

ANDHRA PRADESH TANNERIES LIMITED

30TH ANNUAL REPORT

2003-2004



Board of Directors

Smt. Arati Saran
Shri Y. Ratheish
Shri Sanjiv Shah
Shri Jehangir H. C. Jehangir
Shri S. K. Subramaniam

Chairperson
Managing Director
Director
Director
Director

Auditors

M/s. Rowe & Pal
Chartered Accountants
Vizianagaram

Bankers

Union Bank of India
State Bank of India

Registered Office & Factory

Leather Complex Area,
Nellimarla-531 217,
Vizianagaram District,
Andhra Pradesh

Share Transfer Agents

Satellite Corporate Services Pvt. Ltd.
A-60/1223, 3rd Floor, Azad Nagar,
Veera Desai Road, Andheri (West),
Mumbai 400 053

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NOTICE

Notice is hereby given that the 30th Annual General Meeting of the members of Andhra Pradesh Tanneries Limited will be held at Leather Complex Area, Nellimarla-531 217, Vizianagaram District, Andhra Pradesh on Thursday, September 30, 2004 at 3.00 P. M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2004 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Y. Ratheish who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To appoint a Director in place of Smt. Arati Saran, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in accordance with Section 260 of the Companies Act, 1956, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing her candidature for the office of Director.
5. To appoint a Director in place of Shri Sanjiv Shah, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in accordance with Section 260 of the Companies Act, 1956, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.
6. To appoint a Director in place of Shri Jehangir H. C. Jehangir, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in accordance with Section 260 of the Companies Act, 1956, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.
7. To appoint a Director in place of Shri S. K. Subramaniam, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in accordance with Section 260 of the Companies Act, 1956, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

8. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 94 and other applicable provisions of the Companies Act, 1956 the authorized share capital of the Company be increased from Rs.1,00,00,000/- (Rupees One Crore Only) divided into 10,00,000 (Ten Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each to Rs. 5,00,00,000/- (Rupees Five Crores Only) divided into 25,00,000 (Twenty Five Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each and 25,00,000 (Twenty Five Lakhs) Preference Shares of Rs.10/- (Rupees Ten) each by creation of further 15,00,000 (Fifteen Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each and 25,00,000 (Twenty Five Lakhs) Preference Shares of Rs. 10/- (Rupees Ten) each and that clause V of the Memorandum of Association of the Company be altered accordingly.”

9. To consider, and if, thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions if any, of the Companies Act, 1956 the regulations contained in the new set of Articles of Association of the Company as placed before the meeting be and are hereby adopted as the Articles of Association of the Company in place of the existing Articles of Association of the Company.”

10. To consider, and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 269 read with schedule XIII to the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force, the Company in general meeting hereby approves the appointment of Shri Y. Ratheish as Managing Director of the Company for a period of three years with effect from May 01, 2004 without any remuneration.

11. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293 (1) (d) of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the company’s bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not, at any time, exceed the sum of Rs. 10,00,00,000/- (Rupees Ten Crores Only) at any point of time exclusive of interest.”

12. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the consent of the Company, be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to mortgage and / or charge and / or hypothecate, on such terms and conditions and at such time or times, and in such form or manner, as it may think fit, the whole or substantially the whole of any one or more of the undertakings

of the Company including the present and / or further properties whether movable or immovable, comprised in any existing undertaking or undertakings of the Company, as the case may be for the purpose of securing financial assistance not exceeding Rs. 10,00,00,000/- (Rupees Ten Crores Only) at any point of time by way of Term Loans / Asset Credit Scheme / Equipment Credit Scheme / Leasing Credit Facilities from the Financial Institutions and / or Bankers of the Company together with interest thereon, commitment charges, liquidated damages, costs, charges, expenses and other moneys payable by the Company to the respective Financial Institutions and / or Bankers in terms of their respective Loan Agreements / Deeds of Agreements / Hypothecation Agreement / Letters of Sanction / Memorandum of terms and conditions entered into or to be entered into by the Company in respect of the said financial assistance, such security to rank pari passu with or second or subservient to the mortgages and / or charges and / or hypothecation already created or to be created in future by the Company or in such other manner as may be agreed to between the concerned parties and as may be thought expedient by the Board of Directors."

