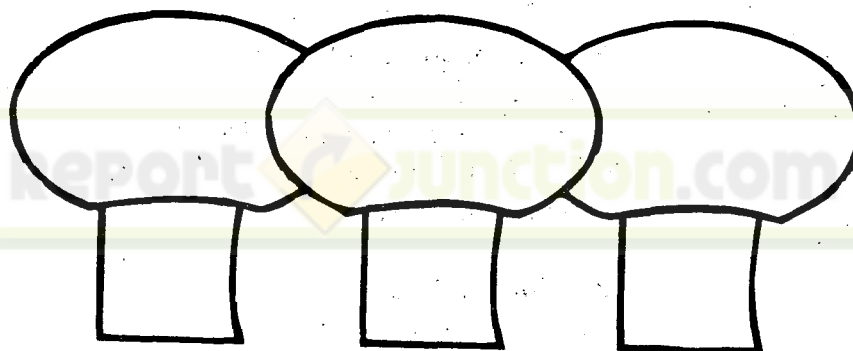


**17th Annual Report  
2008-2009**



**SAPTARISHI AGRO INDUSTRIES LIMITED**

Regd. Office : Padalam Sugar Factory Road, Pazhayanoor Post, Kancheepuram District, Tamil Nadu - 603 308.



## SAPTARISHI AGRO INDUSTRIES LIMITED

Boards of Directors : **Mr. Malvinder Singh** Chairman  
**Mr. Dilsher Singh** Managing Director  
**Mr. B. Ramakrishnan** Director  
**Dr. R.P. Tewari** Director  
**Mr. Arvind Kalra** Director  
**Mr. Gurpreet Singh** Director

Audit Committee : **Mr. B. Ramakrishnan** Chairman  
**Dr. R.P. Tewari** Member  
**Mr. Arvind Kalra** Member

Bankers : **M/s. State Bank of Indore**  
Balaji Nagar Branch  
No.233, Royapettah High Road,  
Royapettah,  
Chennai - 600 014.

Auditors : **M/s. Singhi & Sudhir**  
Chartered Accountants  
No.12, Srinivasa Apartments,  
Turnbulls Road, 1st Cross Street,  
Chennai - 600 035.

Registered Office : Padalam Sugar Factory Road,  
Kolambakkam Village,  
Pazhayanoor (P.O.) - 603 308.  
Kancheepuram District,  
Tamilnadu.

Factory : Padalam Sugar Factory Road,  
Kolambakkam Village,  
Pazhayanoor (P.O.) - 603 308.  
Kancheepuram District, Tamilnadu.



## SAPTARISHI AGRO INDUSTRIES LIMITED

### NOTICE

Notice is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING of the Members of SAPTARISHI AGRO INDUSTRIES LIMITED, will be held on Saturday, the 26<sup>TH</sup> day of September, 2009 at 10.00 a. m at the Registered office of the Company at Padalam Sugar Factory Road, Pazhayanoor Post, Kancheepuram District, Tamil Nadu - 603 308, to transact the following:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the Year ended 31<sup>st</sup> March 2009, the Balance Sheet as on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Arvind Kalra, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Gurpreet Singh, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

M/s. Singhi & Sudhir, Chartered Accountants, Auditors of the Company, hold office till the conclusion of the Annual General Meeting and are eligible for reappointment.

#### Special Business:

5. To consider and if thought fit, to pass the following resolution with or without modification as a Special Resolution.

RESOLVED THAT Pursuant to section 163 of the Companies Act, 1956, the Company hereby approves that the Register of Members, the Index of Members, the register and copies of all Annual returns prepared under section 159 of the Act together with the copies of the Certificate and documents required to be annexed thereto under section 161 of the act or any one more of them will be kept, at a place other than the Registered Office of the Company as may be decided by the Board of Directors from time to time.

**BY ORDER OF THE BOARD  
for SAPTARISHI AGRO INDUSTRIES LIMITED**

Place: CHANDIGARH

Date : 30.06.2009

**MALVINDER SINGH  
CHAIRMAN & DIRECTOR**



## SAPTARISHI AGRO INDUSTRIES LIMITED

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote (on a poll only) instead of himself. A proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the meeting.
2. The Share transfer Books and the Register of Members of the Company will remain closed from Saturday, the 19<sup>th</sup> September 2009 to Saturday, the 26<sup>th</sup> September 2009 (both days inclusive).
3. Members including the nominee members are requested to notify the Company immediately of any change in their address.
4. Members are requested to bring their copy of Annual Report and Attendance slip with them to the Annual General Meeting.

