

**8th ANNUAL REPORT
1999-2000**



SAPTARISHI AGRO INDUSTRIES LIMITED

15, WELLINGTON ESTATE, III FLOOR, 24, COMMANDER-IN-CHIEF ROAD, CHENNAI - 600 008.

**SAPTARISHI AGRO INDUSTRIES LIMITED**

| | | |
|---------------------------|--|----------|
| BOARD OF DIRECTORS | Mr.V.N. BAHAL | DIRECTOR |
| | Mr.S.N. BHATTACHARYA | DIRECTOR |
| | Mr.D.MANIVANNAN | DIRECTOR |
| | Mr.S. SUSAI | DIRECTOR |
| | Mr.P. SHANMUGA SUNDARAM | DIRECTOR |
| | Dr.R.P. TEWARI | DIRECTOR |
| BANKERS | M/S BHARATH OVERSEAS BANK LTD NO.25 & 26 COLLEGE ROAD NUNGAMBAKKAM CHENNAI 600 006. | |
| AUDITORS | M/S. SNB ASSOCIATES CHARTERED ACCOUNTANTS 12, III FLOOR,GEMINI PARSN COMPLEX 121, MOUNT ROAD, CHENNAI 600 006. | |
| REGISTERED OFFICE | # 15, WELLINGTON ESTATE, III FLOOR, 24,COMMANDER -IN- CHIEF ROAD CHENNAI 600 008. | |
| FACTORY | PADALAM SUGAR FACTORY ROAD, KOLAMBAKKAMVILLAGE, PAZHAYANOOR P.O.603 308. KANCHEEPURAM DISTRICT TAMILNADU | |



SAPTARISHI AGRO INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the **EIGHTH ANNUAL GENERAL MEETING** of the Members of **SAPTARISHI AGRO INDUSTRIES LIMITED**, will be held at **Raja Annamalai Hall, Esplanade, Chennai - 600 108**, at **11.00 a.m. on Monday, the 26th February, 2001**, to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the enclosed Balance Sheet as of 30th September, 2000 and the Profit & Loss Account for the period ended on that date and Report of Directors and Auditors.
2. To appoint a Director in place of Mr. S.N. Bhattacharya, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. V.N. Bahal, who retires by rotation and being eligible, offers himself for re-appointment.
4. **Appointment of Mr. Debashish Mitra as a Director of the Company**

To appoint a Director in the place of Mr. Debashish Mitra who was appointed as additional Director of the Company by the Board of Directors with effect from 5th January, 2001 and who holds office till the conclusion of the Annual General Meeting under the terms of the Companies Act but who is eligible for re-appointment and in respect of whom the Company has received a nomination in writing under Section 257 of the Companies Act from a Member of the Company.

5. **Appointment of Mr. B. Hariharan as a Director of the Company.**

To appoint a Director in the place of Mr. B. Hariharan who was appointed as additional Director of the Company by the Board of Directors with effect from 5th January, 2001 and who holds office till the conclusion of the Annual General Meeting under the terms of the Companies Act but who is eligible for re-appointment and in respect of whom the Company has received a nomination in writing under Section 257 of the Companies Act from a Member of the Company.

6. To appoint Auditors and fix their remuneration.

By Order of the Board

PLACE : CHENNAI S. SUSAI
DATED : 5th Jan. 2001 DIRECTOR

NOTES :

1. Members including nominee members are requested to notify immediately any change in their address to the Company.
2. Member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company.
3. Proxy forms in order to be effective should be lodged with the Company at least 48 hours before commencement of the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 15th February, 2001 to 25th February, 2001 [both days inclusive].

**MEMBERS ARE REQUESTED TO BRING
THEIR COPIES OF THE ANNUAL REPORT
TO THE MEETING**

ANEXURE TO THE NOTICE

EXPLANATORY STATEMENT

SERIAL NO. 4 & 5

Mr. Debashish Mitra is the Managing Director of Global Green Company Limited. Mr. D. Mitra possesses considerable experience in food products / processing / marketing.

Mr. B. Hariharan is a Chartered Accountant with considerable experience in finance and is at present the Group Vice President and Chief Finance Officer of Ballarpur Industries Limited a leading conglomerate.

M/s. D. Mitra and B. Hariharan may be deemed to be interested in item no.4 & 5 respectively relating to their re-appointment as Directors of the Company

By Order of the Board

PLACE : CHENNAI S. SUSAI
DATED : 5th Jan. 2001 DIRECTOR



SAPTARISHI AGRO INDUSTRIES LIMITED

DIRECTOR'S REPORT

(Rs. lakhs)

TO THE MEMBERS

Your Directors are pleased to present the Eighth Annual Report along with the Audited Accounts for the year ended 30th September, 2000.

