



# Sixteenth Annual Report

## 2003 - 2004

## CONTENTS

01.	Notice
02.	Director's Report
03.	Corporate Governance
04.	Auditor's Report
05.	Balance Sheet
06.	Profit and Loss Account
07.	Schedules Forming Part of Accounts
08.	Notes Forming Part of Accounts
09.	Balance Sheet Abstract and Company's General Business Profile
10.	Cash Flow Statement
11.	Attendance Slip
12.	Form of Proxy

### **SIXTEENTH ANNUAL GENERAL MEETING**

at 10.00 a.m.

On Thursday 30th September 2004

at 64-9-2, Kanuru Subbaiah Buildings, Beside Eenadu

Vijayawada - 520 010.

## **BOARD OF DIRECTORS**

Sri L.V. Raghava Rao	Executive Chairman
Sri L. Ravindra	Managing Director
Sri L. Tulasi Prasad	Joint Managing Director
Sri T. Sri Rambabu	Executive Director
Sri K. Harischandra Prasad	Director
Sri Ch. Anjaneyulu	Director
Sri Pradeep Kumar	Director
Sri A. Srinivas	Director
Sri B. Suhasini	Director
Sri K. Koteswara Rao	Director
Sri S.V.K. Satyanarayana	Director
Sri M.K.S. Prakasa Rao	Director

## **AUDITORS**

**Suresh and Babu**  
Chartered Accountants  
36-14-3/1, Moghalrajapuram  
Vijayawada- 10.

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## **BANKERS**

United Bank of India  
ING Vysya Bank Limited

## **NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the company will be held at 10.00 a.m. on Thursday, the 30<sup>th</sup> day of September, 2004 at the Registered Office of the company at Door No.64-9-2, Patamatalanka, Vijayawada-10 to transact the following business :-

### **ORDINARY BUSINESS :**

01. To receive, consider and adopt the audited balance sheet as at 31<sup>st</sup> March, 2004 and the Profit & Loss Account for the year ended on that date and the report of the Directors' and Auditors' thereon.
02. To appoint a Director in place of Sri. K. Harischandra Prasad who retires by rotation and being eligible offers himself for re-appointment.
03. To appoint a Director in place of Sri. A Srinivas Who retires by rotation and being eligible offers himself for re-appointment.
04. To appoint a Director in place of Mrs. B. Suhasini who retires by rotation and being eligible offers herself for re-appointment.
05. To consider, and if thought fit, to pass, with or without modification (s) the following resolution as a Ordinary Resolution.

RESOLVED THAT the retiring auditors M/s. SURESH AND BABU Chartered Accountants be and are hereby re-appointed as auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration in addition to reimbursement of actual out of pocket expenses incurred in connection with the company's audit.

### **SPECIAL BUSINESS :**

06. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a special resolution.

"RESOLVED THAT subject to the provisions of the Companies Act. 1956. Securities Contract (Regulations) Act, 1956, the Listing Agreements with the Stock Exchanges and Guidelines framed under Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable laws, rules regulations and guidelines as may be applicable and modifications If any, made to the above form time to time and subject to such other authorities and such other approvals and sanction as may be necessary, consent of the members be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the Board which expression shall be deemed to include a Committee of Directors duly authorised in this behalf) to get the Company's Equity Shares voluntarily delisted from the Stock Exchanges at Hyderabad & Madras."

'RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, and things as may be necessary for the above purpose and to settle any questions difficulties or doubt that may arise in this regard".

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

**"RESOLVED THAT** the consent of the company be and is hereby accorded under section 293 (1) (a) of the Companies Act. 1956 to mortgage and / or charge all or any of the immovable or movable properties of the Company present and future and or to confer power to enter upon and to take possession of the assets of the Company, in certain events, to or in favour of the lenders for securing the borrowings by the company of term loans / foreign exchange loans / working capital loans, availed / to be availed, from time to time together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment at on redemption, costs, charges, expenses and other monies payable by the company under the term loan agreements/ letters of sanction / memorandum of terms and conditions entered into/to be entered into by the company in respect of the said terms loans, provided that the total amount payable does not exceed Rs. 50.00 crores at any time.

