

17th
Annual Report
2006 - 2007

Hindustan
Agrigenetics Limited
Hybrid Seeds Tissue Culture Floriculture

Hindustan Agrigenetics Limited

BORD OF DIRECTORS

Shri Pritam Kapur
Shri S. V. R. Rao
Shri C. P. Rajendran

AUDITORS

R. K. Gulati & Associates
Chartered Accountants
New Delhi

BANKERS

State Bank of Hydrabad

REGISTRARS

Karvy Consultants Ltd.
25, Business Park,
Shivaji Marg,
New Delhi - 110015

RREGISTERED OFFICE

806, Meghdoot
94, Nehru Place,
New Delhi - 110019

PLANT

19/D, Gundla Pochampally
Via Hakimpet
Secundrabad -500 014

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NOTICE OF GENERAL MEETING

NOTICE is hereby given that the 17th Annual General Meeting of the Company will be hold on Friday, the 25th August, 2007 3.00 P.M. at the Registered office at 806, Meghdoot, 94, Nehru Place, New Delhi - 110019 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited annual balance sheet of the Company as at 31st March, 2007 together with the report of the Auditors and the Directors thereon.
2. To appoint a director in place of Shri C. P. Rajendran, who retires by rotation but is eligible for re-appointment.
3. To appoint the auditors. The retiring auditors of the Company, M/s R. K. Gulati & Associates, Chartered Accountants, New Delhi are eligible for re-appointemnt.

By order of the Board

(PRITAM KAPUR)
Managing Director

Place: New Delhi

Dated:14.07.2007

NOTE:

1. A member entitled to attend and vote may appoint a proxy instead of himself/herself and such a proxy need not be a member. Proxy forms in order to be effective must be lodged with the Company 48 hours before the meeting.

DIRECTORS' REPORT

Dear Members,

Your directors take pleasure in presenting you this 17th report together with the audited statements of account for the financial ended on 31st March, 2007.

A. Financial Results

As per approval accorded by you by a special resolution dated 27th May, 2006 U/s 293(1) (a) of the Companies Act, 1956, part of the farm land measuring approx. 10.65 acres situated at the floriculture unit at Dundigal has been sold off to M/s J. K. Agrigenetics Ltd. for a total consideration of Rs. 3.69 crores. As a result the secured loan liability payable by the company to State Bank of Hyderabad, whose recovery proceedings already initiated by DRT Hyderabad, has been paid off by a one time settlement of Rs 3.00 crores arrived between the Company and the said State Bank of Hyderabad. Overdue liability payable by the Company to farmers accounted under sundry creditors against seed supplies made to the Company has been settled at Rs 17.85 lacs by mutual consensus arrived at between the company and those farmers and as a result 50% of the settled sum amounting to Rs. 8.92 lacs has been paid off to those farmers and the balance 50% amounting to Rs. 8.93 lacs is payable by the Company. M/s Kohli Bros, Delhi, who moved a Creditors Winding up Petition before the Delhi High Court has been paid off by an out of Court settlement of Rs. 15 lacs.

Interest accrued on term loan duly waived off under the One Time Settlement increased by the profit on sale of the above mentioned farm land accounted under miscellaneous income amounted to Rs. 5,06,54,682/- which has been set off against brought forward losses of Rs. 8,75,37,897/- previous years. As a result the accumulated losses stand reduced from Rs. 8,75,37,897/- to Rs. 3,70,67,780/- against the Paid up share Capital of Rs. 4,40,02,000/-

A highway is under development near-around the floriculture unit at Dundigal and accordingly a notice has been received from Land Acquisition Department of Andhra Pradesh Government for acquisition of around 9.70 acres of land at the floriculture unit at Dundigal. The Company, however, by taking note of the increased value of its land has revalued the same and created a Revaluation Reserve of Rs. 150.26 lakhs.

B. Operations

The Company is working out ways and means to revive the unit at Gundla

Pochampally, from land acquisition proceeds to be received from the State government.

C. Observation of Auditors

The observation of the auditors are well explained in the Notes on Account forming part of the annual balance sheet.

D. Directors Responsibility Statement

Since the business operations continue to remain in-operative for almost six years now, recovery of outstanding debts have become practically not possible and same was the case with accounting for the value of all old stocks of perishable nature and as a result maintenance of books of account on a going concern basis so as that to depict the actual value of the assets of the Company was found practically not possible.

E. Corporate Governance

The Company is regular in conducting its meeting of Board of Directors by attendance by all directors on the Board. Similarly the 16th AGM was held on 27th May, 2006 with adequate number of members present at the registered office of the Company.

F. Directors

Shri C. P. Rajendran is retiring by rotation but is eligible for re-appointment.

G. Auditors

The retiring auditors, M/s R. K. Gulati & Associates, Chartered Accountants, New Delhi are eligible for re-appointment.

I. Energy Conservation, Technology absorption etc.

Since the business activities of the Company remain inoperative, the matters to be reported on energy conservation, technology absorption and the other matters under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are uncalled for.

