

20th Annual Report 2003-04



N I L E
L I M I T E D


**N I L E
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BOARD OF DIRECTORS

Sri T. Panduranga Rao	<i>Chairman</i>
Sri V. Ramesh	<i>Managing Director</i>
Sri P.R. Gopalakrishna Reddy	
Dr. M.R. Naidu	
Sri V.S. Prasad	
Sri M. Ramaiah	
Sri S.V. Narasimha Rao	
Sri D. Seshagiri Rao	
Sri K.V. Ramana	<i>Director (Finance)</i>
Sri V. Sridharan	<i>Director (Technical)</i>

COMPANY SECRETARY
Sri Rajnish Kumar Pal
AUDITORS

M/s. Sarathy & Balu
Chartered Accountants,
#12, Master Sai Apartments,
Somajiguda, Hyderabad - 500 082

SHARE TRANSFERS AND REGISTRATION

NILE Limited
Secretarial Department,
Industrial Estate, Nacharam,
Hyderabad - 500 076.
Phones : (40) 27173136
 : (40) 27170829

BANKERS

Andhra Bank
Sultan Bazar Branch,
Hyderabad - 500 195.

DEPOSITORY REGISTRAR

**M/s. Venture Capital
& Corporate Investments Ltd.**
12-10-134 (MIG - 134), 2nd Floor,
Bharatnagar Colony,
Hyderabad - 500 018.
Phone : (40) 23712250
 : (40) 23712253

REGISTERED OFFICE

NILE Limited,
Industrial Estate, Nacharam,
Hyderabad - 500 076.



NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Company will be held on Monday, the 19th day of July, 2004 at 10.00 A.M at the Registered Office of the Company located at Industrial Estate, Nacharam, Hyderabad - 500 076, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended 31st March, 2004 and the Balance Sheet as on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Sri T. Panduranga Rao, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri V. Sridharan, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri K.V. Ramana, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 252 to 257 of the Companies Act, 1956 and other applicable provisions, if any, including those of the Articles of Association of the Company, Sri S.V. Narasimha Rao be and is hereby appointed as Director on the Board of Directors of the Company, liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of Section 252 to 257 of the Companies Act, 1956 and other applicable provisions, if any, including those of the Articles of Association of the Company,

Sri D. Seshagiri Rao be and is hereby appointed as Director on the Board of Directors of the Company, liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, sanction be and is hereby accorded for the enhancement of monthly remuneration payable to Sri V. Sridharan, Director (Technical), in Whole-time employment of the Company, whose period of office is liable to determination by retirement by rotation, as per the terms and conditions set out in the Explanatory Statement annexed to the notice calling this Annual General Meeting".

"RESOLVED FURTHER THAT, in the event of loss or inadequacy of profit in any financial year of the Company during the period of his office as Whole-time Director, the remuneration and perquisites set out above be paid to Sri. V. Sridharan as minimum remuneration stipulated in Schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, sanction be and is hereby accorded for the enhancement of monthly remuneration payable to Sri K. V. Ramana, Director (Finance), in Whole-time employment of the Company, whose period of office is liable to determination by retirement by rotation, as per the terms and conditions set out in the Explanatory Statement annexed to the notice calling this Annual General Meeting".

"RESOLVED FURTHER THAT, in the event of loss or inadequacy of profit in any financial year of the

Company during the period of his office as Whole-time Director, the remuneration and perquisites set out above be paid to Sri. K.V. Ramana as minimum remuneration stipulated in Schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof."

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Articles No.69 of the Articles of the Company and the provisions of Section 78 read with Section 100 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and subject to confirmation by the Court, consent of the Company be and is hereby accorded to the reduction of Share Premium Account of the Company by a sum of Rs.1,01,90,949/- and to effect such reduction to cancel the debit balance in Profit & Loss Account which is lost or unrepresented by available assets".

