



NAGARJUNA
AGRI TECH LIMITED



19th ANNUAL REPORT
2006-2007



Board of Directors

Dr. KVLN Raju	-	Managing Director
K. Soma Raju	-	Director
K. Ravindra	-	Director
N.Viswanatha Raju	-	Director

Auditors

M/s. Amar & Raju
Chartered Accountants
Hyderabad - 500 082.

R & T Agent

XL Softech System Ltd
#3, Sagar Society, Road No.2, Banjara Hills
Hyderabad - 500 034. Ph. : 2354 5913 / 14 / 15

Principal Bankers & Financial Institution

U T I Bank - Yelhanka New Town Branch, Bangalore
Canara Bank - Yelhanka New Town Branch, Bangalore

Registered Office

No.56, Nagarjuna Hills,
Punjagutta,
Hyderabad - 500 082.
Tele Fax : 040 - 2335 7248
E-mail : natl@rediffmail.com



NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Nagarjuna Agri Tech Limited will be held on September 27, 2007 at 14.30 hours at Plot No 56, Nagarjuna Hills, Punjagutta, Hyderabad to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts of the company for the year ended 31st March 2007, together with the reports of the Director's and Auditor's thereon.
2. To appoint a director in the place of Mr. N. Viswanatha Raju, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditors for the current year and to fix their remuneration, M/s. Amar and Raju, Chartered Accountants, Hyderabad, retire at the conclusion of this meeting and are eligible for reappointment.

**By order of the Board of Directors
For Nagarjuna Agri Tech Limited**

Place : Hyderabad
Date : 30.06.2007

**(Dr. K.V.L.N.Raju)
Managing Director**

NOTES

1. A member is entitled to appoint a proxy to attend and vote instead of himself and that a Proxy need not be a member of the company. The Proxy form duly completed and signed should be deposited at the Registered Office of the company at least 48 hours before the commencement of the meeting.
2. The Register of Members and share transfer books will remain closed from 18.09.2007 to 27.09.2007 (both days inclusive)
3. Members are requested to inform immediately of any change in their address registered with the company.

**By order of the Board of Directors
For Nagarjuna Agri Tech Limited**

Place : Hyderabad
Date : 30.06.2007

**(Dr. K.V.L.N.Raju)
Managing Director**



DIRECTOR'S REPORT

Your Directors present herewith the Nineteenth Annual Report and the Audited Accounts for the financial year ended 31st March 2007.

1. Financial results:

The results of operations for the year ended 31.03.2007 are as under

(Rs. in Lakhs)

	2006-07	2005-06
Turn over	385.05	300.26
Other Income	38.02	0.08
Accretion to stock	2.79	0.00
Total	426.16	300.34
Manufacturing Administrative & Selling Expenditure	233.26	253.44
Depreciation	45.70	45.27
Bad Debts Written off	-	38.34
Profit/Loss before Taxation before non recurring/ Extraordinary items	(+) 147.20	(-) 36.71
Fringe Benefit Tax	(-) 0.26	(-) 0.31
Profit/Loss after Taxation before non recurring/ Extraordinary items	(-) 146.94	(-) 37.02
Interest Waived by IDBI/ SBM	-	698.72
Creditors Written back	-	14.39
Deferred Tax Asset reversed	-	(-) 208.25
Prior period adjustments	0.04	(-) 0.59
Profit/Loss after Taxation and non recurring/ Extraordinary items	(+) 146.90	467.24

2. Operations :

During the year the company has wiped out the accumulated losses and company is in to profits. During the year the company's performance is better than previous years.

3. Future Prospects :

Enterprising trends in increasng demand and more acceptances of Indian Floriculture products in the International market, and favourable government support in the form of subsidies, the future of Indian floriculture industry looks very bright.



4. Directors :

Mr. N. Viswanatha Raju who retires by rotation at the ensuing Annual General meeting and being eligible, offers him for reappointment.

5. Auditors :

M/s. Amar & Raju Chartered Accountants, Hyderabad, who are the present Auditors of the company, retire at the close of the ensuing Annual General Meeting and are eligible for reappointment.

6. Particulars of Employees :

The particulars required pursuant to provisions of Section 217(2A) of the Companies Act, 1959 read with the Companies (particulars of employees) Rules, 1975 are not furnished since there are no employees covered by the said rules.

7. Director's Responsibility Statement :

The Board of Directors of your company state

- a) That in preparation of annual accounts, the applicable accounting standards have been followed;
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of profit and loss account of the company for that period.
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) That the directors had prepared the annual accounts on a going concern basis:

8. Management Discussion and Analysis Report :

The demand for the Floriculture products worldwide has witnessed an increasing trend. The price increase registered by the products has made the units operate more productively with corresponding viability.

Strengths & Opportunies

The company has developed a strategic plan to market its product directly for a fixed price through out the year and on occasions at a special price in both Far East Countries and European countries.

Company with association of M/S Moerheim Roses & Trading BV to develop new varieties through the demo house in our project will have substantial benefit in the next few years.



Unforeseen natural hazards, Foreign exchange fluctuations, policies like import and export could have an impact on the performance and profitability of the company.

High turn over of experienced, skilled and competent man power.