J. Acknowledgement

At the end your directors wish to place on record their gratitude and appreciation to all who have associated with the affairs of the Company.

Place: New Delhi

Dated: 14.07.2007

By order of the Board

(PRITAM KAPUR)

CHAIRMAN

AUDITOR'S REPORT

To,
The Shareholders of
M/s HINDUSTAN AGRIGENETICS LIMITED
NEW DELHI.

We have audited the attached Balance Sheet of **M/s HINDUSTAN AGRIGENETICS LIMITED.**, as at March 31,2007 and also the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- (1) We conducted our audit in accordance with Auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis in our opinion.
- (2) As required by the Companies (Auditor's Report) Order/2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (3) Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books;

Hindustan Agrigenetics Limited

- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with in this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said account read together with significant accounting policies and subject to Note 'A' (II) regarding revaluation of fixed assets, Note 'F' regarding provision for doubtful debts, Note 'H' regarding impairment of Assets and Note No. 'C' regarding contingent liability, Note 'I' (ii) regarding confirmation of sundry creditors and read with Notes on accounts (Schedule 'O') and those appearing elsewhere in the accounts give, the informations required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at March, 31, 2007;
 - (ii) In so far it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - (iii) In so far as it relates to the Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

PLACE: NEW DELHI
DATED: 14.07.2007

For R.K.GULATI & ASSOCIATES
CHARTERED ACCOUNTANTS

(RAKESH GULATI)
PARTNER

Annexure to Auditor's Report

Referred to in Paragraph 2 of our report of even date

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - (b) As explained to us, the fixed assets have not been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification. Presently, the Company's assets are in possession of Bank.
 - (c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. The Company has neither granted nor taken any loans, Secured or Unsecured to and from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the clauses 4 (iii) (b) to (d) of the Order are not applicable.
3. In our opinion and according to the information and explanations given to us, there is no adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods as the business of the company is discontinued.
4. In respect of transactions covered under Section 301 of the Companies Act, 1956:

Hindustan Agrigenetics Limited

- (a) In our opinion and according to the information and explanations given to us, no transactions have been made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000/- (Rupees Five Lacs only) or more in respect of any party.

5. The Company has not accepted any deposits from the public.
6. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
7. We have been informed that the Central Government had not prescribed any maintenance of cost records under section 209 (1) (d) of the Companies Act 1956 in respect of any product the Company.
8. In respect of statutory dues:
According to the records of the Company, the Company is a regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues. According to the information and explanations given to us, no undisputed amounts are payable in respect of the aforesaid dues were outstanding as at 31st March 2007 for a period or more than six months from the date of becoming payable.

According to the information and explanations given to us, the details of disputed Custom Duty and Cess, which are not deposited as on 31st March 2007 on account of any disputes are given below:

Hindustan Agrigenetics Limited

Nature of Statute	Nature of Dues	Amount (In Lakhs)	Period to which the amount rebates	Forum where dispute is pending
Custom Duty	Penalty	Rs. 100 Lakhs	Non fulfillment of export obligation	Additional Secretary and Chairman of the Appellate Committee, Ministry of Commerce and Industries New Delhi

In absence proper information as mentioned in Note 3(b) of schedule of the accounts, information in this para pertaining of earlier period, in respect of Custom Duty on import of capital goods are subject to finalization of liability.

9. The Company has accumulated losses and has not incurred cash losses during the financial year covered by our audit and the accumulated losses the company are more than fifty percent of its net worth.
10. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures, and other securities.
11. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
12. The Company is not dealing in or trading in shares, securities debentures and other investments.

Hindustan Agrigenetics Limited

13. The Company has not given guarantees for loans taken by others from banks or financial institutions, According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima-facie prejudicial to the interest of the Company.
14. The Company has not raised any new term loans during the year.
15. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilised from short term sources towards repayment of long-term borrowings.
16. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
17. The Company has not issued any debentures during the year.
18. The Company has not raised any money by way of public issue during the year.
19. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.
20. The other provisions of the aforesaid order are not applicable in case of the company.

**For R.K.GULATI & ASSOCIATES
CHARTERED ACCOUNTANTS**

PLACE: NEW DELHI

DATED: 14.07.2007

**(RAKESH GULATI)
PARTNER**

Hindustan Agrigenetics Limited

Hindustan Agrigenetics Limited
 Regd. Office: 806, Megdoot
 94, Nehru Place
 New Delhi- 110 019

