

9th
Annual Report
1998-99



Hindustan
Agrigenetics Limited
Hybrid Seeds • Tissue Culture • Floriculture



Hindustan Agrigenetics Limited

BOARD OF DIRECTORS**DIRECTORS**

Shri Pritam Kapur
 Shri S.V.R. Rao
 Shri B.K. Kapur
 Smt. Archana Kapur
 Shri Prakash Kapur

AUDITORS

Praturi & Sriram
 Chartered Accountants
 Hyderabad.

BANKERS

State Bank of Hyderabad

REGISTRARS

Karvy Consultants Ltd.
 25, Business Park,
 Shivaji Marg, New Delhi 110 015

REGISTERED OFFICE

806, Meghdoot,
 94, Nehru Place,
 New Delhi 110 019.

PLANT

19/D, Gundia Pochampaly,
 Via Hakimpet,
 Secundrabad - 500 014

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Hindustan Agrigenetics Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ninth Annual General Meeting of the Company will be held on Thursday, the 30th September, 1999 at 9:30 a.m. at Sunder Farm, Sunder Lohia Road No. 2, Village Ghitorni, Mehrauli, New Delhi 110 030 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet of the Company as at 31st March, 1999 together with the report of the Auditors and Directors there at.
2. To appoint a Director in place of Shri Baljeet Kapur who retires by rotation but is eligible for reappointment.
3. To appoint the auditors and to fix their remuneration. The retiring auditors of the Company, M/s Praturi & Sriram, Chartered Accountants, Hyderabad, being eligible for reappointment offer themselves for appointment.

by order of the Board
for Hindustan Agrigenetics Limited

Date: 31 May, 1999

Place: Delhi

Sd/-

P. Kapur

Managing Director

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Hindustan Agrigenetics Limited

DIRECTORS REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your directors are presenting herewith their 9th annual report together with audited annual statements of accounts for the year ended 31st March 1999.

Financial Results :

The performance of the year under report compared to last year is as under :

(Rs. Lacs)	Year Ended 31.03.99	Year Ended 31.03.98
TOTAL INCOME	341.43	286.54
TOTAL EXPENDITURE OTHER THAN INTEREST	317.76	416.06
PROFIT BEFORE DEPRICIATION, INTEREST AND TAX	23.67	(129.52)
INTEREST	51.58	52.81
NON CASH COSTS		
- DEPRICIATION	33.11	33.31
- DEFERRED REVENUE EXPENDITURE (W/OFF)	8.42	8.42
	41.53	41.73
PROFIT BEFORE TAX	(69.24)	(224.06)
PROVISION FOR TAX	-	-
NET PROFIT	(69.24)	(224.06)
BALANCE CARRIED OVER TO BALANCE SHEET	(69.24)	(224.06)
NET PROFIT/LOSS CARRIED FORWARD TO BALANCE SHEET	(235.98)	(166.73)

Operations

The year 1998-1999 has been a year of restructuring and consolidation. The income increased from Rs 286.54 to Rs 341.43 an increase of 19.16%. However the increase was much more in seeds division (54.45%) , which is our current focus of business. The exports of both tissue culture and floriculture were done with much care and unlike last year, there were hardly any bad debts or poor recoveries from these businesses.

During the year under review the company made a profit before interest and depreciation of Rs 23.67 lacs compared to a loss of Rs 129.52 lacs last year. This by itself may be considered a substantial improvement , even though after absorbing interest and depreciation the company incurred a loss.

A division wise sales income is given below :

(Rs. lacs)	1998-99	1997-98
HYBRID SEEDS	319.49	199.41
TISSUE CULTURE	10.88	75.23
FLORICULTURE	11.06	11.90
TOTAL	341.43	286.54

Seed business :

As reported, the seed business continues to show a good potential for growth. In fact had it not been for the very unusual climatic conditions believed to have been caused by LaNina phenomena which adversely effected the market for many of our seeds, the results would have been much better.