"RESOLVED FURTHER THAT Sri V. Ramesh, Managing Director, Sri. K.V. Ramana, Director (Finance) and Sri V. Sridharan, Director (Technical) be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary or incidental thereto and to delegate all or any of the powers conferred to them hereinabove to any other official of the Company, as they may deem fit, to give effect to this resolution".

By Order of the Board
For **NILE LIMITED**

Place: Hyderabad
Date: 26.05.2004

K.V. Ramana
Director (Finance)

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ON POLL. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, should be received by the Company at its Registered Office not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 12th July, 2004 to 19th July, 2004 (both days inclusive).

4. Shareholders are requested to notify their change of address, if any, to the Company.
5. Explanatory Statement Under Section 173(2) of the Companies Act, 1956 is attached.
6. Information about the Directors seeking re-appointment / appointment at the 20th Annual General Meeting as required under Corporate Governance.

Sri T. Panduranga Rao, aged 69 years has been associated with the Company as a Director for more than 10 years. He was a professional banker with more than 36 years of experience. He worked as Chief General Manager of State Bank of India, and was also Managing Director of State Bank of Patiala, and Chairman of Industrial Reconstruction Bank of India.

Sri V. Sridharan is M. Tech (IIT Madras) and has been the Director (Technical) of the Company since 1993. As Whole-time Director, he is responsible for the entire technical and operational functions of the Glass Lining Division. He also looks after the marketing functions of the Division.

Sri K.V. Ramana is B.Tech (IIT Madras), MBA (IIM Ahmedabad) and has been the Director (Finance) of the Company since 2000. As Whole-time Director, he is responsible for the Finance, Commercial and Administrative functions of the Company. He also looks after the operations of the Lead Division of the Company at Choutuppal.

Sri S. V. Narasimha Rao is B.Tech (IIT Madras), MS (Univ. of Nebraska) and MBA (Univ. of Nebraska). Sri S.V. Narasimha Rao joined the Board as an Additional Director w.e.f. 28/10/2003. He has over 30 years of technical and senior management experience in companies such as KCP Ltd., Sumac International Ltd., Jeypore Sugars Ltd., Beardsell Ltd. Currently he is Chief Executive of Shin Ho Petrochemicals (India) Ltd.

Sri D. Seshagiri Rao is B.Sc., B.Tech (IIT Madras) and joined the Board as an Additional Director w.e.f. 31/01/2004. He has considerable experience in various private sector engineering industries. His last employment was as Vice President at Vijai Electricals Ltd. He is presently Quality Systems Consultant and third party auditor of QMS and is a qualified lead auditor in ISO 9000, QS 9000 and ISO 14000.

By Order of the Board
For **NILE LIMITED**

Place: Hyderabad
Date: 26.05.2004

K.V. Ramana
Director (Finance)



**N I L E
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ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 6

Sri S.V. Narasimha Rao was co-opted as Additional Director on the Board of the Company with effect from 28th October, 2003. Pursuant to Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company, Sri S.V. Narasimha Rao will hold office only upto the date of Twentieth Annual General Meeting of the Company.

Company has received a notice in writing along with the deposit of Rs. 500/- from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Sri S.V. Narasimha Rao as a candidate for the office of Director.

The Board recommends the necessary resolution for your approval. None of the Directors of the Company except Sri S.V. Narasimha Rao is concerned or interested in the resolution.

Item No. 7

Sri D. Seshagiri Rao was co-opted as Additional Director on the Board of the Company with effect from 31st January, 2004. Pursuant to Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company, Sri D. Seshagiri Rao will hold office only upto the date of Twentieth Annual General Meeting of the Company.

Company has received a notice in writing along with the deposit of Rs. 500/- from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Sri D. Seshagiri Rao as a candidate for the office of Director.

The Board recommends the necessary resolution for your approval. None of the Directors of the Company except Sri D. Seshagiri Rao is concerned or interested in the resolution.

