5,69,081	15.80	-	-
(b)	Individuals					-	-
I	Individual shareholders holding nominal share capital up to Rs. 1 lakh	9,072	2,87,604	2,51,518	7.98	-	-
II	Individual shareholders holding nominal	4	1,57,728	1,57,728	4.38	-	-

					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
	share capital in excess of Rs.1 lakh						
(c)	Any Other (Specify)						
I	Directors and relatives (other than promoters)	1	3	3	0.00	-	-
II	Non Resident Indians	57	15,149	15,007	0.42	-	-
III	Overseas Corporate Body	1	2,17,749	2,17,749	6.04	-	-
IV	Trust	1	27	27	0.00	-	-
V	Clearing Member	1	21	21	0.00	-	-
	<b>Sub Total (B)(2)</b>	<b>9,339</b>	<b>12,47,819</b>	<b>12,11,134</b>	<b>34.62</b>	<b>NA</b>	<b>NA</b>
<b>(B)</b>	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>9,360</b>	<b>12,48,867</b>	<b>12,11,951</b>	<b>34.65</b>	<b>NA</b>	<b>NA</b>
	<b>TOTAL (A)+(B)</b>	<b>9,383</b>	<b>36,03,906</b>	<b>20,66,990</b>	<b>100</b>	<b>0</b>	<b>0.00</b>

5.2.3 Statement showing shareholding of persons belonging to the category “Promoter and Promoter Group” as of the date of allotment of Equity Shares by the Company to the shareholders of the Transferor Company pursuant to the Scheme of Demerger:

S. No.	Name of the shareholder	Total Shares held		Shares pledged or otherwise encumbered	
		Number	As a % of Grand Total	Number	As a percentage(VI)= (V)/(III)*100
I	II	III	IV	V	VI

S. No.	Name of the shareholder	Total Shares held		Shares pledged or otherwise encumbered	
		Number	As a % of Grand Total	Number	As a percentage(VI)= (V)/(III)*100
I	II	III	IV	V	VI
1.	Bengal & Assam Company Limited	7,97,892	22.14	0	0.00
2.	Shri Hari Shankar Singhania	11,986	0.33	0	0.00
3.	Shri Bharat Hari Singhania	7,852	0.22	0	0.00
4.	Dr. Raghupati Singhania	2,544	0.07	0	0.00
5.	Shri Harsh Pati Singhania	744	0.02	0	0.00
6.	Shri Vikrampati Singhania	744	0.02	0	0.00
7.	Smt. Sunanda Singhania	9,000	0.25	0	0.00
8.	Smt. Vinita Singhania	903	0.03	0	0.00
9.	Shri Anshuman Singhania	693	0.02	0	0.00
10.	Shri Shrivats Singhania	94	0.00	0	0.00
11.	Shri Anshuman Singhania (Karta of Shripati Singhania HUF)	11,172	0.31	0	0.00
12.	Shri Bharat Hari Singhania (HUF)	3,420	0.09	0	0.00
13.	Dr. Raghupati Singhania (HUF)	1,200	0.03	0	0.00
14.	Shri Harsh Pati Singhania (HUF)	3,420	0.09	0	0.00
15.	Shri Vikrampati Singhania (HUF)	3,375	0.09	0	0.00
16.	Florence Investech*	15,00,000	41.62	0	0.00
17.	JK Tyre	0	0	0	0.00
18.	JK Paper	0	0	0	0.00
19.	JKLC	0	0	0	0.00
20.	Juggilal Kamlapat Udyog Limited	0	0	0	0.00
21.	BMF Investments Limited	0	0	0	0.00
22.	Fenner (India) Limited	0	0	0	0.00
23.	Nav Bharat Vanijya Limited	0	0	0	0.00
24.	Param Shubham Vanijya Limited	0	0	0	0.00
25.	J.K. Credit & Finance Limited	0	0	0	0.00
26.	Pranav Investment (M.P.) Company Limited	0	0	0	0.00
27.	Hansdeep Industries and Trading Company Limited	0	0	0	0.00
28.	Bhopal Udyog Limited	0	0	0	0.00



S. No.	Name of the shareholder	Total Shares held		Shares pledged or otherwise encumbered	
		Number	As a % of Grand Total	Number	As a percentage(VI)= (V)/(III)*100
I	II	III	IV	V	VI
29.	Accurate Finman Services Limited	0	0	0	0.00
30.	Sago Trading Limited	0	0	0	0.00
31.	Dwarkesh Energy Limited	0	0	0	0.00
32.	Southern Spinners and Processors Limited	0	0	0	0.00
33.	Modern Cotton Yarn Spinners Limited	0	0	0	0.00
34.	LVP Foods Private Limited	0	0	0	0.00
35.	Umang Dairies	0	0	0	0.00
36.	M/s Yashodhan Enterprises	0	0	0	0.00
37.	M/s Juggilal Kamlapat Lakshmipat	0	0	0	0.00
	<b>Total</b>	<b>23,55,039</b>	<b>65.35</b>	<b>0</b>	<b>0.00</b>

\* The shareholding of Florence Investech in the Company includes shareholding of the 7 shareholders holding 100 Equity Shares each, as nominees of Florence Investech in terms of Section 49(3) of the Companies Act.

5.2.4 Statement showing shareholding of persons belonging to the category “Public” holding more than 1% of the total number of the Equity Shares as on the date of allotment of shares by the Company to the shareholders of the Transferor Company pursuant to the Scheme of Demerger:

S. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares
1	Edgefield Securities Limited	2,17,749	6.04
2	Shri Shah Bahubali Shantilal	1,15,200	3.20
3	Alchemist Capital Limited	1,05,000	2.91
4	Alchemist Holding Limited	1,04,528	2.90
5	KDS Corporation Private Limited	1,04,791	2.91
6	Ennar Star Trade Limited	84,000	2.33
	<b>TOTAL</b>	<b>7,31,268</b>	<b>20.29</b>

5.2.5 Notes to Shareholding Pattern

- 1) Bodies Corporate under category “Shareholding of Promoter and Promoter Group – Indian – A1(b)” in paragraph 5.2.2 includes 7 shareholders holding 100 Equity Shares each, who are nominees in terms of Section 49(3) of the Companies Act.
- 2) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments issued by the Company into the Equity Shares.

- 3) The Company has not issued any Equity Shares out of revaluation reserve or reserves without accrual of cash resources.
- 4) The Equity Shares held by the promoter and promoter group are not subject to any pledge.
- 5) There are no partly paid-up Equity Shares.
- 6) The Company has approximately 9,383 shareholders.

5.2.6 As of the date of this Information Memorandum, no Equity Shares are locked-in.

## SECTION 6 – SCHEME OF DEMERGER

- 6.1 In order to create a focused entity engaged in the core business of R&D, production and marketing of hybrid seeds (“**Seed Undertaking**”) and to realign the business operation, the Seed Undertaking of the Transferor Company was transferred to the Transferee Company through the Scheme of Demerger.
- 6.2 The Seed Undertaking, as transferred to the Transferee Company pursuant to the Scheme of Demerger was defined in the Scheme of Demerger to mean the business of R&D, production and marketing of hybrid seeds as carried out by the Transferor Company and includes:
- (i) any and all assets relating to the Seed Undertaking, whether movable or immovable, including all rights, title, interests, covenants, undertakings and liabilities including continuing rights, title, interests, covenants, undertakings and liabilities in connection with the land and the buildings thereon, whether leasehold or otherwise, plant and machinery, whether leased or otherwise, together with all present and future liabilities including contingent liabilities and debts appertaining thereto;
  - (ii) any and all investments, loans and advances, including accrued interests thereon appertaining to the Seed Undertaking;
  - (iii) any and all debts, borrowings and liabilities (including contingent liabilities), present or future, whether secured or unsecured, pertaining to the Seed Undertaking;
  - (iv) any and all permits, quotas, rights, entitlements, allotments, approvals, consents, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, registrations, easements, goodwill, licenses, tenancies, offices and depots, income tax credits, privileges, trademarks, service marks, patents, copyrights, domain names and applications made for registration of the above, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever, appertaining to the Seed Undertaking;
  - (v) all permanent employees of the Transferor Company, as engaged in or in relation to the Seed Undertaking, at its respective offices, branches, depots, shops, etc.; and
  - (vi) any and all earnest monies and/or security deposits and other entitlements in connection with or relating to the Seed Undertaking.
- 6.3 After the Scheme of Demerger was approved by BSE and CSE vide their letters dated June 27, 2006 and July 14, 2006, respectively, and after approval of the Scheme of Demerger by the equity shareholders, preference shareholders and zero-coupon non-convertible bond holders of the Transferor Company and by the equity shareholders of the Transferee Company, the Scheme of Demerger was filed in the High Court for confirmation. The Scheme of Demerger was rejected by the High Court by its order dated May 20, 2010. An appeal against the said order was filed before the division bench of the High Court on June 9, 2010. The appeal was allowed and the Scheme of Demerger was sanctioned on September 10, 2012.

After the Scheme of Demerger was sanctioned, a special leave petition was filed against the order of the division bench of the High Court in the Supreme Court of India. The special leave petition was heard and was dismissed on October 18, 2012. The Scheme of Demerger thus attained finality in view of the order passed by the Supreme Court of India confirming the judgment of the division bench of the High Court. The Scheme of Demerger became effective on November 2, 2012 and is operative with effect from the Appointed Date.

## SECTION 7 – HISTORY AND CERTAIN CORPORATE MATTERS

### 7.1 Incorporation

The Company was originally incorporated on March 06, 2000 under the Companies Act, under the name 'Netfliar Communications Limited'. Subsequently, the name of the Company was changed to 'Manaksia Alumina Limited' on December 03, 2002 and a fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies, West Bengal. The name of the Company was further changed to 'Florence Alumina Limited' on March 11, 2003 and then again changed to its current name, i.e. 'JK Agri Genetics Limited' on November 19, 2012 and fresh certificates of incorporation consequent to changes of name were issued by the Registrar of Companies, West Bengal. The registered office of the Company is located at 7, Council House Street, Kolkata - 700001, West Bengal, India. Corporate Identification Number of the Company is U01400WB2000PLC091286.

Further, pursuant to the Scheme of Demerger sanctioned by the High Court, the Demerged Undertaking stands vested in the Company. For further details about the Company, please see the Section titled "**General Information about the Company**".

### 7.2 Main objects of the Company

Set forth below are the main objects of the Company as appearing in the MoA:

- “1. *To establish and carry on business as researchers, developers, producers, marketers, traders, dealers, agents, importers, distributors, representatives or otherwise in respect of the following products/services:*
  - (a) *Hybrid and Open Pollinated varieties of seeds and planting material of agricultural, horticulture, medicinal, fruit or any other crop species.*
  - (b) *Know-how, patents, genetic sequences and products of biotechnology and genetic engineering, research and development in the field of agriculture, tissue culture and its metabolites, aquaculture, sericulture, pisciculture and marine, animal and other produce covered and understood by the term agriculture.*
  - (c) *Products and services which serve as any type of agricultural inputs such as pesticides (biological or chemical or any other type), fertilizers, manures, nutrients, seeds, feeds, weedicides, fungicides and implements used for agriculture and agricultural outputs processed or otherwise.*
2. *To establish, maintain, conduct and operate research establishments, centers for dissemination of knowledge and technical advisory services for the purpose of agriculture in particular and biology and other frontiers of science with a view of evaluating, developing, improving, modifying or discovering new agricultural inputs, agricultural practice and processing and/or marketing of agricultural outputs.”*

### 7.3 Changes in the MoA

Date of Change	Type of Meeting	Type of Resolution	Brief particulars of Change
November 9, 2002	Extra-ordinary General Meeting	Special	<ul style="list-style-type: none"> <li>Alteration of objects by inserting one more object</li> <li>Change of name of the Company</li> </ul>
February 11, 2003	Extra-ordinary General Meeting	Special	Change of name of the Company
February 8, 2006	Extra-ordinary General Meeting	Ordinary	Increase of authorised share capital of the Company
November 2,			Change of main objects of the

Date of Change	Type of Meeting	Type of Resolution	Brief particulars of Change
2012	Pursuant to Scheme of Demerger		Company
			Increase of authorised share capital of the Company
November 19, 2012	Pursuant to Scheme of Demerger		Change of name of the Company

#### 7.4 Subsidiary of the Company

The Company does not have any subsidiaries.

#### 7.5 Shareholders' Agreement

The Company is not a party to any shareholders' agreement.

#### 7.6 Strategic/ Financial Partners and Material Contracts

The Company does not have any strategic/financial partners. However, the Company enters into collaboration agreements with various universities and research institutes in the ordinary course of its business and as a routine matter. The Company has not entered into any material contracts which are not in the ordinary course of business.

#### 7.7 Management: Board of Directors

The general supervision, direction and management of the operation and business of the Company are vested in the Board of Directors, which exercises its powers subject to the MoA and AoA and the requirements of Indian laws.

The Company currently has 7 Directors on its Board of Directors. The following table sets forth the details of the Board of Directors of the Company, as on the date of this Information Memorandum:

Name, Father's name, address & occupation	DIN	Designation	Age	Directorship in other Companies in India
Shri Bharat Hari Singhania  Father's Name: Late Shri Lala Lakshmipat Singhania  Address: 19, The Green, Rajokari, New Delhi - 110038  Occupation: Industrialist	00041156	Chairman, Non-Executive Director (Non-Independent Director)	75	1. JK Tyre 2. JKLC 3. JK Paper 4. BACL 5. Rockwood Properties Private Limited 6. Tanvi Commercial Private Limited 7. Hari Shankar Singhania Holdings Private Limited 8. HSS Stock Holding Private Limited 9. Pushpawati Singhania Research Institute for Liver, Renal & Digestive Diseases
Dr. Raghupati Singhania  Father's Name: Late Shri Lala	00036129	Non-Executive Director (Non-Independent Director)	66	1. JK Tyre 2. J.K. Fenner (India) Limited 3. JKT&I Employees Welfare Association Limited 4. JKLC 5. BACL

Name, Father's name, address & occupation	DIN	Designation	Age	Directorship in other Companies in India
<p>Lakshmipat Singhania</p> <p>Address: 40, Friends Colony (East), New Delhi - 110065</p> <p>Occupation: Industrialist</p>				<p>6. DCM Engineering Limited</p> <p>7. Radico Khaitan Limited</p> <p>8. Radical Agro Products Private Limited</p> <p>9. RPS Securities Private Limited</p> <p>10. Hari Shankar Singhania Holdings Private Limited</p> <p>11. Pushpawati Singhania Research Institute for Liver, Renal &amp; Digestive Diseases</p> <p>12. Hari Shankar Singhania Elastomer and Tyre Research Institute</p> <p>13. Tanvi Commercial Private Limited</p>
<p>Shri Vikrampati Singhania</p> <p>Father's Name: Shri Bharat Hari Singhania</p> <p>Address: B-16, West End, New Delhi - 110021</p> <p>Occupation: Industrialist</p>	00040659	Non-Executive Director (Non-Independent Director)	47	<p>1. JK Tyre</p> <p>2. J.K. Fenner (India) Limited</p> <p>3. JK Sugar</p> <p>4. Young President Organization (YPO – Delhi Chapter)</p>
<p>Shri Swaroop Chand Sethi</p> <p>Father's Name: Late Shri C.L Sethi</p> <p>Address: 58, New Rajdhani Enclave, Vikas Marg, New Delhi -110092</p> <p>Occupation: Service</p>	00328990	Independent Director	76	<p>1. Bhopal Udyog Limited</p> <p>2. JKT&amp;I Employees' Welfare Association Limited</p> <p>3. Nav Bharat Vanijya Limited</p> <p>4. JK Plant Bio Sciences Research Limited</p> <p>5. Hari Shankar Singhania Elastomer &amp; Tyre Research Institute</p> <p>6. JK Tyre</p>
<p>Shri Sanjeev Kumar Jhunjhunwala</p> <p>Father's Name: Late Shri Kailashpat Jhunjhunwala</p> <p>Address: 117/K/13, Gutaiya, Naveen Nagar, Kanpur - 208025, Uttar Pradesh</p>	00177747	Independent Director	48	<p>1. Motilal Padampat Udyog Private Limited</p> <p>2. Rave Moti Entertainment Private Limited</p> <p>3. Kapilesh Tradelink Private Limited</p> <p>4. Morning Glory Infra Limited</p>

Name, Father's name, address & occupation	DIN	Designation	Age	Directorship in other Companies in India
Occupation: Industrialist				
Shri Sanjay Kumar Khaitan  Father's Name: Shri T.N. Khaitan  Address: 114-A, Central Avenue, Sanik Farm, New Delhi - 110062  Occupation: Advocate	00156816	Independent Director	47	1. Debikay Investment Private Limited 2. Sanman Gems Private Limited 3. SRK Home and Style Private Limited 4. Sadhana Estates and Agriculture Private Limited 5. UT Pumps and Systems Private Limited
Shri J.R.C. Bhandari  Father's Name: Late Shri N.C Bhandari  Address: D-2, Sector-26, Noida, U.P - 201301  Occupation: Retired company executive	00292314	Independent Director	80	1. Ultima Finvest Limited 2. JK Sugar 3. BACL

## 7.8 Brief profile of the Directors

- (i) **Shri Bharat Hari Singhania** - Shri Bharat Hari Singhania is a graduate in Commerce. He is the Chairman of the Company and is a well known industrialist with over 55 years of rich experience in managing various industries including cement, automotive tyres, paper, jute, synthetics, high yielding hybrid seeds, etc. He has held the position of the President of the Indian Chamber of Commerce and Chairman of the Indian Jute Mills Association. He has also headed the Indian Jute Industries Research Association and has served on various government committees.
- (ii) **Dr. Raghupati Singhania** - Dr. Raghupati Singhania holds a Bachelor's Degree in Science from the University of Calcutta. He is a well known industrialist with over 45 years of rich experience in managing various industries including automotive tyres and tubes, power transmission, v-belts, conveyor belt, automotive belts, oil seals, industrial electronics, material handling systems, bulk drugs and hybrid seeds, etc. He has been conferred Doctorate of Science by Mohanlal Sukhadia University, Udaipur for his outstanding contribution in education, training and research in the field of Elastomer, Polymers and Tyres. He has held the position of the Chairman of the Automotive Tyre Manufacturers Association and has also served as the President of the PHD Chamber of Commerce and Industry.
- (iii) **Shri Vikrampati Singhania** - Shri Vikrampati Singhania, holds a Master's Degree in Business Administration from Duke University, United States of America and a Master's Degree in Commerce from Kanpur University. He has rich experience of over 20 years in managing various industries

including automotive tyres, pharmaceuticals, sugar, hybrid seeds, clinical research, etc. He is a member of the Managing Committee of ASSOCHAM.

- (iv) **Shri Swaroop Chand Sethi** - Shri S.C. Sethi, holds a Bachelor Degree in Law, a Masters Degree in Commerce and a Post Graduate Diploma in Business Administration from the University of Calcutta. He also holds a Diploma in Company Secretaryship from the then Department of Company Affairs, Central Government. He has rich experience of over 54 years in various JK Group Companies and other organizations.
- (v) **Shri Sanjeev Kumar Jhunjhunwala** - Shri S.K. Jhunjhunwala, holds a Masters Degree in Commerce. He has rich experience of over 25 years in managing various industries including real estate, steel, vanaspati and sugar.
- (vi) **Shri Sanjay Kumar Khaitan** - Shri Sanjay Kumar Khaitan, holds a Bachelors Degree in Commerce and is a law graduate and an advocate, with rich experience in commercial, legal and board matters.
- (vii) **Shri J.R.C. Bhandari** - Shri J.R.C. Bhandari holds a Masters Degree in Commerce. He has over 50 years of rich experience in the areas of commerce, administration, mergers and amalgamations, accounts and finance.

#### 7.9 Date of expiration of current term of office of Director

In terms of Section 256 of the Companies Act, the Directors are liable to retire by rotation and will be eligible for re-appointment.

#### 7.10 Details of arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the Directors were selected as a director or member of senior management.

There are no such arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which the Directors were selected as a director or a member of the senior management.

#### 7.11 Details of service contracts entered into by the Directors with the Company providing for benefits upon termination of employment.

The Company has not entered into service contracts with the Directors providing for benefits upon termination of employment.

#### 7.12 Compensation of Managing / Whole-Time Director(s)

Not applicable

#### 7.13 Compensation of the Non-Executive Directors

Except for the payment of sitting fee for attending meetings of the Board of Directors and committees thereof, no other compensation has been paid to the Non-Executive Directors of the Company.

#### 7.14 Shareholding of Directors in the Company

The shareholding of the Directors is set out below:

S. No.	Name of the Director	No. of Equity Shares held
1.	Shri Bharat Hari Singhania	11,272*
2.	Dr. Raghupati Singhania	3,744*
3.	Shri Vikrampati Singhania	4,119*
4.	Shri Swaroop Chand Sethi	3
5.	Shri Sanjeev Kumar Jhunjhunwala	Nil



S. No.	Name of the Director	No. of Equity Shares held
6.	Shri Sanjay Kumar Khaitan	Nil
7.	Shri J.R.C. Bhandari	Nil

\* These Equity Shares include the Equity Shares held by them on behalf of Shri Bharat Hari Singhania (HUF), Dr. Raghupati Singhania (HUF) and Shri Vikrampati Singhania (HUF), respectively.

### 7.15 Interest of Directors

All Directors are deemed to be interested to the extent of fees payable to them for attending meetings of the Board of Directors or a committee thereof, as well as to the extent of other remuneration, commission and reimbursement of expenses payable to them, if any, under the AoA, and to the extent of remuneration paid to them, if any, for services rendered as an officer or employee of the Company. Some of the Directors may also be regarded as interested in the Equity Shares held by them or by the companies/firms/ventures promoted by them or that may be allotted to the companies, firms, trusts, in which they are interested as Directors, members, partners, trustees and promoters, pursuant to the Scheme of Demerger. All the Directors are deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them.

### 7.16 Corporate Governance

The provisions of the Listing Agreements with respect to corporate governance will be applicable to the Company immediately upon listing of its Equity Shares on the Stock Exchanges. However, as on the date of this Information Memorandum, the Company is in compliance with the provisions of Clause 49 of the Listing Agreement and the details are as follows:

#### (i) Composition of Board of Directors

The Board of Directors comprises of the following:

S. No.	Name	Designation
1.	Shri Bharat Hari Singhania	(Chairman) Non-Executive Director (Non-Independent Director)
2.	Dr. Raghupati Singhania	Non-Executive Director (Non-Independent Director)
3.	Shri Vikrampati Singhania	Non-Executive Director (Non-Independent Director)
4.	Shri Swaroop Chand Sethi	Independent Director
5.	Shri Sanjeev Kumar Jhunjunwala	Independent Director
6.	Shri Sanjay Kumar Khaitan	Independent Director
7.	Shri J.R.C. Bhandari	Independent Director

#### (ii) Board Committees

The Board of Directors has constituted the following committees:

Name of the Director	Audit Committee	Investors Grievance Committee
Shri Bharat Hari Singhania	-	-
Dr. Raghupati Singhania	-	-
Shri Vikrampati	-	Member

Name of the Director	Audit Committee	Investors Grievance Committee
Singhania		
Shri Swaroop Chand Sethi	Member	Chairman
Shri Sanjeev Kumar Jhunjhunwala	Member	-
Shri Sanjay Kumar Khaitan	Member	Member
Shri J.R.C. Bhandari	Chairman	-

The role, powers, scope of functions and duties of these committees are as per the applicable provisions of the Companies Act and Clause 49 of the Listing Agreement.

**(iii) Compliance Report on Corporate Governance**

Particulars	Clause of Listing Agreement	Compliance Status Yes/No	Remarks
<b>I. Board of Directors</b>	49 I		
(A) Composition of Board	49(IA)	Yes	
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes	
(C) Other provisions as to Board and Committees	49 (IC)	Yes	
(D) Code of Conduct	49 (ID)	Yes	
<b>II. Audit Committee</b>	49 (II)		
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee	49 (IIB)	Yes	
(C) Powers of Audit Committee	49 (IIC)	Yes	
(D) Role of Audit Committee	49 II(D)	Yes	
(E) Review of Information by Audit Committee	49 (IIE)	Yes	
<b>III. Subsidiary Companies</b>	49 (III)	Not applicable	
<b>IV. Disclosures</b>	49 (IV)		
(A) Basis of related party transactions	49 (IV A)	Yes	
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes	
(C) Board Disclosures	49 (IV C)	Yes	
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	Not applicable	
(E) Remuneration of Directors	49 (IV E)	Yes	
(F) Management	49 (IV F)	Yes	
(G) Shareholders	49 (IV G)	Yes	
V. CEO/CFO Certification	49 (V)	Yes	
VI. Report on Corporate	49 (VI)	Yes	

Particulars	Clause of Listing Agreement	Compliance Status Yes/No	Remarks
Governance			
VII. Compliance	49 (VII)	Yes	

(iv) **Changes in Board of Directors since inception**

Name of Director	Date of appointment	Date of Resignation
Shri Basant Kumar Agrawal	Since incorporation	February 4, 2006
Shri Mahabir Prasad Agrawal	Since incorporation	October 23, 2002
Shri Sunil Kumar Agrawal	Since incorporation	October 23, 2002
Shri Kalyan Lahiri	October 16, 2002	February 6, 2006
Shri Lalit Kumar Modi	October 16, 2002	February 4, 2006
Shri Shesh Narain Tripathi	February 4, 2006	July 29, 2011
Shri Pawan Kumar Rustagi	February 4, 2006	February 12, 2013
Shri Ashok Kumar Kinra	February 4, 2006	February 12, 2013
Shri Vijay Kumar Sharma	June 17, 2006	February 12, 2013
Shri Vikrampati Singhania	February 12, 2013	-
Shri Sanjeev Kumar Jhunjhunwala	February 12, 2013	-
Shri J.R.C. Bhandari	February 12, 2013	-
Shri Swaroop Chand Sethi	February 12, 2013	-
Shri Bharat Hari Singhania	March 30, 2013	-
Dr. Raghupati Singhania	March 30, 2013	-
Shri Sanjay Kumar Khaitan	March 30, 2013	-

(v) **Key Management Personnel**

The following are the key management personnel of the Company:

Name, Designation and Age and experience	Date of Joining	Qualification	No. of Equity Shares
Name: Sanjay Kumar Gupta Designation: President Age: 43 years Experience: 20 yrs	May 16, 2008	B. Sc (Tech); PGDM – IIM (Ahmedabad)	Nil
Name: Amit Agarwal Designation: Chief Financial Officer Age: 44 Years Experience: 21 years	December 11, 2007	B.Com (Hons.), F.C.A. and C.M.A.	Nil
Name: Anoop Singh Gusain Designation: Company Secretary Age: 31 Experience: 5 years	April 2, 2012	B.Com, C.S and LL.B	Nil

(vi) **Employees**

Consequent to vesting of the Demerged Undertaking into the Company, all permanent employees of Transferor Company have been transferred to the Company with continuity of service and on no less favourable terms.

## SECTION 8 – PROMOTERS AND PROMOTER GROUP

## 8.1 Promoter of the Company

The details of the promoter of the Company are given below. Unless mentioned otherwise, the following information is as on September 1, 2013:

**BACL**Incorporation and registered office

BACL was incorporated as 'Bengal & Assam Investors Limited' under the erstwhile Companies Act, 1913 on January 30, 1947 as a public limited company. The name of the company was subsequently changed to 'Bengal & Assam Company Limited' on June 2, 1982. Its Corporate Identification Number is L67120DL1947PLC116830. The registered office of BACL is situated at Link House, 3, Bahadur Shah Zafar Marg, New Delhi - 110002, India.

Principal Business

BACL is engaged in the business of holding investments and other financial assets of certain JK group companies. BACL is duly registered as a Core Investment Company with the Reserve Bank of India.

