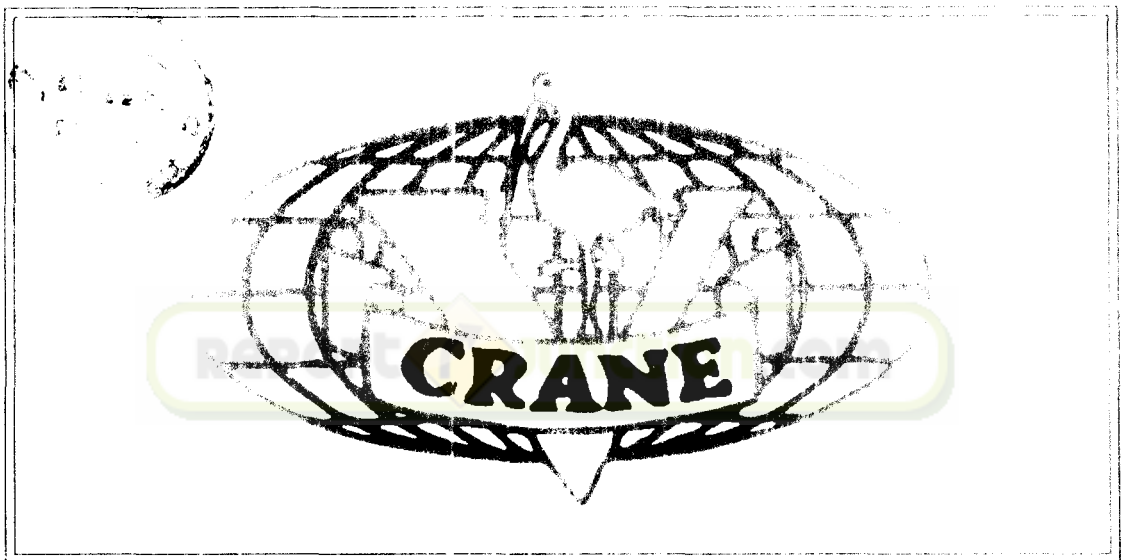


ELEVENTH ANNUAL REPORT

2002 - 2003



VIRAT CRANE INDUSTRIES LIMITED
GUNTUR



Virat Crane Industries Ltd.

BOARD OF DIRECTORS	:	Sri G. Subba Rao	Chairman
	:	Sri G.V.S.L.Kantha Rao	Managing Director
	:	Sri R.Jagadish Kumar	
	:	Sri N.C. Vijaya Raghavan	
	:	Sri P. Bhaskara Rao	
AUDITORS	:	Jawahar and Associates	
	:	Chartered Accountants	
	:	C-5 Skylark Apartment,	
	:	Basheerbag,	
	:	HYDERABAD-29.	
BANKERS	:	The Vysya Bank Ltd.,	
		4th Lane, Arundelpet,	
		Guntur.	
		The Lakshmi Vilas Bank Ltd.,	
		Patnam Bazar, GUNTUR.	
LEGAL ADVISOR	:	Mr. K. Ramesh Babu	
		Advocate,	
		4-7-56, Koritipadu,	
		GUNTUR.	
REGISTRARS & SHARE TRANSFER AGENTS	:	M/s Sathguru Management	
		Consultants Pvt. Ltd.,	
		Plot no. 15,	
		Hindi Nagar, Punjagutta,	
		HYDERABAD - 500 034.	
REGISTERED OFFICE	:	D. NO. 25-2-1,	
		G.T. ROAD,	
		OPP. MASTAN DARGA,	
		GUNTUR.	
FACTORY	:	Ankireddypalem Village,	
		Chilakaluripet Road,	
		GUNTUR.	



Virat Crane Industries Ltd.