9. Disclosures :

a) Conservation of Energy:

Floriculture industry is not power intensive. How ever, adequate measures have been taken to conserve energy, wherever possible.

b) Technology absorption, adoption & innovation

The company has fully absorbed the technology from the suppliers / collaborators.

c) Foreign Exchange Earnings & Out go :

Foreign Exchange Earnings Rs. 2,19,07,731/-
Foreign Exchange Out go Rs. 77,545/-

10. Auditor's Report :

The Auditors observations are self explanatory.

11. Corporate Governance :

In pursuance of Clause 49 of the Listing agreement entered into with the stock Exchanges, a separate section on Corporate Governance has been incorporated in the Annual report for the information of the shareholders. A certificate from the Auditors of the company regarding the compliance of conditions of Corporate Governance as stipulated under said clause also forms part of the Annual Report.

12. Acknowledgment :

The Directors wish to record their appreciation for the untiring effores and team spirit of all the staff and executives.

By order of the Board of Directors
For Nagarjuna Agri Tech Lintied

Place : Hyderabad
Date : 30.06.2007

(Dr. K.V.L.N.Raju)
Managing Director



REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy

The Company is committed to good Corporate Governance. The Company fully realizes the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. The Company provides detailed information on various issues concerning its business and performance to its shareholders.

2. Board Composition and Meetings

i) Composition

The Board presently consists Four Directors. Out of them one is Promoter Managing Director, and other three are independent non-executive directors. The Board has no Institutional Directors. None of the Directors on the Board is a member on more than 10 committees and chairman of more than 5 committees across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding committee positions held by them in other companies.

ii) Number of Board Meetings

The Company held Eight meetings of the Board of Directors during the financial year 2005-06. The Board met on the following dates: 31-05-2006, 31-07-2006, 27.09.2006, 23.10.2006 and 25.01.2007.

iii) Board composition as on 31.03.2007

Name of the Director	Category	Designation	No of Director Ships held in Other companies	No of Committie Positions in other companies
Dr.K.V.L.N.Raju	Executive Promoter	Managing Director	4	Nil
K.Soma Raju	Non Executive Independent Professional	Chairman	4	Nil
N.Viswanatha Raju	Non Executive Independent	Director	1	Nil
K.Ravindra	Non Executive Independent	Director	3	Nil



iv) Shares held by Directors in the Company

Name of the Director	No of Shares held
Dr K.V.L.N.Raju	4501
K.Soma Raju	1000
N.Viswanatha Raju	Nil
K.Ravindra	Nil

v) Directors attendance in Board Meetings and AGM

Name of the Director	Nature of Directorship	Number of Board Meetings attended	Attendance at the last AGM
Dr. K.V.L.N. Raju	Managing Director Executive Promoter	Five	Yes
K. Soma Raju	Chairman - Non executive Independent Professional	Five	Yes
N.Viswanatha Raju	Non executive Independent	Five	Yes
K.Ravindra	Non executive Independent	Five	Yes

3. Audit Committee

The Audit Committee consists of Three directors and all of them are independent and non-executive Directors. Mr. K. Soma Raju, a non-executive, independent and professional Director who is a qualified Chartered Accountant, heads the committee.

Audit Committee has been constituted with powers to recommend to the Board on the following aspects:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with management, and auditors, the adequacy of internal control systems.
- Reviewing the findings of any investigations by the auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.



- Discussions with auditors before commencement of audit, nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.

During the year the audit committee met four times on the following dates namely 31-05-2006, 31-07-2006, 23-10-2006 & 25-01-2007 and following is the attendance of the members.

Name of the Director	Position held	No. of Meetings attended
K. Soma Raju	Chairman	4
N.Viswanatha Raju	Member	4
K.Ravindra	Member	4

The following businesses were conducted during the year.

The Board of Directors accepted all the recommendations of the audit committee.

4. Remuneration committee

The Remuneration committee consists of two Directors, both of them being non-executive and independent Directors. The Committee is headed by N.Viswanatha Raju an independent Director and Chairman of the Board.

The Remuneration committee determines the Company's policy on specific remuneration packages for Executive Directors within the framework of the provisions and enactments governing the same. The committee met three times during the year on 31.05.2006, 31-07-2006 and 23.10.2006, and its recommendations were accepted.

Following is the attendance of the committee members during the year.

Name of the Director	Position held	No. of Meetings attended
N.Viswanatha Raju	Chairman	3
K. Soma Raju	Member	3

Remuneration paid to Directors for the financial year.

No remuneration was paid to the Managing Director during the financial under review. The non-executive directors are paid sitting fee for attending each meetings of the Board. The non-executive directors do not draw any other remuneration from the company. There are no performance-linked incentives payable to any of the directors, nor any stock option plans as part of remuneration package payable to any directors.

5. Investor Grievance Committee

The Share Holders Transfers and Investor Grievance Committee which look into redressal of Shareholders' and Investors' Complaints and requests like delay in transfer/transmission of shares, issue of duplicate share certificate, non-receipt of dividend, annual report, etc., The Committee consists of two Directors. K.Soma Raju, an independent non-executive Director, heads the Committee.



The committee met three times during the year on 31-05-2006, 31-07-2006 & 23-10-2006. The Managing Director acts as compliance officer to look into shareholders grievances on a day-to-day basis.

