

**NAGARJUNA AGRI TECH LIMITED**

PLOT No. 56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.

**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 fa iling him  
..... of ..... in the district of .....  
as my / our Proxy to vote for me / us on my / our behalf at the 22nd Annual General Meeting  
of the company to be held on Friday the 30th day of Sep of September 2011 at 3-30 hours at  
PLOT No. 56, Nagarjuna Hills, Punjagutta, Hyderabad- 560 082.

Signature..... 

Affix Rupee 1/- Revenue Stamp
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 .....

- 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.

**NAGARJUNA AGRI TECH LIMITED**

PLOT No. 56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.  
Grams : FLOWERS

**PROXY FORM**

Regd. Folio No.  No. of shares held

I hereby record my presence at the 22nd Annual General Meeting of M/s NAGARJUNA AGRI  
TECH LIMITED held at PLOT No. 56, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082. at 3-30  
on Friday, September 30th 2011

.....  
Name of shareholder/poxy in BLOCK letters Signature of share holder/proxy

- Notes : 1. Please fill this attendance slip and hand it over at the ENTRANCE of the meeting hall  
2. Na gifts will be distributed at the meeting

### **Board of Directors**

<b>Dr. K.V.L.N. Raju</b>	-	Managing Director
<b>K. Soma Raju</b>	-	Director
<b>K. Ravindra</b>	-	Director
<b>N. Viswanatha Raju</b>	-	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 AND FINANCIAL INSTITUTION**

**Axis Bank** - Yelahanka New Town Branch, Bangalore.

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

### **REGISTERED OFFICE :**

No. 56, Nagarjuna Hills,  
Punjagutta,  
Hyderabad - 500 082.  
Telefax : 040 -23357248  
E-mail : natl@rediffmail.com

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**BOOK-POST**  
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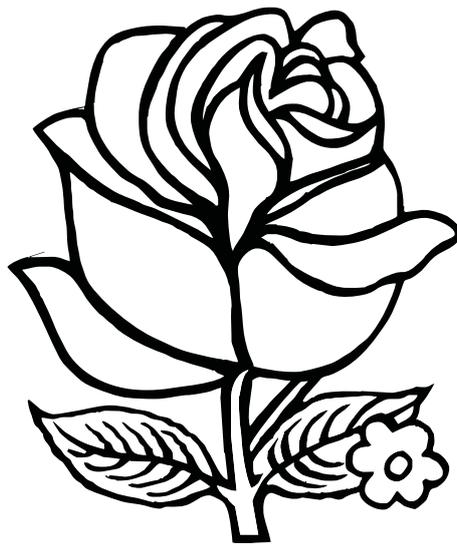


**NAGARJUNA**  
**AGRITECH LIMITED**

PLOT No. 56, Nagarjuna Hills,  
Punjagutta, Hyderabad - 500 082.



**NAGARJUNA**  
**AGRITECH LIMITED**



**23rd ANNUAL REPORT**  
**2010-2011**

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

**NOTICE**

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of Nagarjuna Agri Tech Limited will be held on Friday, the 30<sup>th</sup> September 2011 at 15.30 hours at Plot No 56, Nagarjuna Hillls, Punjagutta, Hyderabad-500 082 ( Registered office of the Company) to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited accounts of the company for the year ended 31<sup>st</sup> March 2011, 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 M/s. Amar and Raju, Chartered Accountants, Hyderabad, who retires at the conclusion of this meeting and are eligible for reappointment. and to fix their remuneration,

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

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

Place: Hyderabad  
Date: 02.09.2011

**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 26.09.2011 to 30.09.2011(both days inclusive)
3. Members are requested to inform immediately of any change in their address registered with the company.

**DIRECTOR'S REPORT**

Your Directors present herewith the Twenty Third Annual Report and the Audited Accounts for the financial year ended 31<sup>st</sup> March 2011.

