

**AUDITOR'S CERTIFICATE-2010-11****To the Board of Directors of JK Agri Genetics Ltd. (formerly Florence Alumina Ltd.)**

We have examined the attached Balance Sheet (RECASTED) of JK Agri Genetics Ltd. (JKAGL) (formerly Florence Alumina Ltd.) as at 31<sup>st</sup> March 2011, the Profit & Loss Account (RECASTED) and also the Cash Flow Statement (RECASTED) (together financial statements) for the 12 months period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management, which have been prepared to give carry over impact of the Scheme of Arrangement & Demerger in Audited Financial Statements of JKAGL for the year ended 31<sup>st</sup> March 2011 as stated in Note No. 2 [read with Note No. 1] of Schedule 14B. Impact of the Scheme (being effective on 2<sup>nd</sup> Nov, 2012) have been given in the accounts of Financial Year 2012-13 to be prepared under Companies Act, 1956 for the purpose to be placed before the members of the Company in the Annual General Meeting. As stated in the above said note impact of the Scheme have been given in the financial year 2005-06, to re-organise the Accounts for the year ended 31<sup>st</sup> March 2006 and its carry over impact in the subsequent financial years including business of Seed Undertaking which have been transferred from Florence Investech Limited (Formerly JKAGL). Our responsibility is to certify these recasted financial statements based on our verification. Our examination was made in accordance with approved standards on auditing in India and accordingly included such tests of the accounting and other records. We have also assessed the accounting principles used and significant assessment made by the Management of the Company.

We invite attention to Note No. 2 of Schedule 13B to the Recasted Financial Statements of the year 2005-06 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. 2(vi) of Schedule 13B which is not in line with the Generally Accepted Accounting Principles, as has been carried out as per the Order of the Hon'ble High Court.

For **LODHA & CO.,**  
**Chartered Accountants**  
FRN - 301051E

(N.K. LODHA)

Partner

Membership No. 85155



Place: New Delhi

Date: 30-3-2013

**JK AGRI GENETICS LIMITED**  
(formerly FLORENCE ALUMINA LIMITED)

**BALANCE SHEET (RECASTED) AS AT 31ST MARCH, 2011**

₹ in Lacs

	Schedule	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	<b>360.39</b>	360.39
RESERVES AND SURPLUS	2	<b>1,670.93</b>	1,779.01
		<b>2,031.32</b>	2,139.40
SECURED LOANS	3	<b>2,359.34</b>	2,014.99
UNSECURED LOANS	4	<b>761.01</b>	549.90
		<b>5,151.67</b>	4,704.29
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS			
GROSS BLOCK	5	<b>5,671.71</b>	4,832.22
LESS: DEPRECIATION / AMORTISATION		<b>1,702.70</b>	1,433.37
NET BLOCK		<b>3,969.01</b>	3,398.85
CAPITAL WORK IN PROGRESS		<b>5.13</b>	768.96
		<b>3,974.14</b>	4,167.81
DEFERRED TAX ASSET (NET)		<b>1,151.75</b>	1,027.19
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
INVENTORIES	6	<b>5,444.87</b>	5,890.62
SUNDRY DEBTORS		<b>2,085.28</b>	1,397.89
CASH AND BANK BALANCES		<b>533.66</b>	304.56
LOANS AND ADVANCES		<b>2,009.73</b>	1,794.76
		<b>10,073.54</b>	9,387.83
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
CURRENT LIABILITIES	7	<b>9,427.79</b>	9,287.22
PROVISIONS		<b>619.97</b>	591.32
		<b>10,047.76</b>	9,878.54
NET CURRENT ASSETS		<b>25.78</b>	(490.71)
		<b>5,151.67</b>	4,704.29
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	14		

Schedules 1 to 7 and 14 attached to the Balance Sheet form an integral part thereof.

