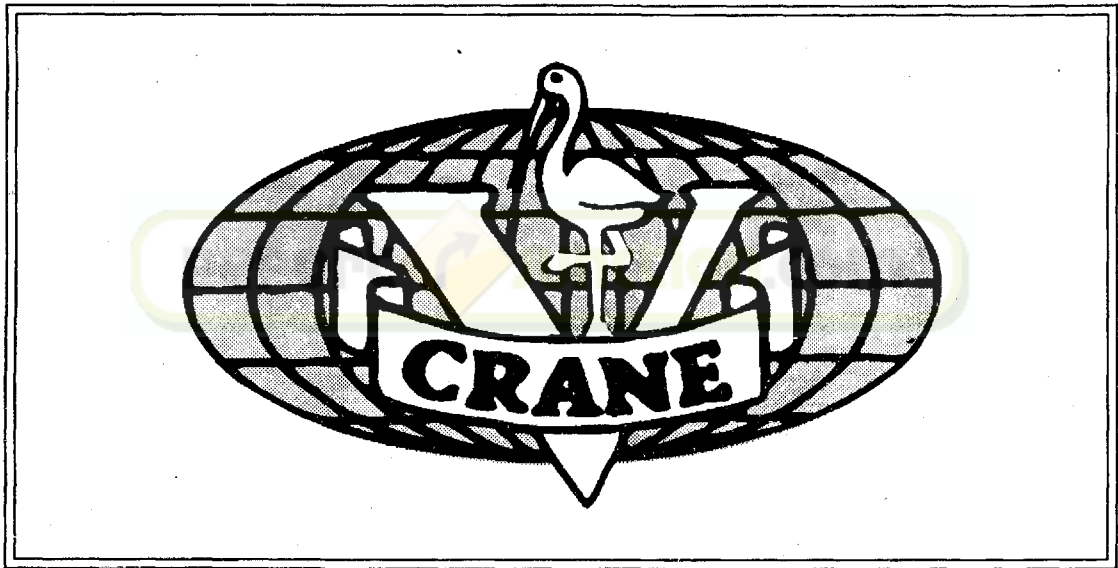


THIRTEENTH ANNUAL REPORT

2004 - 2005



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 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 13th Annual General Meeting of the Company will be held at the factory premises of the Company at Ankireddypalem Village, Chilakaluripet Road, Guntur, on Saturday the 31st December 2005 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2005 and Profit & Loss Account for the year ended 31.03.2005 and the Reports of the Directors and Auditors Report thereon.
2. To appoint a Director in the place of Sri R.Jagadeesh Kumar 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.

SPECIAL BUSINESS :

4. To Consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

“Resolved that in accordance with the provisions of section 257 and all other applicable provisions if any of the Companies act 1956, or any statutory modifications or re-enactment thereof Sri P.V.Srihari who was appointed as a director pursuant to provisions of section 262 of the companies act 1956, be and is hereby appointed as a director of the company subject to retirement by rotation under the provisions of the articles of association of the company.”

Order Of The Board

For Virat Crane Industries Ltd.

PLACE : GUNTUR

DATE : 28.11.2005.

Sd/-

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

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.
2. The Register of Members and Share Transfer Books will remain closed from 26.12.2005 to 31.12.2005 (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

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

PLACE : GUNTUR

DATE : 28.11.2005.

Sd/-

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



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 R. Jagadish Kumar aged 45 years is an Engineering Graduate and past president of the Bangalore Stock Exchange. He has 20 years experience in the fields of investment and finance.

Item No.4 :

Sri P. V. Srihari aged 35 years is a commerce graduate. He has experience in Business of Finance and Investments. He is the Managing Director of M/s Vilas Finance & Investments Ltd.

Explanatory statement pursuant to section 173 (2) of the companies act, 1956.

Item No. 4 :

The board of directors of the company at its meeting held on 30.10.2003 have appointed pursuant section 262 of the companies act 1956, and article 92 of articles of association of the company Sri P.V.Srihari in the casual vacancy arising on the resignation of Sri N.C.Vijaya Raghavan a Director.