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

**"RESOLVED THAT** the consent of the Company be and is hereby accorded to the Board of Directors under section 293 (1)(d) of the Companies Act. 1956 to borrow any sum or sums of money from time to time notwithstanding that the money or monies to be borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed in aggregate of the paid up capital of the company and its free reserves that is to say reserves not set apart for any specific purposes, provided however, that the total amount so borrowed shall not exceed Rs. 50.00 crores.

For and on behalf of the Board

Place : Vijayawada  
Date : 03.09.2004

(L.V. RAGHAVA RAO)  
Executive Chairman

(L.RAVINDRA)  
Managing Director.

**Note :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of members will remain closed from 23-9-2004 to 30-9-2004 (both days inclusive). The transfer books of the Company will also remain closed for the aforesaid period.
3. Members are requested to intimate change, if any, in their registered addresses immediately and to quote ledger folio numbers in all their correspondences.
4. An explanatory statement pursuant to Sec.173(2) of the Companies Act, 1956 relating to special business to be transacted at the meeting is annexed hereto.

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**EXPLANATORY STATEMENT:**

In conformity with the provisions of Sec.173(2) of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the special business and should be taken as forming part of the notice.

**ITEM No: 6**

Presently, the Company's equity shares are listed at The Hyderabad Stock Exchange Limited (HSE), The Madras Stock Exchange and The Stock Exchange, Mumbai.

With the extensive networking of the Stock Exchange, Mumbai to other cities as well, investors have access to online dealings in the company's securities across the country.

Over the last few years the Equity Shares of the Company are not actively traded on Hyderabad Stock Exchange and Madras Stock Exchange. Trading in the Equity shares have been negligible and even zero. Delisting of the equity shares from the Hyderabad Stock Exchange and Madras Stock Exchange would result in administrative convenience and saving in cost on account of listing fees etc., As a part of its cost reduction measures, the Company proposes this enabling resolution to voluntarily delist its equity shares from the Hyderabad Stock Exchange Limited and The Madras Stock Exchange.

According to SEBI (Delisting of Securities) Guidelines 2003 the Company can delist from the other Stock Exchange without giving any exit option to shareholders provided it has terminal listing with the Stock Exchange, Mumbai or National Stock Exchange. Since the Company's equity shares are continued to be listed at the Stock Exchange, Mumbai, it proposes to delist its equity shares from the Hyderabad Stock Exchange Limited and The Madras Stock Exchange without giving any exit opportunity to shareholders.

In line with the SEBI guidelines, members' approval is being sought by a Special Resolution for enabling voluntary delisting of its equity shares from the said stock exchanges.

Four directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution.

**ITEM No: 7**

To meet the expenditure in connection with the setting up of "GAYATHRIPURAM COLONY" and also to meet the increased working capital needs, the Company proposes to avail of

necessary financial assistance in the coming years. To secure such borrowings, the Company may be required to mortgage/charge/hypothecate the assets and properties of the Company, both present and future, as may be required by the Financial Institutions/Banks and other lenders.

As the documents to be executed between the company and Financial Institutions/Banks/ Lenders of the Loans may contain the power to take over the management of the Company in certain events, it is necessary for the members to pass the resolution under section 293 (1) (a) of the Companies Act, 1956 before the creation of the Mortgages/Charges/Hypothecation in favour of the lenders. Hence your Directors recommend the resolution for approval.

None of the directors of the Company are in any way concerned or interested in the resolution.

#### **ITEM No. 8**

Section 293(1)(d) of the Companies Act, 1956 stipulates that the Board of Directors of a Company can not borrow money (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the company's Paid up Capital and Free Reserves (not set apart for any specific purpose) without the consent of the shareholders.

In order to fund the Company's project activities, it may be necessary to borrow loans, External Commercial Borrowings etc., to meet the funding requirement.

Hence the resolution set out at item No. 8 of the notice is put forth for consideration of the members as an ordinary resolution pursuant to section 293(1)(d) of the Companies Act, 1956. Your Directors recommend the resolution for approval.

None of the directors of the Company are in any way concerned or interested in the resolution.

For and on behalf of the Board

Place : Vijayawada  
Date : 03.09.2004

(L.V. RAGHAVA RAO)  
Executive Chairman

(L.RAVINDRA)  
Managing Director.



## DIRECTORS' REPORT

Our Directors have great pleasure in presenting 16<sup>th</sup> Annual Report together with the Audited Accounts for the Financial year ended 31<sup>st</sup> March, 2004.

