

C O N T E N T S

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Board of Directors
As on 31st March, 1997

Chairman: Sri V. Ananda Rau, IAS

Vice Chairman &
Managing Director: Sri S. Chellappa, IAS

Directors: Sri K. R. Kishore, IAS
Sri S. K. Biswas
Dr. D. Appa Rao

Company Secretary: Sri C. Uday Raj, ACS

Board of Directors
As on 29th March, 1999
(Date of Adjourned Annual General Meeting)

Chairman : Sri Jannat Husain, IAS

Vice Chairman &
Managing Director: Sri Anand Prakash Awasthi, IAS

Directors: Sri Ajeya Kallam, IAS
Sri S. K. Biswas
Dr. D. Appa Rao

Company Secretary: Sri K. V. Ramana Rao, FCS

Auditors :

Raghu & Rajendra
Chartered Accountants,
3-6-147/B, Himayatnagar, Hyderabad-29

Narotham Madhava & Ramesh
Chartered Accountants.
Karimnagar-505 002.

Venigalla Co.;
Chartered Accountants,
Guntur.

M. N. Rao & Associates,
Chartered Accountants,
Vijayawada

Gopal & Rajan,
Chartered Accountants,
6/80, G. Ramarao Street, Cuddapah-1

Rao & Rao,
Chartered Accountants,
23A, 5-82-1, Magantivari Street,
Ramachandrarao Peta, Eluru-534 002.

Yaji Associates,
Chartered Accountants,
5-37-172, Brodipet, Guntur-522 002.

Deva & Co.,
Chartered Accountants,
38/17, Minchin Bazar,
Kurnool-518001.

M/s Sastry & Co.,
Chartered Accountants,
27-21-24. Kaleswarao Road,
Government, Vijayawada-520 002.

Kurapati Subba Rao & Co.,
Chartered Accountants,
11-1-4 (1), Jamedar Street,
Ongole-523 001.

Rao & Kumar,
Chartered Accountants,
10-15-16, Soudamani, Siripuram,
Waltair, Visakhapatnam-530 003.

Narotham Madhav & Ramesh,
Chartered Accountants,
1-1789, Siddarthanagar, Kazipet
Warangal-1

Notice

Date : 27-02-1999

Notice is hereby given that the 28th Adjourned Annual General Meeting of Andhra Pradesh State Agro Industries Development Corporation Ltd., will be held on Monday, the 29th March, 1999 at 11.30 A.M. at the Registered Office of the Company at Agro Bhavan, 10-2-3, A C. Guards, Hyderabad-500 004 to transact the following business:

To receive and adopt the Balance Sheet, the Profit & Loss Account of the Company and the Annexures and Schedules thereto for the year ended 31st March, 1997 together with the report of the Statutory Auditors, the Comments of the Comptroller & Auditor General of India thereon, and the replies of the Company to the Comments of the statutory auditors and of the Comptroller & Auditors General of India and the Report of the Directors and annexures thereto and forming part thereof.

Further to consider and, if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution :

ORDINARY BUSINESS:

“RESOLVED that the Balance Sheet, the Profit & Loss Account of the Company and the Schedules and Annexures thereto for the year ended 31st, March 1997, the Auditors’ Report, the Comments of the Comptroller & Auditors General of India thereon, replies of the Company to the comments of the Statutory Auditors, and of the Comptroller & Auditor General of India, the Directors’ Report and annexures thereto and forming part thereof be and are hereby approved and adopted.”

By order of the Board
for Andhra Pradesh State Agro Industries Development
Corporation Limited

Sd/-
V. Ramana Rao
Company Secretary

Regd. Office:
Agro Bhavan, 10-2-3,
A. C. Guards,
Hyderabad-500 004

NOTE : A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a Poll instead of himself and a Proxy need not be a Member.

Notice

Date: 14th August 1997

Notice is hereby given that the 28th Annual General Meeting of Andhra Pradesh State Agro Industries Development Corporation Limited will be held on Thursday, the 18th September, 1997 at 11.00 a.m. at the Registered Office of the Company "Agro Bhavan" 10-2-3, A. C. Guards, Hyderabad-500 004, to transact the following ordinary business:

ORDINARY BUSINESS:

To consider and review the position relating to finalisation of accounts of the Company for the year ended 31st March 1997.

Regd. Office :
Agro Bhavan, 10-2-3,
A.C. Guards,
Hyderabad-500004.

By order of the Board,
APS Agro Industries Development Corpn. Ltd,

Sd/-
C. UDAY RAJ
Company Secretary

NOTE : A Member is entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a poll instead of himself and a Proxy need not be a Member.

**REPORT OF THE DIRECTORS
FOR THE YEAR 1996-97**

To
The Shareholders

Sirs,

Your Directors have great pleasure in presenting their report for the year 1996-97.

Share Capital

Details relating to the Share Capital of the Company are as under :

Authorized Share Capital: Rs 1200 lakhs.

Paid-up Share Capital	(Rs in lakhs)	
Government of Andhra Pradesh	720.88	72.82%
Government of India	269.02	27.18%
Total	989.90	100.00%

Borrowings

The borrowings of your Company as on 31-03-1997 stood at Rs 1793.54 lakhs as against Rs. 1891.37 lakhs as on 31-03-1996 as detailed below:

	Current Year As on 31-03-1997	Previous Year As on 31-03-1996
i) Short term loan (Govt of AP)	1295.14	1226.69
ii) CAD Loans	62.30	62.30
iii) Metal Storage Bins	6.88	6.88
iv) Loan for payment of terminal benefits of M/s HCF staff	20.00	20.00
v) Interest accrued and due	409.22	575.50
Total	1793.54	1891.37

Your Company had not availed any cash credit facility during the year from State Bank of Hyderabad as against Rs 173.03 lakhs during the previous year, effecting substantial saving in the interest.

Investments

The investments of your Company in other Companies as on 31-03-1997 excluding those written off to an extent of 25.19 lakhs in the earlier years stood at Rs 241.31 lakhs as detailed below:

(Rs. in lakhs)		
Sl.No.	Name of the Company	Upto the date of presentation of this report
1.	M/s. Hyderabad Chemicals & Fertilizers Ltd.	41.00
2.	M/s. Non-Conventional Energy Dev. Corpn, of A.P.	1.95
3.	M/s. AP Bagasse Products Ltd.,	44.85
4.	M/s. Southern Pesticides Corpn. Ltd.,	52.51
5.	M/s. Kribhco	1.00
6.	M/s. Oil Seeds Co-operative Growers Federation.	100.00
Total		241.31

During the year under report your Company made an investment of Rs 100 lakhs in AP Oil Seeds Growers Federation Limited with the funds released earlier by the Government of Andhra Pradesh as its equity.

Loans & Advances

(to Subsidiaries and Joint Venture Companies/Others)

Loans and Advances outstanding from Subsidiaries and Joint Venture Companies excluding those loans and advances to an extent of Rs. 15.69 lakhs written off in the earlier years, are as under:

(Rs. in lakhs)		
Sl. No.	Particulars	Upto the date of presentation of the report
1.	Subsidiaries Hyderabad Chemicals & Fertilizers Ltd., (under liquidation)	186.70
2.	Joint Venture Paramount Agro Chemicals (P) Ltd., (defunct)	4.50

} Excluding Interest
} ”

Operational Results

a) Turnover

Your Company had registered a turnover of only Rs. 2037.70 lakhs during the period under review as against a turnover of Rs. 3608.03 lakhs during the previous year, as detailed below:

Description of the activity	1996-97	1995-96	Increase/Decrease
i) Fertilizers, Pesticides & Seeds	619.40	2184.57	(-)1565.17
ii) Service Charges	894.43	871.00	(+)23.43
iii) Trailers & Tankers	6.89	8.49	(-)1.64
iv) Tractors, Tractor Spares & Implements	329.24	385.67	(-)56.43
v) Others	74.48	84.84	(-)10.36
vi) Fruit Products	28.53	18.05	(+)10.48
vii) Other Income	84.77	55.41	(+)29.36
Total	2037.77	3608.03	1570.33

As may be observed from the foregoing, there has been a reduction of over 56% in the turnover, mainly due to slashing down of the Agro Chemical activity.

b) Working Results

The operations of the Company during the year resulted in a net loss of Rs. 86.20 lakhs as against a net loss of Rs 446.46 lakhs during the previous year, bringing the cumulative loss to Rs 1283.16 lakhs.

Restructuring the Corporation

As on the date of presentation of this report, the Government of Andhra Pradesh have considered the Subrahmanyam Committee Report and ordered for closer of Agro Chemical Division of the Corporation along with both the Pesticides Formulation Units and the Fruit Processing Unit. In order to run the Corporation economically viable, Voluntary Retirement Scheme was implemented to 341 employees. The Government of Andhra Pradesh have sanctioned an amount of Rs 1132 lakhs towards the compensation payable under the Voluntary Retirement Scheme. However an amount of Rs 955.24 lakhs was so far released by the Government till 31-03-1999. With necessary measures for overall restructuring of present activities, it is hoped that the Corporation will turn-around in the coming years.

Management:

During the year under report, the following Directors were on the Board :

- | | |
|---|-----------------------|
| 1. Sri V. Ananda Rau, IAS Chairman | 4. Sri S. C. Jain |
| 2. Sri A. Vidyasagar, IAS Managing Director | 5. Dr. D Appa Rao |
| 3. Sri S. Chellappa, IAS Managing Director | 6. K. R. Kishore, IAS |

During the year under report, the following Directors ceased to be on the Board :

Sri A. Vidyasagar, IAS ,

Your Directors like you to join them in placing on record their appreciation of the valuable services rendered by Sri A. Vidyasagar, IAS., during his tenure on the Board.

Industrial Relations:

During the year under review, relations between the employees and the management have been extremely cordial.

Particulars relating to Subsidiary Companies as required under Section 212 of the Companies Act

Particulars relating to the Hyderabad Chemicals & Fertilizers Ltd., a Subsidiary Company as required are annexed to this report:

Information pursuant to Section 217 (1) of the Companies Act, relating to conservation of Energy, Technology absorption and Foreign Exchange and outgo are furnished below:

Efforts have been made to conserve energy wherever possible. So far as technology absorption and Foreign Exchange earnings and outgo is concerned, the information may please be taken as NIL.

Particulars pursuant to Sec. 2.17 (2) of the Companies Act

There are no employees who are in receipt of remuneration exceeding Rs. 25,000/- per month during the year under report.

**PARTICULARS RELATING TO
Hyderabad Chemicals & Fertilizers Limited
(Under Liquidation)
Under Section 212 of the Companies Act, 1956
(forming part of Directors' Report)**

As on 31st December 1986

a) Extent of Holding Company's interest in the subsidiary as at the end of the financial years of the subsidiary. 95.660 Ordinary Shares of OS Rs. 50/- each fully paid in cash Rs. 40,99,714/-

b) Net aggregate amount so far as it concerns members of the holding Company and is not dealt within the Company's Account of the subsidiary's profits after deducting its losses or vice versa.

i) For the financial year or years of the subsidiary.

ii) For the previous financial year or years of the subsidiary.

c) The net aggregate amount for the subsidiary after deducting its losses or vice versa.

i) For the financial year or years of the subsidiary aforesaid;

ii) For the previous financial years of the subsidiary since it became the holding company's subsidiary.

The company is under liquidation.

NB : Clauses (b) and (c) shall- apply -only to profits and losses of the subsidiary which may properly be treated in the holding Company's accounts as revenue profit or losses.

