



NAGARJUNA

AGRI TECH LIMITED

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

TENTH ANNUAL REPORT
1997-98



Board of Directors

Field Marshal SHFJ Manekshaw - Chairman
Philipose Mathai - Nominee Director KSIIDC
K. Soma Raju
K. Rama Krishna Raju
Dr. KVLN Raju - Managing Director
V. Venugopala Raju

Auditors

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

Advocates & Solicitors

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

Principal Bankers & Financial Institution

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

Registered Office

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



NOTICE

Notice is Hereby given that the Tenth Annual General meeting of the members of Nagarjuna Agri Tech Limited will be held on September 21, 1998, At 14.30 Hrs At Plot No. 56, Nagarjuna Hills, Panjagutta, Hyderabad, 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, 1998, together with the report of the Director's and Auditor's thereon.
2. To appoint a Director in place of Field Marshal SHFJ Manekshaw who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. K. Soma Raju who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint auditors for the current year and fix their remuneration. M/s. Amar and Raju, Chartered Accountants, Hyderabad, retire at the conclusion of this meeting and are eligible for reappointment.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution.

Resolved that Mr. V Venugopala Raju, Who was appointed Additional Director on 10.04.1998 and who in terms of sec 260 of The Companies Act 1956, holds such office until this Annual General meeting and in respect of whom the company received a notice from a member of the company under Sec. 257 of The Companies Act, 1956 proposing his candidature for the office of the director, be and is hereby appointed as director of the company.

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

Dr. KVLN RAJU
Managing Director

Place : Hyderabad
Date : August 16, 1998

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 12.09.98 to 21.09.98 (both days inclusive)
3. The proxy form duly 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.

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

Dr. KVLN RAJU
Managing Director

Place : Hyderabad
Date : August 16, 1998

Explanatory statement pursuant to sec. 173(2) of The Companies Act, 1956

Item no. 5

Mr. V Venugopala Raju was appointed as additional director on the Board with effect from 10.04.98. In terms of Section 260 of The Companies Act, 1956, he holds office till the conclusion of this Annual General meeting. The company received a notice from a member in terms of section 257 of The Companies act, 1956, proposing the candidature of Mr. V Venugopala Raju for the office of the director of the company.

Mr V. Venugopala Raju is having rich experience of three years in the field of Floriculture industry, and can provide expert guidance if he is on the Board. He was involved with the company since its inception and is presently in charge of the overall activities of the company.



DIRECTOR'S REPORT

Your Directors present herewith the Tenth Annual Report and the Audited Accounts for the financial year ended 31st March, 1998.

1. Financial Results

The results of operations for the year ended 31.3.1998 are as under.

(Rs. in lakhs)

	1997-98 (Current Year)	1996-97 (Previous Year Six months)
Turnover	45.95	103.34
Operating Surplus before interest and depreciation	(-) 5.06	1.06
Interest	87.13	48.78
Depreciation	39.17	20.15
Plant Material written off	32.74	31.35
Foreign Exchange fluctuation	5.50	3.68
Other expenditure written off	5.60	4.14
Deficit for the year	(-)175.20	(-) 107.04
Deficit upto previous year	(-) 118.56	(-) 10.48
Deficit carried forward	(-) 294.19	(-) 118.56

2. Operations

The year under review was of intense activity and the company had to face many challenging problems. With the company going steady on exports till June'97, unexpected windstorms during July'97 have given a big blow with damages to polythelene sheet coverings for Greenhouses, resulting in loss of production till replacement by Oct '97

Low export price realisations, increased freight costs, coupled with global recession, have all affected the operations of the company. Flush of produce from the cultivators has also chased the domestic market prices to their lowest ever.

3. Future prospects

The international market for flowers is growing at a steady rate and new markets are getting created. With

the consolidation of the initial problems and the teething troubles faced by the company during the previous years, the company is confident of doing well in the years to come. Floriculture industry is coming to stability with better infrastructural facilities, availability of experienced personnel and interaction among the various companies to focus on better quality and efficient production practices.

4. Public Issue

Contribution to the Equity of the company out of the public issue of shares made by your company during the year 1996-97 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. 204 lakhs. The arrears constituting 14.5% of the project cost severely affected the cash flows resulting in additional interest cost to the project on the addition to the loan funds.

