



**BOARD OF DIRECTORS**

Sri A.R.Chowdary	Chairman
Sri P. Veerananarayana	Vice Chairman and Managing Director
Sri P. Harischandra Raju	Nominee Director (APIDC)
Sri A.Chennakrishnaiah	Executive Director
Sri P. Madhu Prathap	Director

REGISTERED OFFICE

D4 & D5, Industrial Estate,
Renigunta Road,
TIRUPATI - 517 506.

FACTORY

D-4 & D-5, D-11 & No.3.
Industrial Estate, Renigunta Road
TIRUPATI - 517 506.

AUDITORS

Pinnamaneni & Co.,
Chartered Accountants,
3,4th Ground Ram's VSR Aparts,
Opp. VPS Siddhartha Public School,
VIJAYAWADA - 520 010.

FINANCIAL INSTITUTIONS/BANKS

Industrial Development Bank of India, Madras
State Bank of India, Settipalli Branch, Tirupati
Central Bank of India, G.Car Street,
TIRUPATI - 517 501.

LISTING

The Hyderabad Stock Exchange Ltd. Hyderabad
The Stock Exchange, Mumbai
The Stock Exchange, Ahmedabad
Madras Stock Exchange Ltd. Madras
Cochin Stock Exchange Ltd. Cochin

SHARE TRANSFER AGENTS

Sibar Financial Services (P) Ltd.,
D.NO.27-14-49, II Floor,
Rajagopalachari Street.
Governorpet,
VIJAYAWADA-520002 (A.P)

16th ANNUAL GENERAL MEETING

Date : Saturday, September 25, 1999
Time : 3.00 p.m.
Venue : Registered Office
D4 & D5, Industrial Estate
Renigunta Road
Tirupati-517 506

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NOTICE TO SHAREHOLDERS:

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company will be held at its Registered office: D4 & D5, Industrial Estate, Renigunta Road, Tirupati - 517506.(A.P.) on Saturday 25th September 1999 at 3 P.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri. A.R. Chowdary who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. The Retiring Auditors Pinnamaneni & Co., Chartered Accountants, Vijayawada are eligible for re-appointment. In this connection, to consider and if thought fit, to pass, with or without modification (s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT the retiring Auditors, Pinnamaneni & Co., 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 of the Company on such terms and conditions as remuneration, out of pocket expenses, etc., as may be fixed by Board of Directors of the Company".

SPECIAL BUSINESS :

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

"RESOLVED THAT subject to the provisions of Sections 198, 269,309 and 310 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Sri P.MADHU PRATHAP be and is hereby appointed as a Technical Director of the Company for the period of Five Years with effect from 01.08.99 on such salary and other perquisites as set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting".

5. To consider and if thought fit, to pass, with or without modifications, the following as a special Resolution.

"RESOLVED THAT THE consent of the Company be and is hereby accorded to delist equity shares of the Company at Madras Stock Exchange with retrospective effect from 01.04.1998".

By order of the Board of Directors

(P.VEERANARAYANA)
 Vice Chairman and
 Managing Director

Place : Tirupati
 Date : 31.07.99

NOTES:

- 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. A Form of proxy is enclosed.
- 2) The Register of Members and Transfer Books of the Company will remain closed from 16th September 1999 to 25th September 1999 (both days inclusive).
- 3) The Instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than fortyeight hours before the commencement of the Meeting.
- 4) Shareholders are requested to notify change in address if any, immediately to the Company's Regd. Office.
- 5) Shareholders are requested to bring their copies of Annual Report to the Meeting. Copies of the Annual Report will not be available for distribution to Share Holders at the MeetingHall.
- 6) Shareholders attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting Hall.
- 7) Shareholders intending to require information about accounts to be explained in the meeting are requested to inform the company atleast 7 days in advance of the Annual General Meeting.
- 8) All communications relating to shares are to be addressed to the Company's Transfer Agent M/s.Sibar Financial Services Private Limited, 27-14-49, II Floor, R.G.C.Street, Governorpet, Vijayawada - 520002.

ANNEXURE TO NOTICE OF ANNUAL GENERAL MEETING

Explanatory statement under section 173(2) of the Companies Act, 1956.

ITEM NO.4 OF THE NOTICE :

The Board of Directors of the Company at their Meeting held on 31.07.99 appointed Sri P.MADHU PRATHAP as a Technical Director for a period of five years with effect from 1.8.99 subject to the approval of members in General Meeting and pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956 on a remuneration as to salary and other perquisites as detailed below :

1. Period of Appointment: Five years from 1.8.99
2. Salary: Rs.15,000/- (Rupees Fifteen thousand only) per month.
3. i) In addition to the above the Technical Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings; medical reimbursement; club fees and leave travel concession for himself and his family; personal accident insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors; such perquisites and allowances shall be restricted to an amount equal to the annual salary.
- ii) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever appli-

cable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

- iii) Company's contribution to Provident Fund and superannuation or annuity fund, to the extent these neither singly or together are not taxable under the income-tax act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- iv) Provision for care for use on Company's business and telephone at residence will not be considered as perquisites. Personnel long distance calls on telephones and the use of car for private purpose shall be billed by the company.