Where the financial year or years of a subsidiary do not coincide with the financial years of the holding company attached.

- a) Whether there has been any and so, what change in the holding company's interest in the subsidiary between the end of the last of the financial years of the subsidiary and at the end of the holding Company's financial year.
- b) Details of any material changes occurred between the end of the financial year or of the subsidiary and at the end of the holding company's financial year in respect of:
- i) Subsidiary fixed assets.
 - ii) In investments.
 - iii) The money lent by it.
 - iv) The money borrowed by it for any purpose other than that of meeting current liabilities.
- The Company is under liquidation.

OTHER PARTICULARS:

1. Particulars of loans/guarantees taken from holding Company.

Guarantees:

a) Date	...	18-3-1982
b) Value	...	Rs. 6,50,000
c) Loans	...	Rs. 14,95,000
d) Repayments made	...	Nil
e) Outstanding as on date	...	Rs. 14,95,000

Excluding of interest calculated up to the date of settlement by the Liquidate.

2. *Capital*

a) Authorized	...	Rs. 85,71,429
b) Subscribed, issued and paid up	...	Rs. 78,57,143
c) APSAIDC Ltd., Share holding value	...	Rs. 40,99,714

The liquidation proceedings are in progress, through Sri C. Venkata Krishna, Liquidate.

ACKNOWLEDGEMENTS

We are sure, you would join your Directors in expressing their gratitude to and in placing on record, their appreciation of the continued assistance, active support and guidance of the Government of Andhra Pradesh, the Government of India and other allied Institutions and agencies both in the Public and Private sectors and also the Bankers for their excellent co-operation. The Directors are thankful to the farming community and the public for reposing their trust and confidence in the management.

Your Directors would also like to acknowledge the sincere and untiring efforts put in by all ranks of employees in achieving the Corporate goals.

for and on behalf of the Board.

Sd/-
(*Jannat Husain*)
CHAIRMAN

Balance Sheet Abstract & Company's General Business Profile
The Companies Act, 1956 (1 of 1956)

I. Registration Details :		IV. Performance of Company:	
Registration No.	: 1190	(Amount in Rs. Thousands)	
State Code	: 01	Turnover	: 20,43,22,000
Balance Sheet Date	: 31-03-1997	Total Expenditure	: 23,44,93,000
II. Capital raised during the year :		Loss before tax	: (-) 86,20,000
(Amount in Rs Thousand)			
Public Issue	: Nil		
Bonus Issue	: Nil		
Right Issue	: Nil		
Private Placement	: Nil		
III. Position of Mobilization & Deployment of Funds :		V. Generic Names of Three Principle Products/ Services of Company (as per monetary terms)	
(Amount in Rs. thousands)			
Total Liabilities	: 39,58,04,000	Item Code (ITC) No.	
Total Assets	: 18,98,18,000	Product Description :	
<i>Sources of Funds</i>			LAND DEVELOPMENT & AGRICULTURAL IMPLEMENTS
Paidup Capital	: 9,89,90,100		
Secured Loans	: 2,29,46,000		
Reserves & Surplus	: 8,12,000	Item Code (ITC) No.:	30021000
Unsecured Loans	: 17,93,54,000	Product Description :	FERTILIZERS MARKETING
<i>Application of Funds</i>			
Net Fixed Assets	: 8,75,29,000		
Net Current Assets	: 6,01,41,000	Item Code (ITC) No. :	2921000
Accumulated Losses	: 12,83,16,000	Product Description :	PESTICIDES FORMULATION & MARKETING
Investments	: 2,42,31,000		
Miscs. Expenditure	: Nil		

RAGHU & RAJENDRA
CHARTERED ACCOUNTANTS

3-6-147/B,
Himayatnagar,
Hyderabad-500029.
Fax. : 3226992
Tel. : 3221524

Dated: 11-1-1999

AUDITOR'S REPORT

To
The Members of
APS Agro Industries Dev. Corpn. Ltd.,
Agro Bhavan, 10-2-3, AC Guards,
Hyderabad-500 004.

We have audited the attached Balance Sheet of the Andhra Pradesh State Agro Industries Development Corporation Limited Hyderabad as at 31st March 1997 and the Profit and Loss Account of the Corporation for the year ended on that date annexed thereto and report that:-

A. 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 and on the basis of such checks as we considered appropriate, we annex herewith a statement on the matters specified in paragraphs 4 and 5 of the said order.

B. Attention of the members is invited to the following observations:

1. Provisions have not been made in report of the following :
 - a) Advance recoverable from M/s Paramount Agro Chemicals Ltd., a Joint Venture Company Rs 4.50 lakhs and

interest thereon from the date of Advance (amount not quantified) pending litigation - Note No 6.

- b) Loans and Advances due and value of Non Trading Unquoted Equity Shares in a subsidiary company, M/s Hyderabad Chemicals and Fertilizers Ltd., (under liquidation) amounting to Rs 186.70 lakhs. Note No. 7 (a) and Rs 40.99 lakhs Note No. 7 (c) respectively.
- c) Equity investment in M/s A. P. Bagasse Products Ltd., (under auction proceedings) amounting to Rs 44.85 lakhs included in Investments schedule.
- d) Inter corporate deposit recoverable from M/s Republic Forge Co. Ltd., (a company referred to BIFR) amounting to Rs 25.95 lakhs.
- c) Estimated Gratuity liability on accrual basis amounting to Rs 290 lakhs. Note No. 13.

2. The Government vide G.O Ms. No 365 A&C (FPI) Department Dt. 19-9-1997 has converted the unsecured term loan amounting Rs 11,60,14,300/- into equity, consequent upon which the Corporation has treated the interest accrued on this amount as waived and shown this as income pertaining to earlier years, net of adjustments for excess interest charged by the Government in the year 1993-94. Note No. 10 (i), (ii), (iii) and (iv).
3. The following adjustment have not been made in the Books:
 - a) Remittances in transit amounts to Rs 51.55 lakhs under “Current Assets, Loans and Advances” remaining unreconciled/unsettled for more than one year.
 - b) Stock-in-transit which includes some very old and long pending items unreconciled - for which value is not ascertained.
 - c) Stock Adjustment / General Suspense Accounts under reconciliation. The Debit and Credit Suspense Accounts of Rs 17.75 lakhs and Rs 99.69 lakhs respectively needs to be reconciled and adjusted.
4. The interest receivable from the following parties has not been accounted for in the Books:
 - a) M/s Paramount Agro Chemicals Ltd., amount not quantified-Note No. 6
 - b) M/s Republic Forge Company Limited Hyderabad Note No. 9 (c).
 - c) M/s Hyderabad Chemicals & Fertilizers Limited, Hyderabad Note No. 9 (d).
5. Non accounting of a) gratuity liability and b) interest on some of the loans and advances on accrual basis is contrary to the provisions of Sec. 209 of the Companies Act. 1956
6. Confirmation of balances from debtors, creditors, loans & advances and companies where Inter-corporate deposits and investments arc made are not available - Note No. 4. We observed lot of debits in advances for various accounts, which need to be set off against the sundry creditors. Due to this, both the advances and sundry creditors accounts are over stated in the e balance sheet, likewise the sundry debtors accounts and advances received from the parties accounts are over stated as these items need to be reconciled and corresponding debit and credit balances have to be matched and adjusted.
7. Stocks include (a) some very old absolute, non-moving/slow moving stocks, (b) damaged and spoiled stocks at different branches the value of which is not quantified. Shortages of stocks are to be accounted in some of the branches.
8. Instances of Misappropriation:— Sundry debtors includes amounts recoverable from employees due to misappropriation in RM (AE)’s office Eluru totaling Rs 25.65 lakhs not provided for.
9. Loans and Advances includes amounts recoverable staff amounting to Rs 27.64 lakhs in RM (AC)’s office, Vijayanagaram, which should be written off and Stock Suspense Account of Rs 3.19 lakhs in RM AC’s office, Eluru, against which provision had to be made during the year 1996-97 as pointed out by the branch auditors.
10. Reconciliation in respect of unconnected debits and credits in respect of some of the bank accounts and cases of stale cheques which are time barred requiring cancellation is not completed

11. Though the corporation has discontinued the drilling activity many years back, there are still accounts of the:

- a) Drilling spares and equipment
- b) Advances against drilling works
- c) Ground water deposits
- d) Hand boring deposits.

Which require regularization/written off.

12. Provision for bad and doubtful debts are on the basis of dues for more than 3 years. The Company has not made provision basing on the quality of the debts and considered only the ageing while making the provision.

C. Subject to our observation in B above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) The Corporation has kept proper books of accounts as required by law so far -as appears from our examination of such books.

c) The Corporation's accounts also include those of 31 branches, out of which 26 branches have been audited by the branch auditors under section 228 of the Companies Act, 1956 and their reports have been taken into consideration by us while consolidating our report.

d) The balance sheet and Profit and Loss account referred to in this report are in agreement with the books of account.

e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes thereon given the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.

i) In the case of the Balance Sheet of the state of affairs of the Corporation as at 31st March, 1997 and

ii) In the case of the Profit and Loss Account of the loss of the Corpn. for the year ended on that date.

For RAGHU & RAJENDRA
CHARTERED ACCOUNTANTS

Sd/-
(Y. RAGHURAM)
PARTNER

Annexure to the Auditor's Report

Statement on the matters specified in paragraphs 4 and 5 of the manufacturing and other Companies (Auditor's Report) order, 1988, in respect of the Andhra Pradesh State Agro Industries Development Corporation Ltd. Hyd. for the year ended 31st March 1997.

1. The Corporation has not maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets in all its branch offices and Regional offices as the register is kept at the Head Office. However, the entries in the fixed assets register are not updated. The physical verification of the fixed assets is usually carried out by the Head Office, but no report of such verification is available, However, we were informed that no serious discrepancies were noticed on verification of the fixed assets.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods and raw-materials have been physically verified during the year by the management on a rotation basis except for stocks held by third parties and stock in transit.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Corporation and the nature of its business.
5. To the best of our knowledge and belief, no material discrepancies were noticed on the physical verification of stocks as compared to book records, except for non reconciliation and non provision for shortages, and spoilage's of stocks, stores and spares, for which, amount not ascertainable.
6. In our opinion, the valuation of the above mentioned stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the earlier year. However, the Corporation has included an amount of Rs 10.77 lakhs representing spoil/damaged/ date expired stocks in the closing stock, due to which the loss is understated to that extent.
7. The Corporation 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 Corporation has not granted any loans to companies, firms or other parties listed in the register maintained -under section 301 during the year under audit.
9. In respect of Loans and Advances in the nature of loans given by the Corporation, the parties have not repaid the principal amounts as stipulated and have also not been regular in payment of the interest wherever applicable.
10. In our opinion, there are adequate internal control procedures commensurate with the size of the corporation and nature of its business for the purchases of stores, raw materials including components plant and machinery/equipment's and other assets and for the sale of goods, except with regard to the control over stocks of inventories and reconciliation/determination of non-moving stores, spares etc., lying for more than five years.
11. In our opinion and according to explanations given to us, there are no purchases exceeding Rs 50,000/- from any subsidiary

joint venture companies in which directors are interested as listed in the register under section 301 of the Companies Act, 1956 except the purchases from Southern Pesticides Corporation Ltd., which is a wholly owned Govt. undertaking. Even in this case, the prices paid are not strictly comparable, as the particular material was not purchased from any other party during the year.

12. The Corporation has not accepted any deposits from public.
13. As explained to us, the Corporation has no regular procedure for determination of unserviceable or damaged stores or materials.
14. The Corporation has no scrap or by-products arising from its operations.

