

SOWBHAGYA EXPORTS LIMITED

NINTH ANNUAL REPORT

2003-2004

Report  junction.com

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

SOWBHAGYA EXPORTS LIMITED

C O N T E N T S

1. Notice of the Annual General Meeting
2. Director's Report
3. Auditor's Report
4. Balance Sheet
5. Profit and Loss Account
6. Schedule to Balance Sheet and Profit and Loss Account
7. Notes forming part of the Balance Sheet
8. Cash Flow Statement
9. Proxy Form & Attendance Slip

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

Corporation Bank, Nellore
Bank of Baroda, Hyderabad.

AUDITORS

M/s. A.M.REDDY & CO
CHARTERED ACCOUNTANTS
10-5-6/E, 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

SOWBHAGYA EXPORTS LIMITED

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

NOTICE TO MEMBERS

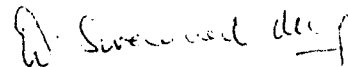
NOTICE is hereby given that the 9th Annual General Meeting of SOWBHAGYA EXPORTS LIMITED will be held at the Registered Office at H.No.3-375, Lakshmipuram, Nellore – 524 002, on Thursday the 30th September, 2004 at 10.30 AM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 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 Sri J. Jayarami Reddy Who retires by rotation and being eligible offers herself for reappointment.
3. To appoint a Director in place of Sri N. Mallikarjuna Reddy Who retires by rotation and being eligible offers herself for reappointment.
4. To appoint Statutory auditors and to fix their remuneration.

Report Junction.com

By Order of the Board of Directors



(D.SURENDRANATH REDDY)
Managing Director

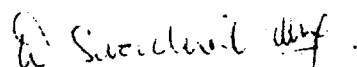
Place: Hyderabad
Date : 02.09.2004

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 25.09.2004 to 30.09.2004 (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.

By Order of the Board of Directors



(D.SURENDRANATH REDDY)
Managing Director

Place: Hyderabad
Date : 02.09.2004

Report  junction.com

DIRECTOR'S REPORT

To
The members of Sowbhagya Exports Limited,
Nellore.

We have pleasure in presenting the 9th Annual Report and the Audited Statement of accounts for the Financial Year ended 31.03.2004.

FINANCIAL RESULTS :

| | Current Year 2003 – 2004 (Rs. In Lakhs) | Previous Year 2002 – 2003 (Rs. In Lakhs) |
|---|---|--|
| Income | 22.64 | 18.57 |
| Profit before Interest and Depreciation | 10.09 | 9.42 |
| Interest | -- | -- |
| Depreciation | 11.44 | 11.51 |
| Profit before Tax | (1.35) | (2.09) |
| Provision for Taxation | -- | -- |
| Deffered Tax Asset | -- | -- |
| Net Profit | (1.35) | (2.09) |

OPERATIONS:

During the year under review your company has earned a total income of Rs.22.64 Lacs and incurred a Net Loss of Rs. 1.35 Lacs against an income of Rs. 18.57 Lacs and Net Loss of Rs.2.09 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:

Sri J.Jayarami Reddy and N.Mallikarjuna Reddy, Directors who retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

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.

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.

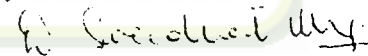
GENERAL :

The Company's shares are listed on Hyderabad, Mumbai and Chennai Stock Exchanges and the listing fee for the year 2003-2004 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 : 02.09.2004.

ANNEXURE TO THE DIRECTOR'S REPORT**COMPLIANCE REPORT ON CORPORATE GOVERNANCE*****Company's philosophy on corporate governance***

A strong governance process is integral to business success. For an important reason: a broad based governance initiative harmonizes the interest of all shareholders.

At Sowbhagya, a commitment to a mature governance process is leading to stronger business prospects, a growth of business partners (customers and suppliers), enhanced employee and investor wealth as well as an increased societal development at large.

Board of Directors***Composition of the Board***

The Board of Directors of Sowbhagya consists of five directors out of which one is executive and four are non-executive. The composition of the Board during the financial year under review is presented in detail in the table

Number of Board Meetings

During the financial year under review, the Board of Directors met 7 times on 28.04.2003, 28.07.2003, 01.09.2003, 20.10.2003, 31.10.2003, 01.12.2003 and 24.01.2004. As stipulated in Clause 49, the maximum time gap between any two meetings was not more than four months.

Directors' Attendance Record and Directorships

Details are given in Table 1.

Table: 1 Details of the Board of Directors

| Name of the Director | Executive / Non-Executive Director | No. of meetings Held during his Tenure | No. of meetings Attended | Whether Attended Last AGM | No. of Outside directorships |
|-----------------------|------------------------------------|--|--------------------------|---------------------------|------------------------------|
| D.Surendranath Reddy | Executive | 7 | 7 | Yes | 1 |
| K.Sowjanyaamma | Non Executive | 7 | 7 | Yes | — |
| J.Jayarami Reddy | Non Executive | 7 | 7 | Yes | — |
| M.Vijaya Kumar Reddy | Non Executive | 7 | 7 | Yes | — |
| N.Mallikharjuna Reddy | Non Executive | 7 | 7 | Yes | — |

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 2003-2004 (Rs.) - Nil

No sitting fee 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 company's 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.