

ANNUAL REPORT

2014-15

IFFCO KISAN SANCHAR LIMITED

DIRECTORS' REPORT
2014-15

Dear Members,

Your Directors have great pleasure in presenting the 8th Annual Report of the Company together with the Audited Statements of Annual Accounts for the Financial Year ended 31st March, 2015.

PERFORMANCE OF COMPANY

Financial performance of the Company during the year 2014-15 was as follows:

<u>Financial Performance</u>	(Rs. In lakh)	
Particulars	2014-15	2013-14
Gross Revenue	31,000.07	29,009.37
Less: Cost of Goods Sold	26,010.99	24,575.55
Employees Remuneration & Benefits	2,154.08	1,939.69
Sales and General Administration Expenses	1,446.16	1,352.67
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Profit before Interest, Depreciation & Tax	1,388.84	1,141.46
Less: Depreciation	377.21	152.24
	<hr/>	<hr/>
PBIT	1,011.63	989.22
Less: Interest	-	-
	<hr/>	<hr/>
PBT	1,011.63	989.22
Less: Provision for Tax	342.05	309.51
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Profit/ (Loss) after Tax	669.58	679.71
Balance Brought Forward from the Previous Year	1,874.64	1,373.55
(Net of adjustment of depreciation on fixed assets which have completed useful life Rs. 10.65 lakh)		
	<hr/> <hr/>	<hr/> <hr/>
Amount available for Appropriations	2,544.22	2,053.26
	<hr/> <hr/>	<hr/> <hr/>
Appropriations:		
Proposed Dividend	100.00	100.00
Tax on Proposed Dividend	20.47	17.00
Transfer to General Reserve	33.48	50.98
Balance Carried to Balance Sheet	2,390.27	1,885.28
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	2,544.22	2,053.26
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Your Company recorded Gross Revenue of Rs. 31,000 lakh during the year 2014-15 (against Rs. 29,009 lakh in 2013-14). The Company recorded Pre-tax Profit of Rs. 1,012 lakh in the year 2014-15 as against Profit of Rs. 989 lakh during the previous financial year. Your company earned a Net Profit of Rs. 670 lakh after making tax provision of Rs. 342 lakh during the year 2014-15.

MARKETING PERFORMANCE

In the year 2014-15, the Company sustained its performance in acquiring Quality customers, with improved M+2 decay exit March 2015 at 11.7%. The Net adds to Gross Adds ratio was a little lower at 21%, against 18.03 lakh Gross Adds. The Company added 3,83,695 new subscribers. The REC base went up to 33 lakh from 29 lakh. Primary recharge revenue grew marginally to Rs. 257 crore from Rs. 242 crore in the previous year.

DIVIDEND

The Board has recommended a dividend of Rs. 2 per equity share of Rs. 10 each (20% of face value) for the Financial Year 2014-15. The total dividend payout will amount to Rs. 1.00 Crore, (Rupees One Crore only). The payment of dividend is subject to the approval by the shareholders in the ensuing Annual General Meeting of the Company.

DEPOSITS

During the year under review, the Company has not accepted any deposits covered within the meaning of Section 73 to 76 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014.

RESERVES

The amount transferred to the Reserves is Rs. 33.48 lakh, which is 5% of the current profit of the Company.

TOTAL REVENUE

During this year, the Company achieved the turnover of Rs. 308.54 crore and earned other income of Rs. 1.46 crore resulting in total revenue of Rs. 310.00 crore.

INDUSTRY SCENARIO

Telecom wireless Subscriber base continues to grow, with an overall base of 96.99 crore with Rural accounting for 41.42 crore subscribers. At the end of March 2015, the Rural-tele-density stood at 47.78%.

Voice Revenues accounted for 80% of overall revenue during the year with balance contributed by Data.

Bharti Airtel leads the wireless market at 23.3% customer market share (CMS) followed by the 2nd player at 18.95%.

Towards the end of the year, the telecom sector witnessed a spectrum auction for renewal of existing and acquiring new spectrum in many Circles. The auction was defining in many ways as it brought about certainty and stability for the future. The renewal and acquisition of spectrum across various bands is expected to augment voice and data delivery.