**1. Financial results:**

The results of operations for the year ended 31.03.2011 are as under

(Rs. in Lakhs)

	2010-11	2009-10
Turn over	168.82	191.59
Accretion to stock	(1.56)	(0.145)
Total	167.27	191.44
Manufacturing Administrative and Selling Expenditure	174.88	194.81
Depreciation	46.59	46.30
Profit / Loss before Taxation, before non recurring/Extraordinary items	(164.64)	( 49.66)
Provision for Taxation	-	-
Profit / Loss after Taxation, before non recurring/Extraordinary items	(164.64)	(49.66)
Prior period adjustments	-	-
Profit / Loss after Taxation and non recurring/Extraordinary items	( 164.64)	( 49.66)

**2. Operations:**

During the year the company has made a turnover of Rs 168.82 Lakhs against previous years turnover of Rs 191.59 Lakhs and made a net loss of Rs 164.64 Lakhs as against net loss of Rs. 49.66 Lakhs during the previous year.

**3. Directors:**

Mr. K. Ravindra, director, who retires by rotation at the ensuing Annual General meeting and being eligible, offers himself for re-appointment.

**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, 1959 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 has 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. Disclosures:**

- a) Conservation of Energy:  
Floriculture industry is not power intensive. However, 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.1,04,24,522/-  
Foreign Exchange Out go : Rs. Nil

**8. Auditor's Report:**

The Auditors observations are self explanatory.

**9. 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.

## **10. Acknowledgment:**

The Directors gratefully acknowledge the timely support of the 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**

**(K. SOMA RAJU)**  
**Director**

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

Place: Hyderabad

Date: 02.09.2011

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Forms part of Director's 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 clear strategic plan to market its product directly for a fixed price through out the year and on special occasions at a special price in more aggressive way.

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

Company also initiated in changing new varieties to suit international markets.

#### **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 Chain Kenya and Ethiopia at competitive prices has threat to this industry.

High turnover of experienced, skilled and competent man power

Central government Air Freight subsidies from Agro Products Export Development Authority (APEDA) not receiving on time/ substantial delays will affect company performance.

#### **Cautionary statement:**

The statements in the report of the board of directors and management discussion and 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.

**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 5 meetings of the Board of Directors during the financial year 2010-11. The Board met on the following dates:

15.05.2010, 14.08.2010, 02.09.2010, 23.10.2010 and 25.01.2011

**iii) Board composition as on 31.03.2011:**

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	5	Yes
K. Soma Raju	Chairman Non executive Independent Professional	5	Yes
N. Viswanatha Raju	Non executive Independent	5	Yes
K. Ravindra	Non executive Independent	5	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 under review, the audit committee met four times on the following dates namely 15.05.2010, 14.08.2010, 23.10.2010 and 25.01.2011 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.

- Review of quarterly financial statements.
- Review of internal control systems.
- Review of annual financial statements

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 three Directors. Mr. K. Soma Raju, an independent non-executive Director, heads the Committee.

The Managing Director acts as compliance officer to look into shareholders grievances on a day-to-day basis. The committee comprises of the following members.

Name of the Director	Position held
K. Soma Raju	Chairman
Dr. K. V. L. N. Raju	Member
K. Ravindra	Member

#### **5. 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 has been taken to ensure that no transfers are pending for more than a fortnight.

#### **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 is 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 financial year	Venue	Day & Date	Time
2007-08	Registered office	Saturday, 27.09.08	15.30 p.m
2008-09	Registered office	Wednesday, 30.09.09	15.30 p.m
2009-10	Registered office	Thursday, 30.09.10	15.30 p.m

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.CEO/CFO Certification:**

As required by Clause 49 of the Listing Agreement, the CEO/CFO certification was submitted to the Board.

**11.Auditors' Certification on Corporate Governance:**

As required by Clause 49 of the Listing Agreement, the Auditors' Certification is provided elsewhere in the Annual Report.