OPERATIONS

The Company entered into an Operating Agreement with effect from 01/07/1999 with M/s. Global Green Company Limited a food processing unit with an EOU based at Bangalore. The agreement continues to be in force till date. Under the Agreement the surplus or deficit were to be borne by Global Green Company Limited and the entire working capital requirement was to be funded by them.

Production at the Factory was disrupted due to labour unrest during March/ April, 2000. While normalcy was restored following conciliation proceedings conducted by the State Labour Department, work in progress worth about Rs. 80 lakhs has to be destroyed.

FINANCIAL RESULTS

The Accounting year has been extended by six months with the approval of the Registrar of Companies and the financial accounts were made up for a period of eighteen months from 1st April, 1999 to 30th September, 2000. Under the Operating Agreement with Global Green Company Limited the operating deficit (excepting for a few administrative expenses specifically excluded) amounting to Rs. 7.6 crores approximately was borne by Global Green Company Limited. Taking into account the impact of the One Time Settlement with the IDBI the Company has made a profit of Rs. 86.40 lakhs for the period ended 30th September, 2000

The summary for the period ended 30th September, 2000 is presented hereinbelow.

| FINANCIAL RESULTS | 1999-2000 (18 months) | 1998-1999 (12 months) |
|---|--------------------------|--------------------------|
| Gross Turnover & other Income | 457.05 | 356.81 |
| Profit / (Loss) before Depreciation | (754.68) | (439.59) |
| Depreciation | (160.95) | 106.20 |
| Profit / Loss before Tax | (915.63) | (545.79) |
| Profit / (Loss) Transferred as per operating agreement | (763.54) | Nil |
| Provision for taxation | Nil | Nil |
| Profit / Loss before extraordinary item, prior period adjustment & taxation | (152.09) | (545.79) |
| Less: Extraordinary Items | 119.92 | 124.80 |
| Less: Prior period adjustments | 118.58 | 201.64 |
| Profit / Loss for the year (period) | 86.42 | (219.35) |
| Balance B/F | (1792.94) | (1573.59) |
| Profit/ (Loss) / Balance C/F | (1706.53) | (1792.94) |

The networth erosion stands at 70% as on September, 2000.

AUDIT COMMENTS

Annexure Item 17

The Company has been regular in depositing Provident Fund dues except for two months where there have been delays in remittances. According to information and explanations given, the Company is not covered under the Employees State Insurance Regulations.

Your Directors regret that due to sudden resignation of the General Manager, Deputy General Manager and the Accounts Manager, and the consequent dislocation in the administration of the day to day affairs there was a delay in depositing the provident fund contribution for two months. As soon as the lapse was noticed that the default has been rectified and since then the PF amounts are being deposited regularly. Steps have been taken to prevent such defaults in the future.

Annexure Item 15

There is no Internal Audit System during the period covered by this account.

The comments regarding Internal Audit have to be viewed in the context of the Operating Agreement.



SAPTARISHI AGRO INDUSTRIES LIMITED

Out of the eighteen months covered by the Audit Report for fifteen months the Operating Agreement with GGCL was in force and Internal Audit would have been out of place as the Company was not concerned with Profit / Losses pertaining to these fifteen months. However, your Directors have taken note of the comments and appropriate steps will be taken to reintroduce an Internal Audit System commensurate with the size and scope of the business of the Company.

SHARE CAPITAL AND DEBT RESTRUCTURING:

As approved by the Members, Tata Tea Limited as Associated increased their holding in the equity capital by Rs. 5.98 Crores raising their overall holding to Rs. 15.65 crores or 63.88% of the paid up capital of Rs. 24.51 crores. In the process your company has become a subsidiary of Tata Tea Limited.

The Company completed the one time settlement with IDBI also and was able to negotiate a 25% write off of the Principal (Rs. 1.2 crores) and a waiver of the entire interest dues (Rs. 1.18 crores).

CHANGE OF PROMOTERS:

In September, 2000 M/s Global Green Company Limited entered into a share purchase agreement with M/s. Tata Tea Limited as Associates, the Co-promoters and the Security and Exchange Board of India Takeover code formalities have been since complied with. TIDCO have also given their approval for a change in the promoters. Two of the nominees of Global Green Company Limited have joined the Board already and the share transfer is expected to take place in the near future.