Name of the Director	Position held	No. of Meetings attended
K. Soma Raju	Chairman	3
Dr. K.V.L.N. Raju	Member	3

6. Board procedure

At least four board meetings are held every year. The Board Meetings are conducted at the Registered /Administrative office of the Company. The Board meets at least once in every quarter to review the financial results and other items on the agenda. Notice for the Board Meetings together with agenda are sent to all the directors in advance. The gap between two consequent board meetings did not exceed three months.

7. Details of General Meetings

The Annual General Meetings (AGMs) of the Company have been held at the following places in the last three years.

For the year	Venue	Day &Date	Time
2004	Registered office	Wednesday 22-9-04	14.30 Pm
2005	Registered office	Monday 26-09-05	14.30 Pm
2006	Registered office	Wednesday 27-09-06	14.30 pm

In the last AGM there were no resolutions received to be passed through postal ballot.

8. Material Disclosures

(i) Disclosures on materially significant related party transactions.

There is no material transaction with any related party, which may have potential conflict with the interests of the Company at large. However, the company has annexed to the accounts a list of related parties as per Accounting Standard 18 and the transaction entered into with them.

(ii) Details of Non-Compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchange, SEBI or any statutory authorities or any matter related to capital markets.

The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. SEBI, Stock Exchanges or any other Statutory Authority has passed no penalties or strictures on matters relating to capital markets in the last three years.

9. Means of Communication

The quarterly/ half-yearly / annual / un-audited / audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors.



The results are published in the Hyderabad editions of widely circulated English and Telugu daily.

10. General Shareholders' Information

i) Annual General Meeting

Day, Date and time Thursday 27-09-2007 14.30 Pm
Venue Registered Office

ii) Profile of Directors being appointed/re-appointed at the ensuing AGM

Mr. N. Viswanatha Raju retires by rotation and eligible for re appointment.

iii) Financial Calendar.

Indicative calendar of events for the year 2006-07 (financial year) excluding Extra Ordinary General Meeting(s),if any, is as under

Second Quarter financial results	23-10-2007
Third Quarter financial results	25-01-2008
Fourth Quarter & Annual results of financial year 2007-08	25-05-2008

iv) Book Closure

The Company's Register of Members and Share Transfer books will remain closed for the. 18-09-07 to 27-09-07 (Both days inclusive)

v) Listing on Stock Exchanges

The Company's equity shares are listed on the following stock Exchanges.

Name	Address
Hyderabad Stock Exchange	# 6-3-654, Adjacent to Erramanjil bus stop, Somajiguda, Hyderabad- 82
Bombay Stock Exchange	Pheroje Jeejeebhoy Towers, Dalal street, Mumbai - 400 001

Stock Code : 531832 (BSE)

vi) Outstanding GDR, ADR or Warrants : NIL

vii) Plant Locations : Aralumallige village, Dodballpur taluk, Bangalore rural dist.

viii) Address for Correspondence : #56, Nagarjuna Hills, Panjagutta, Hyderabad-82.

ix) Registrar and Transfer Agent : XL SOFTECH SYSTEMS LTD
3,Sagar Society, Road No 2,
Banjara Hills, Hyderabad - 500 034
Ph. No. : 040 - 23545912 / 13 /14



a) Share Transfer system

Shares lodged for physical transfer of shares would be registered within a period of 10 to 15 days, if the documents were clear in all respects. The Share Transfer committee would dispatch the shares duly transferred to the concerned shareholders within a week from the date of approval of transfer. For this purpose, the Share Transfer Committee meets as often as required. Adequate care taken to ensure that no transfers are pending for more than a fortnight.

b) Stock Market Data

Company has fulfilled the requirements of Stock Exchanges and awaiting for revocation of suspension.

x) Shareholding pattern

The table below gives the distribution of share holding according to the size clause as on 31-03-2007.

Shareholding Nominal	Shareholders		Shares held in each class	
	Number	% of Total	Number	% of Total
1-5000	1,750	73.87	801502	13.15
5001-10000	495	20.89	467800	7.68
10001-20000	61	2.57	105700	1.73
20001-30000	11	0.46	293000	0.48
30001-40000	11	0.46	422000	0.69
40001-50000	16	0.68	770930	1.26
50001-100000	7	0.30	501000	0.82
100001 & above	18	0.76	45207050	74.18
TOTAL:	2369	100.00	6094400	100.00

	CATEGORY	NO.OF SHARES HELD	% OF SHARE HOLDING
1)	Promoters	28,82,600	47.30
2)	Banks & FII s		
	KSIIDC	2,50,000	04.10
3)	Others		
	Private corporate bodies	8,82,900	14.49
	Indian Public	18,79,400	30.84
	NRI s / OCB S		
	Mutual funds	1,99,500	03.27
	TOTAL	60,94,400	100.00



xi) Investor Complaints

During the year the company has attended to most of the investor's grievances/ complaints within a reasonable time of receipt of the same and aptly solved them. The delays in few cases were due to compliance of legal requirements.

Status report of for the period 01.04.2006 to 31.03.2007.

