



MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

**NAGARJUNA**  
**AGRI TECH LIMITED**

**NINTH ANNUAL REPORT**  
**1996-97**





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### Board of Directors

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Field Marshal SHFJ Manekshaw	-	Chairman
Dr. S.N. Rao		
Philipose Mathai	-	Nominee Director KSIIDC
Tushar R Desai		
K. Soma Raju		
K. Rama Krishna Raju		
Dr. KVLN Raju	-	Managing Director

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### Auditors

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M/s. Amar & Raju  
Chartered Accountants  
Hyderabad - 500 082.

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### Advocates & Solicitors

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M/s. Bhaishanker Kanga & Girdharlal  
Bombay - 400 001.

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### Principal Bankers & Financial Institution

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Bank of India  
Canara Bank  
State Bank of Mysore  
The Vysya Bank Limited  
Industrial Development Bank of India.

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### Share Transfer Agent

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Ikon Visions Private Limited  
33, Sanali Heavens,  
8-3-948, Ameerpet,  
Hyderabad - 500 073.

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### Registered Office

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56, Nagarjuna Hills,  
Punjagutta,  
Hyderabad - 500 082.



## NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the Members of Nagarjuna Agri Tech Limited will be held on September 22, 1997 at 3.00 P.M. at the Registered Office of the Company 56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082, to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts of the Company for the year ended March 31, 1997, together with the report of the Director's and Auditor's thereon.
2. To appoint a Director in place of Mr. K. Soma Raju, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. K. Rama Krishna Raju, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint auditors for the current year and fix their remuneration for the year 1997-98. M/s. Amar and Raju, Chartered Accountants, Hyderabad, retire at the conclusion of this meeting and are eligible for reappointment.

By Order of the Board of Directors  
for Nagarjuna Agri Tech Limited

Dr. K.V.L.N. RAJU  
Managing Director

Registered Office  
56, Nagarjuna Hills,  
Hyderabad - 500 082.  
July 28, 1997.

## NOTES

1. A member is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member of the Company.
2. The Register of Members and Share Transfer Books will remain closed from September 16, 1997 to September 22, 1997 (both days inclusive).
3. The proxy form fully completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
4. Members are requested to inform immediately of any change in their address registered with the Company.



## DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Ninth Annual Report and the audited accounts for the financial year ended 31st March, 1997.

### 1. Financial Results

The results of operations for the year ended 31-3-1997 are as under :

(Rs. in lakhs)

	1996-97 Current Year	1995-96 Previous Year
Turnover	103.34	—
Operating Surplus before interest and depreciation	1.06	6.78
Interest	48.78	1.72
Depreciation	59.32	—
Deficit for the year	(-) 107.04	(+) 5.06
Deficit upto previous year	10.48	12.40
Deficit carried forward	118.56	10.48

The above figures for the current year are not comparable with those of previous year since during the previous year the company had been incurring expenditure in setting up the project and are not relevant to the present business activity of the company.

### 2. Operations

The company has declared commercial production from October 1, 1996. The period under review had been one of intense activity and the management had to face many challenging problems.

The operations of the company and the industry as a whole were severely affected during the year due to unforeseen circumstances like extended summer season in Europe, and adverse climatic conditions during peak time for Christmas and New Year, with severe cold wave hovering upto -27 degrees centigrade in Europe, thus resulting in no market situation in Europe.

### 3. Future Prospects

With several new entrants to the floriculture industry, the management is cautious of the stiff competition to be faced from the co-producers. However, the international market for flowers is growing at a steady rate and new markets are on the rise. The quality of the company's product is well accepted in the international market and having observed the pulse in international markets, the management is optimistic of the better prospects in the years to come. Better infrastructural facilities are now available to the floriculture industry and the interaction among various companies with their experience, and focus on better quality, are significant contributions for the growth of the industry as a whole.

### 4. Public Issue

The public issue of shares made by your company during the year under review was oversubscribed. Payment for the shares was required to be made in two instalments, on application @ Rs. 2.50 per share and on allotment @ Rs. 7.50 per share. Calls in arrears in respect of allotment money were of the order of Rs. 220 lakhs. The arrears constituting 16% of the project cost severely affected the cash flows resulting additional interest cost to the project on the addition to the loan funds.

### 5. Directors

In accordance with the requirements of the Companies Act, 1956, and Articles of Association of the company. Your Directors viz. Mr. K. Ramakrishna Raju and Mr. K. Soma Raju, retire by rotation and being eligible offer themselves for reappointment.

### 6. Auditors

M/s. Amar & Raju, Chartered Accountants, Hyderabad, who are the present auditors of the company, retire at the close of the ensuing Annual General Meeting and are eligible for reappointment.

### 7. Particulars of Employees

None of the employees received remuneration of Rs. 3,00,000 per annum or Rs. 25,000 per month during the



part of the year and hence, reporting of information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rule, 1975, does not arise.