Item No. 8

Sri V. Sridharan is M. Tech (IIT Madras) and has been the Director (Technical) of the Company since 1993. As Whole-time Director, he is responsible for the entire technical and operational functions of the Glass Lining Division. He also looks after the marketing functions of the Division.

The following are the terms and conditions of his remuneration, payable with effect from 01-01-2004, which are in conformity with the Schedule XIII of the Companies Act, 1956 and are subject to approval of the members:

- | | | |
|-------|-----------------------------|---|
| i) | Salary | : Rs. 35,000 per month |
| ii) | Conveyance Reimbursement | : Not exceeding Rs.3,000 per month. |
| iii) | House Rent Allowance | : 20% of the salary. |
| iv) | Leave Travel Reimbursement | : Not exceeding one month's salary per annum for self and family. |
| v) | Medical Reimbursement | : Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years. |
| vi) | Personal Accident Insurance | : An amount, the premium of which shall not exceed Rs.2,000 per annum. |
| vii) | Provident Fund | : As per provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. |
| viii) | Gratuity | : Not exceeding half a month's salary for each completed year of service/as per Gratuity Rules. |
| ix) | Telephone | : Reimbursement of the charges of telephone provided by the Company or personal telephone. The Company will bill long distance personal calls. |
| x) | Ex-gratia | : As applicable to permanent employees of the Company. |
| xi) | Other benefits | : All other benefits such as Leave encashment, Medicaclaim Policy etc. as applicable to permanent employees of the Company. |

The Board recommends the resolution for the approval of the Members.

None of the Directors of the Company, except Sri V. Sridharan is concerned or interested in the resolution.

NOTE: The above may be treated as an abstract of the terms of appointment between the Company and Sri V. Sridharan, pursuant to Section 302 of the Companies Act, 1956.

Item No. 9

Sri K.V. Ramana is B.Tech (IIT Madras), MBA (IIM Ahmedabad) and has been the Director (Finance) of the Company since 2000. As Whole-time Director, he is responsible for the Finance, Commercial and Administrative functions of the Company. He also looks after the operations of the Lead Division of the Company at Choutuppal.

The following are the terms and conditions of his remuneration, payable with effect from 01-01-2004, which are in conformity with the Schedule XIII of the Companies Act, 1956 and are subject to approval of the members:

- | | | |
|-------|-----------------------------|--|
| i) | Salary | : Rs. 35,000 per month |
| ii) | Conveyance Reimbursement | : Not exceeding Rs.3,000 per month. |
| iii) | House Rental Allowance | : 20% of the salary. |
| iv) | Leave Travel Reimbursement | : Not exceeding one month's salary per annum for self and family. |
| v) | Medical Reimbursement | : Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years. |
| vi) | Personal Accident Insurance | : An amount, the premium of which shall not exceed Rs.2,000 per annum. |
| vii) | Provident Fund | : As per provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. |
| viii) | Gratuity | : Not exceeding half a month's salary for each completed year of service/as per Gratuity Rules. |
| ix) | Telephone | : Reimbursement of the charges of telephone provided by the Company or personal telephone. The Company will bill long distance personal calls. |
| x) | Ex-gratia | : As applicable to permanent employees of the Company. |
| xi) | Other benefits | : All other benefits such as Leave encashment, Mediclaim Policy etc. as applicable to permanent employees of the Company. |

The Board recommends the resolution for the approval of the Members.

None of the Directors of the Company except Sri K.V. Ramana is concerned or interested in the resolution.

NOTE: The above may be treated as an abstract of the terms of appointment between the Company and Sri K.V. Ramana, pursuant to Section 302 of the Companies Act, 1956.

Item No.10

During the year under review, the Company has charged the following items to the Profit & Loss Account:

- Your Company had to arrive at a settlement of dispute with one of its lessees to whom your Company had given certain assets on lease and accordingly an amount of Rs.174.87 lakhs, being the undepreciated value of the assets, is written off to the Profit & Loss Account. In addition, as a part of the settlement, your Company has agreed to a reduction of Rs.99.38 lakhs in the Sundry Debtors claim and the same is also written off to the Profit & Loss Account.
- Consequent to the orders of the Honourable High Court of Chennai on the scheme of arrangement of Premier Housing & Industrial Enterprises Ltd. to whom your Company has advanced for capital asset, your Company was directed to reduce its claim against the said company by Rs.100.32 lakhs and accordingly the same is written off to the Profit & Loss Account.
- Further, in respect of an investment for shares in a company made a few years back, your Company could not recover the entire amount despite reasonable efforts and the loss in the transaction of Rs.17.40 lakhs is also written off to the Profit & Loss Account.

As a result of these developments, the Company's profit is converted into a loss of Rs.257.14 lakhs for the year. After adjusting the brought forward surplus in Profit & Loss Account amounting to Rs.26.38 lakhs and the balance in General Reserve amount to Rs.128.85 lakhs, the above deficit in Profit & Loss Account as at 31/03/2004 stood at Rs.101.91 lakhs.

The Board of Directors, after careful consideration, decided to cancel this deficit in Profit & Loss Account by reduction of balance available in Share Premium Account. The balance in Share Premium Account is standing at Rs.1194.79 lakhs and the proposed reduction is permitted by Law and Articles of the Company.

The Board recommends the resolution for your approval. None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board
For NILE LIMITED

K.V. Ramana
Director (Finance)

Place: Hyderabad
Date: 26.05.2004


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DIRECTORS' REPORT

To

The Members,

Your Directors take pleasure in presenting the 20th Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2004, together with the Auditors' Report thereon.

PERFORMANCE OF THE COMPANY:

Your Company's results for the year in comparison with previous year are given below in a summarized format:

(Rs. in lakhs)

Particulars	2003-04	2002-03
Net Sales	2,866.15	2,729.80
Other Income	6.28	5.45
Profit before interest and depreciation and prior period adjustments	243.08	326.94
Less : Interest	89.59	116.33
Depreciation	101.27	142.20
Profit	52.22	68.41
Less : (i) Bad Debts Written-off	217.10	—
(ii) Leased assets written-off	174.87	—
(iii) Preliminary expenses written-off	—	11.54
Profit for the year	(339.75)	56.87
Add/(Less): Prior period Adjustments	—	0.15
Profit/(Loss) before tax for the year	(339.75)	57.02
Less: Provision for tax — Regular Tax	—	4.75
— Deferred Tax asset	82.61	20.72
Profit/(Loss) after tax for the year	(257.14)	72.99
Add/Less: Surplus/(Deficit) in P& L Account brought forward	26.38	(10.75)
	(230.76)	62.24
Less : Balance in General Reserve Set off	128.85	—
Amount available for appropriation	(101.91)	62.24
Appropriations:		
Transfer to General Reserve	—	2.00
Proposed Dividend on equity shares	—	30.02
Income Tax on Dividend	—	3.84
Surplus/(Deficit) carried to Balance Sheet	(101.91)	26.38

DIVIDEND:

Your Directors regret that it has not been possible to recommend any dividend for the year due to the losses.

OPERATIONS:

Operations of the Company for the three divisions for the year under review were as follows:

GLASS LINING:

The Glass lined equipment sales had shown substantial growth during the year with a volume growth of 13% to 8,13,137 litres in the year 2003-04 from 7,20,583 litres

in the year 2002-03 and a sales turnover growth of 20% to Rs. 2075 lakhs in the year 2003-04 from Rs.1728 lakhs in the year 2002-03. However, the margins continued to be under pressure due to the steep increase in the prices of steel and other input materials / components during the year.

LEAD:

There was a severe shortage of Lead scrap during the year. This shortage of scrap resulted in a reduction in sales volume from 2617 MT in the year 2002-03 to 1942 MT in the year 2003-04.