NOTICE :

NOTICE is hereby given that 11th Annual General Meeting of the Company will be held at the factory premises of the Company at Ankireddypalem Village, Chilakaluripet Road, Guntur, on Tuesday 30.09.2003 at 10.00 A.M to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2003 and Profit & Loss Account for the year ended 31.03.2003 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri P.Bhaskara Rao who retires by rotation and being eligible offers himself for re-election.
3. To appoint M/s Jawahar and Associates, Chartered Accountants the retiring auditors of the company who shall hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting of the Company.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modifications, the following resolutions as a Special Resolutions:

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 311 & 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals as may be required, the Company hereby approves the re-appointment of GVSL Kantha Rao as the Managing Director of the Company for a period of 5 years with effect from 01.11.2003 on the terms including payment of remuneration, and perquisites as set out here under :

- 1) **SALARY** : Rs. 15000/- PM.
- 2) **PERQUISITES** : Following perquisites in addition to salary, perquisites shall be restricted to an amount equal to Rs. 5000/- P.M
 - i) **HOUSING** : HRA at 20% of the Salary, Reimbursement of Expenditure on Gas Electricity, Water and Furnishings subject to a ceiling of 10% of salary
 - ii) **MEDICAL REIMBURSEMENT** : Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

iii) **LEAVE TRAVEL CONCESSION** : L.T.C. for self and family once in a year in accordance with the rules of the Company.

iv) **CLUB FEES** : Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

v) **PERSONAL ACCIDENT INSURANCE** : Premium not exceeding Rs.1000/- per annum.

3) **GRATUITY** : Not exceeding half months salary for each completed year of service subject to a ceiling of Rs.100000/-.

4) Company's Car for Company's business and Company's Telephone at residence for Company's business. These are not treated as perquisites. However personal long distance calls on Personal Account and use of Car on private purpose shall be billed by Company.

“RESOLVED FURTHER that where in any financial year closing on or after 1st April, 2003, the Company has no profits or its profits are inadequate, the Company may pay to G.V.S.L Kantha Rao, Managing Director, the above remuneration, by way of salary, perquisites and other allowances as minimum remuneration, the aggregate of which shall not exceed the limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to vary and / or revise the remuneration of the Managing Director within the overall limits approved herein and settle any question or difficulties in connection therewith or incidental thereto.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to these resolutions”.

BY ORDER OF THE BOARD
FOR VIRAT CRANE INDUSTRIES LTD.,

Sd/
G.V.S.L. KANTHA RAO
Managing Director

PLACE : GUNTUR

DATE : 28.08.2003.



Virat Crane Industries Ltd.

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 and such proxy need not be a member of the company. Instrument of proxies in order to be effective must be deposited at the Company's registered office at not less than forty eight hours before the meeting.
2. The Register of Members and Share Transfer Books will remain closed from 26.09.2003 to 30.09.2003 (both days inclusive).
3. Explanatory statement pursuant to Section 173 of the Companies Act is annexed.
4. Members/Proxies shall fill the attendance slip for attending the meeting.
5. Members who hold Shares in Dematerialized form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
6. Members are requested to inform immediately the change, if any of address registered with the company.
7. Members desiring to seek any information on the Annual Accounts are requested to write to the company at an early date to enable compilation of information.
8. Sathguru Management Consultants Pvt. Ltd., are Registrars and Transfer Agents for both 'Demat' and physical form of share. The members may contact them at M/S Sathguru Management Consultants Pvt.Ltd., Plot No.15m Hindi Nagar,Punjagutta,,Hyderabad-500 034.Tel.No. 23350586, 23356975 Fax No.23354042

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956:

Item No:4

Sri GVSL Kantha Rao was appointed as the Managing Director of the Company w.e.f . 01.11.1998 by the members in the Annual General Meeting held on 29.09.1998 for a period of 5 years. And the terms of office expires on 31.10.2003. The Board of Directors of the Company at their meeting

held on 28-.08.2003, have re-appointed, subject to members consent, Sri GVSL Kantha Rao as Managing Director of the Company for a further period of 5 years w.e.f 01.11.2003. The terms and conditions including remuneration payable to GVSL Kantha Rao are set out in the resolution at item No.4 of the Notice, which has been unanimously approved by the remuneration committee of the Board at its meeting held on 23.08.2003.