#### 8. Disclosures

##### a. Conservation of Energy :

Floriculture industry is not power intensive. However, adequate measures have been taken to conserve energy, wherever possible.

##### b. Technology absorption, adaption & innovation :

The company has fully absorbed the technology from the suppliers/collaborators.

##### c. Foreign Exchange Earnings & Outgo :

Foreign Exchange Earnings	Rs. 1,09,98,137
Foreign Exchange Outgo	
- Capital Goods Imports	Rs. 3,14,65,881
- Travel related	Rs. 91,367

#### 9. Auditor's Report

The Auditors observations are self explanatory.

The company is making arrangements to pay the outstanding amounts to Employee Provident Fund & Employees State Insurance keeping in view the statutory obligation towards the above liability.

#### 10. Acknowledgement

The Directors gratefully acknowledge the timely support of the Financial Institution Industrial Development Bank of India Ltd., and the Company's Bankers.

The Directors wish to record their appreciation for the untiring efforts and team spirit of all the staff and Executives, in the speedy implementation of the project.

On behalf of Board of Directors  
for NAGARJUNA AGRI TECH LIMITED

Field Marshal SHFJ Manekshaw  
Chairman

Place : Hyderabad

Date : July 28, 1997



## AUDITOR'S REPORT

To  
The Members of  
M/s. NAGARJUNA AGRI TECH LIMITED  
HYDERABAD.

We have audited the attached Balance Sheet of M/s. Nagarjuna Agri Tech Limited as at 31st March, 1997, and the profit and loss account for the year ended on that date annexed thereto and report that :

- 1) As required by the manufacturing and other companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we report that :
  - i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the fixed assets have been physically verified by the management at the year end, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - ii) None of the fixed assets have been revalued during the year.
  - iii) The management has conducted the physical verification in respect of finished goods, materials and stores at the end of the year under review. In our opinion the frequency of verification is reasonable.
  - iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - v) No material discrepancies have been noticed on physical verification between the physical stocks and stocks as per the book records.
  - vi) On the basis of our examination of the stock records of the company, we are of the opinion that the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles.
- vii) The company has taken interest bearing and interest free unsecured loans from companies listed in the register maintained under Section 301 of the Companies Act, 1956, and/or from the companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956. In our opinion the rate of interest and other terms and conditions are not prima facie prejudicial to the interests of the company.
- viii) The company has not given any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the companies under same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
- ix) The company has not given any loans or advances in the nature of loans to any body except interest free advances to the employees who are repaying the amounts as stipulated.
- x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of stores, materials, machinery, equipment and other assets, and for the sale of goods.
- xi) In our opinion, and according to the information and explanations given to us, the company has not purchased any stores, materials, or components exceeding Rs. 50,000/- in value for each type, from the firms or companies or other parties in which Directors are interested as listed in the Register maintained under Section 301 of the Companies Act, 1956.



- xii) As explained to us, the company has a regular procedure for the determination of unserviceable or damaged stores, materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- xiii) The company has not accepted any deposits from the public during the year under audit in contravention to the provisions of Section 58A of the Companies Act, 1956, and the rules framed there under.
- xiv) According to the information and explanations given to us there is no generation of scrap and the company has no by-products.
- xv) The company does not have any internal audit system. However, there are internal control procedures in different operational areas commensurate with the size of the company and nature of its operations.
- xvi) Maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government for the company.
- xvii) Provident fund dues relating to the period 1995-96 amounted to Rs. 31,609/- and for the period July '96 to March '97 amounted to Rs. 44,432/- and Employees State Insurance dues amounted to Rs. 5,538/- related to the period August '96 to March '97 which had fallen due for deposit with appropriate authorities had not been so deposited as at 31-03-97. Out of these Rs. 31,609/- Provident fund dues were deposited subsequently.
- xviii) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at March 31, 1997 for a period of more than six months from the date they became payable.
- xix) According to the information and explanations given to us, no personal expenses of employees

or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

- xx) The company is not a sick industrial company within the meaning of Clause (O) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
2. Subject to the above comments and notes forming part of accounts we further state that :
- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of such books.
- c) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of accounts.
- d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
- i) in so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March, 1997, and
- ii) in so far as it relates to the Profit & Loss Account of the company for the year ended on that date.

