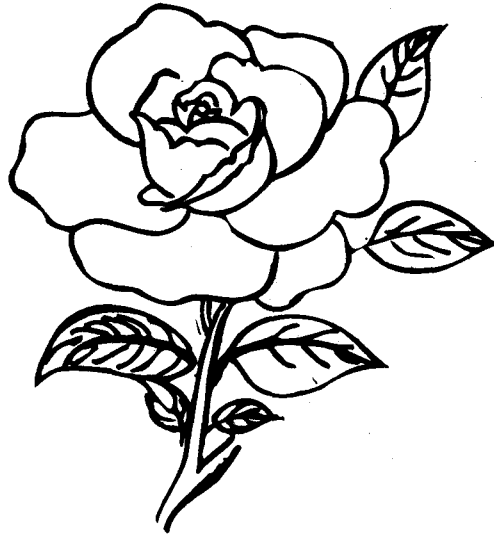




NAGARJUNA
AGRI TECH LIMITED



20th ANNUAL REPORT
2007-2008

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 - Yelahanka New Town, Branch, Bangalore
Canara Bank - Yelahanka New Town Branch, Bangalore

Registered Office

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

NAGARJUNA AGRI TECH LIMITED
PLOT NO 56, Nagarjuna Hills, punjagutta, Hyderabad 500 082

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Nagarjuna Agri Tech Limited will be held on Saturday, September 27th, 2008 at 15.30 hours at Plot No 56, Nagarjuna Hills, Punjagutta, and Hyderabad-500 082 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 2008, together with the reports of the Director's and Auditor's thereon.
2. To appoint a director in the place of Mr. K.Ravindra who retires by rotation and being eligible, offers him self 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 Lintied**

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

Place: Hyderabad
Date: 30.06.2008

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.
3. The Register of Members and share transfer books will remain closed from 18.09.2008 to 27.09.2008 (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 Lintied**

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

Place: Hyderabad
Date: 30.06.2008

DIRECTOR'S REPORT

Your Directors present herewith the Twentieth Annual Report and the Audited Accounts for the financial year ended 31st March 2008.

1. Financial results:

The results of operations for the year ended 31.03.2008 are as under

(Rs. in Lakhs)

	2007-08	2006-07
Turn over	236.58	385.05
Other Income	20.82	38.32
Accretion to stock	(0.77)	2.79
Total	258.17	426.16
Manufacturing Administrative and Selling Expenditure	242.68	233.26
Depreciation	45.37	45.70
Profit / Loss after before Taxation before non recurring/Extraordinary items	(-) 29.88	(+) 147.20
Fringe Benefit Tax	(-) 0.18	(-) 0.26
Profit / Loss after Taxation before non recurring/Extraordinary items	(-) 30.06	(+) 146.94
Prior period adjustments	-	0.04
Profit / Loss after Taxation and non recurring/Extraordinary items	(-) 30.06	(+) 146.90

2. Operations:

During the year company has made a turn over of Rs 236.58 Lakhs against previous year turnover of Rs 385.05 Lakhs and made a net loss of Rs 30.06 Lakhs as against net profit of Rs 146.94 during the previous year. Turnover of the company has come down because of the competition from other countries like China, Ethiopia and Kenyan exports at lower prices.

3. Directors:

1. Mr. K.Ravindra who retires by rotation at the ensuing Annual General meeting and being eligible, offers him for reappointment.

4. 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.

5. Particulars of Employees:

The particulars required pursuant to provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 are not furnished since there is no employees covered by the said rules.

6. 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:

7. 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 & Opportunities

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.

Company has initiated cost reduction measures to improve the profitability during the current year.

Existing association with 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.

Risks & Weakness

Professional competence has to be improved further through better training and HR development

Unforeseen natural hazards, Foreign exchange fluctuations, policies like import and export could have an impact on the performance and profitability of the company. Competition from other countries like China, Kenya and Ethiopia at competitive prices is a threat to this Industry.

High turnover of experienced, skilled and competent man power.

Cautionary Statement:

The Statements in the report of the Board of director and the Management's Discussion & Analysis Report describing the company's projections, estimates, expectations of predictions may be forward looking statements with in meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since the company's operations are influenced by many external and internal factors beyond the control of the company.

8. 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.1,67,24,684/-

Foreign Exchange Out go Rs. Nil

9. Auditor's Report:

The Auditors observations are self explanatory.

10. 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.

11. Acknowledgment:

The Directors gratefully acknowledge the timely support of the financial institutions and Bankers. The Directors wish to record their appreciation for the untiring efforts and team spirit of all the staff and executives.

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

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

Place: Hyderabad

Date: 30.06.2008

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 of 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 six meetings of the Board of Directors during the financial year 2007-08. The Board met on the following dates: 30.04.07, 30-06-2007, 31-07-2007, 27.09.2007, 23.10.2007, 25.01.2008.

iii) Board composition as on 31.03.2008:

Name of the Director	Category	Designation	No of Director Ships held in Other companies	No of Committee 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	4,501
K. Soma Raju	1,000
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	6	Yes
K. Soma Raju	Chairman Non executive Independent Professional	6	Yes
N. Viswanatha Raju	Non executive Independent	6	Yes
K. Ravindra	Non executive Independent	6	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 4 times on the following dates 30-06-2007, 31-07-2007, 23.10.2007, 25.01.2008 and the 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.

- Review of quarterly financial statements.
- Review of internal control systems.
- Review of annual financial statements for the year 2007-08

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

4. Investor Grievance Committee:

The Share Holders Grievance Committee which looks 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 3 directors. K. Soma Raju, an independent, non-executive Director, heads the Committee.

The committee met 71 times during the year. 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	71
Dr. K.V.L.N. Raju	Member	71
K. Ravindra	Member	71

5. 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 is sent to all the directors in advance. The gap between two consequent board meetings did not exceed three months

6. Details of General Meetings:

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

For the year	Venue	Day &Date	Time
2005	Registered office	Monday 26-09-05	14.30 Pm
2006	Registered office	Wednesday 27-09-06	14.30 pm
2007	Registered office	Thursday 27-09-07	14.30 pm

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

7. 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.

8. 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.

9. General Shareholders' Information:

i) **Annual General Meeting:**

Day, Date and time	Thursday 27-09-2008 15.30 Pm
Venue	Registered Office, 56. Nagarjuna Hills, Hyderabad-82

ii) **Profile of Directors retiring by rotation /eligible for re-appointment:**

Mr.K. Ravindra retires by rotation and eligible for re appointment.

Brief details of Mr..K. Ravindra is as follows

Date of appointment 16th November, 2005

Education Qualifications: Graduate and MBA.

Expertise in Specific Field: Management

iii) **Financial Calendar:**

Indicative calendar of events for the year 2007-08 (financial year) excluding Extra Ordinary General Meeting(s), if any, is as under

Annual General Meeting (next year)	27-09-2009
First Quarter financial results	31-07-2008
Second Quarter financial results	23-10-2008
Third Quarter financial results	25-01-2009
Fourth Quarter & Annual results of financial year 2008-09	25-05-2009

iv) **Book Closure:**

The Company's Register of Members and Share Transfer books will remain closed for the period.	18-09-08 to 27-09-08 (Both days inclusive)
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v) **Listing on Stock Exchanges:**

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

Name	Address
Bombay Stock Exchange	P J Towers, Dalal street, Mumbai - 400 001

Stock Code: 531832 (BSE)

vi) **Outstanding GDR, ADR or Warrants:** Rs 20,00,000

vii) **Plant Location:** 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 : 040 - 23545912 / 13/ 14

x) **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 was taken to ensure that no transfers are pending for more than a fortnight.

xi) **Stock Market Data:**

S.No	Month	High (Rs,)	Low (Rs.)	No of shares traded
1.	November 2007	12.68	8.61	1,400
2.	December 2007	31.88	13.31	6,86,300
3.	January 2008	47.15	13.45	60,300
4.	February 2008	34.33	34.35	300
5.	March 2008	-Nil-	-Nil-	-Nil-

Company shares got relisted during the year after revocation of suspension by BSE.

xii) **Shareholding pattern:**

The table below gives the distribution of share holding according to the size clause as on 31-03-2008.