Shareholding Pattern

The shareholding pattern of BACL as on June 30, 2013 is as follows:

					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
(A)	<b>Shareholding of Promoter and Promoter Group</b>						
1	<b>Indian</b>						
(a)	Individuals /Hindu Undivided Family	17	53,49,346	53,49,346	61.60	-	-
(b)	Bodies Corporate	10	8,80,047	8,80,047	10.14	-	-
	<b>Sub Total (A)(1)</b>	<b>27</b>	<b>62,29,393</b>	<b>62,29,393</b>	<b>71.74</b>	-	-
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)</b>	<b>27</b>	<b>62,29,393</b>	<b>62,29,393</b>	<b>71.74</b>	-	-

					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
<b>(B)</b>	<b>Public shareholding</b>					<b>N.A.</b>	<b>N.A.</b>
<b>B 1</b>	<b>Institutions</b>						
(a)	Mutual Funds/ UTI	13	1,111	1,000	0.01	-	-
(b)	Financial Institutions/ Banks	21	795	108	0.01	-	-
(c)	Central Government/ State Government(s)	2	37,285	37,285	0.43	-	-
(d)	Insurance Companies	6	3,57,821	3,57,647	4.12	-	-
(e)	Foreign Institutional Investors	2	1,23,093	1,23,093	1.42	-	-
	<b>Sub Total (B)(1)</b>	<b>44</b>	<b>5,20,105</b>	<b>5,19,133</b>	<b>5.99</b>	<b>-</b>	<b>-</b>
<b>B 2</b>	<b>Non-institutions</b>						
(a)	Bodies Corporate	490	4,90,564	4,43,241	5.65	-	-
(b)	<b>Individuals</b>						
I	Individual shareholders holding nominal share capital up to Rs. 1 lakh	34,273	4,23,802	3,08,678	4.88	-	-
II	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	11	5,86,782	5,86,782	6.76	-	-
(c)	<b>Any Other (Specify)</b>						
I	Trust	9	2,09,642	2,09,634	2.41	-	-
II	NRIs/OCBs	407	2,21,968	2,14,005	2.56	-	-
III	Custodian	17	1,297	34	0.01	-	-
	<b>Sub Total (B)(2)</b>	<b>35,207</b>	<b>19,34,055</b>	<b>17,62,374</b>	<b>22.27</b>	<b>-</b>	<b>-</b>

					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
(B)	Total Public Shareholding (B)=(B)(1)+(B)(2)	35,251	24,54,160	22,81,507	28.26	NA	NA
	TOTAL (A)+(B)	35,278	86,83,553	85,10,900	100.00	-	-

#### Board of Directors

The board of directors of BACL comprise of the following directors:

S. No.	Name	Position held
1.	Shri Bharat Hari Singhania	Non-Executive Director
2.	Shri J.R.C. Bhandari	Independent Director
3.	Shri L.R. Puri	Independent Director
4.	Shri O.P. Khaitan	Independent Director
5.	Dr. Raghupati Singhania	Non-Executive Director
6.	Shri Shailendra Swarup	Independent Director
7.	Smt. Vinita Singhania	Non-Executive Director
8.	Shri A.K. Kinra	Non-Executive Director

#### Financial Performance

(Rs. in lakhs except per share data)	For the 12-month period ended March 31,		
	2011	2012	2013
Gross Sales (Revenue from operations)	2,957.56	2,262.31	2,475.37
Net income (PAT)	2,921.35	1,464.70	1,257.51
Equity capital	868.36	868.36	868.36
Reserves and surplus*	25,066.29	26,183.65	28,043.99
Earnings per share (Rs. per share) (Basic/Diluted)	33.64	16.87	14.48
Net asset value (Rs. per share)	298.66	311.53	332.96

\*Reserves and surplus are excluding revaluation reserve, if any, and reduced by miscellaneous expenditure, if any.

#### Details of listing and highest and lowest market price during the preceding 6 months

The equity shares of BACL were listed on BSE and CSE on August 17, 2009 and December 8, 2009, respectively. Subsequently, equity shares of BACL were voluntarily delisted from CSE on November 3, 2010. The equity shares of BACL are presently listed on BSE.

The highest and lowest market price of the equity shares of BACL listed on BSE for the preceding 6 months are as follows:

Month	High (Rs.) on BSE	Low (Rs.) on BSE
August, 2013	299.90	277.00
July, 2013	312.00	245.00
June, 2013	291.00	289.90
May, 2013	298.95	287.00
April, 2013	301.50	266.35
March, 2013	323.00	255.50

(Source: [www.bseindia.com](http://www.bseindia.com))

#### Previous rights issue, public issues and preferential allotment

BACL has not made any public issue, rights issue or preferential allotment in the last 3 years.

## 8.2 Promoter group of the Company

### 8.2.1 The following constitute the promoter group of the Company:

S. No.	Name
1.	Shri Bharat Hari Singhania
2.	Dr. Raghupati Singhania
3.	Shri Harsh Pati Singhania
4.	Shri Vikrampati Singhania
5.	Smt. Sunanda Singhania
6.	Smt. Vinita Singhania
7.	Shri Anshuman Singhania
8.	Shri Shrivats Singhania
9.	Shri Anshuman Singhania (Karta of Shripati Singhania HUF)
10.	Shri Bharat Hari Singhania (HUF)
11.	Dr. Raghupati Singhania (HUF)
12.	Shri Harsh Pati Singhania (HUF)
13.	Shri Vikrampati Singhania (HUF)
14.	Florence Investech
15.	JK Tyre
16.	JK Paper
17.	JKLC
18.	Juggilal Kamlapat Udyog Limited
19.	BMF Investments Limited
20.	J.K. Fenner (India) Limited
21.	Nav Bharat Vanijya Limited
22.	Param Shubham Vanijya Limited
23.	J.K. Credit & Finance Limited
24.	Pranav Investment (M.P.) Company Limited
25.	Hansdeep Industries and Trading Company Limited
26.	Bhopal Udyog Limited
27.	Accurate Finman Services Limited

S. No.	Name
28.	Sago Trading Limited
29.	Dwarkesh Energy Limited
30.	Southern Spinners and Processors Limited
31.	Modern Cotton Yarn Spinners Limited
32.	LVP Foods Private Limited
33.	Umang Dairies
34.	M/s Yashodhan Enterprises
35.	M/s Juggilal Kamlapat Lakshmipat

- 8.2.2 On the basis of the market capitalization, as on September 1, 2013, the 5 largest promoter group companies of the Company and their details are set out below. Unless mentioned otherwise, the following information is as on September 1, 2013:

**(a) JK Tyre**

Incorporation and registered office

JK Tyre was incorporated as 'J.K. Industries Private Limited' under the erstwhile Indian Companies Act, 1913 on February 14, 1951. Upon conversion to a public company, the name of JK Tyre was changed to 'J.K. Industries Limited' with effect from May 24, 1974 and subsequently to its present name i.e. 'JK Tyre & Industries Limited' with effect from April 2, 2007. Its Corporate Identification Number is L67120WB1951PLC019430. Its registered office is situated at 7, Council House Street, Kolkata – 700001, West Bengal, India.

Principal Business

JK Tyre is engaged in the business of manufacture and sale of automotive tyres, tubes and flaps.

Shareholding Pattern

The shareholding pattern of JK Tyre as on June 30, 2013 is as follows:

					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>						
<b>1</b>	<b>Indian</b>						
(a)	Individuals / Hindu Undivided Family	16	7,15,161	7,15,161	1.74	0	0.00
(b)	Bodies Corporate	5	1,87,24,320	1,87,24,320	45.60	0	0.00
	<b>Total Promoter and Promoter Group</b>	<b>21</b>	<b>1,94,39,481</b>	<b>1,94,39,481</b>	<b>47.34</b>	<b>0</b>	<b>0.00</b>



					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
	shareholding (A)						
(B)	Public shareholding					N.A.	N.A.
B 1	Institutions					N.A.	N.A.
(a)	Mutual Funds/ UTI	14	8,71,691	8,70,639	2.12		
(b)	Financial Institutions/ Banks	24	12,972	8,601	0.03		
(c)	Central Government/ State Government(s)	1	2,85,520	2,85,520	0.70		
(d)	Insurance Companies	5	18,96,452	18,96,313	4.62		
(e)	Foreign Institutional Investors	11	34,62,583	34,62,583	8.43		
	Sub Total (B)(1)	55	65,29,218	65,23,656	15.90		
B 2	Non-institutions					N.A.	N.A.
(a)	Bodies Corporate	579	33,82,880	33,11,244	8.24		
(b)	Individuals						
I	Individual shareholders holding nominal share capital up to Rs. 1 lakh	28,115	44,50,105	40,03,391	10.84		
II	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	49	18,55,783	18,55,783	4.52		
(c)	Any Other (Specify)						
I	Clearing Members	56	28,434	28,434	0.07		
II	Trust	1	200	200	0.00		
III	Non-Resident Indians	456	18,81,509	18,55,437	4.58		
IV	Overseas Corporate Bodies	1	34,87,500	34,87,500	8.49		
V	Directors & Relatives (other than Promoters)	6	4,236	3,436	0.01		
	Sub Total (B)(2)	29,263	1,50,90,647	1,45,45,425	36.74	N.A.	N.A.

					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
	Total Public Shareholding (B)=(B)(1)+(B)(2)	29,318	2,16,19,865	2,10,69,081	52.66	N.A.	N.A.
	TOTAL (A)+(B)	29,339	4,10,59,346	4,05,08,562	100.00		

Board of Directors

The board of directors of JK Tyre comprise of the following directors:

S. No.	Name	Position held
1.	Dr. Raghupati Singhania	Chairman & Managing Director
2.	Shri. Bharat Hari Singhania	Managing Director
3.	Shri Vikrampati Singhania	Dy. Managing Director
4.	Shri Swaroop Chand Sethi	Whole-time Director
5.	Shri. Arun K. Bajoria	President & Director
6.	Shri Arvind Singh Mewar	Independent Director
7.	Shri Bakul Jain	Independent Director
8.	Shri Kalpataru Tripathy	Independent Director
9.	Shri Om Prakash Khaitan	Independent Director
10.	Shri Vimal Bhandari	Independent Director
11.	Shri Wolfgang Holzbach	Independent Director

Financial Performance

(Rs. in lakhs except per share data)	For the 12-month period ended March 31,		
	2011	2012	2013
Gross Sales*	5,25,022.14	5,96,689.09	5,97,691.34
Net income (PAT)	6,131.60	1,100.28	10,553.77
Equity capital	4,105.93	4,105.93	4,105.93
Reserves and surplus**	58,988.39	58,856.12	67,878.54
Earnings per share (Rs. per share) (Basic/Diluted)	14.93	2.68	25.70
Net asset value (Rs. per share)	153.67	153.34	175.32

\*Figures have been reclassified/ regrouped/ recasted, wherever necessary.

*\*\* Reserves and surplus are excluding revaluation reserve, if any, and reduced by miscellaneous expenditure, if any.*

Details of listing and highest and lowest market price during the preceding 6 months

The equity shares of JK Tyre were first listed on BSE, CSE and DSE, pursuant to a prospectus issued by JK Tyre dated April 8, 1975, after obtaining consent of the Controller of Capital Issues, Government of India. The equity shares were subsequently listed on Jaipur Stock Exchange Limited in the year 1990 and on NSE in the year 2004. Subsequently, the equity shares of JK Tyre were voluntarily delisted from Jaipur Stock Exchange Limited, DSE and CSE on June 7, 2003, January 29, 2004 and August 18, 2010, respectively. The equity shares of JK Tyre are presently listed on BSE and NSE.

The highest and lowest market price of the equity shares of JK Tyre listed on BSE and NSE for the preceding 6 months are as follows:

Month	High (Rs.) on BSE	Low (Rs.) on BSE	High (Rs.) on NSE	Low (Rs.) on NSE
August, 2013	103.95	80.05	104.00	80.55
July, 2013	118.40	93.55	114.00	93.25
June, 2013	120.00	101.50	118.90	102.00
May, 2013	125.95	108.35	126.50	108.05
April, 2013	120.00	96.20	119.80	96.10
March, 2013	119.00	93.05	108.85	93.05

(Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com))

Previous rights issue, public issues and preferential allotment

JK Tyre has not made any public issue, rights issue or preferential allotment in the last 3 years.

**(b) JKLC**

Incorporation and registered office

JKLC was incorporated as 'Straw Products Limited' under the erstwhile Indian Companies Act, 1913 on August 6, 1938. Its Corporate Identification Number is L74999RJ1938PLC019511. Its registered office is situated at Jaykaypuram, Basantgarh, District Sirohi - 307019, Rajasthan, India.

Principal Business

JKLC is engaged in the business of manufacture and sale of cement.

Shareholding Pattern

The shareholding pattern of JKLC as on June 30, 2013 is as follows:

					Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percent age of (A+B)	As a percenta ge of (A+B+C )	Number of Shares	As a percenta ge of (A+B+C)

I	II	III	IV	V	VI	VII	VIII	IX= (VIII)/(I V)*100
(A)	<b>Shareholding of Promoter and Promoter Group</b>							
1	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	13	10,03,260	10,03,260	0.85	0.85	0	0.00
(b)	Bodies Corporate	9	5,30,74,093	5,30,74,093	45.39	45.11	0	0.00
	<b>Sub Total (A)(1)</b>	<b>22</b>	<b>5,40,77,353</b>	<b>5,40,77,353</b>	<b>46.24</b>	<b>45.96</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholdin g of Promoter and Promoter Group (A)=(A)(1)</b>	<b>22</b>	<b>5,40,77,353</b>	<b>5,40,77,353</b>	<b>46.24</b>	<b>45.96</b>	<b>0</b>	<b>0.00</b>
(B)	<b>Public shareholdin g</b>						<b>NA</b>	<b>NA</b>
<b>B 1</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	28	57,46,858	57,41,716	4.91	4.88	0	0.00
(b)	Financial Institutions/ Banks	26	55,07,087	54,93,645	4.71	4.68	0	0.00
(c)	Central Government/ State Government( s)	1	3,06,230	3,06,230	0.26	0.26	0	0.00
(d)	Insurance Companies	2	26,43,528	26,37,724	2.26	2.25	0	0.00
(e)	Foreign Institutional Investors	48	97,14,279	97,14,279	8.31	8.26	0	0.00
(f)	<b>Any Other (Specify )</b>							
I	Foreign Bank	12	4,726	0	0.00	0.00	0	0.00
	<b>Sub Total (B)(1)</b>	<b>117</b>	<b>2,39,22,606</b>	<b>2,38,93,594</b>	<b>20.46</b>	<b>20.33</b>	<b>0</b>	<b>0.00</b>
<b>B 2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	898	94,85,405	93,37,809	8.11	8.06	0	0.00
(b)	<b>Individuals</b>							
I	Individual shareholders holding nominal share capital up to Rs. 1 lakh	77,139	1,96,18,134	1,75,19,774	16.78	16.67	0	0.00

					Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage of (A+B+C)
I	II	III	IV	V	VI	VII	VIII	IX= (VIII)/(I V)*100
II	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	58	83,71,910	83,44,310	7.16	7.11	0	0.00
(c)	<b>Any Other (Specify)</b>							
I	NRI	2,241	14,35,704	13,93,822	1.23	1.22	0	0.00
II	Trust & Foundation	11	26,400	25,916	0.02	0.02	0	0.00
	<b>Sub Total (B)(2)</b>	<b>80,347</b>	<b>3,88,37,553</b>	<b>3,86,21,631</b>	<b>33.30</b>	<b>33.09</b>	<b>NA</b>	<b>NA</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>80,464</b>	<b>6,28,60,159</b>	<b>6,05,15,225</b>	<b>53.76</b>	<b>53.42</b>	<b>NA</b>	<b>NA</b>
	<b>TOTAL (A)+(B)</b>	<b>80,486</b>	<b>11,69,37,512</b>	<b>11,45,92,578</b>	<b>100.00</b>	<b>99.38</b>	<b>0</b>	<b>0.00</b>
(C)	<b>Shares held by Custodian and against which Depository Receipts have been issued</b>							
1	Public	1	7,32,554	7,32,554	0.00	0.62	0	0.00
	<b>Sub Total</b>	<b>1</b>	<b>7,32,554</b>	<b>7,32,554</b>	<b>0.00</b>	<b>0.62</b>	<b>0</b>	<b>0.00</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>80,487</b>	<b>11,76,70,066</b>	<b>11,53,25,132</b>	<b>0.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>

Board of Directors

The board of directors of JKLC comprise of the following directors:

S. No.	Name	Position held
1.	Shri Bharat Hari Singhania	Chairman & Managing Director (Executive Director)
2.	Dr. Raghupati Singhania	Non-Executive Director
3.	Smt. Vinita Singhania	Vice-Chairman and Managing Director (Executive Director)
4.	Shri N.G.Khaitan	Independent Director
5.	Dr. Shailendra Chouksey	Whole-Time Director (Executive Director)
6.	Shri Sushil Kumar Wali	Whole-Time Director (Executive Director)
7.	Shri Ravi Jhunjunwala	Independent Director

8.	Shri Raj Kumar Bansal	Independent Director (Nominee Director)
9.	Shri Kashi Nath Memani	Independent Director
10.	Shri Pradeep Dinodia	Independent Director
11.	Shri B. V. Bhargava	Independent Director

#### Financial Performance

<i>(Rs. in lakhs except per share data)</i>	For the 12-month period ended March 31,		
Financial Data	2011	2012	2013
Gross Sales	1,48,584.20	1,91,458.78	2,29,801.19
Net income (PAT)	5,913.53	10,878.37	17,573.68
Equity capital	6,119.01	6,118.66	5,884.57
Reserves and surplus*	97,015.00	1,05,139.79	1,16,447.48
Earnings per share (Rs. per share) (Basic/Diluted)	4.83	8.89	14.88
Net asset value (Rs. per share)**	176	194	230

\*Reserves and surplus are excluding revaluation reserve, if any, and reduced by miscellaneous expenditure, if any.

\*\*Net asset value per share is on the basis of face value of Rs. 5 per share.

#### Details of listing and highest and lowest market price during the preceding 6 months

Equity shares of JKLC were listed on BSE on March 10, 1959 and NSE on June 19, 2006. The equity shares of JKLC are presently listed on BSE and NSE.

The highest and lowest market price of the equity shares of JKLC listed on BSE and NSE for the preceding 6 months are as follows:

Month	High (Rs.) on BSE	Low (Rs.) on BSE	High (Rs.) on NSE	Low (Rs.) on NSE
August, 2013	68.70	49.05	69.00	49.15
July, 2013	101.10	59.85	101.50	59.50
June, 2013	117.50	95.50	117.70	95.50
May, 2013	117.90	95.95	118.80	95.75
April, 2013	108.70	86.50	104.80	86.25
March, 2013	134.90	95.20	132.65	95.25

(Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com))

#### Previous rights issue, public issues and preferential allotment

JKLC has not made any public, rights issue or preferential allotment in the last 3 years.

#### **(c) Umang Dairies**

##### Incorporation and registered office

Umang Dairies was incorporated as 'Umang Dairies Limited' under the Companies Act on December 2, 1992. Its Corporate Identification Number is L15111UP1992PLC014942. Its registered office is situated at Gajraula Hasanpur Road, District Jyotiba Phule Nagar, Uttar Pradesh – 244235, India.

##### Principal Business

Umang Dairies is engaged in the business of manufacturing of dairy products such as instant dairy powder, ghee, skimmed milk powder and flavoured milk.

#### Shareholding Pattern

The shareholding pattern of Umang Dairies as on June 30, 2013 is as follows:

					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>						
<b>1</b>	<b>Indian</b>						
(a)	Individuals/ Hindu Undivided Family	2	6,500	6,500	0.03	0	0.00
(b)	Bodies Corporate	4	1,64,42,930	1,64,42,930	74.73	0	0.00
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>6</b>	<b>1,64,49,430</b>	<b>1,64,49,430</b>	<b>74.76</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>Public shareholding</b>					<b>NA</b>	<b>NA</b>
<b>B 1</b>	<b>Institutions</b>						
(a)	Mutual Funds/ UTI	1	12,000	0	0.05	0	0.00
(b)	Financial Institutions/ Banks	4	4,100	800	0.02	0	0.00
	<b>Sub Total (B)(1)</b>	<b>5</b>	<b>16,100</b>	<b>800</b>	<b>0.07</b>	<b>0</b>	<b>0.00</b>
<b>B 2</b>	<b>Non-institutions</b>						
(a)	Bodies Corporate	210	3,74,011	3,41,511	1.70	0	0.00
(b)	Individuals						
I	Individual shareholders holding nominal	18,274	37,81,068	23,19,036	17.18	0	0.00

					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
	share capital up to Rs. 1 lakh						
II	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	24	12,41,614	12,41,614	5.64	0	0.00
(c)	<b>Any Other (Specify)</b>						
I	NRI/OCB	46	85,286	85,286	0.39	0	0.00
II	Clearing Member	34	55,691	55,691	0.25	0	0.00
	<b>Sub Total (B)(2)</b>	<b>18,588</b>	<b>55,37,670</b>	<b>40,43,138</b>	<b>25.17</b>	<b>NA</b>	<b>NA</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>18,593</b>	<b>55,53,770</b>	<b>40,43,938</b>	<b>25.24</b>	<b>NA</b>	<b>NA</b>
	<b>TOTAL (A)+(B)</b>	<b>18,599</b>	<b>2,20,03,200</b>	<b>2,04,93,368</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>

Board of Directors

The board of directors of Umang Dairies comprise of the following directors:

S. No.	Name	Position held
1.	Mr. Desh Bandhu Doda	Director
2.	Mr. Ratan Chand Jain	Director
3.	Mr. Ram Chandra Periwal	Director
4.	Mr. Radhey Lal Saha	Director

Financial Performance

(Rs. in lakhs except per share data)	For the 12-month period ended March 31,		
Financial Data	2011	2012	2013
Gross Sales	9,108.95	13,324.53	15,525.50
Net income (PAT)	331.37	1,383.02	1,229.85



Equity capital	1,100.16	1,100.16	1,100.16
Reserves and surplus*	-1,725.94	-342.92	693.86
Earnings per share (Rs. per share) (Basic/Diluted)	1.51	6.29	5.59
Net asset value (Rs. per share)	-2.84	3.44	8.15

\*Reserves and surplus are excluding revaluation reserve, if any, and reduced by miscellaneous expenditure, if any.

#### Details of listing and highest and lowest market price during the preceding 6 months

The equity shares of Umang Dairies were listed on BSE in October 1994 and DSE, CSE and UPSE in the year 1994. The equity shares of Umang Dairies were voluntary delisted from DSE in the year 2004 and from CSE and UPSE in the year 2009. The equity shares of Umang Dairies are presently listed on BSE.

The highest and lowest market price of the equity shares of Umang Dairies listed on BSE for the preceding 6 months are as follows:

Month	High (Rs.) on BSE	Low (Rs.) on BSE
August, 2013	35.95	22.55
July, 2013	42.00	34.10
June, 2013	41.90	33.80
May, 2013	45.00	33.00
April, 2013	37.90	31.35
March, 2013	48.70	30.00

(Source: [www.bseindia.com](http://www.bseindia.com) )

#### Previous rights issue, public issues and preferential allotment

Umang Dairies has not made any public issue, rights issue or preferential allotment in the last 3 years.

#### **(d) JK Paper**

##### Incorporation and registered office

JK Paper was incorporated as 'The Central Pulp Mills Limited' on July 4, 1960 under the Companies Act in the State of Maharashtra. Subsequently, the name of the company was changed to 'JK Paper Limited' and a fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli on November 5, 2001. Its Corporate Identification Number is L21010GJ1960PLC018099. Pursuant to the order of the Board of Industrial and Financial Reconstruction dated May 13, 1992, the registered office of JK Paper was transferred from the State of Maharashtra to the State of Gujarat on August 4, 1992. The registered office of JK Paper is situated at P.O. Central Pulp Mills – 394660, Fort Songadh, District Tapi, Gujarat, India.

##### Principal Business

JK Paper is engaged in the business of manufacturing and selling a diverse and multi application range of papers, specialty papers, allied stationery and virgin packaging board products and is focused in the production and marketing of high-end paper and virgin packaging board products.

##### Shareholding Pattern

The shareholding pattern of JK Paper as on June 30, 2013 is as follows:

Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)= (VII)/(IV)*100
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>						
<b>1</b>	<b>Indian</b>						
(a)	Individuals/ Hindu Undivided Family	11	10,50,000	10,50,000	0.77	0	0.00
(b)	Bodies Corporate	5	6,98,79,733	6,98,79,733	51.15	0	0.00
	<b>Total of shareholding of Promoter and Promoter Group (A)</b>	<b>16</b>	<b>7,09,29,733</b>	<b>7,09,29,733</b>	<b>51.92</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>Public shareholding</b>					<b>NA</b>	<b>NA</b>
<b>1</b>	<b>Institutions</b>					<b>NA</b>	<b>NA</b>
(a)	Mutual Funds/ UTI	1	21,230	21,230	0.02		
(b)	Financial Institutions/ Banks	2	11,64,022	11,64,022	0.85		
(c)	Insurance Companies	4	60,93,317	60,93,317	4.46		
(d)	Foreign Institutional Investors	NIL	NIL	NIL	NIL		
(e)	Any Other	1	76,90,000	76,90,000	5.63		
	<b>Sub Total (B)(1)</b>	<b>8</b>	<b>1,49,68,569</b>	<b>1,49,68,569</b>	<b>10.96</b>	<b>NA</b>	<b>NA</b>
<b>B 2</b>	<b>Non-institutions</b>					<b>NA</b>	<b>NA</b>
(a)	Bodies Corporate	656	1,06,76,343	1,06,76,193	7.81		
(b)	<b>Individuals</b>						
I	Individual shareholders holding nominal share capital up to Rs. 1 lakh	19,392	92,31,533	91,89,165	6.76		
II	Individual shareholders holding nominal share	209	1,05,54,338	1,05,40,838	7.73		

Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)= (VII)/(IV)*100
	capital in excess of Rs.1 lakh						
(c)	<b>Any Other (Specify)</b>						
I	Trust & Foundation	5	1,48,30,340	1,48,30,340	10.86		
II	NRI	173	29,29,769	27,32,769	2.14		
III	Overseas Corporate Bodies	1	25,00,000	25,00,000	1.83		
	<b>Sub Total (B)(2)</b>	<b>20,436</b>	<b>5,07,22,323</b>	<b>5,04,69,305</b>	<b>37.13</b>		
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>20,444</b>	<b>6,56,90,892</b>	<b>6,54,37,874</b>	<b>48.08</b>	<b>NA</b>	<b>NA</b>
	<b>TOTAL (A)+(B)</b>	<b>20,460</b>	<b>13,66,20,625</b>	<b>13,63,67,607</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>

Board of Directors

The board of directors of JK Paper comprise of the following directors:

S. No.	Name	Position held
1.	Shri Bharat Hari Singhania	Chairman
2.	Shri Harsh Pati Singhania	Vice Chairman & Managing Director
3.	Shri Om Prakash Goyal	Whole-Time director
4.	Shri Arun Bharat Ram	Independent Director
5.	Shri Dharendra Kumar	Non-Executive Director
6.	Shri M.H. Dalmia	Independent Director
7.	Shri R.V. Kanoria	Independent Director
8.	Shri Shailendra Swarup	Independent Director
9.	Shri Shailesh Haribhakti	Independent Director
10.	Wilhelmus Johannes Maria Wienk	Non-Executive Director
11.	Shri Udayan Bose	Independent Director
12.	Smt. Vinita Singhania	Non-Executive Director

Financial Performance

<i>(Rs. in lakhs except per share data)</i>	For the 12-month period ended March 31,		
<b>Financial Data</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Gross Sales	1,43,297.23	1,55,710.43	1,72,138.04
Net income (PAT)	10,641.66	4,931.56	3,769.81
Equity capital	7,814.99	13,662.06	13,662.06
Reserves and surplus*	50,688.14	71,121.88	73,546.42
Earnings per share (Rs. per share)	13.62 (Basic)	4.41 (Basic)	2.76 (Basic)
	13.62 (Diluted)	3.46 (Diluted)	2.18 (Diluted)
Net asset value (Rs. per share)	74.86	62.06	63.83

\*Reserves and surplus are excluding revaluation reserve, if any, and reduced by miscellaneous expenditure, if any.

#### Details of listing and highest and lowest market price during the preceding 6 months

The equity shares of JK Paper were re-admitted for trading on BSE from the year 1992. Thereafter, the equity shares of JK Paper were listed on (i) Vadodara Stock Exchange Limited with effect from April 29, 1995; and (ii) NSE with effect from June 16, 2005. The equity shares of JK Paper were voluntarily de-listed from the Vadodara Stock Exchange Limited with effect from March 30, 2007 in terms of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. Presently, the equity shares of JK Paper are listed on BSE and NSE.

The highest and lowest market price of the equity shares of JK Paper listed on BSE and NSE for the preceding 6 months are as follows:

<b>Month</b>	<b>High (Rs.) on BSE</b>	<b>Low (Rs.) on BSE</b>	<b>High (Rs.) on NSE</b>	<b>Low (Rs.) on NSE</b>
August, 2013	25.90	23.10	28.50	23.60
July, 2013	33.70	24.45	33.85	32.00
June, 2013	32.50	23.55	32.40	23.70
May, 2013	34.90	28.20	35.00	28.10
April, 2013	29.55	27.35	29.80	27.50
March, 2013	31.00	27.45	31.10	27.15

(Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com))

#### Previous rights issue, public issues and preferential allotment

JK Paper made a rights issue in the year 2011, which opened on August 8, 2011 and closed on August 23, 2011. Pursuant to the said rights issue, a total of 5,84,70,686 equity shares were issued at a price of Rs. 42 per equity share. JK Paper has not undertaken any public issue or preferential allotment in the past 3 years.