VALUE ADDED SERVICES (VAS)

Content functions for VAS were carried out as per the operating plan. During the period under report, listening parameters were maintained at satisfactory level. Average Listening Duration (ALD) of the voice messages, on all India basis, at the end of March 2015 was 43.2 seconds against 41.7 seconds in March 2014. Average

pick- up percentage and Listening Universe (LU) was 38.1% and 11.12 lakh, respectively at the year end. Other details of VAS coverage was as under:

S. No.	Particulars	April 2014 – March 2015
1	No. of States Covered	19
2	No. of Zones in States	108
3	Content strength	47
4	Experts on Panel	44
5	Total Messages	110,856
6	Helpline Queries	53,951
7	Feedback	18,207
8	Success stories	848
9	Phone In Programmes	866
10	Quiz Programmes	892
11	Communities	79

- Helpline infrastructure facility, which was a Hosted Call Center (HCC) through a centralized gateway was withdrawn and steps were taken to install a decentralized alternate system at three locations, namely, Chandigarh, Lucknow and Bhubaneswar.
- Farmer’s feedback was regularly taken to improve the content and make it more relevant. Content Management system was further strengthened by providing additional tag words in each category so that retrieval of the information is easy. CABI International continued to provide IFFCO KISAN with Content Management and Content Audit Services.
- Community formation for delivery of focused information to people with common interest continued this year as well. Twelve district level communities under the aegis of Andhra Bank Kisan Vani were created in Andhra Pradesh. Collaborating with NABARD two communities came in to existence in Punjab. To the community of goat rearing and poultry farmers in tribal dominated Khargone and Jhabua districts of Madhya Pradesh content as voice messages were started under a special project “South Asia Pro Poor Livelihood Promotion Programme” run by Food & Agriculture Organisation (FAO) and National Dairy Development Board (NDDB).

- IKSL also participated with Jeevika (State Livelihood Mission) in Bihar state to provide information to members of self-help groups. The programme was initiated from Muzzafarpur district and likely to spread in the entire state.
- A unique programme of Content Driven Sales Programme (CDSP) was initiated in Karnataka, Punjab and West Bengal where Content team interacted with farmers and encouraged them to promote Green SIM. Under a new initiative of providing transactional SMS communities were created in collaboration with Rajshree Sugar Mills in Tamil Nadu.
- Two workshops covering entire Content Team were organised during April 7-8 and April 15-16, 2014 at FMDI, Gurgaon. Content Team was briefed on IFFCO KISAN Rural Portal, CCP Operation and Revised category matrix of IIMS. Content enrichment in the Portal is continued with loading of text, audio and image files. Hindi translation of classified information has also been posted for agri-input section. Voice messages delivered in regional languages are now also available on portal as text and audio files in the same language.
- Expertise on preparation and dissemination of weather based agro advisories were provided for the project being implemented by Nepal Development Research Institute, Kathmandu in Dhanusha district of the country.

BUSINESS DEVELOPMENT

The Business Development (BD) activities continued to support the activities of the content and sales teams by forging partnerships with several like-minded institutions and organizations in rural India. The BD Team in association with State Team of Odisha, have worked with Directorate of Fisheries, Odisha to complete enrolment of one lakh fishermen by 3rd Sep 2015. Based on the same, the Government of Odisha renewed the contract for enrolment of one lakh additional fishermen on 14th Feb 2015. IFFCO KISAN has signed an MOU with Andhra Bank on 22nd Sep 2014 to cover loanees as a community to increase their awareness on financial inclusion. An MOU was signed with 'JEEVIKA' of Bihar State Rural Livelihood Mission on 9th Feb 2015. Efforts are being made to further expand the scope and scale of activities pursued by the BD Team. In particular, a more comprehensive and systematic

approach is proposed to be adopted for more intensive and focused addition of partnerships, communities and explore new avenues for expansion and diversification.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

During the year 2014-15, ICT infrastructure and platforms were further strengthened to improve the productivity of the employees. The accounts for the financial year of the organization were closed, on-line, using the ERP for the fifth year and a data warehouse has been developed to manage the large volume of data reflecting the behavior of the subscribers. Many new features and functionalities were added in the existing systems. A rural portal was developed with internal design to leverage the large content databases. A new Helpline infrastructure for managing the helpline of IFFCO KISAN is being setup.

