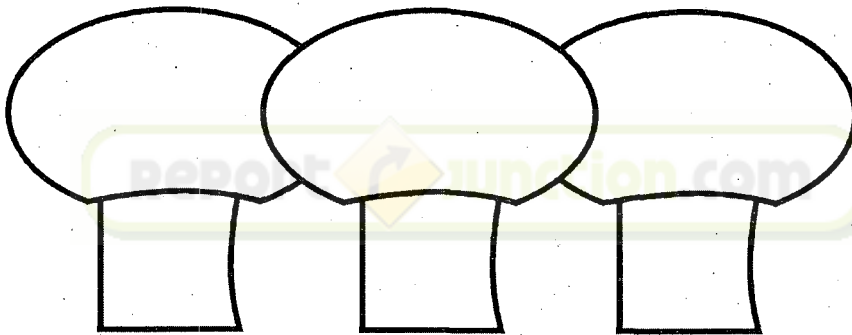
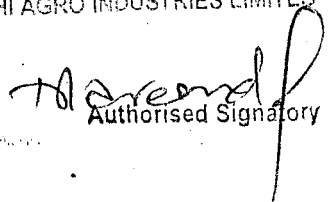


15th Annual Report
2006-2007



For SAPTHARISHI AGRO INDUSTRIES LIMITED


Authorised Signatory

SAPTARISHI AGRO INDUSTRIES LIMITED

(Regd Office: Padalam Sugar Factory Road, Pazhayanoor Post, Kancheepuram District, Tamil Nadu - 603 308)

www.reportjunction.com

Boards of Directors :	Mr. Malvinder Singh Mr. Dilsher Singh B. Ramakrishnan Dr. R.P. Tewari Mr. Arvind Kalra Mr. Gurpreet Singh	Chairman Managing Director Director Director Director Director
Audit Committe :	B. Ramakrishnan Dr. R.P. Tewari Mr. Arvind Kalra	Chairman Director Director
Bankers :	M/s. State Bank of Indore Balaji Nagar, Branch 233, Royapettah High Road, Royapettah Chennai - 600 015.	
Auditors :	M/s. Singhi & Sudhir Chartered Accountants 12, Srinivasa Apartments, Turnbolls Road, 1st Cross Street, Chennai - 600 035.	
Registered Office :	Padalam Sugar Factory Road, Kolambakkam Village, Pazhayanoor P.O. 603 308. Kancheepuram District. Tamil Nadu	
Factory :	Padalam Sugar Factory Road, Kolambakkam Village, Pazhayanoor P.O. 603 308. Kancheepuram District. Tamil Nadu	



SAPTARISHI AGRO INDUSTRIES LIMITED

SAPTARISHI AGRO INDUSTRIES LIMITED
(Regd. Office: Padalam Sugar Factory Road,
Pazhayanoor Post, Kancheepuram District,
Tamil Nadu - 603 308).

NOTICE

Notice is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING of the Members of SAPTARISHI AGRO INDUSTRIES LIMITED, will be held on Thursday, the 27th day of September, 2007 at 11.30 a.m at the Registered office of the Company at Padalam Sugar Factory Road, Pazhayanoor Post, Kancheepuram District, Tamil Nadu - 603 308, to transact the following:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the Year ended 31st March 2007, the Balance Sheet as on that date and the Directors' and Auditors' Report thereon:
2. To appoint a Director in place of Mr. Dilsher Singh, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. B. Ramakrishnan, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

M/s. Singhi & Sudhir, Chartered Accountants, Auditors of the Company, hold office till the conclusion of the Annual General Meeting and are eligible for re-appointment.