INTERNAL AUDIT

15. The Corporation's Internal Audit system is not commensurate with the size and nature of the business of the Corporation. In some branches Internal Audit was done long after the close of the year. In some branches Internal Audit was said to have been done, but they did not receive branches claim that reports. We suggest that Internal Audit should be carried out on a regular and continuous basis during course of the year and branches/functional departments be supplied with copies of Internal Audit reports in time for enabling corrective action to be taken, wherever needed. Head Office should properly monitor this.
16. The Central Govt. has not prescribed maintenance or cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of the products dealt with by the Corporation.
17. The Corporation has been generally regular in depositing Provident Fund and ESI dues to the appropriate authorities during the year.

18. As per information and explanations given to us, there are no undisputed amounts payable in respect of taxes which are outstanding as on 31-3-97 for a period of more than 6 months from the date they became payable, except in respect of Sales Tax amounting to Rs 4,80,187/-

19. As explained to us, due to the conversion of the unsecured loan into equity by the Government as per G.O. Ms No. 365 A&C (FPI) Department dt. 19-9-1997 referred to in Note No. 10 of the Notes to the Account, the entries for which are passed in the year 1997-98, the Corporation is not a Sick Industrial Company within the meaning of Section (3) (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986) as amended by Sick Industrial Companies (Special Provisions) Amendment Act.

20. No personal expenses of Directors and employees which have been charged to revenue account have come to our notice, other than those payable under contractual obligations or as per generally accepted business practices

21. In respect of service activities

a) The company has in our opinion, reasonable system of recording receipts and issues and consumption of raw materials and stores commensurate with the size of the company and nature of its business and such system provides for a reasonable allocation of the materials and man hours consumed to relative jobs.

b) There is a reasonable system of authorization at proper levels with necessary control on the issue of stores and allocation of stores and labour to jobs.

For RAGHU & RAJENDRA
CHARTERED ACCOUNTANTS
Sd/-

Y. RAGHURAM
PARTNER

Place : Hyderabad

Date :

**OFFICE OF THE
Accountant General (Audit-II)
ANDHRA PRADESH HYDERABAD-500 045**

No.: AG (AU) II/CAW/II-7/98-99/99-2000/26

Dt. 12-05-1999

To

The Vice Chairman & Managing Director
APS Agro Industries Development Corpn. Ltd.,
10-2-3, A. C. Guards, Hyderabad-500 004

Subject: Comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of Andhra Pradesh State Agro industries Development Corporation Ltd., Hyderabad for the year ended 31st March, 1997.

Sir,

I am to forward herewith the comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of your Company for the year ended 31st March 1997 for necessary action. I am also to enclose a review on the accounts of your Company as compiled by this Office, for publishing it as an annexure to the Directors Report as agreed to by the State Government in their letter No. 1392-4/66 dated 10th June, 1966.

2. The data of placing of comments and the review along with annual accounts and Auditors' Report before the shareholders of the

Company may please be intimated and a copy of the proceedings of the meeting furnished.

3. The date of forwarding the Annual Report and Annual Accounts of the Company together with the Auditors' Report and comments report of the Comptroller and Auditor General of India to the State Government for being placed before the legislature may also please be intimated.

4. Ten copies of the annual report for 1995-96 may please be furnished in due course.

5. The receipt of this letter along with enclosures may please be acknowledged.

Yours faithfully,
Sd/-

DEPUTY ACCOUNTANT GENERAL
(Commercial)

End: as above

Comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of Andhra Pradesh State Agro Industries Development Corporation Limited, Hyderabad for the year ended 31st March, 1997

A. BALANCE SHEET (Assets)

1. Current Assets - Loans and Advances :Schedule-G

Rs 2536.45 lakhs. Inventories: Rs 651.97 lakhs

This is overstated by Rs 97.92 lakhs due to (i) inclusion of the value of expired pesticides (dusts) and fruit products, which should have been written off (Rs 33.70 lakhs) and (ii) valuation at cost price instead of realisable value of Fertilizers (Rs 23.75 lakhs) and pesticides, liquids (Rs 40.47 lakhs).

This has also resulted in overstatement of Closing Stock by Rs 97.92 lakhs and understatement of loss by similar amount.

2. Sundry Debtors: Rs 552.51 lakhs

This is overstated by Rs 2.04 lakhs due to disallowance by the Government Departments of a fake permit.

3. Cash and Bank balances: 452.36 lakhs

In current account: Rs 135.26 lakhs

i) This is overstated by Rs 83.02 lakhs due to inclusion of Remittances-in-Transit (Rs 80.87 lakhs), Drawing suspense account (Rs 3.67 lakhs) and Collection suspense account (Rs 1.51 lakhs), resulting also in understatement of Remittances-in-transit. Drawing suspense account and Collection suspense account.

ii) Amounts of Rs 61.79 lakhs (debit) and Rs 9.55 lakhs (credit) are not susceptible of verification.

B. UNSECURED LOAN – Schedule-D Rs 1793.54 lakhs

The State Government passed orders on 19-9-1997 i e in 1997-98 for conversion of the loan amount of Rs 1160.14 lakhs (principal amount of Rs 857.51 lakhs plus interest of Rs 302.63 lakhs) due from the company into equity share capital Based on these orders, the Company not only wrote back erroneously, the prior period interest of Rs 226.38 lakhs but also omitted to provided for interest of Rs 101.51 lakhs for the current year. The resulted in understatement of loss for the year by Rs 101.51 lakhs and accumulated loss by Rs 327.89 lakhs.

C. Notes annexed to and forming part of accounts (Schedule-I)

Out of the land admeasuring 89.976 acres in the possession of the Company, the titles to 84,406 acres are not held by it. Further, the fact that out of 5,421 acres of land in possession of the Company at Sarangapur, Nizamabad, 4.29 acres had been transferred to M/s AP Corn Products, has not been disclosed.

Hyderabad
Dt. 12-03-1999

Sd/-
ACCOUNTANT GENERAL (Audit-II)
Andhra Pradesh

Financial Review, on the Accounts of
A. P. State Agro Industries Development Corporation Limited, Hyderabad
For the year ended 31st March, 1997
By the Comptroller and Auditor General of India

I. Financial Position

The table below summarizes the financial position of the Company for the three years upto 1996-97.

	1994-95	1995-96 (Rs. in lakhs)	1996-97
LIABILITIES:			
a) Paid up Capital	989.90	989.90	973.90
b) Reserves & Surplus	8.16	8.12	8.12
c) Borrowing	2482.93	1829.56	1613.78
d) Trade dues and other liabilities including provisions	2371.93	2344.68	2344.26
Total	5852.93	5172.26	4956.06
ASSETS:			
a) Gross Block	1850.22	1849.88	1898.18
Less: Depreciation	740.06	890.95	1022.88
b) Net Fixed Assets	1110.16	958.93	875.30
c) Capital work in progress	21.36	21.36	19.84
d) Investments	114.31	141.31	241.31
e) Current Assets. Loans & Advances	3829.60	2853.70	2536.45
f) Miscellaneous expenses and losses	750.50	1196.96	1283.16
Total (e) to (i)	5852.93	5172.26	4956.06
Capital Employed	2589.19	1489.31	1087.33
Net worth	247.56	(-)198.94	(-)285.14

Note : 1. Capital employed represents net fixed assets including capital work-in-progress *plus* working capital.

2. Net worth represents paid-up-capital *plus* reserves *less* intangible assets

II. Capital Structure

The debt equity ratio of the Company was 2.51: 1 in 1994-95, 1.85: 1 in 1995-96 and 1.63 : 1 in 1996-97.

III. Reserves and Surplus

The reserves and surplus as at the end of each of the three years upto 1996-97 amounted to Rs 8.16 lakhs ,Rs 8.12 lakhs and Rs 8.12 lakhs respectively and working out to 0.82%, 0.82%, and 0.82% of paid up capital and 0.14 percent, 0.16 percent and 0.16 percent of total liabilities respectively.

IV. Liquidity and Solvency

- a) The percentage of current assets, loans and advances to total net assets decreased from 65.43 in 1994-95 to 55.17 in 1995-96 and further to 51.18 in 1996-97.
- b) The percentage of the current assets, loans & advances to current liabilities (inclusive Provisions) decreased from 161.46 in 1994-95 to 121.71 in 1995-96 and further to 108.02 in 1996-97
- c) The percentage of quick assets (Sundry Debtors, loans and advances. Cash and Bank balances) to current liabilities (including provisions) decreased from 115 in 1994-95 to 90.05 in 1995-96 and 79.21 in 1996-97.

V. Working Capital

The working capital of the Company at the end of three years upto 1996-97 stood at Rs 1457.67 lakhs, Rs 509.02 lakhs and Rs 1922.19 lakhs respectively and represented 2.49 months, 1.87 months and 1.15 months value of business respectively.

VI. Working Results

The working results of the Company for the last three years upto 1996-97 are tabulated below:

	(Rs in lakhs)		
	1994-95	1995-96	1996-97
a) Profit (+) / Loss (-) for the year	(-) 362.77	(-)432.15	(-)
b) Add/less transfer from investment reserve	...	(+)0.03	...
c) Add / deduct prior period adjustment	(+) 6.25	(-) 14.35	(-)215.51
	(-)356.52	(-)446.47	(-)86.20

VII. Costing Trends

The table below indicates the percentage of cost of sales during the three years upto 1996-97

	1994-95	1995-96	1996-97
	(Rs in lakhs)		
Sales (excluding service charges)	6197.57	2681.62	1058.52
Add loss / deducts profit	(+)362.77	(+) 432.15	(+) 301.71
Cost of sales	6560.34	3113.77	1360.23
Percentage of cost of sales to sales	105.85	116.12	128.50

VIII. Business Performance

The value of business done during the last three years upto 31st March 1997 is worked out below:

	1994-95	1995-96	1996-97
	(Rs in lakhs)		
Sales & Service charges	7076.06	3552.63	1952.94
Add: Closing stock including goods in transit but excluding work in progress	557.37	262.53	321.95
	7633.43	3815.16	2274.89
Less : Opening Stock including goods in transit, but excluding work in progress	617.25	557.37	262.25
Value of Business	7016.18	3257.79	2012.36

- a) The percentage of value of business to total net assets decreased from 119.87 in 1994-95 to 62.99 in 1995-96 and further to 40.60 in 1996-97.
- b) The percentage of value of business to net worth was 2834.13 in 1994-95 and negative in 1995-96 and 1996-97.

IX. Inventory and sales

The following table indicates the inventory holding of the Corporation at the end of the three years up to 1996-97.

	1994-95*	1995-96 (Rs in lakhs)	1996-97
Stores & Spares	479.01	415.51	348.62
Raw Materials	11.27	20.70	8.45
Finished goods (including Stock-in-transit)	569.09	275.83	311.99

- The Stock of Stores & Spares at the end of the three years up to 1996-97 represented 10.8 months, 15.23 months and 12.45 months of servicing requirements respectively.
- The Stock of Raw Materials at the end of three years up to 1996-97 represented 0.17 months, 1.47 months and 1.02 month's production requirements respectively.
- The Stock of Finished Goods at the end of three years up to 1996-97 represented 1.10 months, 1.23 months and 3.54 months of sales (excluding service charges) respectively.

X. Sundry Debtors and Turnover

The following table indicates the value of book debts and sales for three years upto 1996 97 (excluding debtors on sales on hire purchase).