for AMAR & RAJU  
Chartered Accountants

(G. AMARANATHA REDDY)  
Partner

Place : Hyderabad  
Date : July 28, 1997





**BALANCE SHEET AS AT 31ST MARCH, 1997**

	Schedule No.	As at 31-03-97		As at 31-03-96	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
Shareholders Funds :					
Share Capital	A	6,55,48,750		4,13,00,000	
Reserves & Surplus		—	6,55,48,750	—	4,13,00,000
Loan Funds :					
Secured Loans	B	6,27,22,926		5,03,49,269	
Unsecured Loans	C	81,11,834		58,20,851	
			7,08,34,760		5,61,70,120
<b>TOTAL</b>			<b>13,63,83,510</b>		<b>9,74,70,120</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>	D				
Gross Block		9,50,66,929		8,64,49,047	
Less : Depreciation		20,15,361		—	
Net Block			9,30,51,568		8,64,49,047
<b>INVESTMENTS</b>	F		18,180		18,180
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	G				
Current Assets		19,47,890		79,38,295	
Loans & Advances		23,41,742		20,19,391	
		42,89,632		99,57,686	
Less : Current Liabilities and Provisions	H				
Current Liabilities		79,06,089		3,54,99,340	
Provisions		5,89,019		4,85,000	
NET CURRENT ASSETS			(-) 42,05,476		(-) 2,60,26,654
<b>MISCELLANEOUS EXPENDITURE</b>	I		3,56,63,709		3,59,81,348
<b>PROFIT AND LOSS ACCOUNT</b>			1,18,55,529		10,48,199
<b>TOTAL</b>			<b>13,63,83,510</b>		<b>9,74,70,120</b>
<b>NOTES ON ACCOUNTS</b>	O				

As per our report of even date

For and on behalf of the Board

for AMAR & RAJU  
CHARTERED ACCOUNTANTS

FIELD MARSHAL SHFJ MANEKSHAW  
Chairman

(G. AMARANATHA REDDY)  
Partner

Dr. KVLN RAJU  
Managing Director

Mrs. K. LAKSHMI RAJU  
Director

K. RAMAKRISHNA RAJU  
Director

K. SOMA RAJU  
Director

Place : Hyderabad  
Date : July 28, 1997



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997**

	Schedule No.	For the Year ended 31-03-97 Rupees	For the Year ended 31-03-96 Rupees
<b>INCOME</b>			
Sales less returns		1,03,34,643	—
Other Income	J	42,388	8,49,068
<b>TOTAL</b>		<b>1,03,77,031</b>	<b>8,49,068</b>
<b>EXPENDITURE</b>			
Manufacturing, Administrative & Selling Expenditure	K	94,60,891	—
Expenditure on Personnel	L	3,95,063	—
Interest	M	48,77,756	1,71,509
Depreciation	D	20,15,361	—
Miscellaneous Expenditure Written off	N	43,31,271	605
Loss on sale of investments		—	1,70,480
<b>TOTAL</b>		<b>2,10,80,342</b>	<b>3,42,594</b>
Profit (+) / Loss (-) before Tax		(-) 1,07,03,311	(+) 5,06,474
Provision for taxation		—	3,15,000
Profit (+) / Loss (-) after Tax		(-) 1,07,03,311	(+) 1,91,474
Earlier year Tax adjustments		1,04,019	117
Brought forward loss		10,48,199	12,39,556
Loss carried to Balance Sheet		<b>1,18,55,529</b>	<b>10,48,119</b>
NOTES ON ACCOUNTS	O		

As per our report of even date

For and on behalf of the Board

for AMAR & RAJU  
CHARTERED ACCOUNTANTS

FIELD MARSHAL SHFJ MANEKSHAW  
Chairman

(G. AMARANATHA REDDY)  
Partner

Dr. KVLN RAJU  
Managing Director

Mrs. K. LAKSHMI RAJU  
Director

K. RAMAKRISHNA RAJU  
Director

K. SOMA RAJU  
Director

Place : Hyderabad  
Date : July 28, 1997



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 1997

SCHEDULE - A : SHARE CAPITAL

	As at 31-03-97		As at 31-03-96	
	Rupees	Rupees	Rupees	Rupees
AUTHORISED 1,00,00,000 Equity Shares @ Rs. 10/- each		<u>10,00,00,000</u>		<u>10,00,00,000</u>
ISSUED SUBSCRIBED, CALLEDUP & PAID UP 87,53,100 (Previous year 41,30,000) equity shares of Rs. 10/- each Less : Calls in arrears		<u>8,75,31,000</u> <u>2,19,82,250</u>		<u>4,13,00,000</u> —
TOTAL		<u>6,55,48,750</u>		<u>4,13,00,000</u>

SCHEDULE - B : SECURED LOANS

1. Foreign currency loan from Industrial Development Bank of India Add : Interest accrued & due	<u>3,69,09,657</u> <u>27,65,574</u>	<u>3,96,75,231</u>	<u>3,59,80,037</u> <u>18,06,022</u>	<u>3,77,86,059</u>
2. Rupee Term loan from IDBI Add : Interest accrued & due	<u>1,37,00,000</u> <u>20,13,965</u>	<u>1,57,13,965</u>	<u>1,00,00,000</u> <u>5,14,836</u>	<u>1,05,14,836</u>
3. Term loan from Vysya Bank		<u>60,00,000</u>		—
4. Hire Purchase from : a) Birla Global Finance Ltd. b) Nagarjuna Finance Ltd. c) DCL Finance Ltd. d) Instalments overdue	<u>6,67,375</u> <u>1,31,156</u> <u>3,47,645</u> <u>1,87,554</u>		<u>11,59,125</u> <u>3,60,224</u> <u>5,29,025</u> —	<u>20,48,374</u>
TOTAL		<u>6,27,22,926</u>		<u>5,03,49,269</u>

