

TWENTY SIXTH ANNUAL REPORT 2007-2008



VBC FERRO ALLOYS LIMITED

(AN ISO 9001 : 2000 COMPANY)

6-2-913/914, Third Floor, Progressive Towers,
Khairatabad, Hyderabad - 500 004,
Andhra Pradesh, INDIA.

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TWENTY SIXTH ANNUAL GENERAL MEETING

Day : Friday
Date : 05.09.2008
Time : 03.00 P.M.
Venue : Surana Udyog Auditorium, FAPCCI, 11-6-841
Red Hills, HYDERABAD - 500 004

REGISTERED OFFICE

6-2-913/914, Third Floor, Progressive Towers, Khairatabad,
HYDERABAD - 500 004. ANDHRA PRADESH, INDIA
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WORKS

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Medak District, ANDHRA PRADESH
Tel: 08455-220084, 08455-220130, Fax: 08455-220142

GIFTS WILL NOT BE DISTRIBUTED AT THE AGM



VBC FERRO ALLOYS LIMITED

BOARD OF DIRECTORS

Dr. M.V.V.S. MURTHI	Chairman
Dr. P.L. SANJEEV REDDY	Director
Sri M.N. RAO	Director
Sri G. NARAYANAN	Director
Sri M.S. LAKSHMAN RAO	Managing Director

AUDIT COMMITTEE

Sri M.N. RAO	Chairman
Dr. M.V.V.S. MURTHI	Member
Dr. P.L. SANJEEV REDDY	Member

INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE

Dr. M. V. V. S. MURTHI	Chairman
Sri M. N. RAO	Member
Sri M. S. LAKSHMAN RAO	Member

REMUNERATION COMMITTEE

Dr. P.L. SANJEEV REDDY	Chairman
Dr. M.V.V.S. MURTHI	Member
M.N. RAO	Member

COMPANY SECRETARY

Sri V.V.V.S.N. MURTY	CS & Compliance Officer
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SENIOR MANAGEMENT STAFF

Sri K. KAILASNATHA REDDY	Vice President (Finance)
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AUDITORS :

M/s. BRAHMAYYA & CO.,
Chartered Accountants,
VISAKHAPATNAM.

BANKERS :

BANK OF INDIA
Nampally Station Road,
HYDERABAD.

SHARE TRANSFER AGENTS

VENTURE CAPITAL & CORPORATE INVESTMENTS PVT. LIMITED
12-10-167, Bharat Nagar, HYDERABAD - 500 018.
Tel: +91 40 23818475 / 76, Fax: +91 40 23868024
e-mail : info@vccilindia.com

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the meeting.



VBC FERRO ALLOYS LIMITED

NOTICE OF 26th ANNUAL GENERAL MEETING

Notice is hereby given that 26th Annual General Meeting of the Members of VBC Ferro Alloys Limited will be held on **Friday, the 05th September, 2008 at 3.00 pm** at Surana Udyog Auditorium of The Federation of Andhra Pradesh Chambers of Commerce & Industry situated at 11-6-841, Red Hills, Hyderabad - 500 004, to consider the following: -

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt Balance Sheet as at 31st March 2008, Profit & Loss Account for the year ended on that date, report of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Dr. M.V.V.S. Murthi, who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors for the financial year 2008-09 to hold office till the conclusion of next Annual General Meeting and fix their remuneration. M/s. Brahmayya & Co., Chartered Accountants, the retiring auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 255 and other applicable provisions of the Companies Act 1956, Shri. G. Narayanan who has been appointed on 17th July 2008 as an additional director on the Board in accordance with the provisions of Article 104 of the Articles of Association of the Company and Section 260 of the Companies Act 1956 be and is hereby appointed as Director of the Company and shall be liable to retire by rotation in accordance with the provisions of Sections 255 and 256 of the Companies Act 1956."