Year ended 31st March	BOOK DEBTS		Total	Sales and service charges	(Rupees in lakhs)	
	Considered good	Considered doubtful			Percentage of book debts to sale and service charges	
1994-95	1196.64	182.20	1378.84	7076.06	19.49	
1995-96	806.33	182.75	989.08	3552.63	27.84	
1996-97	552.51	217.35	769.86	1952.94	39.42	

The book debt represents 2.34 months, 3.34 months and 4.73 months sales during 1994-95, 1995-96 and 1996-97 sales respectively.

The following table indicates the Age wise Analysis of Book Debts for the 3 years up to 1996-97.

BOOK DEBTS FOR	(Rupees in lakhs)		
	1994-95	1995-96	1996-97
For less than six months:	750.68	244.86	59.83
more than six months but less than one year	121.43	106.99	44.89
more than one year but less than two years	95.14	135.06	59.03
more than two years but less than 3 years.	65.73	101.22	117.43
more than 3 years.	345.86	400.83	492.76
	1378.84	989.09	769.87

Sd/-
ACCOUNTANT GENERAL (AU-II)

**Replies to Comments of the Statutory Auditors on the Accounts
for the year 1996-97
Forming part of the Directors' Report**

Comment	Management Reply
1. Provisions have not been made in report of the following :	This is disclosed at Note No. 6 to the Balance sheet. The Corporation advanced the amount to M/s Paramount Agro Chemicals (P) Ltd., (A joint venture) on the strength of Bank Guarantee of Andhra Bank. The Bank failed to honor the Bank Guarantee when it was invoked. The Corporation proceeded legally against the Bankers. As the matter is yet to be decided no provision has been made.
a) Advance recoverable from M/s Paramount Agro Chemicals Ltd., a Joint Venture Company Rs 4.50 lakhs and interest thereon from the date of Advance (amount not quantified) pending litigation Note No 6.	
b) Loans and Advances due and value of Non Trading Unquoted Equity Shares in a subsidiary company, M/s Hyderabad Chemicals and Fertilizers Ltd., (under liquidation) amounting to Rs 186.70 lakhs. Note No. 7 (a) and Rs 40.99 lakhs Note No. 7 (c) respectively.	This is disclosed at Note No. 7 (a) and (c) to the Balance Sheet. Most of the loans to M/s Hyderabad Chemicals and Fertilizers Ltd., were released on the specific direction from Government of Andhra Pradesh. The Corporation sent proposals to the Government of Andhra Pradesh to let off these loans against the amount payable by the Corporation to Government of Andhra Pradesh. As the matter is pending with the Government of Andhra Pradesh, no provision was made.
c) Equity investment in M/s A. P Bagasse Products Ltd., (under auction proceedings) amounting to Rs. 44.85 lakhs included in Investments schedule.	As soon as the auction is completed the actual loss, if any, will be adjusted with books of that year.
d) Inter corporate deposit recoverable from M/s Republic Forge Co. Ltd., (a company referred to BIFR) amounting to Rs 25.95 lakhs	This is disclosed at Note No 7(6) of Balance sheet M/s Republic Forge Co. Ltd., was referred to BIFR. Appropriate action will be taken after conclusion of the proceedings of the BIFR.
e) Estimated Gratuity liability on accrual basis amounting to Rs 310 lakhs. Note No. 13.	This has been explained at Note No. 13 to the Balance Sheet.
2. The Government vide G.O. Ms. No. 365 A&C (FPI) Department Dt. 19-9-1997 has converted the unsecured term loan amount-	This has been explained at Note No. 10(i) to (iv) to the Balance Sheet. Unsecured term loans from Government of

Comment	Management Reply
<p>ing Rs 11,60,14,300/- into equity, consequent upon which the Corporation has treated the interest accrued on this amount as waived and shown this as income pertaining to earlier years, net of adjustments for excess interest charged by the Government in the year 1993-94. Note No. 10 (i), (ii), (iii) and (iv).</p>	<p>Andhra Pradesh amounting to Rs 11.60 14.300/- was converted in to equity share capital of the Government in Corporation. In view of the conversion loan amount, the interest accrued and remained unpaid in the books of accounts is treated as waived and reverted of Rupees 2,26,38,303/- to the Profit & Loss Account.</p>
<p>3. The following adjustment have not been made in the Books:</p> <p>a) Remittances in transit amounts to Rs 51.55 lakhs under "Current Assets, Loans and Advances" remaining unreconciled/unsettled for more than one year.</p> <p>b) Stock-in-transit which includes some very old and long pending items unreconciled - for which value is not ascertained.</p> <p>c) Stock Adjustment / General Suspense Accounts under reconciliation. The Debit and Credit Suspense Accounts of Rs 17.75 lakhs and Rs 99 69 lakhs respectively needs to be reconciled and adjusted.</p>	<p>This is disclosed to Note No. 12 (1) of Balance Sheet Reconciliation with State Bank of Hyderabad, Gunfoundry in respect of the remittances made through their branches by the Corporation branch is under progress. Appropriate adjustment will be made after completion of reconciliation.</p> <p>This is disclosed to Note No. 12 (ii) of Balance Sheet. Efforts are being made to locate some of the old items of stocks which are pending under Stock-in-Transit from one branch to another branch, for making necessary adjustments.</p> <p>This is disclosed to Note No 12 (iii) of Balance Sheet Efforts are being made to reconcile the suspense accounts The adjustments will be made soon after the reconciliation is completed.</p>
<p>4. The interest receivable from the following parties has not been accounted for in the Books:</p> <p>a) M/s Paramount Agro Chemicals Ltd., amount not quantified-Note No. 6</p>	<p>This is disclosed at Note No. 6 of Balance sheet The Company is defunct. At the chances of recovery are remote, no provision has been made.</p>

	Comment	Management Reply
	b)M/s Republic Forge Company Limited Hyderabad Note No. 9 (c).	This is disclosed at Note No. 9 (c) of Balance Sheet. The Company was referred to BIFR. Appropriate action will be taken after conclusion of the proceedings of the BIFR.
	c)M/s Hyderabad Chemicals & Fertilizers Limited, Hyderabad Note No. 9 (d).	This is disclosed at Note No 9 (d). of Balance Sheet. The Company is under-liquidation. As the chances of recovery of interest are remote, no provision was made.
5.	Non accounting of a) gratuity liability and b) interest on some of the loans and advances on accrual basis is contrary to the provisions of Sec 209 of the Companies Act. 1956.	This is disclosed at Note No. 13 of Balance sheet The Corporation is constantly accounting the payment of gratuity on cash basis.
6.	Confirmation of balances from debtors, creditors, loans & advances and companies where Inter-corporate deposits and investments are made are not available - Note No. 4. We observed lot of debits in advances for various accounts, which need to be set off against the sundry creditors. Due to this, both the advances and sundry creditors accounts are over stated in the balance sheet, likewise the sundry debtors accounts and advances received from the parties accounts are over stated as these items need to be reconciled and corresponding debit and credit balances have to be matched and adjusted.	No interest on loans and advances to subsidiary Company (M/s Hyderabad Chemicals & Fertilizers Ltd) and joint venture M/s Paramount Agro Chemicals Ltd., and M/s Republic Forge Co. Ltd., Hyderabad, was provided as the chances of recovery are very remote. This is disclosed at Note No 4 of Balance sheet. Efforts are being to secure confirmation. The setting of Debit advance to Sundry Creditors is in progress and the Sundry Debtors with advance accounts are is in progress. Appropriate adjustments will be made after completion of reconciliation.
7.	Stocks include (a) some very old obsolete, non-moving/slow moving stocks, (b) damaged and spoiled stocks at different branches the value of which is not quantified. Shortages of stocks are to be accounted in some of the branches.	Non moving spares / stocks were identified and continuous efforts have been taken to dispose through auction. The provision will be made in the accounts for damaged and spoiled stocks in the subsequent year Regarding shortage to the extent identified action will be taken in the subsequent years to account for the shortages.

	Comment	Management Reply
8.	Instances of Misappropriation:— Sundry debtors includes amounts recoverable from employees due to misappropriation in RM (AE)'s office Eluru totaling Rs 25.65 lakhs not provided for.	The domestic enquiry against one of the employee and criminal case against another employee are under progress Necessary provisions will be made after completion of these cases.
9.	Loans and Advances includes amounts recoverable from staff amounting to Rs 27.64 lakhs in RM (AC)'s office. Vijayanagaram, which should be written off and Stock Suspense Account of Rs 3.19 lakhs in RM AC's office, Eluru, against which provision had to be made during the year 1996-97 as pointed out by the branch auditors.	The amount of Rs. 27.64 lakhs which is being shown under suspense account till 1994-95 has been transferred to 'Claims Recoverable A/c' after identifying the persons. Regarding Stock suspense, in the RMs Office, Eluru disciplinary enquiry was conducted against one employee. Appropriate action will be taken to provide the provision in subsequent years of accounts.
10.	Reconciliation in respect of unconnected debits and credits in respect of some of the bank accounts and cases of stale cheques which are time-barred requiring cancellation is not completed.	This disclosed at Note No 11 (ii) of Balance Sheet.
11.	Though the corporation has discontinued the drilling activity many years back, there are still accounts of the: <ul style="list-style-type: none"> a) Drilling spares and equipment b) Advances against drilling works c) Ground water deposits d) Hand boring deposits. <p>Which require regularization/written off.</p>	The most of drilling spares were disposed off in subsequent years. As soon as the accounts for pending years are updated efforts will be taken to make necessary adjustments.
12.	Provision for bad and doubtful debts is on the basis of dues for more than 3 years. The Company has not made provision basing on the quality of the debts and considered only the ageing while making the provision.	Provisions for bad debts of unsecured private parties outstanding for more than 3 years is being made. The debts of secured private and Government Departments through outstanding for more than 3 years are not being provided for, as there are chances of recovery.

**Replies to Comments of the Comptroller and Auditor General of India
under Section 619 (4) of the Companies Act, 1956 on the accounts of
Andhra Pradesh State Agro Industries Development Corporation Limited, Hyderabad
for the year ended 31st. March, 1997**

Comment	Management Reply
A. BALANCE SHEET (Assets)	
1. Current Assets - Loans and Advances : Schedule-G Rs 2536.45 lakhs, Inventories: Rs 651.97 lakhs.	
This is overstated by Rs 97.92 lakhs due to (i) inclusion of the value of expired pesticides (dusts) and fruit products, which should have been written off (Rs 33.70 lakhs) and (ii) valuation at cost price instead of realisable value of Fertilizers (Rs 23.75 lakhs) and pesticides, liquids (Rs 40.47 lakhs).	Amount of Rs. 1,90,088/- was deducted from the concerned employees during 1998-99 and 1999-2000. For further deductions from concerned persons are being explored. A provision of Rs 8.92 lakhs in this regard was made. Further provision in this matter will be made in this accounts for the year 1997-98.
This has also resulted in overstatement of Closing Stock by Rs 97.92 lakhs and understatement of loss by similar amount.	
2. Sundry Debtors: Rs 552.51 lakhs	
This is overstated by Rs 2.04 lakhs due to disallowance by the Government Departments of a fake permit.	An amount of Rs 57,440/- was deducted during 1999-2000 from the concern official. The possibilities for further deductions from concern persons are being explored.
2. Cash and Bank balances: 452.36 lakhs In current account: Rs 135.26 lakhs	
i) This is overstated by Rs 83.02 lakhs due to inclusion of Remittances - in - Transit (Rs 80.87 lakhs), Drawing suspense account (Rs 3.67 lakhs) and Collection suspense account (Rs 1.51 (lakhs), resulting also in understatement of Remittances - in - transit. Drawing suspense account and Collection suspense account.	The account Remittance-in-transit was mis - classified, as Drawing Suspense Account Thus the Drawing Suspense Account is overstand and Remittance in-Transit is understated. Both accounts are presented under one group. It will not effect the Profit & Loss Account and Balance Sheet.
ii) Amounts of Rs 61.79 lakhs (debit) and Rs 9.55 lakhs (credit) are not susceptible of verification.	Action has been initiated to overcome the situation.