BALANCE SHEET AS AT 31ST MARCH, 2007

	SCHEDULES	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<u>SHAREHOLDERS FUND</u>			
SHARE CAPITAL	A	44,002,000.00	44,002,000.00
RESERVE & SURPLUS	B	15,025,500.00	59,027,500.00
			44,002,000.00
<u>LOANS</u>			
SECURED	C		40,593,559.74
UNSECURED			40,593,559.74
		59,027,500.00	84,595,559.74
<u>APPLICATION OF FUNDS</u>			
<u>FIXED ASSETS</u>			
GROSS BLOCK	D	33,741,100.97	24,164,627.97
LESS : DEPRECIATION		5,071,397.00	8,187,887.00
NET BLOCK		28,669,703.97	15,976,740.97
INVESTMENTS	E	4,300,000.00	
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
SUNDRY DEBTORS	F		
CASH & BANK BALANCES	G	511,310.35	154,097.35
LOANS & ADVANCES	H		1,194,659.97
OTHER CURRENT ASSETS	I	1,130,107.26	1,180,840.01
		1,641,417.61	2,529,597.33
LESS: CURRENT LIABILITIES & PROVISIONS	J	14,376,975.54	22,865,873.83
NET CURRENT ASSETS		(12,735,557.93)	(20,336,276.50)
<u>MISCELLANEOUS EXPENDITURE & LOSSES</u>			
(TO THE EXTENT, NOT WRITTEN OFF ADJUSTED)			
DEFERRED REVENUE			
EXPENSES	K	1,417,198.53	1,417,198.53
PROFIT & LOSS ACCOUNT		37,376,155.43	38,793,353.96
			87,537,896.74
		59,027,500.00	84,595,559.74

Note : Schedule 'A' to 'K' forms an integral part of the Balance Sheet.
 Significant Accounting Policies - Schedule - 'O'

on behalf of the Board of Directors

Signed in terms of our report of even date.

PLACE : NEW DELHI
 DATE : 14.07.2007

For R.K.GULATI & ASSOCIATES
 CHARTERED ACCOUNTANTS

(PRITAM KAPUR)
 MANAGING DIRECTOR

(C.P. RAJENDRAN)
 DIRECTOR

(RAKESH GULATI)
 PARTNER

Hindustan Agrigenetics Limited

Hindustan Agrigenetics Limited
 Regd. Office : 806, Megdoot,
 94, Nehru Place,
 New Delhi 110 019

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2007

	SCHEDULES No.	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<u>INCOME:</u>			
MISC. INCOME	L	50,362,682.31	-
		50,362,682.31	-
<u>EXPENDITURE:</u>			
ADMINISTRATIVE EXPENSES	M	182,487.00	203,132.00
		182,487.00	203,132.00
PROFIT/ (LOSS) BEFORE TAXES		50,180,195.31	(203,132.00)
<u>LESS: TAXATION RESERVE</u>			
Deffered Tax		-	-
Fringe Benefits Tax	762.00	762.00	-
PROFIT/ (LOSS) AFTER TAXES		50,179,433.31	(203,132.00)
<u>LESS: EXTRA ORDINARY/ PRIOR PERIOD ITEMS</u>			
	N	17,692.00	(8,072,822.60)
		50,161,741.31	(8,275,954.60)
BALANCE OF PROFIT/(LOSS) BROUGHT FORWARD FROM EARLIER YEARS		(87,537,896.74)	(79,261,942.14)
LOSS CARRIED TO THE BALANCE SHEET		(37,376,155.43)	(87,537,896.74)
<u>EARNING PER SHARES</u>			
BASIC		11.40	(0.05)

Note : Schedule 'L' to 'N' forms an integral part of the Profit & Loss Account
 Significant Accounting Policies - Schedule - 'O'

on behalf of the Board of Directors
 PLACE : NEW DELHI
 DATE : 14.07.2007

Signed in terms of our report of even date
 For R.K.GULATI & ASSOCIATES
 CHARTERED

ACCOUNTANTS

(PRITAM KAPUR)
 MANAGING DIRECTOR

(C.P. RAJENDRAN)
 DIRECTOR

(RAKESH GULATI)
 PARTNER

Hindustan Agrigenetics Limited

Hindustan Agrigenetics Limited
Regd. Office: 806, Megdoot,
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SCHEDULE "A"

SHARE CAPITAL	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<u>AUTHORISED</u> 50,00,000 EQUITY SHARE OF Rs. 10/- EACH PREVIOUS YEAR 50,00,000 EQUITY SHARES)	50,000,000.00	50,000,000.00
<u>Issued, SUBSCRIBED & PAID-UP</u> 44,00,200 EQUITY SHARE OF Rs. 10/- EACH, FULLY PAID UP, (PREVIOUS YEAR 44,00,200 EQUITY SHARES)	44,002,000.00	44,002,000.00
TOTAL	44,002,000.00	44,002,000.00

SCHEDULE "B"

<u>RESERVE AND SURPLUS</u>	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
REVLUTION RESERVE Created during the year	15,025,500.00	-
	15,025,500.00	-

Hindustan Agrigenetics Limited

SCHEDULE "C"