At the ensuing Annual General Meeting Mr. Arvind Kalra and Mr. Gurpreet Singh, retire by rotation and are eligible for reappointment. The following information is being provided in terms of the Code of the Corporate Governance:

#### a) Mr. Arvind Kalra

Mr. Arvind Kalra is a Chartered Accountant, has a rich and vast experience in taxation, audit and finance. Area of expertise in Taxation and Finance. He is also an effective cost controller, which is proved in Agro Dutch Industries Limited. He is a member of Institute of Chartered Accountants of India for twenty seven years.

#### Directorship in other public limited companies.

1. M/s. Agro Dutch Industries Ltd.
2. M/s. Calibre Builders Ltd.
3. M/s. Calibre Enterprises Ltd.

#### Member of the committees of Board.

<u>Audit Committee</u>	<u>Shareholders Grievance Committee</u>	<u>Remuneration Committee</u>
Agro Dutch Industries Ltd. Saptarishi Agro Industries Ltd.	Saptarishi Agro Industries Ltd.	Agro Dutch Industries Ltd. Saptarishi Agro Industries Ltd.

#### b) Mr. Gurpreet Singh

Mr. Gurpreet Singh is a Civil Engineer and is Executive Director of Agro Dutch Industries Limited. He is also a Director of Calibre Rehabs Limited. Right since inception of Mushroom cultivation and processing project of Agro Dutch Industries Limited. Mr. Gurpreet Singh had been playing a active role in the project as Executive Director. His contribution in the establishment of Agro Dutch Industries Limited and leading to its consistent growth has been significant.

#### Directorship in other companies.

1. M/s. Agro Dutch Industries Ltd.
2. M/s. Calibre Rehabs Ltd.
3. M/s. Clibre Frozen Foods Ltd.
4. M/s. Vishwa Clibre Builders Ltd.

#### Member of the committees of Board.

Shareholders / Investors Grievance and Share / Debenture Transfer Committee - Agro Dutch Industries Ltd.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

#### ITEM NO.5

The Company is negotiating with the Depository Participants to bring its shares under the Demat Mode. Consent of the members of the Company is required to keep the Register of Members, the index of member, the register and copies of all Annual Returns prepared under section 159 of the Act together with the copies of the Certificate and documents required to be annexed thereto under section 161 of the act or any one more of them, at a place other than the Registered Office of the Company by way of Special Resolution. Hence the above special resolution is proposed for the approval of the members in the forthcoming Annual General Meeting.

None of the Directors are considered as interested in the above resolution

**BY ORDER OF THE BOARD  
for SAPTARISHI AGRO INDUSTRIES LIMITED**

Place: CHANDIGARH  
Date: 30.06.2009

Sd/-  
Malvinder Singh  
CHAIRMAN & DIRECTOR



## SAPTARISHI AGRO INDUSTRIES LIMITED

### DIRECTORS REPORT

To  
THE MEMBERS,

Your Directors have pleasure in presenting their SEVENTEENTH Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended 31st March 2009.

### **OPERATIONS**

Your Company has produced 1193.393 Mts of Fresh Mushrooms and thereby recorded a turnover of Rs.777.46 lacs. The summary of the financial results for the year ending 31<sup>st</sup> March 2009 is presented here in below. Primarily company has focused on fresh mushroom selling activity to remain as major supplier of fresh mushrooms in domestic market.

Your company has faced serious difficulties in manufacturing process. From 1<sup>st</sup> November 2008 Tamil Nadu Electricity Board imposed 40 % Cut in the sanctioned demand and energy supply on all Industries. Including the Peak Hour restrictions virtually this was a cut of 50 %, many industries opted for shutting down the operations for 12 days a month. Such an option was not available to your company due to nature of process being continuous. This resulted in high Electricity cost due to dependence on generated power, as such increased the cost of production. Electricity shortage was compounded further due to nation wide shortage of Diesel. During this difficult year company maintained its presence in the market but the profits were washed away. Company now looks forward to increase its cultivation adopting efficient ways learnt during hard times.

### **FINANCIAL RESULTS**

PARTICULARS	Amount on 31.03.09 (in Rs. Lakhs)	Amount As on 31.03.08 (in Rs. Lakhs)
Gross Turnover & Other Income	811.82	800.31
Profit / (Loss) before Depreciation	119.65	164.74
Depreciation	115.58	109.96
Profit / (Loss) before Tax	4.07	54.78
Provision for Taxation	0.43	0.47
Net Profit / (Loss) for the Period	3.64	54.31
Less: Prior Period adjustments	-	-
Add: Extra Ordinary items	-	182.21
Profit / (Loss) after prior Period adjustments and extra ordinary items	3.64	236.52
Balance B/F	(1937.16)	(2173.68)
Profit / (Loss) Balance C/F	(1933.52)	(1937.16)

### **AUDIT COMMITTEE:**

As per the requirement of Section 292 A of the Companies (Amendment) Act, 2000 and Clause 49 of the Listing Agreement entered with the Stock Exchanges, your Company has constituted an Audit Committee with Mr. B. Ramakrishnan, as Chairman and Mr. Arvind Kalra and Dr. R. P. Tewari as members.