Sri GVSL Kantha Rao has over 20 years of experience in business management. He has involved since project implementation and is ably managing the company, even in adverse market conditions. His management of the company, will be of benefit to the company. Sri G.V.S.L.Kantha Rao is also the Managing Director of M/s Virat Crane Agri-Tech Ltd., with out any remuneration. None of the Directors except GVSL Kantha Rao as it concerns him and Sri G.Subba Rao as it concerns his son are concerned or interested in the resolution at Item No.4 of the Notice.

The Directors recommend the resolution at Item No.4 for approval of the Members.

BY ORDER OF THE BOARD
FOR VIRAT CRANE INDUSTRIES LTD.,

Sd/
G.V.S.L. KANTHA RAO
Managing Director

PLACE : GUNTUR
DATE : 28.08.2003.

Additional information on Directors seeking reappointment at the Annual General Meeting (Pursuant to Clause (49) of the listing Agreement)

Item no.2 :

Sri P.Bhaskara Rao, Director aged 50 years is a Graduate in Commerce, He has over 25 years experience in Trading and Marketing business. He is a member of the share holders/transfer committee, Audit Committee and Remuneration Committee of the company .



Virat Crane Industries Ltd.

Item No.4 :

Sri G.V.S.L. Kantha Rao, Managing Director aged 42 years has around 20 years of business experience. He started his business career with Crane Betel Nut powder Works, Guntur. He has rich experience in the fields of raw material sourcing, production, quality controls, finance, marketing and management of stockists, dealers spread over several states in India.

He is a Director of Durga Dairy Ltd., and Managing Director of Virat Crane Agri-Tech Ltd.,

He is a member of the Share holders committee of the company

DIRECTORS REPORT :

Your Directors have pleasure in presenting you the 11th Annual Report and the Annual Accounts for the financial year ending 31st March, 2003.

FINANCIAL RESULTS:

	(Rs. In Lacs)	
	2002-2003	2001-2002
Sales and Other Income	658.51	858.30
Profit/(Loss) before Interest & Dep.	26.45	(61.94)
Interest	24.20	27.33
Depreciation	31.37	31.46
Profit/(Loss) before Taxation/	(29.12)	(120.73)
Deferred Tax		
Taxation- Deferred Tax (Income)	11.67	--
Loss after Deferred Tax	17.45	--

Your Directors inform that the company has earned a profit of Rs. 26.45 lacs before interest and depreciation. The net loss come to Rs. 29.12 lacs after providing interest of Rs. 24.20 lacs and depreciation of Rs. 31.37 lacs. The resultant loss of Rs. 17.45 lacs for the year is after adjustment of deferred tax income of Rs.11.67 lacs for the year.

OPERATIONS :

During the year under review business is adversely affected by the continued ban on Gutkha in Andhra Pradesh and neighbouring states. Even though the supporting product Gutkha has lost its ground and the other chewable product Fruit Masala is sustained in the market with a declined turnover.

Diversification into other product lines is still under active consideration of the company.

DIVIDENDS:

Due to loss no dividend is declared for the year 2002-2003.

PUBLIC DEPOSITS:

The company has not accepted/renewed Fixed Deposits from Share Holders, Employees and Public during the period under review.

LISTING:

The companies shares are listed at

1. **The Hyderabad Stock Exchange Ltd,**
Himayat nagar, Hyderabad-500 029
2. **The Mumbai Stock Exchange Ltd.,**
Jeejee Bhoy Towers, Dalal Street,
Mumbai-400 001.

The listing fee is in arrears for the year 2003-2004.

DIRECTORS :

Sri P.Bhaskara Rao, retires by rotation in accordance with Articles of Association of the Company and being eligible for reappointment offers his services for reappointment. The term of office of Sri G.V.S.L.Kantha Rao Managing Director expires w.e.f 31.10.2003. The Remuneration Committee and Board have approved his re-appointment for a period of 5 years w.e.f 01.11.2003.

DIRECTORS RESPONSIBILITY STATEMENT:

The Directors would like to inform the members that the Audited Annual Accounts for the year ended 31.03.2003 are in full conformity with the requirements of Companies Act 1956. The Directors further confirm that:

- a) In preparation of the Annual Accounts the applicable Accounting Standards have been followed with proper explanations if required.
- b) The Accounting Policies selected and consistently applied are reasonable. Prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the company for the year.



Virat Crane Industries Ltd.

- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detection of fraud and irregularity.
- d) The directors have prepared the Annual Accounts on a going concern basis.

AUDIT COMMITTEE :

The company has an audit committee, whose composition, role functions and powers are in accordance with the legal/SEBI requirements. The Audit Committee comprises of Sri R.Jagadish Kumar, Sri G.Subba Rao and Sri P.Bhaskara Rao as members.

CORPORATE GOVERNANCE :

A separate section on Corporate Governance is attached to this report. A note on Management discussion and analysis is also attached to this report.

AUDITORS :

M/s Jawahar and Associates, Chartered Accountants, Hyderabad who are the auditors of the company and hold office upto the conclusion of the ensuing Annual General Meeting are recommended for re-appointment.

They have confirmed their eligibility as per Section 224(1) of the Companies Act.

PERSONNEL :

The Directors express their appreciation for the co-operation and support received from all employees during the year and acknowledge their contribution. There are no employees as per the provisions of Section 217(2A) of the Companies Act 1956, employed through out the year who are in receipt of remuneration of Rs.12,00,000/- or more or employed for part of the year and in receipt of Rs.100000/- per month.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/out goings.

Consumption of energy is not significant and is only minimum. The fact that the product Fruit Masala and Gutkha are consumer accepted items is a clear proof of absorption of technology by the company.

ACKNOWLEDGEMENTS :

The directors wish to place on record their appreciation to the various Government Authorities, The Vysya Bank Ltd., and The Lakshmi Vilas Bank Ltd., for their continued guidance and support. They would also like to place on record their appreciation for the enthusiasm and hard work exhibited by all employees of the company.

For and on behalf of the Board

Sd/-

P.BHASKARA RAO

Director

Sd/-

G.V.S.L.KANTHA RAO

Managing Director

PLACE : GUNTUR

DATE : 28.08.2003.

ANNEXURE TO DIRECTORS REPORT

CORPORATE GOVERNANCE

1. Company's Philosophy :

The Company believes good corporate governance, which leads to long term relationship with shareholders, customers, employees and other stake holders. The Board has constituted various committees, during the year, for smooth and swift functioning of the company. The company has already setup, audit committee, share transfer committee and Remuneration committee. Further steps are being taken to bring the corporate governance practices in conformity with the requirements of the code.

2. Board of Directors:

The Board of directors comprises of five directors. The details of their category, directorships and attendance is as under :



Virat Crane Industries Ltd.

Sl.No.	Name of the Director	Category	Attendance particulars of Board Meeting			No. of other directorship And committee Membership		
			Held	Attend-ed	Last AGM	Direc-ship	Committee Mem	chair.
1.	Sri G.Subba Rao	Promoter	6	6	No	1	—	—
2.	Sri R.Jagadish Kumar	Non-Executive Independent	6	6	Yes	—	—	—
3.	Sri P.Bhaskara Rao	Non-Executive Independent	6	6	Yes	1	—	—
4.	Sri N.C.Vijaya Raghavan	Non-Executive Independent	6	—	No	—	—	—
5.	Sri GVSL Kantha Rao Managing Director	Executive Promoter	6	6	Yes	2	—	1

During the year the Board meetings were held on 30th April, 2002, 31st July 2002, 26th October, 2002, 31st October 2002, 30th November, 2002 and 31st January 2003

3. Audit Committee :

The audit committee was formed on 16.04.2001 in terms of the section 292A of the Companies Act. The audit committee consists of Sri R.Jagadish Kumar as Chairman, P.Bhaskara Rao and Sri G.Subba Rao as members. The Audit Committee oversees the financial operations and reviews periodic financial reports.

The committee met 3 times during the year on 30.05.02, 15.10.02 and 20.01.03 and attended by all the members.

4. Remuneration Committee :

The Remuneration Committee was constituted by the Board at its meeting held on 30.04.2003 to review and make recommendations on annual salaries, perquisites and performance incentives/ commission, and other employment conditions of Managing and other Executive Directors. The remuneration committee consists of Sri R.Jagadish Kumar as Chairman and Sri G.Subba Rao and P.Bhaskara Rao as members. The remuneration committee at its meeting held on 23.08.2003 has unanimously approved and recommended the

remuneration proposed to the Managing Director Sri G.V.S.L Kantha Rao on his re-appointment as Managing Director effective from 01.11.2003.