Sl.No.	Name of the Complaint	Received	Disposed	Pending
1.	Change/correction of address	5	5	NIL
2.	Deletion/inclusion of joint name and transmission	NIL	NIL	NIL
3.	Others	2	2	NIL

xii) Dematerialization of shares and liquidity: The Company shares are under compulsory De-materialization.

xiii) Address for Investor Correspondence:

a) For transfer of Shares

R & T Agents

#56, Nagarjuna hills, Panjagutta,
 Hyderabad - 82
 XL Softech Systems Limited
 #3, Sagar Society, Hyderabad - 34.

b) For query on Annual Report and any other query relating to the shares of the company

#56, Nagarjuna hills, Panjagutta
 Hyderabad-82

11. Declaration

All members of the Board and senior management personnel have complied with the code of conduct adopted by the company.

**By order of the Board of Directors
 For Nagarjuna Agri Tech Limited**

Place : Hyderabad
 Date : 30.06.2007

(Dr. K.V.L.N.Raju)
Managing Director



**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITION OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING
AGREEMENT**

To
The Members of
M/s. NAGARJUNA AGRI TECH LIMITED
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by M/s. NAGARJUNA AGRI TECH LIMITED ("the Company") for the year ended on 31st March 2007 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Share Holders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For AMAR & RAJU
CHARTERED ACCOUNTANTS

(G. AMARANATHA REDDY)
Partner
Membership No: 19711

Place: Hyderabad
Date : 30-06-2007



AUDITOR'S REPORT

To
The Members
M/s. NAGARJUNA AGRI TECH LIMITED.
HYDERABAD.

We have audited the attached Balance Sheet of M/s. NAGARJUNA AGRI TECH LIMITED, as at 31st March, 2007 and also the Profit & Loss Account for the year ended on that date annexed thereto and the 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. 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 misstatements. 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 for our opinion.

- I. 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 report that:
- i)
 - a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
 - b) The management has conducted the physical verification of fixed assets during the year under audit, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) The company has not disposed substantial part of the fixed assets during the year under audit.
 - ii)
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
 - iii) During the year the company has not granted any loans to parties covered in the register maintained under section 301 of the Companies Act, 1956. During the year the company has not taken any loans, secured or unsecured from parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to the sale of goods. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.



- v) During the year the company has not entered into any contracts or arrangements referred to in Section 301 of the Companies Act, 1956.
- vi) The company has not accepted any deposits from the public. Accordingly, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- vii) The company does not have any internal audit system.
- viii) According to the information and explanations given to us, maintenance of cost records U/Sec. 209(1)(d) the Companies Act, 1956 have not been prescribed by the Central Government for the company.
- ix)
 - a) The company is regular in depositing with appropriate authorities undisputed statutory dues applicable to it. Provident Fund and Employees State Insurance Schemes do not exist in the company.
 - b) According to the information and explanations given to us no undisputed statutory dues applicable to it were outstanding as at 31st March, 2007 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.
- x) The provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company, since the company has no accumulated losses at the end of the financial year.
- xi) The company does not have any dues payable to financial institution or bank or debenture holders. Accordingly, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xxii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiii) In our opinion, the Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xvi) The company has not obtained any term loans from banks and financial institutions during the year under audit. In our opinion and according to the information and explanations given to us the term loans obtained in the earlier years have been applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.



- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained U/Sec.301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order are not applicable to the company.
- xix) The company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xx) During the current financial year under review and in the immediately preceding financial year the company has not raised any money by way of public issue and there was no unutilized money raised through public issues at the beginning of the period covered by the audit report. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- ii. Subject to above comments and notes forming part of accounts we further state that:
- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by Law have been kept by the Company, so far as appears from our examination of such books.
 - iii) The Balance Sheet, the Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as director in terms of clause (g) of subsection(1) Section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required, read together with notes there on give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007 and
 - b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.
 - c) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For AMAR & RAJU
CHARTERED ACCOUNTANTS

(G. AMARANATHA REDDY)
Partner
Membership No: 19711

Place: Hyderabad
Date : 30-06-2007



BALANCE SHEET AS AT 31ST MARCH, 2007

PARTICULARS	SCH	As at 31-3-2007		As at 31-3-2006	
		Rupees		Rupees	
SOURCE OF FUNDS					
Share holder's funds					
Share Capital	A	67,590,750		67,590,750	
Share Warrants	B	2,000,000		-	
Share Application Money		20,000,000		20,000,000	
Reserves & Surplus	C	449,652		48,107,806	
			90,040,402		135,698,556
TOTAL			90,040,402		135,698,556
APPLICATION OF FUNDS					
Fixed Assets	D				
Gross Block		107,173,257		106,176,419	
Less: Depreciation		45,890,562		41,320,774	
Net Block			61,282,695		64,855,645
Current Assets, Loans and Advances	E				
Inventories		979,767		422,982	
Sundry Debtors		16,335,160		9,323,471	
Cash & Bank Balances		3,066,498		478,339	
Loans & Advances		9,873,393		862,641	
		30,254,818		11,087,433	
Less: Current Liabilities and Provisions	F				
Current Liabilities		1,471,037		2,561,445	
Provisions		26,074		31,295	
		1,497,111		2,592,740	
Net Current Assets			28,757,707		8,494,693
Profit & Loss Account:	G				
					62,348,218
TOTAL			90,040,402		135,698,556
NOTES TO ACCOUNTS	K				