SCHEDULE - C : UNSECURED LOANS

From Directors		<u>5,42,235</u>		<u>2,02,181</u>
From Body Corporate		<u>63,01,910</u>		<u>40,15,000</u>
From Others		<u>2,01,000</u>		<u>15,01,000</u>
Interest accrued & due		<u>10,66,689</u>		<u>1,02,670</u>
TOTAL		<u>81,11,834</u>		<u>58,20,851</u>



## SCHEDULE - D : FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01-04-96	Additions during the year	As on 31-03-97	Upto 31-03-96	For the period	Upto 31-03-97	As on 31-03-97	As on 31-03-96
Land & Devpt.	—	82,63,722	82,63,722	—	—	—	82,63,722	—
Buildings	—	1,06,27,485	1,06,27,485	—	1,77,479	1,77,479	1,04,50,006	—
Plant & Machinery	—	7,35,75,220	7,35,75,220	—	17,47,411	17,47,411	7,18,27,809	—
Furniture & Fixtures	5,67,148	44,520	6,11,668	—	19,359	19,359	5,92,309	5,67,148
Office Equipment.	1,61,232	97,982	2,59,214	—	6,156	6,156	2,53,058	1,61,232
Computers	2,07,721	—	2,07,721	—	16,836	16,836	1,90,885	2,07,721
Vehicles	5,04,220	—	5,04,220	—	23,950	23,950	4,80,270	5,04,220
Refregirated Vehicle	10,17,679	—	10,17,679	—	24,170	24,170	9,93,509	10,17,679
TOTAL	24,58,000	9,26,08,929	9,50,66,929	—	20,15,361	20,15,361	9,30,51,568	24,58,000
Capital work-in-progress including advance on capital account							7,09,42,274	
Pre-operative expenditure pending allocation during construction period - Schedule-E							1,30,48,773	
TOTAL							<u>8,64,49,047</u>	



( SCHEDULE - E : PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION DURING CONSTRUCTION PERIOD

Particulars	Incurring upto 31-03-96 Rupees	01-04-96 to 30-09-96 Rupees	Total upto 30-09-96 Rupees
Salaries, Wages & Other benefits	13,79,152	6,92,519	20,71,671
Directors Remuneration	1,35,000	--	1,35,000
EPF & ESI Company contribution	54,930	30,123	85,053
Staff Welfare Expenditure	1,92,192	97,028	2,89,220
Staff Training & Recruitment	29,484	400	29,884
Travelling & Conveyance	14,57,637	2,26,686	16,84,323
Printing & Stationery	2,52,219	36,784	2,89,003
Communication costs	2,63,679	2,32,608	4,96,287
Rent, Rates, Taxes & Fees	9,16,956	2,08,463	11,25,419
Bank Charges & Commission	1,28,574	91,913	2,20,487
Auditors Remuneration	50,000	--	50,000
Legal & Professional & Technical Consultancy Charges	18,67,050	1,60,273	20,27,323
Directors Sitting Fees	40,000	16,000	56,000
Interest - IDBI	32,29,009	29,30,337	61,59,346
Interest - Others	2,13,581	18,80,653	20,94,234
Frontend fee (IDBI)	5,74,187	--	5,74,187
Office Maintenance	1,96,948	49,165	2,46,113
Vehicle Maintenance	1,28,243	43,085	1,71,328
Advertisement & Business Promotion	1,53,187	2,39,558	3,92,745
Books, Periodicals & Subscriptions	49,296	5,174	54,470
AGM Expenditure	--	33,496	33,496
Computer Software Charges	36,240	600	36,840
General Expenses	3,35,476	56,972	3,92,448
Transportation Charges	31,523	2,32,274	2,63,797
Vehicle Hire Charges	72,000	1,48,580	2,20,580
Repairs & maintenance	1,36,640	1,18,180	2,54,820
Power & Fuel	2,53,970	2,23,528	4,77,498
Freight, Clearing & Forwarding Charges	--	8,59,753	8,59,753
Fertilizers & Pesticides	8,71,600	5,30,173	14,01,773
Packing material	--	1,43,301	1,43,301
Purchase of Flowers	--	3,81,630	3,81,630
<b>TOTAL</b>	<b>1,30,48,773</b>	<b>96,69,256</b>	<b>2,27,18,029</b>
Less : 1. Sales less returns		41,23,499	
2. Interest income :			
a. On application money received on public issue		1,26,655	
b. On margin money deposits with bank		97,253	
			<b>43,47,407</b>
			<b>1,83,70,622</b>
Less : Capitalised to			
a) Plant & Machinery		1,60,61,435	
b) Buildings		23,09,187	
Carried to Balance Sheet			<b>1,83,70,622</b>