**12. General Shareholders' Information:**

- i) **Annual General Meeting:**

Day, Date and time	Friday 30-09-2011, 15.30 P.m.
Venue	Registered Office

- 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

Date of Appointment: 16.11.2005

Educational Qualifications: Graduate & M B A

Expertise in specific field: Management

- iii) **Financial Calendar:**

Indicative calendar of events for the year 2011-12 is as under

First Quarter financial results ( published)	13.08.2011
Second Quarter financial results	On or before 15-11-2011
Third Quarter financial results	On or before 15-02-2012
Fourth Quarter & Annual results of financial year 2010-11 (un-audited)	On or before 15-05-2012

iv) **Book Closure:**

The Company's Register of Members and Share Transfer books will remain closed for the.	26-09-11 to 30-09-11 (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	Pheroje Jeejeebhoy Towers, Dalal street, Mumbai - 400 001

The listing fee for the year 2010-11 has been paid to the above stock exchange  
 Stock Code: 531832 (BSE)

- vi) **Outstanding GDR, ADR or Warrants:** The Company has no outstanding GDR, ADR or warrants convertible into equity shares as 31.03.2011  
 vii) **Plant Location:** Aralumallige village, Dobballpur taluk, Bangalore Rural Dist.  
 viii) **Address for Correspondence:** # 56, Nagarjuna Hills, Punjagutta,

Hyderabad- 82.

ix) **Registrar and Transfer Agent:** XL SOFTECH SYSTEMS LTD

# 3, Sagar Society, Road No 2,  
 Banjara Hills, Hyderabad – 500 034  
 Ph No: 23545912/13/14

x) **Stock Market Data:**

S. No	Month	High (Rs.)	Low (Rs.)
1.	April 2010	9.95	5.05
2.	May 2010	9.45	8.50
3.	June 2010	8.90	7.24
4.	July 2010	8.92	6.06
5.	August 2010	8.90	5.95
6.	September 2010	7.57	6.24
7.	October 2010	6.93	5.80
8.	November 2010	6.47	5.46
9.	December 2010	6.80	5.52
10.	January 2011	6.54	5.33
11.	February 2011	6.21	4.57
12.	March 2011	6.24	4.33

xi) **Distribution schedule & Shareholding pattern:**

The table below gives the distribution of share holding according to the size clause as on 31<sup>st</sup> March 2011

Shareholding Nominal value of Rs.	Shareholders		Shares held in each class	
	Number	% of Total	Number	% of Total
1-5,000	1,770	71.00	7,59,605	8.11
5,001-10,000	503	20.18	4,73,897	5.06
10,001-20,000	103	4.13	1,72,600	1.84
20,001-30,000	19	0.76	51,700	0.55
30,001-40,000	11	0.44	40,300	0.43
40,001-50,000	27	1.08	1,29,993	1.39
50,001-1,00,000	21	0.84	1,60,600	1.71
1,00,001 & above	39	1.57	75,80,405	80.91
<b>TOTAL:</b>	<b>2,493</b>	<b>100.00</b>	<b>93,69,100</b>	<b>100.00</b>

SHARE HOLDING PATTERN:

	CATEGORY	NO OF SHARES HELD	% OF SHARE HOLDING
1)	Promoters	28,84,600	30.79
2)	Banks & FII s & KSIIDC	2,50,000	02.67
3)	Others		
	Private corporate bodies	39,78,800	42.46
	Indian Public	20,53,700	21.92
	NRI s / OCB s	2,500	0.03
	Mutual Funds	1,99,500	02.13
	<b>TOTAL</b>	<b>93,69,100</b>	<b>100.00</b>

**xii) 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 01.04.2010 to 31.03.2011

Sl. No	Name of the Complaint	Received	Disposed	Pending
1.	Change/correction of address	9	9	Nil
2.	Deletion/inclusion of joint name and transmission	NIL	NIL	NIL
3.	Non -receipt of annual reports	5	5	NIL
3.	Others	13	13	NIL

**xiii) Dematerialization of shares and liquidity:** The Company shares are under Compulsory De-materialization

**xiv) Address for Investor Correspondence:**

- a) For transfer of Shares : #56, Nagarjuna hills, Punjagutta, Hyderabad-82
- b) For query on Annual Report and any other query relating to the shares of the company : #56, Nagarjuna hills, Punjagutta, Hyderabad-82