Comment	Management Reply
<p>B. UNSECURED LOAN Schedule-D Rs 1793,54 lakhs</p> <p>The State Government passed orders on 19-9-1997 i.e. in 1997-98 for conversion of the loan amount of Rs 1160.14 lakhs (principal amount of Rs 857.51 lakhs plus interest of Rs 302.63 lakhs) due from the company into equity share capital. Based on these orders, the Company not only wrote back erroneously, the prior period interest of Rs 226.38 lakhs but also omitted to provide for interest of Rs 101.51 lakhs for the current year. The result was an under statement of loss for the year by Rs 101.51 lakhs and accumulated loss by Rs 327.89 lakhs.</p>	<p>Based on the proposals of the Corporation, the Government had waived the interest and converted the loan amount of Rs. 1160.14 lakhs into equity of the Government in the Corporation in G. O. Ms. No. 365 A & C [FP-I] Dept. Dated 19-9-97. In view of the G.O the interest accrued and remained unpaid in the books of the Accounts till the date of conversion of the loan that is 18-9-97, is treated as waived and no interest on the said loan for the year 1996-97 is provided. It is already disclosed in the notes forming part of the accounts at item 10 [i] to [vj].</p>
<p>C. Notes annexed to and forming part of accounts - (Schedule-I)</p> <p>Out of the land admeasuring 89.976 acres in the possession of the Company, the titles to 84,406 acres are not held by it. Further, the fact that out of 5,421 acres of land in possession of the Company at Sarangapur, Nizamabad, 4.29 acres had been transferred to M/s AP Corn Products, has not been disclosed.</p>	<p>Noted. Necessary disclosure will be made in the subsequent years of accounts.</p>

**Balance Sheet
And
Profit & Loss Account**

BALANCE SHEET

As at 31st March, 1997

Particulars	Schedule	1996-97		1995-96	
		Rs	Rs	Rs	Rs
I. SOURCES OF FUNDS					
<i>1. Shareholder's Funds</i>					
Capital	(A)	9,89,90,100		9,89,90,100	
Reserves and	(B)	8,12,180		8,12,180	
Surplus			9,98,02,280		9,98,02,280
<i>2. Loan Funds</i>					
Secured Loans	(C)	2,29,45,881		5,13,67,955	
Unsecured Loans	(D)	17,93,53,894		18,91,37,319	
			20,22,99,775		24,05,05,274
TOTAL			30,21,02,055		34,03,07,554
II. APPLICATION OF FUNDS					
<i>1. Fixed Assets</i>					
Gross Block	(E)	18,98,17,531		18,49,87,901	
Less : Depreciation		10,22,87,708		8,90,94,803	
Net block		8,75,29,823		9,58,93,098	
Capital work-in-progress		19,84,498	8,95,14,321	21,35,573	9,80,28,671
2. Investments	(F)		2,41,30,714		1,41,30,714

Particulars	Schedule	1996-97		1995-96	
		Rs	Rs	Rs	Rs
3. Current Assets					
Loans & Advances	(G)				
Inventories		6,51,97,497		6,95,27,613	
Sundry Debtors		5,52,51,009		8,06,33,336	
Cash & Bank Balances		4,52,51,009		2,72,50,374	
Other Current Assets		70,97,406		94,46,829	
Loans & Advances		8,08,63,226		9,85,11,554	
		<u>25,36,44,791</u>		<u>28,53,69,705</u>	
<i>Less</i> : Current liabilities & Provisions	(H)	19,35,04,089		17,69,17,406	
Net Current Assets			6,01,04,702		10,84,52,301
4. Profit & Loss Account	(I)		12,83,16,318		11,96,95,868
TOTAL			<u>30,21,02,055</u>		<u>34,03,07,554</u>
Accounting Policies	(S)				
Notes to Accounts	(T)				

Vide Our report of even date
For RAGHU & RAJENDRA
Chartered Accounts

Y. RAGHURAM
Partner

For and on behalf of the Board

A. P. AWASTHI
Vice Chairman &
Managing Director

JANNAT HUSAIN
Chairman

Place : Hyderabad
Date : 11-01-1999

K.V. RAMANA RAO
Company Secretary

C. NAGENDRAPPA
Asst. Manager (F&A)

PROFIT & LOSS ACCOUNT
For the year ended 31st March, 1997

Particulars	Sche- dule	1996-97		1995-96	
		Rs	Rs	Rs	Rs
<u>INCOME</u>					
Sales & Service Charges	(J)	19,52,94,439		35,52,62,552	
Consumption of Trading stocks		5,50,223		3,03,043	
Other Income	(K)	84,76,886		55,40,570	
			20,43,21,548		36,11,06,165
<u>EXPENDITURE</u>					
Raw materials Consumed	(L)	99,16,525		1,69,05,662	
Purchase of Trading stocks	(M)	8,74,16,111		20,50,27,835	
Packing material Consumed		15,65,426		17,35,288	
Stores and spare parts consumed		3,20,29,067		3,10,08,521	
Stock adjustment account		(8,39,757)		(11,617)	
Salaries, wages & Other benefits	(N)	6,11,11,394		6,24,47,942	
Other Expenses & Provisions	(O)	2,03,92,015		1,79,55,083	
Interest & finance charges	(P)	1,12,65,949		2,46,95,969	
Depreciation	(E)	1,52,32,587		1,50,89,994	

Particulars	Schedule	1996-97		1995-96	
		Rs	Rs	Rs	Rs
Increase/(Decrease) in stock	(Q2)	(42,26,314)		2,94,66,075	
Increase/ (Decrease) in Work-in-progress		6,30,457			
			23,44,93,460		40,43,20,752
Profit/ (loss) before Prior period adjustments			(3,01,71,912)		(4,32,14,587)
Transfer from Investment Allowance reserve			---		(3,450)
Transfer from contingency reserve			---		---
Prior period adjustments	(R)		(2,15,51,462)		14,34,666
Balance profit / (loss) carried to Balance sheet			(86,20,450)		(4,46,45,803)

Vide Our report of even date
For RAGHU & RAJENDRA

Chartered Accounts

Y. RAGHURAM

Partner

Place : Hyderabad

Date : 11-01-1999

For and on behalf of the Board

A. P. AWASTHI

Vice Chairman &
Managing Director

K.V. RAMANA RAO

Company Secretary

JANNAT HUSAIN

Chairman

C. NAGENDRAPPA

Asst. Manager (F&A)

Schedule-A

Schedules attached to and forming part of Balance Sheet as on 31-3-1997

SHARE CAPITAL

Particulars	1996-97 Rs	1995-96 Rs
<u>AUTHORIZED</u>		
12,00,000 (Previous year 12,00,000) Equity shares of Rs 100/- each.	<u>12,00,00,000</u>	<u>12,00,00,000</u>
<u>ISSUED, SUBSCRIBED & PAID UP</u>		
9,89,901 Equity shares of Rs 100/- each fully paid up. Of the above 160275 shares and one part share for Rs 34/- (Previous year 1,60,275 shares and one part share for Rs 34/-) are issued as fully paid up without payment being received in cash.	9,89,90,100	9,89,90,100
TOTAL	9,89,90,100	9,89,90,100

Schedule-B

RESERVES & SURPLUS

Particulars	1996-97		1995-96	
	Rs	Rs	Rs	Rs
1. Capital Reserve (As per last Balance Sheet)		5,85,829		5,85,829
2. Investment Allowance Reserve (as per last Balance Sheet)	23,931		27,381	
Less : Transferred to Profit and Loss Account	--		3,450	
		23,931		23,931
3. Insurance Reserve		2,02,420		2,02,420
TOTAL		<u>8,12,180</u>		<u>8,12,180</u>

SECURED LOANS

Particulars	1996-97 Rs	1995-96 Rs
<u>FROM STATE BANK OF HYDERABAD</u>		
Cash credit secured by hypothecation of Inventories and Book Debts.	--	1,73,02,751
Term Loan due to BEML for the purchase of Bulldozers under DPG from <u>State Bank of Hyderabad</u>	2,29,45,881	3,40,65,204
Secured by Hypothecation of Bulldozers.		
TOTAL	2,29,45,881	5,13,67,955

Schedule-D

UNSECURED LOANS

Particulars	1996-97 Rs	1995-96 Rs
<u>FROM GOVERNMENT OF ANDHRA PRADESH</u>		
1) Term Loans	12,95,14,300	12,26,69,300
Interest accrued and due	1,11,49,502	2,91,69,317
2) Other loans	89,18,000	89,18,000
Interest accrued and due	2,97,72,092	2,83,80,702
TOTAL	17,93,53,894	18,91,37,319

FIXED

		GROSS BLOCK			TOTAL
S.No.	Description of Assets	Upto 31-03-1996	Additions for the year	Sales/Adjustm ents during the year	
1	2	3	4	5	6
		Rs	Rs	Rs	Rs
1.	Land	15,15,598	45,000	...	15,60,598
2.	Buildings	1,88,31,348	2,77,944	...	1,91,09,292
3.	Plant & Machinery	82,63,053	2,702	(98,221)	81,67,534
4.	Furniture & Fixtures	40,89,826	500	...	40,90,326
5.	Tractors & Bulldozers	13,64,02,687	66,99,151	(14,03,243)	14,16,98,595
6.	Transport Vehicles	1,58,85,389	...	(6,94,203)	1,51,91,186
	Sub-Total	18,49,87,901	70,25,297	(21,95,667)	18,98,17,531
7.	Capital work-in-progress	21,35,573	...	(1,51,075)	19,84,498
	GRAND TOTAL	18,71,23,474	70,25,297	(23,46,742)	19,18,02,029
8.	Previous year	18,71,57,719	4,72,816	(5,07,061)	18,71,23,474

NOTE : Figures in brackets indicate negative amount deducted on account of sale / adjustments.