#### **(e) Florence Investech**

##### Incorporation and registered office

Florence Investech was originally incorporated on May 25, 1993 under the Companies Act under the name 'JK Agro Products Limited' in the State of NCT Delhi. Subsequently, the name of the company was changed to 'Roshni Agro Chemicals Limited' on January 28, 1998 and the registered office was also shifted from the State of NCT of Delhi to the State of West Bengal on February 20, 1998. The name of the company was again changed to 'JK Agri Genetics Limited' on November 25, 2002 and subsequently to its current name 'Florence Investech Limited' on November 7, 2012. Its Corporate Identification Number is L24211DL1993PLC254964. The

registered office of Florence Investech has been shifted from the State of West Bengal and is situated at Link House, 3, Bahadur Shah Zafar Marg, New Delhi - 110 002, India.

### Principal Business

Florence Investech is engaged in the business of investment.

### Shareholding Pattern

The shareholding pattern of Florence Investech as on June 30, 2013 is as follows:

					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
(A)	<b>Shareholding of Promoter and Promoter Group</b>						
<b>1</b>	<b>Indian</b>						
(a)	Individuals / Hindu Undivided Family	14	38,098	38,098	1.14	-	-
(b)	Bodies Corporate	2	24,58,268	24,58,268	73.85	-	-
	<b>Total Promoter and Promoter Group shareholding (A)</b>	<b>16</b>	<b>24,96,366</b>	<b>24,96,366</b>	<b>74.99</b>	<b>-</b>	<b>-</b>
(B)	<b>Public shareholding</b>						
<b>B 1</b>	<b>Institutions</b>						
(a)	Mutual Funds/ UTI	6	500	476	0.02	-	-
(b)	Financial Institutions/ Banks	12	179	59	0.01	-	-
(c)	Insurance Companies	3	20	10	0.00	-	-
	<b>Sub Total (B)(1)</b>	<b>21</b>	<b>699</b>	<b>545</b>	<b>0.02</b>	<b>-</b>	<b>-</b>
<b>B 2</b>	<b>Non-institutions</b>						
(a)	Bodies Corporate	191	3,67,512	3,67,209	11.04	-	-
(b)	<b>Individuals</b>						
I	Individual shareholders holding nominal share capital up to Rs. 1 lakh	8,644	2,21,176	1,97,564	6.64	-	-
II	Individual shareholders	2	87,344	87,344	2.62	-	-

					Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered	
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B)	Number of Shares	As a percentage of (A+B)
I	II	III	IV	V	VI	VII	VIII= (VII)/(IV)*100
	holding nominal share capital in excess of Rs.1 lakh						
(c)	<b>Any Other (Specify)</b>						
I	Clearing Members	5	54	54	0.00	-	-
II	Trust	1	22	22	0.00	-	-
III	Non-Resident Indians	56	10,603	10,508	0.32	-	-
IV	Overseas Corporate Bodies	1	1,45,166	1,45,166	4.36	-	-
V	Directors & (other than Promoters)	1	2	-	0.00	-	-
	<b>Sub Total (B)(2)</b>	<b>8,901</b>	<b>8,31,879</b>	<b>8,07,867</b>	<b>24.99</b>	<b>NA</b>	<b>-</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>8,922</b>	<b>8,32,578</b>	<b>8,08,412</b>	<b>25.01</b>	<b>-</b>	<b>-</b>
	<b>TOTAL (A)+(B)</b>	<b>8,938</b>	<b>33,28,944</b>	<b>33,04,778</b>	<b>100.00</b>	<b>NA</b>	<b>-</b>

#### Board of Directors

The board of directors of Florence Investech comprise of the following directors:

S. No.	Name	Position held
1.	Shri A.K. Kinra	Independent Director
2.	Shri A.C. Choraria	Independent Director
3.	Shri L.N. Gupta	Independent Director

#### Financial Performance

(Rs. in lakhs except per share data)	For the 12-month period ended September 30,		
Financial Data	2010 (re-casted figures)	2011 (re-casted figures)	2012 (audited figures)
Gross Sales	796.77	670.19	666.54
Net income (PAT)	719.24	624.53	644.22

<i>(Rs. in lakhs except per share data)</i>	For the 12-month period ended September 30,		
Financial Data	2010 (re-casted figures)	2011 (re-casted figures)	2012 (audited figures)
Equity capital	332.89	332.89	332.89
Reserves and surplus*	9,383.89	10,008.42	10,594.61
Earnings per share (Rs. per share) (Basic/Diluted)	21.61	18.76	19.35
Net asset value (Rs. per share)	291.89	310.65	328.26

\*Reserves and surplus are excluding revaluation reserve, if any, and reduced by miscellaneous expenditure, if any.

#### Details of listing and highest and lowest market price during the preceding 6 months

The equity shares of Florence Investech were listed on BSE on March 8, 2004 and CSE on March 29, 2004. The equity shares of Florence Investech are presently listed on BSE and CSE.

The highest and lowest market price of the equity shares of Florence Investech listed on BSE and CSE for the preceding 6 months are as follows:

Month	High (Rs.) on BSE	Low (Rs.) on BSE	High (Rs.) on CSE	Low (Rs.) on CSE
August, 2013	282.85	122.00	Nil	Nil
July, 2013	198.95	127.00	Nil	Nil
June, 2013	195.25	125.10	Nil	Nil
May, 2013	315.35	152.10	Nil	Nil
April, 2013	399.90	331.90	Nil	Nil
March, 2013*	-	-	-	-

(Source: [www.bseindia.com](http://www.bseindia.com); and source for CSE trading information: the Company and CSE)

\*To give effect to the Scheme of Demerger, February 7, 2013 was notified as the record date and trading in the equity shares issued pursuant to the Scheme of Demerger commenced from April 22, 2013. Accordingly, stock market price data for the month of March, 2013 is not available.

#### Previous rights issue, public issues and preferential allotment

Florence Investech has not made any public issue, rights issue or preferential allotment in the last 3 years.

**SECTION 9 - FINANCIAL INFORMATION****AUDITORS' REPORT****TO THE BOARD OF DIRECTORS OF JK AGRICULTURAL GENETICS LIMITED (Formerly FLORENCE ALUMINA LIMITED)**

At your request, we have examined the attached Balance Sheet, Statement of Profit & Loss and Cash Flow Statements of JK Agri Genetics Limited (Formerly Florence Alumina Limited) (the Company) of year ended 31<sup>st</sup> March 2013 and summary of Balance Sheet as at 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2011 and also the Statement of Profit & Loss and the Cash Flow Statement for these year 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 examination.

The financial information have been extracted by the Management from the financial statements for the year ended 31<sup>st</sup> March 2013 which have been audited by us and for the years ended 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2011 which have been certified by us.

We conducted our audit in accordance with the 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.

This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.

For this purposes the impact of the Scheme of Arrangement & Demerger is given in the Audited Financial Statements of the Company w.e.f, for the year ended 31<sup>st</sup> March 2006 and its carry over impact in subsequent years' audited accounts (refer Note No.1A of Section 9 of Information Memorandum (IM)). The impact of the Scheme (being effective on 2<sup>nd</sup> Nov, 2012) have been given (Note No. 26 & 27) in audited accounts of Financial Year ended 31<sup>st</sup> March 2013 prepared under Companies Act, 1956 for the purpose to be placed before the members of the Company in the Annual General Meeting which have been audited by us. However, as stated above impact of the Scheme has been considered in the audited accounts of financial year 2005-06, for the purpose of re-organising (re-casting) the accounts of the year ended 31<sup>st</sup> March 2006 [to consider the impact of transfer of business of seed undertaking from Florence Investech Limited (Formerly JK Agri Genetics Limited)] and its carry over impact in the audited accounts for the years ended 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2012.

**Emphasis**

We invite attention to Note No. 27 of the financial statements for the year ended 31<sup>st</sup> March 2013 regarding the transfer of assets and liabilities of Seed undertaking of Florence Investech Limited (formerly JK Agri Genetics Limited) to the Company [JK Agri Genetics Limited (formerly Florence Alumina Limited)], pursuant to the Scheme of Arrangement & Demerger between the Company and Florence Investech Limited (formerly JK Agri Genetics Ltd.), which has been approved by the Hon'ble High Court of Judicature at Calcutta operative from 1<sup>st</sup> April 2005 (appointed date), impact of which have been given in these financial statements with respect to Net difference being considered as General Reserve on transfer of Seed undertaking with the Company as stated in Note No. 27(a)(vi) of the financial statements though strictly not in line with the Generally Accepted Accounting Principles, as has been carried out as per the Order of the Hon'ble High Court.

Our report is intended solely for use of the Management and for inclusion in the Information Memorandum in connection with the proposed listing of equity shares of the Company. Our report should not to be used, referred to or distributed for any other purpose without our written consent.

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 accounts as required by law have been kept by the Company, so far as appears from our examination of the books.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the Significant Accounting Policies and the Notes to Accounts, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013 and re-casted figures of Balance Sheet, state of affairs as at 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2011;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the period ended 31<sup>st</sup> March 2013 and re-casted profit for the year ended 31<sup>st</sup> March 2012 and re-casted loss for the year ended 31<sup>st</sup> March 2011; and
- (iii) in the case of the Cash Flow Statement and re-casted cash flow statements for the years ended on the abovementioned dates.

For LODHA& CO.,  
Chartered Accountants  
FRN – 301051E

( N.K. LODHA )  
Partner  
Membership No.85155

Place: New Delhi  
Date:

## 1. Re-casted financial statements of the Company for the financial years 2010-2011 and 2011-2012:

BALANCE SHEET			(Rs. in lakhs )
	PARTICULARS	As at March 31, 2012	As at March 31, 2011
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>(1) Shareholders' Funds</b>		
	(a) Share Capital	360.39	360.39
	(b) Reserves and Surplus	2,357.12	1,670.93
		2,717.51	2,031.32
	<b>(2) Non-Current Liabilities</b>		
	(a) Long-term borrowings	1,373.04	1,053.90
	(b) Other Long term liabilities	73.33	72.96
	(c) Long-term provisions	162.94	159.09
		1,609.31	1,285.95
	<b>(3) Current Liabilities</b>		
	(a) Short-term borrowings	2,175.92	816.27
	(b) Trade payables	6,882.22	2,198.69
	(c) Other current liabilities	8,395.36	8,406.30
	(d) Short-term provisions	11.30	29.30
		17,464.80	11,450.56
	<b>TOTAL</b>	<b>21,791.62</b>	<b>14,767.83</b>
<b>II.</b>	<b>ASSETS</b>		
	<b>(1) Non-Current Assets</b>		
	(a) Fixed assets		
	(i) Tangible assets	2,566.99	2,482.55
	(ii) Intangible assets	1,353.05	1,486.46
	(iii) Capital work-in-progress	-	5.13
	(b) Deferred tax assets (net)	1,096.98	1,151.75
	(c) Long-term loans and advances	45.63	131.86
	(d) Other non-current assets	170.95	121.01
		5,233.60	5,378.76
	<b>(2) Current Assets</b>		
	(a) Inventories	9,888.71	5,444.87
	(b) Trade receivables	2,338.64	2,085.28
	(c) Cash and cash equivalents	276.44	421.66
	(d) Short-term loans and advances	4,048.83	1,436.47
	(e) Other Current Assets	5.40	0.79
		16,558.02	9,389.07
	<b>TOTAL</b>	<b>21,791.62</b>	<b>14,767.83</b>

STATEMENT OF PROFIT & LOSS			(Rs. in lakhs)
	PARTICULARS	2011-12	2010-11
<b>I.</b>	<b>Revenue from Operations</b>	13,435.85	11,466.40

STATEMENT OF PROFIT & LOSS			(Rs. in lakhs)
	PARTICULARS	2011-12	2010-11
<b>II.</b>	<b>Other Income</b>	35.64	29.91
<b>III.</b>	<b>Total Revenue (I + II)</b>	13,471.49	11,496.31
<b>IV.</b>	<b>Expenses:</b>		
	(a) Cost of materials consumed	10,134.82	5,131.27
	(b) Changes in inventories of finished goods, Work-in-progress and Stock-in-Trade	(4,436.86)	332.62
	(c) Employee benefits expense	2,325.43	2,010.75
	(d) Finance costs	532.36	318.13
	(e) Depreciation and amortization expense	282.94	304.84
	(f) Other expenses	3,891.84	3,638.03
	<b>Total expenses</b>	12,730.53	11,735.64
<b>V.</b>	Profit before exceptional and extraordinary items and tax (III-IV)	740.96	(239.33)
<b>VI.</b>	Exceptional items	-	-
<b>VII.</b>	Profit before extraordinary items and tax (V - VI)	740.96	(239.33)
<b>VIII.</b>	Extraordinary Items	-	-
<b>IX.</b>	Profit before tax (VII- VIII)	740.96	(239.33)
<b>X.</b>	Tax expense:		
	(1) Current tax	43.63	(6.69)
	(2) MAT Credit Entitlement	(43.63)	-
	(3) Deferred tax	54.77	(124.56)
<b>XI.</b>	<b>Profit / (Loss) for the period</b>	<b>686.19</b>	<b>(108.08)</b>
<b>XII.</b>	Earnings per equity share:		
	Basic & Diluted	19.04	(3.00)

CASH FLOW STATEMENT			(Rs. in lakhs)
	PARTICULARS	2011-12	2010-11
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net profit before tax and extraordinary items	740.96	(239.33)
	Adjustment for :		
	Depreciation / Amortisation	282.94	304.84
	Interest Expenses	459.58	318.13
	(Profit)/Loss on sale of Assets	4.02	5.54
	Foreign Exchange Fluctuation	66.93	(8.50)
	Interest/Dividend Received	(29.79)	(21.41)
	Provision for Doubtful Debts/Advances	26.00	63.43

<b>CASH FLOW STATEMENT</b>		<b>(Rs. in lakhs)</b>	
<b>PARTICULARS</b>		<b>2011-12</b>	<b>2010-11</b>
	Bad Debts Written off	4.02	2.18
	Liabilities no longer required written back	(199.43)	(64.61)
	<b>Operating Profit before working capital changes</b>	1,355.23	360.27
	(Increase)/ Decrease in Trade and Other Receivables	(2,939.88)	(828.38)
	(Increase)/ Decrease in Inventories	(4,443.84)	445.75
	Increase/ (Decrease) in Trade and Other Payables	4,618.18	194.41
	<b>Cash generated from Operations</b>	(1,410.31)	172.05
	Direct taxes paid (including FBT)	(18.25)	(4.89)
	<b>Net Cash from Operating Activities</b>	(1,428.56)	167.16
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	(193.21)	(372.49)
	Sale of Fixed Assets	49.97	166.15
	Interest Received	34.23	12.40
	<b>Net Cash from /(used in) Investing activities</b>	(109.01)	(193.94)
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Long Term borrowings	465.75	281.58
	Proceeds from Short Term borrowings (Net)	1,359.65	269.20
	Interest Paid	(433.05)	(296.90)
	<b>Net cash from / (Used in) financing activities</b>	1,392.35	253.88
	<b>Net Increase /(Decrease) in Cash and Cash equivalents</b>	(145.22)	227.10
	<b>Cash And Cash Equivalent Being Cash And Bank Balances (Opening Balance)</b>	421.66	194.56
	<b>Cash And Cash Equivalent Being Cash And Bank Balances (Closing Balance)</b>	276.44	421.66
	<b>Notes:</b>		
1.	Cash and Bank Balances Include:		
	- Cash, Cheques in hand and Remittances in transit	32.54	235.21
	- Balances with Scheduled Banks	243.90	186.45
	Cash and Bank Balances	276.44	421.66
2.	PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED WHEREVER CONSIDERED NECESSARY.		
3.	CASH AND CASH EQUIVALENT BEING CASH AND BANK BALANCES.		
As per our report of even date			
for LODHA & CO. Chartered Accountants Firm Registration No. 301051E			
N.K. LODHA			

CASH FLOW STATEMENT		(Rs. in lakhs)
PARTICULARS	2011-12	2010-11
Partner Membership No.85155		
	Company Secretary	

Note 1A: As stated in Note No 26 & 27 of Audited Accounts of Financial Year 31<sup>st</sup> March 2013, the effect of the scheme which is effective from 2<sup>nd</sup> Nov 2012 have been given in the accounts prepared under the Companies Act for the Year ended 31<sup>st</sup> March 2013. However to recast/reorganize the figures of the year 2012 & 2011, the impact of the scheme was given in the audited accounts for the year ended 31<sup>st</sup> March 2006 and its carry over impact in the year 2011 & 2012.

**2. Audited financial statements of the Company for the financial year 2012-2013:**

Balance Sheet as at March 31, 2013				
			(Rs. in lakhs)	
	Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>(1) Shareholders' funds</b>			
	(a) Share capital	2	<b>360.39</b>	150.00
	(b) Reserves and surplus	3	<b>3,256.33</b>	50.13
			<b>3,616.72</b>	200.13
	<b>(2) Non-current liabilities</b>			
	(a) Long-term borrowings	4	<b>2,278.69</b>	-
	(b) Other Long term liabilities	5	<b>565.67</b>	-
	(c) Long-term provisions	6	<b>203.70</b>	-
			<b>3,048.06</b>	-
	<b>(3) Current liabilities</b>			
	(a) Short-term borrowings	7	<b>3,914.50</b>	-
	(b) Trade payables		<b>7,815.28</b>	-
	(c) Other current liabilities	8	<b>6,901.74</b>	0.15
	(d) Short-term provisions	9	<b>16.69</b>	-
			<b>18,648.21</b>	0.15
	<b>TOTAL</b>		<b>25,312.99</b>	200.28
<b>II.</b>	<b>ASSETS</b>			
	<b>(1) Non-current assets</b>			
	(a) Fixed assets			

(i)Tangible assets	10	<b>2,464.16</b>	-
(ii)Intangible assets	10	<b>1,216.89</b>	-
(b) Deferred tax assets (net)	11	<b>938.36</b>	-
(c) Long-term loans and advances	12	<b>45.27</b>	-
(d) Other non-current assets	13	<b>154.97</b>	-
		<b>4,819.65</b>	-
<b>(2) Current assets</b>			
(a) Inventories	14	<b>11,564.72</b>	-
(b) Trade receivables	15	<b>5,142.94</b>	-
(c) Cash and cash equivalents	16	<b>245.30</b>	199.04
(d) Short-term loans and advances	17	<b>3,531.00</b>	0.41
(e) Other Current Assets	18	<b>9.38</b>	0.83
		<b>20,493.34</b>	200.28
<b>TOTAL</b>		<b>25,312.99</b>	200.28

Significant Accounting Policies

1

The accompanying Notes are an integral part of the Financial Statement (26 to 51)

As per our report of even date.

For LODHA &amp; CO.

Chartered Accountants

N.K. LODHA

Partner

Firms Registration No.301051E

Membership No.85155

President

Company Secretary

<b>Statement of Profit and loss for the year ended 31.03.2013</b>				
	<b>Particulars</b>	<b>Note No.</b>	<b>(Rs. in lakhs)</b>	
			<b>2012-13</b>	<b>2011-12</b>
I.	<b>Revenue from operations</b>	19	<b>18,473.56</b>	-
II.	Other income	20	<b>27.77</b>	19.40
III.	<b>Total Revenue (I + II)</b>		<b>18,501.33</b>	19.40

IV.	<b>Expenses:</b>			
	(a) Cost of materials consumed	21	<b>10,818.03</b>	-
	(b) Purchases of Stock-in-Trade		-	-
	(c) Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	<b>(1,676.75)</b>	-
	(d) Employee benefits expense	23	<b>2,647.23</b>	-
	(e) Finance costs	24	<b>806.46</b>	-
	(f) Depreciation and amortization expense		<b>302.56</b>	-
	(g) Other expenses	25	<b>4,545.96</b>	0.39
	<b>Total expenses</b>		<b>17,443.49</b>	0.39
V.	Profit before exceptional and extraordinary Items and tax (III-IV)		<b>1,057.84</b>	19.01
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		<b>1,057.84</b>	19.01
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		<b>1,057.84</b>	19.01
X	Tax expense:			
	(1) Current tax		<b>154.97</b>	5.88
	(2) MAT Credit Entitlement		<b>(154.97)</b>	-
	(3) Deferred tax		<b>158.62</b>	-
XI	<b>Profit (Loss) for the period</b>		<b>899.22</b>	13.13
XII	Earnings per equity share: Basic & Diluted		<b>24.95</b>	0.88

Significant Accounting Policies

1

The accompanying Notes are an integral part of the Financial Statement. (26-51)

As per our report of even date.

For LODHA &amp; CO.

Chartered Accountants

N.K. LODHA

Partner

Firms Registration No.301051E

Membership No.85155

**Note No.1****SIGNIFICANT ACCOUNTING POLICIES: for the year ended 31<sup>st</sup> March 2013****1.1 General:**

The Accounts of the company are prepared under Mercantile System of Accounting on Historical Cost and in accordance with the general accepted accounting principles, applicable Accounting Standards and requirement of the Companies Act, 1956 unless otherwise referred herein. Claims/Refunds not ascertainable with reasonable certainty are accounted for on settlement.

**1.2 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:**

- a) Depreciation on fixed assets is calculated on straight-line method. 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.

**1.4 Investments:**

Long Term Investments are stated at cost. 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 computed category-wise.

**1.5 Foreign Currency Transactions**

Assets & Liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year. Exchange difference on revenue account is charged to Statement of Profit & Loss.

**1.6 Inventories:**

Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

**1.7 Impairment:**

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 recognized as an expense in the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

**1.8 Intangible Assets:**



Intangible assets are recognized 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.

### 1.9 Employee 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 Statement of Profit and Loss 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.

### 1.10 Accounting for Taxes on Income:

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, subject to the consideration of prudence, on timing differences, being difference between taxable income and accounting income.

### 1.11 Provisions & Contingent Liabilities:

Provision in respect of present obligation arising out of past events is 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.

### 1.12 Government Grants:

Other Government grants are deducted from the related expenses/credited to Statement of Profit & Loss.

### 1.13 Lease:

Lease which does not transfer substantially all the risks and rewards of ownership is classified as Operating Lease and is recognized as expense as and when incurred over the lease-term.

#### Note No.2

(Rs. in lakhs)

	31.03.2013	31.03.2012
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
Equity Shares - 1,40,00,000 of Rs.10 each	<b>1,400.00</b>	150.00
Previous year 15,00,000 of Rs. 10 each		
{Refer Note No. 27 (a) (iv)}		
	<b>1,400.00</b>	150.00

<b>Issued, Subscribed and Paid up:</b> Equity Shares - 36,03,906 shares (Previous Year 15,00,000 shares) of Rs. 10/- each fully paid up	<b>360.39</b>	150.00
	<b>360.39</b>	150.00

2.1. Subsequent to issue & allotment (on preferential basis) of 14,50,000 equity shares of Rs. 10 each in the year 2005-06 to Florence Investech Limited (FIL) (formerly JK Agri Genetics Limited), FIL along with its nominees had become a Holding Company. However, in view of Order of Hon'ble High Court at Calcutta read with Note 27, FIL ceased to be Holding Company.

2.2. 21,03,906 nos Fully paid up Equity Shares of Rs. 10 each since been issued to the Shareholders of FIL in terms of Scheme of Arrangement and Demerger {Refer Note No. 27 (a) (iii)}.

2.3. **Details of Shareholder who held more than 5% of Equity Share**

Name of Shareholder	As at	As at
	31.03.2013	31.03.2012
	No. of Shares held	No. of Shares held
Bengal & Assam Co. Ltd	7,97,892	-
Florence Investech Ltd	15,00,000	15,00,000
Edgefield Securities Ltd.	2,17,749	-

2.4. **Reconciliation of number of share outstanding - Equity Share**

	As at	As at
	31.03.2013	31.03.2012
Shares outstanding as at the beginning of the year	15,00,000	15,00,000
Add: Pursuant to Scheme of Arrangement and Demerger	21,03,906	-
{ Read with Note No. 27 (a) (iii) }	-	-
Less: Bought back during the year	-	-
Shares outstanding as at the end of the year	36,03,906	15,00,000

2.5. There is no change in the Share Capital during the year and no Bonus / Right Buy-back in the preceding five years except to the extent and read with note no. 2.2 above and 27(a)(iii).

2.6. Terms/right attached to equity shares:

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and also have equal right in distribution of profit/surplus in proportion to the Equity shares held by the shareholders.

2.7. In the event of winding up the equity shareholders will be entitled to receive the remaining balance of assets, if any, proportionate to their individual shareholding in the paid up equity capital of the company.

## Note No.3

(Rs. in lakhs)

	As at 01.04.2012	Additions	Transfers	As at 31.03.2013
<b>RESERVES AND SURPLUS</b>				
Debenture Redemption Reserve (DRR)*	-	472.34	472.34	-
General Reserve @	-	2,775.94	-	2,775.94
Surplus in the Statement of Profit & Loss#	50.13	430.26	-	480.39
	50.13	3,678.54	472.34	3,256.33
Previous year	37.00	13.13	-	50.13

\* Transferred pursuant to The Scheme.{Refer note no.26 &amp; 27}

(Rs. in lakhs)

@ Details of General Reserve	As at 31.03.2013	As at 31.03.2012
Opening Balance	-	-
Add/Less: On account of Transfer of Seed Undertaking. {Refer Note No. 27 (a) (vi)}	2,775.94	-
Closing Balance	2,775.94	-

(Rs. in lakhs)

# Surplus in the Statement of Profit & Loss	As at 31.03.2013	As at 31.03.2012
Opening Balance	50.13	37.00
Add/Less: Profit/(Loss) during the year	899.22	13.13
Add/Less: Profit/(Loss) from 01.04.2005 to 31.03.2012 (Refer Note No. 26, 27 and 28)	(941.30)	-
Add/Less: Transferred from DRR {Refer Note No. 26 and No. 27 (a) (vi)}	472.34	-
Surplus in Profit and Loss Statement carried to Balance sheet	480.39	50.13

## Note No.4

(Rs. in lakhs)

	Non Current		Current Maturities	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
<b>LONG TERM BORROWINGS</b>				
<b>SECURED LOANS</b>				
Term Loans:				
Banks	1,629.65	-	416.00	-

Others	59.61	-	-	-
	1,689.26	-	416.00	-
<b>UNSECURED LOANS</b>				
Council of Scientific & Industrial Research (CSIR)	589.43	-	73.68	-
	589.43	-	73.68	-
	2,278.69	-	489.68	-
Less: Amount disclosed under the head			(489.68)	-
"Other Current Liabilities" (Note No.8)				
	2,278.69	-	-	-

## Notes:

- a) Term loan of Rs. 444.46 lakhs (Previous year Nil) taken from bank 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 on entire movable fixed assets of the Company. This is further secured by second Pari Passu charge on the entire fixed assets financed by Department of Biotechnology (DBT). Balance Term loan is repayable in 2 quarterly installments of Rs.75 lakhs each, 2 quarterly installments of Rs.112.5 lakhs each and 1 Installment of Rs. 69.46 lakhs.

b) Term Loan of Rs. 101.19 lakhs (Previous year Nil) taken from bank 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 Pari Passu charge on the entire fixed assets financed by DBT and balance amount of term loan is repayable in 9 equal Quarterly installments of Rs.10.25 lakhs each and 10th installment of Rs. 8.94 lakhs.

c) Term Loan of Rs. 1500.00 lakhs (Previous year nil) taken from bank is secured by subservient charge on entire current and movable assets (both Present and future) and repayable in 6 equal quarterly installments of Rs. 214.29 lakhs each & one quarterly installment of Rs. 214.26 lakhs commencing from July 2014.
- Term loan of Rs. 59.61 lakhs (Previous year Nil) taken from Department of Bio-Technology (DBT) is secured by First Charge on the Assets created out of the loan, Pari Passu second charge on the entire fixed Asset of the Company including the land at Dundigal village, Ranga Reddy District (AP) with market value of Rs. 7.78 crores and excluding land at ICICI Knowledge Park & Pari Passu second charge on the current assets and is repayable in 10 equal half yearly installments of Rs. 5.96 lakhs each commencing from September, 2016.
- The balance amount of unsecured loan of Rs. 663.11 lakhs (previous year nil) taken from CSIR which is repayable in 9 equal yearly installments of Rs. 73.68 lakhs each.

