

22nd ANNUAL REPORT

2004 - 2005

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BOARD OF DIRECTORS

Sri P. Veerananarayana

Vice Chairman and

Managing Director

Sri.P.Harischandra Raju

Nominee Director(APIDC)

Sri P.Madhuprathap

Technical Director

Sri.K.Subbaiah

Director

REGISTERED OFFICE

D4&D5, Industrial Estate
Renigunta Road,
Tirupati-517506

FACTORY

D4, D5, D11 & Shed No.3 Industrial
Estate
Renigunta Road
Tirupati-517506

AUDITORS

Pinnamaneni & Co.,
Chartered Accountants
3, 4th Ground Ram's VSR Aparts
Opp. VPS Siddharth Public School
Vijayawada-520010.

FINANCIAL INSTITUTIONS / BANKS

Industrial Development Bank of India,
Chennai
Central Bank of India, GS Mada St.
Tirupati

LISTING

The Hyderabad Stock Exchange Ltd.,
Hyderabad
The Stock Exchange, Mumbai

SHARE TRANSFER AGENTS

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

REGISTRAR FOR DEMAT

Bigshare Services Pvt. Ltd
E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri(E),
Mumbai-400072

22nd ANNUAL GENERAL MEETING

Date : Friday 30th September, 2005

Time : 4:00 pm

Venue : Registered Office
D4 & D5, Industrial Estate
Renigunta Road
TIRUPATI-517506

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NOTICE TO SHAREHOLDERS :

NOTICE is hereby given that the 22nd Annual General Meeting of the Company will be held at its Registered Office : D4 & D5, Industrial Estate, Renigunta Road, Tirupati-517506 (AP) at 4.00P.M on Friday, 30th September, 2005 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance sheet as at 31st March'2005 and the Profit and Loss A/c for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P.Madhu Prathap who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

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 Mr. K.Subbaiah, Director whose term of office expires at this meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom a Notice has been received from a Member under Section 257 of the Companies Act, 1956 proposing his candidature be and is hereby appointed as Director whose period of Office shall be liable to determination by retirement of Directors of rotation".

By order of the Board of Directors.

(P.VEERANARAYANA)

VICE CHAIRMAN &
MANAGING DIRECTOR

Place : Tirupati

Date : 29-7-2005.

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 25th September '2005 to 29th September '2005 (both days inclusive).
- 3) The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
- 4) Shareholders are requested to notify change in address if any, immediately to the Company's Registered Office.
- 5) Shareholders are requested to bring their copies of Annual Reports to the Meeting. Copies of the Annual Report will not be available for distribution to shareholders at the Meeting hall.
- 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 at least 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, RGC Street, Governor Pet, Vijayawada-520002

DIRECTORS' REPORT

Your Directors have the pleasure to present the 22nd Annual Report together with the Auditor's Report thereon for the year ended 31st March'2005.

1. FINANCIAL RESULTS :

The brief financial results of the company for the year ended 31st March'2005 are given hereunder

	(Rs.in Lacs)	
	2004-05	2003-04
Total sales	123.53	182.73
Profit after dep&Int	(230.34)	(294.84)
Other Income	2.31	(94.26)
Provision for Tax	---	---
Profit After Tax	(228.03)	(200.57)
Prior Period Adjustment	(0.48)	(0.66)
Balance c/f to Balance Sheet	(228.51)	(201.23)

1. OPERATIONS :

Sales during the year under review is Rs.123.53 lacs as against previous turnover of Rs.182.73 lacs and thus there is a fall in turnover . Consequently operations resulted in a net loss of Rs. 228.03 lacs after providing depreciation and interest.. The Directors are confident that the company will come out from the present crisis in the coming years.

2. DIVIDEND :

The Board has not recommended Dividend for the year 2004-05 due to losses.

3. 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.

4. DIRECTORS :

Mr.P.Madhu Prathap, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr. A. Chennakrishnaiah, Executive Director resigned from the Company's Board effective from 24-11-04 . Your Directors wish to place on record the deep appreciation of the valuable services rendered by him during his tenure of Office as Director of the Company.

Mr. K.Subbaiah was appointed as an Additional Director of the Company with effect from 24-11-04. Under Section 260 of the Companies Act, 1956 he holds the office up to the date of the ensuing Annual General Meeting of the Company. The Company has received due notice under Section 257 of the Companies Act,1956 from member proposing his appointment as a Director of the Company.

1. DIRECTORS RESPONSIBILITY STATEMENT

In compliance with the Provisions of Section 217(2AA) of the Companies Act, 1956 your directors hereby confirm that

i) In preparing the Annual Accounts applicable accounting Standards have been followed

ii) Accounting Policies were adopted and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company as at 31.3.2005 and of the loss of the Company for the year ended on that date.

iii) Proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Act for safe guarding the assets of the Company and for preventive / detecting fraud and irregularities have been taken.

iv) The Annual Accounts have been prepared on a going concern basis

7. Corporate Governance

Pursuant to clause 49 of the listing agreement, a report on Corporate Governance is given below

A. Mandatory Requirements

(i.) Company's Philosophy on code of Governance Company's Philosophy of Corporate Governance is aimed at providing assistance to the top management of the Company in the efficient conduct of its business and in meeting its obligations to shareholders.

(ii) Board of Directors Composition

The present strength of the Board is 4 Directors. The Board comprises of Executive Directors and Non Executive Director. Two Directors including Vice Chairman and Managing Director are whole time Directors and the other Director is not a whole time Director. The remaining director is nominee director appointed by APIDC.

Physical Attendance of each Director at the Board Meetings and the latest AGM

Name of the Director	Category of Directorship	No. of Board Meetings Attended	% of Meetings Attended	Attendance at the Last AGM
1. Mr.P.Veeranarayana	Vice Chairman and Managing Director	6	100	Yes
2. Mr.P.Harischandra Raju	Nominee Director APIDC	6	100	Yes
3. Mr.A.Chenna Krishnaiah	Executive Director	3	50	Yes
4. Mr. K. Subbaiah	Director	3	50	Yes
5. Mr.P.Madhuprathap	Technical Director	6	100	Yes

The above Directors except Mr. K.Subbaiah who is a Managing Director of Hamasa Engineering Contracts Private Limited are neither directors nor members of committees in other companies.

(iii) AUDIT COMMITTEE

Terms of reference of composition, name of the members and Chairman

The audit committee comprises of Mr.P.Madhuprathap, Technical Director and Mr.A.ChennaKrishnaiah , Executive Director and Mr.K.Subbaih has been appointed in the place of Mr.A.Chenna Krishnaiah who has resigned from the Company's Board with effect from 24-11-04. and Mr.P.Harischandra Raju being Non-executive Director.

The Vice chairman and Managing Director along with internal auditor are invited to the Meeting.

The terms of reference of this committee are wide enough covering matters specified for audit committee under listing agreement and/Companies Act.

Meetings and the attendance during the year.

Four Meetings of the Audit Committee were held during the year 2004-05. The attendance of each member of the committee is given below

Name of the Director	No. of Meetings Attended	% of Total Meetings Attended
1. Mr. A. Chennakrishnaiah	2	50
3. Mr. K. Subbaiah	2	50
2. Mr. P. Madhuprathap	4	100
3. Mr. P. Harischandra Raju	4	100

(iv) Remuneration to Directors

a. The details of the remuneration paid to whole time directors during the year 2004-'05 are given below :

Name and designation	Basic Rs.	H.R.A. Rs.	P.F Rs.	Perks Rs.
Mr. P. Veerananarayana, Managing Director	180000	72000	9360	104778
Mr. P. Madhuprathap, Technical Director	180000	36000	9360	-

b. The details of payments to non-executive director during the year 2004-'05 are given below:

Name of the Director	Sitting Fee Rs.
Mr. P. Harischandra Raju, Nominee director	6,000

(v) INVESTORS AND SHAREHOLDERS GRIEVANCE COMMITTEE

The Company has constituted an investors and shareholders committee under the chairmanship of Mr. P. Madhuprathap, Technical Director. The two other members of the Committee are Mr. A. Chenna Krishnaiah Director of the Company and Mr. K. Subbaiah has been appointed in the place of Mr. A. Chenna Krishnaiah who has resigned from the Company's Board with effect from 24-11-04 and Mr. P. Harischandra Raju being Non-executive Director. The Committee looks into the shareholders and investors complaints. Mr. P. Madhuprathap, Technical director and Chairman of the committee is the compliance officer. The number of shares pending for the transfer were nil as on 31.3.2005.

(vi) GENERAL BODY MEETINGS

Details of the past AGMs held and the details of the Resolutions passed or to be passed by postal ballot are

a. The last three Annual General Meetings of the Company were held at the Registered office of the Company i.e. at D4-D5, Industrial Estate, Renigunta Road, Tirupathi. All Meetings were commenced at 4.00 PM. All the Resolutions set out in the respective Notice were passed by the shareholders.

b. No Resolution requiring postal ballot as recommended under clause 49 of the listing agreement has been placed for shareholders approval at the meeting.

(vii) DISCLOSURES

There were no related party transactions

(viii) GENERAL SHAREHOLDERS INFORMATION

Date of 22 nd AGM	30 th Sep, 2005
Time	4.00 p.m.
Venue	D4-D5 Industrial Estate, Renigunta Rd, TIRUPATHI
Date of Book Closure	Sep, 25 th to 29 th Sep, 2005
Listing on Stock Exchanges	The Hyderabad Stock Exchange Limited The Stock Exchange, Mumbai
Registrar and Share transfer Agents	Sibar Financial Services(P) Limited Door No.27-14-49, II Floor, Rajagopalachari Street, Governorpet, Vijayawada 520 002.
Share Transfer system	All Transfers received are processed and approved by the share transfer committee.

Address for Correspondence

D4-D5 Industrial Estate,
Renigunta Road, Tirupati (Or)
Sibar Financial Services (P) Limited
Door No.27-14-49, II Floor,
Rajagopalachari St.
Governorpet, Vijayawada 520.002

8. AUDITORS :

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

9. ACKNOWLEDGEMENTS :

Your Directors wish to express their gratitude to Financial Institutions, Banks, 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 look forward to their valuable support for the future plans of the company.

For and on behalf of the Board.

P.VEERANARAYANA,
P.MADHUPRATHAP
 Directors

PLACE : Tirupati
 Date : 29-07-2005

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 utilization

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 up gradation, cost reduction and pollution free

2. **Benefits derived as a result of the above R & D :** Further considerable savings in inputs consumption by improving process technique, better capacity utilization, more yield and product efficiency at low cost.

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

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

FOREIGN EXCHANGE EARNINGS AND OUTGO :

	2004-05 (Rs.in Lacs)	2003-04 (Rs. in Lacs)
A) Value of Exports(F.O.B.Value)	3.10	3.80
B) Value of Imports(C.I.F.Value)	--	--
C) Directors Foreign Travel	--	--