**13. 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**

**K. SOMA RAJU  
Director**

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

Place: HYDERABAD  
Date: 02.09.2010

**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 31<sup>st</sup> March 2011 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  
Firm Registration No: 000092S

Place: Hyderabad,  
Date: 02-09-2011

(G. AMARANATHA REDDY)  
Partner  
Membership No: 019711









**NAGARJUNA AGRI TECH LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2011**

PARTICULARS	SCH	AS AT 31-03-2011 Rs.		AS AT 31-03-2010 Rs.
<b><u>SOURCE OF FUNDS</u></b>				
<u>Share holder's funds:</u>				
Share Capital	<b>A</b>	93,691,000	95,877,750	
Share Warrants	<b>B</b>	-	1,171,300	
Reserves & Surplus	<b>C</b>	7,472,050	100,000	
		<b>101,163,050</b>		97,149,050
<u>Loan Funds:</u>				
Secured Loans		-	-	
Unsecured Loans		-	-	
		-		-
<b>TOTAL</b>		<b>101,163,050</b>		<b>97,149,050</b>
<b><u>APPLICATION OF FUNDS</u></b>				
<u>Fixd Assets:</u>				
Gross Block	<b>D</b>	118,249,213	117,582,346	
Less: Depreciation		63,851,030	59,191,963	
Net Block			<b>54,398,183</b>	58,390,383
<u>Investments:</u>				
			-	-
<u>Current Assets, Loans and Advances:</u>				
Inventories	<b>E</b>	534,799	771,930	
Sundry Debtors		4,312,030	14,419,178	
Cash & Bank Balances		2,115,181	145,719	
Other Current Assets		-	-	
Loans & Advances		16,739,379	16,657,904	
		<b>23,701,389</b>	<b>31,994,731</b>	
<u>Less: Current Liabilities and Provisions:</u>				
Current Liabilities	<b>F</b>	3,761,551	3,596,752	
Provisions		-	-	
		<b>3,761,551</b>	<b>3,596,752</b>	
Net Current Assets		<b>19,939,838</b>		28,397,979
<u>Profit and Loss Account:</u>		<b>26,825,029</b>		10,360,688
<b>TOTAL</b>		<b>101,163,050</b>		<b>97,149,050</b>
<b>NOTES TO ACCOUNTS</b>				
	<b>J</b>			

As per our report of even date

For **AMAR & RAJU**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No: 0000925

For and on behalf of the Board

( **G. AMARANATHA REDDY** )  
Partner  
Membership No: 019711

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

Place : Hyderabad  
Date : 30.09.2011

( **K. SOMA RAJU** )  
Director

( **N. VISWANATHA RAJU** )  
Director

**NAGARJUNA AGRI TECH LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

<b>PARTICULARS</b>	<b>SCH</b>	<b>AS AT 31-03-2011 Rs.</b>	<b>AS AT 31-03-2010 Rs.</b>
<b><u>INCOME</u></b>			
Sales - Horticulture		16,882,319	19,159,078
Increase/decrease in stock-in-trade	H	(155,760)	(14,505)
<b>TOTAL</b>		<b>16,726,559</b>	<b>19,144,573</b>
<b><u>EXPENDITURE</u></b>			
Maintenance, Administrative and Selling expenditure	I	17,487,843	19,480,686
Depreciation	D	4,659,067	4,630,174
Bad Debts Written off		11,043,990	-
<b>TOTAL</b>		<b>33,190,900</b>	<b>24,110,860</b>
Profit/Loss before Taxation		(16,464,341)	(4,966,287)
Provision for Taxation		-	-
Deferred Tax asset/liability		-	-
Profit/Loss after Taxation		(16,464,341)	(4,966,287)
Prior period adjustments		-	-
		(16,464,341)	(4,966,287)
Profit / Loss broughtforward		(10,360,688)	(5,394,401)
Balance carried to Balance Sheet		(26,825,029)	(10,360,688)
Basic EPS ( Face Value Rs.10/-)		(1.77)	(0.58)
Diluted EPS (Face Value Rs.10/-)		(1.77)	(0.51)