Details of Remuneration paid to Directors.

The aggregate value of salary and perquisites and other benefits paid for the year ending 31st March 2003 to Sri G.V.S.L.Kantha Rao, Managing Director is Rs 225000/-PA. The non-executive directors have waived the sitting fee for attending the Board and committee meetings during 2002-2003.

5. Share holders committee.

The Company has a share holders committee of the Board comprising of Sri P.Bhaskara Rao, Sri R.Jagadish Kumar, and Sri G.V.S.L.Kantha Rao. Sri T.Radha Krishna. Asst.Secretary is compliance officer. The committee approves of issue of duplicate share certificates, share transfers and review & redressal of share holders grievances like, non-transfer of shares etc. All the complaints of the share holders are satisfactory solved. The committee met 22 times during the year.



Virat Crane Industries Ltd.

6. General Body Meetings :

The details of last 3 AGM 's are :

S.No.	Year	Place	Date & Time	Remarks
1	1999-2000	Factory premises at Ankireddypalem Village, Chilakaluripet Road, Guntur.	14.11.2000 at 10.00 AM	Special resolutions approved.. No postal ballot.
2.	2000-2001	—do—	29.09.2001 at 10.00 AM	No special resolutions No postal ballot
3.	2001-2002	—do—	26.12.2002 at 10.00 AM	No special resolutions No postal ballot.

7. DISCLOSERS :

- A. None of the transactions with any related parties are in conflict with the interest of the Company.
- B. There are no instances of non-compliance of any matter related to capital markets during the last three years, except, non payment of annual listing fee for the year 2003-2004 to stock exchanges at Hyderabad and Mumbai.

Sl.No.	Month	High	Low
1	April 02	4.50	3.00
2	May 02	5.40	3.60
3	June 02	4.50	3.20
4	July 02	4.90	1.85
5	August 02	4.70	2.95
6	September 02	4.50	3.20
7	October 02	8.40	5.25
8	November 02	6.00	2.70
9	December 02	3.50	2.50
10	January 03	3.50	2.00
11	February 03	2.80	1.10
12	March 03	3.90	2.10

8. MEANS COMMUNICATION:

The quarterly half yearly and annual results are sent to Stock Exchanges at Hyderabad and Bombay. They are also published in English and Telugu news papers.

9. GENERAL SHARE HOLDERS INFORMATION.

1. Annual General Meeting:

Date & time : 30.09.2003 at 10.00 A.M

Place : Factory premises at Ankireddypalem village, Chilakaluripet Road, Guntur.

FINANCIAL CALENDER :

April 2003 to March 2004

1st quarter results : July 2003

2nd quarter results : last week of October 2003

3rd quarter results : Last week of January 2004

4th quarter results : Last week of April 2004.

Audited annual results : Last week of August 2004.

Dates of book closure : 26.09.2003 to 30.09.2003

Listing on Stock Exchanges : Hyderabad and Bombay Stock Exchange.

Stock Code : HSE: VCI
BSE: 19457.

ISIN of Dematerialised shares : INE 295C 01014.

Stock Price data:

Monthly High and Low quotations in BSE for the financial year 2002-2003.

The shares of the company are not actively traded at HSE.

Registrars and Transfer Agents:

M/s Sathguru Management Consultants Pvt. Ltd., Plot no.15, Hindi Nagar, Punjagutta , Hyderabad-500 034 are the Registrar & Transfer Agents for both physical and dematerialised shares.

Distribution of Shares:

The share holding patterns is as follows.

CATEGORY	NO.OF SHARES HELD	%OF SHARE HOLDERS
INDIVIDUALS	3480190	48.06
COMPANIES	121610	1.68
FI / BANKS	31300	0.43
PROMOTERS, DIRECTORS AND THEIR RELATIVES	3608900	49.83
TOTAL	7242000	100.00