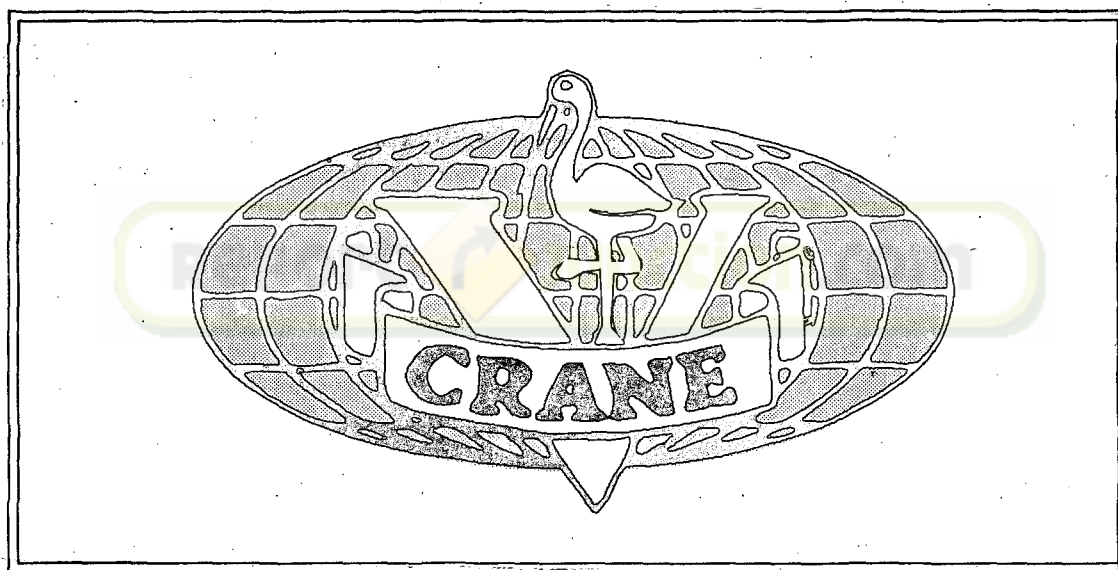


FIFTEENTH ANNUAL REPORT

2006 - 2007



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 15th 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 29th September 2007 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2007 and Profit & Loss Account for the year ended 31.03.2007 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 a Director in the place of Sri P. V. Srihari who retires by rotation and being eligible offers himself for re-election.
4. 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.

Order Of The Board

For Virat Crane Industries Ltd.

PLACE : GUNTUR
DATE : 30.08.2007.

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 27.09.2007 to 29.09.2007 (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.

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 : 30.08.2007.

Sd/-

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

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 47 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. 3

Sri P. V. Srihari aged 37 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.



Virat Crane Industries Ltd.

DIRECTORS REPORT:

Your Directors have pleasure in presenting you the 15th Annual Report and the Annual Accounts for the financial year ending 31st March, 2007.

FINANCIAL RESULTS:

	(Rs. In Lacs)	
	2006-2007	2005-2006
Sales and Other Income	120.92	174.16
Profit/(Loss) before Interest & Depreciation	4.14	79.68
Interest	8.30	10.80
Depreciation	27.63	29.91
Profit/(Loss) before Taxation/Deferred Tax	(31.79)	38.97
Taxation - Current Tax	-	-
Deferred Tax -	-	-
Income/(Expenses)	1.72	(20.44)
Profit/Loss after Taxation	(30.07)	18.53

Your Directors inform that the company has earned a profit of Rs. 4.14 lacs before interest and depreciation. The net profit after providing for interest of Rs. 8.30 lacs and depreciation of Rs. 27.63 lacs is 31.79 lacs. The Current tax provision is of nil and deferred tax income for the year is Rs. 1.72 lacs and the Loss of Rs.30.07 lacs is carried forward to balance sheet.

OPERATIONS:

The sales and other income of the company has shown a growth of 7.88 % during the year after having regrouped and company earned most of the revenues from other income. The product of the company, i.e., gutkha and other related products are health sensitive products and there is more awareness among the urban people and there is lot of publicity by various organization against these kinds of products.