<u>SECURED LOANS</u>	<u>CURRENT YEAR Rs.</u>	<u>PREVIOUS YEAR Rs.</u>
<u>TERM LOAN</u>	-	15,932,041.00
<u>FROM STATE BANK OF HYDERABAD</u> (Secured by way of first charge on the immovable properties of the company and collaterally secured against land at Ponnal and second charge on immovable properties of seeds & Tissue culture and charge on the fixed assets and premises of the managing director at New Delhi and personal guarantee of directors of the Company)		
<u>CASH CREDIT</u>	-	24,661,518.74
<u>FROM STATE BANK OF HYDERABAD</u> (Secured by way of first charge on the movable properties of the company by way of hypothecation including raw materials, stock in process and finished goods, consumable good, book debts and collectralls sucured on land at Ponnal and first charge on balance fixed assets and premises at New Delhi of the Managing Director, second charge on immovable properties of the seeds and tissue culture division and personal guarantee of two directors.		
<u>CHENAI FINANCE CO. LTD.</u> (against hypothecation of Van, so purchased)	-	
TOTAL	-	40,593,559.74

Hindustan Agrigenetics Limited
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 New Delhi - 110 019

SCHEDULE "D"
 SCHEDULE OF FIXED ASSETS AS ON 31ST MARCH 2007

PARTICULARS OF ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as on 1.4.2006	additions during the year	sales/disposal/ adjustments during the year	Cost as on 31.3.2007	As on 1.4.2006	For the year	On Sales/ Disposal/ adjustments	Up to 31.3.2007	W.D.V as on 31.3.2007	W.D.V as on 31.3.2006
Land	4,240,997.00	15,025,500.00	2,022,845.00	17,243,652.00	-	-	-	-	17,243,652.00	4,240,997.00
Bore Wells	370,590.00	-	-	370,590.00	77,689.00	-	-	77,689.00	292,901.00	292,901.00
Buildings	3,426,182.00	-	3,426,182.00	-	3,116,490.00	-	3,116,490.00	-	-	309,692.00
Seed Plant	2,115,697.97	-	-	2,115,697.97	1,018,886.00	-	-	1,018,886.00	1,096,811.97	1,096,812.00
Green House	12,215,531.00	-	-	12,215,531.00	3,452,553.00	-	-	3,452,553.00	8,762,978.00	8,762,978.00
Cold Storage Equipment	1,795,630.00	-	-	1,795,630.00	522,269.00	-	-	522,269.00	1,273,361.00	1,273,361.00
Figures for the Current Year	24,164,627.97	-	5,449,027.00	33,741,100.97	8,187,887.00	-	3,116,490.00	5,071,397.00	28,669,703.97	15,976,741.00
Figures for the Previous year	47,193,188.00	-	23,028,560.00	24,164,627.97	22,481,539.00	-	14,293,652.00	8,187,887.00	15,976,740.97	24,711,649.00

Note: (1) Depreciation has been on straight line method as per rates prescribed in schedule XIV of Companies Act 1961.

(2) However, no depreciation has been charged on the assets during the year as no commercial utilisation of the assets has been made

The company has revalued the value of land in consonance with market value and the compensation package

Hindustan Agrigenetics Limited

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SCHEDULE "E"

INVESTMENTS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<u>INVESTMENTS IN MUTUAL FUNDS</u>		
AMN AMRO MIP	1,200,000.00	-
HDFC MIP MUTAL FUND	1,200,000.00	-
RELIANCE GROWTH FUND	1,400,000.00	-
SUNDARAM BNP PARIBES	500,000.00	-
	4,300,000.00	-

SCHEDULE "F"

SUNDRY DEBTORS- UNSECURED	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<u>CONSIDERED DOUBTFUL :</u>		
MORE THAN 6 MONTHS	1,625,589.90	1,625,589.90
OTHERS		
LESS: DOUBTFUL DEBTS PROVIDED	(1,625,589.90)	(1,625,589.90)
TOTAL	-	-

SCHEDULE "G"

CASH & BANK BALANCES	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
CASH IN HAND	1,105.65	5.65
BALANCES WITH BANKS IN CURRENT ACCOUNT	363,412.70	7,299.70
SHARE APPLICATION MONEY IN REFUND ACCOUNT	146,792.00	146,792.00
TOTAL	511,310.35	154,097.35

Hindustan Agrigenetics Limited

SCHEDULE "H"

LOANS & ADVANCES	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
DEPOSIT WITH STATE BANK OF HYDERABAD (OTS)	-	600,000.00
BALANCE WITH DRT, HYDERABAD	-	501,000.00
<u>CONSIDERED DOUBTFUL</u> ADVANCES TO GROWERS & SUPPLIERS	-	93,659.97
TOTAL	-	1,194,659.97

SCHEDULE "I"

OTHER CURRENT ASSETS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
DEPOSITS-OTHERS	743,704.00	743,704.00
H.P. INTEREST SUSPENSE	-	50,732.75
SALES TAX	386,403.26	386,403.26
TOTAL	1,130,107.26	1,180,840.01

SCHEDULE "J"

