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**SOWBHAGYA EXPORTS LIMITED**

H.No.3-375, Lakshmipuram, Nellore – 524 002

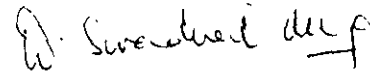
**NOTICE TO MEMBERS**

NOTICE is hereby given that the 9<sup>th</sup> Annual General Meeting of **SOWBHAGYA EXPORTS LIMITED** will be held at the Registered Office at H No 3-375, Lakshmipuram, Nellore – 524 002, on Thursday the 30<sup>th</sup> September, 2004 at 10.30 AM to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2004 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri J Jayarami Reddy Who retires by rotation and being eligible offers herself for reappointment.
3. To appoint a Director in place of Sri N. Mallikarjuna Reddy Who retires by rotation and being eligible offers herself for reappointment.
4. To appoint Statutory auditors and to fix their remuneration.

By Order of the Board of Directors



( D.SURENDRANATH REDDY )  
Managing Director

Place: Hyderabad  
Date : 02.09.2004

**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/herself and such proxy need not be a member of the Company. Proxy Forms to be valid shall be lodged at the Registered Office of the Company not less than 48 hours before the Meeting.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act in respect of Special Business of the notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain Closed from 25.09.2004 to 30.09.2004 (both days inclusive) in terms of the provisions of Section 154 of the Companies Act., 1956.

4. Members are requested to notify immediately changes if any, in their addresses to the company quoting their folio number.
5. Members / Proxies should bring the Attendance slip duly filled in for attending the meeting.
6. Shareholders seeking any information with regard to accounts are requested to write to the company at the earliest to keep the information ready.
7. Shareholders are requested to bring their copy of Annual Report to the meeting.
8. Under Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form no.2B in duplicate (which will be made available on request) to M/s Ikon Visions Pvt. Ltd. Registrars & Share Transfer Agents, 33, Sanali Heavens, 8-3-948, Ameerpet, Hyderabad 500073. Tel. No. 23744138, Fax. No. 23744356.

By Order of the Board of Directors

*(Signature)*

(D.SURENDRANATH REDDY)  
Managing Director

Place: Hyderabad  
Date : 02.09.2004

## DIRECTOR'S REPORT

To  
The members of Sowbhagya Exports Limited,  
Nellore.

We have pleasure in presenting the 9<sup>th</sup> Annual Report and the Audited Statement of accounts for the Financial Year ended 31.03.2004.

### FINANCIAL RESULTS :

	Current Year 2003 – 2004 (Rs. In Lakhs)	Previous Year 2002 – 2003 (Rs. In Lakhs)
Income	22.64	18.57
Profit before Interest and Depreciation	10.09	9.42
Interest	--	--
Depreciation	11.44	11.51
Profit before Tax	(1.35)	(2.09)
Provision for Taxation	--	--
Deffered Tax Asset	--	--
Net Profit	(1.35)	(2.09)

### OPERATIONS:

During the year under review your company has earned a total income of Rs.22.64 Lacs and incurred a Net Loss of Rs. 1.35 Lacs against an income of Rs. 18.57 Lacs and Net Loss of Rs.2.09 Lacs in the previous year. During the year under review shrimp culture faced difficult times due to failure of monsoon and high mortality rates. The company is confident of achieving better results in the coming years.

### DIVIDEND

Due to losses your Directors could not recommend Dividend on the capital.

### DIRECTORS:

Sri J.Jayarami Reddy and N.Mallikarjuna Reddy, Directors who retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

### AUDITORS:

M/s. A.M.Reddy & Co, Chartered Accountants, Hyderabad, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

## **DIRECTORS RESPONSIBILITY STATEMENT:**

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000, your directors confirm --

- i) that in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that 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 and loss account for that period.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on the going concern basis.

## **PARTICULARS OF EMPLOYEES:**

No employee was in receipt of remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 and the rules framed there under, as amended to date.

## **FIXED DEPOSITS:**

Your company has not accepted any deposits and as such no amount of principal or interest was outstanding on the date of the Balance Sheet.

**Information under Section 217 (1) (e) of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988:**

### **a) Conservation of Energy:**

The operations of the Company involve very low energy consumption. However adequate measures have been taken to conserve the more energy.

### **b) Technology Absorption:**

The Company has not imported any Technology.