	For the Year Ended 31-03-2004	For the Year Ended 31-03-2003
<b>FINANCIAL RESULT</b>	<b>Rs.</b>	<b>Rs.</b>
Profit before interest and depreciation	2,62,69,797	47,03,194
Interest	33,12,474	21,53,956
Depreciation	21,94,151	13,60,578
Profit for the Year	2,07,63,172	11,88,659
Miscellaneous Expenditure written off	2,26,662	2,26,662
Profit before tax	2,05,36,510	9,61,997
Provision for Income Tax	-----	-----
— Current Tax	15,81,201	75,758
— Deferred Tax	49,986	2,63,397
Profit after tax	1,89,05,323	6,22,842
Profit/Loss brought forward from Previous period	21,19,767	14,96,925
Profit carried to Balance Sheet	2,10,25,090	21,19,767
<b>Earning per share</b>		
Basic/Diluted.	3.76	0.155

### DIVIDEND:

In view of the cash requirements for the on going venture and forthcoming ventures, no dividend has been recommended by Directors

### PERFORMANCE:

The new housing venture called Narayanapuram colony with individual houses of 191 No.s had been announced in the previous year and it has overwhelming response from the customers. In view of the above success, the company has extended the present venture upto the fulfillment of the customers' needs. Land acquisition for forthcoming venture at Kankipadu is still going on. Company has acquired 65 acres till date and acquisition of another 35 acres is under process.

### DIRECTORS :

Sri K. Harischandra Prasad who retires by rotation and being eligible offers himself for re-appointment.

Sri A. Srinivas who retires by rotation and being eligible offers himself for re-appointment.

Smt. B. Suhasini who retires by rotation and being eligible offers herself for re-appointment.

### AUDITORS REPORT :

Regarding the qualification in the Auditors report relating to guarantee given by the Company for loans taken by others from financial institutions vide clause No. XV of the annexure to the auditors report under CARO.

Your Company owns number of tippers and others vehicles for transportation and deriving huge discounts in retreading of tyres from M/s. Gripwell Retreaders (P) Limited, wherein the Directors of your Company holds 75% of the equity. The said M/s. Gripwell Retreaders (P) Limited approached your Company for standing as a guarantor for availing a loan from A.P.S.F.C. In view of the business transactions your Company having with the said M/s. Gripwell Retreaders (P) Limited, your Company offered for standing as a Guarantor and offered collateral security of land admeasuring Ac. 0.50 cents, R.S. No. 347/1 of Poranki Village which is a vacant land and the Company is not proposing any construction project in that land in near future. Accordingly an application has been made to the Central Government under Section 295(1) of the Companies Act, 1956 with a copy to the Registrar of Companies, Hyderabad. We are awaiting the approval of the Central Government under Section 295(1) of Companies Act.

#### **AUDITORS :**

M/s. SURESH AND BABU, Chartered Accountants, Vijayawada Auditors of the Company, retire and are eligible for re-appointment for the current Year.

information as per Sec. 217(2A) of the companies Act. 1956.

#### **PARTICULARS OF EMPLOYEES:**

There were no employees in receipt of remuneration in excess of the amounts specified in Section 217(2A) of the Companies Act, 1956.

#### **CONSERVATION of Energy ,Technology absorption, Foreign Exchange and outgo :**

Information regarding compliance of rules relating to conservation of Energy and Technology absorption is not provided, as the same is not applicable to the Company.

#### **DELISTING OF SHARES:**

Presently, the Company's equity shares are listed at The Hyderabad Stock Exchange Limited (HSE), The Madras Stock Exchange and The Stock Exchange, Mumbai. Over the last few years the Equity Shares of the Company are not actively traded on Hyderabad Stock Exchange and Madras Stock Exchange. Trading in the Equity shares have been negligible and even zero. Delisting of the equity shares from the Hyderabad Stock Exchange and Madras Stock Exchange would result in administrative convenience and saving in cost on account of listing fees etc.,

In view of the above, it is proposed to voluntarily delist the shares of the Company from Hyderabad Stock Exchange and The Madras Stock Exchange in pursuance of SEBI (Delisting of securities) Guidelines, 2003 subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

#### **CORPORATE GOVERNANCE :**

A report on corporate governance has been obtained from the statutory auditors of the company and form part of this report.