FUTURE PROSPECTS:

Your Directors are hopeful of improving the performance of the Company by eliminating total reliance on Mushrooms. The Government have approved the Company's proposal for Broad Banding the product range to include other food items like Baby corn, Gherkins etc. These new products will be mainly for export purposes. This will improve the capacity utilization of canning lines. Further, extensive repairs have been carried out during the period and advice from experts has been taken to improve the production of Mushrooms. Efforts are on to increase sales of fresh mushrooms in the domestic market without diluting the efforts for exports. Your Directors are confident that the initiatives will help the revival of Company's fortunes.

DIRECTORS

During the year the Chairman, Mr. M S Ram., I.A.S.(Retd.), the Vice Chairman Mr. R K Krishna Kumar and Dr. R Vasudevan, Mr M A Bopanna resigned due to personal reasons. The Board wishes to place on record their thanks to these Directors for their unstinted support during the period they held office.

M/s. S N Bhattacharya and Mr. V N Bahal retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

M/s. B Hariharan and Debashish Mitra recently appointed as additional Directors will cease to be Directors at the conclusion of the ensuing Annual General Meeting and nominations have been received proposing the appointments of both Mr. B Hariharan and Debashish Mitra as Directors. The Board recommends the appointment of M/s. B Hariharan and D. Mitra as Directors of the Company.

PERSONNEL

During the last one and half years the Company passed through a critical and difficult period and the Board specifically wishes to place on record its appreciation of the employees at all levels for their hard work and faith in the Company's future.

AUDITORS;

The members are requested to appoint Auditors and fix their remuneration. M/s. SNB Associates the retiring Auditors have furnished certificates of their eligibility for reappointment as required under the Companies Act, 1956.

ACKNOWLEDGEMENT:

Your Directors place on record the valuable assistance extended by the Government of Tamilnadu, Industrial Development Corporation Limited and Bharat Overseas Bank Limited.

PARTICULARS OF EMPLOYEES:

The Company has no employees of the category mentioned in Section - 217 (2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

A Statement giving details of conservation of energy, technology absorption, export and foreign



SAPTARISHI AGRO INDUSTRIES LIMITED

exchange earnings and outgo in accordance with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1998 is given in the Annexure.

DEPOSITS

The Company has not received any deposit from the public and section 58A of the Companies Act, 1956, is not attracted.

For and On behalf of the Board

S.SUSAI. B. HARIHARAN S N BHATTACHARYA
DIRECTOR DIRECTOR DIRECTOR

PLACE : CHENNAI

DATE : 05/01/2001

ANNEXURE TO THE DIRECTOR'S REPORT

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo in terms of section 217 [1] [e] of the companies Act, 1956, read with the [Disclosure of particulars in the Report of Board of Directors] Rules, 1988 forming part of the Director's Report for the period ended 30th September, 2000.

A. CONSERVATION OF ENERGY

- a. The company's commitment to energy conservation continued, Energy conservation measures included optimum utilization of energy intensive machines. All measures have resulted in cost savings

- b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy.

Additional investments will be known only after finalisation of various proposals/studies.

- c. Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

With the implementation of the energy conservation measure, the company anticipate considerable saving in power and fuel cost.

- d. Total, Energy consumption per unit of production..

Details furnished in Annexure Form. A

B. Technology absorption

- e. Efforts made in technology absorption .
Details furnished in Annexure form B.

C. Foreign Exchange Earning and out go

- a. Activities relating to exports.

The company is a 100% export oriented Unit with a strong commitment towards promoting exports.

- b. The Company has undertaken intensive marketing efforts to export the mushroom to Europe and U. S. A.

- c. Development of new export markets for products and services.

Company is looking into possibility of introducing new value-added products and exports of fresh mushrooms for better realisation. Apart from using A-10 cans [institutional type] the company is planning to pack mushrooms in bottles also.

- d. Export plans.

Our plan is to explore new markets both in canned, bottled and fresh mushroom segments.

- e. Total foreign exchanged used and earned.

| PARTICULARS | FOR THE PERIOD | PREVIOUS YEAR |
|--|----------------|---------------|
| Foreign Exchange Earning | 2,66,30,028 | 3,90,97,383 |
| Foreign Exchange Outflow for import of | | |
| PACKING MATERIALS | NIL | NIL |
| RAW MATERIALS | 9,88,187 | NIL |
| STORES & SPARES | NIL | NIL |
| PAYMENT - PROFESSIONAL FESS | 8,11,253 | NIL |
| QUALITY CLAIMS | NIL | 6,48,299 |