**NOTES TO ACCOUNTS**

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As per our report of even date

For and on behalf of the Board

For AMAR & RAJU  
**CHARTERED ACCOUNTANTS**  
 Firm Registration No: 000092S

( G. AMARANATHA REDDY )  
 Partner  
 Membership No: 019711

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

Place : Hyderabad  
 Date : 30.09.2011

( K. SOMA RAJU )  
 Director

(N. VISWANATHA RAJU)  
 Director

**NAGARJUNA AGRI TECH LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

PARTICULARS	AS AT 31-03-2011 Rs.	AS AT 31-03-2010 Rs.
<b><u>SCHEDULE: A</u></b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>Authorised Capital:</u></b>		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>100,000,000</u>	<u>100,000,000</u>
<b><u>Issued, Subscribed &amp; Paid up:</u></b>		
93,69,100 (Previous year 89,23,100) Equity Shares of Rs.10/- each fully paid up	<b>93,691,000</b>	89,231,000
Add: Amount paid up on forfeited shares	-	6,646,750
<b>TOTAL</b>	<u><b>93,691,000</b></u>	<u>95,877,750</u>
<b><u>SCHEDULE: B</u></b>		
<b><u>SHARE WARRANTS:</u></b>		
NIL (Previous year 11,71,300) share warrants @ Rs.1/- per warrant paidup	-	1,171,300
<b>TOTAL</b>	<u>-</u>	<u>1,171,300</u>
<b><u>SCHEDULE: C</u></b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
Subsidy from APEDA	<b>100,000</b>	100,000
Capital Reserve	<b>7,372,050</b>	-
<b>TOTAL :</b>	<u><b>7,472,050</b></u>	<u>100,000</u>

**NAGARJUNA AGRITECH LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

**SCHEDULE: D FIXED ASSETS**

Description	GROSS BLOCK		DEPRECIATION		NET BLOCK			
	As on 01-04-2010 Rs.	Additions Rs.	As on 31-03-2011 Rs.	Up to 31-03-2010 Rs.	For the year Rs.	Up to 31-03-2011 Rs.	As on 31-03-2010 Rs.	As on 31-03-2011 Rs.
	Land	16,863,722	-	16,863,722	-	-	-	16,863,722
Buildings	10,175,108	-	10,175,108	4,597,499	339,849	4,937,348	5,237,760	5,577,609
Plant & Machinery	89,055,552	666,867	89,722,419	53,338,624	4,261,815	57,600,439	32,121,980	35,716,928
Furniture	633,710	-	633,710	529,324	40,114	569,438	64,272	104,386
Office Equipment	304,214	-	304,214	183,833	14,450	198,283	105,931	120,381
Computers	286,637	-	286,637	279,280	2,839	282,119	4,518	7,357
Vehicles	263,403	-	263,403	263,403	-	263,403	-	-
<b>TOTAL</b>	<b>117,582,346</b>	<b>666,867</b>	<b>118,249,213</b>	<b>59,191,963</b>	<b>4,659,067</b>	<b>63,851,030</b>	<b>54,398,183</b>	<b>58,390,383</b>
Previous year total	116,592,760	989,586	117,582,346	54,561,789	4,630,174	59,191,963	58,390,383	62,030,971

