



NAGARJUNA
AGRICHEM LIMITED

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ANNUAL REPORT
1998 - 1999

12TH ANNUAL GENERAL MEETING

Day : Tuesday
 Date : 21st September, 1999
 Time : 10 a.m.
 Venue : BHARATIYA VIDYA BHAVAN
 Kulapati Munshi Sadan,
 5-9-1105, Basheerbagh, King Koti Road,
 Hyderabad - 500 029.

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Nagarjuna Agrichem Limited



BOARD OF DIRECTORS

Dr. Nitish K. Sen Gupta
Chairman

Sukhendu Ray

P.K. Mallik

K.S. Raju

C.D. Menon

D. Ranga Raju

S. Koteswara Rao

P.R. Menon

E.S. Ravi Sekar
IDBI Nominee

G.S. Raju

Company Secretary
P. Varadarajan

Registered Office

Plot No. 61, Nagarjuna Hills,
Punjagutta, Hyderabad - 500 082

Factory

Arinama Akkivalasa
Etcherla Mandal
Srikakulam - 532 403

Auditors

M. Bhaskara Rao & Co.
Chartered Accountants
5D, Kautilya, Somajiguda,
Hyderabad - 500 082.

Bankers

Bank of Baroda
Industrial Finance Branch
Basheerbagh
Hyderabad - 500 029

State Bank of Mysore
Banjara Hills Branch
Road No. 5, Jubilee Hills
Hyderabad - 500 033

Indian Overseas Bank
Main Branch
Bank Street
Hyderabad - 500 195.

Share Transfer Agents

Nagarjuna Investors Services Ltd.
1, Nagarjuna Hills, Punjagutta,
Hyderabad - 500 082.



Nagarjuna Agrichem Limited

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of Nagarjuna Agrichem Limited will be held at 10 a.m on Tuesday, the 21st September, 99 at Bharatiya Vidya Bhavan, Kulapati Munshi Sadan, 5-9-1105, Basheerbagh, King Koti Road, Hyderabad 500 029 to transact the following business:

1. To receive and adopt the Balance Sheet as at 31st March, 99 and Profit and Loss Account for the year ended 31st March, 1999 and to consider the reports of the Auditors and Directors thereon.
2. To elect a Director in place of Mr. P.K. Mallik who retires by rotation and being eligible offers himself for re-election.
3. To elect a Director in place of Mr. D. Ranga Raju who retires by rotation and being eligible offers himself for re-election.
4. To elect a Director in place of Mr. S. Koteswara Rao who retires by rotation and being eligible offers himself for re-election.
5. To appoint Auditors and to fix their remuneration. M/s. M. Bhaskara Rao & Co., the retiring Auditors are eligible for re-appointment.

By Order of the Board

Date : 28th July, 1999
Place : Hyderabad

P. Varadarajan
Company Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company.
2. Proxies in order to be effective must be filed with the Company at its Registered Office not later than forty eight hours before the meeting.
3. The members are requested to intimate promptly any change in their address to the Share Transfer Agents of the Company, Nagarjuna Investors Services Ltd., Plot No.1, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
4. The Register of Members and Share Transfer Books will remain closed from 16th September, 99 to 21st September, 99, both days inclusive.

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Nagarjuna Agrichem Limited



DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the Twelfth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL HIGHLIGHTS

Financial Results for the year under review are as follows:-

	Rs. in Lakhs	
	Year ended 31.3.1999	Year ended 31.3.1998
Gross Sales	3,620	2,753*
Other Income	12	12
Profit/(Loss) Before Depreciation	(218)	(242)
Depreciation	168	132
Profit / (Loss) before tax	(386)	(374)
Provision for Tax	—	—
Profit / (Loss) after tax	(386)	(374)
Balance brought forward from previous year	8	382
Profit / (Loss) carried to Balance Sheet	(378)	8

* Includes conversion charges earned.

DIVIDEND

In view of the loss incurred during the year, your Directors have not recommended any dividend for the year 1998-99.

OPERATIONS

During the year under review, your Company had produced 996 Tonnes of Monocrotophos Technical and 292 Tonnes of Acephate Technical. The Plant was shut down for two months during December 98 to January 99 to carry out annual maintenance. Modifications were carried out in utilities and process plants to minimise energy consumption and maximise productivity. As a result of these changes, the operating efficiencies of the plant have improved since February, 1999. The process improvements have resulted in better raw material consumption norms and also savings in energy cost. In order to enable forward integration and to improve operating margins, facilities have been set up for retail packing of formulations of Monocrotophos and Acephate. Sales of Monocrotophos and Acephate formulation in retail packs have commenced during the current season.