RURAL PORTAL – ‘IFFCO KISAN’

In order to leverage on the expertise of the organization in serving the information requirements of rural India, a Rural Portal – ‘IFFCO KISAN’ has been designed and developed. The objective is to open a new channel for serving the subscribers as well as farmers at large through data medium, which is observed to be growing in rural areas in the recent years. The large databases developed by IKSL over the years with text and audio format in ten Indian languages covering 19 States are augmented to create a user-friendly portal. Efforts are made to expand the content and services as per local needs. Eventually, the portal is expected to promote transactions for products and services ‘from’ and ‘to’ rural India. Promotion of rural crafts, rural tourism and trading of products and services is envisaged in a phased manner.

Some of the facilities available through ‘IFFCO KISAN’ include:

- Access to popular voice advisories & alerts shared through ‘IKSL Green SIM Card’.
- Access to past libraries of voice messages on various topics such as agriculture, animal husbandry, weather, market information, government schemes, and so on.

- Additional information of interest to farmers such as farm implements, seeds and post harvesting technologies, etc.
- Access to 'Gyan Bhandar' – a repository of complete management of various crops (presently 55 in number). Entire crop cycle is covered in text, image & audio format.
- Facility for posting a query in a format image/audio 'to ask an expert'.
- View success stories of farmers.
- Post local advertisements – such rent, lease a tractor.
- Provision for 'virtual extension' for closed groups.
- View 'Rural Crafts' and place orders.

In a phased manner, it is proposed to add trading activities, rural tourism and other activities which can expand opportunities for rural India. This ambitious project for e-transformation of Rural India - 'IFFCO KISAN', was inaugurated during IFFCO's Board Meeting held on 27th February 2015, by the Honourable Shri Balvinder Singh Nakai, Chairman (IFFCO). The portal can be accessed from the URL <http://www.iffcokisan.com> using devices such as PC, mobile phone or Ipad. Many new features and services are proposed in the next financial year.

KISAN CALL CENTRE (KCC) MANAGEMENT SERVICES

IKSL was awarded the contract to run Kisan Call Center Service (KCC) in the year 2012 for a period of 3 years. Our services became operational from May 2012 with 212 seats. During the current financial year, 76 additional seats were sanctioned by Department of Agriculture and Cooperation in December 2014, making the total no. of seats to 452. Calls from all the States and Union Territories are being addressed from 14 locations by about 545 Farm Tele Advisors (FTAs) under the guidance of 20 Supervisors (total strength 565). FTAs are capable of answering the queries mostly, however, for specific subject related query, the calls are escalated to Experts. These 14 locations cover all the States and Union Territories. On an average, 37,000 calls are received daily out of which nearly 20,600 calls are answered.

Till 31st March, 2015, the total calls landed were 1.36 crore and the answered calls were 0.75 crore. The contract is due for renewal from May, 2016.

EXTRACTS OF ANNUAL RETURN

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return in prescribed Form MGT-9, part of the Board's Report, is enclosed as **Annexure-I**.

BOARD OF DIRECTORS

Number of Meetings of the Board: During the year, 4 (Four) Board Meetings were held on 12/06/2014, 24/09/2014, 23/12/2014 and 25/03/2015. The particulars of attendance of Directors during the Board Meeting were as follows:

Sl. No.	Name of Director	Designation	No. of Meeting Held	No. of Meetings attended
1	Dr. U.S. Awasthi	Chairman	4	2
2	Shri Rakesh Kapur	Managing Director	4	4
3	Shri Arabinda Roy	Nominee Director	4	3
4	Shri Manish Gupta	Nominee Director	4	1
5	Dr. G.N. Saxena*	Nominee Director	4	3
6	Shri S.C. Mittal	Nominee Director	4	3
7	Shri Ranjan Sharma	Director	4	4
8	Shri Nilanjan Roy	Nominee Director	4	1
9	Shri Ajai Puri	Nominee Director	4	3
10	Shri Dipakbhai K. Malani	Director	4	4
11	Shri Pratip Chaudhuri (appointed as Independent Director w.e.f. 26.03.2015)	Independent Director	4	0
12	Ms. Praveen Mahajan (appointed as Independent Director w.e.f. 26.03.2015)	Independent Director	4	0

Note(*):Dr. G.N. Saxena had superannuated from the services of IFFCO. Due to this, IFFCO had withdrawn the nomination of Dr. G. N. Saxena from the Board of IKSL w. e. f. 25/03/2015.