CURRENT LIABILITIES & PROVISIONS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<u>SUNDRY CREDITORS</u>		
FARMERS & OTHERS FOR GOODS, 979,869.82	10,763,904.79	
DUE TO DIRECTORS 216,572.00	809,372.00	
FOR EXPENSES 4,072,155.50	4,072,155.50	
ADVANCE BOOKED FROM CUSTOMERS 2,670,000.00	4,802,825.32	
DEALER DEPOSITS 895,000.00	895,000.00	
SHARE APPLICATION MONEY REFUND A/C 153,692.00	153,692.00	
TAX DEDUCTED AT SOURCE PAYABLE 33,207.74	33,207.74	
AUDIT FEE PAYABLE 20,000.00	-	
OTHER LIABILITIES 1,335,716.48	1,335,716.48	
	14,376,213.54	22,865,873.83
PROVISIONS		
Fringe Benefits tax provided for the year 762.00	762.00	
TOTAL	14,376,975.54	22,865,873.83

Hindustan Agrigenetics Limited

SCHEDULE "K"

DEFERRED REVENUE EXP. (to the extent not written off, or adjusted)	AS ON 01.04.2006	INCURRED DURING THE YEAR	AMOUNT WRITTEN OFF	BALANCE AS AT 31.3.2007
RESEARCH & DEVELOPMENT				
EXPENSES	692,580.93	-	-	692,580.93
PRELIMINARY EXPENSES	13,630.40	-	-	13,630.40
SHARE ISSUE EXPENSES	710,987.20	-	-	710,987.20
TOTAL	1,417,198.53	-	-	1,417,198.53

SCHEDULE 'L'

<u>MISC RECEIPTS AND INCOME</u>	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
Profit on sales of agriculture land	33,997,655.00	-
Excess Provision of interest written back	10,092,559.74	-
Liabilities no longer payable written back	6,272,467.57	-
	<hr/>	<hr/>
	50,362,682.31	-
	<hr/>	<hr/>

SCHEDULE "M"

ADMINISTRATIVE EXPENSES	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
BANK CHARGES	7,200.00	-
PRINTING & STATIONARY	-	13,000.00
AUDIT FEES	20,000.00	20,000.00
LEGAL AND PROFESSIONAL CHARGES	111,000.00	93,000.00
OTHER EXPENSES	379.00	30,000.00
FILING FEE	17,612.00	-
TRAVELLING	19,296.00	26,081.00
REPAIR & MAINTANENCE	-	1,211.00
SERVICE CHARGES	-	7,500.00
ADVERTISING EXPENSES	-	1,800.00
ENTERTAINMENT EXPENSES	-	3,000.00
FREIGHT EXPENSES	-	7,540.00
POSTAGE & TELEGRAM	7,000.00	-
TOTAL	182,487.00	203,132.00

SCHEDULE "N"

EXTRA ORDINARY/ PRIOR PERIOD ITEMS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
LOSS ON FIXED ASSETS	17,692.00	8,072,822.60
TOTAL	17,692.00	8,072,822.60

SCHEDULE "O"

NOTES ON ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

i) METHOD OF ACCOUNTING

- i) The financial statement are prepared on a going concern basis with historical costs and comply with the standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- ii) The Company generally accounts for income and expenditure on mercantile basis except those with Significant uncertainties.

ii) FIXED ASSETS

- i) Fixed assets are stated at original cost including taxes, freight and other incidental expenses.
- ii) Expenses related to acquisition/ installation have been included and are net of capital subsidies.
- iii) The motor vehicles and motor cycles which were given to the employees for use. The employees had refused to hand over the said assets, as the company was not able to pay their salaries and other dues. The written down values thus have been adjusted against amounts due to employees.
- iv) The company has revalued its existing agricultural land situated at Village & Grampanchayat, Dundigal in Hyderabad in consonance with the Land acquisition price determined by Andhra Pradesh Government price for acquisition and the difference in value thereof credited to revaluation reserve.

III) **DEPRECIATION**

- a) Depreciation on fixed Assets is provided on straight-line bases as per rates prescribed under schedule XIV to the Computer Act, 1956 as prevailing. However, no depreciation has been provided on fixed Assets as the company has not conducted any business during the year.
- b) Depreciation on structures on leased lands and fixtures installed therein are charged over the balance lease period. No depreciation has been provided since the unit is non-operational during the year.

IV) **INVENTORIES**

The inventories are valued as follows :

Seed:

Raw Materials : At lower of landed cost including apportioned procurement expenses like freight , basis packing and market cess, and realisable value.

Semi Finished: at lower of landed cost and apportioned manufacturing expenses and realisable value.

Finished Goods: at lower of landed cost apportioned manufacturing expenses and packing costs, or realisable value .

Stores & Packing items

At Purchase Cost

V) **TURNOVER**

The Company has not conducted any commercial transactions during the year.

VI) **MISCELLANEOUS EXPENDITURE** (to the extent not written off):

- (i) Preliminary and share issue expenses are amortised over a period 10 Years on a prorata basis beginning from the year of incurrence .However, there is no amortization during the year, as no business conducted during the year.
- (ii) Sales promotion and advertisement expenditure towards product launch and Seed Extension programs are amortized over a period of 5 year from the year of incurring them.
- (iii) Financial charges such as appraisal fee paid to institution and consultancy charges are deferred over a period of 5 year from the year of incurring them.