5. Directors

Dr. S. N Rao and Mrs K. Lakshmi Raju, Directors, have vacated their office during the year under review. The Board wishes to thank them for their contribution towards the working of the company and for their continued support and guidance to the company. Mr. V. Venugopal Raju has been appointed as additional Director during the year. Mr. V. Venugopal Raju is presently incharge of the overall activities of the company.

In accordance with the requirements of the Companies Act, 1956, and Articles of Association of the company, your Directors viz. Field Marshall SHFI Manekthw 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. Change in Accounting Policy

During the year, the company has changed the accounting policy in respect of writing off the Plant material (mother plants). The management has decided to write off the plant material over a period of 8 years as against the earlier policy of 5 years, having considered the following matters in depth :

- a) nature of the asset and its usefulness.
- b) circumstances prevailing in the business.

As a result, the plant material written off was understated by Rs. 39,91,973, consequently the net loss for the year was also understated by Rs. 39,91,973.

The estimation is based on the exercise of judgement by management, in the light of technical, commercial, and accounting requirements and has necessitated for the periodical review. It was considered that the original estimate of the useful life of the asset requires a revision, considering the improvement in production methods, technical changes, change in the production output of the asset.

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.15,53,174
Foreign Exchange Outgo	
-Capital Goods Imports	Rs. Nil
-Travel related	Rs. Nil

9. Auditor's Report

The Auditors observations are self explanatory.

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

10. Acknowledgment

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.

on behalf of Board of Directors
for NAGARJUNA AGRI TECH LTD.

FIELD MARSHAL SHFJ MANEKSHAW
Chairman

Place : Hyderabad

Date : June 27, 1998



AUDITOR'S REPORT

To
The Membres 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, 1998 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 the 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, and is on the same basis as in the preceding year.

- vii) The company has taken interest free unsecured loans from companies and other parties listed in the register maintained under Section 301 of the companies Act, 1956 and in our opinion and according to the information and explanations given to us the terms and conditions of these loans are not prima facie prejudicial to the interest 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 natute of loans to any party 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 transactions of purchase of goods & materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transations for similar goods, materials, or services



- have been made with other parties.
- 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.
- 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 and Employees State Insurance dues relating to the period 1996 - 97 and 1997-98 amounted to Rs. 62,670/-, which had fallen due for deposit with appropriate authorities has not been so deposited at 31-3-1998.
- xviii) According to the information and explanations given to us, no undisputed amounts payable in respect of wealth tax, sales tax, customs duty, and excise duty except income tax payable for the Assessment year 96-97 amounted to Rs 15,227/- were outstanding, as at 31st March, 1998 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 subject to note no. 12, understatement regarding of net loss by Rs. 39,91,973/- due to change in accounting policy, 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, 1998 and
- ii) in so far as it relates to the Profit & Loss Account of loss of the company for the year ended on that date.

for AMAR & RAJU
Chartered Accountants

(G. AMARNATHA REDDY)
Partner.

Place : Hyderabad
Date : 27.06.98



BALANCE SHEET AS AT 31ST, MARCH, 1998

	Schedule No.	As at 31.03.98		As at 31.03.97	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS :					
SHARE HOLDERS FUNDS :					
Share Capital	A	6,70,68,250		6,55,48,750	
Reserves & Surplus	B	6,50,000		-	
		-----	6,77,18,250	-----	6,55,48,750
LOAN FUNDS:					
Secured Loans	C	7,08,34,686		6,27,22,926	
Unsecured Loans	D	89,27,095		81,11,834	
		-----	7,97,61,781	-----	7,08,34,760
TOTAL			14,74,80,031		13,63,83,510
APPLICATION OF FUNDS					
FIXED ASSETS	E				
Gross Block		9,74,64,742		9,50,66,929	
Less Depreciation		59,16,256		20,15,361	
Net Block		-----	9,15,48,486	-----	9,30,51,568
INVESTMENTS	F				18,180
CURRENT ASSETS, LOANS & ADVANCES	G				
Current Assets		11,59,357		19,47,890	
Loans & Advances		16,08,284		23,41,742	
		-----		-----	
				42,89,632	
LESS CURRENT LIABILITIES AND PROVISIONS	H				
Current Liabilities		80,20,871		79,06,089	
Provisions		3,78,158		5,89,019	
NET CURRENT ASSETS			(56,31,388)		(42,05,476)
MISCELLANEOUS EXPENDITURE	I		3,21,44,248		3,56,63,709
PROFIT & LOSS ACCOUNT			2,94,18,685		1,18,55,529
TOTAL			14,74,80,031		13,63,83,510
NOTES TO ACCOUNTS	O				

As per our report of even date

for and on behalf of the Board

for AMAR & RAJU
Chartered Accountants

FIELD MARSHAL SHFI MANEKSHAW
Chairman

(G. AMARNATHA REDDY)
Partner

Dr. KVLN RAJU
Managing Director

K. SOMA RAJU
Director

K. RAMAKRISHNA RAJU
Director

Place : Hyderabad
Date : 27.06.98



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998.