**SAPTARISHI AGRO INDUSTRIES LIMITED****FORM - A**

FORM FOR DISCLOSURE OF PARTICULARS
WITH RESPECT TO CONSERVATION OF
ENERGY.

| PARTICULARS | | FOR THE PERIOD (18 MONTHS) | PREVIOUS YEAR |
|--|-------|----------------------------------|------------------|
| A. POWER & FUEL CONSUMPTION | | | |
| a. Purchased | | | |
| Electricity | Units | 42,49,890 | 21,72,578 |
| Total Amount | Rs. | 1,78,45,065 | 91,65,505 |
| Rate/ Units | | 4.20 | 4.22 |
| b. CAPTIVE POWER GENERATION | | | |
| Electricity | Units | 13,91,345 | 2,03,888 |
| Total Amount | Rs. | 65,00,366 | 6,65,498 |
| Rate / Units | | 4.26 | 3.26 |
| c. FURNACE OIL | | | |
| Quantity | KL | 352.64 | 182.14 |
| Total Amount | Rs. | 31,72,879 | 7,96,812 |
| Avg. Rate KL | Rs. | 8,997.50 | 4,374.72 |
| B. CONSUMPTION PER Kg OF PRODUCTION OF MUSHROOMS | | | |
| Electricity | Units | 6.73 | 5.31 |
| Furnace Oil | Ltrs. | 0.42 | 0.40 |

FORM B

Form for disclosure of particulars with respect
to absorption.

Research and Development [R & D]

1. Specific areas in which R & D was carried out by the company.

R & D activity during the year under review was largely restricted to improving the composting by combined indoor composting technique.

2. Benefits derived as a result of above R & D.

The company's products is widely accepted and this will result in larger volume of sales.

3. Future plan of action.

To continue R & D to retain the competitive edge.

4. **Expenditure on R & D**

No expense has been incurred.

Technology absorption, adaption and innovation.

1. **Efforts in brief towards technology absorption, adaption and innovation.**

The technology imported has been fully absorbed and adapted.

2. **Benefits derived as a result of the above efforts, example product improvement, cost reduction, product development, import substitution. Etc.,**

Plant operations are being carried out without any assistance from collaborators.

3. **In case of imported technology [imported during the last five years reckoned from the beginning of the financial year] following information may be furnished.**

- a) **Technology imported.**

Technology to make good quality mushrooms.

- b) **Year of import.**

1993.

- c) **Has technology been fully absorbed ?**

Yes , fully absorbed.

- d) **If not fully absorbed, areas where this has not taken place, reasons thereof, and future plans of action.**

Not applicable.

For and on behalf of the Board

PLACE : CHENNAI

B. HARIHARAN

S. SUSAI

DATED : 5, Jan. 2001

DIRECTOR

DIRECTOR



SAPTARISHI AGRO INDUSTRIES LIMITED

AUDITORS' REPORT TO THE MEMBERS OF SAPTARISHI AGRO INDUSTRIES LIMITED.

We have audited the attached Balance Sheet of Saptarishi Agro Industries Limited as at 30th. September, 2000, and the Profit and Loss Account for the period ended on that date annexed thereto and report that:

- 1) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 2) Further to our comments in the annexure referred to in paragraph 1 above:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose 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 Profit and Loss Account referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards as referred in sub-section 3C of Section 211 of Companies Act, 1956.
 - e) In our opinion and to the best of our knowledge and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account together with the Accounting Policies and the Notes forming part of Accounts, give the information required by the Companies Act, 1956 in manner so required and give a true and fair view:
 1. In case of the Balance Sheet, of the state of affairs of the Company as at 30th. September 2000; and
 2. In case of the Profit and Loss account, of the profit of the Company for the period ended on that date.

For SNB ASSOCIATES
Chartered Accountants

Place : Chennai
Date : 05.01.2001

(S. LAKSHMANAN)
Partner

ANNEXURE TO AUDITOR'S REPORT

REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE:

1. The Company is maintaining proper records showing full particulars, including quantitative details and situation of its Fixed Assets. The Management at reasonable intervals has physically verified fixed assets of the Company and no material discrepancies were noticed.
2. The Company has not revalued any of its Fixed Assets during the period.
3. Physical verification of finished goods, stores, spare parts and raw materials have been conducted reasonable intervals.
4. In our opinion and according to the informations and explanations given to us, the procedure for physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies were noticed on physical verification of stocks.
6. On the basis of our examination, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles, and is on the same basis as in the earlier years.
7. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
8. 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.
9. In respect of loans and advances given by the Company, the parties have generally repaid the principal as stipulated and also been regular in payment of interest.
10. There is adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase