

# **SOWBHAGYA EXPORTS LIMITED**

## **EIGHTH ANNUAL REPORT**

**2002-2003**



**H.No.3-375, Lakshmipuram,  
Nellore – 524 002.**

# **SOWBHAGYA EXPORTS LIMITED**

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## **SOWBHAGYA EXPORTS LIMITED**

### **DIRECTORS**

Sri. D.Surendranath Reddy  
Sri. K.Sowjanyaamma  
Sri. J.Jayarami Reddy  
Sri. M.Vijaya Kumar Reddy  
Sri. N.Mallikharjuna Reddy

Managing Director  
Director  
Director  
Director  
Director

### **BANKERS**

### **AUDITORS**

M/s. A.M.REDDY & CO  
CHARTERED ACCOUNTANTS  
10-5-6/B, Myhome Plaza,  
II Floor, Off:103, Masab Tank,  
Hyderabad - 28.

### **REGISTERED OFFICE**

H.No.3-345, Lakshmipuram,  
Nellore – 524 002.

### **REGISTRARS**

Ikon Vision Pvt Ltd  
33, Sanali Heavens  
Yellareddyguda  
Hyderabad – 073

### **LISTING**

The Hyderabad Stock Exchange Ltd  
The Stock Exchange Ltd, Mumbai  
The Madras Stock Exchange Ltd

By Order of the Board of Directors

Place: Hyderabad  
Date : 01.12.2003

( D.SURENDRANATH REDDY )  
Managing Director

**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 and such proxy need not be a member of the Company. Proxy Forms to be valid shall be lodged at the Registered Office of the Company not less than 48 hours before the Meeting.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act in respect of Special Business of the notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain Closed from 26.12.2003 to 31.12.2003 ( both days inclusive ) in terms of the provisions of Section 154 of the Companies Act.,1956.
4. Members are requested to notify immediately changes if any, in their addresses to the company quoting their folio number.
5. Members / Proxies should bring the Attendance slip duly filled in for attending the meeting.
6. Shareholders seeking any information with regard to accounts are requested to write to the company at the earliest to keep the information ready.
7. Shareholders are requested to bring their copy of Annual Report to the meeting.
8. Under Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form no.2B in duplicate (which will be made available on request) to M/s Ikon Visions Pvt. Ltd. Registrars & Share Transfer Agents, 33, Sanali Heavens, 8-3-948, Ameerpet, Hyderabad 500073. Tel. No. 23744138, Fax. No. 23744356.

## **SOWBHAGYA EXPORTS LIMITED**

H.No.3-375, Lakshmipuram, Nellore – 524 002.

### **NOTICE TO MEMBERS**

NOTICE is hereby given that the 8<sup>th</sup> Annual General Meeting of **SOWBHAGYA EXPORTS LIMITED** will be held at the Registered Office at H.No.3-375, Lakshmipuram, Nellore – 524 002., on Wednesday the 31<sup>st</sup> December, 2003 at 11.00 AM to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2003 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Smt K.Sowjanyaamma Who retires by rotation and being eligible offers herself for reappointment.
3. To appoint Statutory auditors and to fix their remuneration.

#### **SPECIAL BUSINESS:**

4. To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution.

"Resolved that Mr. M. Vijaya Kumar Reddy, who was appointed as an Additional Director of the company and holds office U/s 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Sec. 257 of the Companies Act, 1956, received a Notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation".

5. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution :

"Resolved that Mr. N. Mallikharjuna Reddy, who was appointed as an Additional Director of the company and holds office U/s 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Sec. 257 of the Companies Act, 1956, received a Notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation".

N.Mallikharjuna Reddy for the office of Director of the Company liable to retire by rotation.

**AUDITORS:**

M/s. A.M.Reddy & Co, Chartered Accountants, Hyderabad, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

**DIRECTORS RESPONSIBILITY STATEMENT:**

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000, your directors confirm --

- i) that in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) that 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 and of the Profit and loss account for that period.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on the going concern basis.

**PARTICULARS OF EMPLOYEES:**

No employee was in receipt of remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 and the rules framed there under, as amended to date.

**FIXED DEPOSITS:**

Your company has not accepted any deposits and as such no amount of principal or interest was outstanding on the date of the Balance Sheet.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM No.4**

Mr. M.Vijaya Kumar Reddy, who was appointed as an additional Director U/s.260 is liable to retire at the ensuing Annual General Meeting. The company has received a valid Notice and requisite Deposit from a member of the Company U/s 257 of the Companies Act, 1956, proposing the candidature of Mr.M.Vijaya Kumar Reddy for the office of Director of the Company liable to retire by rotation.

Hence Your Directors recommend the resolution for your approval.

None of your directors except Mr.M.Vijaya Kumar Reddy is concerned or interested in the resolution.