	Schedule	Year ended 31.03.98 Rs.	Year ended 31.03.97 Rs.
INCOME			
Sales		45,95,406	1,03,34,643
Other Income		18,38,502	42,388
TOTAL		64,33,908	1,03,77,031
EXPENDITURE			
Manufacturing , Administrative and Selling expences	K	64,62,173	94,60,891
Expernditure on personnel	L	4,78,132	3,95,063
Interest	M	87,12,711	48,77,756
Dereciation	E	39,16,858	20,15,361
Other Expenditure written off	N	43,84,452	43,31,271
TOTAL		2,39,54,326	2,10,80,342
Net loss for the year		(-) 1,75,20,418	(-) 1,07,03,311
Earlier year adjustments		(-) 42,738	(-) 1,04,019
Loss Brought. Forward		(-) 1,18,55,529	(-) 10, 48, 199
Loss Carried to Balance Sheet		2,94,18,685	1,18,55,529
NOTES TO 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. AMARNATHA REDDY)
Partner

Dr. KVLN RAJU
Manging Director

K. SOMA RAJU
Director

K. RAMAKRISHNA RAJU
Director

Place : Hyderabad
Date : 27.06.98



SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 1998,

SCHEDULE - A : SHARE CAPITAL

	As at 31.03.98		As at 31.03.97	
	Rupees	Rupees	Rupees	Rupees
AUTHORISED : 1,00,00,000 Equity Shares of Rs. 10/- each.		10,00,00,000		10,00,00,000
ISSUED, SUBSCRIBED AND PAID UP : 87,53,100 Equity shares of Rs. 10/- each Less: calls in arrears		8,75,31,000 2,04,62,750		8,75,31,000 2,19,82,250
TOTAL		6,70,68,250		6,55,48,750

SCHEDULE - B : RESERVES & SURPLUS

Subsidy from APEDA		6,50,000		-
TOTAL		6,50,000		-

SCHEDULE - C : SECURED LOANS

Foreign currency term Loan from IDBI Add : Interest accrued and due	4,00,98,489 66,51,426		3,69,09,657 27,65,574	
		4,67,49,915		3,96,75,231
Rupee term loan from IDBI Add : Interest accrued and due	1,37,00,000 52,47,719		1,37,00,000 20,13,965	
		1,89,47,719		1,57,13,965
Term loan from Vysya Bank Hire Purchase Finance From :		41,33,667		60,00,000
a) Birla Global Finance Ltd	5,26,875		6,67,375	
b) Nagarjuna Finance Ltd	2,04,440		3,18,710	
c) DCL Finance Ltd	2,72,070		3,47,645	
		10,03,385		13,33,730
TOTAL		7,08,34,686		6,27,22,926

SCHEDULE - E : FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 01.04.97	Additions (Deletions)	As on 31.03.98	up to 31.03.97	for the Year	Deletion	up to 31.03.98	As on 31.03.98	As on 31.03.97
Land	82,63,722	-	82,63,722	-	-	-	-	82,63,722	82,63,722
Buildings	1,06,27,485	-	1,06,27,485	1,77,479	3,49,030	-	5,26,509	1,01,00,976	1,04,50,006
Plant & Machinery	7,35,75,220	*26,38,630	7,62,13,850	17,47,411	34,11,821	-	51,59,232	7,10,54,618	7,18,27,809
Furniture & Fixture	6,11,668	-	6,11,668	19,359	37,493	-	56,852	5,54,816	5,92,309
Office equipments	2,59,214	-	2,59,214	6,156	12,020	-	18,176	2,41,038	2,53,058
Computers	2,07,721	-	2,07,721	16,836	30,942	-	47,778	1,59,943	1,90,885
Vehicles	5,04,220	(2,40,817)	2,63,403	23,950	28,360	15,963	36,347	2,27,036	4,80,270
Refrigerated vehicle	10,17,679	-	10,17,679	24,170	47,192	-	71,362	9,46,317	9,93,509
TOTAL	9,50,66,929	23,97,813	9,74,64,742	20,15,361	39,16,858	15,963	59,16,256	9,15,48,486	9,30,51,568
Previous year total	24,58,000	9,26,08,929	9,50,66,929	-	20,15,361	-	20,15,361	9,30,51,568	8,64,49,047