**JK AGRI GENETICS LIMITED**  
(formerly FLORENCE ALUMINA LIMITED)

**PROFIT & LOSS ACCOUNT (RECASTED) FOR THE PERIOD ENDED 31ST MARCH, 2011**

₹ in Lacs

	Schedule	2010-11	2009-10
<b>INCOME</b>			
SALES AND OTHER INCOME	8	<b>11,496.31</b>	9,941.99
INCREASE/(DECREASE) IN STOCKS	9	<b>(332.62)</b>	1,725.08
		<b>11,163.69</b>	11,667.07
<b>EXPENDITURE</b>			
MATERIALS AND MANUFACTURING	10	<b>5,398.35</b>	7,871.16
EMPLOYEES COST	11	<b>2,010.75</b>	1,624.20
OTHER EXPENSES	12	<b>3,387.20</b>	2,646.72
		<b>10,796.30</b>	12,142.08
<b>OPERATING PROFIT / (LOSS)</b> <b>(BEFORE INTEREST &amp; DEPRECIATION)</b>		<b>367.39</b>	(475.01)
INTEREST	13	<b>301.88</b>	253.24
<b>PROFIT / (LOSS) BEFORE DEPRECIATION</b>		<b>65.51</b>	(728.25)
DEPRECIATION / AMORTISATION	5	<b>304.84</b>	228.69
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(239.33)</b>	(956.94)
PROVISION FOR TAXATION			
- CURRENT TAX		-	-
- MAT CREDIT ENTITLEMENT		-	-
- DEFERRED TAX		<b>(124.56)</b>	(431.55)
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>(114.77)</b>	(525.39)
ADJUSTMENT FOR EARLIER YEAR TAX (NET)		<b>(6.69)</b>	1.64
		<b>(108.08)</b>	(527.03)
<b>APPROPRIATIONS</b>			
PROFIT & LOSS BROUGHT FROM PREVIOUS YEAR		-	-
BALANCE CARRIED TO BALANCE SHEET		<b>(108.08)</b>	(527.03)
BASIC AND DILUTED EARNINGS PER SHARE (₹)		<b>(3.00)</b>	(14.62)
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	14		

Schedules 8 to 14 attached to the Profit & Loss Account form an integral part thereof.

**JK AGRI GENETICS LIMITED**  
(formerly FLORENCE ALUMINA LIMITED)

₹ in Lacs

	As at 31.03.2011	As at 31.03.2010
<b>Schedule 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
Equity Shares - 1,40,00,000 shares (Previous year 1,40,00,000 shares) of ₹ 10 each (Refer Note No. 1 below and Note no.2(iv) of Schedule 14B)	<b>1,400.00</b>	1,400.00
	<b>1,400.00</b>	1,400.00
<b>Issued, Subscribed and Paid up:</b>		
Equity Shares - 36,03,906 shares (Previous Year 36,03,906 shares) of ₹ 10 each fully paid up (Refer Note No. 2 below)	<b>360.39</b>	360.39
	<b>360.39</b>	360.39

**Notes:**

- Subsequent to issue & allotment (on preferential basis) of 14,50,000 equity shares of ₹ 10 each in the year 2005-06 (pre-impact of the scheme) to Florence Investech Limited (FIL)(formerly JK Agri Genetics Ltd.), FIL along with its nominees became Holding Company. However, in view of Order of Hon'ble High Court at Calcutta (read with Note 2 of Schedule 14B), FIL ceased to be Holding Company.
- 2103906 no. of fully paid up equity shares of ₹ 10 each since been allotted to the shareholders of the Florence Investech Limited in terms of Scheme of Arrangement and demerger.(Refer Note 2(iii) of Schedule 14 B).

₹ in Lacs

	As at 01.04.2010	Additions	Transfers	As at 31.03.2011
<b>Schedule 2</b>				
<b>RESERVES AND SURPLUS</b>				
Debenture Redemption Reserve@	472.34	-	-	<b>472.34</b>
General Reserve@	1,306.67	-	(108.08)**	<b>1,198.59</b>
Profit & Loss Account	-	<b>(108.08)</b>	108.08**	-
	1,779.01	<b>(108.08)</b>	-	<b>1,670.93</b>
Previous year	2,306.04	(527.03)	-	1,779.01

@ Refer Note 2(vi) of Schedule 14 B.

\*\* Being Debit Balance in P & L set off.

₹ in Lacs

	As at 31.03.2011	As at 31.03.2010
<b>Schedule 3</b>		
<b>LOANS</b>		
<b>SECURED LOANS</b>		
Zero Coupon Non-Convertible Bonds	<b>1,000.00</b>	1,000.00
Term Loan from Bank (Includes Interest Accrued and due ₹4.66 lacs)	<b>543.07</b>	467.92
Other Loan from Bank	<b>816.27</b>	547.07
	<b>2,359.34</b>	2,014.99

**Notes:**

- Zero Coupon Secured Non-Convertible Bonds (ZCSNCBs) of ₹ 1000 lacs (Previous year ₹ 1000) are secured/to be secured by subordinate and subservient charge created/to be created on all the movable and immovable properties of the Company, both present and future. These bonds will be redeemable in four instalments of ₹ 300 lacs each at the expiry of the 2nd & 3rd year and ₹ 200 lacs each at the expiry of the 4th & 5th year from, 1.4.2005 pursuant to the court order. (Refer Note 2(v) of Schedule 14B)
- Term loan of ₹ 461.26 lacs (Previous year ₹ 467.92 lacs) is secured against first charge of the assets purchased thereunder, hypothecation of entire intangible assets, parri passu second charge on the entire current assets viz stocks and book debts etc., both present and future, of the company and is further secured, by way of first charge on land at Dundigal village (AP) and Ranpur, Kota, (Rajasthan) and on entire movable fixed assets of the Company.
  - Term Loan of ₹ 81.81 lacs ( Previous year nil) is secured against first charge of the assets purchased thereunder, Hypotication of entire intangible assets, parri 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).
- Other Loan from Bank represent Working Capital borrowing which is Secured by hypothecation of current assets viz stocks and book debts etc., both present and future, of the Company and by a second charge on entire fixed assets of the Company including land at Dundigal village (AP) and Ranpur, Kota, (Rajasthan).
- Above charges are pending for modification. (Refer Note 2(a) of Schedule 14B)