Special Business :

5. To consider and if thought fit, to pass the following resolution with or without modification as a special Resolution. RESOLVED THAT Pursuant to section 163 of the Companies Act, 1956, the company hereby approves that the Register of Members, the Index of Members, the register and copies of all Annual returns prepared under section 159 of the Act together with the copies of the Certificate required to be annexed thereto under section 161 of the act or any one more of them will be kept, at a place other than the Registered Office of the company as may be decided by the board of directors from time to time"

Place : Pazhayanoor
Date : 28.06.2007

BY ORDER OF THE BOARD
for SAPTARISHI AGRO INDUSTRIES LIMITED

Sd/-
DILSHER SINGH
MANAGING DIRECTOR



SAPTARISHI AGRO INDUSTRIES LIMITED

NOTES:

1.A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote (on a poll only) instead of himself. A proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the meeting.

2.The Share transfer Books and the Register of Members of the Company will remain closed from Thursday the 20th September, 2007 to Thursday, the 27th September, 2007 (both days inclusive).

3.Members including the nominee members are requested to notify the Company immediately of any change in their address.

4.Members are requested to bring their copy of Annual Report and Attendance slip with them to the Annual General Meeting.

At the ensuing Annual General Meeting Mr.Dilsher Singh and Mr.B. Ramakrishnan, retire by rotation and are eligible for reappointment. The following information is being provided in terms of the Code of the Corporate Governance:

a) Mr.Dilsher Singh

Mr. Dilsher Singh Bhinder is an Executive Director of M/s Agro Dutch industries Limited and has a rich experience in Compost, Growing, Canning, Marketing and Export of Mushrooms. His contribution in the establishment of Agro Dutch Industries Ltd. and leading to its consistent growth has been significant.

Directorship in other companies:

- 1.M/s.Agro Dutch Industries Limited.
- 2.M/s.Penta Homes Pvt. Ltd.,
- 3.M/s.Vishwa Calibre Builders Pvt. Ltd.,

Member of Committes of Board: NIL

b) Mr. B. Ramakrishnan

Mr. B. Ramakrishnan is an Engineering Graduate and Deputy Manager in Tamil Nadu Industrial Development Corporation Limited. He has been appointed as a Nominee Director of Tamil Nadu Industrial Development Corporation Limited.



SAPTARISHI AGRO INDUSTRIES LIMITED

Directorship in other Public / Pvt Limited Companies:

1. M/s. Suvarna Florex Ltd.,
2. M/s. Blooming Meadows Ltd.
3. M/s. Tantech Agro Chemicals Ltd.,
4. M/s. SPL Polymers Ltd.,
5. M/s. Vishnu Fabrics Pvt. Ltd.,
6. M/s. SKM Egg Products Export (India) Ltd.,
7. M/s. Sakthi Sugars Ltd.,
8. M/s. Lactochem Ltd.,
9. M/s. Occimum Pharma Pvt. Ltd.,
10. M/s. Sattva Agro Expo Pvt. Ltd.,

Member of committees of Board

Audit Committee M/s. Saptarishi Agro Industries Ltd.,

Remuneration Committee M/s. Saptarishi Agro Industries Ltd.,

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

EXPLANATORY STATEMENT FOR ITEM NO.5

The Company is negotiating with Depository participants to bring its shares under the demat mode. Consent of the Member of the company is required to keep the Register of Members, the Index of member, the register and copies of all Annual returns prepared under section 159 of the Act together with the copies of the certificate and documents required to be annexed thereto under section 161 of the Act or any one or more of them, at a place other than the Registered office of the company, by way of special resolution. Hence the above special resolution is proposed for the approval of the members in the forthcoming Annual General Meeting.

None of the Directors are considered as interested in the above resolution

BY ORDER OF THE BOARD
for SAPTARISHI AGRO INDUSTRIES LIMITED

Place: Pazhayanoor

Date : 28.06.2007

Sd/-
DILSER SINGH
MANAGING DIRECTOR

DIRECTORS REPORT

TO
THE MEMBERS,

Your Directors have pleasure in presenting their Fifteenth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended 31st March 2007.

OPERATIONS

Your Company has produced 1629.578 Mts of Fresh Mushrooms and sold 1594.798 Mts of out of the same, and thereby recorded a turnover of Rs.79,835, 452. The summary of the financial results for the year ending 31st March 2007 is presented here in below. Primarily company has focused on fresh mushroom selling activity to remain as major supplier of fresh mushrooms in domestic market.