* Foreign Exchange Fluctuation



SCHEDULE - D : UNSECURED LOANS

	As at 31.03.98		As at 31.03.97	
	Rupees	Rupees	Rupees	Rupees
1.From Directors		10,18,142		5,15,911
2.From Body Corporates		60,02,023		73,68,599
3.From others		19,06,930		2,27,324
TOTAL		89,27,095		81,11,834

SCHEDULE - F : INVESTMENTS (QUOTED)

1800 Equity shares of Rs. 10/- each in Asia Pacific Investment Trust Ltd		-		18,180
TOTAL		-		18,180

SCHEDULE - G : CURRENT ASSETS, LOANS AND ADVANCES

A. Current Assets :				
1. Stock - in - trade				
a) Fertilizers & pesticides	89,288		13,795	
b) Packing material	4,210		33,953	
	-----	93,498	-----	47,748
2. Sundry Debtors				
a) Outstanding for more than Six months	82,697		57,217	
b) Others	7,36,485		12,43,830	
	-----	8,19,182	-----	13,01,047
3. Cash & Bank Balances :				
a) Cash on hand	1,46,133		3,20,682	
b) Balance with scheduled banks				
i) in current account	22,414		2,01,782	
ii) in deposit account	78,130		76,631	
	-----	2,46,677	-----	5,99,095
		11,59,357		19,47,890
B. Loans and Advances :				
1. Unsecured, considered good, recoverable in cash or in kind, for the value to be received				
	3,96,889		3,99,264	
2. Deposits				
	7,06,500		10,24,264	
3. Unmatured finance charges				
	1,41,964		3,49,492	
4. Income tax paid				
	3,62,931		5,68,722	
	-----	16,08,284	-----	23,41,742
TOTAL		27,67,641		42,89,632



SCHEDULE - H : CURRENT LIABILITIES & PROVISIONS

	As at 31.03.98		As at 31.03.97	
	Rupees	Rupees	Rupees	Rupees
1) CURRENT LIABILITIES				
a) Creditors for capital works	8,55,924		13,78,923	
b) Creditors for supplies	9,41,682		3,28,205	
c) Creditors for services and expenses	44,90,105		41,33,924	
d) Interest accrued but not due on term loan	4,01,404		4,01,795	
e) Bank over draft	13,31,756		16,63,242	
	-----	80,20,871	-----	79,06,089
2) PROVISIONS				
Provision for taxation		3,78,158		5,89,019
TOTAL		83,99,029		84,95108

SCHEDULE - I: MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)			
1) Public issue expenditure		33,12,288	37,26,324
2) Preliminary expenditure		1,210	1,815
3) Deferred Revenue expenditure (Mother Plants)		2,88,30,750	3,19,35, 570
TOTAL		3,21,44,248	3,56,63,709



SCHEDULE - J: OTHER INCOME

	Year ended 31.03.98 Rupees	Year ended 31.03.97 Rupees
Freight Subsidy	1,95,871	20,580
Miscellaneous income	2,65,423	21,808
Earlier year expenditure written back	13,77,208	-
TOTAL	18,38,502	42,388

SCHEDULE - K : MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES :

A) MANUFACTURING EXPENSES :		
Fertilizers & pesticides	9,05,877	11,97,429
Power & Fuel	2,94,309	1,87,250
Plant maintenance	10,02,528	4,89,937
Repairs & Maintenance	16,66,948	2,40,730
Purchase of Flowers	-	3,26,171
B) ADMINISTRATIVE EXPENSES :		
Traveling & Conveyance	77,029	1,66,430
Printing & Stationary	64,540	49,274
Communication cost	1,14,703	1,32,329
Rent, Rates, Taxes & Charges	2,52,616	1,46,205
Auditors Remuneration	30,000	30,000
Legal & Professional Charges	85,017	54,895
Bank Charges & Commission	31,842	24,477
Vehicle Maintenance	1,56,135	54,926
Office maintenance	31,320	48,710
General expenses	1,51,660	67,290
Advertisement & Bussiness Promotion	34,851	37,166
C) SELLING EXPENSES:		
Freight, Clearing, Forwarding & Handling Charges	11,25,272	43,73,600
Duties & Taxes	45,036	6,00,380
Packing Material	3,18,978	4,20,106
Discounts & Commission	73,512	8,13,586
TOTAL	64,62,173	94,60,891