₹ in Lacs

	As at 31.03.2011	As at 31.03.2010
<b>Schedule 4</b>		
<b>UNSECURED LOANS</b>		
Council of Scientific & Industrial Research (CSIR)	<b>761.01</b>	549.90
	<b>761.01</b>	549.90

**JK AGRI GENETICS LIMITED**  
(formerly FLORENCE ALUMINA LIMITED)

**Schedule 5**

**FIXED ASSETS**

₹ in Lacs

Assets	Gross Block				Depreciation / Amortisation				Net Block	
	As At 01.04.2010	Additions	Sales/ Adjustments	As At 31.03.2011	As at 01.04.2010	For the Year	On Sales / Adjustments	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land - Freehold	401.61	-	-	<b>401.61</b>	-	-	-	-	<b>401.61</b>	401.61
Land - Leasehold	151.09	115.40	132.40	<b>134.09</b>	8.96	2.65	9.33	2.28	<b>131.81</b>	142.13
Building #	95.88	48.40		<b>144.28</b>	22.91	36.52		59.43	<b>84.85</b>	72.97
Plant and Machinery #	968.45	835.25	12.00	<b>1,791.70</b>	169.38	96.00	7.38	258.00	<b>1,533.70</b>	799.07
Office Equipments, Furniture & Fixtures	225.47	26.14	10.49	<b>241.12</b>	45.33	12.29	3.31	54.31	<b>186.81</b>	180.14
Vehicles	239.48	21.50	52.31	<b>208.67</b>	58.86	21.53	15.49	64.90	<b>143.77</b>	180.62
<b>Intangibles:</b>										-
Brand	2,700.00	-	-	<b>2,700.00</b>	1,080.00	135.00		1,215.00	<b>1,485.00</b>	1,620.00
Software	50.24	-	-	<b>50.24</b>	47.93	0.85		48.78	<b>1.46</b>	2.31
	<b>4,832.22</b>	<b>1,046.69</b>	<b>207.20</b>	<b>5,671.71</b>	<b>1,433.37</b>	<b>304.84</b>	<b>35.51</b>	<b>1,702.70</b>	<b>3,969.01</b>	<b>3,398.85</b>
Capital Work in Progress\$									<b>5.13</b>	768.96
Total									<b>3,974.14</b>	<b>4,167.81</b>
Previous Year	4,401.01	507.63	76.42	4,832.22	1,236.20	228.69	31.52	1,433.37	3,398.85	3,164.81

# Includes gross value as at 31.03.2011 of Building ₹ 144.28 lacs (Previous year ₹ 95.88 lacs) and Plant & Machinery ₹ 1350.08 lacs (Previous year ₹ 389.89 lacs) (WDV ₹ 84.85 lacs (Previous year ₹72.97 lacs) and ₹ 1229.68 lacs (Previous year ₹ 383.43 lacs) respectively) on leasehold premises.

\$ Refer Note 10 of Schedule 14B.

**JK AGRI GENETICS LIMITED**  
(formerly FLORENCE ALUMINA LIMITED)

₹ in Lacs

	As at 31.03.2011	As at 31.03.2010
<b>Schedule 6</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
<b>Inventories</b>		
Stores, Processing & Packing Material	443.47	556.60
Semi Finished Goods	2,167.56	2,402.54
Finished Goods	2,833.84	2,931.48
	<b>5,444.87</b>	5,890.62
<b>Sundry Debtors</b>		
(Unsecured, considered good):		
Debts over six months (Note 9 of Schedule 14B)	465.25	271.77
Other Debts	1,620.03	1,126.12
	<b>2,085.28</b>	1,397.89
<b>Cash and Bank Balances</b>		
Cash in hand	1.51	2.96
Cheques in hand	233.70	11.66
Balances with Scheduled Banks :		
On Current Accounts	1.20	7.67
On Deposit Accounts	297.25	282.27
{Pledged with Bank ₹ 112.00 lacs (P.Y. ₹ 110.00 Lacs)}		
	<b>533.66</b>	304.56
<b>B. LOANS AND ADVANCES:</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received (Note 9(b) in Schedule 14B)	1,177.60	1,019.22
Capital Advances	89.62	64.99
Prepaid Expenses	28.01	17.23
Deposit with Government Authorities and Others	100.34	75.49
Advance Payment of Income Tax	541.31	544.98
Advance Payment of Fringe Benefit Tax	72.85	72.85
	<b>2,009.73</b>	1,794.76
	<b>10,073.54</b>	9,387.83
<b>Schedule 7</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Acceptances	522.53	527.51
Sundry Creditors		
Micro & Small Enterprises*	-	-
Others	192.11	362.21
Advance from Customers	5,020.57	3,601.60
Interest Accrued but not due on loan	52.92	36.36
Other Liabilities (Refer Note 18 of Schedule 14B)	3,639.66	4,759.54
*To the extent information available with the Company (Refer note 12 in Schedule 14B)		
	<b>9,427.79</b>	9,287.22
<b>B. PROVISIONS</b>		
Provision for Income Tax	358.73	373.88
Provision for Fringe Benefit Tax	72.85	72.95
Provision for Retirement Benefits	188.39	144.49
	<b>619.97</b>	591.32
	<b>10,047.76</b>	9,878.54