The international prices for Pure Lead and Lead Alloys were at a very low level at the beginning of the financial year but increased to an all time high during the course of the year. The domestic prices moved in tandem with the international prices. These high prices, while helping to improve the margins during the second half of the year, kept a number of small domestic buyers away from the market. Your Company took up export sales of 550 MT valued at Rs. 204 lakhs to partially offset this drop in domestic demand. The sales turnover for the year declined from Rs. 900 lakhs in the year 2002-03 to Rs. 686 lakhs in the year 2003-04.

WIND MILLS

The wind farm at Ramagiri continues to generate power at a reasonable efficiency. The entire energy of 29.95 lakh units generated during the year was sold to AP TRANSCO under a Power Purchase Agreement. The sales realization due to energy sold during the year was Rs. 104.5 lakhs.

With the above operations, the Company was able to achieve an operating profit of Rs. 52.22 lakhs in the year under review as against Rs. 68.41 lakhs in the previous year. However, the Company had to set off an aggregate amount of Rs. 391.97 lakhs on account of bad debts and undepreciated leased assets, resulting in a net loss of Rs. 339.75 lakhs for the year. The details of these losses and the reasons therefor are as under:

- a) Your Company had to arrive at a settlement of dispute with one of its lessees to whom your Company had given certain assets on lease and accordingly an amount of Rs. 174.87 lakhs, being the undepreciated value of the assets, is written off to the Profit & Loss Account. In addition, as a part of the settlement, the Company has agreed to a reduction of Rs. 99.38 lakhs in the Sundry Debtors claim and the same is also written off to the Profit & Loss Account.
- b) Consequent to the orders of the Honourable High Court of Chennai on the scheme of arrangement of Premier Housing & Industrial Enterprises Ltd., to whom your Company has advanced for capital asset, your Company was directed to reduce its claim against the said company by Rs. 100.32 lakhs and accordingly the same is written off to the Profit & Loss Account.
- c) Further, in respect of an investment for shares in a company made a few years back, your Company could not recover the entire amount despite

reasonable efforts and the loss in the transaction of Rs. 17.40 lakhs is also written off to the Profit & Loss Account.

The above three factors totaling to Rs. 391.97 lakhs have been charged to the Profit and Loss Account and therefore, the profit of 52.22 lakhs resulted in a loss of Rs. 339.75 lakhs for the year before considering deferred tax asset.

Your Directors, after careful consideration, wrote off the balance of unadjusted preliminary expenditure amounting to Rs. 23.04 lakhs to the balance available in Share Premium Account, as permitted under Section 78 of the Companies Act, 1956.

CORPORATE GOVERNANCE:

Your Company has complied with all mandatory provisions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement. A report on Corporate Governance, along with the certificate on its compliance from the Auditors, forms part of this report.

QUALITY SYSTEM:

Your company's certificate for quality systems under ISO 9001 for the Nacharam Unit continues to be valid.

CONSERVATION OF ENERGY:

- (i) Your Company commissioned a 630 KW Electric Furnace during the year as an addition to the existing 800 KW Furnace. This would facilitate an optimum loading of the furnaces in respect of Glasslined Equipment of different capacities, resulting in energy saving as also ensuring additional throughput during manufacture.
- (ii) Your Company proposes to take up additional investments which will result in energy saving and hence reduction in cost per unit of output.
- (iii) As your Company is not covered in the Schedule to the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988 read with Section 217(1)(e) of the Companies Act, 1956, the details under Form 'A' are not required to be furnished.

TECHNOLOGY ABSORPTION:

Your Company has fully absorbed the Technology of its technical collaborations with Hakko Sangyo Company Limited, Japan and Comber of Italy.


