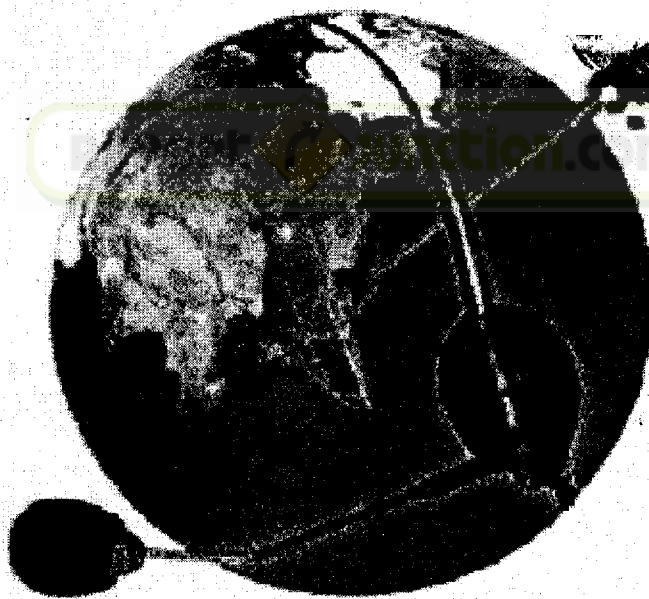


9th ANNUAL REPORT 2003-2004



BATHINA TECHNOLOGIES (INDIA) LIMITED

REGD. OFFICE: Suite G-2, Amrutha Ville, Somajiguda, Hyderabad - 500 082, A.P.

Phone: +91 (40) 3062-1414

Fax: +91 (40) 3062-1314

BOARD OF DIRECTORS

Shri V. Rao Bathina	Chairman and Managing Director
Smt. B. Sasi Bimba	Director
Shri N. Srinivasa Rao	Director
Shri P. Satyanarayana Murthy	Director
Smt. R. Laxmi Kantham	Director
Auditors	M/s JBRK & Co, Chartered Accountants 108, Maruthi Complex, Somajiguda, Hyderabad
Bankers	Global Trust Bank, Ameerpet Branch, Hyderabad Andhra Bank, Srinagar Colony Branch, Hyderabad
Registered Office:	Suite G-2, Amrita Ville, Somajiguda, Hyderabad - 500 082, A.P.
Registrars & Share: Transfer Agents	M/s Venture Capital & Corporate Investment Ltd., Progressive Towers III Floor, Khairatabad Hyderabad - 500 004

NOTICE

Notice is hereby given that the Ninth Annual Genera Meeting of the Members of BATHINA TECHNOLOGIES (INDIA) LIMITED will be held on Saturday, the 18th September, 2004 at 9.30 AM at Salivahana Nagar Welfare Association Community Hall, Salivahana Nagar, Adjacent to Srinagar Colony, Hyderabad-500 073; to transact the following business:

By the order of the Board

**Place: Hyderabad
Date: 4th Aug 2004**

**V. Rao Bathina
Chairman & MD**

NOTES:

ORDINARY BUSINESS:

- (a) To receive, consider, and adopt the Audited Balance Sheet as on 31st March 2004 and the Profit and Loss Account for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
- (b) To appoint a Director in place of Smt. B. Sasi Bimba, who retires by rotation and, being eligible, offers himself for reappointment.
- (c) To appoint a Director in place of Shri. N. Srinivasa Rao, who retires by rotation and, being eligible, offers himself for reappointment.
- (d) To appoint M/s JBRK & Co., Chartered Accountants, Hyderabad to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing a proxy, to be effective, should be deposited at the Registered office of the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 4th August 2004 to 9th August, 2004 (both days inclusive) for the purpose of Annual General Meeting.
3. All Correspondence and share transfer documents must be addressed to the Share Transfer Agents or to the Company.
4. Members are requested to notify changes, if any, in their addresses to the Share Transfer Agents.

DIRECTORS' REPORT

Dear Members,

We, the Board of Directors of your Company, have pleasure in presenting the 8th Annual Report of the Company together with the Audited Financial Accounts for the Financial Year ended 31st March, 2004.

Financial Results:

Particulars	2003-04 Rs. in Lakhs	2002-03 Rs. in Lakhs
Operating Profit	184.99	262.70
Less: Depreciation	188.71	256.18
Less: Misc. Expenditure written off	---	149.03
Profit/Loss before Tax	(-) 3.72	6.52
Less: Provision for Taxation	---	---
Less: Book-profit Tax	0.02	0.27
Less: Deferred Tax Liability	---	53.86
Add: Deferred Tax Asset	9.88	---
Add: Prior period adjustment	4.38	2.58
Profit after Tax	10.52	(-) 47.61
Surplus brought forward from Previous Year	1206.44	1254.05
Balance available for Appropriations	1216.95	1206.44
Share Warrants advance	---	45.84
Forfeiture A/C	45.84	---
Balance carried forward to Balance Sheet	1171.14	1206.44

Performance Review: Your Company has continued its efforts though the general trend of Software Industry is not encouraging and has earned total revenue of Rs. 358.01 lakhs and a net profit of Rs. 10.52 lakhs, due to the addition of deferred tax asset of Rs. 9.88 lakhs.

Product Development: Your Company has continued to make efforts to bridge the awareness about its flagship product "BATHINA VOICEAUTO", has increased from major organizations related to different sectors like Banks, Financial Institutions, R & D Divisions of Multi-National Companies, Pharma and Biotechnology Sectors etc. Various Educational Institutions and Universities. On the Government front, various Departments of many State Governments as well as the Central Government including Revenue, Judiciary, Police and Irrigation Departments etc., have keenly expressed their desire in using your product for the purpose of Office Automation. This magnitude requires fresh inflow of capital.