In terms of section 262 of the Companies Act 1956, Sri P.V.Srihari will hold office upto the date of the ensuing Annual General Meeting.

The company received notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Sri P.V.Srihari for the office of director of the company under the provisions of section 257 of the Act.

Sri P.V.Srihari aged 35 years is a commerce graduate. He has experience in the business of finance and investments. He is the Managing Director M/s Vilas Finance & Investments Ltd., Except Sri P.V.Srihari, Sri GVSL Kantha Rao and Sri G Subba Rao no other director is concerned or interested in the passing of the resolution at item no.4 of the notice.

The directors commands the resolution out at item no.4. of the notice.

DIRECTORS REPORT:

Your Directors have pleasure in presenting you the 13th Annual Report and the Annual Accounts for the financial year ending 31st March, 2005.

FINANCIAL RESULTS :

(Rs. In Lacs)

| | 2004-2005 | 2003-2004 |
|--|-----------|-----------|
| Sales and Other Income | 248.10 | 200.08 |
| Profit/(Loss) before Interest & Depreciation | 53.78 | 65.08 |
| Interest | 13.92 | 24.05 |
| Depreciation | 29.90 | 30.93 |
| Profit/(Loss) before Taxation/Deferred Tax | 9.96 | 10.10 |
| Taxation – Current Tax | 0.78 | 0.66 |
| Deferred Tax - | | |
| Income/(Expenses) | 13.34 | (7.75) |
| Profit/Loss after Taxation | 22.52 | 1.69 |

Your Directors inform that the company has earned a profit of Rs. 53.78 lacs before interest and depreciation. The net profit after providing for interest of Rs. 13.92 lacs and depreciation 29.90 lacs is 9.96 lacs. The Current tax provision is of Rs. 0.78 lacs and deferred tax income for the year is Rs. 13.34 lacs. And the Profit of Rs.22.52 lacs is carried forward to balance sheet.

OPERATIONS :

The company has started re-establishing itself in Gutkha markets after the ban is lifted in 2004. The markets are very competitive with the established brands. The company is slowly re-establishing by streamlining its market network.

DIVIDENDS :

No dividend is declared for the year 2004-2005.

PUBLIC DEPOSITS :

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

LISTING :

The company's 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 & 2004-2005.)



Virat Crane Industries Ltd.

DIRECTORS :

Sri R.Jagdish Kumar, retires by rotation in accordance with Articles of Association of the Company and being eligible for reappointment offers his services for reappointment.

Sri P.V.Srihari who was appointed a director in the casual vacancy caused by the resignation of Sri N.C.Vijaya Raghavan retires on the date of this Annual General Meeting. The company has received a notice in writing proposing the candidature of Sri P.V.Srihari for the office of Director.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirements of section 217 (2AA) of the companies act 1956 with respect to the directors responsibility statements it is hereby confirmed that:

- In the preparation of the Annual Accounts for the year 2004-2005 the applicable accounting standards have been followed with proper explanations where required.
- The directors have selected such accounting policies and applied them consistently and made judgements and estimates to give a true and fair view of the state of affairs of the company as at 31.03.2005 and of the loss of the company for that year.
- 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.
- 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.Jagdish 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 throughout 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.2,00,000/- 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/-

Sd/-

P.BHASKARA RAO
DIRECTOR

G.V.S.L.KANTHA RAO
MANAGING DIRECTOR

PLACE : GUNTUR

DATE : 28.11.2005.



Virat Crane Industries Ltd.

ANNEXURE TO DIRECTORS REPORT

CORPORATE GOVERNANCE :**1. Company's Philosophy:**

The Company believes good corporate governance that leads to long-term relationship with shareholders, customers, employees and other Share 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. Corporate Governance practices are being further strengthened.