6. **Rights Issue**

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

"RESOLVED that in terms of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of the Articles of Association of the company and the listing agreement entered into by the company with the stock exchanges where the shares of the company are listed and subject to the approvals, permissions and sanctions of the concerned authorities as may be necessary, and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions and subject to the conditions as may be imposed by the Securities and Exchange Board of India (SEBI), which may be agreed to by the Board of Directors of the company including any committee constituted thereof (hereinafter called the Board), at its sole discretion, the consent of the company be and is hereby accorded to the Board to create, offer and issue to the holders of the equity shares of the company such right shares to the existing shareholders of the company on the record date fixed by the Board and to such other persons as are set out hereunder, such number of equity shares of the company of the face value of Rs.10/- each as may be required, for subscription in cash and at such premium per share as may be determined by the Board prior to the issue and offer thereof and ranking pari passu with the then existing equity shares of the company, save and except that such new equity shares shall only be entitled to pro-rata dividend for the financial year in which they are allotted, proportionate to the capital for the time being and from time to time paid thereon and to the period and periods for which such capital shall have been paid up respectively and on such other terms and conditions as the Board in its absolute discretion may deem fit.

RESOLVED FURTHER that the offer of equity shares on right basis shall be subject to the following terms and conditions and such other terms and conditions as may be necessary or stipulated in the Letter of Offer:

- a. The offer shall be made in the first instance to all existing shareholders of the Company whose names appear in the Register of Members on the record date fixed by the Board for this purpose
- b. The shareholders to whom new equity shares are offered shall be entitled to apply for additional shares provided that a shareholder who has renounced his right in whole or in part shall not be entitled to allotment of additional shares



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- c. The offer of rights shall include a right to renounce the shares in favour of any other person(s) provided such renunciation is made before closing of the offer. The shareholders shall be entitled to apply for additional shares in their own names provided that such shareholders have subscribed to their 'Right Entitlement' in full
- d. Renouncee may also apply for additional shares in their own names provided that they have accepted all the shares renounced in their favour. Renouncee will be entitled to be allotted to additional shares only if there is any surplus after allotment to the extent of right entitlement exercised, additional shares applied by the shareholders of the company
- e. The allotment of the new equity shares to Non – Residents/Overseas Corporate Bodies/Foreign Institutional Investors will be subject to the approval of Government of India and/or Reserve Bank of India, if necessary
- f. If any shares offered as "Rights" to the shareholders still remain un – subscribed, the Board shall have full discretion and absolute authority to offer them to whomsoever they may deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable and to settle any question, difficulty or doubts that may arise in regard to the offer, issue, allotment and utilization of the proceeds of the right issue including power to decide, accept, agree to any alteration in the size of the issue, the price of the shares to be issued or such other terms and conditions of the said issue as may be suggested or decided in consultation with the Lead Manager/SEBI or other concerned authorities and applicable guidelines from time to time and further to do all such acts, deeds, matters and things and to effect any modification to the foregoing in the best interest of the company and its shareholders and to execute all such writings and instruments as the Board may in its absolute discretion deem necessary or desirable.

7. Copies of the following resolution are sent to the Members for passing the same through postal ballot in accordance with the provisions of Section 192A of the Companies Act, 1956:

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

"RESOLVED THAT pursuant to the provisions of **Section 372A** and other applicable provisions, if any, of the Companies Act 1956 and subject to the approval of Financial Institutions, if required, the consent of the Company be and is hereby accorded to the Board of Directors to provide Guarantees in connection with the Financial Assistance availed of/ being/proposed to be availed of by the following Companies to the extent noted against each viz:

(Rs. in Crores)

S.L No	Name of the Company	Existing Guarantee Limits	Proposed Guarantee Limits	Total Guarantee Limits
1	Orissa Power Consortium Limited	40.00	40.00	80.00
2	Karthik Rukmini Alloys & Energy Limited	-	100.00	100.00

the value of the guarantees now proposed shall also be in excess of the limit prescribed under Section 372A of the Companies Act, 1956 and/ or as may be prescribed hereafter under the said Section and/ or under any other provisions of the said Act and these limits shall be in addition to the existing Loan/Guarantee/Investment Limits for which members have already approved at the 18th and 25th Annual General Meetings of the Company."

"RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things as are necessary to comply with this resolution."

By Order of the Board
for VBC Ferro Alloys Limited

Sd/-

V.V.V.S.N. MURTY
Company Secretary

Place : Hyderabad
Date : 17-07-2008



VBC FERRO ALLOYS LIMITED

NOTES:

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN **48 HOURS** BEFORE THE MEETING.
2. Explanatory Statement in respect of item Nos. 5, 6 and 7 of the Notice is annexed hereto in pursuance of Section 173(2) of the Companies Act, 1956.
3. For the convenience of Members, Attendance Slip is annexed to this Notice. Members / Proxies / Authorised Representatives are requested to fill in and affix their signatures at the space provided therein and submit the same at the venue of the Annual General Meeting.
4. Copies of Annual Report will not be distributed at the venue of General Meeting and therefore, Members are requested to bring their copies of the Annual Report which are mailed by the Company to them at their registered addresses.
5. Pursuant to Section 154 of the Companies Act, 1956 and Clause 41 of the Listing Agreement, Register of Members and Share Transfer Books of the Company will be closed from **FRIDAY the 29th AUGUST, 2008 to FRIDAY the 05th SEPTEMBER, 2008 (Both days inclusive)**, for the purpose of Annual General Meeting and ascertainment of entitlement for payment of dividend.
6. The dividend @ 20% for the year ended March 31, 2008 as recommended by the Board of Directors, if approved at the Annual General Meeting, will be payable to those shareholders whose names appear on the Company's Register of Members:
 - a) as beneficial owners at the end of the business hours on 28th August, 2008 as per the list to be furnished by National Securities Depository Limited(NSDL) and Central Depository Services(India) Limited(CDSL) in respect of shares held on Dematerialised form.
 - b) as shareholders in the register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before 28th August 2008.
7. Members who wish to seek any further information / clarification at the meeting, on the annual accounts or operations of the Company are requested to send their queries at least one week in advance from the date of the Meeting to the Company Secretary at Registered Office of the Company.
8. Members are requested to quote Folio No. / DP ID and Client ID in all correspondence and intimate any change in their address to the Company's Share Transfer Agents promptly.
9. Members who have multiple folios in identical names or joint holding in the same order are requested to intimate the Company's Registrars and Share Transfer Agents, the Ledger Folios of such holding to enable them consolidate all such shareholdings into a single folio.
10. In accordance with the Special Resolution passed at 21st Annual General Meeting, Company's shares have been delisted from The Hyderabad Stock Exchange Limited and The Madras Stock Exchange. Application made to Calcutta Stock Exchange Association Limited for de-listing of its shares is under process. Annual Listing Fee for the financial year 2008-09 has been paid to Bombay Stock Exchange Limited, Mumbai where the Company's shares are listed.
11. Members are requested to avail the facility of converting their physical shareholdings into electronic mode of holding for their own convenience coupled with increased flexibility in dealing with such shares.
12. The dividend for the following years remaining unclaimed for 7 years from the date of declaration are required to be transferred by the Company to Investor Education and Protection Fund (IEPF) and the various dates for transfer of such amounts are as under:-

Financial Year	Unclaimed Dividend (Rs)	Date of declaration as on 31 st March, 2008	Due for transfer to IEPF
2002-03	2,24,479.00	30-09-2003	31.10.2010
2003-04	2,48,776.00	30-09-2004	31-10-2011
2004-05	4,02,255.00	30-09-2005	31-10-2012
2005-06	10,42,606.00	24-07-2006	24-08-2013
2006-07	4,29,920.00	17.08.2007	17.09.2014



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13. As required under Clause 49 of the Listing Agreements with Stock Exchanges, brief particulars of Dr. M.V.V.S. Murthi who is proposed to be re-appointed as Director are provided below:

Dr. M. V. V. S. MURTHI

Dr. M. V. V. S. Murthi is the promoter of VBC Ferro Alloys Limited and VBC Industries Limited. He is basically a Post Graduate in Arts and did his Ph.D in Economics. Before transforming into an industrialist he was a practicing Advocate in the High Court of Andhra Pradesh. He is a distinguished personality in politics also. Apart from being the Chairman of VBC Ferro Alloys Limited, he is the Chairman of VBC Industries Limited and holds directorship in M/s Orissa Power Consortium Limited & Techno Infratech Projects (India) Private Limited. Further, he is the Chairman of Share Transfer Committee of M/s. VBC Industries Limited.