NOTES:

1. The relative explanatory statement under Section 173 of the Companies Act, 1956 in respect of special business at item nos. 4 to 12 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 10, 2004 to Friday, September 17, 2004 (both days inclusive).
4. The Company has appointed Satellite Corporate Services Pvt. Ltd. as its Registrars and Share Transfer Agents with effect from May 1, 2004. Shareholders are therefore requested to send all correspondence in respect of the shares to the Company's Share Transfer Agents viz. Satellite Corporate Services Pvt. Ltd. A-60/1223, 3rd Floor, Azad Nagar, Veera Desai Road, Andheri (West), Mumbai 400 053.
6. A member desirous of getting any information on the accounts or operations of the Company or any shares-related matter is requested to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.

Registered Office:
Leather Complex Area,
Nellimarla – 531 217,
Vizianagaram District,
Andhra Pradesh.

By order of the Board of Directors

Arati Saran
Director

Dated : July 26, 2004

ANNEXURE TO NOTICE

Explanatory statement under Section 173 of the Companies Act, 1956

Item nos. 4 to 7:

Smt. Arati Saran, Shri Sanjiv Shah, Shri Jehangir H. C. Jehangir and Shri S. K. Subramaniam were appointed as Additional Directors of the Company by the Board of Directors with effect from March 25, 2004. By virtue of Section 260 of the Companies Act, 1956 they hold office upto the date of the ensuing Annual General Meeting and are eligible for appointment. The Company has received notices under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- for each of them from members of the Company proposing their names as candidates for the office of Director.

The Board considers it desirable that the company should continue to avail of their valuable services.

You are requested to accord your consent for their appointment as above.

All the above Directors are interested or concerned in the resolution relating to their respective appointment as Director of the Company.

Item No. 8

The present Authorised Capital of the Company is Rs. 1,00,00,000/- (Rupees One Crore only). In order to meet the requirement of funds by issue of further shares, it is necessary to increase the Authorised Capital to Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 25,00,000 (Twenty Five Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each and 25,00,000 (Twenty Five Lakhs) Preference Shares of Rs. 10/- (Rupees Ten) each. A resolution is therefore proposed at Item No. 8 of the accompanying notice for increase in Authorised Share Capital and consequent alteration of Clause V of the Memorandum of Association as a result of increase in the Authorised Share Capital.

A printed copy of the Memorandum and Articles of Association of the Company is open for inspection by the Members at the Registered Office of the Company between 11.00 A.M. and 1.00 p.m. on working days.

None of the Directors of the Company is interested in the said Resolutions.

Item No.: 9

The present Articles of Association of the Company are not in conformity with the latest amendments in the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges. It is therefore proposed to adopt a new set of Articles of Association having regulations in conformity with the latest amendments in the Companies Act, and the Listing Agreement.

A special resolution is therefore proposed at Item No. 9 of the accompanying notice as required under Section 31 of the Companies Act, 1956.

The Directors commend the passing of the said resolution.

None of the Directors of the Company is concerned or interested in the said resolution.

A draft copy of the new set of the Articles of Association to be adopted and also a copy of the present Articles of Association are available for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on working days.

Item No. 10

Shri Y. Ratheish was appointed as Managing Director of the Company for a period of three years with effect from May 01, 2004 without any remuneration.

Pursuant to the provisions of section 269 read with schedule XIII to the Companies Act, 1956 the said appointment is required to be approved by the shareholders at the general meeting of the Company.

The Board therefore commends the approval by the members of the appointment of Shri Y. Ratheish as Managing Director of the Company.

Shri Y. Ratheish is interested in the said resolution at item no. 10 of accompanying notice as it relates to his own appointment.

Item Nos. 11 & 12

The Company is in need of funds for operation of its unit and for the purpose it will have to borrow more funds from bankers and financial institutions as also other parties. It is therefore proposed to authorise the Board of Directors to borrow in excess of the paid-up capital and free reserves of the Company subject to a maximum of Rs. 10,00,00,000/- (Rupees Ten Crores Only).

A resolution under Section 293(1)(d) of the Companies Act, 1956 is therefore proposed at item no. 11 of the accompanying notice for approval by the Shareholders.