## Note No.5

(Rs. in lakhs)

	As at 31.03.2013	As at 31.03.2012
<b>OTHER LONG TERM LIABILITIES</b>		
Interest accrued but not Due	54.37	-
Others #	511.30	-

# Includes Rs. 500 lakhs payable to Florence Investech Ltd.		
	565.67	-

**Note No.6****(Rs. in lakhs)**

	As at 31.03.2013	As at 31.03.2012
<b>LONG-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Gratuity	94.29	-
Leave encashment	109.41	-
	203.70	-

**Note No.7****(Rs. in lakhs)**

	As at 31.03.2013	As at 31.03.2012
<b>SHORT TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Repayable on Demand from Banks #	3,914.50	-
	3,914.50	-

# Working Capital borrowing 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).

**Note No.8****(Rs. in lakhs)**

	As at 31.03.2013	As at 31.03.2012
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Borrowings	489.68	-
Advance from Customers	5,178.77	-
Interest Accrued but not due on loan	48.56	-
Security Deposits	23.50	-
Other Liabilities		
Government and Other dues	61.26	-
Others#	1,099.97	0.15

# Includes Rs. 32.30 lakhs payable to Florence Investech Ltd.		
	<b>6,901.74</b>	<b>0.15</b>

**Note No.9****(Rs. in lakhs)**

	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>SHORT TERM PROVISIONS</b>		
Provision for Retirement Benefits		
Gratuity	<b>4.52</b>	-
Leave Encashment	<b>12.17</b>	-
	<b>16.69</b>	-

**Note no.10****FIXED ASSETS****(Rs. in lakhs)**

<b>Assets</b>	<b>Gross Block</b>						<b>Depreciation / Amortisation</b>		<b>Net Block</b>			
	<b>At 01.04 .2012</b>	<b>Additi ons due to Merge r\$</b>	<b>Additi ons</b>	<b>Sales/ Adjust ments</b>	<b>As at 31.0 3.20 13</b>	<b>As at 01.04. 2012</b>	<b>Additi ons due to merger \$</b>	<b>For the Year</b>	<b>On Sale s /Adj ust men ts</b>	<b>As at 31.03. 2013</b>	<b>As at 31.03. 2013</b>	<b>As at 31.03.2 012</b>
<b>Tangible Assets:</b>												
Land - Freehold	-	401.6 1	-	-	<b>401. 61</b>	-	-	-	-	-	<b>401.61</b>	-
Land - Leasehol d	-	134.0 9	-	-	<b>134. 09</b>	-	4.78	2.45	-	7.23	<b>126.86</b>	-
Building #	-	270.6 6	23.39	26.00	<b>268. 05</b>	-	70.14	30.2 8	12.5 8	87.84	<b>180.21</b>	-
Plant and Equipme nts #	-	1,890. 74	17.66	3.76	<b>1,90 4.64</b>	-	357.32	102. 22	3.28	456.2 6	<b>1,448. 38</b>	-
Furniture & Fixtures	-	39.64	2.82	4.19	<b>38.2 7</b>	-	16.46	2.16	1.91	16.71	<b>21.56</b>	-
Office Equipme nts	-	205.3 9	4.20	1.26	<b>208. 33</b>	-	47.88	10.3 8	0.36	57.90	<b>150.43</b>	-
Vehicles	-	187.4 2	45.79	23.11	<b>210. 10</b>	-	65.98	18.9 1	9.90	74.99	<b>135.11</b>	-

	-	3,129.55	93.86	58.32	3,165.09	-	562.56	166.40	28.03	700.93	2,464.16	-
<b>Intangibles:</b>												
Brand	-	2,700.00	-	-	2,700.00	-	1,350.00	135.00	-	1,485.00	1,215.00	-
Software	-	53.32	-	-	53.32	-	50.27	1.16	-	51.43	1.89	-
	-	2,753.32	-	-	2,753.32	-	1,400.27	136.16	-	1,536.43	1,216.89	-
<b>Total</b>	-	5,882.87	93.86	58.32	5,918.41	-	1,962.83	302.56	28.03	2,237.36	3,681.05	-
Capital Work in Progress											-	-
Previous Year	-	-	-	-	-	-	-	-	-	-	-	-

\$ In terms of the Scheme of Arrangement and Demerger, read with note no.26, 27(a)(vi) and 28.

# Includes gross value as at 31.03.2013 of Building Rs. 268.05 lakhs (Previous year Nil) and Plant & Equipments Rs. 1288.80 lakhs (Previous Year nil) {WDV Rs. 180.21 lakhs (Previous year nil) and Rs. 1098.09 lakhs (Previous year nil respectively)} on leasehold premises.

#### Note No.11

#### DEFERRED TAX ASSET (NET) \$ (Rs. in lakhs)

	As at 31.03.2013		As at 31.03.2012	
1. Deferred Tax Assets				
i) Provision for Doubtful Debts	31.36		-	
ii) Disallowance under Income Tax Act	88.62		-	
iii) Unabsorbed depreciation and carried forward losses	1,214.50		-	
<b>Sub-Total</b>		1,334.48		
2. Deferred Tax Liabilities				
i) Related to Fixed Assets	396.12	396.12		-
Deferred Tax (Liability) / Asset (Net) #		938.36		-

\$ Transferred Pursuant to Scheme, Deferred Tax Asset (Net) amounting to Rs. 1,096.98 lakhs.

# Deferred tax assets on unabsorbed depreciation and business losses have been recognized based on management's opinion that there is virtual certainty and sufficient taxable income will be generated / available against which such deferred tax assets can be realized.

## Note No.12

(Rs. in lakhs)

	As at 31.03.2013	As at 31.03.2012
<b>LONG TERM LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
Deposit with Govt. Authorities	7.14	
Deposit with Others	36.76	-
Capital Advance	1.37	
	45.27	-

## Note No.13

(Rs. in lakhs)

	As at 31.03.2013	As at 31.03.2012
<b>OTHER NON-CURRENT ASSETS</b>		
MAT Credit Entitlement	154.97	-
	154.97	-

## Note No.14

(Rs. in lakhs)

	As at 31.03.2013	As at 31.03.2012
<b>INVENTORIES</b>		
(As taken, valued and certified by Management)		
Stores, Processing & Packing Material	449.71	-
Semi Finished Goods	6,910.89	-
Finished Goods	4,204.12	-
	11,564.72	-

## Note No.15

(Rs. in lakhs)

	As at 31.03.2013	As at 31.03.2012
<b>TRADE RECEIVABLES</b>		
(Unsecured, considered good unless otherwise stated)		
Outstanding for more than six months from the date they are due for payment	3,035.77	-
Considered Doubtful	96.67	-
Less: Provision for doubtful Receivable	(96.67)	-



Others	2,107.17	-
	5,142.94	-

**Note No.16****(Rs. in lakhs)**

	As at 31.03.2013	As at 31.03.2012
<b>CASH &amp; BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalents</b>		
Cash on hand	2.35	-
Cheques on hand	6.97	-
Balances with Scheduled Banks:		
On Current Accounts	26.35	3.24
<b>Other Bank Balances</b>		
On Deposit Accounts	209.63	195.80
	245.30	199.04

**Note No.17****(Rs. in lakhs)**

	As at 31.03.2013	As at 31.03.2012
<b>SHORT TERM LOANS &amp; ADVANCES</b>		
(Unsecured, considered good unless otherwise stated)		
<b>Others</b>		
Advance to Suppliers	2,825.19	-
Advance to Employees	71.57	-
Prepaid Expenses	35.84	-
Deposit with Government Authorities	246.95	-
Advance payment of Income Tax	350.59	0.41
{Net of Provisions Rs. 498.08 lakhs (Previous Year Rs. 5.88 lakhs)}		
Others	0.86	-
	3,531.00	0.41

**Note No.18****(Rs. in lakhs)**

	As at 31.03.2013	As at 31.03.2012
<b>OTHER CURRENT ASSETS</b>		
Interest Accrued	9.38	0.83

	9.38	0.83
--	------	------

**Note No.19****(Rs. in lakhs)**

	2012-13	2011-12
<b>REVENUE FROM OPERATIONS</b>		
1. Sales : Seeds	17,840.87	-
Others	431.33	-
2. Sales of Services - Agri Related Services	18.80	-
3. Other Operating Revenues		
Liabilities no longer required written back	55.68	-
Insurance Claims	20.01	-
Miscellaneous Income	106.87	-
	18,473.56	-

**Note No.20****(Rs. in lakhs)**

	2012-13	2011-12
<b>OTHER INCOME</b>		
Interest on Deposit with Banks & others	27.77	19.40
	27.77	19.40

**Note No.21****(Rs. in lakhs)**

	2012-13	2011-12
<b>COST OF MATERIALS CONSUMED</b>		
Purchase of Seeds	9,881.74	-
Purchase of Other Agri Products	260.21	-
Consumption of Packing Materials	676.08	-
	10,818.03	-

**Note: No.22****(Rs. in lakhs)**

	2012-13	2011-12
<b>Changes in Inventories of Finished Goods work-in-progress and Stock-in-Trade</b>		

<b>Opening Stock</b>	-	-
	-	-
<b>Transferred Balance due to Demerger @</b>		
- Semi Finished Goods		
Seeds	4,817.39	-
- Finished Goods	4,620.87	-
	9,438.26	-
<b>Closing Stock</b>		
- Semi Finished Goods		
Seeds	6,910.89	-
- Finished Goods	4,204.12	-
	11,115.01	-
(Increase)/Decrease in Stocks	(1,676.75)	-

@ Read with Note No. 27 and 28.

**Note No.23****(Rs. in lakhs)**

	2012-13	2011-12
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Allowance, Etc.	2,263.48	-
Contribution to Provident and other Funds	143.76	-
Employees' Welfare and other Benefits	239.99	-
	2,647.23	-

**Note No.24****(Rs. in lakhs)**

	2012-13	2011-12
<b>FINANCE COST</b>		
Interest Expenses	717.12	-
Other Borrowing costs	70.69	-
Net (Gain)/Loss on Foreign Currency Transaction	18.65	-
	806.46	-

**Note No.25****(Rs. in lakhs)**

	2012-13	2011-12
<b>OTHER EXPENSES</b>		
Processing Charges	97.87	-
Power & Fuel	32.86	-
Labour Expenses	156.36	-
Repair & Maintenance- Machinery	17.48	-
Rent	244.30	-

Rates & Taxes	3.89	-
Insurance	39.46	-
Discount	182.70	-
Freight & Transportation	515.64	-
Advertisement	1,004.27	-
Royalty	653.28	-
Directors' Fees	0.32	0.03
Farming Expenses	383.31	-
Travelling	546.75	-
Commission	125.82	-
Loss on Sales/Discard of Assets (Net of profit of Rs. 1.94 lakhs (PY nil))	15.35	-
Bad Debts Written off	0.79	-
Foreign Exchange Fluctuation (Net)	31.23	-
Printing & Stationery, Postage, Telephone and other Miscellaneous Expenses etc.	494.28	0.36
		-
	<b>4,545.96</b>	<b>0.39</b>

**NOTES ON ACCOUNTS:**

26. Scheme of Arrangement and Demerger (The Scheme) between the Company {JK Agri Genetics Limited (JKAGL)(formerly Florence Alumina Limited)(FAL)(Transferee)} and Florence Investech Limited (FIL) (formerly JK Agri Genetics Limited)(Transferor) has been Sanctioned by the Hon'ble High Court at Calcutta vide its order dated 17<sup>th</sup> October, 2012 and the Scheme became effective on 2<sup>nd</sup> November 2012, operative from 1<sup>st</sup> April 2005, the Appointed Date.
27. Pursuant to the Scheme:
- (a)
- i. Name of the Company has been changed from Florence Alumina Limited to JK Agri Genetics Limited.
  - ii. The Seed undertaking of Florence Investech Ltd. (formerly JK Agri Genetics Limited) as defined in the scheme has been transferred to and vested in the Company with effect from the said Appointed Date. The Scheme has accordingly been given effect to in these accounts.
  - iii. The paid up equity share capital of FIL (formerly JKAGL) of Rs. 350.65 lakhs has been reorganized and allocated between FIL & the Company in the ratio of 2:3 (i.e. in the ratio 40:60) and accordingly the Share Capital amounting to Rs. 210.39 lakhs has been allocated to the Company.
  - iv.
    - a) An amount of authorised capital of Rs. 1,250 lakhs divided into 1,25,00,000 equity shares of Rs. 10 each stands transferred from the share capital of FIL to the authorized capital of the Company.
    - b) Transfer of authorized Capital of Rs. 4,250 lakhs divided into 50,00,000 preference share capital of Rs. 85/- each: will also be transferred in due course from FIL to the Company as authorized capital divided into 4,25,00,000 unclassified shares of Rs. 10 each as per the said Scheme.

- v. The Company has issued Rs. 1,000 lakhs Zero Coupon Non-Convertible Bonds (ZCNCB) to the Bond holders of Florence Investech Ltd as provided in the Part IV of the Scheme. The Bonds have also since been redeemed by the Company, the last date of redemption being April 01, 2010.
- vi. The difference of Rs. 2,775.94 lakhs between assets and liabilities (including ZCNCB of Rs. 1,000 Lakhs) transferred from FIL (formerly JKAGL) at their book values w.e.f. April 01, 2005 along with Debenture Redemption Reserve of Rs. 472.34 lakhs and paid up Equity Capital of Rs. 210.39 lakhs has been recorded as General reserve in the books of the company.
- 27(b). Certain fixed assets, licenses, approvals, charges on secured loan are pending for transfer in the name of the Company.
- 27(c). Business of Seed undertaking for the period 1<sup>st</sup> Apr'2005 till 1<sup>st</sup> Nov'2012 has been carried out by FIL (formerly JKAGL) for and on account of, and in trust for, the Company.
28. (a) Pursuant to the scheme, the effect on the financial statements of operation carried out by the FIL (formerly JKAGL) post appointed date for and on behalf of the Company have been given in these accounts (for the period April 1, 2005 to till September 30, 2011) are as summarized below:-

(Rs. in lakhs)

Revenue items						
Particulars [Post Appointed (Period(s)]	2005-06 (Apr'05- Mar'06)	2006-07 (Apr'06- Mar'07)	2007-08 (Apr'07- Mar'08)	2008-09 (18 months) (Apr'08- Sep'09)	2009-10 (Oct'09- Sept'10)	2010-11 (Oct'10- Sept'11)
Revenue	4,814.64	8,150.61	11,119.24	14,240.14	12,298.77	12,749.31
Expenses	4,631.37	7,509.53	10,768.73	15,821.37	11,943.40	12,296.87
Profit before Tax	183.27	641.08	350.51	-1,581.23	355.37	452.44
Tax Expense	134.74	288.74	194.72	-638.61	17.42	-11.78
Profit after Tax	48.53	352.34	155.79	-942.62	337.95	464.22
Tax Provision for Earlier Years	-	22.20	-	1.64	-6.69	-
<b>Profit transferred to Balance Sheet</b>	<b>48.53</b>	<b>330.14</b>	<b>155.79</b>	<b>-944.26</b>	<b>344.64</b>	<b>464.22</b>

The above figures are extracted from audited accounts.

- 28(b). Audited Statement of Profit & Loss during the period from 01.10.2011 to 31.03.2012

	Particulars	Note no.	Amount (Rs. in lakhs)
<b>I.</b>	<b>Revenue from Operations</b>	<b>b(i)</b>	<b>2,078.71</b>
<b>II.</b>	<b>Other income</b>	<b>b(ii)</b>	<b>6.64</b>
<b>III.</b>	<b>Total Revenue (I + II)</b>		<b>2,085.35</b>
<b>IV.</b>	<b>Expenses:</b>		
	(a) Cost of materials consumed	<b>b(iii)</b>	<b>6,714.30</b>

	Particulars	Note no.	Amount (Rs. in lakhs)
	(b) Changes in inventories of finished goods work-in-progress and Stock-in-Trade	b(iv)	(5,740.31)
	(c) Employee benefits expense	b(v)	1,284.87
	(d) Finance costs	b(vi)	283.28
	(e) Depreciation and amortization expense		142.51
	(f) Other expenses	b(vii)	1,446.56
	<b>Total expenses</b>		<b>4,131.21</b>
V.	Profit before exceptional and extraordinary items and tax (III-IV)		(2,045.86)
VI.	Earnings (Net of Tax expenses (credit) amounting to Rs. 749.27 Lakhs & Tax Adjustment for period post appointed Date Debit of Rs. 43.77 lakhs)@		(1,340.36)

@ Tax Includes Deferred Tax amounting to Rs. 749.27 Lakhs

As stated in the Note no. 26, the Scheme became effective from 2<sup>nd</sup> November 2012 i.e. subsequent to the adoption of accounts for the year ended 31<sup>st</sup> March 2012 by the Shareholders of the Company in the Annual General Meeting held on 14<sup>th</sup> August, 2012. In view of this the results for the period 01.10.2011 to 31.03.2012 are audited by the Statutory Auditors of the Company as stated above.

The net loss of Rs.1340.36 lakhs net of tax provision as stated above of the period of six months ended 31<sup>st</sup> March, 2012 have been adjusted against the balance in Statement of Profit and Loss (Read with Note no.3).

**(b)(i)****(Rs. in lakhs)**

Particulars	For the period from 01.10.2011 to 31.03.2012
<b>REVENUE FROM OPERATIONS</b>	
1. Sales of Products	
Seeds	1,893.25
Others	89.94
2. Sales of Services - Agri Related Services	8.96
3. Other Operating Revenues	
Miscellaneous Income	86.56
	<b>2,078.71</b>

**b(ii)****(Rs. in lakhs)**

Particulars	for the period from 01.10.2011 to 31.03.2012
<b>OTHER INCOME</b>	
Interest on Deposit with Banks & others	6.64

	6.64
--	------

b(iii)

(Rs. in lakhs)

Particulars	for the period from 01.10.2011 to 31.03.2012
<b>COST OF MATERIALS CONSUMED</b>	
Purchase of Seeds	6,426.15
Purchase of Other Agri Products	94.88
Consumption of Stores, Process & Packing Material	193.27
	6,714.30

b(iv)

Particulars	for the period from 01.10.2011 to 31.03.2012
Changes in Inventories of Finished Goods, work-in-progress and Stock-in-Trade	(5,740.31)

b(v)

(Rs. in lakhs)

Particulars	for the period from 01.10.2011 to 31.03.2012
<b>EMPLOYEE BENEFIT EXPENSES</b>	
Salaries, Wages, Allowance, Etc.	1,123.10
Contribution to Provident and other Funds	73.40
Employees' Welfare and other Benefits	88.37
	1,284.87

b(vi)

(Rs. in lakhs)

Particulars	for the period from 01.10.2011 to 31.03.2012
<b>FINANCE COST</b>	
Interest Expenses	254.06
Other Borrowing costs	12.57
Net (Gain)/Loss on Foreign Currency Transaction	16.65
	283.28

b(vii)

(Rs. in lakhs)

Particulars	for the period from 01.10.2011 to 31.03.2012
<b>OTHER EXPENSES</b>	

Processing Charges	94.13
Power & Fuel	12.76
Labour Expenses	59.56
Repair & Maintenance- Plant, Machinery & Building	5.51
Rent	131.42
Rates & Taxes	1.01
Insurance	11.30
Discount	15.92
Freight & Transportation	112.56
Advertisement	334.70
Royalty	0.87
Farming Expenses	149.23
Travelling	272.77
Commission	13.73
Loss on Sales/Discard of Assets	4.64
Foreign exchange fluctuation (Net)	3.78
Office & Godown Maintenance	18.49
Printing & Stationery, Postage, Telephone and other Miscellaneous Expenses etc.	204.18
	<b>1,446.56</b>

29. Estimated amount of contracts net of advances amounting to Rs. 3.77 lakhs (Previous year Nil) remaining to be executed on capital account.
30. (A) Contingent liabilities, not provided for in respect of :
- (a) Claims by certain parties against the company not accepted and not provided for Rs. 157.84 lakhs (Net of Rs. 99.00 lakhs to be indemnified by another party) (Previous Year Nil (Net of Nil to be indemnified by another party)).
  - (b) Pending export obligation against import of capital goods under EPCG Scheme (Guarantee given Rs. 129.24 lakhs): Rs. 160.68 lakhs (Previous year Nil).
  - (c) Income Tax (matters in appeals) of Rs. 371.62 lakhs (Previous year Nil) & Sales tax (Matters in appeals) of Rs. 6.90 lakhs (Previous year Nil).
- (B) 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.
31. (a) In terms of disclosure requirements stated in Accounting Standard on Intangible Assets (AS-26) notified by the Companies (Accounting Standards) Rules, 2006 the management considered it appropriate to amortize “J.K.SEEDS” brand over a period of 20 years (balance 9 years as on Balance Sheet date) 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 as on 31<sup>st</sup> March, 2013 is Rs. 1215 lakhs which is to be amortized in over the balance period of 9 years.
- (b) Software is amortized over a period of 5 years from the year of installation.
32. Research and Development Revenue expenses as assessed and ascertained by the management amounts to Rs. 1152.98 lakhs (Previous Year Rs. Nil) and the same have been included in respective revenue heads of accounts.

(Rs. in lakhs)



Particulars	2012-13	2011-12
<b><u>Recurring Expenses</u></b>		
Employees Cost	509.84	--
Rent	36.82	--
Motor Vehicle Maintenance	2.70	--
Office & Godown Maintenance	11.14	--
Telephone Expenses	6.18	--
Travelling Expenses	48.18	--
Electricity Charges	31.24	--
Farming Expenses	383.31	--
Bank Charges, Printing & Stationery, Postage, & Other		--
Miscellaneous Expenses	63.88	
Depreciation	59.69	--
<b>Total Recurring Expenses</b>	<b>1,152.98</b>	<b>--</b>
<b><u>Capital Expenditure</u></b>		
Land	--	--
Building	22.54	--
Equipments	6.60	--
<b>Total Capital Expenditure</b>	<b>29.14</b>	<b>--</b>
<b>Total R &amp; D Expenses (incl. Capital Expenditure)</b>	<b>1,182.12</b>	

	(Rs. in lakhs)
33. Remuneration to Manager :	
	2012-13 (From 1 <sup>st</sup> Oct'11 to 1 <sup>st</sup> Nov'12)
Salary	27.71
Contribution to PF & other Funds	8.45
Value of Perquisites (as per Income Tax Rules) and other allowances	88.94
	<u>125.10#</u>

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

# Transferred from FIL (formerly JKAGL)

34. Amount paid to Auditors:	(Rs. in lakhs)
	2012-13 (Oct'11 to Mar'13)
Statutory Auditors	
Audit Fee	2.33
Taxation	1.12
Certification & Other Charges	7.98
Reimbursement of expenses	0.44
	<u>11.87\$</u>

\$ Includes Rs. 2.90 lakhs transferred from FIL (formerly JKAGL)

35. a) Debtors over six months and Advances are net of Provisions made for doubtful Debts of Rs. 96.67 lakhs and Advances Rs. 21.85 lakhs (Previous year Nil).

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

36. Income tax calculation has been made considering certain expenses/adjustments available as assessed by the management for the current year as well as for the period post appointed date.

37. Foreign Currency exposure not hedged as at Balance sheet date:

Particulars	Currency	31.03.2013		31.03.2012	
		Foreign Currency	Rs. in lakhs	Foreign Currency	Rs. in lakhs
Payable	USD	29025.22	15.79	Nil	Nil
	EURO	695.00	0.48	Nil	Nil
Receivable	USD	14000.00	7.61	Nil	Nil
Advances Paid*	EURO	19944.00	12.66	Nil	Nil
Advances Received*	USD	601.00	0.26	Nil	Nil

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

38. 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 31.03.2013: 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 31.03.2013 : Nil (Previous year : Nil).

39. Production and Purchase of Seeds & Others Consumed:

	2012-13		2011-12	
	Amount (Rs. in lakhs)	% of total Consumption	Amount (Rs. in lakhs)	% of total Consumption
Indigenous	9799.87	96.59	--	--
Imported	346.00	3.41	--	--
Total @	10145.87	100.00	--	--

An amount of Rs. 3.92 lakhs (Previous year Rs. Nil) included above is grouped under Farming Expenses.

@ Excludes amount of Rs. 6522.94 lakhs (includes Rs 1.91 lakhs grouped under Farming Expenses) related to period Oct'11 to Mar'12 which includes Imported amounting Rs. 91.78 lakhs ( 1.41%).

40. Stores, Process & Packing Materials consumed:

	2012-13		2011-12	
	Amount (Rs. in lakhs)	% of total Consumption	Amount (Rs. in lakhs)	% of total Consumption
Indigenous	750.41	98.00	--	--
Imported	16.02	2.00	--	--
	766.43	100.00	--	--

An amount of Rs. 90.35 lakhs (Previous year Nil) included above is grouped under Farming Expenses.

@ Excludes amount of Rs. 239.73lakhs (includes Rs 46.46 lakhs grouped under Farming Expenses) related to period Oct'11 to Mar'12 which includes Imported amounting Rs. 6.71 lakhs (2.80 %).

		(Rs. in lakhs)
	2012-13	2011-12
41. <b>CIF Value of Imports</b>		
Seeds	291.47	--
Consumables & Spare Parts (R & D)	17.55	--
Total ^	309.02	--

^ Excludes amount of Rs. 123.76 lakhs related to period Oct'11 to Mar'12.

		(Rs. in lakhs)	
42.	Expenditure in Foreign Currency (as remitted) :	2012-13	2011-12
	Technical Services (R&D)	5.59	--
	Travelling & Others	19.40	--
	Total \$	<u>24.99</u>	--

\$ Excludes amount of Rs. 15.42 lakhs related to period Oct'11 to Mar'12.

		(Rs. in lakhs)	
43.	Earnings in Foreign Exchange	2012-13	2011-12
	F.O.B value of exports @	173.14	--

@ Excludes amount of Rs. 107.58 lakhs related to period Oct'11 to Mar'12.

44. 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 31<sup>st</sup> March, 2013.

		(Rs. in lakhs)			
		2012-13		2011-12	
		Gratuity Non Funded	Leave Encashment Non Funded	Gratuity Non Funded	Leave Encashment Non Funded
<b>I</b>	<b>Expenses recognised in the Statement of Profit &amp; Loss Account for the Period ended 31<sup>st</sup> March, 2013</b>				
	1 Current Service Cost	19.93	23.28	--	--
	2 Past Service Cost	--	--	--	--
	3 Interest Cost	6.34	5.74	--	--
	4 Expected returns on plan assets	--	--	--	--
	5 Actuarial (Gain)/Losses	1.65	3.36	--	--
	6 Total expenses	27.92	32.38	--	--
<b>II</b>	<b>Net Asset / (Liability) recognised in the Balance sheet as at 31<sup>st</sup> March, 2013</b>				
	1 Present Value of Defined Benefit Obligation as at 31 <sup>st</sup> March, 2013	98.82	86.59	--	--
	2 Fair Value of plan assets as at 31 <sup>st</sup> March, 2013	--	--	--	--
	3 Funded status Surplus/(Deficit)	--	--	--	--
	4 Net Asset / (liability) as at 31 <sup>st</sup> March, 2013	(98.82)	(86.59)	--	--
<b>III</b>	<b>Change in obligation during the period ended</b>				

		2012-13		2011-12	
		Gratuity Non Funded	Leave Encashment Non Funded	Gratuity Non Funded	Leave Encashment Non Funded
	<b>31<sup>st</sup> March, 2013</b>				
1	Present Value of Defined Benefit Obligation at the beginning of the year	<b>79.22</b>	<b>71.72</b>	--	--
2	Current Service Cost	<b>19.93</b>	<b>23.28</b>	--	--
3	Past Service Cost	--	--	--	--
4	Interest Cost	<b>6.34</b>	<b>5.74</b>	--	--
5	Actuarial (Gain)/Losses	<b>1.65</b>	<b>3.36</b>	--	--
6	Benefits Payments	<b>(8.32)</b>	<b>(17.51)</b>	--	--
7	Present Value of Defined Benefits Obligation at the end of the year	<b>98.82</b>	<b>86.59</b>	--	--
IV	Change in Assets during the period ended 31 <sup>st</sup> March, 2013	<b>Nil</b>	<b>Nil</b>	--	--
V	The major categories of plan assets as % of total plan	<b>Nil</b>	<b>Nil</b>	--	--
VI	Actuarial Assumptions				
	1. Discount Rate	<b>8.00%</b>			
	2. Expected rate of return on plan assets	<b>-</b>			
	3. Mortality	<b>LIC (1994-96) duly modified</b>			
	4. Turnover rate	<b>Age upto 30-3%, upto 44 – 2%, above 44 –1%</b>			
	5. Salary Escalation	<b>5.50%</b>			

Note: 1) All the figures provided above are related to 12 months (i.e. Apr'12 to Mar'13)

2) Read with note no.26 to 28

a) Defined Benefit Plans

Amounts recognized as expense and included in the Note 23:

Item “Salaries, Wages, allowances, etc.” includes Rs. 27.92 lakhs (Previous year Nil) for gratuity, Rs. 32.38 lakhs (Previous year Nil) for leave encashment.

b) Defined Contribution Plans

Amount recognized as an expense and included in the Note 23 “Contribution to Provident and other Funds” of Statement of Profit & Loss Rs. 127.87 lakhs (Previous year Nil).

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.

45. There are no separate reportable segments as per Accounting Standard 17 “Segment Reporting” pursuant to Scheme of Arrangement and Demerger, hence segment reporting is not being given.