Schedule-E

ASSETS

DEPRECIATION				NET BLOCK	
Upto 31-03-1995	For the year	Adjustments	TOTAL	As on 31-03-1996	As on 31-03-1995
7	8	9	10	11	12
Rs	Rs	Rs	Rs	Rs	Rs
...	...	...	...	15,60,598	15,15,598
80,98,530	5,11,889	772	86,11,191	1,04,98,101	1,07,32,818
38,37,472	3,39,146	(47,879)	41,28,739	40,38,795	44,25,580
23,43,996	2,61,463	...	26,05,459	14,84,867	17,45,830
6,73,92,528	1,29,14,517	(13,33,081)	7,89,73,964	6,27,24,631	6,90,10,159
74,22,276	12,05,572	(6,59,493)	79,68,355	72,22,831	84,63,113
8,90,94,802	1,52,32,587	(20,39,681)	10,22,87,708	8,75,29,823	9,58,93,098
...	...	...	...	19,84,498	21,35,573
8,90,94,802	1,52,32,587	(20,39,681)	10,22,87,708	8,95,14,321	9,80,28,671
7,40,05,994	1,50,89,994	(1,185)	8,90,94,803	9,80,28,671	11,31,51,727

INVESTMENTS

Particulars	1996-97		1995-96	
	Rs	Rs	Rs	Rs
Non Trade at Cost				
<i>Unquoted</i>				
A) IN SUBSIDIARIES				
Hyderabad Chemicals & Fertilizers Ltd.				
95,600 (previous year 95,600) equity shares (OS) Rs. 50/- each fully paid up.	40,99,714		40,99,714	
		40,99,714		40,99,714
B) IN OTHER COMPANIES				
1. Non-conventional Energy Development Corporation of A.P. (formerly Agro Pumpsets & Implements Ltd. Hyderabad 390 (previous year 390) Equity shares of Rs 500 each fully paid up.	1,95,000		1,95,000	
2. The Southern Pesticides Corporation Ltd. 5,251 (previous year 5,251) Equity shares of Rs. 1,000/- each fully paid up.	52,51,000		52,51,000	
B/F	54,46,000	40,99,714	54,46,000	40,99,714

Particulars	1996-97		1995-96		
	Rs	Rs	Rs	Rs	
	C/F	54,46,000	40,99,714	54,46,000	40,99,714
3. AP Bagassee products Ltd. 4,48,500(previous year 4,48,500) Equity shares of Rs 10/- each fully paid up.		44,85,000		44,85,000	
4. Krishak Bharathi Cooperative Ltd., 1 (previous year also one sahare) Equity share of Rs 1,00,000/- each fully paid up.		1,00,000		1,00,000	
5. A.P. Oil Seeds Co-operative Growers Federation Ltd., 20,000 (previous year Nil) Equity Shares of Rs 500/- each fully paid up.		<u>1,00,00,000</u>			--
			2,00,31,000		1,00,31,000
	TOTAL		<u>2,41,30,714</u>		<u>1,41,30,714</u>

CURRENT ASSETS, LOANS & ADVANCES

Particulars	1996-97		1995-96	
	Rs	Rs	Rs	Rs
A. Current Assets				
1. Inventories				
a) Stores & Spares (at cost)	3,48,61,816		4,15,51,354	
b) Loose Tools (less written off)	29,183		60,818	
c) Raw materials (at cost)	8,44,742		20,69,530	
d) Finished goods (at cost or market price which ever is lower)	2,75,91,319		2,63,90,925	
e) Stock-in-transit (at cost)	36,07,294		11,91,843	
f) Work-in-progress (at cost)	--		--	
	<u>6,69,34,354</u>		<u>7,12,64,470</u>	
Less:				
i) Provision for shortage and spoilage	8,44,920		8,44,920	
ii) Provision for shelf life expired stocks	<u>8,91,937</u>		<u>8,91,937</u>	
		6,51,97,497		6,95,27,613
	C/F	6,51,97,497		6,95,27,613

Particulars	1996-97		1995-96	
	Rs	Rs	Rs	Rs
	B/F	6,51,97,497		6,95,27,613
<u>2. Sundry Debtors</u>				
a) Debts outstanding for a period exceeding six months				
i) Considered good and fully secured	47,81,335		59,66,892	
ii) Considered good but unsecured	4,52,83,626		5,13,28,172	
iii) Considered doubtful	2,17,35,886		1,82,75,095	
b) Other debts				
i) Considered good and fully secured	21,60,945		28,73,749	
ii) Considered good but unsecured	30,25,103		2,04,64,523	
		<u>7,69,86,895</u>		<u>9,89,08,431</u>
Less: Provision for doubtful debts	<u>2,17,35,886</u>		<u>1,82,75,095</u>	
		5,52,51,009		8,06,33,336
(Due from subsidiaries Rs 659/- (Previous year Rs 659/-) Max. amount during the year Rs 656/- (previous year Rs 659/- Debts from the companies where Directors interested Rs. 5,42,957/- (previous year Rs. 5,42,957/-)				
	C/F	12,04,48,506		15,01,60,949

Particulars	1996-97		1995-96	
	Rs	Rs	Rs	Rs
	B/F	12,04,48,506		15,01,60,949
3. a) Cash balance on hand	49,066		26,888	
b) <u>Bank balances with Scheduled Banks</u>				
i) In current account	1,35,25,555		58,51,363	
ii) In Fixed Deposits	2,65,04,194		1,44,08,800	
iii) Remittances-in-transit	51,55,338		69,61,823	
iv) With others				
a) In PD A/c with Govt. of A.P.	500		500	
b) In Post Office SB A/c. lodged with Govt. as Security deposit Max. amount during year Rs 1000/- (previous year Rs. 1000/-)	1,000		1,000	
		4,52,35,653		2,72,50,374
B. Loans & Advances				
4. Loans				
a) To subsidiaries (unsecured but considered good)	60,28,952		60,28,952	
b) Others	--		--	
5. Advances:				
a) To subsidiaries (unsecured but considered good)	1,26,41,269		1,26,41,269	
	C/F	1,86,70,221	16,56,84,159	1,86,70,221
				17,74,11,323

Schedule-G Contd.

Particulars	1996-97		1995-96		
	B/F	Rs	Rs	Rs	
		1,89,70,221	16,56,84,159	1,86,70,221	17,74,11,323
b) To Companies in which the Directors of the Company are Directors (unsecured but considered good)		5,19,411		5,19,411	
c) To others					
i) Secured and considered good		71,191		2,08,797	
ii) Unsecured but considered good		6,23,61,197		7,98,71,919	
Less: Doubtful advances		7,58,794		7,58,794	
		<u>8,08,63,226</u>		<u>9,85,11,554</u>	
			8,08,63,226		9,85,11,554
<u>6. Other Current assets</u>					
a) Inter corporate deposit					
b) Interest accrued					
c) Others (Includes Rs 1,500/- in the National Savings Certificate lodged with Govt.)		15,72,004		26,78,615	
d) Claims Recoverable		<u>11,90,762</u>		<u>20,35,739</u>	
			70,97,406		94,46,829
TOTAL			<u>25,36,44,791</u>		<u>28,53,69,706</u>

Schedule-H

CURRENT LIABILITIES AND PROVISIONS

Particulars	1996-97 Rs	1995-96 Rs
A. Current Liabilities		
1. Sundry Creditors for Purchases	4,28,22,564	4,80,61,182
2. Sundry Creditors for Expenses	13,35,809	20,21,594
3. Advance against supplies	9,45,89,337	7,60,88,786
4. Deposits	82,03,664	72,69,422
5. Other Liabilities	4,65,52,715	4,34,76,421
TOTAL	<u>19,35,04,089</u>	<u>17,69,17,405</u>
B. Provisions	--	--

PROFIT & LOSS ACCOUNT

Schedule-I

Particulars	1996-97 Rs	1995-96 Rs
Balance brought down (Loss)	Dr (11,96,95,868)	Dr (7,50,50,065)
<u>Less / Add</u>		
Profit / (Loss) transferred from Profit & Loss Account	(86,20,450)	(4,46,45,803)
	<u>Dr (12,83,16,318)</u>	<u>(11,96,95,868)</u>

Note : Figures in brackets indicate (Loss)

SALES & SERVICE CHARGES

Particulars	1996-97 Rs	1995-96 Rs
A. Sales :		
1. Tractors	18,37,464	23,74,696
2. Trailers & Water Tankers	6,85,241	8,48,700
3. Tractor spares and Implements	3,10,86,899	3,61,92,307
4. Fertilizers	4,96,99,318	16,82,07,929
<u>5. PESTICIDES</u>		
a) Dusts	22,28,704	1,83,72,228
b) Liquids	1,00,12,460	3,18,77,090
6. Fruit Products	28,53,432	18,05,392
7. Others	74,48,249	84,84,023
B. Service Charges	8,94,42,672	8,71,00,187
TOTAL	19,52,94,439	35,52,62,552

Schedule-K

Particulars	1996-97		1995-96	
	Rs	Rs	Rs	Rs
INTEREST INCOMES				
a. From Sundry Debtors	4,75,094		4,76,580	
b. From Bank on Fixed Deposits	17,59,317		22,38,443	
c. From Others	2,41,794		2,02,815	
		24,76,205		29,17,838
OTHER INCOME				
a. Discounts and Commissions	61,595		5,52,947	
b. Rent	17,34,790		5,83,088	
c. Miscellaneous	5,06,182		12,96,968	
d. Income from Sale of Scrap	1,25,186		1,89,729	
e. Profit on Sale of Fixed Assets	<u>35,72,928</u>		==	
		60,00,681		26,22,732
TOTAL		<u>84,76,886</u>		<u>55,40,570</u>

Particulars	1996-97		1995-96	
	Rs	Rs	Rs	Rs
I. PESTICIDES				
a) BHC Technical	20,20,501		1,35,58,481	
b) Monocrotophos	--		--	
c) Endosulphan	11,69,475		--	
d) Quinolpos	19,57,100		--	
e) Cypermethin	--		--	
f) Clorophyrifos	--		--	
g) Other Base Material	<u>17,12,536</u>		<u>22,10,641</u>	
		68,59,612		1,57,69,122
II. FRUIT PRODUCTS				
a) Fruits	4,43,702		1,96,909	
b) Fruit Pulp	--		--	
c) Sugar	8,82,096		4,42,019	
d) Others	<u>1,19,471</u>		<u>49,100</u>	
		14,45,269		6,88,028
III. OTHER PRODUCTS				
a) Iron & Steel Materials and Others		16,11,644		4,48,512
TOTAL		<u>99,16,525</u>		<u>1,69,05,662</u>

Schedule-M

PURCHASE OF TRADING STOCK

Particulars	1996-97 Rs	1995-96 Rs
1. Tractors	19,15,445	22,34,696
2. Tractor Spares and Implements	2,82,27,239	3,11,67,255
3. Fertilizers	4,91,92,571	15,68,71,345
4. PESTICIDES		
a) Dusts	6,84,982	59,81,332
b) Liquids	--	1,87,614
5. Others	73,95,874	85,85,593
TOTAL	8,74,16,111	20,50,27,835

Schedule-N

PROFIT & LOSS ACCOUNT

Particulars	1996-97 Rs	1995-96 Rs
1. Salaries, wages and Bonus	5,46,66,177	5,58,77,584
2. Contribution to Provident Fund and other funds	51,78,686	50,45,642
3. Staff welfare Expenses	5,34,871	9,12,774
4. Gratuity paid	7,31,660	6,11,942
TOTAL	6,11,11,394	6,24,47,942

OTHER EXPENSES

Particulars	1996-97 Rs	1995-96 Rs
1. Power & Fuel	5,96,936	8,77,844
2. Rent	9,49,003	6,09,586
3. Insurance	6,89,963	6,79,638
4. Rates & Taxes	10,71,945	3,95,442
5. Freight & Transport	7,03,591	9,37,146
6. Travelling Expenses		
a) To Directors	99,267	98,420
b) To Others	23,57,519	23,68,885
7. Printing & Stationery	3,91,108	3,82,019
8. Postage, Telegram and Telephones	9,00,015	11,12,703
9. Business courtesy expenses	1,00,736	99,444
10. Misc. Expenses	64,983	41,820
11. Directors' Sitting fee	1,200	13,791
12. Advertisement and Trade Promotion expenses	4,38,663	78,629
13. Auditors' Remuneration :		
a) Audit fee	1,05,000	1,05,000
b) Out of pocket expenses	25,000	26,642
c) Tax Audit fee	12,000	12,000
14. Repairs and Maintenance to plant and machinery	45,88,224	59,13,854
15. Repairs and Maintenance to buildings	1,43,007	1,18,025
C/F	1,32,38,150	1,38,70,888

