

SOWBHAGYA EXPORTS LIMITED

TENTH ANNUAL REPORT

2004-2005

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

SOWBHAGYA EXPORTS LIMITED

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SOWBHAGYA EXPORTS LIMITED

DIRECTORS

Sri. D.Surendranath Reddy
Smt. K.Sowjanyaamma
Sri. J.Jayarami Reddy
Sri. M.Vijaya Kumar Reddy
Sri. N.Mallikharjuna Reddy
Sri. E.V. Raja Reddy

Managing Director
Director
Director
Director
Director
Director

BANKERS

Corporation Bank, Nellore
Bank of Baroda, Hyderabad.

AUDITORS

M/s. RAJAVENKAT & ASSOCIATES
CHARTERED ACCOUNTANTS
1C, Parameswara Apts,
6-3-626, Anand Nagar, Khairatabad,
Hyderabad - 04.

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 10th Annual General Meeting of **SOWBHAGYA EXPORTS LIMITED** will be held at the Registered Office at H.No.3-375, Lakshmipuram, Nellore – 524 002, on Friday the 30th September, 2005 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, 2005 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 a Director in place of Sri M. Vijaya Kumar Reddy Who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Statutory auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

“Resolved that Sri E.V. Raja 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”.

6. To consider if thought fit, to pass with or without modification(s) the following resolution as an Special Resolution:

“Resolved that pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956 consent of the company be and is hereby accorded to the Board of Directors of the Company to shift the Register of Members and Index of Members from M/s. Venture Capital &

Corporate Investments Limited, Progress Towers, 3rd Floor, Khairatabad, Hyderabad -500004 to M/s Ikon Visions Pvt. Ltd. Registrars & Share Transfer Agents, 33, Sanali Heavens, 8-3-948, Ameerpet, Hyderabad 500073".

By Order of the Board of Directors

Sd/-

(D.SURENDRANATH REDDY)
Managing Director

Place: Hyderabad
Date : 01.09.2005

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 28.09.2005 to 30.09.2005 (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.

Annexure to the Notice : (Item No. 2 & 3)

Information on Directors seeking appointment/re-appointment is furnished below in terms of Clause 49 of the Listing Agreement with Stock Exchanges:

Smt K. Sowjanyaamma, aged 57 years is a Promoter of the company and involved in its growth. She was appointed as Director of the company on 06.03.2001. She was not holding directorship in any other company and / or committee of directors.

Sri M.Vijaya Kumar Reddy, aged 30 years, is a Commerce Graduate and an Independent Director. He was appointed as Director of the company on 25.10.2002. He was not holding directorship in any other company and / or committee of directors.

EXPLANATORY STATEMENT U/s. 173(2) OF COMPANIES ACT, 1956:**ITEM NO. 5:**

Sri E.V. Raja Reddy 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 Sri E.V. Raja 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 Sri E.V. Raja Reddy is concerned or interested in the resolution.

ITEM NO. 6

Pursuant to the guidelines issued by the Securities and Exchange Board of India, vide circular number D&CC/FITTC/CIR-15/2002 dated December 27th, 2002 regarding 'Appointment of Common Agency for Share Registry work', the Board of Directors have appointed M/s. Venture Capital & Corporate Investments Limited as the Registrar and Share Transfer Agents (RTA) of the Company for both physical and demat segments. Keeping the present needs of the company in mind and in order to give better services to the shareholders, the Board passed a resolution to change the RTA from M/s. Venture Capital & Corporate Investments Limited to M/s. Ikon Visions Private Limited as Registrars & Transfer Agents to undertake share transfers in both physical and demat segment. The Company has also received the approvals from the specified authorities in this regard.

Now it is proposed to shift the Register of Members and index of members from existing RTA M/s. Venture Capital & Corporate Investments Limited, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad to M/s. Ikon Visions Private Limited, 33, Sanali Heavens, 8-3-948, Ameerpet, Hyderabad – 500 073.

Under Section 163 of the Companies Act, 1956 the approval of the members is required for this purpose.

Your Directors recommend the resolution for approval.

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

By Order of the Board of Directors

Sd/-

(D.SURENDRANATH REDDY)

Managing Director

Place: Hyderabad

Date : 01.09.2005



DIRECTOR'S REPORT

To
The members of Sowbhagya Exports Limited,
Nellore.

We have pleasure in presenting the 10th Annual Report and the Audited Statement of accounts for the Financial Year ended 31.03.2005.

FINANCIAL RESULTS :

	Current Year 2004 – 2005 (Rs. In Lakhs)	Previous Year 2003 – 2004 (Rs. In Lakhs)
Income	355.88	22.64
Profit before Interest and Depreciation	44.90	10.09
Interest	--	--
Depreciation	11.44	11.44
Profit before Tax	33.46	(1.35)
Provision for Taxation	--	--
Deferred Tax Liability	17.60	--
Net Profit	15.86	(1.35)

OPERATIONS:

During the year under review the operations have yielded satisfactory results. The company has earned a total income of Rs.355.88 Lacs and earned a Net Profit of Rs. 15.86 Lacs against an income of Rs. 22.64 Lacs and Net Loss of Rs.1.35 Lacs in the previous year. The company is confident of achieving better results in the coming years.

DIVIDEND

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

DIRECTORS:

Smt K. Sowjanyaamma and Sri M. Vijaya Kumar Reddy, Directors who retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Sri E.V. Raja Reddy was appointed as an Additional Director of the Company with effect from 30th July, 2005. Hence, the resolution for regularization of Sri E.V. Raja Reddy as Director of the Company is proposed for the approval of the Members.

AUDITORS:

M/s. Rajavenkat & Associates, 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 2004-2005 has been paid.

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.

Place : Hyderabad
Date : 01.09.2005

By Order of the Board of Directors

Sd/-
(D.SURENDRANATH REDDY)
Managing Director