MARKET

The gross sales at Rs. 3620 lakhs were marginally higher than the last year. Your Company had sold

725 Tonnes of Monocrotophos Technical and 174 Tonnes of Acephate Technical. Bulk Formulation sales were 439 KL of Monocrotophos and 194 MT of Acephate. During the year under review, the per unit sales realisation continued to be under downward pressure. The average sale value realised per unit were less than the previous year. Your Company has started marketing formulated products of Monocrotophos and Acephate in retail packs. During the year under review your Company had exported 77 Tonnes of Acephate Technical valued at Rs. 239 lakhs and is making every effort to increase its exports during the current financial year.

FUTURE OUTLOOK

While the Pesticide Industry as a whole is facing difficulty, the performance of your Company is expected to be better during the year 1999-2000 as compared to the year under review on account of various steps taken by the Company to reduce the cost of production and improve the profitability. While there has been a considerable reduction in cost of production, a part of it has been offset by the reduction in the sales realisation. Your Company has also taken steps to introduce new products. In this direction, three new products, viz., DDVP, Atrazine and Profenofos have been identified. Production of Atrazine and Profenofos is expected to be commenced towards the end of the current financial year. Introduction of new products, improvement in productivity and reduction in cost of production are expected to result in improving the performance of the company during the current financial year and reverse the downward trend faced by the Company during the last two years.

ENVIRONMENT PROTECTION

Your Company continues to nurture and expand the vast green belt around the factory for environmental protection and it has taken every step to ensure improvement of the environment in and around its factory.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The requisite information on conservation of energy, technology absorption and foreign exchange outgo and earning, in terms of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is set out in a separate statement attached hereto and forms part of this report.

DIRECTORS

During the year under review, Mr. S.P. Sen Gupta resigned from the Board on personal grounds. Your



Nagarjuna Agrichem Limited

Directors place on record their appreciation of the services rendered by Mr. S.P. Sen Gupta during his tenure as Director of your Company.

Mr. P.K. Mallik, Mr. D. Ranga Raju and Mr. S. Koteswara Rao, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

M/s. M Bhaskara Rao & Co., Chartered Accountants, Hyderabad, the Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956.

PERSONNEL

The industrial relations at the factory and at Head Office continued to be cordial. Mr. W.V. B. Ramalingam, who joined the Company in December 1996 as President has retired from the services of the Company on 30th June, 1999.

A statement giving information and particulars of the employees as required under Section 217 (2A) of the

Companies Act, 1956 is annexed and it forms part of this report.

Y2K COMPLIANCE

All computer hard ware in the Company have been made Y2K compliant. Necessary work on remediation of the software used by the Company is in progress and the same is expected to be completed in due course.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the support, co-operation and assistance extended by the State Government, Industrial Development Bank of India, Bank of Baroda, State Bank of Mysore, Indian Overseas Bank and other Banks, Investors, Suppliers and employees of your Company and all others who continue to help and support the Company.

On behalf of the Board

Place : Hyderabad

Date : 28th July, 1999

Dr. Nitish K Sen Gupta
Chairman

ANNEXURE TO DIRECTORS' REPORT

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended:

Name & Age	Designation / Nature of Duties	Gross Remuneration (Rs.)	Qualification/ Experience in years	Date of Joining the Company	Particulars of previous Employment
W V B Ramalingam (58)	President	6,93,567	M.Tech (32)	02.12.1996	General Manager (Operations) Voltas Ltd

NOTES:

1. Remuneration includes salary, allowances, contribution to Provident Fund and Superannuation Fund and value of perquisites.
2. The nature of employment is contractual and subject to rules and regulations of the Company in force from time to time.
3. None of the employees is a relative of any Director of the Company.
4. No employee holds more than 2% of Share Capital of the Company.

Nagarjuna Agrichem Limited



ANNEXURE TO THE DIRECTORS' REPORT

FORM A

Form for disclosure of particulars with respect to conservation of energy

A. Power and Fuel consumption	Unit	1998-99	1997-98
1) Electricity			
A) Purchases			
Unit	KWH	41,12,817	34,97,884
Total Amount	Rs.	1,60,41,379	1,30,34,574
Rate/Unit	Rs.	3.90	3.73
B) Own Generation			
(i) Through Diesel Generator	KWH	14,98,490	24,78,867
Unit per litre of diesel oil		2.77	3.04
Cost/Unit	Rs.	3.31	3.06
(ii) Through steam turbine /generator		—	—
Unit per litre of diesel oil		—	—
Cost/Unit		—	—
2. Coal (Specify quality & where used)		C Rom-Used for Boiler	
Quantity	MT	908	2,135
Total Cost	Rs.	17,69,460	39,78,865
Average Rate /MT	Rs.	1,949	1,864
3. Furnace Oil			
Quantity	KL	824	NIL
Total amount	Rs.	47,98,309	NIL
Average Rate	Rs.	5,823	NIL
4. Others/internal generation (Please give details)			
Quantity		NIL	NIL
Total cost		NIL	NIL
B. Consumption per Tonne of production			
Electricity	KWH	4,309	4,699
Furnace Oil	KL	0.92	NIL
Coal-Quality : C Rom	MT	1.14	1.68
Others (Specify)		NIL	NIL