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FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Amount in Rupees)

	2003-04	2002-03
a) Foreign Exchange earnings on exports	2,83,12,940	56,64,964
b) Foreign Exchange used on account of:		
i) Foreign Travel	3,175	29,460
ii) CIF value of imports of raw material & others	3,06,79,330	5,09,71,637
iii) Commission on Sales	4,06,988	—

DIRECTORS:

Pursuant to provisions of Section 256 of the Companies Act, 1956, Sri T. Panduranga Rao, Sri V. Sridharan and Sri K.V. Ramana will retire by rotation at the ensuing Annual General meeting and, being eligible, offer themselves for reappointment.

Sri S.V. Narasimha Rao and Sri D. Seshagiri Rao were appointed as Additional Directors by the Company on 28th October, 2003 and 31st January, 2004 respectively, to hold office upto the date of the forthcoming Annual General Meeting and are eligible for appointment as Directors. Members' attention is drawn to item Nos. 6 & 7 of the Notice convening 20th Annual General Meeting.

Sri Venkateswarlu Jasti resigned as Director of the Company on 27th May, 2003. Your Directors place on record their sincere appreciation of the valuable services rendered by Sri Venkateswarlu Jasti during his tenure as Director of the Company.

DEPOSITS:

Your Company has not accepted any deposits from the public during the year under review.

AUDITORS:

Your Company's Auditors M/s. Sarathy & Balu, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and have signified their willingness to accept re-appointment and confirmed their eligibility under Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT:

As regards observation of the Auditors in their report for the year under review, your Directors' Report and the Notes appended to the accounts are self-explanatory.

PARTICULARS OF EMPLOYEES:

The information to be disclosed pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the rules framed thereunder is Nil for the year.

TAKEOVER BID BY GUJARAT MACHINERY MANUFACTURERS LIMITED AND ITS SUBSIDIARIES:

The Honourable Company Law Board upheld the decision of your Directors not to transfer the shares acquired by Gujarat Machinery Manufacturers Limited and its subsidiaries. Gujarat Machinery Manufacturers Limited and its subsidiaries filed appeals in Honourable Andhra Pradesh High Court against the judgment of the Company Law Board. The Learned Judge had in his Common Judgement remanded the appeals to the Company Law Board for review. Your Company filed an appeal (LPA) against the Common Judgement passed by the single Judge, which is still pending before a Division Bench of the Andhra Pradesh High Court.

DISCLOSURE AS PER LISTING AGREEMENT:

Clause 32:

The cash flow statement in accordance with the Accounting Standard on cash flow statement (AS-3) issued by ICAI is appended to this Annual Report.

Clause 43A:

Your Company's shares are listed on The Stock Exchange, Mumbai, P.J.Towers, Dalal Street, Fort, Mumbai. The Annual listing fee for the year 2004-05 has been paid.

During the year, your Company's shares were delisted from Hyderabad Stock Exchange with effect from 29th September, 2003 after due compliance of the Delisting Guidelines issued by SEBI and Procedures for Delisting prescribed by Hyderabad Stock Exchange.

RESPONSIBILITY STATEMENT:

In pursuance of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 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 1st April, 2003 to 31st March, 2004, and of the profit or loss of the Company for that period.

- iii. The Directors had 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. The Directors have prepared the accounts on a going concern basis.

INDUSTRIAL RELATIONS:

Your Company has had harmonious industrial relations throughout the year under review at all levels of the organization, and would endeavour to maintain this cordial relationship. During the year, the Company entered into a tripartite agreement under Section 12(3) of the Industrial Disputes Act, 1947 with the registered workers union. This agreement is valid through March 31, 2006.

ACKNOWLEDGEMENT:

Your Directors wish to express their grateful appreciation for the assistance and co-operation received from Industrial Development Bank of India, Andhra Bank, customers and suppliers.

Cordial relations prevailed during the year with all the employees. Your Directors wish to place on record their deep sense of appreciation for the valuable work done and co-operation extended by them at all levels.

Your Directors also wish to express their gratitude to investors for the continued faith reposed by them in the Company.

For and on behalf of the Board

Place : Hyderabad

Date : 26.05.2004

T. Panduranga Rao
Chairman