Shareholding Nominal value of Rs.	Shareholders		Shares held in each class	
	Number	% of Total	Number	% of Total
1-5000	1,728	72.76	774502	12.71
5001-10000	499	21.01	470900	7.73
10001-20000	70	2.95	118900	1.95
20001-30000	14	0.59	37700	0.62
30001-40000	11	0.46	41500	0.68
40001-50000	21	0.88	100693	1.65
50001-100000	11	0.46	80200	1.32
100001 & above	21	0.88	4470005	73.34
TOTAL:	2375	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

xiii) **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 01.04.2007 to 31.03.2008.

Sl. No	Name of the Complaint	Received	Disposed	Pending
1.	Change/correction of address	25	25	NIL
2.	Deletion/inclusion of joint name and transmission	NIL	NIL	NIL
3.	Others	12	12	NIL

xiv) **Dematerialization of shares and liquidity:** The Company shares are under compulsory De-materialization

xv) **Address for Investor Correspondence:**

- a) For transfer of Shares : #56, Nagarjuna hills, Panjagutta, Hyderabad - 82
R & T Agents : 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
E Mail: natl@rediffmail.com

10.Declaration :

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

**On behalf of the Board of Directors
For NAGARJUNA AGRI TECH LIMITED**

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

**Place: HYDERABAD
Date: 30.06.2008**

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 2008 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

Place: Hyderabad,
Date: 30-06-2008

(G. AMARANATHA REDDY)
Partner
Membership No: 19711

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, 2008 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 taken interest free unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved was Rs.5,68,360/- and the year end outstanding balance was Rs. Nil. In the absence of any specific terms and conditions we are not in a position to comment on the sub-clauses (f) and (g) of clause 4(iii) of the Companies (Auditor's Report) Order, 2003.
- 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 transactions that need to be entered into the register maintained under 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, 2008 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) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) The company does not have any dues payable to financial institutions or banks 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, 2008 from being appointed as director in terms of clause (g) of sub-section (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, 2008 and
 - b) In the case of the Profit & Loss Account, of the Loss 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: 30-06-2008

NAGARJUNA AGRI TECH LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCH	AS AT 31/3/2008		AS AT 31/3/2007
		Rs.		
SOURCE OF FUNDS				
<u>Share holder's funds:</u>				
Share Capital	A	67,590,750		67,590,750
Share Warrants	B	2,000,000		2,000,000
Share Application Money		20,000,000		20,000,000
Reserves & Surplus	C	100,000		449,652
			89,690,750	90,040,402
TOTAL			89,690,750	90,040,402
APPLICATION OF FUNDS				
<u>Fixed Assets:</u>				
Gross Block	D	106,981,417		107,173,257
Less: Depreciation		49,976,730		45,890,562
Net Block			57,004,687	61,282,695
<u>Current Assets, Loans and Advances:</u>				
Inventories	E	974,730		979,767
Sundry debtors		16,602,274		16,335,160
Cash & bank balances		1,408,776		3,066,498
Loans & Advances		13,255,106		9,873,393
		32,240,886		30,254,818
<u>Less: Current Liabilities and Provisions:</u>				
Current Liabilities	F	2,193,682		1,471,037
Provisions		17,615		26,074
		2,211,297		1,497,111
Net Current Assets			30,029,589	28,757,707
<u>Profit and Loss Account:</u>				
			2,656,474	-
TOTAL			89,690,750	90,040,402
NOTES TO ACCOUNTS				
	J			

As per our report of even date
For AMAR & RAJU
CHARTERED ACCOUNTANTS

For and on behalf of the Board

(G. AMARANATHA REDDY)
Partner
Membership No: 19711

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

Place : Hyderabad,
Date : 30-06-2008

(K. SOMA RAJU)
Director.