SUBSIDIARY:

During the year the Company has acquired at about 51% stake in the associate concern Durga Diary Limited and its has become a subsidiary of the Company. In accordance with section 212 of the Companies Act, 1956, the detailed accounts and the Directors' Report etc. of the aforesaid subsidiary companies form part of this Annual Report.

MERGER AND DEMERGER:

The company is contemplating to merge the subsidiary company, i.e., Durga Diary Limited into itself and Demerge the land bank of the company into a separate concern as Crane Infrastructure Limited. This entire process is actively on track and more announcements will be made in future.

DIVIDENDS:

No dividend is declared for the year 2006-2007.

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, 2005-06 & 2006-07.)

DIRECTORS

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

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 2006-2007 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 fare view of the state of affairs of the company as at 31.03.2007 and of the loss of the company for that year.



Virat Crane Industries Ltd.

- 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 Management appreciated the efforts of the employees of the company and its subsidiary for their co-operation and support during the year and acknowledge their contribution.

There are no employees as per the provision 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. 200000/- per month.

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

Consumption of energy is very insignificant, as the company's production is very much low. However the company has taken adequate steps to conserve the energy.

Foreign exchange earnings/outgoings: NIL

ACKNOWLEDGEMENTS:

The directors of the company placed their appreciation to the bankers of the company, various Government Authorities, employees, distributors, for their cooperation.

For and on behalf of the Board

Sd/-

Sd/-

P.BHASKARA RAO
DIRECTOR

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

PLACE : GUNTUR

DATE : 30.08.2007.

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 stakeholders. 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:



Virat Crane Industries Ltd.

Sl. No	Name of the Director	Category	Attendance particulars of Board Meeting Held Attended Last AGM			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	4	Yes	—	—
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	4	—

During the year the Board meetings were held on - 29th April, 2006, 31st July 2006, 31st October, 2006, 30th November, 2006 & 30th January, 2007 .

3.Audit Committee & Remuneration Committee:

Sri R. Jagadish Kumar Chairman
P. Bhaskara Rao Member
Sri G. Subba Rao Member

During the year committee met 4 times during the year on 30 April, 2006, 31 July, 2007, 31 October, 2007 and 30 January, 2007.

Details of Remuneration paid to Directors.

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

2007 to Sri G.V.S.L.Kantha Rao, Managing Director is Rs 225000/-pa .

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 as Asst. Company Secretary. The committee approves of 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.	2003-2004	Factory premises Ankireddypalem Chilakaluripet Road Guntur.	30.09.2004 at 10.00 AM	No postal ballot
2.	2004-2005	—do—	31.12.2005 at 10.00 AM	Special resolutions passed No postal ballot.
3.	2005-2006	—do—	29.09.2006 at 10.00 A.M	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, 2004-2005 and 2005-06 to stock exchange at Hyderabad.

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

Financial Calendar:

April 2007 to March 2008
1st quarter results : 24th July 2007
2nd quarter results : Last week of October 2006
3rd quarter results : Last week of January 2007
4th quarter results : Last week of April 2007.
Audited Annual Results : Last week of August 2007.

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.

Dates of book closure :

27.09.2007 to 29.09.2007

Listing on Stock Exchanges :

Hyderabad and Bombay Stock Exchange.

9. General share holders information.

1. Annual General Meeting:

Date & time : 29.09.2007 at 10.00 A.M

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 2006-2007.

Month	Open (Rs.)	High (Rs.)	Low(Rs.)	Close (Rs.)	No. of Shares
April 2006	3.40	4.00	3.37	3.43	38981
May 2006	3.27	3.93	3.27	3.45	16870
June 2006	3.40	3.55	2.90	2.90	26785
July 2006	3.00	3.15	2.81	2.81	6600
August 2006	2.67	3.40	2.46	3.05	10795
September 2006	3.00	3.84	2.90	3.84	57662
October 2006	4.03	5.38	4.00	5.38	71579
November 2006	5.64	12.20	5.10	12.20	160654
December 2006	12.81	17.14	10.37	14.60	321701
January 2007	15.33	20.51	13.75	17.17	434934
February 2007	18.00	18.95	14.60	14.85	231132
March 2007	14.20	15.90	12.15	13.85	101622

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



Virat Crane Industries Ltd.