**JK AGRI GENETICS LIMITED**  
(formerly FLORENCE ALUMINA LIMITED)

₹ in Lacs

	2010-11	2009-10
<b>Schedule 8</b>		
<b>SALES AND OTHER INCOME</b>		
1. Sales	<b>11,263.20</b>	9,661.47
2. Other Income		
Interest on Deposit with Banks & others	<b>21.41</b>	17.24
(Tax at source ₹ 1.94 lacs; Previous Year ₹ 1.70 lacs)		
Foreign Exchange Fluctuation	<b>8.50</b>	18.76
Liabilities no longer required written back	<b>64.61</b>	-
Miscellaneous Income	<b>138.59</b>	244.52
	<b>233.11</b>	280.52
	<b>11,496.31</b>	9,941.99
<b>Schedule 9</b>		
<b>INCREASE/ (DECREASE) IN STOCKS</b>		
<b>Opening Stock</b>		
- Semi Finished Goods	<b>2,402.54</b>	-
- Finished Goods	<b>2,931.48</b>	3,608.94
	<b>5,334.02</b>	3,608.94
<b>Closing Stock</b>		
- Semi Finished Goods	<b>2,167.56</b>	2,402.54
- Finished Goods	<b>2,833.84</b>	2,931.48
	<b>5,001.40</b>	5,334.02
Increase/(Decrease) in Stocks	<b>(332.62)</b>	1,725.08
<b>Schedule 10</b>		
<b>MATERIALS AND MANUFACTURING</b>		
Production and Purchase of Seeds & Others	<b>4,564.66</b>	6,729.10
Processing Charges	<b>140.00</b>	583.04
Consumption of Stores, Processing & Packing Materials	<b>566.61</b>	555.87
Power & Fuel	<b>32.81</b>	3.15
Labour Expenses	<b>84.54</b>	-
Repair & Maintenance- Machinery	<b>9.73</b>	-
	<b>5,398.35</b>	7,871.16
<b>Schedule 11</b>		
<b>EMPLOYEES COST</b>		
Salaries, Wages, Bonus & Retirement Benefits	<b>1,129.32</b>	863.76
Contribution to Provident and other Funds	<b>114.77</b>	113.04
Employees' Welfare and other Benefits	<b>766.66</b>	647.40
	<b>2,010.75</b>	1,624.20
<b>Schedule 12</b>		
<b>OTHER EXPENSES</b>		
Rent	<b>250.41</b>	117.02
Rates & Taxes	<b>3.06</b>	3.59
Insurance	<b>16.01</b>	14.30
Discount	<b>111.53</b>	172.17
Freight & Transportation	<b>365.22</b>	320.44
Advertisement	<b>801.24</b>	596.54
Royalty	<b>121.85</b>	-
Directors' Fees	<b>0.03</b>	0.03
Farming Expenses	<b>393.33</b>	319.45
Travelling	<b>689.00</b>	587.81
Commission	<b>80.45</b>	78.46
Loss on Sales/Discard of Assets (Net of Profit of ₹ 3.79 lacs)	<b>5.54</b>	5.43
Office & Godown Maintenance	<b>71.54</b>	41.53
Provision for Doubtful Debts & Advances	<b>63.43</b>	37.12
Bad Debts Written off	<b>2.18</b>	0.27
Bank Charges, Printing & Stationery, Postage, Telephone and other Miscellaneous Expenses etc.	<b>412.38</b>	352.56
	<b>3,387.20</b>	2,646.72
<b>Schedule 13</b>		
<b>INTEREST</b>		
<b>Interest on:</b>		
Term Loans	<b>72.03</b>	27.28
Others	<b>229.85</b>	225.96
	<b>301.88</b>	253.24

## Schedule 14

### ACCOUNTING POLICES AND NOTES ON ACCOUNTS OF JK AGRI GENETICS LIMITED (formerly FLORENCE ALUMINA LIMITED) FOR THE YEAR ENDED 31.03.2011

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 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.