Your company has made entry in the markets of other southern states and now preparing its facilities to process and manufacture canned mushrooms and double its turn over in next financial year.

FINANCIAL RESULTS	Amount As on 31.3.2007 (in Rs. Lakhs)	Amount As on 31.3.2006 (in Rs. Lakhs)
Gross Turnover & other Income	804.40	397.90
Profit /(Loss) before Depreciation	217.73	110.45
Depreciation	112.61	107.35
Profit / (Loss) before Tax	105.12	3.10
Provision for Taxation	1.13	NIL
Net profit / (Loss) for the period	103.99	3.10
Less: Prior period adjustments	0.48	NIL
Profit / (Loss) after prior period adjustments	103.51	3.10
Balance Profit / (Loss) B/F	(2277.20)	(2280.31)
Profit /(Loss) Balance C/F	(2173.68)	(2277.20)

MANAGEMENT DISCUSSION & ANALYSIS

a.INDUSTRY STRUCTURE AND DEVELOPMENTS

(i) Domestic Mushroom Industry : Mushrooms are currently short supplied at times and domestic potential could be immense. Other companies namely Agro Dutch Industries Limited, Premier Mushroom Farms, Himalaya International Limited, Weikfield, and a couple of other smaller unites manufacture Mushrooms in the Organised Sector mainly for export. Your company is a major player in south India selling Fresh mushrooms and may double its sales in Fresh domestic market. Your company supplies fresh mushrooms 365 days a



SAPTARISHI AGRO INDUSTRIES LIMITED

year. There is a definite rise of demand in the Domestic market, basically due to regular availability of fresh mushrooms. The unorganized sector, which produces Mushrooms during favorable climate exists as seasonal supplier and are always at the mercy of traders.

ii) International Mushroom Industry : There is an increased demand for mushroom in International Market. Apart from Europe, USA, Israel, Middle East is a fair consumer of mushrooms and has always traditionally relied on importing from china.

Your company is quality conscious and shall always strive to cater high quality product may it be fresh or processed. During the year under review, the Company had tried to capture the local and regional market and has consolidated its position. Identifying suitable buyers to increase its domestic sales is given priority. Company shall venture in selling in International market to increase profits in this year.

b. OPPORTUNITIES AND THREATS

i) Company has facilities for year round production. With the start of its Canning facilities it shall have freedom to increase its capacity utilization. No dependence on any season for cultivation, shall further be strengthened by Canning activity. Company shall have excellent control on quality of its Fresh or Processed Mushrooms to meet the basic requirement of quality conscious buyers.

ii) Paddy Straw is the major raw materials for production of mushroom of our Company. Good rainfall in and around the state of Tamil Nadu, helped to provide continuous availability of raw material for the production of mushroom.

iii) Mushroom industry generates large employment for rural folks, particularly for women. Mushroom cultivation being a highly labour intensive business. It is well suited for Indian conditions.

iv) The Potential threat could be to compete the existing manufacturers of Canned mushroom since company is making an entry after 5 years long time.

c. OUTLOOK

Round the year production, enables the Company to consistently supply quality mushrooms to its customers. The Company enjoys excellent relationship with its buyer. The company also wishes to setup IQF facility to introduce Frozen mushrooms in the domestic as well as international markets.

d. RISKS AND CONCERNS

It is undeniable that business projections have inherent elements of risks and uncertainties of unknown factors. Basically, your Company depends on agriculture. Raw material are like, paddy straw, chicken manure etc. However, your Company continuously identifies / monitors and manages risk which enables the company to protect its margin in adverse business conditions and reap maximum benefit in favorable times. Augmenting Canning facilities is one such a prudential step taken by company which covers risk of quality loss. Preservation / canning is appropriate value addition to perishable mushrooms.

e. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

The Company has adequate system of internal control relating to purchase of stores, raw materials, including components, plant and machinery, equipment and other similar assets and for the sale of goods. The Company has suitable internal control system commensurate with the size of the Company and nature of its business.

f. LIKELY DEVELOPMENTS IN HR / INDUSTRIAL RELATIONS

Relations between the Management and the Labour are cordial throughout the year under review. Management is positive and it has enhanced welfare expenditure to maintain harmony.