### **DIRECTORS:**

In terms of the provisions of the Companies Act, 1956, Mr. Arvind Kalra and Mr. Gurpreet Singh retire by rotation and are eligible for re-appointment. As required by Clause 49 of the Listing Agreement, a brief resume of Mr. Arvind Kalra and Mr. Gurpreet Singh is included in the notice of the forthcoming Annual General Meeting.



## SAPTARISHI AGRO INDUSTRIES LIMITED

**DIVIDEND:** In view of huge accumulated losses, your Directors are not in a position to recommend any dividend this year.

**DEPOSITS:** During the year, your Company has neither invited nor accepted deposits from the public.

**AUDITORS:** M/s. SINGHI & SUDHIR, Chartered Accountants, Chennai, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment. The Shareholders are requested to appoint auditors for the current year and fix their remuneration.

**CORPORATE GOVERNANCE:** A separate report on corporate governance along with Auditor's certificate on its compliance is attached as Annexure to this report.

**LISTING ON STOCK EXCHANGES:** Company share are listed on BSE, The stock Exchange of Mumbai.

**DIRECTORS RESPONSIBILITY STATEMENT:** In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your directors state;

a. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;

c. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. that the directors had prepared the annual accounts on a going concern basis.

**MANAGEMENT ANALYSIS & REVIEW REPORT:** Management analysis & review report is mentioned in Corporate Governance Report.

**PARTICULARS OF EMPLOYEES:** No employee is in receipt of remuneration in excess of limits prescribed under 217(2A) of the Companies Act, 1956.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO:** Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is annexed and forms a part of this report.

**ACKNOWLEDGMENT:** Your Directors place on record their appreciation for the continued co-operation extended by its Bankers, Shareholders and employees of the Company.

BY ORDER OF THE BOARD  
for SAPTARISHI AGRO INDUSTRIES LIMITED

Place: CHANDIGARH  
Date: 30.06.2009

sd/-  
Malvinder Singh  
Chairman & Director

sd/-  
B. Ramakrishnan  
Director



## SAPTARISHI AGRO INDUSTRIES LIMITED

### ANNEXURE TO THE DIRECTORS REPORT

INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUT GO.

#### A. CONSERVATION OF ENERGY:

- a) The Company's commitment towards energy conservation continued on high priority basis. Energy conservation measures included optimum utilization of energy intensive machines, all of which have resulted in cost saving
- b) Company has acquired a New Generational Water Chiller for optimum utilization of energy when total load requirement is less.
- c) Impact of measures as (a) and (b) above for reduction of energy consumption impact on the cost production of goods. With the implementation of energy conservation measures, the Company anticipates considerable savings in power and fuel cost. Vis-à-vis per kg. Of Mushroom harvested.
- d) Total Energy Consumption per unit of production  
Details furnished in Annexure herewith Form A

#### B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption  
Details furnished herewith Form B

#### C. FOREIGN EXCHANGE EARNINGS AND OUT GO:

- a) Nil.
- b) Development of export market for products and services.  
The Company is looking into possibility of Export of fresh mushrooms for better realization apart from Canning into A 10 cans.

#### D. EXPORT PLANS:

The Company plans to export fresh mushrooms to south east Asia and hopes to create new customers in domestic market who can afford to pay extra for enhanced quality or service.

#### E. TOTAL FOREIGN EXCHANGE USED AND EARNED: Nil

### ADDENDUM TO DIRECTORS REPORT

EXPLANATION TO POINT NO. (ix)(a) in Annexure to the Auditors Report: the Company has deposited the provident fund dues upto March 2009, the Company is taking steps to regularize the provident fund payment without delays.

EXPLANATION TO POINT NO.(x): Company is on the right path of revival and has started making cash profits. Management is confident that company shall wipe out its accumulated losses over a period of time.



## SAPTARISHI AGRO INDUSTRIES LIMITED

### FORM A

#### FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	For The Year Ended 31.03.2009 Rs.	For The Year Ended 31.03.2008 Rs.
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
<b>a. Purchased</b>		
Electricity Unit	3401130	4,175,385
Total Amount Rs.	15743638	19,068,352
Rate/Unit Rs.	4.63	4.57
<b>b. Captive Power Generation</b>		
Electricity Unit	797624	40,904
Total Amount Rs.	9380631	443,744
Rate/Unit Rs.	11.76	10.86
<b>c. Furnace Oil</b>		
Quantity KL	NIL	NIL
Total Amount Rs.	NIL	NIL
Avg. Rate KL Rs.	NIL	NIL
<b>B. CONSUMPTION PER KG OF PRODUCTION</b>		
<b>Mushrooms</b>		
Electricity Unit	3.52	2.97
Furnace Oil Ltrs	N.A.	N.A.