**c) Foreign Exchange Earnings & Outgo:**

Foreign Exchange Earnings :	Nil
Foreign Exchange Outgo	Nil

**CORPORATE GOVERNANCE**

Your company has taken necessary measures to comply with the provisions of Clause 49 of the listing agreement with the Stock Exchanges in respect of Corporate Governance.

A report on Corporate Governance along with a certificate of compliance from the Auditors and also the Management Discussion and Analysis report are annexed separately to this Annual report.

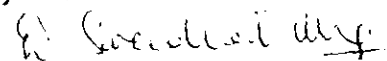
**GENERAL :**

The Company's shares are listed on Hyderabad, Mumbai and Chennai Stock Exchanges and the listing fee for the year 2003-2004 has been paid for Mumbai stock exchange.

**APPRECIATION:**

The Directors wish to place on record their appreciation to employees at all levels for their co-operation. Your directors would also acknowledge the continued support of the Company's Shareholders.

By Order of the Board of Directors



(D.SURENDRANATH REDDY)

Managing Director

Place: Hyderabad

Date : 02.09.2004.

## ANNEXURE TO THE DIRECTOR'S REPORT

### COMPLIANCE REPORT ON CORPORATE GOVERNANCE

#### *Company's philosophy on corporate governance*

A strong governance process is integral to business success. For an important reason: a broad based governance initiative harmonizes the interest of all shareholders.

At Sowbhagya, a commitment to a mature governance process is leading to stronger business prospects, a growth of business partners (customers and suppliers), enhanced employee and investor wealth as well as an increased societal development at large.

#### *Board of Directors*

##### *Composition of the Board*

The Board of Directors of Sowbhagya consists of five directors out of which one is executive and four are non-executive. The composition of the Board during the financial year under review is presented in detail in the table 1.

##### *Number of Board Meetings*

During the financial year under review, the Board of Directors met 7 times on 28.04.2003, 28.07.2003, 01.09.2003, 20.10.2003, 31.10.2003, 01.12.2003 and 24.01.2004. As stipulated in Clause 49, the maximum time gap between any two meetings was not more than four months.

##### *Directors' Attendance Record and Directorships*

**Details are given in Table 1.**

Table: 1 Details of the Board of Directors

Name of the Director	Executive / Non-Executive Director	No. of meetings Held during his Tenure	No. of meetings Attended	Whether Attended Last AGM	No. of Outside directorships
D.Surendranath Reddy	Executive	7	7	Yes	1
K.Sowjanyaamma	Non Executive	7	7	Yes	--
J.Jayarami Reddy	Non Executive	7	7	Yes	--
M.Vijaya Kumar Reddy	Non Executive	7	7	Yes	--
N.Mallikharjuna Reddy	Non Executive	7	7	Yes	--

### **Information Supplied to the Board**

Sowbhagya believes in providing the directors all relevant and required information to enable them make well informed decisions. The following information is regularly placed before the Board:

- Annual Budget
- Quarterly and Half yearly results of the Company
- Minutes of Audit Committee and other committee meetings
- Any material defaults in financial obligations to and by the company in any aspect.
- Disclosures by management on material transactions if any including potential conflict of interest.
- Strategic and operational plans for running the business.

The Board of Directors is presented with detailed notes with required annexure on the above heads. These are presented as a part of the agenda papers of the meeting or directly tabled at the Board meetings

### **Remuneration of Directors**

Remuneration paid or payable to Directors for 2003-2004 (Rs.) - Nil

No sitting fee is paid to the Directors for attending Board or Committee meetings. No commission or technical fee is paid to any director

### **Audit Committee.**

The Audit Committee of Sowbhagya Exports is comprised of three members under the chairmanship of an independent and non Executive Director. The terms of reference of the Audit Committee covers the areas mentioned in Clause 49 of the listing agreement of the stock exchange and Section 292A of the Companies Act, 1956.

The Audit Committee reviews

- The company's financial reporting process.
- Disclosure norms
- Internal control systems
- Accounting Policies
- Reports of the companies internal auditors
- Quarterly, half yearly and yearly financial statements
- Financial and risk policies

The Audit Committee met four times during the period. The composition and attendance of the members of the Committee are given in table 2.