Hindustan Agrigenetics Limited

During the year we introduced two new hybrids of sunflower in the medium maturity group. We also introduced a new maize hybrid and our cotton hybrid moved into a second year of test marketing phase. Our tur variety which was field tested gave very encouraging results.

During the year, we stepped up our marketing and brand positioning efforts. Our short duration sunflower hybrid was positioned for sale after 15th February in the North market. A special sales aid folder and an innovative sales leaflet were produced to support this positioning. This helped us to increase our market shares in north even though the overall market for sunflower seeds in north declined.

A lot of attention was paid to conducting of field promotions and demonstrations to convince the farmers of the superiority of our seeds.

In terms of geographical expansion, we extended the sales of our sunflower seeds in Andhra Pradesh which is the second biggest market for sunflower seeds in the country and was hitherto not tapped by us.

Outlook for the Current Year

We are poised for further growth in seeds during the year. We expect our medium duration sunflower hybrid to get a larger volume while the short duration hybrid is expected to hold its volumes. The maize hybrid gave very encouraging results in our test market last year and we propose to increase its volumes further.

The field results of our cotton hybrid have been quite encouraging, and with the field activities done to demonstrate to the farmer, we expect this hybrid to show good sales in the coming year.

Overall we look forward to a better sales growth in seeds in the coming year.

Tissue Culture

As per the strategy outlined in our report of last year, the export business of tissue culture in which we were losing heavily was curtailed. The emphasis was shifted to developing a domestic business of banana and gerbera, and the scale of operation was brought down to curtail the losses being incurred in this division. The manpower was reduced from around 70 to 20 and the number of growth rooms etc was cut down substantially.

As a result of this strategy we also brought down our stocks of plantlets which were primarily for exports and in which we had no further interest. This also resulted in a loss of stock value which is built into the results of this year.

It is still early to come to a conclusion about the viability of the domestic business, but the short term objective is to make tissue culture a no profit no loss business however small it may be. If we are unable to do so we may consider the option of closing the operations altogether.

Floriculture

The floriculture business continued to be run as a tight ship with control on costs as a primary objective. The export operation was undertaken only when prices are remunerative i.e. during the period from December to February. In the balance period the production was sold locally as exports were not even meeting the freight costs. The international market prices for roses continued to remain low. Most of our exports were done to auction houses in Holland as a result we had no problems in receiving our sales proceeds etc.

We are somewhat satisfied, that as a result of the above efforts, floriculture is meeting its day to day costs except for the interest burden. As for the interest costs on the term loan for the floriculture project, we have initiated discussions with our bankers for one time settlement of the outstanding term loan, in view of the inability of this project to service the interest and make repayments on schedule. We are hopeful of arriving at a settlement with our bankers.

We will continue to run floriculture on the same strategy, and in the mean time explore ways to increase our revenues and make a small profit from the project.

Overall outlook:

The year under review has seen the company come out of the difficulties of last year and we see the process of improvement continuing, specially in its seed business.



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Fixed deposits:

The company has not accepted any public deposits for the year under review.

Directors:

Shri Baljeet Kapur will retire by rotation at the ensuing Annual General Meeting and being eligible for appointment offers himself for reappointment.

Auditors:

M/s Praturi & Sriram, Chartered Accountants, Hyderabad the retiring auditors of the Company are eligible for reappointment. Members are requested to reappoint them and authorized the Board to fix their remuneration.

Personnel:

There were no persons on the rolls of the Company with an annual remuneration of Rs 3 Lacs and above.

Acknowledgement :

Your Directors wish to place on record their gratitude to State Bank of Hyderabad and Officials of the concerned Government Departments for their co – operation and continued support to the Company. The Directors also take this opportunity to express their appreciation for the sincere and dedicated hard work by the employees of the Company at the all levels.

for and on behalf of the Board of Directors

Date: 31st May, 1999

Place: Hyderabad

Sd/-

P.Kapur

Managing Director

Sd/-

S.V.R.Rao

Director

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