Explanation : For the above purpose family means spouse dependent children and dependent parents.

None of the Directors except Sri.P.Madhu Pratap is concerned or interested in this Resolution.

ITEM NO.5 OF THE NOTICE:

As there was no trading of Equity shares of the Company at Madras Stock Exchange since 1997-98 it is proposed to delist equity shares of the Company at Madras Stock Exchange.

No other Director is interested in the Resolution.

By order of the Board

(P. VEERANARAYANA)
 Vice-Chairman & Managing Director

Place : Tirupati
 Date : 31-07-99

DIRECTORS' REPORT :

Your Directors have the pleasure to present the 16th Annual Report together with the Auditors' Report thereon for the year ended 31st March,99.

1. FINANCIAL RESULTS:

The brief financial results of the Company for the year ended 31st March'99 are given hereunder:

(Rs.in Lakhs.)		
	1998-99	1997-98
Total Sales	1227.60	1189.77
Profit after depreciation & interest	6.70	38.47
Other Income	12.27	12.19
Profit before tax	18.97	50.66
Provision for tax	2.00	5.32
Profit after tax	16.97	45.94
Transfer to general reserve	-	-
Prior period adjustment	(1.18)	1.80
Proposed dividend	-	-
Leaving a balance to be carried forward	15.79	47.14

2. OPERATIONS :

Your Directors are happy to inform that your Company continues to maintain growth rate in sales. During the year under review your company has produced 2,92,677 cylinders as against production of 2,73,580 cylinders in the previous year. However, the profit margin of your Company has been under pressure and was adversely affected due to increased interest burden.

As stated in the last Report your Company in collaboration with M/s. EUROCILINDRO S.R.L. Italy has been working on upgradation of existing aluminium plating technology. Your Directors are happy to inform you that your Company stands to gain advantage in terms of quality, quantity, cost and meeting emission norms effectively by introducing Nickel-silicon carbide plating technology. Adequate thrust is also being given to the R&D efforts to produce cylinder at lowest cost and thereby improve profitability.

3.DIVIDENDS :

The Board has not recommended Dividend for the year 1998-99 to conserve resources for improvement/Upgradation of existing Technology.

4. DISCLOSURES :

Disclosures in terms of Companies (particulars of Employees) Rules, 1975 and Companies (disclosure of particulars in the report of the Board of Directors) Rules, 1988 in respect of conservation of energy, technology, absorption, out of foreign exchange and foreign exchange earned are attached and forms part of the Report.

5. DIRECTORS

Sri.A.R.CHOWDARY. Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Sri.S.Gopalan Chairman of the Company resigned from Company's Board effective from 25.09.1998. Your Director's wish to place on record deep appreciation of the valuable services rendered by him during his tenure of Office as Chairman of the Company.

6. AUDITORS:

The Company's Auditors, M/s. PINNAMANANENI & CO., Chartered Accountants, Vijayawada, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

7. ACKNOWLEDGEMENTS:

Your Directors wish to express their gratitude to Financial Institutions, Banks, Venture Capital Funds and Mutual Funds for the whole hearted co-operation and assistance

extended to the Company.

Your Directors also wish to thank the employees of the company for their dedicated services and valuable contribution to the growth of the Company.

Your Directors sincerely thank the members for the confidence reposed by them in the company and lookforward to their valuable support for the future plans of the company.

For and on behalf of the Board

P. VEERANARAYANA
 A. CHENNAKRISHNAIAH
 Directors

Place:Tirupati
 Date : 31-07-99

ANNEXURE TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY :

As in the past, the Company has been continuing its efforts to improve methods of energy conservation and utilisation.

B. RESEARCH AND DEVELOPMENT :

1. **Specific area in which R&D carried-out by the Company :** The R&D efforts are directed towards improvement/upgradation of existing plating technology leading to high efficiency, quality upgradation, cost reduction and pollution free.
2. **Benefits derived as a result of the above R&D :** Considerable savings in inputs consumption by improving process technique, better capacity utilisation, more yield and product efficiency at low cost.
3. **Future plan of action :** The company aspires to well equip the R&D unit with all facilities for improving production process and full utilisation of existing capabilities and enhance quality and reliability of performance and output.

4. Expenditure on R&D :

- a. Capital -- Rs. 32.82 - lacs
- b. Revenue -- Rs.115.83 - lacs
- c. Total -- Rs.148.65 - lacs
- d. Total R&D as a percentage of total turnover 12.10%

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

The latest technology is being adopted for improving productivity and product quality and reducing consumption of inputs.