INTEREST & FINANCE CHARGES

Particulars	1996-97		1995-96	
	Rs	Rs	Rs	Rs
1. INTEREST				
A) On Term Loans:				
i) From Banks	67,91,801		68,62,488	
ii) From Govt. of AP.	15,97,500		1,17,48,751	
	-----	83,89,301	-----	1,86,11,239
B) On Other Loans :				
i. From Banks	11,27,869		44,18,771	
ii. From Govt. of AP.	13,91,390		13,91,390	
	-----	25,19,259	-----	58,10,161
C) On Others	--			6,896
 2. Bank Charges :	 3,57,389			 2,67,673
 TOTAL		 <u>1,12,65,949</u>		 <u>2,46,95,969</u>

Schedule Q(1)

OPENING STOCK

Particulars	1996-97 Rs	1995-96 Rs
Tractors & Bulldozers	2,69,496	2,76,807
Trailers & Water Tankers	4,08,188	1,97,393
Rigs & Compressors	8,72,774	8,72,773
Fertilizers	33,79,052	1,16,48,583
Seeds	905	905
Pesticides		
a] Dusts	20,31,448	38,40,495
b] Liquids	1,03,54,759	3,00,03,576
Fruit Products	5,01,002	5,23,100
Tractor Spares and Implements	61,04,460	70,50,999
Others	11,39,028	2,70,436
TOTAL	<u>2,50,61,112</u>	<u>5,46,85,067</u>

(Note : The figures are regrouped wherever necessary)

CLOSING STOCK

Particulars	1996-97 Rs	1995-96 Rs
Tractors & Bulldozers	4,67,161	2,69,496
Trailers & Water Tankers	2,44,816	4,08,188
Rigs & Compressors	8,73,408	8,72,773
Fertilizers	52,50,642	33,79,052
Seeds	905	905
Pesticides		
a] Dusts	22,89,356	20,31,448
b] Liquids	85,11,358	1,03,54,759
Fruit Products	11,80,233	5,01,002
Tractor Spares and Implements	86,30,366	61,04,460
Others	18,39,181	11,39,028
TOTAL	<u>2,92,87,426</u>	<u>2,50,61,111</u>
Opening Stock	2,50,61,112	5,46,85,067
Closing Stock	<u>2,92,87,426</u>	<u>2,50,61,111</u>
Increase/(Decrease) in stocks	(42,26,314)	2,96,23,956

Schedule Q(3)

OPENING WORK IN PROGRESS

Particulars	1996-97 Rs	1995-96 Rs
Work-in-Progress	13,29,815	11,71,934
Total	13,29,815	11,71,934

Schedule Q(4)

CLOSING WORK IN PROGRESS

Particulars	1996-97 Rs	1995-96 Rs
Work-in-Progress	<u>6,99,358</u>	<u>13,29,815</u>
Total	6,99,358	13,29,815
Opening W I P	13,29,815	11,71,934
Closing W I P	<u>6,99,358</u>	<u>13,29,815</u>
Increase / (Decrease in W I P)	6,30,457	(1,57,881)

PRIOR PERIOD ADJUSTMENTS			Schedule-R
Particulars	1996-97 Rs	1995-96 Rs	
1. Interest	[2,35,60,603]	--	
2. Sales & Service charges	15,98,606	32,584	
3. Salaries	8,734	4,56,269	
4. Freight and Transport	--	1,75,776	
5. Depreciation	(3,701)	(1,185)	
6. Insurance	--	--	
7. Rates & Taxes	1,06,611	550	
8. T.A. Expenses	3,569	8,064	
9. News Papers & Periodicals	955	5,615	
10. Rent	1,19,108	12,937	
11. Rebates, Discount & Commission	--	--	
12. Postage / Telephones	--	--	
13. Repairs and maintenance of other Assets / Transport vehicles	35,359	15,102	
14. Advertisement and Trade Promotion expenses	30,000	17,021	
15. Others	1,20,327	[66,712]	
16. Staff welfare expenses	22,099	1,531	
17. Written off stocks	--	--	
18. Bonus	--	--	
19. AVSKs expenditure (Godown rents and Commission)	[15,964]	39,156	
20. Consultancy fee	--	--	
21. Compensation	--	--	
22. Oils & Lubs to vehicles	--	1,53,646	
23. Audit fee	--	12,000	
24. Bank Charges	--	--	
25. Commission on DPG Loans	[16,562]	--	
26. Insurance Reserve	--	--	
C/F	99,899	8,62,354	

Schedule-R Contd.

Particulars	1996-97 Rs	1995-96 Rs
B/F	99,899	8,62,354
27. DPG Interest	--	--
28. Tyres & Batteries	--	--
29. Bulldozer spares	--	[2,51,367]
30. Vehicle spares	--	663
31. Sale of Sprayers	--	--
32. Dividends	--	--
33. Electricity	--	[1,545]
34. Implements	--	--
35. Oils	--	--
36. Incentives	--	--
37. Formulations	--	8,24,563
TOTAL	[2,15,51,462]	14,34,666

Note : The figures in brackets indicate **Credit** Balances

ACCOUNTING POLICIES

1. Fixed Assets

- a. Fixed Assets are being capitalized at cost including freight, installation charges and other appropriate allocable expenses.
- b. Fixed Assets are stated as follows :
 - i. Land at cost
 - ii. Other Fixed Assets at cost less depreciation.
- c. Capital work-in-progress.

Amount paid to Civil Contractors on account of part bills, advances paid on account of Capital works and amounts spent on capital works which are in progress are grouped and shown under Capital work-in-progress.

2. Investments

Investments are stated at cost.

3. Inventories

- a) Raw Materials, work-in-progress, stores and spares are valued at cost.
- b) Finished Goods are valued at lower of cost or net realisable value.

4. Loose Tools

Loose Tools are being amortized over a period of three years.

5. Revenue Recognition

- i Sales: Sales are being booked net of Sales tax, Rebate and Discount.
- ii Pre-sale and After Sale Service: Stores consumed and minor expenses incurred on tractors before selling are shown as pre sale service expenses. Similar expenses, incurred during the warranty period are shown as after sales service expenses and are accounted for, as and when incurred. Both are grouped under selling & after sale expenses.

Schedule-S Contd.

iii Spares issued for repairs of Corporation assets are accounted for on issue basis.

iv Grants / Subscriptions to Institutions / Universities for Research:

Grants / Subscriptions paid to Institutions / Universities for Research Infrastructure/Development of Technology etc., irrespective of research results is treated as revenue expenditure of the year. .

v Depreciation:

Depreciation on Fixed Assets is being provided on straight line method and rates in accordance with the Schedule XIV of the Companies Act 1956.

vi Doubtful Debts:

Debts outstanding for more than three years in respect of Private Parties excluding Co-operative Societies are treated as doubtful debts and fully provided for.

vii Library:

Library books purchased are charged off to the Revenue.

viii Sale of Current Assets:

On sale of Current Assets the relevant cost is debited to "Purchase of Trading Stock A/c."

**Notes annexed to and forming part of the accounts for the year ended
31st March, 1997**

Particulars	1996-97 Rs	1995-96 Rs
1. Contingent Liabilities not provided for :		
a) Estimated amount of contracts to be executed on capital account and not provided for.	Nil	34,966
b) Claims against the Company not acknowledged as debts.	72,16,151	46,40,103
c) Un-expired letters of credit.	Nil	Nil
d) Future liability for interest on deferred payment guarantee (DPG) loans borrowed for purchase of bulldozer.	1,02,03,369	1,59,89,031
2. a) Pending registration of title deeds of the land at Khammam, which is in the possession of the Corporation and for which full purchase consideration is paid is shown under Fixed Assets.	33,396	33,396
b) Out of the land held by the Corporation at Metpally to an extent of 1.825 acres the Corporation sold 0.67 acres to M/s APSEB and de-capitalized in 92-93 The balance land was handed over to M/s TTD who in turn agreed to provide alternative land at Karimnager. The cost of the land of 1.155 acres handed		

Particulars	1996-97 Rs	1995-96 Rs
over to M/s TTD is shown in accounts. Pending receipt of alternative land at Karimnager.	3,595	3,595
c) The land 2.02 acres at Suryapet was handed over on 5-1-1996 to A. P. Vidya Vidhan Parishad. The cost of land is to be determined and collected.		
3. a) The cost of land, buildings furniture and fixtures transferred by the Govt. of AP is not taken into account, as the value of such assets are yet to be determined by AP Govt and hence depreciation is not provided on the said assets.		
b) The cost of buildings constructed on lease hold land at Chintal Hyd., for 99 years is treated as Fixed Assets of Corporation and Depreciation is being provided as usual rates.		
4. Balances in respect of Debtors, Creditors, Loans and Advances Inter corporate Deposits & Investments are pending confirmation from respective parties.		
a). Current Assets, Loans and Advances 'Remittances-in-Transit' include : DDs transferred by Kakinada branch not received at Head Office, which is under correspondence.	10,000	10,000
b) Loans and advances includes a sum of Rs 1.17 lakhs being the shortage suspense recoverable		

Schedule-T Contd.

Particulars	1996-97 Rs	1995-96 Rs
from employee for which recovery, a case was filed in Court.		
6. Advance to M/s Paramount Agro Chemicals is extended on the strength of BG given by Andhra Bank and hence considered good; on which no interest is provided for in the books as the claim is with A. P. High Court.	4.50 lakhs	4.50 lakhs
7. a) The loans and advances due from M s Hyderabad Chemicals & Fertilizers Ltd , a subsidiary of AP Agros (which are extended based on the orders of AP Govt.) continued to be treated as good, as the Corporation requested the Govt. of AP to adjust against the loans payable by the Corporation to the AP Govt.,	1,86,70,221	1,86,70,221
b) The Inter Corporate Deposit due from M/s RFC, a Government Company continued to be treated as good since the Corporation proposes to adjust against certain other amounts payable to Govt. of Andhra Pradesh.	25,95,000	25,95,000
c) Investments made in M/s Hyderabad Chemicals & Fertilizers Ltd., a subsidiary of our Corporation is treated as good pending finalisation of liquidation proceedings.	40,99,714	40,99714

Particulars	1996-97 Rs	1995-96 Rs
8. <u>i) Current Liabilities and Provisions-other Liabilities include</u>		
a) Amount payable to Govt. of AP provided provisionally for stocks drawn from the stores left with the Corporation at the time of its formation.	6,30,028	6,30,028
b) Leave Salary and Pension Contribution payable to the Govt. of AP is provisional, pending claim from the Government of A.P.	90,90,791	86,95,592
ii) Current Assets, Loans and Advances include the amounts due from the Govt. of A.P. towards the leave salaries for the staff on deputation which is provisional.	56,82,271	56,02,699
9. a) Interest @8.5% (the rates mentioned in similar loans) is provided on short-term loan of Rs 35.00 lakhs (previous year Rs 35.00 lakhs) even though GO. Ms. No. 346 & 347, Food & Agriculture (FP-I.) Department dt. 21-12-83 through which the loan was sanctioned has not specified any rate of interest.	2,97,500	2,97,500
b) In spite of ambiguity in the terms of the G.O Ms. No. 168 date 28-3-87, normal rate of interest @13% per annum on loan of		

Schedule-T Contd.