**ITEM No.5**

Mr. N.Mallikharjuna Reddy, who was appointed as an additional Director U/s.260 is liable to retire at the ensuing Annual General Meeting. The company has received a valid Notice and requisite Deposit from a member of the Company U/s 257 of the Companies Act, 1956, proposing the candidature of Mr. N.Mallikharjuna Reddy for the office of Director of the Company liable to retire by rotation.

Hence Your Directors recommend the resolution for your approval.

None of your directors except Mr. N.Mallikharjuna Reddy is concerned or interested in the resolution.

By Order of the Board of Directors

Place: Hyderabad  
Date : 01.12.2003

( D.SURENDRANATH REDDY)  
Managing Director

## **DIRECTOR'S REPORT**

To  
The members of Sowbhagya Exports Limited,  
Nellore.

We have pleasure in presenting the 8<sup>th</sup> Annual Report and the Audited Statement of accounts for the Financial Year ended 31.03.2003.

### **FINANCIAL RESULTS :**

	Current Year 2002 – 2003 (Rs. In Lakhs)	Previous Year 2001 – 2002 (Rs. In Lakhs)
Income	18.57	16.65
Profit before Interest and Depreciation	9.42	3.73
Interest	—	—
Depreciation	11.51	11.70
Profit before Tax	(2.09)	(7.97)
Provision for Taxation	—	—
Deferred Tax Asset	—	2.84
Net Profit	(2.09)	(5.12)

### **OPERATIONS:**

During the year under review your company has earned a total income of Rs.18.57 Lacs and incurred a Net Loss of Rs. 2.09 Lacs against an income of Rs. 16.65 Lacs and Net Loss of Rs.5.12 Lacs in the previous year. During the year under review shrimp culture faced difficult times due to failure of monsoon and high mortality rates. The company is confident of achieving better results in the coming years.

### **DIVIDEND**

Due to losses your Directors could not recommend Dividend on the capital.

### **DIRECTORS:**

Smt K.Sowsanyamma, Director retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment.

Sri.M.Vijaya Kumar Reddy and Sri N,Mallikharjuna Reddy were appointed as Additional Directors of the company during the year and are liable to retire at the ensuing Annual General Meeting. The company has received valid Notices and requisite Deposit from members of the Company U/s 257 of the Companies Act, 1956, proposing the candidature of Mr.M.Vijaya Kumar Reddy and Sri



**Information under Section 217 (1) (e) of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988:**

**a) Conservation of Energy:**

The operations of the Company involve very low energy consumption. However adequate measures have been taken to conserve the more energy.

**b) Technology Absorption:**

The Company has not imported any Technology.

**c) Foreign Exchange Earnings & Outgo:**

Foreign Exchange Earnings :	Nil
Foreign Exchange Outgo :	Nil

**CORPORATE GOVERNANCE**

Your company has taken necessary measures to comply with the provisions of Clause 49 of the listing agreement with the Stock Exchanges in respect of Corporate Governance.

A report on Corporate Governance along with a certificate of compliance from the Auditors and also the Management Discussion and Analysis report are annexed separately to this Annual report.

**GENERAL :**

The Company's shares are listed on Hyderabad, Mumbai and Chennai Stock Exchanges and the listing fee for the year 2002-2003 has been paid for Mumbai stock exchange.

**APPRECIATION:**

The Directors wish to place on record their appreciation to employees at all levels for their co-operation. Your directors would also acknowledge the continued support of the Company's Shareholders.

By Order of the Board of Directors

(D.SURENDRANATH REDDY)  
Managing Director

Place: Hyderabad  
Date : 01.12.2003.

**Information Supplied to the Board**

Sowbhagya believes in providing the directors all relevant and required information to enable them make well informed decisions. The following information is regularly placed before the Board:

- Annual Budget
- Quarterly and Half yearly results of the Company
- Minutes of Audit Committee and other committee meetings
- Any material defaults in financial obligations to and by the company in any aspect.
- Disclosures by management on material transactions if any including potential conflict of interest.
- Strategic and operational plans for running the business.

The Board of Directors is presented with detailed notes with required annexure on the above heads. These are presented as a part of the agenda papers of the meeting or directly tabled at the Board meetings

**Remuneration of Directors**

Remuneration paid or payable to Directors for 2002-2003 (Rs.) - Nil

No sitting fees is paid to the Directors for attending Board or Committee meetings. No commission or technical fee is paid to any director.

**Audit Committee.**

The Audit Committee of Sowbhagya Exports is comprised of three members under the chairmanship of an independent and non Executive Director. The terms of reference of the Audit Committee covers the areas mentioned in Clause 49 of the listing agreement of the stock exchange and Section 292A of the Companies Act, 1956.

The Audit Committee reviews

- The companies financial reporting process.
- Disclosure norms
- Internal control systems
- Accounting Policies
- Reports of the companies internal auditors
- Quarterly, half yearly and yearly financial statements
- Financial and risk policies

The Audit Committee met four times during the period. The composition and attendance of the members of the Committee are given in table 2.