**Table: 2 Meetings and Attendance for Audit Committee Meetings**

Name of the Member	No. of meetings held during the tenure	No. of meetings attended
J Jayaram Reddy	3	3
M.Vijaya Kumar Reddy	3	3
N.Mallikharjuna Reddy	3	3

Mr.J.Jayaram Reddy, an independent Director, chairs the Committee and its members are Mr. M.Vijaya Kumar Reddy and Mr.N.Mallikharjuna Reddy, Independent directors.

### Shareholders / Investors Grievance Committee

Terms of reference

The functions of shareholders grievance committee include redressal of shareholders and investor compliance regarding matter such as transfer of share.

The Committee consists of

D Surendranath Reddy	-	Chairman
K.Sowjanyaamma	-	Member
J Jayaram Reddy	-	Member

The Committee met on 28.04.2003, 28.07.2003, 31.10.2003 and 24.01.2004 and all the members attended the meetings.

Mr. D Surendranath Reddy, Managing Director chairs the Committee. Mr J Jayaram Reddy is the compliance officer of the company.

The company had no transfers pending at the end of the financial year.

### **General Body Meetings**

The details of the date, time and venue of the last three Annual General Meetings are as follows:

Year	Location	Date and Time
2000-2001	3-375, Lakshmipuram, Nellore – 524 002.	29.09.2001 10.30 A.M
2001-2002	3-375, Lakshmipuram, Nellore – 524 002.	30.09.2002 10.30 A.M
2002-2003	3-375, Lakshmipuram, Nellore – 524 002.	31.12.2003 10.30 A.M

No Postal Ballots were used for voting at above meetings.



## Disclosures

- During the Financial year 2003-2004, the Company had no materially significant related party transactions, which may have potential conflict with the interest of the Company at large.
- There has neither been any noncompliance nor penalties, strictures imposed on the Company by the Stock Exchanges, SEBI, or any other statutory authority, on any matter relating to the capital markets, during the last three years.

## General Shareholders Information:

### Disclosures regarding re-appointment of Directors

Sri.J.Jayarami Reddy and Sri N.Mallikharjuna Reddy were being retiring by rotation, and being eligible, offer themselves for re-appointment.

## ADDITIONAL SHAREHOLDER INFORMATION

1	Date, time and venue of Annual General Meeting	:	30.09.2004 at 10 30 A.M. at 3-375, Lakshmipuram, Nellore – 524 002.
2.	Date of Book Closure	:	25 <sup>th</sup> September, 2004 to 30 <sup>th</sup> September,2003 (both days inclusive)
3.	Listing on Stock Exchanges	:	Hyderabad, Mumbai, Chennai
4.	Stock Codes	:	SOWBHAGYA/532025
5.	Listing Fees	:	paid upto date i.e 31.3.2004
6.	Stock Data	:	Not traded during the year

## SHARE HOLDING PATTERN

Tables 3 & 4 present the distribution of shareholdings of Sowbhagya by ownership/size class

Table – 3 Shareholding Pattern by Ownership as on 31<sup>st</sup> March, 2004

S.No.	Category of Shareholding	No. of Shares	Percentage
1.	Promoters, Directors, Relatives And Associates (Indian)	35,75,700	68.50
2.	Foreign Promoters	--	--
3.	Banks/SFCs/SIDCs (APIDC)	--	--
4.	Foreign Institutional Investors	--	--
5.	Private Corporate Bodies	--	--
6.	Indian Public	16,64,300	31.50
7.	NRIs / OCBs	--	--
	Total	52,20,000	100.00

Table – 4 Shareholding Pattern by Size class as on 31<sup>st</sup> March, 2004

Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Up to 5000	654	85.27	3,24,700	6.22
5001 - 10000	16	2.09	81,000	1.55
10001 - 20000	15	1.95	180,600	3.46
20001 - 30000	28	3.65	9,28,600	17.79
30001 - 40000	49	6.39	13,17,645	25.24
40001 - 50000	--	--	--	--
50001 - 100000	1	0.13	55,000	1.05
100000 and above	4	0.52	23,32,455	44.68
Total	767	100.00	52,20,000	100.00

### Dematerialisation of Shares

As on 31<sup>st</sup> March, 2004 7,500 shares were held in dematerialized form. ISIN for Sowbhagya Exports is INE 826d01014.

### Share Transfer System

The Company's shares are traded in the Stock Exchanges Physical form. Shares in physical mode that are lodged with the Company and Ikon (Registrar and Transfer Agent) are registered within a period of 12 days if the documents are clear in all respects. The shares duly transferred are dispatched to the concerned shareholders within a week from the date of approval of transfers by the Share Transfer Committee, which meets as often as required.