Changes in the Composition of the Board and Declaration by Independent Directors

As on date, two of the IFFCO nominee Directors, Dr. G.N. Saxena and Shri S.C. Mittal had superannuated from the services of IFFCO. Due to this, IFFCO had withdrawn the nominations of Dr. G. N. Saxena from the Board of IKSL w. e. f. 25/03/2015 and of Shri S.C. Mittal from the Board of IKSL in its Meeting held on 14/05/2015. Your Directors place on record their appreciation for the valuable services rendered by them during their tenure as Directors of the Company.

During the year 2014-15, in pursuance of the provisions of Section 149 of the Companies Act, 2013, your Company has appointed Shri Pratip Chaudhuri and Ms. Praveen Mahajan as Independent Directors on the Board of the Company for a period of two years with effect from 26th March, 2015.

Both the Independent Directors of the Company have provided the declaration that they meet the criteria of Independence under section 149(6) of the Companies Act, 2013.

Retirement by Rotation:

In accordance with the provisions of Articles of Association of your Company and applicable relevant provisions of the Companies Act, 2013, Dr. U.S. Awasthi, Shri Ajai Puri and Shri Dipakbhai K. Malani, Directors of the Company shall retire by rotation at the ensuing Annual General Meeting of the Company. Your Directors have recommended to the Shareholders that the vacancy caused by the retirement of Shri Malani shall not be filled up in the ensuing General Meeting of the Company. Your Directors place on record their appreciation for the valuable services rendered by Shri Malani during his tenure as Director of the Company. Further, Dr. U.S. Awasthi and Shri Ajai Puri, Directors shall retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

AUDITORS

M/s Rajnish & Associates, Chartered Accountants, (Firm Registration No. 014666N) Statutory Auditors of the Company hold office until the conclusion of this ensuing Annual General Meeting and are eligible for re-appointment. M/s Rajnish & Associates, the Statutory Auditors, have given their consent for re-appointment under Section 139(1) of the Companies Act, 2013 and rules framed there under and furnished a certificate of their eligibility as prescribed under the provisions of Section 141 of the Companies Act, 2013. The members are requested to approve their re-appointment as Statutory Auditors of the Company and to fix their remuneration.

AUDITORS' REPORT

The Auditors' Report along with Notes on Accounts are Self- explanatory and, therefore, do not call for any further comments or explanation.

INTERNAL FINANCIAL CONTROL

The Company has in place adequate internal financial control with reference to the Financial Statements and no material weakness was reported.

SECRETARIAL AUDITOR'S REPORT

In accordance with the provisions with Section 204 of the Companies Act, 2013 read with Section 134 (3) of the Companies Act, 2013, Board had appointed M/s Amit Agrawal & Associates, (C.P. No. 3647) as Secretarial Auditors of the Company to conduct the Secretarial Audit for Financial Year 2014-15. The Secretarial Audit Report received from M/s Amit Agrawal & Associates in the prescribed Form MR 3 is enclosed at **Annexure-II**. It contains no qualification / reservation / adverse remarks.

CORPORATE SOCIAL RESPONSIBILITY

CSR is a way by which corporate visibility to contribute towards improving the quality of life of relatively weaker communities living in rural areas.

Pursuant to the provisions of Section 135 of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has initiated the process of fulfillment of its CSR obligations and constituted a CSR Committee of Directors of the Board comprising of :-

1. Shri A. Roy, Chairman
2. Ms. Praveen Mahajan, Member
3. Shri Ranjan Sharma, Member
4. Shri Ajai Puri, Member

As required under the Companies Act, 2013 and CSR Rules, 2014, CSR Annual Report of the Company is enclosed in prescribed format at **Annexure- III**.