The proposed loans from the Banks/ financial institutions might be secured by mortgaging or charging the moveable and/or immovable assets of the Company.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of a Public Company shall not except with the consent of such Public Company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, or where the Company has more than one undertaking of the whole, or substantially the whole of any such undertaking. Since mortgage of the Company's property may be considered as disposal of the Company's properties, it is considered desirable that the members' give their consent for the creation of mortgage / charge as described above.

A resolution under Section 293(1)(a) of the Companies Act, 1956 is therefore proposed at item no. 12 of the accompanying notice for approval by the Shareholders.

None of the Directors of the Company is interested in the said resolution.

By order of the Board of Directors

Arati Saran
Director

Registered Office:
Leather Complex Area,
Nellimarla 531 217,
Vizianagaram District,
Andhra Pradesh.
Dated : July 26, 2004

DIRECTORS' REPORT

To
The Members

The Directors present herewith the Thirtieth Annual Report together with the Statement of Accounts for the year ended March 31, 2004

FINANCIAL RESULTS :

	2003- 2004 (Rs. in lakhs)	2002- 2003 (Rs. in lakhs)
Sales and other income	7.22	140.27
Gross Profit/(Loss) before Depreciation and Interest	(184.93)	(146.23)
Less : Provision for Depreciation	6.69	6.79
Interest	7.15	8.05
Profit/ (loss) before Tax	(198.77)	(161.07)
Less : Provision for Income tax	Nil	Nil
Net Profit/(Loss)	(198.77)	(161.07)
Add : Balance loss brought forward from previous year	(327.28)	(166.21)
Profit/(loss) carried to Balance sheet	(526.05)	(327.28)

OPERATIONS :

During the year under report the operations of the manufacturing unit at Vizianagaram was discontinued due to the crisis of funds and workers problem.

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

During the year the Company had strict control on wasteful electrical consumption. Lights and power were switched off wherever not necessary.

The Company does not use any technology for its existing business.

There were no foreign exchange earnings or outgo during the year.

CHANGE IN MANAGEMENT:

During the year, the management control and shareholding held by the erstwhile promoters was taken over by Bambolli Holdings Private Limited and its associates and accordingly the new management took over the affairs of the Company.

DIRECTORS:

Smt. Arati Saran, Shri Sanjiv Shah, Shri Jehangir Jehangir and Shri S. K. Subramaniam were appointed as Additional Directors of the Company by the Board of Directors on March 25, 2004. By virtue of Section 260 of the Companies Act, 1956 they would hold office upto the date of the ensuing Annual General Meeting and are eligible for appointments.

Shri Y. Ratheish would retire by rotation and is eligible for re-appointment.

Shri T. Rajgopal Rao and Shri K. Nageswara Rao resigned as Directors of the Company with effect from March 26, 2004.

Shri Y. Ratheish was appointed as Managing Director of the Company with effect from May 01, 2004. In view of the present financial conditions of the Company he will not draw any remuneration.

LISTING:

The Equity Shares of the Company are listed on The Stock Exchange, Mumbai and Hyderabad Stock Exchange Limited.

The company has paid the Annual Listing Fees to both the Stock Exchanges for the year 2004-2005.

DEMATERIALISATION OF SHARES

The Company is in the process of completing formalities with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for dematerialisation of the Shares of the Company. Accordingly the Shares of your Company will be available for dematerialisation and can be traded in Demat form.

PARTICULARS OF EMPLOYEES:

The Company does not have any employee whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

We hereby state :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements 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 loss of the Company for that period.
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

COMPLIANCE CERTIFICATE

A Compliance Certificate from M/s. M. B. Vakil & Associates, Company Secretary in whole-time Practice under section 383A of the Companies Act, 1956 in respect of the financial year ended on March 31, 2004 is attached hereto.

AUDITORS:

The note nos. 3, 6, 9, 13 and 21 in the notes to the Accounts referred by the Auditors in their report are self explanatory. On the suggestions/ remarks made by the Auditors, the Directors will take necessary steps in due course of time.

M/s. Rowe & Pal., Chartered Accountants, the Auditors of the company would retire at the ensuing Annual General Meeting and are eligible for reappointment.

You are requested to appoint Auditors and to fix their remuneration.

For and on behalf of the Board of Directors

Arati Saran
Chairperson

Date : July 01, 2004
Place : Mumbai