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	3469376	47.91
COMPANIES FI / BANKS	252935	3.49
PROMOTERS/ DIRECTORS AND THEIR RELATIVES	3519689	48.60
TOTAL	7242000	100.00

The distribution of share holding as 31.03.2007 is as follows:

No.of equity Shares held	No.of share holders	%of total shareholder	No.of shares held	% of total shares
1-5000	6570	86.01	15353260	21.21
5001-10000	561	7.34	4677870	6.46
10001-20000	235	3.08	3547550	4.90
20001-30000	10	1.32	2530220	3.49
30001-40000	27	0.35	955900	1.32
40001-50000	60	0.79	2891240	3.99
50001-100000	48	0.63	3622620	5.00
100001 & above	37	0.48	38841340	53.63
Total	7639	100.00	7242000	100.00

Dematerialization of shares: The shares fall under compulsory dematerialisation.

The company has not issued any GDRs/ADRs/Warrants or any other convertible instruments.

Plant Location: Ankireddypalem Village,
Chilakaluripet Road,
Guntur-522 004.

Regd. Office and Address for correspondence: 25-2-1, Opp.Mastan Darga,
G.T.Road, Guntur-522 004.

**ANNEXURE TO DIRECTORS REPORT:
MANAGEMENT DISCUSSION AND ANALYSIS:**

A) Scope and Potential: As the Company is contemplating for merger, the Company is planning for expansion of the market network for the products – Chewable products, Ghee products and other new products (in course of diversification). In the new scenario the company has opportunity to introduce its products in the markets of the existing subsidiary company where the Parent Company has no established market and in the same way the subsidiary company can make use of Parent Company's market network.



Virat Crane Industries Ltd.

B) Opportunities and Challenges:

1. Opportunities: The company is trying to explore new markets through out India apart from Andhra Pradesh from the point of view of the present Parent & Subsidiary Companies:
2. Challenges: Stiff competition from unorganized markets and the Government controls / bans at any point of time.

C) Out Look : The company is studying various propositions to diversify its activities. The Management is confident that they will be Successfully implemented once they are finalized. With the proposed merger the Company is having ambitious plans to expand, diversify and explore new opportunities.

D) Risks & Concerns: There is lot of awareness among public with respect to deterioration of health by chewing of gutka and pan masala.

E) Internal Control System is reasonable and adequate.

F) Financial performance:

- 1) Capital Structure: The company has only equity shares and the paid-up capital is Rs.723.85 lacs
- 2) Loan Profile: The company's outstanding Term Loan is of Rs. 28.52 lacs.
- 3) Assets: The company is having net fixed assets of Rs. 2497.13 lacs after revaluation of Company's Freehold land and Buildings.

G) Cautionary Statement : The Market fluctuations and government policies/ regulations will have an impact on the projections and the future outlook.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of Virat Crane Industries Ltd.,
We have examined the compliance of conditions of Corporate Governance by Virat Crane Industries Ltd., Guntur for the year ended 31st March, 2007 as stipulated in Clause 49 of the listing agreements entered by the company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge and information and accordance to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements as applicable to the Company.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Jawahar & Associates
Chartered Accountants

Sd/-
V.Umapathi
Partner

Place : Guntur,

Date :30th August, 2007

AUDITOR'S REPORT

The Members Of
Virat Crane Industries Limited, Guntur.

1. We have audited the attached Balance Sheet of M/s. Virat Crane Industries Limited as at 31st March, 2007 the Profit and Loss account and the cash flow statement for the year ended on that date annexure there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.



Virat Crane Industries Ltd.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report is in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account, cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 *except AS-15 retirement benefit to employees.*
 - (v) On the basis of written representations received from the directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007.
- (b) In the case of the Profit and Loss account of the Loss for the year ended on that date.
- (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For Jawahar & Associates

Chartered Accountants

Sd/-

V.Umapathi

Partner

Membership Number: 21887

Place : Guntur,

Date : 30.08.2007.

ANNEXURE TO AUDIT REPORT

Ref: Virat Crane Industries Ltd., Guntur

Referred to in paragraph 3 of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.