46. **Related Party @:**

**A). Relationships**

(a) Wholly Owned Subsidiary : --

(b) Investing Company : --

(c) Key Management Personnel : --  
 (d) Relative of KMP : --

@ In pursuance of Scheme of Arrangement and Demerger JKAGL (Now FIL) ceased to be 100% Holding Company w.e.f. 1st April, 2005. Accordingly, related party transactions have been re-organized.

47. **Earnings per Share**

	2012-13	2011-12
a) Profit/(Loss) after Tax (Rs. in lakhs)	899.22	13.13
b) Weighted average no. of Equity Shares (Nos.)	36,03,906	15,00,000
c) Nominal Value of Equity Share (Rs.)	10	10
d) Basic and Diluted Earnings per Equity Share (Rs.)	24.95	0.88
(To be read with Note No. 28 B)		

48. In view of Note No. 27 (read with note no. 28), the company ceased to be Wholly owned Subsidiary (WOS) of the FIL (Formerly JKAGL) with effect from 1<sup>st</sup> April'2005.

49. **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.

50. **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 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.

(Rs. in lakhs)		
Lease Payments	As at 31.3.2013	As at 31.3.2012
Lease Payments during the year	150.46	--
Not later than one year	146.48	--
Later than one year and not later than five years	639.56	--

51. Previous year's figures have been re-grouped/re-classified wherever necessary and Previous Year's figure are not strictly comparable in view of note no. 26.

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

Partner

Member ship no.85155

New Delhi

Cash Flow Statement (For the period ended 31st, March 2013)	(Rs. in lakhs)
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		2012-13	2011-12
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net profit before tax and extraordinary items	<b>1,057.84</b>	19.01
	Adjustment for :		
	Depreciation / Amortisation	<b>302.56</b>	-
	Interest Expenses	<b>787.81</b>	0.02
	(Profit)/Loss on sale of Assets	<b>15.35</b>	-
	Foreign Exchange Fluctuation	<b>0.22</b>	-
	Interest/Dividend Received	<b>(27.77)</b>	(19.40)
	Liabilities no longer required written back	<b>(55.68)</b>	-
	<b>Operating Profit before working capital changes</b>	<b>2,080.33</b>	(0.37)
	(Increase)/ Decrease in Trade and Other Receivables	<b>(1,921.76)</b>	-
	(Increase)/ Decrease in Inventories	<b>(1,676.02)</b>	-
	Increase/ (Decrease) in Trade Payables	<b>928.27</b>	-
	<b>Cash generated from Operations</b>	<b>(589.18)</b>	(0.37)
	Direct taxes paid	<b>(348.37)</b>	(5.88)
	<b>Net Cash from Operating Activities</b>	<b>(937.55)</b>	(6.25)
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	<b>(105.11)</b>	-
	Sale of Fixed Assets	<b>14.94</b>	-
	Interest Received	<b>23.79</b>	19.35
	<b>Net Cash from /(used in) Investing activities</b>	<b>(66.38)</b>	19.35
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Long Term borrowings	<b>2,015.69</b>	-
	Repayment of Long Term borrowings	<b>(2,012.45)</b>	-
	Proceeds from Short Term borrowings (Net)	<b>1,738.57</b>	-
	Interest Paid	<b>(769.02)</b>	-
	<b>Net cash from / (Used in) financing activities</b>	<b>972.79</b>	-
	<b>Net Increase /(Decrease) in Cash and Cash equivalents</b>	<b>(31.14)</b>	13.10
	<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>199.04</b>	185.94
	<b>Cash received on account of Scheme of Arrangement &amp; Demerger</b>	<b>77.40</b>	
	<b>Cash and Cash equivalents as at the end of the year</b>	<b>245.30</b>	199.04
	<b>Notes:</b>		
1	Cash and Cash Equivalents Include:		
	- Cash, Cheques in hand and Remittances in transit	<b>35.67</b>	-
	- Balances with Scheduled Banks	<b>209.63</b>	199.04
	<b>Cash and Cash Equivalents</b>	<b>245.30</b>	199.04
1	Previous Year's figures are not strictly comparable to the current year figures pursuant to scheme of arrangement and Demerger.		
2	Impact of the Scheme which is cash neutral have not been disclosed above.		

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,

**SECTION 10 - MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND OPERATIONS****10.1. Overview**

- 10.1.1. The business of the Company comprises of the Demerged Undertaking that was transferred to it by the Transferor Company pursuant to the Scheme of Demerger, which became effective on November 2, 2012. The Company has established its main R&D facilities at Ravalkol village, near Hyderabad, Andhra Pradesh. It has also established 3 more R&D centres at Bangalore, Dharwad and Jaipur supported by 2 sub-centres in Sonipat and Sriganganagar and 16 multi-locational trial centres in diverse agro-climatic zones of the country, which facilitates robust product testing and product development.
- 10.1.2. The Company is one of the few recognized agri-input companies in India. The Company is mainly into the business of production, processing and marketing of high quality hybrid seeds for different crops like bajra, jowar, paddy, cotton, sunflower, maize, fodder beat, vegetables, etc. and has recently forayed into micronutrients and plant growth promoters. The Company has attained over 23 years of experience in this business and is proceeding further towards realizing its objective of developing seeds having superior yield potential, drought tolerance, tolerance to pests and diseases etc.
- 10.1.3. The Company has production, processing and R&D facilities in Andhra Pradesh, Karnataka, Maharashtra, Gujarat, Madhya Pradesh, Bihar, Tamil Nadu and Rajasthan. The Company's research mainly focuses on developing superior hybrids in different crops like cotton, maize, sunflower, bajra, jowar, paddy, fodder beat, vegetables etc. and had recently forayed into micro-nutrient and plant growth promoters. All hybrids developed by the R&D team are marketed under the brand name of "JK Seeds". The in-house R&D facilities located at Ranga Reddy District, Andhra Pradesh are recognized by the Department of Science & Technology, Government of India. The Company expects its R&D facilities to drive the future growth of the Company. The Company has an extensive marketing network with loyal and committed distributors and dealers in Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra, Orissa, Bihar, Madhya Pradesh, Jharkhand, Chhattisgarh, Gujarat, Uttar Pradesh, Punjab, Haryana, West Bengal, Assam and Rajasthan. It is marketing its products through a wide network of 16 carrying and forwarding agencies, 750 wholesalers and over 30,000 dealers spread across 23 States.
- 10.1.4. The Company has ventured into marketing of micronutrient products and plant growth regulators. The focus is to be a leading provider of crop solutions to the farmers by supply of high yielding hybrid seeds and crop management namely micronutrients and plant growth promoters. For achieving this, the Company is engaging in R&D efforts in the areas of superior breeding programmes and biotechnology tools that will enable it to develop highly effective and differentiated hybrid seeds.
- 10.1.5. The Company has entered into a sub-licensing agreement with Mahyco Monsanto Biotech (India) Limited on June 6, 2009 for transgenic technology for hybrid cotton seeds, whereby, a non-exclusive and non-transferable sub-license has been granted to the Company. Further, Mahyco Monsanto Biotech (India) Limited shall provide or cause to be provided cotton planting seeds that exhibit a reduced damage from boll worms as well as certain other insects, embodying Bt. genes for use by the Company. Subsequently, it may carry out further activities associated with its regular course of business towards preparation of the genetically modified planting seeds so modified using the aforesaid Bt. genes and for subsequent sale to the farmers.
- 10.1.6. This enabled the Company to enter into Bt. Cotton market segment and adds another variety to its existing product portfolio. The Company has already developed few hybrids using this technology and some new hybrid, namely JKCH8836, JKCH8665 are in pipeline. The trial is currently being undertaken for the same. The trial run has been successful and the Company has received a very good response from farmers. The Company will be starting the commercial sale during next year.
- 10.1.7. The seed market is dynamic in nature. Once a hybrid seed is developed and introduced in the market, its acceptability gradually declines over a period of time. Therefore, the Company needs to consistently introduce different high quality hybrids in the market to ensure sustainable growth levels in its revenues. Each new hybrid developed attracts the attention of farming community. Consistent focus and efforts on R&D enables the Company to come with improvised version of hybrids in each of the seeds that the Company is producing. The



Company has taken approximately 69 acres on a long term lease basis in Andhra Pradesh, 21 acres in Karnataka, 11 acres in Rajasthan and 6 acres in Haryana for undertaking the R&D activity.

10.1.8. The business of the Company comprises of the following:

- (i) **R&D:** The Company has established its main breeding and biotech R&D facilities at Ravalkol, Medchal, Ranga Reddy District near Hyderabad in the year 1989, over an area of more than 69 acres taken on a long term lease basis. At this site, the Company undertakes R&D activities for development of new experimental hybrids in all its mandate crops. The facility is well equipped with Dehumidified Cold Storage/ Germplasm Bank for keeping the valuable germplasm lines of the mandate crops. Further, the Company has also established its breeding R&D centres at 5 other locations viz. Bangalore, Dharwad and Jaipur, supported by 2 sub-centres at Sonipat and Sriganganagar. The Company also has 16 multi-location trial centres, spread across different agro-climatic zones of India to test and evaluate newly developed hybrids.

Further, the Company has established its state of art biotech laboratory, with facilities for tissue culture, transgenic crop development, molecular biology, molecular breeding, radio isotope laboratory, molecular QC laboratory, insectory and large containment green houses. It has achieved unique distinction of being the first Indian company commercializing Bt Cotton with indigenous GM Technology in collaboration with Indian Institute of Technology, Kharagpur. The Company is working on several other transgenic crops with novel traits. Both breeding R&D and biotech R&D facilities have been recognized by the Department of Scientific & Industrial Research (DSIR), Government of India.

- (ii) **Production of hybrid seeds:** The Company has its seed production operations in about 15 strategically diverse crop specific agro-climatic locations, spread across 8 States viz. Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan and Bihar. A team of seed production experts ensures that the latest technical know-how and production practices are followed to achieve highest quality and timely supply of seeds to the customers. The Company has established world class seed conditioning and packing facilities at (a) Hyderabad (Andhra Pradesh) with a total godown area of 1,23,050 sqft., with seasonal capacity of 15,000 MTs; and (b) Kota (Rajasthan) with godown area of 18,000 sqft. and seasonal capacity of 3,000 MTs.

- (iii) **Marketing and distribution of hybrid seeds:** The Company is marketing its products through a wide network of 16 carrying and forwarding agencies, 750 wholesalers and over 30,000 dealers spread across 23 States. The Company has a strong, young and motivated sales force assisted by field personnel to reach out to customers throughout the country. The Company has developed farmer services in cash crops like sunflower and cotton, which aim to improve the profitability of the farmer. The Company plans to extend similar services for other crop growers as well. The Company has also tied up with certain multinationals as well as strong domestic companies for co-marketing and co-promotion.

The Company has a strong, young and motivated sales force assisted by field personnel to reach out to the customers throughout the country. The Company has developed farmer services in cash crops like sunflower and cotton, which aim to improve the profitability of the farmer. The Company plans to extend similar services for other crop growers as well. The Company has also tied up with certain multinational as well as strong domestic companies for co-marketing and co-promotion. The Company is also extending after sales services under the scheme “Kisan Samruddhi Seva” which is aimed to provide total crop solution to farmers in collaboration with other agri-input companies to boost farmers’ income in selected crops.

The Company’s products are being cultivated over a large geographical area. During the year 2009-10, the Company has entered the markets for full maturity maize in the States of Karnataka, Andhra Pradesh, Bihar and Maharashtra. The Company has introduced BG II Cotton Hybrids in Southern, Central and Western India in collaboration with Mahyco Monsanto Biotech Ltd.

The Company has a wide product range covering all the major commercial segments of the seed business and catering to the requirements of farmers in most of the agro-climatic segments. “JK Seeds”,

the flagship brand, is one of the most trusted seed brands in the country. The Company's product range can be classified under two major categories, viz., field crops and vegetable crops:

- Field crops: It includes hybrids of bajra, jowar, maize, rice, cotton and sunflower. Varieties of mustard, wheat and pigeon pea also are a part of the field crop portfolio.
  - Vegetable crops: It includes hybrids of tomato, bhendi, chilli, watermelon, muskmelon, gourds, brinjal etc.
- (iv) **New Business Lines:** The Company has successfully launched energy crops viz. fodder beet, sugar beet and sweet sorghum to cater to the needs/ availability of quality fodder to the dairy farmers of various States. The Company is presently dominating in several market segments cultivating bajra, jowar, rice and vegetable crops.

The Company is making efforts to enter South Asia and Asia Pacific markets having similar agro-climatic conditions. The Company is also testing and identifying the products, suitable for various African countries. It has also entered into plant growth solution product segment and successfully launched its products in the current year which will contribute in increase in sales during offseason and productivity of the sales force. Further, the Company has entered into plant growth solutions product segment and successfully launched the products in the current year which will contribute in increase in sales during offseason and productivity of the sales force.

- 10.1.9. The Company was originally incorporated on March 06, 2000 under the Companies Act, under the name 'Netfliar Communications Limited' and its name was changed to 'Maneksia Alumina Limited' in the year 2002. Thereafter, the name of the Company was changed to 'Florence Alumina Limited' on March 11, 2003 and subsequently to its current name, i.e. 'JK Agri Genetics Limited' on November 19, 2012 and a fresh certificate of incorporation consequent to changes of name were issued by the Registrar of Companies, West Bengal. The registered office of the Company is located at 7, Council House Street, Kolkata, India - 700001.
- 10.1.10. Effective from the Appointed Date, during the period of reporting, the operations of the Company were run for and on its behalf by the Transferor Company in trust and accordingly the economic benefits attributable to the Company have accrued to the Company and the accounts of the Company have been drawn up from April 1, 2005 to September 30, 2012.
- 10.1.11. The Company has established its main breeding and biotech R&D facilities at Hyderabad on the land admeasuring approximately 69 acres and sub-centres at 5 locations, supported by 16 multi-location trial centres, spread over an area of nearly 95 acres. Additionally, the Company owns 10 acres of agricultural land at Dundigal Village, Hyderabad, wherein the trials and evaluation of newly developed hybrids and technology will be undertaken.
- 10.1.12. The Company's marketing network covers the States of Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra, Gujarat, Madhya Pradesh, Orissa, Chhattisgarh, Rajasthan, Haryana, Uttar Pradesh, Bihar, Jharkhand, West Bengal and Orissa. The Company has more than 750 distributors and 30,000 dealers across the country with 16 carrying and forwarding points at critical locations to facilitate timely movement of material.
- 10.1.13. The Company has so far registered 33 trademarks pertaining to brand name and name of hybrid seeds with Trades Marks Registry and 55 trademark applications have been filed for registration. The Company has also submitted more than 100 applications for registration of various crop hybrid under Protection of Plant Varieties and Farmers Rights Act, 2001. Out of these 100 applications, the Company has so far received registration certificates for 8 crop hybrids. The Company has submitted 2 applications for patents with the Controller of Patents, Chennai in the year 2011, for grant of patent in respect of technologies developed in collaboration with Tamil Nadu Agricultural University, Coimbatore.

## 10.2. Business Performance Review

- 10.2.1. The financial performance of the Company for the financial year 2013 improved as the sales turnover has increased from Rs. 134.71crore in the previous year to Rs. 185.01crore for the year ending March 31, 2013 and the profit before tax has increased from Rs. 7.41crore in the previous year to Rs. 10.58 crore for the year ending March 31, 2013. There has been an increase in the sale of cotton, bajra, maize, jowar, paddy, fodder crops and vegetables while the sales of Sunflower and Castor has come down due to shrinkage of area under cultivation of this crop. The profitability has improved due to improved sales, better operational efficiencies and reduced carryover losses.

The Company has launched several new products in hybrids in cotton, bajra, paddy and vegetable crops which have received very good response from the market. Even though the sales turnover from the new launches was very small, these would be the major growth drivers of the sales and the profitability from next year onwards. Presently, the Company has several pipelines hybrids in all the mandate crops and will be launched in the coming years to consolidate its product range and turnover to a significant level.

The Company leverages its strength of local germplasm in crops like cotton, bajra, jowar and rice. The Company has developed good relations with seed growers and adoption of practices like IPM (Integrated Pest Management), etc. enable reasonable, if not low cost of production. The Company has taken the lead in associating with publicly funded organizations for research to reduce research costs and bring down product development cycle time. The Company's channel partners recognize the Company as a reliable partner and particularly satisfied with the products and service.

Farmers recognize "JK Seeds" as a good brand in terms of quality, service and product performance. To reinforce this faith of farmers, the Company has endeavored to provide total crop solutions to the farmers through service initiative. The Company had launched "Kisan Samruddhi Seva", a farmer service initiative, for cotton and sunflower growing areas. The initial success of the pilot has encouraged the Company to fine-tune the services aspect and take up the project on a larger scale. Thus, the Company has been able to position itself distinctly in the multitude of competition.

### 10.3. Results of Operations

- 10.3.1. The table below sets forth, for the period indicated, certain revenue and expenses items for the Company's operations expressed as a percentage of total income:

(Rs. in lakhs)	For the 12 months period ended March 31, 2013	
	Amount (in Rs.)	% of Total Income
<b>INCOME</b>		
Sales and services (Gross)	18,473.56	99.85%
Less: Excise duty	-----	-----
Other income	27.77	0.15%
	18,501.33	100%
<b>EXPENDITURE</b>		
Raw Material and Component consumed	10,818.03	58.47%
Decrease/ (Increase) in inventories	(1,676.75)	(9.06%)
Employee costs	2,647.23	14.31%
Other manufacturing, administration and selling expenses	4,545.96	24.57%

(Rs. in lakhs)	For the 12 months period ended March 31, 2013	
	Amount (in Rs.)	% of Total Income
<b>Total Manufacturing &amp; Other Expenses</b>	<b>16,334.47</b>	<b>88.29%</b>
Interest	806.46	4.36%
Depreciation / Amortisation	302.56	1.64%
<b>Profit Before Tax</b>	<b>1,057.84</b>	<b>5.72%</b>
Provision for taxation - Current	154.97	0.84%
MAT Credit Entitlement	(154.97)	(0.84)%
Provision for taxation - Deferred	158.62	0.86%
<b>Profit After Tax</b>	<b>899.22</b>	<b>4.86%</b>

10.3.2. The Company's financial condition and results of operations are affected by numerous factors and the following areas are of particular importance:

- (i) **Demand for Agri-inputs:** The agri-inputs industry produces products that provide essential support to modern agriculture. Seeds are one of the most critical inputs in agricultural production. Improvements in quality and production of seeds along with an improved agronomy have brought about several modern agricultural productivity improvements, including increased food production to keep pace with increased domestic as well as global demand from population and economic growth. Since rapid urbanization and development over the last few decades have reduced the total area of land under cultivation, substantially higher crop yields and multiple cropping have become increasingly important for meeting domestic as well as global demand for food. The demand for seeds and other agri-inputs that augment production of crops is expected to continue. The Company's ability to capitalize on this increasing demand will be the key factor to its success of operations.
- (ii) **Competition:** The Company faces substantial competition due to technological advances by its competitors in various facets of the agri-inputs business. The Company competes with other seed manufacturers on the basis of availability of products, product range, product traits as well as for production inputs, such as arable land and seed growers. Further, the introduction of biotechnology has resulted in the entry of various agro-input companies into the seed industry, thus increasing the competition in the industry. In most facets of the agri-inputs business, the number of products available to the farmer is steadily increasing as new products are introduced. As a result, the Company anticipates that it will continue to face newer and different competitive challenges. The period for developing and commercializing hybrid seeds can run into several years. If a competitor introduces a better product, it could take a long period for the Company to develop a suitably competing product, which could have a material adverse effect on its business, results of operations and financial condition. Some of the competitors or their subsidiaries may have significantly greater resources than those available with the Company. If the Company is unable to compete effectively, including in terms of pricing or providing quality products, the market share of the Company may decline, which could have a material adverse effect on its financial condition and results of operations.
- (iii) **Seasonality and weather conditions:** The seed agri-inputs business is highly seasonal in the country. The raw material supplies are seasonal and the sales are also seasonal in nature. Thus, the Company is subject to seasonal factors, which make its operating results relatively unpredictable. The Company

recognize revenues upon the sale of its seed agri-input products. The sales activity, as far as seeds are concerned, takes place only after the seeds have been planted, harvested and prepared for sale. Traditionally, the revenues recorded during planting and harvesting seasons are lower compared to revenues recorded during the periods following such seasons. During the periods of lower sale activities, the Company may continue to incur substantial operating expenses, but the revenues may be usually much lower or delayed or reduced. Due to the inherent seasonality of the Company's business, the operating results for 2 reporting periods may not be comparable.

- (iv) **Ability to attract, recruit and retain key personnel:** The agri-inputs business is highly specialized in nature and the availability of skilled, technical and marketing pool is limited. Further, each producer has its own set of customized products and processes, and it takes substantial time and resources to adequately train human resource that is talent to understand and adapt to the producer's business. The future success of the Company's business will also depend on its ability to identify, attract, hire, train, retain and motivate skilled technical and managerial personnel, who may be highly sought by competing entities. Competition for qualified agri-business professionals is intense given the limited supply of such personnel, and the Company's professionals are highly sought after by the competitors. If the Company fails to hire and retain sufficient number of key personnel, primarily skilled in R&D, technical, sales and marketing, the Company's operating results and financial condition could be adversely affected.
- (v) **Industry Drivers:** As key agricultural inputs, seed products have the following common industry drivers:
  - (a) **Population growth:** A fundamental driver for the increase in demand for crops is global population growth. The United Nations projects that the world population will increase from 6.1 billion people in the year 2000 to 7.2 billion people in the year 2015. India's population is also projected to grow at a rapid pace from 934 million in the year 1966 to 1,264 million by 2016 (as per the report of Planning Commission titled "Population Growth – Trends, Projections, Challenges and Opportunities".)
  - (b) **Economic growth:** As people become wealthier, they consume more and higher quality food. The International Food Policy Research Institute forecasts a 40% increase in demand for grain by 2020.
  - (c) **Land availability:** Arable land is scarce in many parts of the world and under pressure from urbanization and industrial uses. Accordingly, there is continual pressure to increase the productivity of available resources.
  - (d) **Sustainability:** Without significant increase in productivity, more land will have to be brought under irrigation and multiple cropping, which may have a potentially severe adverse impact on biodiversity and the environment.
  - (e) **Technology:** Innovations that provide new benefits can spur significant market growth. These may relate to conventional seeds, but increasing derivations from biotechnology can confer valuable new traits upon seeds and significant improvements in crop management.
  - (f) **Hybridization:** Increasing awareness of the benefits of high-quality hybrid seeds and improved farming practices will encourage quantum shifts in grower preferences.
  - (g) **Food preferences:** Shifting consumer food preferences will affect selection of crops and the seed industry. In addition to these drivers, the seed industry is influenced by commodity prices and weather. Changes in commodity crop prices influence a farmer's decision to purchase yield-enhancing products as the value of any increased yield is correspondingly affected. Erratic weather can affect crop performance at all levels. The market for seeds is in turn affected on a regional basis as farmers choose crops and hybrids that best suit changed local weather conditions. Furthermore, modern innovations like biofuels (such as ethanol) will be driving the demand for crops used in their production. Oilseed crops, such as mustard and soyabean, are used to produce biodiesel. Corn

and sugarcane are examples of crops used to produce ethanol. Any increase in the use of biofuels is expected to lead to a higher demand for the seeds of the relevant crops.

10.3.3. The following is the percentage of sales mix of the product categories sold during 2012-13

Product	% of Sales Mix
Cereals	43.70%
Oil seeds	2.01%
Fibre crops	29.77%
Fodder crops	5.74%
Vegetables	16.30%
Others	2.48%
<b>Total</b>	<b>100.00%</b>

#### 10.4. Significant Accounting Policies

For critical accounting policies used in the preparation of accounts, see the Section titled “**Financial Information**” in this Information Memorandum.

- (i) 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.
- (ii) Fixed assets are stated at cost. Costs include all costs incurred to bring the assets to their present location and condition.
- (iii) (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; (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, whichever period is lower; and (c) Leasehold land is being amortized over the lease period.
- (iv) 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.
- (v) Assets and liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year. All exchange differences are recognized in the Profit and Loss Account.
- (vi) Inventories are valued at the lower of cost and net realizable 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.
- (vii) The carrying amount of assets are reviewed at each balance sheet date of assets 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.
- (viii) Intangible assets are recognised if future economic benefits are likely and the 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.
- (ix) Employees benefits: (a) Defined Contribution Plan - Employee benefits in the form of superannuation fund, provident fund and employee state insurance are 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 provident fund (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; and (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.
- (x) 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.
  - (xi) 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 the financial statements and are included, if any, in the Directors' Report.
  - (xii) Other government grants are deducted from the related expenses/credited to Profit & Loss Account.
  - (xiii) Lease which does not transfer substantially all the risks and rewards of ownership is classified as Operating Lease and is recognized as expense as and when incurred over the lease-term.

## 10.5. Key business risks and mitigation plans

- 10.5.1. **Strengths:** R&D is the backbone of the seed industry. The Company has, over a period of time build strong R&D capability in terms of large germ-plasm pool, infrastructure facilities, testing farm and a team of dedicated breeding and biotech scientists, who are focused on research of new hybrids. The Company also partners with a number of academic institutions and other strategic partners for increase of knowledge base.

The Company's commitment to R&D distinguishes it from many seed companies enabling it to effectively compete against them. Its strength in R&D is evident from the successful commercialization of several products by the Company. The Company believes that its continuing efforts in R&D provide the Company with a strong platform to build additional market share in the seed industry over a period of time.

The Company is working relentlessly on increasing the breeding and research capabilities. During the last few years, it has made investments in selected R&D programs so as to develop products in a fast track mode. The Company is also investing in biotechnology research projects to increase development process of new technologies, to compete with competitors in the market. The Company has hybrid seeds for a wide range of crops like cotton, bajra, jowar, maize, paddy and vegetables etc. These varieties give the Company an edge in the market and it has the ability and infrastructure to further develop different hybrids in these crops. The product portfolio gives the Company a natural edge against dependence on any particular crop(s), and it has an advantage to meet changing farmer needs even in the event of crop-shifting by farmers.

- 10.5.2. **Weaknesses:** Due to the seasonality of the Company's business, its production and processing capacities are under-utilized. But it is overcoming this by introducing new varieties and new crops as well as penetrating into new markets with different seasonalities. At present, the Company has very little presence in export market. It is evaluating various options for entering the export business, either by itself or through a tie-up/strategic partner/collaboration. However, the same remains as one of the focused areas which the Company would definitely like to enter in a big way in the near future.

- 10.5.3. **Opportunities:** The fortunes of the seed industry are 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 the Company needs 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 farmer's acceptance of modern technologies of farming and availability of hybrid seeds in several regions are 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 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. The Company had some breakthrough hybrids in 2 vegetable crops and there is a wide acceptability of these hybrids in all the major markets. It would be looking for a leadership position in these 2 crops in the near future and have a huge potential to scale up the production and marketing of these 2 hybrids.

10.5.4. **Threats:** Protection of intellectual property is a concern which the Company is trying to mitigate through Plant Variety Protection and Farmer Rights Act, 2001. Climatic conditions always play a big role in deciding the type of a crop. Demand for a particular seed varies from year to year based on these conditions. The Company's wide product mix and retailer network help it in minimizing losses in case of adverse climatic conditions. Emergence of multinational corporations in seed industry with huge R&D capability and R&D spending will be a challenge to the Indian players in competing with the multinational corporations. But, the Company could withstand because of its focus on the R&D with trained scientists for development of hybrid seeds continuously on sustainable basis.

10.5.5. **Competitor Risk:** Much of the Indian seed market is unorganized and fragmented with many small and medium-sized companies. The Company faces substantial competition in the commercial seed market from other Indian seed companies, and subsidiaries or divisions of large multinational corporations operating in the seed business. The Company competes with other seed manufacturers on the basis of availability of product, product range, product traits, including disease and pest tolerance and other factors, based on price, reputation, regional needs, customer service and customer convenience. The Company's major competitors are Nuziveedu Seeds Limited, Rasi Seeds Private Limited, Monsanto India Limited, PHI Seeds Private Limited, Kaveri Seed Company Limited and Syngenta India Limited, to name a few. However competition levels vary for each crop. There is no company that is a leader in all the crops. In addition, the market share keeps changing constantly with advent of new technologies and hybrids.

In present competitive environment, companies which develop effective hybrids and have state of the art R&D infrastructure will be increasingly differentiated from the others in the field. Global giants like Monsanto India Limited, PHI Seeds Private Limited, and Syngenta India Limited have increased their stakes in Indian markets in the recent past.