AUDIT COMMITTEE

Pursuant to the provisions of Section 177 (1) of the Companies Act, 2013 (the Act), read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, Audit Committee of Directors has been re-constituted and at present, Audit Committee consists of three Directors namely:

Name of Members	Status
Shri Pratip Chaudhuri	Chairman
Ms. Praveen Mahajan	Director
Shri Ranjan Sharma	Director

Number of Meetings of the Audit Committee

During the Financial Year 2014-15, 4 (Four) Audit Committee Meetings were held on 12/06/2014, 24/09/2014, 23/12/2014 and 25/03/2015. The Audit Committee Members were comprising as follows:

Sl. No.	Name of Director	Designation	No. of Meeting Held	No. of Meetings attended
1	Shri Rakesh Kapur	Managing Director	4	4
2	Shri Ranjan Sharma	Director	4	4
3	Shri Arabinda Roy	Nominee Director	4	3
4	Shri Manish Gupta	Nominee Director	4	1
5	Shri S.C. Mittal	Nominee Director	4	3
6	Shri Nilanjan Roy	Nominee Director	4	1

NOMINATION AND REMUNERATION COMMITTEE:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board & its Power) Rules, 2014, the Board of Directors had constituted the Nomination & Remuneration Committee consisting of 4 Directors out of which 2 are Independent Directors.

Presently, the Nomination & Remuneration Committee comprising of:-

1. Ms. Praveen Mahajan, Chairperson
2. Shri Ajai Puri, Member
3. Shri Pratip Chaudhuri, Member
4. Shri Ranjan Sharma, Member

RELATED PARTY TRANSACTIONS

All contract/arrangements/transactions entered by the Company during the financial year with related parties were in ordinary course of business and on arms' length basis. The particulars of contracts or arrangements with related parties referred to in sub-Section (1) of Section 188 in the prescribed Form AOC-2 are annexed as **Annexure-IV**.

INFORMATION UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is placed at **Annexure V**.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

During the year 2014-15, Company has not given any loan or provided any guarantee under Section 186 of the Companies Act, 2013. The status is as follows:

Loans: NIL

Guarantees: NIL

Investments: NIL

ASSOCIATE COMPANIES

The names of Companies, which have ceased to be associate companies during the Financial Year:- **Nil**

INFORMATION PURSUANT TO SECTION 134 (3) OF THE COMPANIES ACT, 2013:

Statement giving the details of conservation of energy, technology absorption and foreign exchange earning and outgo in accordance with requirements of Section 134 (3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, is as follows :-

A. Conservation of Energy

As the Company primarily deals with the trading and service provider industry, and is engaged in the business of providing value added services on mobile telephony in rural and semi urban areas of the country, particulars related to the energy conservation is not applicable to the Company.

B. Technology Absorption, Adoption And Innovation

The point regarding technology absorption, adoption or innovation is not applicable to our company, being a service company.

C. Foreign Exchange Earnings And Outgo

The foreign exchange earnings and outgo during the year as follows:-

Foreign Exchange Earning	NIL
Foreign Exchange Outgo	INR 68,119 which is equivalent to USD 1,100

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company hereby confirmed:

- (v) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures in the financial statement;
- (vi) That the Directors have selected such and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit and loss of the Company for that period;
- (vii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (viii) That the annual accounts have been prepared on a going concern basis.
- (ix) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to express their gratitude to all the employees for their significant personal efforts and their collective contribution to enable the company to achieve good performance and maintain steady progress.

The Board of Directors places on record its deep appreciation of the valuable services and dedicated efforts of the members of the Company in the achievements during the year 2014-15. The Board also wishes to thank the Government of India, particularly, the Ministry of Agriculture, Department of Telecommunications as well as various State Governments, regulatory and statutory authorities for their valuable support and guidance.

The Directors also place on record their appreciation of the continued support extended by the Member Shareholders, Joint Venture Partners, Content Partners, Institutional Partners, Community Partners and Business Partners in the Company's activities.

Finally, your Directors express their sincere thanks to the Statutory Auditors, Company's Bankers and Vendors and other constituents for their continued support.

**On behalf of the Board,
For IFFCO Kisan Sanchar Limited**

**Date: 27.08.2015
Place: New Delhi**

**(U.S. Awasthi)
Chairman
DIN: 00026019**