Hindustan Agrigenetics Limited

- (iv) Expenditure incurred on parental seed production , land preparation, testing the result and test marketing in respect of new test marketing in respect of new product development are classified as Research & Development expenditure and amortized over 5 year.

VII) TAXES ON INCOME

- (i) Current tax is determined as the amount of tax payable in respect of taxable income in specified under Income Tax 1961 as amended.
- (ii) Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
- (iii) Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised in future.

B. CONTINGENT LIABILITIES

	<u>CURRENT YEAR</u> (Rs.)	<u>PREVIOUS YEAR</u> (Rs.)
Contingent Liabilities not Provided for in respect thereof		
- Bank	Nil	443.00 Lakhs
- Others	1.00 Lakhs	1.00 Lakhs

C. CONTINGENT LIABILITIES TO THE EXTENT NOT PROVIDED FOR COMPRISE OF THE FOLLOWING :

- a.) The Development Commissioner, Vishakhapatnam Special Economic Zone has passed an order No. 8/EOU/QPR/237/VSEZ/2004-5339 imposing a penalty of Rs one lakh for non-fulfillment of export obligation. The company has appealed to the Appellate committee for a review.
- b.) The Development Commissioner, Vishakhapatnam vide his letter No. 8/ EOU/QPR/237/VSEZ/2004-5339 dated 4th August 2005 has cancelled the 'Letter of permission' and suo-moto debonded the unit from the EOU scheme. The company has been asked to self assess the duty liabilities and to pay the same. The company vide its letter of 8-03-2006 has self assessed the duty liability as nil as the capital goods are more than ten years old and have zero depreciated value. The matter is still subjudice before the authorities and no provision has been made in the books of accounts.

D. SHARE CAPITAL

Out of the offer of 41.4 lac Equity share of RS. 10 vide prospectus dated 24.10.94, a sum of Rs. 1,226.63 lacs was determined as refundable to non allottees and transferred to refund Bankers in FY 1994-95. As on 31.3.99 an amount of Rs. 1,46,792 is pending encashment by investors and therefore included under both current assets and current liabilities respectively (PY Rs. 1,53,692/-). The said refund order account with state bank of Hyderabad, Gunfoundry remain under reconciliation

E. SECURED LOANS

i.) Cash credit facility from State Bank of Hyderabad was primarily secured by a first charge on all movable properties of the company by way of hypothecation on properties including raw materials, stock in process and finished goods, consumable stores, book debts and receivable, and collateral security of land at Ponnal and first charge on balance fixed assets and second charge on the immovable properties of the seeds & tissue culture division. The said facilities are collectively secured against the residential premises of managing director and personal guarantee by the directors.

The one time settlement proposal submitted to State Bank of Hyderabad had been accepted by the bank during the year under audit and the total liabilities has been settled at Rs. 300 Lakhs besides Rs. 5.01 Lakhs, the sales proceeds of the assets disposed off by The Debt Recovery Tribunal, Hyderabad. The Company has sold its part of land and building in order to liquidate the liability of bank.

The credit balance of Rs.100.93 Lakhs lying in the account of State Bank of Hyderabad after adjustment of one time settlement amount has been credited to profit & loss accounts, income as the liability no longer payable.

ii.) Leased Assets amounting to Rs.544849 leased from M/s NCC Finance & Chennai Finance Co Ltd. remain pending to be transferred to the company though the lease expired on 6.10.98 and 31.3.99 respectively. Consequently no entries are incorporated in the company's books at the relevant residual value.

As the company had not made the final settlement of their dues, the said companies had not transferred the title deeds in favour of the company.

F. SUNDRY DEBTORS:

Sundry Debtors and advances are subject to confirmation and reconciliation. A provision of Rs. 16.26 lakhs has been made towards unrecoverable debtors balances and advances.

As a measure of abundant caution and keeping with the requirement to reflect all such balances at realizable values.

G. LOAN & ADVANCES

Loan and advances balances are subject to confirmation and reconciliation.

H. IMPAIRMENT OF ASSETS

At each balance sheet an assessment is made whether any indication exists that an assets has been impaired. If any indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised wherever the carrying amount of the assets exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor.

However, the Board has that made estimations for its assets which in their opinion, is not assets which less the residual value as appearing in books of accounts.