(N. VISWANATHA RAJU)
Director.

NAGARJUNA AGRI TECH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	SCH	AS AT 31/3/2008 Rs.		AS AT 31/3/2007 Rs.
INCOME				
Sales - Horticulture			23,657,823	38,504,811
Other income	G		2,081,908	3,831,505
Accretion to stock	H		76,975	279,500
TOTAL			25,816,706	42,615,816
EXPENDITURE				
Maintenance, Administrative and Selling expenditure	I		24,141,372	23,326,122
Depreciation	D		4,536,737	4,569,788
Loss on sale of vehicle			127,108	-
TOTAL			28,805,217	27,895,910
Profit/Loss before Taxation			(2,988,511)	14,719,906
Provision for Taxation		-	-	-
Deferred Tax asset/liability		-	-	-
Fringe Benefit Tax		(17,615)	-	(26,074)
			(17,615)	(26,074)
Profit/Loss after Taxation			(3,006,126)	14,693,832
Prior period adjustments		-	-	(3,768)
			-	(3,768)
			(3,006,126)	14,690,064
Transferred from Capital Reserve			-	48,007,806
Profit / Loss broughtforward			349,652	(62,348,218)
Balance carried to Balance Sheet			(2,656,474)	349,652
Basic EPS (Face Value Rs.10/-)			(0.49)	2.41
Diluted EPS (Face Value Rs.10/-)			(0.36)	1.77
NOTES TO ACCOUNTS	J			

As per our report of even date
For AMAR & RAJU
CHARTERED ACCOUNTANTS

For and on behalf of the Board

(G. AMARANATHA REDDY)
Partner
Membership No: 19711

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

Place : Hyderabad,
Date : 30-06-2008

(K. SOMA RAJU)
Director.

(N. VISWANATHA RAJU)
Director.

NAGARJUNA AGRI TECH LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2008

PARTICULARS	AS AT 31/3/2008 Rs.	AS AT 31/3/2007 Rs.
<u>SCHEDULE: A</u>		
<u>SHARE CAPITAL</u>		
<u>Authorised:</u>		
1,00,00,000 Equity Shares of Rs.10/- each	100,000,000	100,000,000
<u>Issued, Subscribed & Paid up:</u>		
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
<u>SCHEDULE: B</u>		
<u>SHARE WARRANTS:</u>		
20,00,000 share warrants @ Rs.1/- per warrant paidup	2,000,000	2,000,000
TOTAL	2,000,000	2,000,000
<u>SCHEDULE: C</u>		
<u>RESERVES & SURPLUS</u>		
1. Subsidy from APEDA	100,000	100,000
2. Capital Reserve		
Opeing Balance	-	48,007,806
Add: Additions during the year	-	-
Less: Transferred to Profit & Loss A/c.	-	48,007,806
	-	-
3. Profit and Loss Account	-	349,652
TOTAL :	100,000	449,652

NAGARJUNA AGRI TECH LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2008

SCHEDULE: D FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01-04-2007 Rs.	Additions Rs.	Deletions Rs.	As on 31/3/2008 Rs.	Up to 31/3/2007 Rs.	For the year Rs.	Deletions Rs.	Up to 31/3/2008 Rs.	As on 31/3/2008 Rs.	As on 31/3/2007 Rs.
Land	8,263,722	-	-	8,263,722	-	-	-	-	8,263,722	8,263,722
Buildings	10,175,108	-	-	10,175,108	3,577,953	339,849	-	3,917,801	6,257,307	6,597,155
Plant & machinery	86,400,434	662,989	-	87,063,423	40,789,422	4,135,513	-	44,924,934	42,138,489	45,611,012
Furniture	633,710	-	-	633,710	408,982	40,114	-	449,096	184,614	224,728
Office equipment	295,414	-	-	295,414	141,319	14,032	-	155,351	140,063	154,095
Computers	273,787	12,850	-	286,637	259,576	6,568	-	266,144	20,493	14,211
Vehicles	263,403	-	-	263,403	262,741	662	-	263,403	(0)	662
Refrigerated Vehicle	867,679	-	867,679	-	450,569	-	450,569	-	-	417,110
TOTAL	107,173,257	675,839	867,679	106,981,417	45,890,562	4,536,737	450,569	49,976,730	57,004,687	61,282,695
Previous year total	106,176,419	996,838		107,173,257	41,320,774	4,569,788		45,890,562	61,282,695	64,855,644