Your product, Bathina VoiceAuto, Version 2.0 is ready for release and in the final stage of incorporating the features required by the users of different sectors pertaining to their usage. By incorporating these features, your product would become not only versatile but also unique. Your product has been rated one among the top products on par with the international standards expected for the products of this nature, incorporating features like multiple vocabularies, subject-wise vocabularies, Desktop Navigation etc has evolved your product. A new approach has also been adopted in the technology thereby the technology works efficiently in order to provide improved accuracy and robustness to the product. In addition, unlike previous version of the product, which

is compatible with MS Office Suite, Version 2.0 can adopt to various office automation tools and different operating systems.

R&D Policy and Expansion/Diversification: Your Company focuses to be in the development of Technologies and related Platforms, Products, Applications, and Technology-Services. Your Company is planning to continue in the base Voice Automation Technology, Products, and Solutions and is also planning to expand Research and Development in the areas of integrated solutions as explained above.

Exports: Your Company has not exported any software or services during the financial year 2003-04. As explained in the earlier reports, your Company is doing Research and Development on Voice Automation, being the first of its kind anywhere in the world, the certification process by the end users is getting delayed. All the resources of the Company are deployed in the product leaving little room for undertaking any other work.

Dividend: Since the Company is struggling with cash problem as explained above; the Directors do not recommend any dividend.

Corporate Governance: The Corporate Governance Regulations under the Listing Agreement, have been implemented from the Financial Year 2002-03. The report on Corporate Governance as required is attached hereto and forms part of this report.

Directors: Shri V. Rao Bathina, Chairman & Managing Director is not liable to retire by rotation. Smt. B. Sasi Bimba and Shri N. Srinivasa Rao retire by rotation and being eligible offer themselves for reappointment.

Audit Committee: The Audit Committee has been restructured consisting of the following Directors with effect from 31.07.2004:

1. Shri N. Srinivasa Rao, Committee Chairman
2. Smt. B. Sasi Bimba, Member of the Committee
3. Smt. R. Laxmi Kantham, Member of the Committee

Investors' Grievances Committee: The Investors' Grievances Committee has been restructured consisting of the following Directors with effect from 31.07.2004:

1. Shri N. Srinivasa Rao, Committee Chairman
2. Smt. B. Sasi Bimba, Member of the Committee
3. Smt. R. Laxmi Kantham, Member of the Committee

Auditors: M/s JBRK & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have also confirmed their eligibility under Section 224 (1B) of the Companies Act, 1956.

Directors' Responsibility Statement as required under Section 217 (2AA) of the Companies Act, 1956: In pursuance of the provisions of Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed---

- (i) that in preparing the Annual Accounts, all applicable Accounting Standards have been followed;
- (ii) that the Accounting Policies adopted are consistently followed and the judgments and estimates made 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 the Profit & Loss Account of the Company for the financial year under review;
- (iii) that the Directors have 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/detecting fraud and other irregularities and
- (iv) that the Annual accounts have been prepared on a 'going concern' basis.

Future Outlook: Your Company confidently expects good revenues from product sales as well as services in the coming years. Your Company has been able to penetrate into difficult market of the Voice Automation and made a mark for itself as a Number One Company in the World for providing Voice Automation Solutions. The Govt. of Andhra Pradesh has initiated a pilot project for testing the product in one of its Department and trials have proved successful after certain customization. The Company expects good orders from the Government of AP and other State Governments also.

The Company has been focusing on the product that has left it cash starved. In view of the same, it has become increasingly difficult to sustain the operations. However, with the promised Government support, the Company could come out with quantum leap in sales and profits.

In addition to the Information Technology, Mr. Bathina has taken-up on his own, research in Biotechnology area in a very small scale. The part-time work on this research for the past one and a half-years' work has shown some positive results. Mr. Bathina has been talking to some top-ranking bio-technology scientists and organizations abroad to mutually share technologies and make it commercial. So far, a very good positive responses from these international organizations

is quite encouraging. If this biotech research gives some commercial success, Mr. Bathina wishes to add Biotechnology to your company's present Information Technology line of business.

Bio-Informatics, an area that is a combination of Information Technology and Biotechnology is also very promising.

Both contract works and independent research are possible in the Biotechnology and Bio-Informatics areas.

Employees' Relations: The Directors place on record, their appreciation of the contributions made by the employees at all levels for their dedication, support and hard work. The Employer-Employee relations are strained to some extent as the company was not in a position to pay their salaries on regular basis.

Fixed Deposits: The Company did not accept any deposits pursuant to Section 58A of the Companies Act, 1956.

Particulars of Employees: There are no employees covered under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31st March, 2003.

Conservation of Energy, Research and Development, Technology Absorption & Foreign Exchange Earnings and Outgo: The particulars as prescribed 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 are set out in the annexure included in this Report.

Observations by the Auditors: All the qualification remarks made by the auditors have been addressed in Schedule 9 - "Notes forming part of accounts," attached to the balance sheet

Acknowledgements: Your Directors place on record their appreciation of the continued assistance and co-operation extended to the Company by the Bankers, Government & Semi-Government Departments, and Shareholders

for and on behalf of the Board of Directors

V. RAO BATHINA
Chairman and Managing Director

Place: Hyderabad
Date: 4 August 2004