SCHEDULE - L : EXPENDITURE ON PERSONNEL

	Year ended 31.03.98 Rupees	Year ended 31.03.97 Rupees
Salaries	2,71,879	3,13,939
EPF & ESI Company Contribution	24,944	24,095
Staff Welfare expenditure	1,81,309	57,029
TOTAL	4,78,132	3,95,063

SCHEDULE - M : INTEREST

On Term Loans	81,91,554	32,46,179
Bank Interest	2,34,708	8,28,205
On Other Loans	2,86,449	8,03,372
TOTAL	87,12,711	48,77,756

SECHEDULE N : OTHER EXPENDITURE WRITTEN OFF

Public issue expenses	4,14,036	4,14,036
Preliminary expenses	605	605
Plant Material Written off	38,23,849	39,16,630
Loss on disposal of vehicle	51,854	-
Loss on disposal of investments	7,380	-
Electricity deposit written of	86,728	-
TOTAL	43,84,452	43,31,271



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.

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. Inventories : Closing Stocks of fertilizers, pesticides and packing materials are valued at cost.

E. 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 8 years in equal instalments.

F. 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 revenue 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.

G. 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 : 39,92,139
(includes normal wastage)

3. Fertilizers & Pesticides consumed

	97-98	96-97
	Rs.	Rs.
	9,05,875	11,97,429

4. Turnover

	Percentage of Value	Qty.	Value (in Rs.)
Domestic Sales	66.20%	34,61,570	30,42,232
Export Sales	33.80%	3,53,480	15,53,174
TOTAL	100.00%	38,15,050	45,95,406

5. Stock-in-Trade

Cut Flowrs (Roses)	Nil	Nil
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6. Foreign Exchange Transactions

	1997-98	1996-97
	Rs.	Rs.
a. Earnings in foreign currency (FOB Value of exports)	15,53,174	73,69,585



b. Expenditure in Foreign currency on account of travel	-	91,367
7. Managerial Remuneration of Dr. KVLN Raju		
Salary	-	-
Perquisites & other benefits	1,01,614	90,147
8. Auditors Remuneration		
As Auditors fee	20,000	20,000
for Tax Audit	5,000	5,000
For Certification and Taxation matters	5,000	5,000
	-----	-----
TOTAL	30,000	30,000
	=====	=====

9. 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
c. Electricity charges in dispute against which appeals are pending	61,464	-

10. Profit and Loss Account
The Previous year Profit and Loss account was made for the period from 01-10-96 to 31-03-97 hence the figures are not comparable with the current year figures.

11. Secured Loans
a. 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. K V L N Raju, the main promoter.

b. Term loan from Vysya Bank is secured by personal guarantee of Dr. K V L N Raju and personal properties of his associates.
c. Hire Purchase loans are secured by hypothecation of specified assets acquired under hire purchase agreement.
12. During the year the company has changed its accounting policy in respect of writing off of plant material (mother plants). The management has decided to write off the plant material over a period of 8 years as against the earlier policy of 5 years. As a result the plant material written off was understated by Rs. 39,91,973. Consequently the net loss for the year is also understated by Rs. 39,91,973.00

13. Retirement Benefits
No provisions 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.

14. 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.