NAGARJUNA AGRI TECH LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2008

PARTICULARS		AS AT 31/3/2008 Rs.	AS AT 31/3/2007 Rs.
<u>SCHEDULE: E</u>			
<u>CURRENT ASSETS, LOANS AND ADVANCES</u>			
A. <u>Current Assets:</u>			
1) <u>Stock-in-trade:</u>			
a) Fertilizers & Pesticides	340,820		418,571
b) Stores & Consumables	157,800		157,800
c) Packing Material	119,635		123,896
d) Cut flowers	356,475		221,500
e) Nursery & Plantation work in progress	-		58,000
		974,730	979,767
2) <u>Sundry Debtors:</u> (Unsecured considered good)			
a) Out standing for more than six months	9,737,445		983,461
b) Others	6,864,829		15,351,699
		16,602,274	16,335,160
3) <u>Cash and Bank balances:</u>			
a) Cash on hand	552,366		318,980
b) Balance with Scheduled Banks:			
i) In Current Account	685,131		2,587,760
ii) as Margin money	171,279		159,758
		1,408,776	3,066,498
		18,985,780	20,381,425
B. <u>Loans and Advances:</u>			
1) Unsecured considered good recoverable in cash or in kind for the value to be received			
	12,335,338		8,978,625
2) Deposits			
	919,768		894,768
		13,255,106	9,873,393
TOTAL :		32,240,886	30,254,818
<u>SCHEDULE: F</u>			
<u>CURRENT LIABILITIES AND PROVISIONS</u>			
A) <u>Current Liabilities:</u>			
1) Creditors for supplies			
	1,691,039		512,301
2) Creditors for services & expenses			
	502,643		958,736
		2,193,682	1,471,037
B) <u>Provisions:</u>			
Provision for Taxation (FBT)			
		17,615	26,074
TOTAL		2,211,297	1,497,111

NAGARJUNA AGRI TECH LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2008

PARTICULARS	YEAR ENDED 31/3/2008		YEAR ENDED 31/3/2007	
	Rs.		Rs.	
<u>SCHEDULE: G</u>				
<u>OTHER INCOME:</u>				
Freight Subsidy from APEDA		2,070,387		3,821,911
Miscellaneous income		11,521		9,594
TOTAL		2,081,908		3,831,505
<u>SCHEDULE: H</u>				
<u>ACCRETION TO STOCK:</u>				
Closing stock in trade:				
Cut Flowers	356,475		221,500.00	
Nursery & Plantation Work in progress	-		58,000.00	
		356,475		279,500.00
Less: Opening stock in trade:				
Cut Flowers	221,500		-	
Nursery & Plantation Work in progress	58,000		-	
		279,500		-
Accretion to stock		76,975		279,500.00