### 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 has continued for further improving the quality of compost. As a result period of making compost is shortened, further trials on casing soils have been carried out to test different local resources to ultimately reduce expenditure on transportation of inputs from far of places
- 2) **BENEFITS DERIVED AS A RESULT OF ABOVE R & D:**  
Quality improvement is always kept in the vision as objective of every trial. Cost cutting is associated along with as a business goal they go hand in glove. Our trials on both compost and casing should improve our crop performance.
- 3) **FUTURE PLAN OF ACTION:**  
To continue R & D to retain the competitive edge
- 4) **EXPENDITURE ON R & D:**  
Negligible Expenses incurred on R & D, Technology absorption and innovation have started paying dividends
  1. Efforts in brief toward technology absorption, adaptation and innovation. The technology imported has been fully absorbed and adapted.
  2. Benefits derived as a result of the above efforts 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: NA
    - b. Year of import: NA
    - c. Has technology been fully absorbed : NA
    - d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action : NA

Place: CHANDIGARH  
Date: 30.06. 2009

BY ORDER OF THE BOARD  
for SAPTARISHI AGRO INDUSTRIES LIMITED

sd/-  
Malvinder Singh  
Chairman & Director

sd/-  
B. Ramakrishnan  
Director





## SAPTARISHI AGRO INDUSTRIES LIMITED

### CORPORATE GOVERNANCE REPORT FOR THE YEAR 2008-09 (As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

#### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly global Company, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to SAPTARISHI AGRO INDUSTRIES LIMITED.

#### II. BOARD OF DIRECTORS

i) The Board of Directors of the Company comprises of Six Directors.

ii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year are given below:

NAME OF THE DIRECTOR	NATURE OF DIRECTORSHIP	NO. OF BOARD MEETINGS DURING THE PERIOD		WHETHER ATTENDED LAST AGM OR NOT
		HELD	ATTENDED	
MR. MALVINDER SINGH	Non Executive & Non Independent	5	1	YES
MR. B. RAMAKRISHNAN	Non Executive & Independent	5	4	YES
MR. DILSHER SINGH	Executive & Non Independent	5	4	YES
MR. GURPREET SINGH	Non Executive & Non Independent	5	1	NO
DR. R. P. TEWARI	Non Executive & Independent	5	2	NO
MR. ARVIND KALRA	Non Executive & Non Independent	5	5	YES

iii) 5 Board meetings were held during the financial year ended March 31, 2009 and the time gap between two meetings did not exceed four months. The dates on which the Board meetings were held are as follows:

29.04.08, 24.06.08, 16.07.08, 30.10.08, & 27.01.09.

iv) The number of Directorships and Committee Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies and of companies incorporated outside India. Chairmanship / membership of Board Committees include membership of Audit, Remuneration and Shareholders / Investors Grievance Committees.

NAME OF THE DIRECTOR	NO. OF DIRECTORSHIPS IN OTHER PUBLIC COMPANIES		NO. OF COMMITTEE POSITIONS HELD IN OTHER PUBLIC COMPANIES	
	CHAIRMAN	MEMBER	CHAIRMAN	MEMBER
MR. MALVINDER SINGH	1	5	0	0
MR. B. RAMAKRISHNAN	Nil	4	Nil	0
MR. DILSHER SINGH	Nil	1	Nil	0
MR. GURPREET SINGH	Nil	4	Nil	1
DR. R. P. TEWARI	Nil	Nil	Nil	Nil
MR. ARVIND KALRA	Nil	3	Nil	2



## SAPTARISHI AGRO INDUSTRIES LIMITED

v) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

### III. AUDIT COMMITTEE

i) The terms of reference of the Audit Committee are broadly as under:

- a. Oversight of the Company's Financial reporting process and the disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Discussion with external auditors before the audit commences, regarding the nature and scope of audit as well as have a post-audit discussion to ascertain any area of concern.
- d. Reviewing with management the annual financial statement before submission to the Board, focusing primarily on:
  - Any Changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustment arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions as per Accounting Standard 18.
- e. To have discussions with the auditors periodically about internal control systems. The scope of audit including the observations of the auditors and reviewing the quarterly, half yearly and annual financial statements before submission to the Board.

f. Disclosure of contingent liabilities.

ii) The composition of Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

NAME OF THE DIRECTOR	STATUS	NO OF AUDIT COMMITTEE MEETINGS HELD DURING THE PERIOD	
		HELD	ATTENDED
MR. B. RAMAKRISHNAN	Non Executive & Independent	4	3
MR. ARVIND KALRA	Non Executive & Independent	4	4
DR. R. P. TEWARI	Non Executive & Independent	4	2