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

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

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

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

A. Registration Details

Registration No.	7981 of 1987-88
State Code	01
Balance Sheet Date	31.03.98 31.03.97



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

Public Issue	-	-
Right Issue	-	-
Bonus Issue	-	-
Private Placement	-	-

C. Position of Mobilisation and deployment of funds (Rs. in '000s)

Total Liabilities	155879	144879
Total Assets	155879	144879

Sources of Funds

Paid up Capital	67068	65549
Reserves & Surplus	650	-
Secured loans	70835	62723
Unsecured Loans	8927	8112

TOTAL	147480	136384
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Application of Funds

Net Fixed Assets	91548	93052
Investments	-	18
Net Current Asses (-)	5631	(-) 4205
Misc. Expenditure	32144	35664
Accumulated Losses	29419	11855

TOTAL	147480	136384
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D. Performance of the company (Rs. in '000s)

Turnover	4595	10335
Other income	1839	42
Total Income	6434	10377
Total expenditure	23954	21080
Profit / (Loss) before Tax	(17520)	(10703)
Earnings Per Share	N.A.	N.A.
Dividend reate (%)	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. AMARNATHA REDDY)
Partner

Dr. KVLN RAJU
Manging Director

K. SOMA RAJU
Director

K. RAMAKRISHNA RAJU
Director

Place : Hyderabad

Date : 27.06.98



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1998

	As at 31.3.98 Rs.
A.) Cash Flow from operating activities:	
Net loss as per Profit & Loss account	(1, 75, 20, 418)
Adjustments for:	
Depreciation	39,16,858
Interest	87,12,711
Other Expenditure Written off	41,28,897
Other Income	13,71,144

	(1, 53, 87, 322)

Operating profit before Working capital changes	21, 33, 096
Adjustments for:	
Trade and other receivables	7, 59, 266
Inventories	(45, 750)
Trade Payables	12, 61, 808

	19,75,324

Net cash from operating activities	1, 57, 772
B. Cash flow from investing activities	
Sale proceeds of vehicle	1, 73, 000
Sale Proceeds of investments	10,800
Interest Received	7,235
Decrease in creditors for Capital works	(5, 22, 999)

Net cash used in investing activities :	3, 31, 964
C. Cash flow from financing activities :	
Share allotment money received	15, 19, 500
Short term borrowings	33, 13, 497
Subsidy received	6,50,000
Repayment of Bank term Loan	(18,66,333)
Repayment of short term borrowings from banks	5,65,932
Repayment of hire purchase liabilities	3, 30, 345
Repayment of short term borrowings	14,31,547
Interest Paid	11, 51, 522

Net cash flow from financing activities	1, 37, 318
Net decrease in cash & Cash equivalents (A+B+C)	3, 52, 418
Cash & Cash equivalents as at 31-3-97	5, 99, 095
Cash & Cash equivalents as at 31-3-98	2, 46,677

for and on behalf of the Board
for AMAR & RAJU

G. AMARANATHA REDDY
Partner

Place : Hyderabad
Date : June 27, 1998

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

Dr. K V L N Raju
(Managing Director)



To

The Board of Directors

NAGARJUNA AGRI TECH LIMITED

56, Nagarjuna Hills,

Punjagutta,

Hyderabad - 500 082.

Dear Sirs,

We have examined the attached cash flow Statement of M/s. Nagarjuna Agri Tech Limited, for the period ended 31st March, 1998. 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 : June 27, 1998



**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 10th Annual General Meeting of the Company to be held on Monday the 21st day of September, 1998 at 2-30 P.M. at 56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082 and at any adjournment thereof.

Signed this.....day of.....1998

Signature.....

Affix
Rupee 1/-
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 Rupee1/- 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

Tenth Annual General Meeting on September, 21, 1998

Regd. Folio No.

No. of Shares held

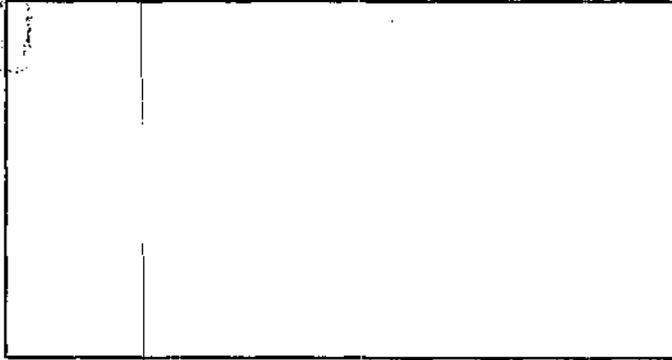
I hereby record my presence at the Tenth Annual General Meeting of NAGARJUNA AGRI TECH LIMITED held at 56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082, at 2-30 P.M. on Monday September 21, 1998

Name of Shareholder/Proxy in BLOCK Letters

Signature of Shareholder/Proxy

- Note : (i) Please fill 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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**NAGARJUNA
AGRI TECH LIMITED**

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