Particulars	1996-97 Rs	1995-96 Rs
Rs 10.00 lakhs is provided, and the penal rate of interest @ 1.56% over and above normal rate @ 13% is provided.	1,45,600	1,45,600
<p>c) Interest receivable for the year on Inter Corporate Deposits Rs 25.95 lakhs (previous year 26 lakhs) made with M/s RFC is not provided for as the recovery of interest from the Company is pending as the Company is sick and the rehabilitation Scheme proposed by IDBI is pending with BIFR.</p> <p>d) Interest receivable for the year on the loans Rs 39.33 lakhs given to M/s, HCF a subsidiary Company is not provided for as the Company is under liquidation from the year 1987.</p>		
<p>10. i) Unsecured Term Loans from Govt. of A.P. amounting to Rs. 11,60,14,300/- was covered into equity share capital of the Govt. in the Corporation in G.O. Ms. No. 365 A&C (FPI) Department Dt. 19-9-1997.</p> <p>ii) In view of GO. Ms. No.. 365 A&C (FPI) Dept. Dt. 19-9-1997, the interest accrued on these loans and remained unpaid in the books is treated as waived,</p>		

Particulars	1996-97 Rs	1995-96 Rs
and reverted which is in the order of Rs 2,6,38,303/-.		
<p>iii) The Government had adjusted in G.O. Rt. No. 1237 Dt. 13-3-93 an amount of Rs 1,90,14,300/-towards normal interest and penal interest. The interest accrued on the loans for the year 93-94 was Rs 81,76,358/-. The difference is treated as excess adjusted by the Government and the same is now regularized.</p>		
<p>iv) Short Term unsecured loans from the Govt. as on 31-03-1997 were Rs 12,95,14,300/-. No interest is provided for the year on the loans of Rs 11,60,14,303/- in view of GO Ms. No. 365 A&C (FPI) Department Dt. 19-9-1997, as the same is treated as waived.</p>		
<p>v) The balance Term unsecured Loans as on 31-3-1997 are Rs 1,35,00,000/-. The accrued and unpaid interest as on 31-3-97 is Rs 1,11,49,502/-. Proposals were submitted to Government to adjust the principal and interest against the dues by the Government to the Corporation. The books of Accounts will be</p>		

Particulars	1996-97 Rs	1995-96 Rs
adjusted accordingly on receipt of orders from the Government in the matter.		
11. i) The amounts under head "Recoverable from the suppliers" towards institutional margins, bank charges, and H&T charges etc., are running accounts. The same requires reconciliation with the suppliers which is in correspondence with them. After reconciliation necessary adjustments will be carried out.		
ii) Debts in the order of Rs 2.13 crores were written off. But the same is not given effect in the Books of Accounts as these accounts requires reconciliation. Further, certain disciplinary proceedings were initiated against the officials identified as responsible. Therefore, the total issue requires reconciliation and action will be taken in the matter, soon on completion of the reconciliation.		
iii) Advances against purchases is under reconciliation with individual Accounts and the same will be adjusted, soon on completion of reconciliation.		

Particulars	1996-97 Rs	1995-96 Rs
iv) A provision was made in the books of Accounts towards spoilage's and shortages. The same will be adjusted against the stocks after determining the actual spoilage's and shortages.		
i) Remittances-in-Transit includes transactions of more than one year. The same is under reconciliation and will be adjusted.		
ii) Stock-in-Transit includes transactions of more than one year. The same is under reconciliation and will be adjusted.		
iii) Stock adjustment / General suspense account is under reconciliation. The same will be adjusted on compilation.		
13. Gratuity paid during the year has been charged to Profit & Loss Account on cash basis. The estimated future liability under Gratuity not provided for.	310.00 lakhs	270.00 lakhs
14. a) Managerial Remuneration to MD		
i) Salary & Allowances	1,09,990	1,82,361
ii) P.F. Contribution	12,610	17,566
iii) Perquisites	3,015	26,465
	<u>1,25,615</u>	<u>2,26,392</u>

Particulars	1996-97 Rs	1995-96 Rs
<u>b) Remuneration to Chairman</u>		
i) Honorarium	...	15,597
ii) Perquisites	...	27,886
	-----	43,483

15. Consumption of Raw Materials		

Name of the products	Units		
i) Pesticides			
BHC Technical	Tons	0.9	2.200
Monocrotophos	K.Ls	7.593	24.380
Endosulphan	K.Ls	4.500	7.009
Quinolphos	K.Ls	4.600	7.800
Chlorophyriphose	K.Ls	1.150	5.600
Cypirmythrin	K.gs.	9.265	505.500
ii) Fruit Products			
Fruit	MTs	77.497	58.245
Sugar	MTs	58.009	32.848
Loose Fruits	Nos	37.650	2800

Particulars		1996-97 Rs	1995-96 Rs
16.	a) Imports calculated at CIF value of materials and spare parts	Nil	Nil
	b) Consumption of Raw materials stores, spare parts and percentage to total consumption	Nil	Nil
	c) Raw materials		
	i) Imported	--	--
	ii) Indigenous	99,16,525 (100%)	1,69,05,662 (100%)
	d) Stores & Spares		
	i) Imported	--	--
	ii) Indigenous	3,20,29,067 (100%)	3,10,08,521 (100%)

17. Installed capacity and actual production particulars.

	Units	Installed Capacity as per single shift	PRODUCTION		
			1996-97	1995-96	
1.	Fruit Products				
	a) Beverages	Crates	1,80,000	3,199	4,774
	b) Other Fruit products	MTs	2,400	81,209	43
2.	Pesticides				
	a) Dusts	MTs	5,400	2,600	34
	b) Liquids	KLs	300	51,365	123
3.	Trailers and water tankers	Nos	--	10,000	21

18. The previous years figures have been regrouped and recasted wherever necessary so as to make them comparable.

19. Quantitative Particulars of Trading Stocks are furnished hereunder.

Particulars (1)	Units (2)	Opening Balance (3)	Pur- chases (4)	Prod- uction (5)	Total (6)	Sales (7)	Adjust- ments/cons umption (8)	Closing Balance (9)	Total (10)
i) Fertilizers	Tons	1,223 (2,974)	9,962 (38,857)	... (364)	11,185 (42,195)	10,074 (40,313)	212 (659)	899 (1,223)	11,185 (42,195)
ii) Pesticides									
Dusts	Tons	138 (212)	99 (207)	15 (34)	252 (453)	232 (303)	10 (12)	10 (138)	252 (453)
Liquids	KLs	62 (169)	53 (220)	43 (136)	158 (525)	59 (463)	65 (...)	34 (62)	158 (525)
iii) Tractors & Bulldozers	Nos	28 (28)	10 (13)	.. (...)	38 (41)	9 (13)	... (...)	29 (28)	38 (41)
iv) Trailers & Tankers	Nos	53 (46)	... (1)	10 (25)	63 (72)	12 (19)	1 (...)	50 (53)	63 (72)
v) Rigs & Comp- ressors	Nos	6 (6)	... (...)	... (...)	6 (6)	... (...)	... (...)	6 (6)	6 (6)

Note : Figures in brackets indicate previous year figures.

Vide Our report of even date
For RAGHU & RAJENDRA
Chartered Accounts

Y. RAGHURAM
Partner

For and on behalf of the Board

A.P. AWASTHI
Vice Chairman &
Managing Director

JANNAT HUSAIN
Chairman

Place : Hyderabad
Date : 11-01-1999

K.V. RAMANA RAO
Company Secretary

C. NAGENDRAPPA
Asst. Manager (F&A)

**REVIEW OF ACTIVITIES OF THE ANDHRA PRADESH AGRO
INDUSTRIES CORPORATION LIMITED FOR THE YEAR 1996-97.**

The Andhra Pradesh Agro Industries Corporation Limited was incorporated in 1968 under the Companies Act; 1956 as a Government Company with equity participation of the Central Government and the State Government of Andhra Pradesh. The authorized share capital of the Corporation is Rs. 12.00 crores. The paid-up capital of the Corporation was Rs. 9.90 crores at the end of 1996-97. The Central Government's share in the paid-up capital is Rs. 2.69 crores i.e. 27.18% of the total paid-up capital of the Corporation.

2. **OBJECTIVES:**

The main objectives of the Corporation are as under:

- (i) Manufacture and distribution of agricultural machinery, improved implements and tools;
- (ii) Enabling persons engaged in agricultural and allied pursuit to own the means of modernizing their operations or alternatively making available necessary custom services for this purpose;
- (iii) Undertaking and assisting in the efficient distribution of inputs for agriculture;

- (iv) Promotion and execution of industries having a bearing on production/ preservation and supply of food/ and
- (v) Providing technical guidance to farmers and persons concerned with Agro-Industries with a view to enabling efficient conduct of their enterprises.

3. **ACTIVITIES:**

The main activities of the Corporation include trading in tractors and production and sale of pesticides/ fruit products/ trailers and water tankers etc. The total turnover of the Corporation during 1996-97 was Rs. 20.38 crores as against Rs. 36.08 crores during 1995-96 showing a decrease of about 44%.

4. **PROFIT AND LOSS POSITION:**

During the year 1996-97, the Corporation suffered a net loss of Rs. 86.20 lakh, against loss of Rs. 446.46 lakh during 1995-96. The accumulated loss of the Corporation as on 31st March, 1997 was Rs. 1283.16 lakh.

STATEMENT SHOWING REASONS FOR DELAY IN LAYING THE ANNUAL REPORT OF
ANDHRA PRADESH AGRO INDUSTRIES CORPORATION LIMITED FOR THE YEAR
ENDING 31ST MARCH, 1997 ON THE TABLE OF LOK SABHA / RAJYA SABHA.

The Andhra Pradesh Agro Industries Corporation Limited is a State Government undertaking under the direct control of the State Government. The Government of India has a minority shareholding of 27.18% in the Corporation.

2. As per provisions contained under Section 619-A of the Companies Act, 1956, where the Central Government is a member of a Government Company, the Central Government shall cause an annual report on the working and affairs of the Company to be:

- (a) prepared within three months of its annual general meeting before which the audit report is placed under sub-section (5) of Section 619; and
- (b) as soon as may be after such preparation, laid before both Houses of Parliament, together with a copy of the audit report and any comments upon, or supplement to the audit report/ made by the Comptroller and Auditor General of India.

Further, in accordance with the recommendations contained in para 26 of the 1st report of "Committee on Papers Laid on the Table, Rajya Sabha", copies of the Annual Reports and Audited Accounts of the Corporation are to be placed on the Table of both Houses of Parliament together with report/review, comments of auditors and Comptroller and Auditor General within 9 months of closure of the accounts.

Department of Agriculture and Cooperation has been pursuing the matter with the Corporation as well as with the State Government to expedite submission of the Annual Reports. However, the Corporation has failed to adhere to the time schedule.

3. The reasons for the delay in finalization of Annual Accounts of the Corporation for the year ending 31st March, 1997 are as under:

The Corporation completed the accounts by December 1997. The delay was mainly due to delayed appointment of Auditors. Auditors for a particular year could not be appointed unless the accounts for the previous year were adopted at the Annual General Meeting. The auditors were appointed on 01.04.1998. Board of Directors approved the provisional accounts on 31.12.1998 and the accounts were submitted for audit to auditors and they completed audit on 11.01.1999. Then the accounts were submitted to Comptroller and Auditor General for supplementary audit whose comments thereon were received on 12.05.1999. Thereafter the accounts were adopted in the Annual General Meeting on 11.06.1999. The printed copies of the Report were sent by the Corporation by railway parcel which was misplaced in rail transit. The reprinted copies of English and Hindi version of the Report were received in this Department on 08.03.2000. Hence, there has been a delay in laying the Report on the Table of the House.