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/ Committee membership | |
|--------|------------------------|-----------------------------|---|-----------|----------|---|----------------|
| | | | Held | Attend-ed | Last AGM | Direct ship | Com. men/chair |
| 1 | Sri G.Subba Rao | Promoter | 5 | 5 | No | 1 | — |
| 2 | Sri R Jagadish kumar | Non – Executive Independent | 5 | 5 | No | — | — |
| 3 | Sri P Bhaskara Rao | Non – Executive Independent | 5 | 5 | Yes | 1 | — |
| 4 | Sri P V Sri Hari | Non – Executive | 5 | 5 | Yes | 1 | — |
| 5 | SRI G V L S Kantha Rao | Executive Promoter | 5 | 5 | Yes | 2 | 1 |



Virat Crane Industries Ltd.

During the year the Board meetings were held on - 30th April, 2004, 31st July 2004, 28th August, 2004, 31st October, 2004, and 31st January 2005.

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 4 times during the year on 30.04.2004, 31.07.2004, 31.10.2004 and 31.01.2005 and attended by all the members.

4. Remuneration Committee :

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 met on 30.04.2004 review and make recommendations on annual salaries, perquisites and performance incentives / commission, and other employment conditions of Managing and other Executive Directors. However

the committee has not revised any of the previous terms and conditions with regard to remuneration of Managing Director. Sri R.Jagadish Kumar as Chairman and Sri G.Subba Rao and P.Bhaskara Rao attended the meeting.

Details of Remuneration paid to Directors.

The aggregate value of salary and perquisites and other benefits paid for the year ending 31st March 2005 to Sri G.V.S.L.Kantha Rao, Managing Director is Rs 2,25,000/-PA. The non-executive directors have waived the sitting fee for attending the Board and committee meetings during 2004-2005.

5. Share holders committee.

The Company has a shareholders committee of the Board comprising of Sri P.Bhaska 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 issue of duplicate share certificates, share transfers and review & redresses 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. | 2001-2002 | Factory premises, Ankireddypalem, Chilakaluripet Road, Guntur. | 26.12.2002 at 10.00 AM | No special resolutions No postal ballot |
| 2. | 2002-2003 | —do— | 30.09.2004 at 10.00 AM | Special resolution approved No postal ballot. |
| 3. | 2003-2004 | —do— | 30.09.2004 at 10.00 A.M | No Special Resolutions No postal ballot |



Virat Crane Industries Ltd.

7. **DISCLOSURES :**

- A. None of the transactions with any related parties are in conflict with the interest of the Company. The details of the related party transaction are furnished in notes to accounts.
- 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 and 2004-2005 to stock exchange at Hyderabad.

8. **Means of Communication :**

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

9. **General share holders information :**

1. **Annual General Meeting:**

Date & time: 31.12.2005 at 10.00 A.M

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

Financial Calendar:

April 2005 to March 2006

1st quarter results : July 2005

2nd quarter results : Last week of October
2005

3rd quarter results : Last week of January
2006

4th quarter results : Last week of April
2006.

Audited Annual Results :
Last week of August
2006.

Dates of book closure :

26.12.2005 to 31.12.2005

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 2004-2005.

| | | |
|----------------|-------|------|
| April 2004 | 2.40 | 1.74 |
| May 2004 | 1.81 | 1.30 |
| June 2004 | 2.22 | 1.11 |
| July 2004 | 3.97 | 2.00 |
| August 2004 | 7.30 | 3.00 |
| September 2004 | 4.70 | 3.13 |
| October 2004 | 4.38 | 3.20 |
| November 2004 | 6.30 | 3.21 |
| December 2004 | 5.00 | 4.00 |
| January 2005 | 5.25 | 3.55 |
| February 2005 | 10.93 | 3.65 |
| March 2005 | 6.63 | 3.90 |

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 | %OF SHARE HOLDERS |
|---|----------------------|----------------------|
| INDIVIDUALS | 3368979 | 46.52 |
| COMPANIES | 158330 | 2.19 |
| FI / BANKS | 29900 | 0.41 |
| PROMOTERS/ DIRECTORS AND THEIR RELATIVES | 3611691 | 49.87 |
| NRI / OCBs | 73100 | 1.01 |
| TOTAL | 7242000 | 100.00 |