As on 31st March, 2008, Dr. M V V S Murthi is holding 1,57,769 (3.76%) number of shares of the Company.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.5: Appointment of Shri G. Narayanan

Name of the Director	: G. Narayanan
Date of Birth	: 20.06.1938
Occupation	: Ex-Chairman and Managing Director, Andhra Bank
Expertise in specific functional areas	: Held several senior positions in various public sector banks.
Directorships in other Companies	: NIL
Committee positions held in other Companies	: NIL
Shareholding in the Company	: NIL

Brief Profile:

G. Narayanan (aged 70 years), a Ex-Chairman and Managing Director, Andhra Bank, during the period spanning over 38 years in the Indian Banking Sector, held various sensitive, responsible, challenging and top-level assignments in different public sector Banks. He also served in Shanta Brothers Transmission Lines Engineers Limited as Chief Internal Auditor.

G. Narayanan did his B.Com from Madras University. He is a Fellow Member of the various professional bodies viz., Institute of Chartered Accountants of India, Indian Institute of Bankers, Indian Administrative Management and Indian Council of Arbitrators. He is an Associate Member of Institute of Cost & Management Accountants of India. He did Diploma in Corporate Law. He also completed Management Accountant (MAC-1).

In order to utilize his vast knowledge and experience in Banking and Financial Services, Board of Directors at their Meeting held on 17th July, 2008 appointed him as an Additional Director on the Board in accordance with the provisions of Article 104 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956.

The Company has received a notice from a Member under Section 257(1) of the Companies Act, 1956 proposing the candidature of Shri. G. Narayanan as a Director. Board considers it to be beneficial in the interest of the Company to have the guidance and advice of Shri G. Narayanan and accordingly recommend his appointment as a Director.

None of the Directors of the Company except Shri G. Narayanan are interested in the said resolution.

Item No.6: Rights Issue

As the Members are aware, in consultation with M/s SBI Capital Markets Limited, Manager to the Rights Issue, the Company withdrew Draft Letter of Offer from SEBI for the earlier proposed Rights Issue.

Members are also aware that your Company is proposing to setting up a 65 MW Pit Head Coal Based Power Plant at Jagannathpur Village, Sirpur Kaghaznagar Mandal, Adilabad District of Andhra Pradesh in association with M/s. Karthik Rukmini Alloys & Energy Limited, which has obtained the necessary Long Term Coal Linkage from the Ministry of Coal, Govt. of India. The total Project Cost will be Rs.300 crores. M/s. Karthik Rukmini Alloys & Energy Limited has already approached for financial assistance from M/s. Power Finance Corporation Limited of an amount of Rs.130 crores. The Proposed equity capital of M/s. Karthik Rukmini Alloys & Energy Limited is Rs.90 crores and your Company would like to contribute Rs.40 crores in the equity of the said Project.



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Out of the total Rights Issue, Rs.40 crores will be invested in the above said 65 MW Captive Power Plant. Your Company also proposes to deploy part amount of the issue to increase its production capacity by way of modernization of plant to reduce the cost of production and to strengthen the working capital requirements of the Company.

Besides your Company also proposes to invest part amount of the Rights Issue in the equity share capital of M/s Konaseema Gas Power Limited for expansion of its 445 MW of gas based power plant to 1265 MW plant.

Your Directors are of the opinion that once your Company set up 65 MW Captive Power Plant and modernization of plant and strengthens its working capital requirements, the financial as well as operational performance of the company would improve substantially. To finance these activities, it is proposed to raise equity capital by way of the proposed Right issue.

