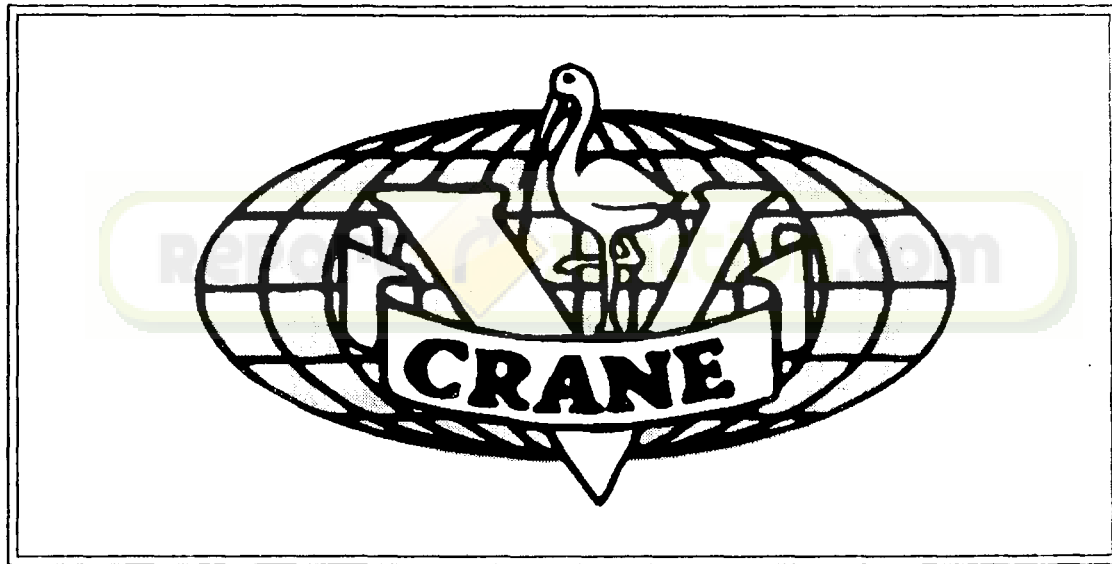


TWELTH ANNUAL REPORT

2003 - 2004



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 (Resigned)	
	:	Sri P. Bhaskara Rao	
	:	Sri P.V.Srihari	

AUDITORS	:	Jawahar and Associates
	:	Chartered Accountants
	:	C-5 Skylark Apartment,
	:	Basheerbag,
	:	HYDERABAD-29.

BANKERS	:	ING 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 12th Annual General Meeting of the Company will be held at the factory premises of the Company at Ankireddypalem Village, Chilakaluripet Road, Guntur, on Thursday 30.09.2004 at 10.00 A.M to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2004 and Profit & Loss Account for the year ended 31.03.2004 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri G.Subba 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 as 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.

By Order Of The Board

For Virat Crane Industries Ltd.,

PLACE : GUNTUR

G.V.S.L. Kantha Rao

DATE : 28.08.2004.

Managing Director

2. The Register of Members and Share Transfer Books will remain closed from 25.09.2004 to 30.09.2004 (both days inclusive).
3. Members/Proxies shall fill the attendance slip for attending the meeting.
4. Members who hold shares in Dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
5. Members are requested to inform immediately the change, if any of address registered with the company.
6. 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.
7. Sathguru Management Consultants Pvt. Ltd., are Registrars and Transfer Agents for both 'Demat' and physical form of shares.
8. The members may contact in future.

M/S Sathguru Management Consultants Pvt.Ltd.,
Plot No.15, Hindi Nagar,
Punjagutta,, Hyderabad-500 034.
Tel.No. 23350586, 23356975
Fax No.23354042

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 not less than forty eight hours before the meeting.

By Order Of The Board
For Virat Crane Industries Ltd.,

Sd/-

G.V.S.L. Kantha Rao
Managing Director

PLACE : GUNTUR
DATE : 28.08.2004.



Virat Crane Industries Ltd.

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

Item No.2 :

Sri G.Subba Rao, Director aged 74 years is a pioneer in Betelnut Industry and is Managing "Crane Betelnut Powder Works" company. He has over 50 years experience in business management. He has rich insight into consumer preferences, changing technology & adoptability, advertising and establishment of marketing networks.

His presence on the Board will be beneficial to the company.

DIRECTORS REPORT:

Your Directors have pleasure in presenting you the 12th Annual Report and the Annual Accounts for the financial year ending 31st March, 2004.

FINANCIAL RESULTS :

	(Rs. In Lacs)	
	2003-2004	2002-2003
Sales and Other Income	200.08	658.51
Profit/(Loss) before Interest & Depreciation	65.08	26.45
Interest	24.05	24.20
Depreciation	30.93	31.37
Profit/(Loss) before Taxation/Deferred Tax	10.10	(29.12)
Taxation - Current Tax	0.66	—
Deferred Tax - Income/(Expenses) (7.75)		11.67
Profit/Loss after Taxation	1.69	(17.45)

Your Directors inform that the company has earned a profit of Rs.65.08 lacs before interest and depreciation. The net profit comes to Rs.10.10 lacs after providing interest of Rs.24.05 lacs and depreciation of Rs. 30.93 lacs. The re-

sultant Profit of Rs. 1.69 lacs for the year is after adjustment of Current Tax of Rs. 0.66 lacs and deferred tax expenses of Rs. 7.75 lacs for the year.