As per our report of even date

For and on behalf of the Board

For **AMAR & RAJU**
CHARTERED ACCOUNTANTS

Dr. K.V.L.N. RAJU
Managing Director

G. AMARANATHA REDDY
Partner
Membership No: 19711

K. SOMA RAJU
Director

N. VISWANATHA RAJU
Director

Place : Hyderabad
Date : 30-06-2007



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

PARTICULARS	SCH	As at 31-3-2007		As at 31-3-2006	
		Rupees		Rupees	
INCOME					
Sales - Horticulture			38,504,811		30,026,018
Other income	H		3,831,505		8,369
Accretion to stock	I		279,500		-
TOTAL			42,615,816		30,034,407
EXPENDITURE					
Manufacturing, Administrative and Selling expenditure	J		23,326,122		25,344,366
Depreciation	D		4,569,788		4,527,395
Bad debts written off			-		3,834,262
TOTAL			27,895,910		33,706,023
Profit/Loss before Taxation and Non-recurring/Extraordinary Items			14,719,906		(3,671,616)
Provision for Taxation			-		-
Deferred Tax asset/liability			-		-
Fringe Benefit Tax		(26,074)		(31,295)	
			(26,074)		(31,295)
Profit/Loss after Taxation and before Non-recurring/Extraordinary Items			14,693,832		(3,702,911)
Interest waived by IDBI/SBM			-	69,871,980	
Creditors writtenback			-	1,439,477	
Deferred Tax asset reversed			-	(20,824,756)	
Prior period adjustments		(3,768)		(59,358)	
			(3,768)		50,427,343
Profit/Loss after Taxation and Non-recurring/Extraordinary Items carried to Balance Sheet			14,690,064		46,724,432
Basic EPS (Face Value Rs. 10/-)			2.41		(0.61)
Diluted EPS (Face Value Rs. 10/-)			1.77		(0.61)
NOTES TO ACCOUNTS	K				

As per our report of even date

For and on behalf of the Board

For **AMAR & RAJU**
CHARTERED ACCOUNTANTS

Dr. K.V.L.N. RAJU
Managing Director

G. AMARANATHA REDDY
Partner
Membership No: 19711

K. SOMA RAJU
Director

N. VISWANATHA RAJU
Director

Place : Hyderabad
Date : 30-06-2007



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2007

PARTICULARS	As at 31-3-2007		As at 31-3-2006	
	Rupees		Rupees	
SCHEDULE: A				
SHARE CAPITAL				
Authorised:				
1,00,00,000 Equity Shares of Rs.10/- each		100,000,000		100,000,000
Issued, Subscribed & Paid up:				
60,94,400 Equity Shares of Rs.10/- each		60,944,000		60,944,000
Add: Amount paid up on forfeited shares		6,646,750		6,646,750
TOTAL		67,590,750		67,590,750
SCHEDULE: B				
SHARE WARRANTS				
20,00,000 share warrants @ Rs. 1/- per warrant paidup		2,000,000		-
TOTAL :		2,000,000		-
SCHEDULE: C				
RESERVES & SURPLUS				
1. Subsidy from APEDA		100,000		100,000
2. Capital Reserve				
Opening Balance	48,007,806		-	
Add : Additions during the year	-		48,007,806	
Less : Transferred to Profit & Loss A/c.	48,007,806		-	
		-		48,007,806
3. Profit and Loss Account		349,652		-
TOTAL		449,652		48,107,806

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2007

SCHEDULE: D - FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01-04-2006 Rs.	Additions Rs.	As on 31-03-2007 Rs.	Upto 31-03-2006 Rs.	For the Year Rs.	Upto 31-03-2007 Rs.	As on 31-03-2007 Rs.	As on 31-03-2006 Rs.
Land	8,263,722	-	8,263,722	-	-	-	8,263,722	8,263,722
Buildings	10,175,108	-	10,175,108	3,238,104	339,849	3,577,953	6,597,155	6,937,004
Plant & Machinery	85,417,438	982,996	86,400,434	36,685,401	4,104,021	40,789,422	45,611,012	48,732,036
Furniture	619,868	13,842	633,710	368,868	40,114	408,982	224,728	251,000
Office equipment	295,414	-	295,414	127,287	14,032	141,319	154,095	168,127
Computers	273,787	-	273,787	254,041	5,535	259,576	14,211	19,746
Vehicles	263,403	-	263,403	237,718	25,023	262,741	662	25,685
Refrigerated Vehicle	867,679	-	867,679	409,355	41,215	450,571	417,108	458,324
TOTAL	106,176,419	996,838	107,173,257	41,320,774	4,569,788	45,890,562	61,282,695	64,855,644
Previous year total	105,362,911	813,508	106,176,419	36,793,379	4,527,395	41,320,774	64,855,644	68,569,532





SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2007

PARTICULARS	As at 31-3-2007 Rupees	As at 31-3-2006 Rupees
SCHEDULE: E		
CURRENT ASSETS, LOANS AND ADVANCES		
A. <u>Current Assets:</u>		
1) <u>Stock-in-trade:</u>		
a) Fertilizers & Pesticides	418,571	342,684
b) Stores & Consumables	157,800	-
c) Cut Flowers	221,500	-
d) Packing Material	123,896	80,298
e) Nursery & Plantation work in progress	58,000	-
	979,767	422,982
2) <u>Sundry Debtors:</u> <u>(Unsecured considered good)</u>		
a) Out standing for more than six months	983,461	329,880
b) Others	15,351,699	8,993,591
	16,335,160	9,323,471
3) <u>Cash and Bank balances:</u>		
a) Cash on hand	318,980	289,272
b) Balance with Scheduled Banks:		
i) In Current Account	2,587,760	37,288
ii) In Deposit Account	159,758	151,779
	3,066,498	478,339
	20,381,425	10,224,792
B. <u>Loans and Advances:</u>		
1) Unsecured considered good recoverable in cash or in kind for the value to be received	8,978,625	39,873
2) Deposits	894,768	822,768
	9,873,393	862,641
TOTAL :	30,254,818	11,087,433
SCHEDULE: F		
CURRENT LIABILITIES & PROVISIONS		
A) <u>Current Liabilities:</u>		
1) Creditors for capital works	-	173,250
2) Creditors for supplies	512,301	1,411,771
3) Creditors for services and expenses	958,736	976,424
	1,471,037	2,561,445
B) <u>Provisions:</u>		
Provision for Taxation (FBT)	26,074	31,295
TOTAL	1,497,111	2,592,740



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2007

PARTICULARS	Year ended 31-3-2007 Rupees		Year ended 31-3-2006 Rupees	
<u>SCHEDULE: G</u>				
<u>PROFIT & LOSS ACCOUNT</u>				
Opening Balance		(62,348,218)		(109,072,650)
Less : Transferred from Capital Reserve		48,007,806		-
		(14,340,412)		(109,072,650)
Add/Less : Transferred from Profit and Loss Account		14,690,064		46,724,432
Balance Loss carried to Reserves & Surplus / Balance Sheet		349,652		(62,348,218)
<u>SCHEDULE : H</u>				
<u>OTHER INCOME :</u>				
Freight Subsidy from APEDA		3,821,911		-
Miscellaneous income		9,594		8,389
TOTAL		3,831,505		8,389
<u>SCHEDULE : I</u>				
<u>ACCRETION TO STOCK :</u>				
Closing Stock in Trade :				
Cut Flowers	221,500		-	
Nursery & Plantation Work in Progress	58,000		-	
		279,500		-
Less : Opening Stock in Trade :				
Cut Flowers	-		-	
Nursery & Plantation Work in Progress	-		-	
		-		-
Accretion to Stock		279,500		-



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2007

PARTICULARS	As at 31-3-2007 Rupees		As at 31-3-2006 Rupees	
SCHEDULE: J				
<u>MAINTENANCE, ADMINISTRATIVE AND SELLING EXPENDITURE</u>				
A) <u>Maintenance expenditure:</u>				
Fertilizers & Pesticides consumed	3,921,311		5,205,243	
Power & Fuel	1,978,100		1,915,935	
Plant Maintenance	3,046,246		3,271,850	
Repairs & Maintenance	652,196		835,389	
Freight inwards	55,527		89,285	
Nursery & Plantation expenses	986,999		-	
Stores & Spares consumed	243,396		394,786	
Purchase of Flowers	188,496		1,707,098	
		11,072,271		13,419,586
B) <u>Administrative Expenditure:</u>				
Travelling & Conveyance	331,396		148,811	
Printing & Stationery	61,943		73,791	
Postage & Telephone	176,045		197,099	
Rent, Rates, & Taxes	394,294		343,039	
Auditors Remuneration	73,034		61,732	
Bank Charges & Commission	154,857		113,639	
Vehicle Maintenance	409,256		347,590	
Office Maintenance	42,841		70,967	
General Expenses	148,201		126,740	
		1,791,867		1,483,408
C) <u>Selling Expenditure:</u>				
Clearing & Forwarding Charges	578,509		1,637,396	
Freight outwards	6,877,771		5,776,129	
Packing Material Consumed	1,276,084		1,324,955	
		8,732,364		8,738,480
D) <u>Expenditure on Personnel:</u>				
Salaries & other bebefits	1,405,426		1,269,040	
Security Charges	61,430		59,614	
Staff welfare expenses	262,764		374,238	
		1,729,620		1,702,892
TOTAL :		23,326,122		25,344,366



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2006

SCHEDULE: K

NOTES TO ACCOUNTS:

1. Significant Accounting Policies:

- | | |
|---|--|
| a. Basis of preparation of financial statements | 1. The financial statements have been prepared under the historical cost convention on the basis of a going concern and in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company. |
| | 2. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles followed by the company. |
| b. Fixed assets | Fixed assets are valued at cost less depreciation. |
| c. Depreciation | Depreciation has been provided on straight line method at the rates specified in the schedule XIV of the Companies Act, 1956. |
| d. Inventories | Closing stocks of inventories are valued at lower of cost and net realisable value. |
| e. Foreign currency transactions | 1) Exports invoiced in foreign currency are converted at the exchange rate prevailing on the date of transactions. Gain/Loss arising out of fluctuation in exchange rates are accounted for on realisation.
2) Other foreign currency transactions are recognised at the rate on the date of transaction.
3) Monetary items as on the date of Balance Sheet are stated at the closing rate/realistic rate. |
| f. Cash Flow Statement | The cash flow statement has been compiled from and is based on the Balance Sheet as at 31st March, 2007 and the related Profit and Loss Account for the year ended on that date. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI. |