**SCHEDULE - F : INVESTMENTS**

	As at 31-03-97		As at 31-03-96	
	Rupees	Rupees	Rupees	Rupees
Trade investments (at cost-quoted) 1800 equity shares of Rs. 10/- each in Asia Pacific Investment Trust Limited		18,180		18,180
<b>TOTAL</b>		<u>18,180</u>		<u>18,180</u>
Aggregate market value of quoted investments		12,510		24,300

**SCHEDULE - G : CURRENT ASSETS, LOANS AND ADVANCES**

<b>A. CURRENT ASSETS</b>				
1. Stock-in-trade :				
Fertilizers & Pesticides	13,795		--	
Packing material	33,953		--	
		<u>47,748</u>		--
2. Sundry Debtors :				
(Unsecured, considered good)				
a. Outstanding for more than six months	57,217		--	
b. Others	12,43,830		--	
		<u>13,01,047</u>		--
3. Cash & Bank Balances :				
a. Cash on hand	3,20,682		4,37,035	
b. Balance with scheduled banks				
i. in Current Account	2,01,782		8,58,975	
ii. as Margin Money	76,631		66,42,285	
		<u>5,99,095</u>		<u>79,38,295</u>
<b>TOTAL</b>		<u>19,47,890</u>		<u>79,38,295</u>
<b>B. LOANS AND ADVANCES</b>				
1. Advances to be recovered in cash or in kind for the value to be received	3,99,264		6,38,102	
2. Deposits	10,24,264		5,41,938	
3. Unmatured finance charges	3,49,492		5,76,563	
4. Tax deducted at source	3,08,971		2,62,788	
5. Income Tax paid	2,59,751		--	
		<u>23,41,742</u>		<u>20,19,391</u>
<b>TOTAL</b>		<u>42,89,632</u>		<u>99,57,686</u>



**SCHEDULE - H : CURRENT LIABILITIES AND PROVISIONS**

	As at 31-03-97		As at 31-03-96	
	Rupees	Rupees	Rupees	Rupees
<b>A. CURRENT LIABILITIES</b>				
Creditors for Capital Works	13,78,923		3,39,52,474	
Creditors for supplies	3,28,205		--	
Creditors for services & Expenses	36,69,115		9,06,541	
Interest accrued but not due on term loan (IDBI)	4,01,795		3,83,960	
TDS Payable	4,64,809		2,49,332	
Bank Over draft	16,63,242		7,033	
		79,06,089		3,54,99,340
<b>B. PROVISIONS</b>				
Provision for taxation	5,89,019		4,85,000	
		5,89,019		4,85,000
<b>TOTAL</b>		<b>84,95,108</b>		<b>3,59,84,340</b>

**SCHEDULE - I : MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)				
1. Public issue expenses	41,40,360		9,90,047	
Less : Written off during the year	4,14,036		--	
		37,26,324		9,90,047
2. Preliminary expenses	2,420		3,025	
Less : Written off during the year	605		605	
		1,815		2,420
3. Deferred revenue expenditure				
Plant material (Mother plants)	3,58,52,200		3,49,88,881	
Less : Written off during the year (for 6 months)	39,16,630		--	
		3,19,35,570		3,49,88,881
<b>TOTAL</b>		<b>3,56,63,709</b>		<b>3,59,81,348</b>



SCHEDULE - J : OTHER INCOME

	Year ended 31-03-97 Rupees	Year ended 31-03-96 Rupees
Dividend received	2,750	3,000
Interest received	19,058	8,46,068
Freight subsidy	20,580	--
<b>TOTAL</b>	<b>42,388</b>	<b>8,49,068</b>

SCHEDULE - K : MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENDITURE

<b>A. Manufacturing Expenditure :</b>		
Fertilizers & Pesticides	11,97,429	--
Power & Fuel	1,87,250	--
Wages	4,89,937	--
Repairs & Maintenance	2,40,730	--
Transportation Charges	4,47,952	--
Purchase of flowers	3,26,171	--
<b>B. Administrative Expenses :</b>		
Travelling & Conveyance	1,66,430	--
Printing & Stationery	49,274	--
Communication costs	1,32,329	--
Rent, Rates, Taxes & Fees	1,34,791	--
Auditors remuneration	30,000	--
Legal & Professional charges	54,895	--
Bank Charges & Commission	24,477	--
Vehicle Maintenance	54,926	--
Office Maintenance	63,550	--
Directors sitting fee	16,000	--
General Expenses	55,340	--
Advertisement & Business promotion	33,116	--
<b>C. Selling Expenditure :</b>		
Freight, Clearing, Forwarding and handling charges	39,25,648	--
Sales Commission	8,13,586	--
Duties & Taxes	5,96,954	--
Packing material	4,20,106	--
<b>TOTAL</b>	<b>94,60,891</b>	<b>--</b>