I. CURRENT LIABILITIES & PROVISIONS

- (i.) In the absence of taxable profits, no provision is made for taxation under the income tax Act, 1961 .
 - (ii.) Sundry Creditors balances is subject to confirmation and reconciliation.
 - (iii) However, the company has written off the sundry creditors amounting to Rs.21.69 Laksh out of total liabilities being amount payable to Floriculture, Seed and Tissue culture suppliers as these are outstanding for a period more than 5 years and no creditors has filed any recovery suits till date.
 - (iv) The Company has further written of Rs.6.32 Lakhs being the advances from customes as the liability is outstanding for a period more than 5 years and the claimant has not filed any suit.
 - (v) The company has negotiated with the farmers/ growers and settled their due at 50% of the total liabilities outstanding as on date, the company has written off 50% of amount payable to growers/ farmers to the profit & loss account .
- J.** In accordance with accounting standard 22, Accounting for taxes on income issued by the Institute of Chartered Accountants of India, the Company

Hindustan Agrigenetics Limited

has not accounted for Deferred Tax during the year, in view of the facts that Company has significant amount of carried forward losses and unabsorbed losses under Income Tax Act.

However, the Company has not recognised any deferred Tax Assts/ Liabilities as there is a uncertainty of future taxable income against which the deferred tax assets can be set off since the Company has presently not conducted any commercial activity.

- K. Since the Company has not conducted any commercial business, there is no segmental performance and assets in terms of accounting standards AS-17, issued by the Institute of Chartered Accountants of India.

L. RELATED PARTY DISCLOSURES UNDER ACCOUNTING STANDARD -18

(I) (A) Enterprises in which the Company control Nil

(B) Parties in respect of which the company is a joint venture Nil

(C) **Key Management Personnel**

Key

Director

Sh Pritam Kapoor
Sh. C.P. Rajendran
Sh. S.V.R. Rao

(D) Enterprises on which key management personnel and their relatives are able to exercise significant influence Nil

(II) Transaction with and out standing balance of related parties during the year

	<u>Current Year</u>	<u>Previous Year</u>
	(Rs.)	(Rs.)
a) Enterprises in which the company has control	Nil	Nil
b) Parties in respect of which the company is a joint venture	Nil	Nil
c) <u>Key Managerial Personnel</u> Amount payable imbursement of Expenses	216,572	809,372

d) Enterprises over which key management personnel and their relatives are able to exercise significant influences.

Balance outstanding as at

Year End

- Payable	216,572	8,09,372
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(M) EARNINGS PER SHARE

Earnings per shares in calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as under.

	<u>Current Year</u>	<u>Previous Year</u>
(i) Profit/ (Loss) for the year Attributable to equity shareholde Rs.	50,180,195	(203,132)
(ii) Weighted average number of equity - Shareholders during the years (NOS)Rs.	4,400,200	4,400,200
(iii) <u>Basic/ Diluted Earning Per Shares</u> Number of Equity Shares outstanding during the year	4,400,200	4,400,200
Earning per share (Rs.)	11.40	(0.05)
(iv) Nominal Value of Shares Rs.	10/-	10/-

(N) DETAILS OF PAYMENTS MADE TO AUDITORS

Statutory Audit Fees	16,530	20,000	20,000
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(O) Additional information pursuant to the provisions of paragraph 3,4B, 4C and 4D of part 11 of schedule VI of the Companies Act, 1956.

(i) CAPACITIES

	<u>Current Year</u>	<u>Previous Year</u>
<u>Installed:</u>		
Seed Plant (MT)	3000	3000
Tissue Culture (Plant nos.)*	Nil	Nil
Floriculture (Nos.)	240000	240000

Hindustan Agrigenetics Limited

Actual production

Seed Plant (MT)	Nil	Nil
Tissue Culture (Plant nos.)	Nil	Nil
Floriculture (Nos.)	Nil	Nil

* As the plant sold by DRT in public Auction.

(ii) Since the company has not conducted any business during the year, the informations as required pursuant to provision of paragraph 3, 4B 4C and 4D of part II are Nil.

(ii) VALUE OF IMPORTS CALCULATED ON C & F Basis

	<u>Current Year</u>	<u>Previous Year</u>
Capital Goods	Nil	Nil
Stores & Spare Parts	Nil	Nil

(iv) Expenditure in foregin currency (on actual payment basis)

Foreign Travelling	Nil	Nil
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(v) EARNINGS IN FOREIGN EXCHANGE

FOB value of exports	Nil	Nil
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(P) Previous year figures have been regrouped and reclassified wherever necessary.

Hindustan Agrigenetics Limited

(Q) In the opinion of Board:-

- (i) The provision of all known liabilities and Expenses have been made
- (ii) There are no contingent liabilities other than those stated in Note.