**NAGARJUNA AGRI TECH LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

PARTICULARS	AS AT 31-03-2011 Rs.	AS AT 31-03-2010 Rs.
<b><u>SCHEDULE: E</u></b>		
<b><u>CURRENT ASSETS, LOANS AND ADVANCES</u></b>		
A. <u>Current Assets:</u>		
1) <u>Stock-in-trade:</u>		
a) Fertilizers & Pesticides	154,922	209,219
b) Packing Material	192,077	219,151
c) Cut flowers	187,800	343,560
	534,799	771,930
2) <u>Sundry Debtors:</u> (Unsecured considered good)		
a) Out standing for more than six months	-	9,708,281
b) Others	4,312,030	4,710,897
	4,312,030	14,419,178
3) <u>Cash and Bank balances:</u>		
a) Cash on hand	34,333	41,708
b) Balance with Scheduled Banks: In Current Account	2,080,848	104,011
	2,115,181	145,719
	6,962,010	15,336,827
B. <u>Loans and Advances:</u> (Unsecured considered good recoverable in cash or in kind for the value to be received)		
1) Other receivables	-	15,000
2) Air Freight Subsidy receivable	3,100,000	5,018,525
3) Share application money	11,456,300	9,442,300
4) Advance for land	1,000,000	1,000,000
5) Staff advances	35,500	24,500
6) Deposits	1,147,579	1,157,579
	16,739,379	16,657,904
TOTAL :	23,701,389	31,994,731
<b><u>SCHEDULE: F</u></b>		
<b><u>CURRENT LIABILITIES AND PROVISIONS</u></b>		
A) <u>Current Liabilities:</u>		
1) Creditors for supplies	2,194,681	2,026,411
2) Creditors for capital goods	105,000	101,962
3) Creditors for services & expenses	1,461,870	1,468,379
	3,761,551	3,596,752
B) <u>Provisions:</u>		
	-	-
TOTAL	3,761,551	3,596,752

**NAGARJUNA AGRI TECH LIMITED**

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT AS AT 31ST MARCH, 2011**

PARTICULARS	YEAR ENDED 31-03-2011 Rs.	YEAR ENDED 31-03-2010 Rs.
<b><u>SCHEDULE: H</u></b>		
<b><u>ACCRETION TO STOCK:</u></b>		
Closing stock in trade:		
Cut Flowers	187,800	343,560
Less: Opening stock in trade:		
Cut Flowers	343,560	358,065
Accretion to stock	(155,760)	(14,505)
<b><u>SCHEDULE : I</u></b>		
<b><u>MAINTENANCE, ADMINISTRATIVE AND SELLING EXPENDITURE</u></b>		
A) <u>Maintenance expenditure:</u>		
Fertilizers & Pesticides consumed	4,622,297	5,761,412
Power & Fuel	1,317,920	1,631,058
Plant Maintenance	3,658,645	3,878,962
Repairs & Maintenance	404,645	486,345
Freight inwards	87,678	87,013
Stroes & Spares consumed	128,703	155,893
Purchase of Flowers	730,858	574,000
	10,950,746	12,574,683
B) <u>Administrative Expenditure:</u>		
Travelling & Conveyance	280,530	237,032
Printing & Stationery	38,557	44,498
Postage & Telephone	78,518	107,340
Rent	113,550	236,450
Rates & Taxes	394,397	193,573
Auditors remuneration	110,300	110,300
Professional charges	266,797	242,423
Bank charges & Commission	45,760	164,702
Vehicle maintenance	7,439	42,866
Office Maintenance	301,707	71,309
General expenses	-	134,819
	1,637,555	1,585,312
C) <u>Selling Expenditure:</u>		
Clearing & Forwarding charges	491,086	421,711
Freight outwards	2,937,960	2,894,875
Packing Material consumed	874,683	1,071,898
	4,303,729	4,388,484
D) <u>Expenditure on Personnel:</u>		
Salaries & other bebefits	384,500	610,850
Security charges	105,610	100,740
Staff welfare expenses	105,703	220,617
	595,813	932,207
TOTAL :	17,487,843	19,480,686

**NAGARJUNA AGRI TECH LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AND**  
**PROFIT & LOSS ACCOUNT AS AT 31ST MARCH, 2011**