##### 2. Valuation of Fixed Assets:

Fixed Assets are stated at their Original Cost, Net of Cenvat, Less Accumulated Depreciation, Addition includes Purchase Cost, Freight, Duties and other expenses including borrowing cost wherever incurred for acquisition and installation.

##### 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.

##### 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.

##### 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 Profit & Loss Account.

##### 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.

##### 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 Profit & Loss Account 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.

##### 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.



## **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 Profit and Loss Account of the year when the contribution to the respective funds are due.

### b. Defined Benefit Plan

Retirement benefits in the form of Gratuity, Leave Encashment and PF (funded) are considered as defined benefit obligations and are provided for on the basis of an Actuarial Valuation, using the projected unit credit method, as at the date of the Balance Sheet.

### c. Short term compensated absences are provided based on past experience of the leave availed.

Actuarial gain/ Losses, if any, are immediately recognized in the Profit and Loss Account.

## **10. 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.

## **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.

## B. NOTES ON ACCOUNTS

1. (a) 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.  
  
(b) Accordingly the Audited accounts of the Company for the year ended 31<sup>st</sup> March 2011 which had been approved by the Board of Directors and adopted by the Shareholders in the AGM held on 3<sup>rd</sup> September 2011 have been Reorganized to give effect of the Scheme of Arrangement and Demerger approved by the Hon'ble High Court at Calcutta as stated in Note 2 Below in the accounts for the year ended 31<sup>st</sup> March 2006.
2. Pursuant to the Scheme as stated in Note No. 1(a) following was carried out in the year 2005-06 :
  - 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. 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 of ₹ 350.65 lacs 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 ₹ 210.39 lacs has been allocated to the Company.
  - iv. a) An amount of authorised capital of ₹ 1,250 lacs divided into 1,25,00,000 equity shares of ₹ 10 each stands transferred from the share capital of FIL to the authorized capital of the Company.  
  
b) Transfer of authorized Capital of ₹ 4,250 divided into 50,00,000 preference share capital of ₹ 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 ₹ 10 each as per the said Scheme.
  - v. The Company has issued ₹ 1000 lacs Zero Coupon Non Convertible Bonds 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 ₹ 2775.94 lacs between assets and liabilities (including ZCNB of ₹ 1000 Lacs) transferred from FIL (formerly JKAGL) at their book values w.e.f. April 01, 2005 along with Debenture Redemption Reserve of ₹ 472.34 lacs and paid up Equity Capital of ₹ 210.39 lacs has been recorded as General reserve in the books of the company.
- 2(a). Certain fixed assets, licenses, approvals, charge on secured loan are pending for transfer in the name of the Company.
- 2(b). Business of Seed Undertaking has been carried out by FIL (formerly JKAGL) for and on account of, and in trust for, the Company.
3. Estimated amount of contracts net of advances ₹ 83.46 lacs (Previous year ₹ 62.62 lacs) remaining to be executed on capital account.

4. Contingent liabilities, not provided for in respect of: (as certified by the management)
- Claims by certain parties against the company not accepted and not provided for ₹ 165.12 lacs (Net of ₹ 104.22 lacs to be indemnified by another party) [Previous Year ₹ 187.36 lacs (Net of ₹ 144.26 lacs to be indemnified by another party)].
  - Pending export obligation against import of capital goods under EPCG Scheme (Guarantee given ₹129.24 lacs): ₹ 493.35 lacs (Previous Year ₹ 612.58 lacs).
  - Income Tax (matters in appeals) of ₹ 353.04 lacs (Previous Year ₹ 16.49 lacs).
- 5.
- In terms of disclosure requirements stated in Accounting Standard on, Intangible Assets (AS-26) issued by the Institute of Chartered Accountants of India, the management considered it appropriate to amortize " J.K.SEEDS" brand over a period of 20 years from the date of its acquisition, considering nature of business, life cycle of brand, its inherent value and expected future benefits. The carrying amount of "J.K.SEEDS" brand is ₹ 1485.00 lacs as on 31.3.2011 to be amortized over the balance period 11 years.
  - Software is amortized over a period of 5 years from the year of installation.
6. Research and Development expenses amounting to ₹ 1,227.20 lacs (Previous Year ₹ 1,006.82 lacs) have been included in respective revenue accounts.