The major factors that will have bearing on Indian seed industry are biotechnology, globalisation, World Trade Organisation and its regulatory framework. Advancement in biotechnology has brought in products like pest resistant crops, which have significantly influenced the seed industry. In coming time, issues such as the regulatory framework for protecting intellectual property rights of seed owners, protecting consumers from possible seed-related problems, and ensuring that the industry remains competitive will assume importance. As emphasis on efficiency increases, small seed companies are expected to become contract producers for the biotechnology rich companies. Mergers and acquisitions of companies are also expected as many chemical companies may merge with seed companies to capitalize on new technologies, economies of scale in research, and access to global markets. In future, the farmers' choice of crops is likely to be more dynamic than ever before, dictated by equally dynamic market trends. Given the growth of the seed sector in recent years, India has the potential to become the foremost player in the seed export business in the developing world with prospective markets in Asia, Africa and South America.

10.5.6. **Commodity Price Risk:** The market price of seed incorporates the costs associated with R&D, production, processing, marketing and distribution. In the long run, the price must be responsive to the farmers' willingness to purchase while at the same time ensuring a profit margin that provides an attractive return on capital to the seed company. Furthermore, pricing depends on the competitiveness of the particular seed market, availability of similar seed products and the pricing behavior of those firms that hold large shares of the market. R&D typically forms a significant cost component of product development, particularly for development of proprietary hybrids.

Seed production is another significant cost component, depending on the seed produceability and techniques and labour involved during production. Seed conditioning and treatment is another cost element of the seed price. This process benefits from scale economies arising from the use of certain capital equipment. Advertising, promotion and distribution are other major costs. These costs vary with the stage of the product cycle and



depending on the regional market, can account for more than 10% to 20% of the seed price. Advertising and promotion are necessary to distinguish a seed company's product from other firms' products in the market, to educate customers on the best crop management practices to ensure optimum utilization of the genetic potential. Distribution costs include costs of transportation and communication between production facilities, wholesalers, retailers and farmers, as well as storage costs (including financial costs) if seed is held as inventory between seasons.

- (i) Strong competition in local/ international markets: The Company has taken following measures -
  - Explore new and the untapped market including overseas market
  - Initiate marketing of new crops and technology
  - Build brands to cater to local needs
  - Create extensive distribution network
- (ii) Impact of low productivity leads to high production cost and monetary loss to the Company: The Company has taken following measures -
  - For new products:
    - (a) Conduct production research
    - (b) Standardize staggering and other agronomy practices
    - (c) First year TSP to stabilize the nicking and other agronomy practices
    - (d) Large scale HSP based on production research and 1<sup>st</sup> year of TSP
  - For existing products:
    - (a) Provide good quality foundation seeds
    - (b) Planting in Right sowing window
    - (c) Implement Hybrid specific agronomy practices
    - (d) Close field monitoring/ regular inspections to achieve the targeted productivity
- (iii) Cross sale - Impact of losing opportunity to generate revenue and profits: The Company has taken following measures -
  - Identify and select good farmers/ organizers
  - Timely payments
  - Develop good relationships with growers/ villages through community development programs
  - Proper data capturing/ scientific yield estimation and close monitoring
- (iv) Risk of low yield hybrids-impact of production cost: The Company has taken following measure -
  - Development of new hybrids which can give higher yield in seed production.

#### 10.5.7. Working Capital Management Risk

- (i) Risk of high inventory due to sales not happening as per plan: The Company takes the following measures –
  - Estimate the yield and communicate to sales team in time to take appropriate action to liquidate
  - Based on feed back regulate the production by reducing crossing period
  - Stock preservation techniques like cold storage
- (ii) Receivable Management-Risk due to high aging of debtors: The Company takes the following measures –
  - Govt. Debtors: Close monitoring and rigorous follow up with the govt. departments at various levels
  - Trade Debtors: Endeavours a strict credit policy

- Floated advance booking schemes by offering discounts/ incentives on the future sale which will increase the Company's cash flow and reduce its debtors outstanding
  - Floated CD schemes for making the payment immediately after the sale
- (iii) Excess advances to organizers-Impact on monetary losses: The Company takes the following measures –
- Identify and appoint good financially sound Organisers
  - Scientific yield estimation and close monitoring through capture of proper data
  - Release advance on crop progress and yield estimation

**10.5.8. Significant developments since effectiveness of Scheme of Demerger**

There were no material steps taken post effectiveness of the Scheme.

**SECTION 11 - OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS****11.1 Company:**

As per the Scheme of Demerger, if any proceedings are pending as of the Effective Date or initiated thereafter against Transferor Company pertaining to the Demerged Undertaking, the same shall not abate, be discontinued or in any manner be prejudicially affected by reason of the Scheme of Demerger and the proceedings may be continued, prosecuted and enforced, by or against the Company in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against Transferor Company, as if this Scheme of Demerger had not been made. Below are details of the litigations involving the Company:

**11.1.1 By the Company**

Criminal litigations:

Description of suit/show cause notice etc.	Facts of the Case	Current status of proceedings	Amount claimed (Rs.)
Criminal CC No. 801/11	Case u/s 138 of NI Act	Fresh summons has to be served as per the court order. The next hearing is scheduled on October 9, 2013	5,81,238
Criminal CC No. 949/11	Case u/s 138 of NI Act	Fresh summons has to be served as per the court order. The next hearing is scheduled on October 9, 2013	1,70,029
Criminal CC No. 1089/11	Case u/s 138 of NI Act	Fresh summons has to be served as per the court order. The next hearing is scheduled on October 9, 2013	4,51,707
Criminal CC No. 1457/11	Case u/s 138 of NI Act	Fresh summons has to be served as per the court order. The next hearing is scheduled on October 9, 2013	4,05,088
Criminal CC No. 838/12	Case u/s 138 of NI Act	Fresh summons has to be served as per the court order. The next hearing is scheduled on October 9, 2013	5,00,000
Criminal CC No. 847/12	Case u/s 138 of NI Act	Fresh summons has to be served as per the court order. The next hearing is scheduled on October 9, 2013	2,71,857
Criminal CC No. 11 78/12	Case u/s 138 of NI Act	Fresh summons has to be served as per the court order. The next hearing is scheduled on October 9, 2013	2,91,280
Criminal CC No. 11 77/12	Case u/s 138 of NI Act	Fresh summons has to be served as per the court order. The next hearing is	7,07,417

Description of suit/show cause notice etc.	Facts of the Case	Current status of proceedings	Amount claimed (Rs.)
		scheduled on October 9, 2013	
Criminal CC No. 11 75/12	Case u/s 138 of NI Act	Fresh summons has to be served as per the court order. The next hearing is scheduled on October 9, 2013	2,58,587
Criminal CC No. 11 74/12	Case u/s 138 of NI Act	Fresh summons has to be served as per the court order. The next hearing is scheduled on October 9, 2013	3,80,588
Criminal CC No. 1551/12	Case u/s 138 of NI Act	Fresh summons has to be served as per the court order. The next hearing is scheduled on October 9, 2013	2,30,581

Commercial and labour litigations:

Description of suit/show cause notice etc.	Facts of the case	Current status of proceedings	Amount claimed (Rs.)
Civil Case No. 171/10	Recovery of outstanding dues	Case filed in High Court of Andhra Pradesh. The order was in favour of the Company. The Company is in the process of filing execution proceedings. In the meanwhile, the opposite party has filed a suit against the Company	31,97,793

Sales tax litigations:

Description of suit / show cause notice etc.	Facts of the case	Current status of proceedings	Amount claimed (Rs. in lakhs)
Case under Uttar Pradesh Sales Tax Act, 1948	Goods seized by Investigation Department of Commercial, Jhansi on August 18, 2006 on account of certified seed not mentioned in the Stock Transfer Order. Hence, the goods are to be classified as normal grain and levied penalty. The Company received an unfavourable order dated on April 28,	Appeal is currently pending before Sales Tax Tribunal, Lucknow, Uttar Pradesh	5.85

Description of suit / show cause notice etc.	Facts of the case	Current status of proceedings	Amount claimed (Rs. in lakhs)
	2008 and the Company made an appeal vide no. 917/08 with the Joint Commissioner (Appeals), Commercial tax, Lucknow which was rejected.		
Case under Uttar Pradesh Sales Tax Act, 1948	Goods seized by Investigation Department of Commercial, Allahabad on account of discrepancy in the Stock Transfer Note	The appeal is currently pending before the Joint Commissioner (Appeals), Commercial tax Lucknow, Uttar Pradesh	1.05

## Income Tax litigations:

Description of suit / show cause notice etc.	Facts of the case	Current status of proceedings	Amount claimed (Rs. in lakhs)
Suit filed under Income Tax Act, 1961	For financial year 2007-08. Amount disallowed during assessment	The matter is currently pending before Commissioner of Appeals, Kolkata, West Bengal	204.13
Suit filed under Income Tax Act, 1961	For financial year 2008-09. Amount disallowed during assessment	The matter is currently pending before Commissioner of Appeals, Kolkata, West Bengal	76.91
Suit filed under Income Tax Act, 1961	For financial year 2009-10. Amount disallowed during assessment. The Company received an unfavourable order	The appeal is yet to be filed	90.58

11.1.2 Against the Company

Year of filing	Description of suit / show cause notice etc.	Facts of the case	Current status	Amount claimed (Rs.)
2001	Complaint before Consumer Dispute Redressal Forum, Adilabad	Product Quality complaint in relation to the Cotton seeds produced by Rasi Seeds Limited, Attur	District Forum passed an order on July 15, 2004 in favour of the farmers, granting compensation to them. Appeals were filed by the Company and Rasi Seeds Limited against the said order. State Commission also gave its order on April 1, 2005 confirming the order passed by the District Forum. Aggrieved by the order passed by the	99,00,000

Year of filing	Description of suit / show cause notice etc.	Facts of the case	Current status	Amount claimed (Rs.)
			District Forum and State Commission, the Company and Rasi Seeds Limited filed revision petitions before National Commission in May, 2005. National Commission passed orders on July 16, 2007 in 165 cases stating to conduct fresh trial. The District Forum once again confirmed its old order. Now the appeals have been filed in the State Commission and are currently pending	
2004	Complaint before Consumer Dispute Redressal Forum, Yeotmal	Product quality complaint	The Company filed an appeal (no. 1988/04) with Mumbai State Commission against the order dated September 27, 2004. The appeal has now been transferred from Mumbai State Commission to Nagpur State Commission and is currently pending	80,000
2009	Complaint before Consumer Dispute Redressal Forum, Jalgaon	Product quality complaint in relation to the Cotton seeds	The matter is currently pending in District Forum, Jalgaon	82,000
2009	Complaint before Consumer Dispute Redressal Forum, Jalgaon	Product quality complaint in relation to the Cotton seeds	The matter is currently pending in District Forum, Jalgaon	1,00,000
2011	Complaint before Consumer Dispute Redressal Forum, Jalgaon	Product quality complaint in relation to the Maize seeds	The matter is currently pending in District Forum, Jalgaon	1,60,000
2007	Complaint before Consumer Dispute Redressal Forum, Dhar	Product quality complaint in relation to the Maize seeds  The District Forum, Dhar gave an order on September 24, 2010 in favour of the farmers. As per the order, the Company has paid the compensation amount, but the farmers have filed an appeal in State Commission, Bhopal for higher compensation.	The matter is currently pending with State Commission, Bhopal, Madhya Pradesh	1,20,000

Year of filing	Description of suit / show cause notice etc.	Facts of the case	Current status	Amount claimed (Rs.)
2012	Complaint before Consumer Dispute Redressal Forum, Rewa	Product quality complaint in relation to the Paddy seeds	The matter is currently pending in District Forum, Rewa	64,950
2012	Complaint before Consumer Dispute Redressal Forum, Rewa	Product quality complaint in relation to the Paddy seeds	The matter is currently pending in District Forum, Rewa	44,350
2009	Complaint before Consumer Dispute Redressal Forum, Sawaimadhopur	Product quality complaint in relation to the Mustard seeds  The Company received orders from District Forum vide order dated March 29, 2012 in its favour. The farmers have filed an appeal before State commission, Jaipur.	The Company received the appeal notice on September 28, 2012	2,38,220
2009	Complaint before Consumer Dispute Redressal Forum, Sawaimadhopur	Product quality complaint in relation to the Mustard seeds  The Company received orders from District Forum vide its order dated March 29, 2012 in its favour. The farmers have filed an appeal before State commission, Jaipur.	The Company received the appeal notice on September 28, 2012	18,68,719
2008	Complaint before Consumer Dispute Redressal Forum, Kurukshetra	Product quality complaint in relation to the Paddy seeds	The matter is currently pending before District Forum, Kurukshetra	95,500
2012	Complaint before Consumer Dispute Redressal Forum, Kurukshetra	Product quality complaint in relation to the Paddy seeds	The matter is currently pending before District Forum, Kurukshetra	82,600
2009	Complaint before Consumer Dispute Redressal Forum, Yamuna Nagar	Product quality complaint in relation to the Paddy seeds	The matter is currently pending before District Forum, Yamuna Nagar	2,56,560
2009	Complaint before Consumer Dispute Redressal Forum, Yamuna Nagar	Product quality complaint in relation to the Paddy seeds	The matter is currently pending before District Forum, Yamuna Nagar	2,45,500

Year of filing	Description of suit / show cause notice etc.	Facts of the case	Current status	Amount claimed (Rs.)
2009	Complaint before Consumer Dispute Redressal Forum, Yamuna Nagar	Product quality compliant in relation to the Paddy seeds	The matter is currently pending before District Forum, Yamuna Nagar	2,45,500
2009	Complaint before Consumer Dispute Redressal Forum, Yamuna Nagar	Product quality compliant in relation to the Paddy seeds	The matter is currently pending before District Forum, Yamuna Nagar	3,05,500
2009	Complaint before Consumer Dispute Redressal Forum, Yamuna Nagar	Product quality compliant in relation to the Paddy seeds	The matter is currently pending before District Forum, Yamuna Nagar	3,05,500
2009	Complaint before Consumer Dispute Redressal Forum, Yamuna Nagar	Product quality compliant in relation to the Paddy seeds	The matter is currently pending before District Forum, Yamuna Nagar	3,05,500
2012	Complaint before Consumer Dispute Redressal Forum, Narnaul	Low Germination on Bajra seeds	The matter is currently pending before District Forum, Narnaul	1,10,000
2011	Complaint before Consumer Dispute Redressal Forum, Bagalkot	Cotton seeds (production case)  District Forum gave an order on March 30, 2012 in favour of the complainant. The Company filed an appeal before the State Commission, Bangalore.	The appeal is currently pending before the State Commission, Bangalore	3,23,000
2011	Complaint before Consumer Dispute Redressal Forum, Bagalkot	Cotton seeds (production case)  District Forum gave an order on March 30, 2012 in favour of the complainant. The Company filed an appeal before the State Commission, Bangalore.	The appeal is currently pending before the State Commission, Bangalore	3,23,000
2011	Complaint before Consumer Dispute Redressal Forum, Bagalkot	Cotton seeds (production case)  District Forum gave an order on March 30, 2012 in favour of the complainant. The Company filed an appeal before the State Commission,	The appeal is currently pending before the State Commission, Bangalore	4,58,000



Year of filing	Description of suit / show cause notice etc.	Facts of the case	Current status	Amount claimed (Rs.)
		Bangalore.		
2011	Complaint before Consumer Dispute Redressal Forum, Bagalkot	Cotton seeds (production case)	The appeal is currently pending before the State Commission, Bangalore	5,98,000
2012	Complaint before Consumer Dispute Redressal Forum, Rayagada	Product quality compliant in relation to the Cotton seeds	The matter is currently pending before the District Forum, Rayagada	13,20,000
2012	Complaint before Consumer Dispute Redressal Forum, Rayagada	Product quality compliant in relation to the Cotton seeds	The matter is currently pending before the District Forum, Rayagada	16,50,000
2012	Complaint before Consumer Dispute Redressal Forum, Rayagada	Product quality compliant in relation to the Cotton seeds	The matter is currently pending before the District Forum, Rayagada	14,50,000
2012	Complaint before Consumer Dispute Redressal Forum, Rayagada	Product quality compliant in relation to the Cotton seeds	The matter is currently pending before the District Forum, Rayagada	19,00,000
2012	Complaint before Consumer Dispute Redressal Forum, Rayagada	Product quality compliant in relation to the Cotton seeds	The matter is currently pending before the District Forum, Rayagada	13,30,000
2012	Complaint before Consumer Dispute Redressal Forum, Maharaj Gunj	Product quality compliant in relation to the Paddy seeds	The matter is currently pending before the District Forum, Maharaj Gunj	3,90,200
2012	Complaint before Consumer Dispute Redressal Forum, Maharaj Gunj	Product quality compliant in relation to the Paddy seeds	The matter is currently pending before the District Forum, Maharaj Gunj	3,00,200
2012	Complaint before Consumer Dispute Redressal Forum, Maharaj Gunj	Product quality compliant in relation to the Paddy seeds	The matter is currently pending before the District Forum, Maharaj Gunj	1,44,200
2012	Complaint before Consumer Dispute Redressal Forum, Maharaj Gunj	Product quality compliant in relation to the Paddy seeds	The matter is currently pending before the District Forum, Maharaj Gunj	1,00,200
2013	Complaint before Consumer Forum, Madaleshwar	Product quality complaint against cotton seeds	The matter is currently pending before the District forum, Madaleshwar	32,00,000
2006	District Municipality Magistrate, Kurnool	Agricultural Department of Kurnool filed criminal case alleging that the Jowar seed is sub-standard as per Seed Act, 1966	Case is under trial	-

Year of filing	Description of suit / show cause notice etc.	Facts of the case	Current status	Amount claimed (Rs.)
2006	District Municipality Magistrate, Vijayanaram	Agricultural Department of Vijayanaram filed criminal case alleging that the Maize seed is sub-standard as per Seed Act, 1966	Case is under trial	-
2010	District Municipality Magistrate, Karnal	Agricultural Department of Karnal filed criminal case alleging that the Cotton seed is sub-standard as per Seed Act, 1966	Case is under trial	-
2006	Case before JFMC, Chandwad, Nashik, Maharashtra	Agricultural Department of Chandwad filed criminal case alleging that the Maize seed is sub-standard as per Seed Act, 1966	Case is under trial	-
2012	Case before Judicial Magistrate, Narnaul	Agricultural Department of Narnaul filed criminal case alleging that the Mustard seed is sub-standard as per Seed Act, 1966	Case is under trial	-
2004	Case before Judicial Magistrate, Nijar Gujarat	Agricultural Department of Nijar filed criminal case alleging that the Cotton seed is sub-standard as per Seed Act, 1966	Case is under trial	-
2010	Criminal case before Criminal Court, Phaltan, Maharashtra	Farmers filed criminal case against the Company alleging that they have not had good yield by using the Company's Bhendi seeds	The Company has received a stay order from Bombay High Court and case is currently pending	-
2011	Criminal case before Criminal Court, Phaltan, Maharashtra	Farmers filed criminal case against the Company alleging	The Company has received a stay order from Bombay High Court and case is currently pending	-

Year of filing	Description of suit / show cause notice etc.	Facts of the case	Current status	Amount claimed (Rs.)
		that they have not had good yield by using the Company's Bhendi seeds		
2013	Suite before JFCM, Adilabad	Agricultural Department of Adilabad filed criminal case alleging that the Cotton seed is sub-standard as per Seed Act, 1966	Case is under trial	-
2012	Suite before IV Additional Junior Judge-Guntur	Agricultural Department of Guntur filed criminal case alleging that the Cotton seed is sub-standard as per Seed Act, 1966	Case is under trial	-
2013	Chief Judicial Magistrate, Fathehabad	Allegations of sub-standard Cotton seeds	Case is under trial	-
2013	Additional Chief Judicial Magistrate Court, Banswada	Allegations of sub-standard Maize seeds	Case is under trial	-
2012	Suite before IV Additional Junior Judge-Guntur	Agricultural Department of Guntur filed criminal case alleging that the Cotton seed is sub-standard as per Seed Act, 1966	Case is under trial	-
2010	Suite before Civil Judge S.D Agra	Trade dispute with the distributor at Agra	Case is under trial	3,76,532
2011	Suite before II Senior Civil Judge, City Civil Court, Hyderabad	Civil suit filed for recovery of money	Case is under trial	1,48,000
2012	Suite before Junior civil Judge - Akola	Trade dispute with the distributor	Case is under trial	71,891

**11.1.3 Directors:**

Presently, there are no material litigations by or against the directors of the Company which will have material adverse effect on the Company.

**11.2 Promoter:**

**BACL**

Below are details of the material litigations involving BACL. Other than these material litigations, there are no other material litigations.

Nature of the dues	Amount involved (in Rs.)	Period for which amount claimed (if applicable)	Forum where dispute is pending
Income tax due under the Income Tax Act, 1961	88,76,230	2008-09	ITAT

**11.3 Promoter group**

Presently, there are no criminal or tax litigations by or against the individuals constituting the promoter group of the Company.

Below are details of the material litigations involving the promoter group companies. Other than these material litigations, there are no other material litigations:

**11.3.1 JK Tyre**

Nature of dispute	Amount involved (Rs. in lakhs)	Period for which amount claimed (if applicable)	Forum where dispute is pending
<b><u>Central Excise Act</u></b>			
Differential duty on 215 R 14 nylon tyres & 195/65 radial tyres	46.00	1996	Commissioner (Appeals)
Excise duty abatement on opening stock of tyre- depot	29.00	1996-1997	High Court of Rajasthan, Jodhpur
CENVAT credit availed against duty paid on indigenous goods procured against Advance Release Order or Invalidation Letters	48.04	March, 2005- February, 2009	Additional Commissioner
Duty demand on processed tyre cord wrap sheet and dip solution	182.47	1981-1985	CESTAT
Central excise duty in respect of Rubberised Nylon Tyre Cord Fabrics (RNTCF), manufactured and captively consumed in the manufacture of Animal Drawn Vehicles tyres which were exempted from duty for the period from April 1, 1996 to May 31, 2001	47.06	1996-2001	CESTAT
Penalty on alleged miss-declaration of CENVAT duty in respect of Animal Drawn Vehicles tyres (which were exempt from payment of duty). The CENVAT duty was debited before the issue of show cause notice	18.34	1996-2000	CESTAT
Anti-dumping duty on fabric imported from China	241.15	2006-2007	Supreme Court
<b><u>Sales Tax</u></b>			
Dispute on exemption of Sales Tax on radial tyres	132.87	2000-01	High Court, Karnataka
Demand raised by the audit authorities on account of replacement loss and discount	118.91	2005-2009	Tribunal

Nature of dispute	Amount involved (Rs. in lakhs)	Period for which amount claimed (if applicable)	Forum where dispute is pending
Sales made to STU against Form 'D' disallowed by the audit authorities	10.80	1999-2001	Tribunal
Input tax credit disallowed on chemicals	14.57	2005-2006	Revision Board VAT Act
Input tax credit disallowed on ITC process oil and sales return	21.02	2007-2008	Joint Commissioner
Non-Submission of Form 'C' and Exemption certificate on export sales to Bhutan	16.28	1996-1997	DC (Appeals)
<b><u>Service Tax</u></b>			
Denial of Service Tax Credit on GTA's services in case of OEM supplies	19.42	2005-2006	Assistant Commissioner
<b><u>Income Tax</u></b>			
Disallowance of certain expenses and not allowing to set-off the unabsorbed depreciation	378.50	2008-2009	CIT (Appeals)
<b><u>Entry Tax</u></b>			
Denial of Entry Tax refund on export sales	94.66	2001-2002	High Court, Karnataka
Entry Tax demanded for the year 2008-09 & 2009-10 due to non-submission of exemption certificate for 370 K project	114.09	2008-09 & 2009-10	Commissioner
Entry tax on Petroleum products used in manufacture of finished goods	63.61	June, 2006-Mar, 2013	High Court of Rajasthan, Jodhpur
<b><u>Others</u></b>			
MP AKVN demand for street light charges at Banmore	326.21	1997-2013	High Court of Madhya Pradesh, Gwalior
M/s D.S. Strategem Trade AG, Switzerland filled a claim before ICC against JKI for alleged breach of agreement for non-supply of urea	228.64	1991	High Court, Delhi
M/s. Nortan Intec Rubbers Pvt. Ltd. (Tuber Converter), filed a claim towards alleged outstanding before Micro and Small Enterprises Facilitation Council (MSEF Council), Chennai	1,200.00	1998	Supreme Court

### 11.3.2 JKLC

Nature of dispute	Amount involved (Rs. in lakhs)	Period for which amount claimed (if applicable)	Forum where dispute is pending
Sales tax on sales to DGS & D	45.80	April, 1992- March, 1994	High Court of Rajasthan, Jodhpur
Sales tax Rajasthan-Credit Notes Rebate/ Discount	63.12	1996-97 & 1997-98	High Court of Rajasthan, Jodhpur
Sales tax, Gujarat	15.00	2003-04	Deputy Commissioner

Nature of dispute	Amount involved (Rs. in lakhs)	Period for which amount claimed (if applicable)	Forum where dispute is pending
Sales tax, Gujarat	201.85	2007-08	Joint Commission of Commercial Taxes, Ahmedabad
Sales tax, Gujarat	58.15	2008-09	Joint Commissioner of Commercial Taxes, Ahmedabad
Mesne Profit (Rent difference)	102.96	1998-04	ADJ , Delhi
Railways - Concession under STS Scheme	293.97	2002-03 ( demand raised in 03-04)	High Court of Rajasthan, Jodhpur
Land tax - Tax on mining & non-mining land	130.50	2006-07	High Court of Rajasthan, Jodhpur
UOI Railways - Operating Staff Cost- Railway siding	100.86	1997- August, 2006	High Court of Rajasthan, Jodhpur
Renewal energy by plants generating for JKLC	1,303.58	2011-2012 & 2012-2013	RERC, Rajasthan
Customs demand	18.71	2008-09	Assistant Commissioner of Customs
Entry Tax on packing material	147.76	2007-08	CTO AE, Jaipur
VAT on mines items	113.64	2009-10 & 2010-11	CTO AE, Jaipur
CENVAT credit on capital goods (grouted on earth)	229.58	April, 2005- April, 2010	Commissioner C Excise Jaipur II/CESTST
JK Magnetics - Assessment of CST	42.14	95-2000 (notice received in 2002)	Allahabad High Court
Coal Cess Act - Demand by Mahanadi Coalfield Ltd	13.38	Coal cess upto 1995	High Court of Orissa
Sales tax - Partial exemption	457.24	1997-98 to 2000-01	High Court of Rajasthan, Jodhpur
UP Entry Tax	817.94	2007-08, 2008-09 & 2009-10	Allahabad High Court
Demand raised by Commissioner, Tax Department	904.00	ET on CENVAT amount ( September, 2002- July, 2007)	High Court of Rajasthan, Jodhpur
Rajasthan entry tax on Goods Into Local Area Act 1999	2,159.44	2002-2003 to 2009-2010	High Court of Rajasthan, Jodhpur
Rajasthan entry tax on Goods Into Local Area Act 1999	560.27	2010-11	High Court of Rajasthan, Jodhpur
Rajasthan entry tax on Goods Into Local Area Act 1999	1,097.76	2011-12	High Court of Rajasthan, Jodhpur
Interest on entry tax - Rajasthan entry tax on Goods Into Local Area Act 1999	776.29	-	High Court of Rajasthan, Jodhpur
Rajasthan entry tax on Goods Into Local Area Act 1999	1,067.00	2012-13	High Court of Rajasthan, Jodhpur
Rajasthan entry tax on Goods Into Local Area Act 1999	647.39	2012-13	High Court of Rajasthan, Jodhpur
Land tax - Tax on mining & non-mining land	161.91	2009-10	High Court of Rajasthan, Jodhpur
Land tax - Tax on mining & non-mining land	204.48	2008-09	High Court of Rajasthan, Jodhpur
Land tax - Tax on mining & non-	204.48	2007-08	High Court of Rajasthan,

Nature of dispute	Amount involved (Rs. in lakhs)	Period for which amount claimed (if applicable)	Forum where dispute is pending
mining land			Jodhpur
Land tax - Tax on mining & non-mining land	73.98	2006-07	High Court of Rajasthan, Jodhpur
Land tax - Tax on mining & non-mining land	161.91	2010-11	High Court of Rajasthan, Jodhpur
Land tax - Tax on mining & non-mining land	161.91	2011-12	High Court of Rajasthan, Jodhpur
Land tax - Tax on mining & non-mining land	161.91	2012-13	High Court of Rajasthan, Jodhpur
Environment and health cess - Cess on mining Dispatches	1,158.62	2008-09, 2009-10, 2010-11, 2011-12	Supreme Court
Service tax on Free On Receipt Sale	117.82	September, 2007-February, 2009	Excise Commissioner Jaipur II
Service tax paid from CENVAT a/c	37.86	2008-09	CESTAT, Jaipur
Concessional Custom duty withdrawn	25.11	2007-08	Deputy Commissioner of Custom Mumbai
Water Conservation Cess - Electricity Duty Act	106.24	2010-11 & 2011-12	State of Rajasthan