SCHEDULE - L : EXPENDITURE ON PERSONNEL

	Year ended 31-03-97 Rupees	Year ended 31-03-96 Rupees
Salaries & Other benefits	3,13,939	--
EPF & ESI Company contribution	24,095	--
Staff welfare expenditure	57,029	--
<b>TOTAL</b>	<b>3,95,063</b>	<b>--</b>

SCHEDULE - M : INTEREST

on IDBI Foreign Currency Loan	18,42,612	--
on IDBI Rupee Term Loan	14,03,567	--
on Other Loans	8,03,372	1,71,509
Bank Interest	8,28,205	--
<b>TOTAL</b>	<b>48,77,756</b>	<b>1,71,509</b>

SCHEDULE - N : MISCELLANEOUS EXPENDITURE WRITTEN OFF

Public issue expenses	4,14,036	--
Preliminary expenses	605	605
Deferred revenue expenditure	39,16,630	--
<b>TOTAL</b>	<b>43,31,271</b>	<b>605</b>



SCHEDULE - O : NOTES ON ACCOUNTS

1. Significant Accounting Policies

A. Basis of preparation of Financial Statements :

- i) The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principle followed by the company.

B. Fixed Assets : Fixed assets are valued at cost less depreciation. Cost includes proportionate allocation of preoperative expenditure.

C. Depreciation : Depreciation has been provided on the straight line method at the rates specified in the Schedule XIV of the Companies Act, 1956.

D. Investments : Investments are valued at cost.

E. Inventories : Closing stock of fertilizers pesticides and packing materials are valued at cost.

F. Miscellaneous Expenditure :

- i) Preliminary expenses are amortised over a period of 10 years in equal instalments.
- ii) Public issue expenses are amortised over a period of 10 years in equal instalments.
- iii) Deferred revenue expenditure consisting of plant material (Mother plants) will be amortised over a period of 5 years in equal instalments.

G. Foreign currency transactions :

- i) Liabilities in respect of foreign currency loans have been revalued at the exchange rate prevailing at the year end. The difference arising as a result of the above is adjusted in the cost of the fixed assets acquired and in respect of deferred expenditure (Mother plants). It is debited/credited to the Profit & Loss Account as the case may be.
- ii) Exports invoiced in foreign currency are converted at the exchange rate prevailing on the date of transaction. Gain/Loss arising out of fluctuation in exchange rates are accounted for on realisation.

H. Government Grants : Air freight subsidy received is recognised on receipt basis and is shown separately as income, under the head "Other Income".

2. Particulars of Capacity & Production :

- a. Class of Goods produced : Cut Flowers (Roses)
- b. Licensed Capacity : N.A.
- c. Installed Capacity : 1,12,50,000 p.a.
- d. Actual Production : 45,94,114 (includes normal wastage)

3. Fertilizers & Pesticides consumed

Item	Value (in Rs.)
Potassium Nitrate	4,21,464
Allite	63,400
Ridomil	59,250
Others	6,53,315
	<u>11,97,429</u>

4. Trading Purchases

	Qty.	Value (in Rs.)
Cut Flowers (Roses)	1,00,097	3,26,171
TOTAL	<u>1,00,097</u>	<u>3,26,171</u>



5. Turnover

	Percentage of Value	Qty.	Value (in Rs.)
Domestic Sales	16.33%	13,77,622	16,87,797
Export Sales	83.67%	17,79,560	86,46,846
<b>TOTAL</b>	<b>100.00%</b>	<b>31,57,182</b>	<b>1,03,34,643</b>

6. Stock-in-Trade

Cut Flowers (Roses) NIL

7. Foreign Exchange Transactions

	1996-97 Rs.	1995-96 Rs.
a. Earnings in foreign currency (FOB value of exports)	73,69,585	N.A.
b. Expenditure in Foreign currency on account of travel	91,367	1,22,659
c. CIF value of imported capital goods	--	7,53,41,170
8. Managerial Remuneration Dr. KVLN Raju Managing Director Salary (Previous year for part of the year)	--	1,35,000
Perquisites & other benefits	90,147	67,945
	<u>90,147</u>	<u>2,02,,945</u>
9. Auditors Remuneration As Auditors Fee	20,000	20,000
For tax audit	5,000	--
For Certification & Taxation matters	5,000	10,000
<b>TOTAL</b>	<u>30,000</u>	<u>30,000</u>

10. Contingent Liabilities

a. Bank Guarantee	5,10,113	5,10,113
b. Income Tax in dispute for the A.Y. 1991-92 against which appeals are pending	49,735	49,735

11. Profit and Loss Account

The Profit and Loss account was made for the period from 01-10-96 to 31-03-97 and this being the first year of commercial operations, the previous years figures are not comparable with the current year figures.