	<u>2006-2007</u>	<u>2005-2006</u>
2. <u>Foreign Exchange Transactions :</u>		
a) Earnings in foreign currency (FOB value of exports excluding Sales returns & exchange fluctuation)	21,907,731	22,194,011
b) Expenditure in foreign currency: On account of others	77,545	517,896
3. <u>Auditors Remuneration</u>		
As Auditors Fee	40,000	30,000
For Tax Audit	10,000	7,000
For Certification & Taxation matters	15,000	18,000
Service tax	8,034	6,732
TOTAL :	73,034	61,732
4. <u>Contingent Liabilities</u>		
Bank Guarantees	510,113	510,113
5. <u>Earnings per Shares (EPS) :</u>		
A) Basic Earnings per shares :		
Profit/Loss after Taxation and before Non-recurring/Extraordinary Items attributable to Equity shareholders (Rs.)	14,693,832	37,02,911
Weighted average number of equity shares (used for denominator for calculating the Basic EPS)	6,094,400	6,094,400
Basic Earnings per share (Face value Rs. 10/-) Rs.	2.41	(0.61)
B) Diluted Earning per share:		
Weighted average number of equity shares	6,094,400	6,094,400
Add : Weighted average number of potential equity shares on account of shares application money and share warrants	2,200,000	16,438
Weighted average number of diluted shares outstanding (used for denominator for calculating diluted EPS)	8,294,400	6,110,838
Profit/Loss after Taxation and before Non-recurring/Extraordinary Items attributable to Equity Shareholders (Rs.)	14,693,832	(3,702,911)
Diluted Earning per Share (Face Value Rs. 10/-)	1.77	(061)



6. The company has acquired land in the name of its employees. The existing rules in Karnataka state do not permit the companies to hold agricultural land in their names. However, the company has entered into agreement with its employees for execution of necessary legal documents in respect of the title of the land. The consideration for purchase of said land has already been paid out of the company's funds, hence treated as an asset of the company.
7. Balance under sundry debtors, sundry creditors, loans and advances payable/receivable and deposits are subject to confirmation and reconciliation
8. Previous year figures have been regrouped, recasted and reclassified wherever necessary, to confirm with current years classifications.
9. The figures have been rounded off to the nearest rupee.
10. Quantitative Particulars :
The company is engaged in the business sale of floriculture products. The production and sale of such items are not capable of being expressed in any generic unit and hence it is not possible to give the quantitative details and the information as required under paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.
11. Disclosure regarding amount due to small scale and ancillary undertakings :
Sundry Creditors includes Rs.NIL due to small scale and ancillary undertakings. The information has been complied to the extent they could be identified as small scale and ancillary undertakings on the basis of information available with the Company.
12. Deferred Tax asset / liability:
The management has taken the view that, flowri culture activity comes under agricultural activity and since agricultural income is exempted from income tax, there is no need to recognise deferred tax asset/liability in the books of account.
13. Related Party Disclosures:
During the year under review there are no transactions with the related parties that need to be disclosed.
14. Segment Reporting:
As the company's business activities falls within single segment the disclosure requirement of Accounting Standard - 17 on "Segment Reporting" issued by ICAI is not applicable.
15. Foreign Exchange Fluctuations:
As per the above stated accounting policy, the amount of exchange differences credited to Profit and Loss Account during the period was amounted to Rs.4,55,684/-
16. Freight Subsidy from APEDA:
The freight subsidy credited to Profit and Loss Account under the head "Other Income" is due from APEDA . APEDA will reimburse the air freight expenses incurred by the company



for export of cut flowers. This amount includes reimbursements relating to the earlier years. The same was not accounted in the earlier years since the amount was contingent in nature at that time due to various stipulations. During the year the company has accounted the same as current income due to options available in favour of the company as result of waiver of the stipulations.

17. Provision for taxation:

No Provision for tax has been provided since the operations of the company comes under agricultural activity and agricultural income is exempted from income tax.

18. Treatment of Capital Reserve:

During the previous year company has repaid the term loan and working capital loan obtained from IDBI and State Bank of Mysore respectively under the one time settlement scheme. The unpaid principle amount waived by the Institutions amounted to Rs.4,69,51,953/- and creditors of capital goods amounted to Rs.10,55,853/- which were no longer required to pay are considered as capital receipt and credited to the Capital Reserve account. During the year the company has transferred the said balance in Capital Reserve to the Profit and Loss Account to be set off with the debit balance in Profit and Loss Account. The Company has taken the view that, as per the provisions of Companies Act and accepted accounting conventions and prudent management policies, the utilisation of the credit balance in the Capital Reserve Account for setting off the debit balance in the the Profit and Loss Account is an acceptable proposition, since the amount credited to the Capital Reserve is "real" having arisen as result of subsequent waiver of the loan received from the institutions in the earlier years.