	₹ in lacs	
Particulars	2010-11	2009-10
<b>Recurring Expenses</b>		
Employees Cost	556.27	462.98
Rent	55.56	42.37
Motor Vehicle Maintenance	2.70	2.32
Office & Godown Maintenance	24.50	24.02
Telephone Expenses	5.53	6.70
Travelling Expenses	58.12	47.65
Electricity Charges	16.04	23.85
Farming Expenses	393.33	319.18
Bank Charges, Printing & Stationary, Postage & Other	38.90	24.94
Miscellaneous Expenses		
Depreciation	76.25	52.81
<b>Total Recurring Expenses</b>	<b>1,227.20</b>	<b>1,006.82</b>
<b>Capital Expenditure</b>		
Land	--	--
Building	25.99	4.76
Equipments	12.34	5.29
<b>Total Capital Expenditure</b>	<b>38.33</b>	<b>10.05</b>
<b>Total R&amp;D Expenses (including Capital Expenditure)</b>	<b>1,265.53</b>	<b>1,016.87</b>

	₹ in lacs	
	2010-11	2009-10
7. Remuneration to Manager @ :		
Salary	<b>20.54</b>	17.39
Contribution to PF & Other funds *	<b>6.39</b>	3.40
Value of Perquisites (as per Income Tax Rules)	<b>32.37</b>	30.07
	<b>59.30</b>	50.86

(@ Being amount transferred from FIL)

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

8. Amount paid to Auditors:

₹ in lacs

Statutory Auditors @	<b>2010-11</b>	2009-10
Audit Fee	<b>1.23</b>	0.87
Taxation	<b>0.55</b>	0.33
Certification Charges	<b>1.74</b>	0.19
Reimbursement of expenses	<b>0.62</b>	0.35
	<b>4.14</b>	1.74

@Includes ₹ 4.01 lacs for the current year (Previous year ₹1.61 lacs) transferred from FIL.

9. (a) Debtors over six months and advances are net of provision made for doubtful debts of ₹ 77.82 lacs and Advances ₹ 21.85 lacs (Previous Year ₹ 30.40 lacs and ₹ 16.50 lacs respectively) and are after bad debts of ₹ 10.66 lacs (Previous Year Nil).  
 (b) Some of the balances of debtors, loans & advances and current liabilities are in the process of confirmation/reconciliation.
10. Additions to Fixed Assets and Capital work in progress includes Machinery in stock/transit, construction/erection materials and also includes the following pre-operative expenses pending allocation:

₹ in lacs

	<b>31.03.2011</b>	31.03.2010
Lease Rent	-	37.55
Power & Fuel	-	2.20
Travelling	1.23	0.06
Office & Godown Maintenance	-	2.58
Freight & Transportation	-	4.29
Other Taxes	3.45	0.51
Miscellaneous Expenses	0.03	10.53
	<b>4.71</b>	<b>57.72</b>
Add: Opening Balance	30.28	-
Less: Transferred to Fixed Assets	5.92	27.44
Less: Realised on Swap of Leasehold Land	23.94	-
	<b>5.13</b>	30.28

11. a) 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.  
 b) Income tax calculation has been made considering certain expenses/adjustments available as assessed by the management.
12. The details of amounts outstanding under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act) to the extent information available with the Company are as under: (i) Principal & interest amount due and remaining unpaid as at 31.03.2011: Nil (Previous Year Nil) (ii) Payment made beyond and appointed day during the year: Nil (Previous Year Nil) and (iii) Interest accrued and unpaid as at 31.03.2011: Nil (Previous Year Nil).

13. In view of Order of Hon'ble High Court of Kolkata, Seed Division from Florence Investech Limited (formerly JK Agri Genetics Limited) along with employees has been transferred w.e.f. 1<sup>st</sup> April 2005. As FIL had been closing its financial statements as at 30<sup>th</sup> September (w.e.f. financial year 2008-09) and past financial statements were made as at 30<sup>th</sup> September 2010 and actuarial valuations in respect of "Employee Benefits" (as per AS-15) has also been carried out as on that date only. Accordingly, subsequent to 30<sup>th</sup> September 2010, liability for employee benefit for six months (six months i.e. for Oct to March) had been provided as assumed/assessed by the management. In view of the management, there will not be any material impact on the state of affairs and result for the year as liability has been calculated on regular basis. Key data based on which provision has been made as at 30<sup>th</sup> September 2009 are as under:

**Actuarial Assumptions:**

Discount Rate	8.00%
Expected Rate of Return on Plan Assets	--
Mortality	LIC (1994-96) duly modified
Turnover Rate	age upto 30-3%, upto 44-2%, above 44-1%
Salary Escalation	5.50%

14. 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.

15. Related Party<sup>\$</sup>:

A). Relationships

(a) Wholly Owned Subsidiary	:	--
(b) Investing Company	:	--
(c) Key Management Personnel@	:	--

B) Transactions with Related Parties during the year Nil (Previous year Nil)

@ Details of Remuneration paid to Manager is given in Note 7.