12. Preoperative Expenditure

Preoperative expenditure consists of the expenditure regarded as a part of the indirect cost incidental and related to the project, incurred upto 30-09-96 was capitalised to plant & machinery and buildings on proportionate basis.

13. Other Additional Information

Other additional information as disclosed above, pursuant to the paragraphs 4C and 4D of Schedule VI of the Companies Act, 1956 is related to the period 01-10-96 to 31-03-97 i.e. for the period for which the Profit & Loss Account was prepared.

14. Secured Loans

- Foreign currency term loan and Rupee term loan from Industrial Development Bank of India is secured by first mortgage and charge on all the movable and immovable assets of the company, present and future, subject to the charges to be created in favour of bankers on specified current assets for securing working capital borrowings and personal guarantee of Dr. KVLN Raju the main promoter.
- Term loan from Vysya Bank is secured by personal guarantee of Dr. KVLN Raju and personal properties of his associates.
- Hire Purchase loans are secured by hypothecation of specified assets acquired under hire purchase agreement.

15. Provision for taxation

No provision for tax has been made for the year in the absence of taxable income as computed under the provisions of the Income Tax Act, 1961, however provision has been created for the earlier Assessment years tax liability.



**16. Retirement Benefits**

No provision has been made in the accounts against the liability in respect of future payments of gratuity to employees as no employee has yet put in the qualifying service for the entitlement of the benefit.

17. The company has not received any claim of interest for delayed payment, hence no separate disclosure in respect thereof has been made as required under Interest on delayed payments to Small Scale and Ancillary Industrial Undertakings Act, 1993.

18. The company has not given the computation of net profit for the purpose of Directors Remuneration u/s 349 of the Companies Act, 1956 since no commissions by way of percentage of profit is payable for the year to any of the Directors of the Company.

19. The company has acquired land in the name of its employees. The existing rules in the Karnataka state do not permit the companies to hold agricultural land in their names. However, the company has entered into agreement with its employees for execution of necessary legal documents in respect of the title of the land. The consideration for purchase of said land has already been paid out of the company's fund, hence treated as an asset of the company.

20. Balances under sundry debtors, sundry creditors, loans and advances payable/receivable and deposits are subject to confirmation and reconciliation.

21. Previous year figures have been regrouped, recasted and reclassified wherever necessary, to confirm with current years classifications.

22. The figures have been rounded off to the nearest rupee.

23. Balance Sheet abstract and company's general business profile.

**A. Registration Details**

Registration No. 7981 of 1987 - 88  
State Code 01  
Balance Sheet Date 31-03-1997 31-03-1996

**B. Capital raised during the year (Rs. in '000s)**

Public Issue 24249 --  
Right Issue -- --  
Bonus Issue -- --  
Private Placement -- 27557

**C. Position of Mobilisation and deployment of funds**

Total Liabilities 144879 133454  
Total Assets 144879 133454

Sources of funds  
Paidup Capital 65549 41300  
Reserves & Surplus -- --  
Secured Loans 62723 50349  
Unsecured Loans 8112 5821  
**TOTAL 136384 97470**

**Application for funds**

Net fixed assets 93052 86449  
Investments 18 18  
Net Current Assets (-) 4205 (-) 26026  
Misc. Expenditure 35664 35981  
Accumulated Losses 11855 1048  
**TOTAL 136384 97470**

**D. Performance of the company**

Turnover 10335 --  
Other Income 42 849  
Total Income 10377 849  
Total Expenditure 21080 343  
Profit / Loss before tax (10703) 506  
Profit / Loss after tax (10703) 191  
Earnings per share N.A. N.A.  
Dividend Rate (%) NIL NIL

**E. Generic names of three Principal products/services of the company as per monetary terms**

Product Description N.A. N.A.  
Item Code No. (ITC Code) N.A. N.A.