### 11.3.3 Umang Diaries

Nature of Dispute	Amount involved (Rs. in Crore)	Period for which amount Claimed (if applicable)	Forum where dispute is pending
Umang Dairies vs. Government of Uttar Pradesh. The Government raised a demand of milk cess several years after the relevant statute was withdrawn. Umang dairies has challenged the milk cess demand in the High Court	0.69	1994-96	Allahabad High Court

### 11.3.4 JK Paper

Unit:- Central Pulp Mills (Indirect Taxes)

Nature of dispute	Amount involved (Rs. in lakhs)	Period to which the amount relates (if applicable)	Forum where dispute is pending
<b>Excise Duty</b>			
Excise duty on cash discount given to customers	52.07	January, 2006 – August, 2009	Tribunal, Ahmedabad
Excise duty on cash discount given to customers	19.54	September, 2009 – March, 2012	Commissioner (Appeals), Surat
Excise duty on scrap sales	47.28	April, 2004 – August, 2009	Tribunal, Ahmedabad
Excise duty on scrap sales	46.94	September, 2009 – March, 2011	Commissioner (Appeals), Surat

Nature of dispute	Amount involved (Rs. in lakhs)	Period to which the amount relates (if applicable)	Forum where dispute is pending
Excise duty on sale of Sludge	22.62	September, 2009 – March, 2012	Commissioner (Appeals), Surat
Reversal of CENVAT Credit availed on capital goods transferred to JK Enviro Tech Ltd.	247.34	April, 2007- April, 2009	Commissioner (Appeals), Surat
<b>Service Tax</b>			
Service tax on external commercial borrowing	14.50	February, 2008 – June, 2008	Tribunal, Ahmedabad
<b>Sales Tax</b>			
Input tax credit on packing material, waste paper, chemical, cement etc. (Gujarat)	221.44	April, 2006 – March, 2007	Jt. Comm. (Appeals), Vadodara

Unit:- JK Paper Mills (Indirect Taxes)

Nature of dispute	Amount involved (Rs. in lakhs)	Period to which the amount relates (if applicable)	Forum where dispute is pending
<b>Excise Duty</b>			
Deductibility of post manufacturing expenses	537.14	September, 1981– June, 1983	Deputy Commissioner, Rayagada
Excise duty on poster paper due to classification dispute	40.75	May, 1982–February, 1983	Supreme Court
Clearance of pulp at nil rate of duty	2403.29	March, 1999–May, 2009	Tribunal, Kolkata
Duty on paper cleared on account of non maintenance of separate register for inputs used in manufacture of Exempted Variety of paper.	319.04	April, 2000–February, 2003	Commissioner, Bhubaneswar
Under valuation of copier paper supplied to M/s Xerox Modi Corp Ltd by not including the money value of free supply of packing material by M/s Xerox Modi Corp Ltd.	53.00	April, 2000–August, 2004	Commissioner, Bhubaneswar
Under valuation	30.09	January, 2007–June, 2012	Deputy Commissioner, Rayagada
Duty on waste & scrap of base paper	159.68	December, 2004–June, 2005	Commissioner, Bhubaneswar
MODVAT Credit admissibility on Felts, Wires etc.	130.63	March, 1987–April, 1994	High Court, Cuttack
Reversal of CENVAT Credit availed on Capital Goods transferred to JK Enviro Tech Ltd.	621.56	June, 2008–April, 2009	Tribunal, Kolkata
Service tax credit.	16.80	May, 2008–March, 2011	Additional Commissioner, Rayagada
<b>Sales Tax</b>			
Excess claim of set-off of entry tax on	22.82	April, 2005–March,	Tribunal, Cuttack



Nature of dispute	Amount involved (Rs. in lakhs)	Period to which the amount relates (if applicable)	Forum where dispute is pending
raw material. (Orrisa)		2009	
Basing on a fraud case report registered, STO re-opened assessment and raised an demand of Rs.15.81 lacs (Orrisa)	15.81	April, 1997-March, 1998	Tribunal, Cuttack
Disallowances of Input Tax credit on coal used for electricity generation and wrong claim of ITC on non-industrial inputs. (Orrisa)	166.07	April, 2005-March, 2009	Additional Commissioner, Cuttack
Entry Tax set-off against VAT State Development Tax. (U.P)	08.16	April, 2006-March, 2007	Tribunal, Ghaziabad
Entry Tax set-off against VAT. (U.P)	48.25	January, 2008–August, 2008	High Court, Allahabad
Enhancement of turnover (U.P)	10.40	April, 2009-March, 2010	Commissioner (A), Ghaziabad

Unit:- Head Office (Income-tax)

Nature of dispute	Amount involved (Rs. in lakhs)	Period to which the amount relates (if applicable)	Forum where dispute is pending
Deduction for amount transferred from General Reserve/Security Premium – Not allowable in Book Profit computation on which MAT is payable.	2,658.10	2005-07 / 2008-09	High Court of Gujarat
Social Forestry Expenses - Not allowable in book profit computation on which MAT is payable.	810.42	2002-09 / 2009-10 / 2010-11	High Court of Gujarat/Tribunal / Commissioner of Income Tax (Appeal)
MAT Credit entitlement credited to P&L Account – Deduction not allowable in book profit computation on which MAT is payable.	1,842.62	2008-09 / 2010-11	Commissioner of Income Tax (Appeal)
Loss on sale of securities on which dividend income was received - Deduction not allowable in book profit computation on which MAT is payable.	4,723.67	2004-05	Supreme Court
Reducing Tax holiday deduction u/s 80IA (in respect of profit of TG-3 of CPM) - This is the first year in which deduction of profit of Rs. 1,891.35 lakhs was claimed u/s 80IA. Held that proper allocation of expenses has not been done while computing profit of TG-3 and therefore, additional allocation of Rs. 343 lakhs from paper & board unit to power unit.	343.00	2010-11	Commissioner of Income Tax (Appeal)

Nature of dispute	Amount involved (Rs. in lakhs)	Period to which the amount relates (if applicable)	Forum where dispute is pending
Enhancement of income on account of lower yield and G.P of CPM Unit.	424.00	2009-10	ITAT
Bad debts written-off - No evidence produced to show the efforts made for recovery of debts.	465.68	2009-10 / 2010-11	ITAT
Interest on term loan/NCDs - Interest liability arose on conversion of CRPS / no new funds introduced for business/ interest liability created on its own available funds	582.00	2005-06	High Court of Gujarat
Performance improvement & development - MacKinsey fees - Held to be capital expenditure.	636.88	2004-05	Supreme Court
Gain on settlement of loan - Gain arising on one time settlement is revenue taxable receipt.	759.42	2008-09	High Court of Gujarat
Social Forestry Expenses - Expenses are related to agricultural activities and therefore not allowable or are raw-material procurement related	1,012.80	2002-09 2002-06 2009-10 2010-11	High Court of Gujarat/Tribunal / Commissioner of Income Tax (Appeal)

### 11.3.5 J.K. Fenner (India) Limited

Nature of dispute	Amount involved (Rs. in crores)	Period for which amount claimed (if applicable)	Forum where dispute is pending
Sec 14A disallowance	11.82	2008-09, 2009-10 & 2010-11	CIT (Appeal - I) Madurai
Eligibility of special additional duty	0.65	September, 2007 – December, 2012	Joint Commissioner, Madurai Division, Madurai, Tamil Nadu
MODVAT credit against export wrongly sanctioned	0.40	1997-98	Commissioner (Appeals), Meerut, Uttar Pradesh
Eligibility of service tax credit availed on “CHA & Courier Services”	0.12	2006-2007 & 2010-11	Assistant / Deputy Commissioner of Central Excise, Madurai II Division, Madurai, Tamil Nadu
Forms submission	0.14	93-94 CST	Commercial Tax Officer, Rural South, Madurai, Tamil Nadu
Exim scrip & II Sales	0.38	97-98 LST	Appellate Tribunal, Madurai, Tamil Nadu
Forms submission	0.14	95-96 CST	Appellate Tribunal, Madurai, Tamil Nadu
Forms submission	0.13	96-97 CST	Appellate Tribunal, Madurai, Tamil Nadu
Forms submission	0.13	97-98(CST)	Appellate Tribunal,

Nature of dispute	Amount involved (Rs. in crores)	Period for which amount claimed (if applicable)	Forum where dispute is pending
			Madurai, Tamil Nadu
Forms submission	0.20	98-99(CST)	Appellate Tribunal, Madurai, Tamil Nadu
Turnover dispute (Kolkata)	0.11	00-01(CST)	Appellate Tribunal, Madurai, Tamil Nadu
Forms, tax on loan material, royalty on trade mark	0.52	1999-2000(CST)	Appellate Tribunal, Madurai, Tamil Nadu
Forms, tax on loan material, royalty on trade mark	0.28	2000-2001(CST)	Appellate Tribunal, Madurai, Tamil Nadu
Forms, tax on loan material, royalty on trade mark	0.36	2002.-2003(LST)	Appellate Tribunal, Madurai, Tamil Nadu
Forms, tax on loan material, royalty on trade mark	0.79	2002-2003((CST)	Appellate Tribunal, Madurai, Tamil Nadu
Forms, tax on loan material, royalty on trade mark	0.57	2001-2002(CST)	Appellate Tribunal, Madurai, Tamil Nadu
Tax on sale of products not covered by exemption certificate and tax on fixed assets	0.31	1999-2000 (CST)	Appellate Tribunal, Moradabad, Lucknow, Uttar Pradesh
Tax on sale of products not covered by exemption certificate and tax on fixed assets	0.23	2000-01 (CST)	Appellate Tribunal, Moradabad, Lucknow, Uttar Pradesh
Tax on sale of products not covered by exemption certificate and tax on fixed assets	0.25	2000-01 (LST)	Appellate Tribunal, Moradabad, Lucknow, Uttar Pradesh
Tax on sale of products not covered by exemption certificate and tax on fixed assets	0.30	2001-02 (CST)	Appellate Tribunal, Moradabad, Lucknow, Uttar Pradesh
Royalty on trade mark & Fabric Classification	0.59	2005-06 CST	Dy. Commissioner, Sales Tax, Rural South, Madurai
Forms, fabric sales, others	0.83	2004-05 CST	Dy. Commissioner, Sales Tax, Rural South, Madurai
Royalty, fabric classification	0.94	2003-04 CST	Dy. Commissioner, Sales Tax, Rural South, Madurai
Suit for eviction - Mrs. Raj Kapoor vs. Fenner (India) Limited	0.13	-	Civil Court, Delhi
Suit for eviction and Mesne Profit- M/s. Tahira Industries (India) Pvt. Ltd. vs. Fenner (India) Limited	3.06	-	Small Causes Court, Mumbai
Suit for Recovery- Fenner (India) Limited vs. Chemco Steel Ltd.	0.6	-	High Court, Andhra Pradesh
Fenner (India) Limited vs. Punjab State Electricity Board (PSEB), Bathinda	0.29	-	District Court, Bathinda
Fenner (India) Limited vs. Bramhaputra valley Fertilizer Corporation Ltd	1.52	-	High Court, Madras

### 11.3.6 JK Credit & Finance Limited

Nature of the Dues	Amount involved (Rs. in lakhs) (disputed)	Period for which amount claimed (if applicable)	Forum where dispute is pending
Income tax	19.49	1998-99	Calcutta High Court

**11.3.7 Bhopal Udyog Limited**

Nature of the Dues	Amount involved (Rs. in lakhs)	Period for which amount claimed (if applicable)	Forum where dispute is pending
Property Tax	49.04	2000-2001 to 2008-09	NDMC Office, New Delhi

**11.3.8 Param Shubam Vaniya Limited**

Nature of the Dues	Amount involved (Rs. in lakhs)	Period for which amount claimed (if applicable)	Forum where dispute is pending
Sales Tax	10.32	2006-07 to 2009-10	Sales Tax, Chennai

**11.3.9 Southern Spinners and Processors Limited**

Nature of the Dues	Amount involved (Rs. in crores)	Period for which amount claimed (if applicable)	Forum where dispute is pending
Ex-employees, who left on voluntary retirement scheme, have raised labour disputes claiming additional compensation	0.35	2006-2007	Labour Court, Salem & Dharmapuri
Southern Spinners and Processors Limited has filed a case for recovery of money against one of the customers - Vargeshe. The decree has been given in the favour of Southern Spinners and Processors Limited	0.28	2005-06	Sub- court, Salem
Cheque bouncing cases filed against a few debtors for recovery of money	0.22	2005-06	Judicial Magistrate 2 & 3, Salem

**11.3.10 Florence Investech Limited**

Nature of the Dues	Amount involved (Rs. in lakhs)	Period for which amount claimed (if applicable)	Forum where dispute is pending
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Nature of the Dues	Amount involved (Rs. in lakhs)	Period for which amount claimed (if applicable)	Forum where dispute is pending
Income tax claim	15.63	2003-04	Commissioner of Income Tax (Appeal)
Income tax claim	27.00	2007-08	Commissioner of Income Tax (Appeal)
Income tax claim	38.65	2008-09	Commissioner of Income Tax (Appeal)

## SECTION 12 - REGULATORY AND STATUTORY DISCLOSURES

### 12.1 Regulatory Approvals

The Company was incorporated on March 06, 2000 under the Companies Act, under the name 'Netfliar Communications Limited'. Subsequently, the name of the Company was changed to 'Manaksia Alumina Limited' on December 03, 2002 and a fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies, West Bengal. The name of the Company was further changed to 'Florence Alumina Limited' on March 11, 2003 and then again changed to its current name, i.e. 'JK Agri Genetics Limited' on November 19, 2012 and fresh certificates of incorporation consequent to changes of name were issued by the Registrar of Companies, West Bengal. The registered office of the Company is located at 7, Council House Street, Kolkata - 700001, West Bengal, India. Corporate Identification Number of the Company is U01400WB2000PLC091286.

- 12.1.1 As per the Scheme of Demerger, all statutory licences, no-objection certificates, permissions, approvals, consents, quotas, rights, entitlements, licenses including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto, in relation to the Demerged Undertaking shall stand transferred to or vested in the Company, without any further act or deed done by the authorities concerned therewith in favour of the Company. Further, with effect from Appointed Date, any such statutory and regulatory no-objection certificates, licenses, permissions, consents, approvals, authorizations or registrations, as are jointly held for the Demerged Undertaking and the Investment Undertaking shall be deemed to constitute separate licenses, permissions, non-objection certificates, consents, approvals, authorities, registrations or statutory rights and the necessary substitution / endorsement shall be made and duly recorded in the name of the Company by the appropriate authorities pursuant to the sanction of this Scheme of Demerger by the High Court and the Scheme of Demerger becoming effective in accordance with the terms hereof.

### 12.2 Main Provisions of the AoA (as quoted from the AoA)

General Heading	Particular
<b>Shares</b>	
Authorized Capital	3. The Authorised Share Capital of the Company shall be such amount and of such description as is stated for the time being or at any time, in the Company's Memorandum of Association and the Company shall have power to increase or reduce the share capital from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf, and subject to the provisions of the Act, the shares in the capital of the Company for the time being, whether original or increased or reduce, may be divided into classes, with any preferential, deferred, qualified or other rights, privileges, conditions or restrictions attached thereto. Subject to provisions of these Articles, and of the Act, the shares shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such time as the Directors think fit and with power subject to the sanction of the Company in general meeting to give any person the option to call for or be allotted shares of any class of the Company either at a premium or at par or (subject to the provisions of Section 79 of the Act) at a discount and for such time and for such consideration as the Directors think fit.
Further issue of Capital	5. The Company shall comply with the provisions of Section 81 of the Act and the guidelines of Securities and Exchange Board of India with regard to the issue of any further shares.
Redeemable Preference Shares	6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are, or at the option of the Company are to be, liable to be redeemed, and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

General Heading	Particular
Provisions to apply on issue of Redeemable Preference Shares	<p>7. On the issue of redeemable preference Shares under the provisions of Article 6 hereof, the following provisions shall take effect:</p> <p>(a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;</p> <p>(b) No such shares shall be redeemed unless they are fully paid;</p> <p>(c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Share Premium Account before the shares are redeemed;</p> <p>(d) Where any such shares are redeemed otherwise than out of the proceeds of fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account", a sum equal to the nominal amount of the share redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up share capital of the Company;</p> <p>(e) Subject to the provisions of the section 80 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.</p>
The Board may issue Shares as fully paid up	8. Subject to the provisions of the Act and these Articles, the Board may allot and issue share in the capital of the Company as payment for any property sold or transferred or for services rendered to the Company in the conduct of its business and any shares which may be so issued shall be deemed to be fully paid up shares.
Return of allotment	10. The Directors shall cause to be made the returns as to all allotments from time to time made in accordance with the provisions of Section 75 of the Act.
Instalment on shares to be duly paid	12. If by the conditions of any allotment of any shares, the whole or any part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid by the Company by the person who for the time being and from time to time shall be the registered holder or his legal representatives.
Payment of interest out of capital	13. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for such period, at such rate, and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of the plant. The Articles relating to dividends shall, where the context permits, apply to interest paid under this Article.
Power to buy-back shares	17. (2) Subject to the provisions of the Companies Act 1956 or any statutory modification or re-enactment thereof and any other law for the time being in force permitting the Company in this behalf, the Board of Directors may from time to time buy back such quantity or quantities of the fully paid shares or other securities of the Company whether or not they are redeemable, for such consideration and on such terms as the Board may deem proper and provide for discharge of its obligations in this behalf

General Heading	Particular
	including payment of consideration therefore in cash or by issue of any other securities or any combination thereof or in such other manner as the Board may determine in this behalf.
Liability of joint holders	23. If any share stands in the names of two or more persons all the joint holders of the share shall be severally as well as jointly liable for the payment of all deposits, instalments, and calls due in respect of such share, and for all incidents thereof according to the Company's regulations, but the person first named in the Register shall, as regards service of notice, and all other matters connected with the Company, except the transfer of the share and any other matter under the Act of herein otherwise provided, be deemed the sole holder thereof.
Trust not recognised	24. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by statute required, be bound to recognise any benami, equitable or other claim to or interest in such shares on the part of any other person.
<b>Dematerialisation and Depository</b>	
Authority to dematerialise securities	25A.(1) Notwithstanding anything to the contrary contained in these Articles, the Board may at any time decide to permit holding of and dealings in any or all the shares or debentures or other securities of the Company (hereinafter referred to as 'securities') in dematerialised form under the provisions of the Depositories Act and may offer the securities of the Company for subscription/allotment in dematerialised form in the manner provided by the said Act.
Option to hold Securities in certificates or with Depository	25A.(2) When any securities of the Company are held or dealt in dematerialised form:- (a) Every person holding any securities of the Company through allotment or otherwise shall have the option to receive and hold the same in the form of certificates or to hold the same with a depository.
Securities with Depository to be dematerialised	25A. (2) (b) All securities held with a depository shall be dematerialised and the depository shall hold the same for the beneficial owners thereof in a fungible form.
Beneficial owner is member	25A. (2) (c) Every person holding shares in the Company and whose name is entered as a beneficial owner in the records of the depository shall be deemed to be a member of the Company, The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held by him in a depository.
Beneficial owner may opt out of a Depository	25A.(2) (d) Every person holding securities of the Company with a depository, being the beneficial owner thereof, may at any time opt out of the depository in the manner provided under the provisions of the Depositories Act and on exercise of such option and on fulfillment of the conditions, the Company shall rematerialise the relevant securities and issue to the beneficial owner thereof the requisite certificates of such securities.
Register and Index of Beneficial Owners	25C. The Register and Index of Beneficial Owners of securities maintained by a depository under Section 11 of the Depositories Act shall be deemed to be and forming part of the Register and Index of Members or of Holders of Debentures or other securities of the Company.
Transfer of Securities held in a Depository	25D. (1) Transfers of securities held in a depository will be governed by the provisions of the Depositories Act. (2) Every depository shall furnish to the Company information about the transfer of securities, the name of beneficial owners at such intervals and in such manner as may be specified under the provisions of the Depositories Act.



General Heading	Particular
	(3) Section 108 of the Act shall not apply to transfer of securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.
<b>Calls on Shares</b>	
Directors may make calls	30. Subject to the provisions of Section 91 of the Act, the Directors may, from time to time, make such calls as they may think fit upon the members in respect of moneys unpaid on the shares held by them respectively, whether on account of nominal value of the shares or by way of premium, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by instalment. More than one call may be made by one resolution of the Directors.
Call to date from resolution	31. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such calls was passed and may be made payable by members on the Register on the subsequent date to be fixed by the Directors.
Restriction on power to make calls	32. No call shall be made payable, within one month after the last preceding call was payable.
Notice of calls	33. Thirty days' notice at least of every call made payable otherwise than on allotment shall be given by the Company in the manner hereinafter provided for the giving of notices specifying the time and place of payment, and the person to whom such calls shall be paid. Provided that before the time for payment of such call the Directors may by notice given in the manner hereinafter provided revoke the same. The directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any, of the members who, from residence at a distance or from other cause, the Directors may deem fairly entitled to such extension, but no member shall be entitled to such extension, except as a matter of grace and favour. A call may be revoked or postponed at the discretion of the Board.
Amount payable at fixed time or by instalments to be treated as calls	34. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or instalment accordingly.
When interest on call or instalment payable	35. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the share in respect of which the call shall have been made or the instalment shall be due, shall pay interest on the same at such rate as the Directors shall fix from the day appointed for the payment thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.
Money due to members from the Company may be applied in payment of call or instalment	36. Any money due from the Company to a member may, without the consent and notwithstanding the objection of such member, be applied by the Company in or towards the payment of any money due from him to the Company for calls or otherwise.
Part payment on account of call etc. not to preclude forfeiture	37. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part-payment of satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of any such money, shall preclude the

General Heading	Particular
	forfeiture of such shares as hereinafter provided.
Evidence on trial of suit for money due on shares	38. On the trial or hearing of any action or suit brought by the Company against any member or his representatives to recover any moneys claimed to be due to the Company for any call or other sum in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered in the Register of Members as the holder, or one of the holders. at or subsequent to the date at which the money sought to be recovered, and that the amount claimed is not entered as paid in the books of the Company or the Register of Members and that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his representatives sued in pursuance of these Articles: and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which such call was made, nor that the meeting at which such call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt, and the same shall be recovered by the Company against the member or his representative from whom the same is sought to be recovered, unless it shall be proved, on behalf of such member or his representatives, against the Company that the name of such member was improperly inserted in the Register, or that the money sought to be recovered has actually been paid.
Payment of calls in advance	39. (a) The Directors may, if they think fit, receive from any member willing to advance the same, either in money or money's worth the whole or any part of the amount remaining unpaid on the shares held by him beyond the sum actually called up and upon the moneys so paid or satisfied in advance, or so much thereof, as from time to time and at any time thereafter exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances have been made, the Company may pay or allow interest at such rate as the member paying such advance and the Directors agree upon: provided always that if at any time after the payment of any such money the rate of interest so agreed to be paid to any such member appears to the Directors to be excessive, it shall be lawful for the Directors from time to time to repay to such member so much of such money as shall then exceed the amount of the calls made upon such shares, unless there be an express agreement to the contrary, and after such repayment such members shall be liable to pay, and such shares shall be charged with the payment of all future calls as if no such advance had been made, provided also that if at any time after the payment of any money so paid in advance, the Company shall go into liquidation, either voluntary otherwise, before the full amount of the money so advanced shall have become due by the member to the Company for instalments or calls, or in any other manner, the member making such advance shall be entitled (as between himself and the other members) to receive back from the Company in priority to any payment to members on account of capital.
No right to vote	39. (b) The member making such advance payment shall not however, have a right conferred upon him to dividend or participating profits or be entitled to any voting right in respect of the monies so advanced by him until the same would, but for such payment, be presently payable.
<b>Forfeiture and Lien</b>	
If money payable on shares not paid, notice to be given to member	40. If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may, at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

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Forfeited shares to be the property of the Company and may be sold, etc.	44. Any share so forfeited, shall be deemed to be the property of the Company and may be sold, reallocated, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.
Arrears to be paid notwithstanding forfeiture	45. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate as the Directors may decide and the Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation so to do.
Effects of forfeiture	46. The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.
Surrender of shares	50. The Directors may subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering on such terms as they think fit.
Validity of sale of such shares	51. Upon any such sale after forfeiture, the Directors shall cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and shall issue to the purchaser a certificate such as is specified in Article 26 hereof in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person, and remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Company's lien on shares	52. (1) The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all moneys (whether presently payable or not) called or payable at a fixed time, in respect of that share: Provided that the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.  (2) The Company's lien if any, on a share shall extend to all dividends payable thereon.  (3) Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.
<b>Transfer and Transmission of Shares</b>	
Form of Transfer	56. The instrument of transfer of any share shall be in the prescribed form and in accordance with the requirements of Section 108 of the Companies Act. Unless otherwise required by any law or by any competent authority (including authorities of any recognised Stock Exchange in India), in case of equity shares and preference shares of the Company separate instruments of transfer for each such class of shares shall be executed and submitted to the Company
Application for transfer	57. (1) An application for the registration of a transfer of the shares in the company may be made either by the transferor or the transferee.  (2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

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	(3) For the purposes of sub-clause (2) above, notice to the transferee shall be deemed to have been duly given if it is despatched by pre-paid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
To be executed by transferor and transferee	58. Every such instrument of transfer duly stamped shall be executed by or on behalf of both the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.
Transfer to be left at office with certificate and with evidence of title	59. Every instrument of transfer, duly executed in accordance with the provision of these Articles duly stamped, shall be left at the office of the Company for registration, accompanied by the certificate of the shares to be transferred, or if no such certificate is in existence, the letter of allotment and also such other evidence as the Directors may require to prove the title of the transferor, or his right to transfer the shares, and generally under and subject to such conditions and regulations as the Directors shall from time to time prescribe. Where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Directors that an instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may, if the Directors think fit, register the transfer on such terms as to indemnity as the Directors may think fit.
Transfer to legal representative	60. A transfer of shares in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of instrument of transfer.
Transfer Books when closed	61. The Board of Directors shall have power on giving seven days' previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situate to close the Transfer Books, the Register of Members or Register of Debenture Holders for a period not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time.  Provided that where the transfer books are proposed to be closed, advance notice of at least 21 days or of as many days as Stock Exchanges may from time to time reasonably prescribe or agree to, be given to the Stock Exchanges on which the Company's Shares are listed.
Directors may refuse to recognize transfers	62. (a) Subject to the provisions of Section 111A of the Act, or any statutory modification thereof, for the time being in force, the Directors may at their absolute discretion and without assigning any reason, decline to register any transfer of shares and in particular may so decline in any case in which the Company has a lien upon the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Directors and such refusal shall not be affected by the fact that the proposed transferee is already a member. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transferee:  Provided registration of a transfer shall not be refused on the ground of the transferor either being alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares.
As to transfer of shares	62. (b) Any Committee or guardian of a lunatic or infant member or any person

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of insane, infant, deceased or bankrupt members	becoming entitled to or to transfer share in consequence of the death or bankruptcy or insolvency of any member, upon producing the share certificate and such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title as the Directors think sufficient, may, with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares or may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This Article is hereinafter referred to as "The Transmission Article":
Transfer of less than 50 shares	<p>63. (a) Without prejudice to the generality of the powers vested in the Directors by Article 62 hereof, the Directors shall be entitled to refuse an application for registration of transfer of less than 50 (Fifty) Equity Shares in the Company, provided however this condition shall not apply to:-</p> <ul style="list-style-type: none"> <li>(i) a transfer of Equity Shares made in pursuance of any statutory provision or order of a competent court of law;</li> <li>(ii) a single transfer by a shareholder whose entire holding of Equity Shares in the Company does not exceed 50 equity Shares to a single name or joint names;</li> <li>(iii) a transfer of all the Equity Shares of an existing shareholder holding less than 50 Equity Shares to one or more transferees where the shareholding of the said transferee or transferees as the case may be after such transfer will not be less than 50 Equity Shares;</li> <li>(iv) a transfer of not less than 50 Equity Shares in the aggregate in favour of the same transferee by one or more transferors through two or more instruments of transfer submitted together by the said transferee where such instruments of transfer in the aggregate relate to not less than 50 Equity Shares; and</li> <li>(v) subject to clauses (i) to (iv), a transfer of part of the shares held in the Company by one shareholder holding more than 50 Equity Shares in the Company by one or more instruments of transfer provided the balance number of Equity Shares held by such transferor after such transfer will not be less than 50 Equity Shares:</li> </ul> <p>Provided nevertheless that the Board may at its discretion and in exceptional circumstances and for avoiding any hardship and for any other just and sufficient cause (on which the decision of the Board shall be final and conclusive), accept any application for transfer of less than 50 Equity Shares.</p>
Notice of refusal to be given to transferor and transferee	<p>63. (b) If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section 111A of the Act or any statutory modification thereof for the time being in force shall apply.</p>
Death of one or more joint holders	<p>64. In case of the death of any one or more the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only person(s) recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a</p>

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	deceased joint holder from any liability on shares held by him jointly with any other person.
Title to shares of deceased members	65. The Executors or administrators of a deceased member or the holder of a succession certificate in respect of the shares of a deceased member (not being one of two or more joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators unless such executors or administrators shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a competent Court in the Union of India. Provided that in any case where the Board in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as to the Directors may deem proper may dispense with production of Probate or Letters of Administration or Succession Certificate and register under Article 62, the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.
Registration of persons entitled to shares otherwise than by transfer	66. Subject to the provisions of Article 62, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles may with the consent of the Directors (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article, or of his title, as the Directors think sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Directors registered as such holder, provided, nevertheless, that if such person shall elect to have his nominee registered he shall rectify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and, until he does so, he shall not be freed from any liability in respect of the shares.
Refusal to register nominee	67. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any share or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
Rights of such person	68. A person entitled to a share by transmission may, until the Directors otherwise determine as provided by Article 180, receive and give discharge for any dividends, bonuses or other money payable in respect of the share, but he shall not be entitled to vote at meetings of the Company save as provided in Article 114 to any of the rights and privileges of a member, unless and until he shall have become a member in respect of the shares.
Transfer to be presented with evidence of title	69. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Directors shall, from time to time prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Directors. But any instrument of transfer which the directors may decline to register shall on demand be returned to the person depositing the same.
Fee on Transfer or Transmission	70. The Company may charge such fee for every transfer/transmission of shares of any class or denomination as the Directors may decide from time to time. Unless the Directors so decide, the Company shall not charge any fee for registering a transfer or transmission of shares.
The Company not liable for disregard of a notice prohibiting	71. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the

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registration of transfer	Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Directors shall so think fit.
<b>Joint Holders</b>	
Joint Holders	73. Where two or more persons are registered as the holders of any share they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits or survivorship subject to the following and other provisions contained in these Articles:
No transfer to more than 3 persons	73. (a) The Company shall be entitled to decline to register more than three persons as the joint holders of any share.
Liabilities of joint holders	73. (b) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such shares.
Death of joint holders	73. (c) On the death of any one or more of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
<b>Modification of Rights</b>	
Modification of rights	84. Whenever the capital (by reasons of the issue of Preference shares or otherwise) is divided into different classes of shares, all or any of the rights and privileges attached to the shares of any class may, subject to the provisions of Section 106 and 107 of the Act, be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of the special resolution passed at a separate meeting of holders of the issued shares of that class and all the provisions hereinafter contained as to general meeting shall mutatis mutandis apply to every such meeting. This Article is not to derogate from any power the Company would otherwise have, were it omitted.
<b>Directors</b>	
Number of Directors of the Company	127. Unless otherwise determined by the Company in General Meeting and subject to Section 252 of the Act, the number of Directors shall not be less than three nor more than twelve.
Directors not liable to retire by rotation.	128. Subject to the provisions of Section 255 of the Companies Act 1956 and Article 131, one-third of the total number of Directors of the Company shall be Directors not liable to retire by rotation and the Board may in its absolute discretion appoint Director or Directors whose period of office is not liable to determination by retirement of Directors by rotation.
Additional Directors.	129. The Directors shall also have power at any time and from time to time to appoint any person to be a Director as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the conclusion of the next Annual General Meeting but he shall be eligible for re-election at such meeting.