NAGARJUNA AGRI TECH LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2008

PARTICULARS	YEAR ENDED 31/3/2008 Rs.		YEAR ENDED 31/3/2007 Rs.	
<u>SCHEDULE : I</u>				
<u>MAINTENANCE, ADMINISTRATIVE AND SELLING EXPENDITURE</u>				
A) <u>Maintenance expenditure:</u>				
Fertilizers & Pesticides consumed	5,593,130		3,921,311	
Power & Fuel	1,443,058		1,978,100	
Plant Maintenance	3,043,992		3,046,246	
Repairs & Maintenance	461,736		652,196	
Freight inwards	65,019		55,527	
Nursery & Plantation expenses	-		986,999	
Stroes & Spares consumed	495,185		243,396	
Purchase of Flowers	2,082,382		188,496	
		13,184,502		11,072,271
B) <u>Administrative Expenditure:</u>				
Travelling & Conveyance	140,694		331,396	
Printing & Stationery	46,914		61,943	
Postage & Telephone	150,742		178,186	
Rent	280,500		291,685	
Rates & Taxes	70,444		102,609	
Listing fee	485,068		-	
Auditors remuneration	84,270		73,034	
Professional charges	285,077		85,000	
Bank charges & Commission	167,971		154,857	
Vehicle maintenance	259,667		409,256	
Office Maintenance	33,611		42,841	
General expenses	57,015		61,060	
		2,061,973		1,791,867
C) <u>Selling Expenditure:</u>				
Clearing & Forwarding charges	478,978		578,509	
Freight outwards	5,420,054		6,877,771	
Packing Material consumed	1,174,643		1,276,084	
		7,073,675		8,732,364
D) <u>Expenditure on Personnel:</u>				
Salaries & other bebefits	1,501,334		1,405,426	
Security charges	77,370		61,430	
Staff welfare expenses	242,518		262,764	
		1,821,222		1,729,620
TOTAL :		24,141,372		23,326,122

NAGARJUNA AGRI TECH LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2008

SCHEDULE : J

NOTES TO ACCOUNTS:

1. Significant Accounting Policies:

- a. Basis of preparation of financial statements
- 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.
- 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 or net realisable value.
- e. Foreign currency transactions
- 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.
- Other foreign currency transactions are recognised at the rate on the date of transaction.
- 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.

	2007-2008	2006-2007
2. Foreign Exchange Transactions		
a) Earnings in foreign currency (FOB value of exports excluding sales returns & exchange fluctuation)	16,724,684	21,907,331
b) Expenditure in foreign currency: On account of others	-	77,545
3. Auditors Remuneration		
As Auditors Fee	50,000	40,000
For Tax Audit	10,000	10,000
For Certification & Taxation matters	15,000	15,000
Service tax	9,270	8,034
TOTAL :	84,270	73,034
4. Contingent Liabilities		
Bank Guarantees	510,113	510,113
5. Earnings per Share (EPS):		
A) Basic Earnings per share:		
Profit/Loss after Taxation and before Non-recurring/Extraordinary Items attributable to Equity shareholders (Rs.)	(3,006,126)	14,693,832
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.	(0.49)	2.41
B) Diluted Earnings per share:		
Weighted average number of equityshares	6,094,400	6,094,400
Add: Weighted average number of potential equity shares on account of share application money and share warrants	2,200,000	2,200,000
Wighted average number of diluted shares outstanding (used for denominator for calculating diluted EPS)	8,294,400	8,294,400
Profit/Loss after Taxation and before Non-recurring/Extraordinary Items attributable to Equity shareholders (Rs.)	(3,006,126)	14,693,832
Diluted Earning per share (Face value Rs.10/-)	(0.36)	1.77

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. Quantative 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 quantative 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 under Micro, Small and Medium Enterprises Development Act, 2006:

The Management is currently in the process of identifying enterprises which have provided goods and services to the company and which qualify under the definition of Micro, Medium and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosure in respect of the amount payable to such medium and small enterprises as at 31-03-2008 has not been made in the financial statements. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act, is not expected to be material.
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 Unsecured loan amounting to Rs.5,68,360/ was taken from and repaid to Smt. K. Lakshmi Raju (wife of Dr. K. V. L. N. Raju, Managing Director)
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 debited to Profit and Loss Account during the period was amounted to Rs.2,65,161/-
16. 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.
17. Remuneration to Directors:

No remuneration waspaid or provided to the Directors

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

I) Registration details:

Registration No.	7981 of 1987-88
State code	1
Balance Sheet date	31/3/2008

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	91,902,047
Total Assets	91,902,047

Sources of Funds:

Paid up Capital	67,590,750
Share Application money	20,000,000
Share Warrants	2,000,000
Reserves & Surplus	100,000
Secured Loans	-
Unsecured Loans	-

Application of Funds:

Net Fixed Assets	57,004,687
Investments	-
Net Current Assets	30,029,589
Misc., Expenditure	-
Accumulated Losses	2,656,474

IV) Performance of the Company: (Amount in Rs.)