**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 and applicable Accounting Standards issued by ICAI as adopted consistently by the company.<br><br>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. Cost Formula used is on FIFO basis.  |
| 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.<br><br>Other foreign cuurrency transactions are recognised at the rate on the date of transaction.<br><br>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, 2011 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.   |
| g. Revenue Recognition                          | Revenue from the sale of grown items is recognised upon passage of the title to the customers which generally consists with the delivery and acceptance thereof.  |

h. Impairment of Assets

The Management assesses using external and internal sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where the carrying value exceeds the present value of cash flow expected to arise from the continuing use of the asset and its eventual disposal. The provision for impairment loss is made when recoverable amount of the asset is lower than the carrying amount.

i. Provisions and Contingent Liabilities and Contingent Assets

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimate can be made of the amount of obligations and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but if material, are disclosed in the notes to accounts. Contingent assets are not recognized or disclosed in the financial statements.

j. Accounting for Taxes on Income

Current Tax: Provision for Current Income Tax is made on the basis of the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax: Deferred income tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the Balance Sheet date.

k. Government Grants

Air freight subsidy receivable (reimbursement of Air freight charges/expenses) is accounted on mercantile basis and is deducted from the related expenditure.

l. Operating Lease:

Operating Lease payments are recognized as an expense in the Profit and Loss Account of the year to which they relate

	<b>2109-2010</b>	<b>2009-2010</b>
<b>2. Foreign Exchange Transactions</b>		
a) Earnings in foreign currency (FOB value of exports excluding exchange fluctuation )	<b>10,424,522</b>	12,151,517
b) CIF Value of imports	-	-
c) Expenditure in foreign currency	-	-
<b>3. Auditors Remuneration</b>		
As Auditors Fee	<b>70,000</b>	70,000
For Tax Audit	<b>15,000</b>	15,000
For Certification & Taxation matters	<b>15,000</b>	15,000
Service tax	<b>10,300</b>	10,300
TOTAL :	<b><u>110,300</u></b>	<b><u>110,300</u></b>
<b>4. Contingent Liabilities</b>		
Bank Guarantees	<b>510,113</b>	510,113

<u>5. Earnings per Share (EPS):</u>	<b>2010-2011</b>	<b>2009-2010</b>
A) Basic Earnings per share:		
a) Profit/Loss after Taxation and before Non-recurring/Extraordinary Items attributable to Equity shareholders (Rs.)	<b>(16,464,341)</b>	(4,966,287)
b) No. of equity shares outstanding at the beginning of the year	<b>8,923,100</b>	8,499,100
c) Weighted average No. of equity shares issued during the year	<b>387,348</b>	92,932
d) Total number of shares outstanding at the end of the year (used as denominator for calculating EPS)	<b>9,310,448</b>	8,592,032
e) Basic Earnings per share (Face value Rs.10/-) Rs.	<b>(1.77)</b>	(0.58)
B) Diluted Earnings per share:		
a) Number of equity shares (as (d) above)	<b>9,310,448</b>	8,592,032
b) Number of potential equity shares on account of share application money & share warrants	-	1,171,300
c) Number of diluted equity shares outstanding (used as denominator for calculating diluted EPS)	<b>9,310,448</b>	9,763,332
d) Profit/Loss after Taxation and before Non-recurring/Extraordinary Items attributable to Equity shareholders (Rs.)	<b>(16,464,341)</b>	(4,966,287)
e) Diluted Earning per share (Face value Rs.10/-)	<b>(1.77)</b>	(0.51)

6. The company has acquired land in the name of individuals. The rules in Karnataka State do not permit the companies to hold agricultural land in their names. However, the company has entered into agreement with the respective individuals 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. In the opinion of the board, except as other wise stated, the Current Assets and Loans and Advances have a value on realization at least equal to amounts at which they are stated in the Balance Sheet.

11. The amount paid on forfeited shares / share warrents amounting to Rs.73,72,050/- was transferred to Capital Reserve during the year, since the company has cancelled the forfeited shares and is not going to reissue the forfeited shares. Hence the amount paid on forfeited shares was considered as capital profit and transferred to Capital Reserve.

12. 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.

13. 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 31-03-2011 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.

14. 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.

15. Related Party Disclosures:

During the year the company has not entered into any transactions with the related parties.

16. 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.