After successful implementation of the 65 MW Coal Based Captive Power Plant, your Company would be getting power at a very cheaper rate, which will make the operations of the company economically viable and more profitable.

The Board of Directors recommends the proposed resolution for acceptance by the Members

The Directors are interested in the above resolution to the extent of their shareholding in the Company.

Item No.7 - CORPORATE GUARANTEE PROVIDED UNDER SECTION 372A OF THE COMPANIES ACT, 1956:

You Company has invested, as one of the Promoter of OPCL in the Equity Share Capital of M/s Orissa Power Consortium Limited (OPCL), which is setting up a 20MW Hydro Electric Power Project. Your Directors extended an additional Corporate Guarantee of Rs.14.75 Crores (Rupees Fourteen Cores Seventy Five Lakhs Only) on behalf of OPCL in favour of Power Finance Corporation Limited (PFC), Rural Electrification Corporation Limited (REC) and UCO Bank on 17.07.2008 in addition to the guarantee of Rs.36.35 Crores already given, out of the limit of Rs.40.00 Crores, which was approved by the Shareholders earlier. As issuance of additional guarantee exceeds the limits sanctioned by Shareholders earlier, the confirmation of Shareholders at a General Meeting is required. However, your Directors feel that the company may require to provide further guarantees to various financial institutions or banks on behalf of Orissa Power Consortium Limited and as such the approval of the members is being sought for the guarantee already given as per the provisions of subsection (b) of Section 372A and proposed to be given upto an amount of Rs.80.00 Crores (Rupees Eighty Crores Only).

You are aware that M/s. Karthik Rukmini Alloys and Energy Limited (KRAEL) in which your Company intends to hold substantial equity, is setting up a Captive Power Plant of 65 MW at Jagannathpur Village, Sirpur Kagahznagar Mandal, Adilabad District, A.P. The necessary financial assistance from PFC and other financial institutions is being actively pursued. The Company may be required to extend Corporate Guarantees for the loans that may be sanctioned to KRAEL, besides your company may require to give loans and advances. Accordingly your directors considered that it is in the interest of the company to give such loans/advances and/ or provide such guarantees/securities on behalf of KRAEL upto a limit not exceeding Rs.100.00 crores (Rupees Hundred Crores Only)

Since the aggregate value of the proposed guarantees, which are in addition to the existing loan/guarantee/investment limits already approved by the members at the 18th and 25th Annual General Meetings of the Company respectively, will be in excess of the limits specified in Section 372A of the Companies Act, 1956, approval of the Shareholders by way of a Special Resolution, in terms of Section 192A of the Companies Act, 1956 is sought by Postal Ballot.

The Company will obtain approval of the Shareholders by way of Special Resolution in terms of Section 372A of the Companies Act, 1956, read with Section 192A of the Companies Act, 1956

The Board of Directors commends the above special resolution for your approval through postal ballot.

None of the Directors of the Company except Dr. M. V. V. S. Murthi as Director of OPCL and Shri M. S. Lakshman Rao as Director of OPCL and KRAEL are interested in the proposed resolution.

By Order of the Board
for VBC Ferro Alloys Limited

Sd/-

V.V.V.S.N. MURTY
Company Secretary

Place : Hyderabad
Date : 17-07-2008



VBC FERRO ALLOYS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 26th Annual Report of VBC Ferro Alloys Limited with the audited Statement of accounts for the year ended 31st March 2008.

FINANCIAL RESULTS :

(Rs. in Lakhs)

PARTICULARS	Current Year 2007-2008	Previous Year 2006-2007
Profit before Interest and Depreciation	664.50	736.92
Interest	(421.43)	(438.54)
Depreciation	(146.69)	(154.66)
Profit before taxation	96.38	143.72
Provision for taxation : Current Tax	(11.00)	(16.50)
Deferred Tax	(32.76)	189.89
Fringe Benefit Tax	(5.00)	(5.75)
For earlier years	256.11	44.13
MAT Credit Entitlement	11.00	16.50
Profit after tax	314.73	371.99
Profit brought forward from previous year	3687.42	3533.58
Profit available for appropriation	4002.15	3905.57
Transfer to General Reserve	414.90	120.00
Proposed Dividend	83.89	83.89
Tax on Proposed Dividend	14.26	14.26
Profit carried over	3489.10	3687.42

DIVIDEND:

Your Directors have recommended a dividend of 20% (Rs 2.00 per share of face value of Rs 10) for the financial year ended on 31st March, 2008.