AUDIT COMMITTEE:

As per the requirement of Section 292 A of the Companies (Amendment) Act, 2000 and Clause 49 of the Listing Agreement entered with the Stock Exchanges, your Company has constituted an Audit Committee with Mr. B. Ramakrishnan, as Chairman and Mr. Arvind Kalra and Dr. R. P. Tewari as members.

DIRECTORS:

In terms of the provisions of the Companies Act, 1956, Mr. Dilsher Singh and Mr. B. Ramakrishnan retire by rotation and are eligible for re-appointment. As required by Clause 49 of the Listing Agreement, a brief resume of Mr. Dilsher Singh and Mr. B. Ramakrishnan is included in the notice of the forthcoming Annual General Meeting.

DIVIDEND:

In view of huge accumulated losses, your Directors are not in a position to recommend any dividend for the year.

DEPOSITS:

During the year, your Company has neither invited nor accepted deposits from the public.

AUDITORS:

M/s. SINGHI & SUDHIR, Chartered Accountants, Chennai, Auditors of the Company retire and are eligible for re-appointment.

The Shareholders are requested to appoint auditors for the current year and fix their remuneration.



SAPTARISHI AGRO INDUSTRIES LIMITED

CORPORATE GOVERNANCE:

A separate report on corporate governance along with Auditor's certificate on its compliance is attached as Annexure to this report.

DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your directors state;

- a. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 the profit 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 Act 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.

PARTICULARS OF EMPLOYEES:

No employee is in receipt of remuneration in excess of limits prescribed under 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is annexed and forms a part of this report.

ACKNOWLEDGMENT:

Your Directors place on record their appreciation for the continued co-operation extended by its Bankers, Shareholders and employees of the Company.

**BY ORDER OF THE BOARD
for SAPTARISHI AGRO INDUSTRIES LIMITED**

Place: Pazhayanoor
Date : 28.06.2007

Sd/-
DILSHER SINGH
MANAGING DIRECTOR

Sd/-
B. RAMAKRISHNAN
DIRECTOR

ANNEXURE TO THE DIRECTORS REPORT

INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUT GO.

A. CONSERVATION OF ENERGY:

- a) The Company's commitment towards energy conservation continued on high priority basis. Energy conservation measures included optimum utilization of energy intensive machines, all of which have resulted in cost saving.
- b) Company has acquired a New Generational Water Chiller for optimum utilization of energy when total load requirement is less.
- c) Impact of measures as (a) and (b) above for reduction of energy consumption impact on the cost production of goods. With the implementation of energy conservation measures, the Company anticipates considerable savings in power and fuel cost. Vis-à-vis per kg. Of Mushroom harvested.
- d) Total Energy Consumption per unit of production
Details furnished in Annexure herewith – Form A

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption
Details furnished herewith – Form B

C. FOREIGN EXCHANGE EARNINGS AND OUT GO:

- a) Activities relating to exports.

The Company has opted for exit from 100 % EOU scheme. At present Company is concentrating on Domestic market.

- b) Development of export market for products and services.

The Company is looking into possibility of introducing new value added products and marketing of its services expertise for exports. Export of fresh mushrooms is a near possibility apart from Export in A-10 CANS

D. EXPORT PLANS:

The Company plans to explore new markets both in canned, bottled and fresh mushrooms segments.

E. TOTAL FOREIGN EXCHANGE USED AND EARNED : NIL

ADDENDUM TO DIRECTORS REPORT

EXPLANATION TO POINT NO. (viii)(a) in Annexure to the Auditors Report: the Company has deposited the provident fund dues upto March 2007 and the Company is taking steps to regularize the provident fund payment without delays.

EXPLANATION TO POINT NO. (ix) : Company is on right path of revival and has started making cash profits. Management is confident that company shall wipeout its accumulated losses over a period of time.