Total income	25,816,706
Total Expenditure	28,805,217
Profit/Loss before Tax	(2,988,511)
Profit/Loss after tax	(3,006,126)
Earning per share (Basic Face value Rs.10/-)	(0.49)
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 'K'

As per our report of even date

☞

**For AMAR & RAJU
CHARTERED ACCOUNTANTS**

For and on behalf of the Board

**(G. AMARANATHA REDDY)
Partner
Membership No: 19711**

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

**Place : Hyderabad,
Date : 30-06-2008**

**(K. SOMA RAJU)
Director**

**(N. VISWANATHA RAJU)
Director**

NAGARJUNA AGRI TECH LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	2007-2008		2006-2007	
	Rs.	Rs.	Rs.	Rs.
A) <u>Cash flow from Operating Activities:</u>				
Net Profit as per Profit and Loss Account		(2,988,511)		14,719,906
Adjustments for:				
Depreciation	4,536,737		4,569,788	
Income tax paid (FBT)	(26,074)		(35,063)	
Loss on disposal of assets	127,108		-	
Earlier year adjustments	-		-	
Operating profit before working capital changes		4,637,771		4,534,725
		1,649,260		19,254,631
Adjustments for:				
Trade & other receivables	(3,660,348)		(16,030,420)	
Trade payable	722,645		(917,158)	
Inventories	5,037		(556,785)	
Net cash from operating activities		(2,932,666)		(17,504,363)
		(1,283,406)		1,750,268
B) <u>Cash flow from investing activities:</u>				
Purchase of Fixed Assets	(675,839)		(1,170,088)	
Sale proceeds of assets	290,000		-	
Net cash used in investing activities		(385,839)		(1,170,088)
C) <u>Cash flow from financing activities:</u>				
Share Warrant amount received	-		2,000,000	
Net cash from financing activities		-		2,000,000
Net increase in cash & cash equivalents (A-B-C)		(1,669,245)		2,580,180
Cash & cash equivalents as at 31-03-2007		2,906,740		326,560
Cash & cash equivalents as at 31-03-2008		1,237,495		2,906,740

for AMAR & RAJU
CHARTERED ACCOUNTANTS

(G. AMARANATHA REDDY)
Partner
Membership No: 19711

For and on behalf of the Board

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

(K. SOMA RAJU)
Director

Place: HYDERABAD
Date : 30-06-2008

(N. VISWANATHA RAJU)
Director

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 **20th Annual General Meeting**
of the Company to be held on **Saturday, the 27th day of September, 2008 at 3-30 P.M.** at
56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082 and at any adjournment thereof.

Signed this day of**2008.**

Signature

Affix
Rupee 1/-
Revenue
Stamp

- 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

Twentieth Annual General Meeting on September 27th, 2008

Regd. Folio No.

No. of Shares held

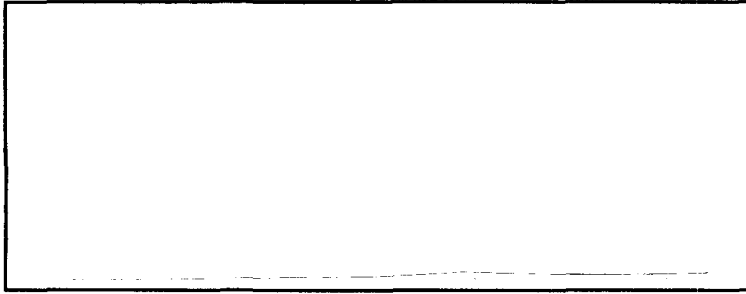
I hereby record my presence at the **Twentieth Annual General Meeting** of NAGARJUNA
AGRI TECH LIMITED held at 56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082, at
3-30 pm. on **Saturday September 27th, 2008**

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