(R) **GENERAL BUSINESS PROFILE**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. **Registration Details NO.**

4	0	9	7	9
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State code

5	5
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Balance Sheet Date

3	1	-	0	3	-	2	0	0	7
---	---	---	---	---	---	---	---	---	---

Date Month Year

II. **Capital raised during the year (Amount in Rs. Thousands)**

Public Issue					Rights Issue				
	N	I	L			N	I	L	

Bonus Issue					Private Issue				
	N	I	L			N	I	L	

III. **Position of Mobilisation and Development of Funds (Amount in Rs. Thousands)**

Total Liabilities					Total Assets						
	5	9	0	2	8		5	9	0	2	8

Sources of Funds

Paid-up Capital					Reserves & Surplus						
	4	4	0	0	2		1	5	0	2	6

Secured Loan					Unsecured Loan				
		N	I	L			N	I	L

Application of Funds

Net Fixed Assets					Investments					
	2	8	6	7	0		4	3	0	0

Net Current Assets					Misc. Expenditure						
	(-)	1	2	7	3	7		1	4	1	7

Accumulated Losses											
		3	7	3	7	7			N	I	L

IV. **Performance of Company (Amount in Rs. Thousands)**

Turnover					Total Expenditure					
	5	0	3	6	3			1	8	2

Profit/ Loss before tax					Profit/ Loss after tax					
	5	0	1	8	0		5	0	8	0

(Please tick Appropriate Box + for Profit, - for Loss)

Earning per share in Rs.					Dividend rate %				
	1	1	4	0			N	I	L

V. **Generic Names of Three Principal Products/ Services of Company (as per monetary terms)**

Item Code No.
(ITC Code)

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Product Description

A	G	R	I	C	U	T	U	R	A	L
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Schedule 'A' To 'O' Forms an integral part of balance part of balance Sheet and profit & Loss account

Signed in terms of our report of even date
For R.K. GULATI & ASSOCIATES

Hindustan Agrigenetics Limited

Hindustan Agrigenetics Limited
 Regd. Office : 506, Megdoot,
 94, Nehru Place,

New Delhi - 110 019

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2007

	For the year ended 31st March 2007	For the year ended 31st March 2006
A. <u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Net profit/(loss) before extra ordinary items & taxes	50,180,195	(203,132)
<u>Adjustment for:</u>		
Depreciation	-	-
Profit on sales of agriculture land	33,997,655	-
Preliminary & Incidental Expenses	-	-
Written off		
Operating Profit before working capital changes	16,182,540	(203,132)
<u>Adjustment for:</u>		
Inventories	-	-
Sundry Debtors	-	-
Loans & Advances	1,194,660	(1,101,000)
Other Current Assets	50,733	-
Current Liabilities & Provisions	(8,489,660)	807,332
Cash generated from Operations	8,938,273	(496,800)
Direct taxes paid	-	-
Net cash from Operating Activities (A)	8,938,273	(496,800)
B. <u>CASH FLOW FROM INVESTING ACTIVITIES:</u>		
Sale of Fixed Assets	36,312,500	501,000
Purchases of Fixed Assets	-	-
Purchases of mutual funds	(4,300,000)	-
Sale of Investments	-	-
Net Cash Flow from Investing Activities (B)	32,012,500	501,000

Hindustan Agrigenetics Limited

C. CASH FLOW FROM FINANCING ACTIVITIES:

Share Application Money	-	-
Repayment ofsecured Loan	(40,593,560)	-
Repayment of Unsecured Loan	-	-
Receipt of Unsecured Loan	-	-
Net Cash Flow from Financing Activities (C)	(40,593,560)	
Net Increase in cash and cash equivalents (A) + (B) + (C)	357,213	4,200
Cash and cash equivalents - Opening	154,097	149,897
Cash and cash equivalents - Closing	511,310	154,097
	357,213	4,200

This is the Cash Flow Statement referred to in our report of even date

for R.K. GULATI & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATE : 14.07.2007

For and on behalf of the Board of Directors

(PRITAM KAPUR)
MANAGING DIRECTOR

(C.P. RAJENDRAN)
DIRECTOR

(RAKESH GULATI)
PARTNER

Hindustan Agrigenetics Limited

HINDUSTAN AGRIGENETICS LIMITED

Redg. Off. 806, Meghdoot, 94, Nehru Place, New Delhi - 110019

ATTENDANCE SLIP

Folio No. :

Shares Held:

I hereby record my presence at the Seventeenth Annual General Meeting of the Company to be held on Friday 25th August 2007.

SIGNATURE OF ATTENDING MEMBER/PROXY

Notes

1. Shareholder/Proxyholder who wish to attend the meeting must bring the attendance slip for the meeting and handover the same at the entrance duly signed.
2. A shareholder/Proxyholder desiring to attend the meeting should bring his copy of the annual report for reference at the meeting.

HINDUSTAN AGRIGENETICS LIMITED

Regd. Off.: 806, Meghdoot, 94 Nehru Place, New Delhi - 110019

PROXY FORM

I/We of
..... a member/members of the above Company hereby
appoint of
..... as my/our Proxy to attend and vote for me/us on my/
our behalf at the Seventeenth Annual General Meeting of the Company, to
be held on 25th August 2007 and at any adjournment thereof. Signed this
..... day of 2007

Folio No.:



Signature

This form is to be used in favour of/against the resolution. Unless otherwise instructed, the Proxy will act as he thinks fit.

Notes: The Proxy Form must reach the Company's Regd. Off.: 806, Meghdoot, 94, Nehru Place, New Delhi - 110019, not less than 48 hours before the time of the meeting.