20. Balance Sheet abstract and company's general business profile:

I) Registration details:	
Registration No.	7981 of 1987-88
State code	1
Balance Sheet date	31/03/2007
II) Capital raised during the year: (Amount in Rs.)	
Public issue	NIL
Bonus issue	NIL
Rights issue	NIL
Private placement	NIL
III) Position of Mobilisation & Deployment of funds: (Amount ins Rs.)	
Total Liabilities	91,537,513
Total Assets	91,537,513
Sources of Funds:	
Paid up Capital	67,590,750
Share Application money	20,000,000
Share Warrants	2,000,000
Reserves & Surplus	449,652



Secured Loans	-
Unsecured Loans	-
Application of Funds:	
Net Fixed Assets	61,282,695
Investments	-
Net Current Assets	28,757,707
Misc., Expenditure	-
Accumulated Losses	-
IV) Performance of the Company: (Amount in Rs.)	
Total income	42,615,816
Total Expenditure	27,895,910
Profit/Loss before Tax	14,719,906
Profit/Loss after tax	14,693,832
Earning per share (Basic Face value Rs.10/-)	2.41
Dividend rate (%)	N.A.
V) Generic names of three principal products/services of the company (as per monetary terms)	
Item Code No (ITC Code)	
Product description	N.A.

Signatures to Schedules 'A' to 'J'

As per our report of even date

For and on behalf of the Board

For **AMAR & RAJU**
 CHARTERED ACCOUNTANTS

Dr. K.V.L.N. RAJU
 Managing Director

G. AMARANATHA REDDY
 Partner
 Membership No: 19711

K. SOMA RAJU
 Director

N. VISWANATHA RAJU
 Director

Place : Hyderabad
 Date : 30-06-2007



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

	2006-2007		2005-2006	
	Rs.	Rs.	Rs.	Rs.
A) Cash flow from Operating Activities:				
Net Profit as per Profit and Loss Account		14,719,906		(3,671,616)
Adjustments for:				
Depreciation	4,569,788		4,527,395	
Bad debts written off	-		3,834,262	
Income tax paid (FBT)	(35,063)		-	
Earlier year adjustments	-		(59,358)	
		4,534,725		8,302,299
Operating profit before working capital changes		19,254,631		4,630,683
Adjustments for:				
Trade & other receivables	(16,030,420)		(2,369,413)	
Trade payable	(917,158)		(1,479,631)	
Inventories	(556,785)		(111,544)	
		(17,504,363)		(3,960,588)
Net cash from operating activities		1,750,268		670,095
B) Cash flow from investing activities:				
Purchase of Fixed Assets	(1,170,088)		(681,188)	
Net cash used in investing activities		(1,170,088)		(681,188)
C) Cash flow from financing activities:				
Share Application Money received	-		20,000,000	
Share Warrant amount received	2,000,000		-	
Unsecured Loan repaid	-		(164,980)	
IDBI Term Loan repaid	-		15,000,000)	
Working capital loan from SBM repaid	-		(4,688,000)	
Net cash from financing activities		2,000,000		147,020
Net increase in cash & cash equivalents (A-B-C)		2,580,180		135,927
Cash & cash equivalents as at 31-03-2006		326,560		190,633
Cash & cash equivalents as at 31-03-2007		2,906,740		326,560

As per our report of even date

For and on behalf of the Board

For **AMAR & RAJU**
CHARTERED ACCOUNTANTS

Dr. K.V.L.N. RAJU
Managing Director

G. AMARANATHA REDDY
Partner
Membership No: 19711

K. SOMA RAJU
Director

N. VISWANATHA RAJU
Director

Place : Hyderabad
Date : 30-06-2007

NAGARJUNA AGRI TECH LIMITED

56, Nagarjuna Hills, Punjagutta, Hyderabad -500 082. INDIA

Grams : "FLOWERS"

PROXY FORM

Regd. Folio No.

No. of Shares held

I/We..... of
in the district of being a member/members
of M/s. NAGARJUNA AGRI TECH LIMITED hereby appoint of
..... in the district of or failing him
..... of in the district of
as my/our Proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting
of the Company to be held on 27th day of September, 2007 at 2-30 P.M. at 56, Nagarjuna
Hills, Punjagutta, Hyderabad - 500 082 and at any adjournment thereof.

Signed this day of2007.

Affix
Rupee 1/-
Revenue
Stamp

Signature

Notes : 1. The Proxy need not be a member

2. The Proxy to be valid should be duly stamped with a Revenue Stamp of Rupee 1/- and executed by the member and should reach the Company's Registered Office at least 48 hours before the commencement of the meeting.

-----TEAR HERE-----

NAGARJUNA AGRI TECH LIMITED

56, Nagarjuna Hills, Punjagutta, Hyderabad -500 082. INDIA

Grams : "FLOWERS"

ATTENDANCE SLIP

Nineteenth Annual General Meeting on September 27, 2007

Regd. Folio No.

No. of Shares held

I hereby record my presence at the Nineteenth Annual General Meeting of NAGARJUNA
AGRI TECH LIMITED held at 56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082, at
2-30 p.m. on September 27, 2007.

Name of Shareholder/Proxy in BLOCK letters

Signature of Shareholder/Proxy

- Notes : (i) Please fill this attendance slip and hand it over at the ENTRANCE of the meeting hall.
(ii) No gifts will be distributed at the meeting.

BOOK - POST
PRINTED MATTER



If undelivered, please return to :



NAGARJUNA
AGRI TECH LIMITED
56, Nagarjuna Hills,
Punjagutta,
Hyderabad - 500 082.