@ Transferred from FIL (formerly JKAGL)

\$ In pursuance of Scheme of Arrangement and Demerger, FIL (formerly JKAGL) ceased to be 100% Holding Company. Accordingly, related party transactions have been re-organized.

16. Earnings per Share	<b>2010-11</b>	2009-10
a) Profit/(Loss) after Tax (₹ in lacs)	<b>(108.08)</b>	(527.03)
b) Weighted average no. of Equity Shares (Nos.) <sup>£</sup>	<b>3603906</b>	3603906
c) Nominal Value of Equity Share (₹)	<b>10</b>	10
d) Basic and Diluted Earnings per Equity Share (₹)	<b>(3.00)</b>	(14.62)
(£ Read with Note 2)		

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

	<b>As at 31.03.2011</b>		<b>₹ in Lacs As at 31.03.2010</b>	
1. Deferred Tax Assets				
i) Provision for Doubtful Debts	<b>24.05</b>		10.33	
ii) Unabsorbed depreciation and carried forward losses	<b>1428.67</b>		1282.47	
iii) Disallowance under Income Tax Act	<b>80.85</b>	<b>1533.57</b>	64.65	1357.45
2. Deferred Tax Liabilities				
i) Related to Fixed Assets		<b>381.82</b>		330.26
Deferred Tax Asset/(Liability) (Net)		<b>1151.75</b>		1027.19

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

18. ₹ 515.66 lacs (Previous Year ₹ 1202.92 lacs) is payable being balance of FIL arises due to Scheme of Demerger & Arrangement shown in "Other Liabilities" under Current Liabilities.

19. Impairment of Assets:

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

20. Leases

Operating Lease

Factory Premises and Vehicles have been obtained on lease. Lease rentals in case of factory premises have escalation clause while there is no escalation 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.

	<b>₹ in lacs</b>	
	<b>As at 31.3.2011</b>	As at 31.3.2010
Lease Payments		
Lease Payments during the year	<b>142.88</b>	45.78
Not later than one year	<b>142.89</b>	116.03
Later than one year and not later than three years	<b>599.69</b>	526.96

- 21.

a) Forward Contract Nil (Previous Year ₹ 141.60 lacs-USD 300,000) taken for the purpose of hedging against Import Creditors, are outstanding at year end.

b) Foreign currency exposure not hedged are ₹ 524.68 lacs (equivalent to USD 11,68,479) towards payable as at 31.03.2011 [Previous year net payable ₹ 392.86 lacs (equivalent to USD 1,525 towards receivables; USD 8,64,146 & EURO 3,000 towards payables)].

22. Particulars of Production, Purchase, Sales and Stocks

Particulars		2010-11		2009-10	
		Qty (100 Qtls.)	Amount (₹ in Lacs)	Qty (100 Qtls.)	Amount (₹ in Lacs)
Licensed Capacity #		<b>Not Applicable</b>		Not Applicable	
Installed Capacity #		<b>Not Applicable</b>		Not Applicable	
Opening Stock	Seeds (Semi-Finished)*	<b>552.54</b>	<b>2,402.54</b>	-	-
	Seeds (Finished)*	<b>293.81</b>	<b>2,601.85</b>	465.84	3,298.97
	Others \$		<b>329.63</b>		309.97
	Total		<b>5,334.02</b>		3,608.94
Production & Purchase**	Seeds*	<b>542.62</b>	<b>4,018.40</b>	917.50	6,209.77
	Others \$		<b>546.26</b>		519.33
	Total		<b>4,564.66</b>		6,729.10
Sales	Seeds*	<b>612.23</b>	<b>10,531.98</b>	536.99	8,942.18
	Others \$		<b>620.24</b>		613.58
	Services		<b>110.98</b>		105.71
	Total		<b>11,263.20</b>		9,661.47
Closing Stock	Seeds (Semi-Finished)*	<b>369.50</b>	<b>2,167.56</b>	552.54	2,402.54
	Seeds (Finished)*	<b>407.24</b>	<b>2,513.21</b>	293.81	2,601.85
	Others \$		<b>320.63</b>		329.63
	Total		<b>5,001.40</b>		5,334.02

# Since Agricultural produce, as certified by the management.

\*excluding Foundation and Breeder Seeds

\*\*Net of Process loss/shortages of 173.68 and Ramnant of 63.44 (Previous year 305.41 and Nil respectively) (Quantity in 100 Qtls) and includes processing of finished goods by outside parties. Purchase-Others excludes ₹ 7.63 lacs (Previous Year ₹ 0.90 lacs) included under Farming Expenses.