OPERATIONS :

During the year under review the main product 'Gutkha' continued to be under Ban in the State of Andhra Pradesh and neighboring states. The operations are mainly in Fruit Masala.

The ban on Gutkha is lifted by the historical judgement of Supreme Court in August 2004 classifying the product Gutkha as food product. The company is closely watching the situation and entered the market with Gutkha. The company is also planning to promote other products.

DIVIDENDS :

Due to paucity of profit no dividend is declared for the year 2003-2004.

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 The Hyderabad Stock Exchange Ltd, Himayat nagar, Hyderabad-500 029 and The Mumbai Stock Exchange Ltd., Jeejee Bhoy Towers, Dalal Street, Mumbai-400 001. (The listing fee payable to Hyderabad Stock Exchange is in arrears for the year 2003-2004.)

DIRECTORS :

Sri G.Subba Rao, retires by rotation in accordance with Articles of Association of the Company and being eligible for reappointment offers his services for reappointment.

Sri N.C.Vijaya Raghavan resigned from the board w.e.f. 4-10-2003. Sri P.V. Sri Hari is appointed in the casual vacancy caused by the resignation of the Sri N.C. Vijaya Raghavan.



Virat Crane Industries Ltd.

DIRECTORS RESPONSIBILITY STATEMENT :

The Directors would like to inform the members that the Audited Annual Accounts for the year ended 31.03.2004 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.
- c) Proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for prevention and detection of fraud and irregularities.
- d) The Annual Accounts are prepared 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 along with auditors certificate 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.24,00,000/- or more or employed for part of the year and in receipt of Rs.200000/- per month.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/outgoings :

Consumption of energy is not significant and is only minimal. 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 : 28.08.2004.



Virat Crane Industries Ltd.

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, for smooth and swift functioning of the company. The company has setup, audit committee, share transfer committee and Remuneration committee. Further steps are being taken to strengthen/improve corporate governance practices.

2. Board of Directors :

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

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	Com. 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-Exevitive Independent	3	3	No	—	—
5.	Sri P.V. Sri Hari	Non-Exevitive Independent	3	3	No	1	—
6.	Sri GVSL Kantha Rao Managing Director	Executive Promoter	6	6	Yes	2	1



Virat Crane Industries Ltd.

During the year the Board meetings were held on (30th April, 2003, 31st July 2003, 28th August, 2003, 30th October, 2003, 3rd November, 2003 and 31st January 2004)

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 (25.04.03, 23.08.03 and 20.10.2003) 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.

Details of Remuneration paid to Directors .

The aggregate value of salary and perquisites and other benefits paid for the year ending 31st March 2004 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 2003-2004.

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 as the compliance officer. The committee approves of issue of duplicate share certificates, share transfers and review & redressal of shareholders grievances like, non-transfer of shares etc. All the complaints of the shareholders are resolved satisfactorily. The committee meets monthly or as often as required.

6. General Body Meetings :

The details of last 3 AGM 's are :

S.No.	Year	Place	Date & Time	Remarks
1.	2000-2001	Factory premises Ankireddypalem Chilakaluripet Road Guntur.	29.09.2001 at 10.00 AM	No special resolutions No postal ballot
2.	2001-2002	—do—	26.12.2002 at 10.00 AM	No special resolutions No postal ballot.
3.	2002-2003	—do—	30.09.2003 at 10.00 A.M	Special Resolution approved No Postal Ballot



Virat Crane Industries Ltd.

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 exchange at Hyderabad.

8. Means of 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 : 30.09.2004 at 10.00 A.M

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

Financial Calender:

April 2004 to March 2005

1st quarter results : July 2004

2nd quarter results : last week of October 2004

3rd quarter results : Last week of January 2005

4th quarter results : Last week of April 2005.

Audited Annual Results:
Last week of August 2005.

Dates of book closure :

25.09.2004 to 30.09.2004

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 2003-2004.

Sl.No.	Month	High	Low
1	April 03	3.15	2.45
2	May 03	2.25	1.80
3	June 03	2.90	1.80
4	July 03	3.70	1.90
5	August 03	4.95	2.50
6	September 03	4.70	2.55
7	October 03	2.86	1.92
8	November 03	3.00	2.00
9	December 03	4.95	2.56
10	January 04	5.69	3.50
11	February 04	4.30	2.61
12	March 2004	3.00	1.90

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	% SHARE HOLDERS
INDIVIDUALS	3388397	46.79
COMPANIES	138507	1.91
FI / BANKS	29900	0.41
PROMOTERS/ DIRECTORS AND THEIR RELATIVES	3605096	49.78
NRI/OCBs	80100	1.11
TOTAL	7242000	100.00