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Qualification of Directors	130. A Director need not hold any shares in the capital of the Company to qualify him to act as Director of the Company.
Directors nomination by	131. The Directors, subject to the provisions of the Act, shall have power to agree to the nomination of any person or persons as Director or Directors by Industrial Development Bank of India (IDBI) or any other financial or Banking institution. Government, Central or State, or any government body, any firm or person, on the Board of Directors of the Company by virtue of being holders of any shares in or debentures of the Company which shall have been taken up under the terms of any underwriting agreement and/or so long as any money remains owing in relation to any loan advanced to the Company. Director(s) so appointed, shall not be required to hold any qualification shares, if any, nor shall be subject to retirement. Any such appointment or removal shall be in writing and served on the Company.
Remuneration of Directors	132. (1) Each Director shall be entitled to receive out of the funds of the Company by way of remuneration for his services in attending meeting of the Board or any Committee of Directors attended by him such sum as may be determined by the Directors from time to time subject to the provisions of the Act and the Rules made thereunder.  (2) The Directors may also appropriate out of the net profits of the Company during any year a sum not exceeding one per cent of such net profits, if the Company shall have Managing Director or whole-time director or a manager, otherwise not exceeding three per cent of such net profits and distribute the sum so appropriated among themselves in such proportion as they may mutually agree upon or equally in the absence of any such agreement. The amount so appropriated shall be deemed to be a part of the working expenses of the Company.
Directors may receive travelling expenses	132. (3) The Directors may also allow and pay to any Director travelling and other incidental expenses for attending a meeting of the company or of the Board of Directors or a Committee thereof, in addition to his fee for attending such meeting, as above specified.  (4) The Directors shall be entitled to be repaid any travelling and other expenses incurred in connection with the business of the Company.
Remuneration for extra services	133. Subject to the provisions of Sections 309 and 310 of the Act, if any Director being willing, shall be called upon to go or reside away from his usual place or residence on the Company's business, or otherwise perform extra services (which expression shall include the work done by a Director in signing certificates of shares or debentures issued by the Company, or work done by him as a member of any Committee appointed by the Directors in terms of these Articles), the Directors may arrange with such Director for such special remuneration for such services, either by way of salary or commission, or by a percentage of profits or the payment of a fixed sum of money as may be determined by the Directors, and such remuneration may be either in addition to or in substitution for his remuneration above provided.
Directors may act notwithstanding Vacancy	134. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum fixed by these Articles, the continuing Directors may act for the purpose of increasing the number of Directors to that fixed for the quorum or of summoning a General Meeting of the Company, but for no other purpose.
Appointment of Alternate Director	135. The Directors may appoint an Alternate Director to act for a Director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from the State in which meetings of



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	the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to "the Original Director" in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State.
Office of Profit	136 Any Director or other person referred to in Section 314 of the Act may be appointed to hold any office or place of profit under the Company or under any subsidiary of the Company in accordance with the provisions of Section 314 of the Act.
Directors may contract with the Company	137. Subject to compliance with the provisions of Sections 297, 299, 300 and 314 of the Act and save as therein provided no Director shall be disqualified by his office from holding any office or place of profit under the Company or under any Company in which this Company shall be a shareholder or otherwise interested, or from contracting with the Company either as vendor, purchaser, agent, broker or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in anywise interested be avoided, nor shall any Director be liable to account to the Company for any profit arising from any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established.
Disclosure of Director's interest	<p>138. (1) Every Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors.</p> <p>(2) (a) In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he be so concerned or interested.</p> <p>(b) In case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.</p> <p>(3) (a) For the purpose of clauses (1) and (2) a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.</p> <p>(b) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would otherwise expire.</p> <p>(c) No such general notice, and no renewal thereof, shall be of effect unless either it is given at a meeting of the Board, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.</p>

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	(d) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one or two or more of Directors together holds or hold not more than two per cent of the paid up share capital in the other company.
Interested Director not to participate in Board's proceedings.	<p>139. No Director of the Company shall as a Director take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Company if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote his vote shall be void. Provided that the Board of Directors or any of its member may vote on any contract or indemnity against any loss which it or any one or more of its member may suffer by reason of becoming or being sureties or surety for the Company. Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into with a public company or a private company which is subsidiary of a public company in which the interest of the Directors aforesaid consists solely -</p> <p>(i) in his being a Director of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for the appointment as a Director thereof, he having been nominated as such Director by the Company referred to in sub-clause (1) of this Article; or</p> <p>(ii) in his being a member holding not more than two per cent of its paid up share capital.</p>
Vacation of office of Director	<p>140. (1) The office of a Director shall <i>ipso facto</i> be vacated, if -</p> <ul style="list-style-type: none"> <li>(a) he is found to be of unsound mind by a court of competent jurisdiction; or</li> <li>(b) he applies to be adjudicated an insolvent; or,</li> <li>(c) he is adjudged an insolvent; or,</li> <li>(d) he is convicted by a Court of any offence and is sentenced in respect thereof for imprisonment for not less than six months; or,</li> <li>(e) he fails to pay calls made on him in respect of shares held by him whether alone or jointly with others within six months from the last date fixed for the payment of the calls; or</li> <li>(f) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board of Directors; or</li> <li>(g) he or any firm of which he is a partner or any private company of which he is a Director accepts a loan or any guarantee from the Company in contravention to Section 295 of the Act; or,</li> <li>(h) he acts in contravention of Section 299 of the Act; or,</li> <li>(i) he becomes disqualified by an order of Court under Section 203 of the Act; or,</li> <li>(j) he is removed in pursuance of Section 284 of the Act; or.</li> <li>(k) he acts in contravention of the provisions of Section 314 of the Act; or,</li> <li>(l) by notice in writing to the Company he resigns his office.</li> </ul> <p>(2) Notwithstanding anything contained in sub-clauses (c), (d) and (1) of clause (1), the disqualification referred to in those sub-clauses shall not take effect:</p>

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	<p>(a) for thirty days from the date of the adjudication or sentence;</p> <p>(b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication sentence or conviction resulting in the sentence, until the expiry of seven days from the date on which such appeal or petition is disposed of; or</p> <p>(c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, or conviction and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.</p>
Directors may be Directors of Companies promoted by the Company	141. A director may be or become a Director of any Company promoted by the company, or in which he may be interested as a vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such company except in so far as Section 309(6) or Section 314 of the Act may be applicable.
Casual Vacancy	142. The directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filed by the Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.
<b>Dividends and Capitalisation</b>	
The Company in General Meeting may declare a dividend	175. The Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits, and may subject to the provisions of Section 207 of the Act, fix the time for the payment thereof.
Restriction on amount of dividends.	176. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.
Dividend in proportion to the amount paid up	177. Unless the Company otherwise resolves, dividends shall be paid in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others. Provided always that any capital paid up on a share during the period in respect of which a dividend is declared shall unless otherwise resolved, only entitle the holder of such share to a proportionate amount of such dividend from the date of payment Capital paid up in advance of calls shall not confer a right to dividend or to participate in profits.
Dividends out of profits only, and not to carry interest, what to be deemed profits	178. No dividends shall be declared or paid except out of profits of the Company of the year or any other undistributed profits after providing for depreciation as prescribed by Section 205 of the Act, and no dividend shall carry interest against the Company. The declaration of the Directors at the time of such declaration as to the amount of net profits of the Company shall be conclusive.
No member to receive dividends while indebted to the Company	179. No member shall be entitled to receive payment of any dividend in respect of any share or shares on which the Company has a lien, or whilst any amount due or owing from time to time to the Company, either alone or jointly with any other person or persons. In respect of such share or shares, or any other amount whatsoever, remains unpaid, and the Directors may retain, apply and adjust such dividend in or towards satisfaction of all debts, liabilities, or engagements in respect of which the lien exists, and of all such money due as aforesaid.
Retention of dividends until completion of transfer under the Transmission Article	180. The Directors may retain the dividends payable upon shares in respect of which any person is under the Transmission Article entitled to become a member, or which any person under the same Article is entitled to transfer, until such person shall become a member in respect thereof or shall duly

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	transfer the same.
Transfer must be registered to pass right to dividend	181. (1) A transfer of shares, except as provided in Section 206A of the Act, shall not pass the right to any dividend declared thereon before the registration of the transfer by the Company.
Dividend to be paid to registered holder	181. (2) No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his bankers and in case a share warrant has been issued in respect of the share to the bearer of the share warrant or to his bankers.  (3) For the purpose of payment of dividend and deductions of income tax therefrom as required by law, the bearer of a share warrant shall be considered to be a member of the Company.
Dividend when and how to be paid.	182. All dividends shall be paid or cheque or warrant in respect thereof shall be posted within thirty days of the date on which such dividend is declared by the Company subject to any regulations or guidelines in this connection. Any dividend payable in cash may be paid by cheque or warrant sent through the post direct to the registered address of the shareholder entitled to the payment of the dividend or in the case of joint shareholders, to the registered address of that one of the joint shareholders which is first named on the Register of Members, or to such persons and to such address as the shareholder or the joint shareholders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission, or for any dividend lost to the member or person entitled thereto by forged endorsements on any cheque or warrant, or the fraudulent or improper recovery thereof by any other means.
Dividend and Call together	183. Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and the dividend may be set off against the calls.
Interim Dividend	184. The Directors may, from time to time, declare and pay to the members such interim dividend as in their judgment the position of the Company justifies,
Unpaid or Unclaimed Dividend, etc.	185. (1) The Company shall comply with the provisions of Sections 205A and 205B read with Section 205C of the Act in respect of any dividend remaining unpaid or unclaimed with the Company.  (2) The Company shall comply with the provisions of Section 205C of the Act in respect of any money remaining unpaid with the Company in the nature of (i) application moneys received by the Company for allotment of any securities and due for refund; (ii) deposits received by the Company and due for repayment; (iii) debentures issued by the Company and matured for redemption; and (iv) the interest if any accrued on the amounts referred at items (i), (ii) and (iii) respectively.
Capitalisation	186. (1) A general meeting may on the recommendation of the Directors, direct capitalisation of the whole or any part of the undivided profits for the time being of the Company or the whole or any part of the Reserve Fund or other funds of the Company including the moneys in the Share Premium Account and the Capital Redemption Reserve Fund or the premiums received on the issue of any shares, debentures or debenture- stock of the Company and that such sum be accordingly, set free for the purpose, (1) by the issue and distribution, among the holders of the Equity shares of the Company or any of them, in accordance with their respective rights and interests and in proportion to the amounts paid or credited as paid up

General Heading	Particular
	<p>thereon, of paid-up shares, debentures, debenture- stock, bonds, or other obligations of the Company, or (2) by crediting any Equity shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid up thereon respectively, with the whole or any part of the same. The Directors shall give effect to such resolution and apply such portion of the profits or Reserve Fund or premiums as may be required for the purpose of making payment in full at par for the shares, debentures, debenture- stock, bonds, or other obligations of the Company so distributed, or (as the case may be) for the purpose of paying, in whole or in part the amount remaining unpaid on the Equity Shares which may have been issued and are not fully paid up, provided that no such distribution or payment shall be made unless recommended by the Directors. Provided, however that the moneys in the Share Premium Account and the Capital Reserve Fund or the premiums received on the issue of any shares, debentures or debenture-stock of the Company shall only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares. For the purpose aforesaid, the Directors shall make all appropriations and applications of the moneys resolved to be capitalised as aforesaid and allotments and issues of fully paid shares or debentures, if any. Where any difficulty arises in respect of such distribution or payment, the Directors may settle the same as they think expedient, and in particular they may issue fractional certificates and generally may make such arrangements for the acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise, as they may think fit, and may make cash payments to any holders of shares on the footing of the value so fixed in order to adjust rights, and may vest any shares, debentures, debenture-stock, bonds or other obligations in trustees upon such trust for adjusting such rights as may seem expedient to the Directors. In case where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distributions of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of the fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amounts then already paid or credited as paid on the existing fully paid and partly paid shares respectively. When deemed requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the holders of the shares of the Company which shall have been issued prior to such capitalisation and such appointment shall be effective.</p> <p>(2) A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the members on the footing that they receive the same as capital.</p> <p>For the purposes above set out, the Company may apply the Share Premium Account subject to the provisions of Section 78 (2) of the Act, and the Capital Redemption Reserve Fund subject to the provisions of Section 80(5) of the Act.</p>
<b>The Seal</b>	

General Heading	Particular
The Seal, its custody and use	201. The Directors shall provide a Common Seal for the purposes of the Company, and shall have power from time to time, to destroy the same and substitute a new Seal in lieu thereof. The Directors shall provide for the safe custody of the seal for the time being and the Seal shall never be affixed to any instrument except by the .authority of the Board of Directors or a Committee of the Board previously given and in the presence of at least one Director of the Company. Provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.

**SECTION 13 – STATEMENT OF TAX BENEFITS****STATEMENT OF GENERAL AND SPECIAL TAX BENEFITS****Statement of Possible Direct Tax Benefits available to JK Agri Genetics Limited (formerly known as Florence Alumina Limited) and its Shareholders**

The Board of Directors  
JK Agri Genetics Limited  
Link House,  
4, Bahadur Shah Zafar Marg,  
New Delhi-110 002,  
India

Dear Sirs,

We hereby report that the enclosed statement states the possible direct tax benefits available to JK Agri Genetics Ltd. (formerly known as Florence Alumina Limited) (“**the Company**”) and its shareholders under the current direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant direct tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. Investors should also note that if Direct Tax Code Bill is passed in present form by both houses of Indian Parliament and approved by the President of India and then notified in the Gazette of India, there could be an impact on the tax provisions mentioned below.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. Neither we are suggesting nor advising the investor to invest money based on this.

We do not express any opinion or provide any assurance as to whether:

- i. the Company or its shareholders will continue to obtain these benefits in future; or
- ii. the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This report is issued on the request of the Company and is intended solely for information and for the inclusion in the Information Memorandum being filed by the Company in connection with the listing of the equity shares of the Company and is not to be used, referred to or distributed for any other purpose without or prior written consent

For Lodha & Co.  
Chartered Accountants

N.K. Lodha  
Partner  
Firm Registration No. 301051E  
Membership No. 85155  
Place: New Delhi  
Date: May 20, 2013

The following key tax benefits are available to the Company and its shareholder under the current direct tax laws in India.

**A. Special Tax Benefits**

No special tax benefits are available to the Company

No special tax benefits are available to the Shareholders of the Company

**B. General Tax Benefits**

**Benefits available under the Income-Tax Act, 1961 (hereinafter referred to as “the Act”) to the Company and Shareholders of the Company are as follows:-**

1. As per Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115(O) of the Act is exempt from tax. However as per the section 94(7), the losses arising from sale/transfer of shares, where such shares are purchased within three months prior to record date and sold within three months from record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.
2. As per Section 10(38) of the Act, long-term capital gain on sale of equity shares will be exempt provided that the transaction of such sale is chargeable to Securities Transaction Tax.
3. The long-term capital gains accruing otherwise than as mentioned in 2 above shall be chargeable to tax at the rate of 20 % (plus applicable surcharge and education cess) in accordance with and subject to the provisions of Section 112 of the Act. However, if the tax on long term capital gain resulting on sale of listed securities, calculated at the rate of 20% with indexation benefit exceeds the tax calculated at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and education cess).
4. As per Section 111A of the Act, short-term capital gain on sale of equity shares or units of an equity oriented fund where the transaction of such sale is chargeable to Securities Transaction Tax, shall be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess). In cases other than covered under Section 111A, such short term gain will chargeable to tax at the normal tax rate applicable to the assessee (plus applicable surcharge and education cess).
5. In accordance with and subject to the condition specified in Section 54EC of the Act, long term capital gain [other than those exempt U/S 10(38)] shall not be chargeable to tax to the extent such capital gain is invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisitions, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gain in the year in which the bonds are transferred or converted into money. However, investment made in the long term specified asset by an assessee during any financial year should not exceed Rs. 50 Lacs.

**In addition to the General Tax Benefit mentioned above, other benefits available to the Company are as follows:**

1. The Company is entitled to claim depreciation at the prescribed rates on specified tangible and intangible assets under section 32 of the Act.  
  
As per section 32(2) of the Act, unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs, subject to the provisions of sub-section (2) of section 72 and sub-section (3) of section 73.
2. As per Section 35 of the Act, the Company is eligible for a deduction of the entire amount of the revenue or capital expenditure (other than expenditure on the acquisition of any land) incurred on scientific research related to the business of the Company, in the year in which such expenditure is incurred.  
Where the assessee does not himself carry on scientific research but makes contributions to other institutions for this purpose, a weighted deduction is allowed of:-



- one and one-fourth times of payment if;
  - the payment is made to an approved company registered in India and having its main object of scientific research and development to be used for scientific research, or
  - the payment is made to an approved and notified research association which has as its object the undertaking of research in social science or statistical research related or unrelated to the business of the assessee, or
  - the payment is made to an approved and notified university, college or other institution to be used for research in social science or statistical research related or unrelated to the business of the assessee.
- one and three-fourth times of payment if;
  - the payment is made to an approved and notified research association which has as its object the undertaking of scientific research to be used for scientific research related or unrelated to the business of the assessee ; or
  - the payment is made to an approved and notified university, college or institution to be used for scientific research related or unrelated to the business of the assessee; or

As per Section 35 (2AB) of the Act, Company is eligible for a weighted deduction of a sum equal to two times of the expenditure incurred on approved in-house research and development facility, if it satisfies the following conditions:

- the tax payer is a Company;
  - it is engaged in the business of manufacture or production of an article or thing except those specified in the Eleventh Schedule of the Act;
  - it incurs any expenditure on scientific research and such expenditure is of capital nature (other than land or building) or revenue nature
  - the above deduction is allowed up to March 31, 2017 on in-house research and development facility;
  - the research and development facility is approved by the prescribed authority (prescribed authority is Secretary, Department of Scientific and Industrial Research);
  - the Company has entered into an agreement with the prescribed authority for cooperation in such research and development facility and for audit of the accounts maintained for that facility.
3. As per section 35CCC, the Company is eligible for a weighted deduction of one and one-half in respect of expenditure incurred on notified agricultural extension project in accordance with the guidelines as may be prescribed.
  4. As per Section 35CCD, the Company is eligible for a weighted deduction of one and one-half in respect of expenditure incurred (not being expenditure in the nature of cost of any land or building) on any skill development project notified by the Board in accordance with the guidelines as may be prescribed.
  5. As per Section 35D, the Company is eligible for deduction in respect of specified preliminary expenditure incurred by the Company in connection with extension of its industrial undertaking or in connection with setting up a new industrial unit for an amount equal to one-fifth of such expenditure for each of the five successive previous years subject to conditions and limits specified in that section.
  6. As per Section 35DDA, the Company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to one-fifth of the amount so paid for that previous year, and the balance shall be deducted in equal installments for each of the four immediately succeeding previous years subject to conditions specified in that section.
  7. As per Section 115JAA of the Act, credit is allowed in respect of any tax paid (MAT) under Section 115JB of the Act for any assessment year commencing on or after April 1, 2006. MAT Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall be carried forward and set off in the year in which tax computed as per normal provision of the Act exceeds

tax payable under section 115JB to the extent of such excess. Such carried forward shall be allowed upto ten assessment years immediately succeeding the assessment year in which the MAT credit becomes allowable.

9. The domestic company is required to pay Dividend Distribution Tax (“DDT”) at the rate of 15% (plus applicable surcharge and education cess) on distributed profits. As per section 115-O (1A) of the Act, while computing the DDT payable by a domestic company on dividend, the amount of dividend paid by it would be reduced by the dividend received by it from its subsidiary company if:
  - (i) where such subsidiary company is a domestic company, the subsidiary has paid DDT on such dividend.
  - (ii) where such subsidiary company is a foreign company, the tax is payable by the company under section 115BBD on such dividend.

**In addition to the General Tax Benefit mentioned above, other benefits available to the Shareholders of the Company are as follows:**

#### **1. Resident Shareholders**

- (a) According to the provision of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (HUF), capital gain arising on transfer of long term assets [other than a residential house and those exempt U/S 10(38)] is not chargeable to tax if the entire net consideration is invested within the prescribed period in a residential house. If only a part of such net consideration is invested, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of capital asset as reduced by any expenditure incurred, wholly and exclusively in connection with such transfer.

Such benefit will not be available if the individual or Hindu Undivided Family –

- owns more than one residential house, other than the new asset, on the date of transfer of the original asset; or
- purchase any residential house, other than the new asset, within a period of one year after the date of transfer of the original asset; or
- constructs any residential house, other than the new asset, within a period of three years after the date of transfer of the original asset; and

The income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

- (b) As per the provision of section 71(3), if there is loss under the head “Capital Gain” it cannot be set off with the income under any other head. Section 74 provides that the short term capital loss can be set off against both short term capital gain and long term capital gain whereas long term capital loss can only be set off against long term capital gain. The unabsorbed capital loss can be carried forward for eight assessment years.

#### **2. Non-Resident Shareholders**

- i. As per the first proviso to Section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares/debentures of an Indian company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- ii. As per the provision of Section 90(2), if the provisions of Double taxation Avoidance Agreement (DTAA) between India and the country of Residence of nonresident are more beneficial, then the provisions of DTAA shall be applicable.

- iii. As per provisions of Section 115G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income.
- iv. Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under Section 139 of the Act declaring therein that the provisions of the this Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case his total income shall be charged as per normal provisions of the Act.

### 3. Mutual Funds

In terms of Section 10(23D) of the Act, mutual funds registered under the Securities and Exchange Board of India Act, 1992 and such other mutual funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India and subject to the conditions specified in this behalf, are eligible for exemption from income tax on their entire income, including income from investment in the shares of the company.

### 4. Foreign Institutional Investors (FIIs)

- i. As per Section 115AD capital gain arising on transfer of short term capital assets, being shares and debentures in a company, are taxed as follows:
  - a. Short term capital gain on transfer of equity shares/units of equity oriented fund entered in a recognized stock exchange which are subject to securities transaction tax shall be taxed @ 15% (plus applicable surcharge and education cess); and
  - b. Short term capital gains on transfer of shares/debentures other than those mentioned above would be taxable @ 30% (plus applicable surcharge and education cess).
- ii. As per Section 115AD capital gain arising on transfer of long term capital assets [other than those exempt U/S 10(38)], being shares or debentures in a company, are taxed @ 10% (plus applicable surcharge and education cess).

Such capital gains would be computed without giving effect to the first and second proviso to Section 48.

### 5. Venture Capital Companies/ Funds

As per the provisions of Section 10(23FB) of the Act, any income from investment in venture capital undertaking is exempt from income tax in case of the following:

- i. Venture Capital Company or Venture Capital Fund (operating under a trust deed registered under the provisions of the Registration Act, 1908), which has been granted a certificate of registration before May 21, 2012 as a Venture Capital Fund under the Securities and Exchange Board of India Act, 1992 (SEBI) and is regulated under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made in this behalf; or
- ii. Venture Capital Company or Venture Capital Fund (operating under a trust deed registered under the provisions of the Registration Act, 1908), which has been granted a certificate of registration as a Venture Capital Fund as a sub-category I Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 1996 made in this behalf and fulfils the other conditions as specified in this regard.
- iii. Venture Capital Fund operating as a venture capital scheme made by the Unit Trust of India established under the Unit Trust of India Act, 1963.

### Benefits available under the Wealth Tax Act, 1957

Shares in a company held by a shareholder are not an asset within the meaning of Section 2(ea) of Wealth tax Act, 1957, hence wealth tax is not leviable on shares held in the company.

**Benefits available under the Gift Tax Act, 1957**

Gift of shares of the company made on or after October 1, 1998 are not liable to Gift Tax.

However any transfer of shares made on or after October 1, 2009 without adequate consideration to an Individual or HUF will be taxable in the hands of receiver under clause (vii) of section 56(2) of the Income Tax Act 1961 subject to the prescribed condition and valuation rules.

**NOTES:**

- A. All the above benefits are as per the current direct tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.
- B. In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.
- C. In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme.
- D. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
- E. Tax Benefits available to the Company and its shareholders will be varied/change up on applicability of Direct Tax Code which is yet to bring into force.

**SECTION 14 - OTHER INFORMATION****Documents for Inspection**

- (a) MoA and AoA of the Company along with Certificate of Incorporation and Certificate of Commencement of Business issued by the Registrar of Companies, West Bengal.
- (b) Order of the High Court dated September 10, 2012, sanctioning the Scheme of Demerger.
- (c) Copy of the letters issued by BSE and CSE dated June 27, 2006 and July 14, 2006, respectively, according to their no objection to the Scheme of Demerger.
- (d) Return of Allotment filed by the Company for allotment of Equity Shares pursuant to the Scheme of Demerger.
- (e) Copy of the tripartite agreement entered into by the Company with the Registrar & Transfer Agent and NSDL.
- (f) Copy of the tripartite agreement entered into by the Company with the Registrar & Transfer Agent and CDSL.
- (g) Memorandum of Understanding with the Registrar & Share Transfer Agent.
- (h) Auditor's Report containing the audited accounts of the Company for the period ended March 31, 2013.
- (i) SEBI letter no. CFD/DIL/HB/RGA/OW/23565/2013 dated September 17, 2013 granting relaxation from the applicability of Rule 19(2)(b) of the SCRR for listing of the Equity Shares.
- (j) The in-principle approval granted by BSE for listing of the Equity Shares dated June 12, 2013.

**DECLARATION**

All the relevant information of the Companies Act and the guidelines issued by SEBI have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, the SEBI Act, 1992 or rules or regulations made there under of the guidelines/ circulars issued, as the case may be. We further certify that all disclosures made in this Information Memorandum are true and correct.

By order of the Board of Directors of JK Agri Genetics Limited

\_\_\_\_\_  
Name: S.C. Sethi  
(Director)

Date: September 25, 2013  
Place: Delhi