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

23. Production and purchase of Seeds & Others Consumed:

	2010-11		2009-10	
	Amount (₹ in lacs)	% of total Consumption	Amount (₹ in lacs)	% of total Consumption
Indigenous	<b>4,446.14</b>	<b>97.24</b>	6,701.25	99.57
Imported	<b>126.15</b>	<b>0.43</b>	28.75	0.43
	<b>4,572.29</b>	<b>100</b>	6,730.00	100

The above includes ₹ 7.63 lacs (Previous Year ₹ 0.90 lacs) included under Farming Expenses.

24. Stores, Process & Packing Materials consumed:

	<b>2010-11</b>		2009-10	
	<b>Amount (₹ in lacs)</b>	<b>% of total Consumption</b>	Amount (₹ in lacs)	% of total Consumption
Indigenous	<b>648.98</b>	<b>98.61</b>	615.93	98.67
Imported	<b>9.26</b>	<b>1.39</b>	8.30	1.33
	<b>658.24</b>	<b>100.00</b>	624.23	100.00

The above includes ₹ 91.63 lacs (Previous Year ₹ 68.36 lacs) included under Farming Expenses.

25. CIF Value of Imports	<b>2010-11</b>	2009-10
Seeds	<b>106.65</b>	22.44
Capital Goods (R & D)	<b>7.16</b>	4.48
Capital Goods	-	534.45
Consumables & Spare Parts ( R & D)	<b>8.29</b>	7.25

26. Expenditure in Foreign Currency (as remitted)		
R & D / Technical Services	<b>0.47</b>	14.81
Travel & Others	<b>17.72</b>	19.52

27. Earnings in Foreign Exchange		
F.O.B value of exports	<b>119.23</b>	73.16
Others	<b>46.51</b>	47.58

28. Prior period expenses included under respective heads of account are as under: Farming Expenses Nil (Previous Year ₹ 15.00 lacs), Travelling Expenses Nil (Previous Year ₹ 9.81 lacs), Rent ₹ 7.67 lacs(Previous Year ₹ 0.19 lacs), Office and Godown Maintenance Nil (Previous Year ₹ 4.37 lacs) and Others ₹ 3.76 lacs (Previous Year ₹ 1.44 lacs).

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

Schedules 1 to 14 forming part of the accounts for the year ended 31<sup>st</sup> March 2011.



**JK AGRI GENETICS LIMITED**  
(formerly FLORENCE ALUMINA LIMITED)  
**Cash Flow Statement (Recasted)**  
For the period ended 31st, March 2011

₹ in Lacs

	2010-11	2009-10
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	<b>(239.33)</b>	(956.94)
Adjustment for :		
Depreciation / Amortisation	<b>304.84</b>	228.69
Interest Expenses	<b>301.88</b>	253.24
(Profit)/Loss on sale of Assets	<b>5.54</b>	5.43
Foreign Exchange Fluctuation	<b>(8.50)</b>	(18.76)
Interest/Dividend Received	<b>(21.41)</b>	(17.24)
Provision for Doubtful Debts/Advances	<b>63.43</b>	37.12
Bad Debts Written off	<b>2.18</b>	0.27
Liabilities no longer required written back	<b>(64.61)</b>	-
<b>Operating Profit before working capital changes</b>	<b>344.02</b>	(468.19)
(Increase)/ Decrease in Trade and Other Receivables	<b>(972.80)</b>	126.85
(Increase)/ Decrease in Inventories	<b>445.75</b>	(1,940.41)
Increase/ (Decrease) in Trade Payables	<b>249.08</b>	4,496.21
<b>Cash generated from Operations</b>	<b>66.05</b>	2,214.46
Direct taxes paid (including FBT)	<b>(4.89)</b>	(25.83)
<b>Net Cash from Operating Activities</b>	<b>61.16</b>	<b>2,188.63</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(282.86)</b>	(1,251.22)
Sale of Fixed Assets	<b>166.15</b>	39.47
Interest Received	<b>14.51</b>	14.94
<b>Net Cash from / (used in) Investing activities</b>	<b>(102.20)</b>	(1,196.81)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term borrowings	<b>286.26</b>	467.92
Proceeds from Short Term borrowings (Net)	<b>269.20</b>	(1,614.04)
Interest Paid	<b>(285.32)</b>	(236.74)
<b>Net cash from / (Used in) financing activities</b>	<b>270.14</b>	(1,382.86)
<b>Net Increase / (Decrease) in Cash and Cash equivalents</b>	<b>229.10</b>	(391.04)
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>304.56</b>	695.60
<b>Cash and Cash equivalents as at the end of the year</b>	<b>533.66</b>	304.56
<b>Notes:</b>		
1 Cash and Cash Equivalents Include:		
- Cash, Cheques in hand and Remittances in transit	<b>235.21</b>	14.62
- Balances with Scheduled Banks	<b>298.45</b>	289.94
Cash and Cash Equivalents	<b>533.66</b>	304.56