Signature to Schedules A to O

As per our report of even date

For and on behalf of the Board

for AMAR & RAJU  
CHARTERED ACCOUNTANTS

FIELD MARSHAL SHFJ MANEKSHAW  
Chairman

(G. AMARANATHA REDDY)  
Partner

Dr. KVLN RAJU  
Managing Director

Mrs. K. LAKSHMI RAJU  
Director

K. RAMAKRISHNA RAJU  
Director

K. SOMA RAJU  
Director

Place : Hyderabad

Date : July 28, 1997



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1997.**

	As at 31.03.1997	
	Rupees	Rupees
<b>A.) Cash Flow from operating activities :</b>		
Net Loss as per profit & Loss Account		(1,07,03,311)
<u>Adjustment for :</u>		
Depreciation	20,15,361	
Interest	48,77,756	
Miscellaneous Expenditure written off	43,31,271	
Interest Received	(19,058)	
Dividends Received	(2,750)	
Sales during construction period	<u>41,23,499</u>	
		<u>1,53,26,079</u>
Operating profit before working capital changes		46,22,499
<u>Adjustment for :</u>		
Trade & other receivables	(18,12,080)	
Inventories	(47,748)	
Trade payables	<u>30,14,107</u>	
		11,54,279
cash generated from operations		57,77,047
Direct Taxes paid		(3,05,934)
Net cash from operative activities		54,71,113
<b>B.) Cash Flow from Investing activities :</b>		
Purchase of fixed assets	(27,34,647)	
Pre-operative expenditure (other than interest)	(48,58,266)	
Public Issue Expenses	(31,50,313)	
Deferred revenue expenditure	(4,95,085)	
Decrease in creditors for capital works	(3,25,73,551)	
Dividends Received	2,750	
Interest Received	<u>4,80,511</u>	
Net cash used in investing activities		(4,33,28,601)
<b>C.) Cash Flow from Financing activities :</b>		
Proceeds from issue of share capital	2,42,48,750	
Proceeds from long term borrowings	37,00,000	
Short term borrowings	53,83,790	
Borrowings from Banks	76,56,209	
Repayment of finance lease liabilities	(7,14,644)	
Repayment of short term borrowings	<u>(40,26,826)</u>	



**NAGARJUNA  
AGRI TECH LIMITED**

Interest paid	(57,28,991)	
Net cash from financing, activities		3,05,18,288
Net decrease in cash & cash equivalents (A+B+C)		(73,39,200)
Cash and Cash equivalents as at 31-03-1996		79,38,295
Cash and Cash equivalents as at 31-03-1997		5,99,095

for **AMAR & RAJU**  
CHARTERED ACCOUNTANTS

(G. AMARANATHA REDDY)  
Partner

Place : Hyderabad  
Date : July 28, 1997

For and on behalf of the Board  
for **NAGARJUNA AGRI TECH LTD.**

Dr. KVLN RAJU  
Managing Director

To

The Board of Directors  
**NAGARJUNA AGRI TECH LIMITED**  
62, Nagarjuna Hills,  
Punjagutta,  
Hyderabad - 500 082.

Dear Sirs,

We have examined the attached cash flow statement of Nagarjuna Agri Tech Limited, for the period ended 31st March, 1997. The statement has been prepared by the company in accordance with the requirements of listing agreement and is based on and in agreement with the corresponding profit and loss account and Balance sheet of the company covered by our report of even date to the members of the company.

for **AMAR & RAJU**  
CHARTERED ACCOUNTANTS

(G. AMARANATHA REDDY)  
Partner

Place : Hyderabad  
Date : July 28, 1997



**NAGARJUNA  
AGRI TECH LIMITED**

56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082. INDIA  
Grams : "FLOWERS"

**PROXY FORM**

Regd. Folio No.

No. of Shares held

I/We ..... of .....  
in the district of ..... being a member/members  
of M/s. NAGARJUNA AGRI TECH LIMITED hereby appoint ..... of  
..... in the district of ..... or failing him  
..... of ..... in the district of .....  
as my/our Proxy to vote for me/us on my/our behalf at the 9th Annual General Meeting of the Company to be held  
on Monday the 22nd day of September, 1997 at 3-00 P.M. at 56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082  
and at any adjournment thereof.

Signed this ..... day of ..... 1997.

Signature .....

Affix  
30 Paise  
Revenue  
Stamp

- Notes : 1. The Proxy need not be a member.  
2. The Proxy to be valid should be duly stamped with a Revenue Stamp of 30 paise and executed by the member and should reach the Company's Registered Office at least 48 hours before the commencement of the meeting.

----- TEAR HERE -----

**NAGARJUNA  
AGRI TECH LIMITED**

56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082. INDIA  
Grams : "FLOWERS"

**ATTENDANCE SLIP**

Ninth Annual General Meeting on September, 22, 1997.

Regd. Folio No.

No. of Shares held

I hereby record my presence at the Ninth Annual General Meeting of NAGARJUNA AGRI TECH LIMITED held at  
56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082, at 3-00 P.M. on Monday September 22, 1997.

\_\_\_\_\_  
Name of Shareholder/Proxy in BLOCK Letters

\_\_\_\_\_  
Signature of Shareholder/Proxy

- Note : (i) Please fill in this attendance slip and hand it over at the ENTRANCE of the meeting hall.  
(ii) No gifts will be distributed at the meeting.

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**N A G A R J U N A**  
**AGRI TECH LIMITED**  
56, Nagarjuna Hills,  
Punjagutta,  
Hyderabad - 500 082.