BUSINESS PERFORMANCE:

During the financial year 2007-2008, your company has produced 7111 MT Ferro Silicon, 3431 MT Silico Manganese against the production of 10,486 MT Ferro Silicon and 9,948 MT Silico Manganese during the previous year. There has been decrease in the net sales of the company of Rs 4,647.91 lacs as against Rs 6,502.23 lacs of the previous year. The decline in turnover is attributed to non-availability of Manganese Ore and stoppages during the change of production from Silico Manganese to Ferro Silicon. However, your company has been able to earn a profit before tax of Rs 96.38 lacs as against the profit before tax of Rs 143.72 lacs during the previous year. The profit after tax is Rs 314.73 lacs as against Rs 371.99 of the previous year.

PROSPECTS:

Iron and Steel Industry in India is on an upswing because of the strong global and domestic demand. India's rapid economic growth and soaring demand by sectors like infrastructure and automobiles at home and abroad has put Indian steel industry on the global map, thus creating higher demand for your Company's products. In view of the market demand, your company is producing Ferro Silicon from both Furnaces for domestic consumption as well as for export which is expected to result in higher realizations. The expected market growth with higher realizations, the prospects of your company during the current year is expected to be optimistic.



VBC FERRO ALLOYS LIMITED

Status of Rights Issue:

In consultation with M/s SBI Capital Markets Limited, Managers appointed to the rights issue, your company withdrew draft letter of offer from SEBI for the proposed rights issue, for the time being.

DIRECTORS

In accordance with the provisions of Section 255 of The Companies Act, 1956 and clause 108 of the Articles of Association of the Company, Dr. M.V.V.S. Murthi, who is liable to retire by rotation and being eligible, offers himself for re-appointment. Board recommends his re-appointment. In accordance with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, brief particulars of Dr. M.V.V.S. Murthi is provided in the Notes annexed to the Notice of the AGM and is forming part of this Annual Report.

Sri G. Narayanan has been appointed as an additional director on 17th July, 2008 and Board recommends for his appointment u/s 255 & 256 of the Companies Act 1956.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION:

In compliance with the requirements of Section 217(1) (e) of the Companies act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the statement showing the particulars in relation to conservation of energy, technology absorbed and foreign exchange earning and outgoings is furnished and forms part of this report.

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement, Reports on Management Discussion & Analysis and Corporate Governance together with the Certificate of Auditors on Corporate Governance are provided separately in this Annual Report and form part of Directors' Report.

FIXED DEPOSITS

The company has not accepted any fixed deposits. **PERSONNEL**

Your Company is maintaining cordial relations with the employees. Your Directors and Management express happiness for commitment shown by the employees.

INSURANCE

Your company's movable and immovable assets have been adequately insured against various risks.

PARTICULARS OF EMPLOYEES READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES AS AMENDED

There is no employee covered under Section 217 (2A) of the Companies Act, 1956.

AUDITORS:

M/s Brahmayya & Co., Chartered Accountants, the Statutory Auditors of the Company, holds office up to the conclusion of the forthcoming Annual General Meeting and has given their consent for re-appointment. The Company has received a written conformation from M/s Brahmayya & Co., to the effect that their appointment, if made, would be in conformity with the limits prescribed in Section 224(1B) of the Companies Act, 1956.

Your Directors recommend their re-appointment for the financial year 2008-09.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 217(2AA) of the Companies Act 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of annual accounts for the financial year ended 31st March 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) such accounting policies have been selected and applied and that such judgements and estimates have been made as 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 or loss of the company for the period.