17. 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.41,894/- (previous year debited Rs.4,24,256/-)

18. 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.

19. Remuneration to Directors:

No remuneration was paid or provided to the Directors

20. Government Grants:

Air Freight Subsidy receivable from APEDA towards reimbursement of air freight charges incurred for export of cut flowers are accounted on accrual basis and deducted from the related expenditure. Subsidy receivable for the current year is amounting to Rs.4,56,137/- (previous year Rs.8,39,862/-).

21. Leases:

The Company's significant leasing arrangements are in respect of operating leases for premises like operational units, offices, etc., These leases which are not non-cancellable are generally for more than 11 months, or for longer periods and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent to profit and loss account. During the year Rs.1,13,550/- (Rs.2,36,450/-) was charged to Profit and Loss Account as lease rent.

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

I) Registration details:	
Registration No.	7981 of 1987-88
State code	1
Balance Sheet date	31-03-2011
II) Capital raised during the year: (Amount in Rs.)	
Public issue	NIL
Bonus issue	NIL
Rights issue	NIL
Private placement (preferential allotment)	4,460,000
III) Position of Mobilisation & Deployment of funds: ( Amount ins Rs.)	
Total Liabilities	104,924,601
Total Assets	104,924,601
Sources of Funds:	
Paid up Capital	93,691,000
Share Application money	-
Share Warrants	-
Reserves & Surplus	7,472,050
Secured Loans	-
Unsecured Loans	-
Application of Funds:	
Net Fixed Assets	54,398,183
Investments	-
Net Current Assets	19,939,838
Misc., Expenditure	-
Accumulated Losses	26,825,029
IV) Performance of the Company: (Amount in Rs. )	
Total income	16,726,559
Total Expenditure	33,190,900
Profit/Loss before Tax	(16,464,341)
Profit/Loss after tax	(16,464,341)
Earning per share ( Basic Face value Rs.10/-)	(1.77)
Dividend rate (%)	NA
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**  
 Firm Registration No: 000092S

For and on behalf of the Board

( G. AMARANATHA REDDY )  
 Partner  
 Membership No: 019711

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

Place : Hyderabad  
 Date :

( K. SOMA RAJU )  
 Director

(N. VISWANATHA RAJU)  
 Director

**NAGARJUNA AGRI TECH LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
<b>A) <u>Cash flow from Operating Activities:</u></b>				
Net Profit as per Profit and Loss Account		(16,464,341)		(4,966,287)
Adjustments for:				
Depreciation	4,659,067		4,630,174	
Bad Debts Written Off	11,043,990		-	
Income tax paid (FBT)	-		(18,104)	
		<b>15,703,057</b>		4,612,070
Operating profit before working capital changes		(761,284)		(354,217)
Adjustments for:				
Trade & other receivables	995,683		(62,897)	
Trade payable	164,799		1,639,088	
Inventories	237,131		118,475	
		<b>1,397,613</b>		1,694,666
Net cash from operating activities		<b>636,329</b>		1,340,449
<b>B) <u>Cash flow from investing activities:</u></b>				
Purchase of Fixed Assets	(666,867)		(1,887,624)	
Investment in Share Application Money	(2,014,000)		(5,842,300)	
Net cash used in investing activities		<b>(2,680,867)</b>		(7,729,924)
<b>C) <u>Cash flow from financing activities:</u></b>				
Share capital amount received	4,014,000		3,816,000	
Net cash from financing activities		<b>4,014,000</b>		3,816,000
Net increase in cash & cash equivalents (A-B-C)		<b>1,969,462</b>		(2,573,475)
Cash & cash equivalents as at 31-03-2010		<b>145,719</b>		2,719,194
Cash & cash equivalents as at 31-03-2011		<b>2,115,181</b>		145,719

**for AMAR & RAJU**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No: 000092S

**For and on behalf of the Board**

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

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

**( K. SOMA RAJU )**  
Director

Place: HYDERABAD  
Date :

**(N. VISWANATHA RAJU)**  
Director