Financial Calendar (Tentative and subject to Change)

Financial reporting for the 2 <sup>nd</sup> quarter ending	30.09.2004	by 31.10.2004
Financial reporting for the 3 <sup>rd</sup> quarter ending	31.12.2004	by 31.01.2005
Financial reporting for the year ending	31.03.2005	by 30.04.2005
Annual General meeting for the year ending	31.03.2005	by 30.09.2005

*Registrar and Share Transfer Agents:*

Shareholders can contact the company's registrar and share transfer agent M/s Ikon Visions Pvt. Ltd. Registrars & Share Transfer Agents, 33, Sahali Heavens, 8-3-948, Ameerpet, Hyderabad 500073. Tel. No. 23744138, Fax. No. 23744356.

*Address for Investors Correspondence*

Shareholders correspondence should be addressed to the Company's Registrar and Share Transfer Agents at the address mentioned above.

Queries relating to the financial statements and complaints may be sent to Mr.J.Jayarami Reddy, Compliance Officer, M/s Sowbhagya Exports Limited, H.No.3-375, Lakshmipuram, Nellore – 524 002.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Management Discussion and Analysis Report

Sowbhagya Exports Limited is engaged in cultivation of shrimp. The management discussion and analysis given below discuss the key issues for each of these activities.

#### INDUSTRY OVERVIEW:

Export of marine food continues to be a major foreign exchange earner for the country. By virtue of its large coastline, the country has been a prominent player in the international marine food market. To give a further boost to the business and to sustain the development of the industry, Government is regulating the industry through Marine Products Exports Development Authority (MPEDA), MPEDA is aiming to double the current export level of Rs. 6000 Crores. Efforts are being made to enter new markets in Europe and penetrate further into the markets of USA and Japan.

#### PERFORMANCE

In the year under review, the Company achieved a turnover of Rs. 22.64 Lacs with an operating loss of Rs. 1.35 Lacs. There is an increase in the production and sale of shrimp during the current year when compared to the previous year.

#### STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS:

##### STRENGTHS

Professional management and native knowledge of the product have been the strengths of your company. Over the years the company could establish better farm practices.

##### WEAKNESSES:

The success of the industry is largely dependent on nature, vagaries of nature can drive the industry southward., The industry is pre-dominantly run by individual farmers who are not adequately knowledgeable in modern methods of culture. In spite of the moves by MPEDA, the need for modernization and education exists. Lack of proper knowledge on pond management and disease prevention and un-remunerative export prices etc., continues to be factors of worry. Adverse climatic conditions and outbreak of any disease may impact the business of your company.

##### OPPORTUNITIES

Growing awareness and quality consciousness among the consumers of shrimp throws up opportunities to processors who are certified under HACCP and FDA approval etc., It's good opportunity for your company, which is certified under HACCP and FDA. Further, your company is going for certification under British Retail Certification (BRC), which throws up ample scope for its entry into European markets as well.

#### **THREATS:**

The company is dependent on feed manufacturers pricing policy for feed which constitutes about 70% of the costs.

#### **OUTLOOK:**

Increased awareness and quality consciousness among consumers of shrimp importing countries make the country stand a good chance to increase its exports to US, Australia and other markets.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The company has a proper and adequate of controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorised and they are record and reported correctly. Further, the internal control system is designed to ensure that the financial and other record are reliable for preparing financial statements and for maintaining accountability of the assets.

The audit committee reviewed their periodical reports and their suggestions are implemented to ensure the functioning of proper internal control systems.

#### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

The financial statements have been prepared in compliance with the requirement of the companies act, 1956 and generally accepted accounting principals (GAAP) in India.

In the year under consideration, the company incurred a loss of Rs.1.35 Lacs after making provision for Depreciation to the extent of Rs. 11.44 Lacs.

### AUDITORS' REPORT

The Members of  
SOWBHAGYA EXPORTS LIMITED,  
HYDERABAD.

1. We have audited the attached Balance Sheet of M/s.SOWBHAGYA EXPORTS LIMITED as at 31<sup>st</sup> March, 2004, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with 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 of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out 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 in paragraph 3 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 account 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 are in agreement with the books of account;
  - (iv) In our opinion, the Balance sheet, Profit and Loss Account and 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;

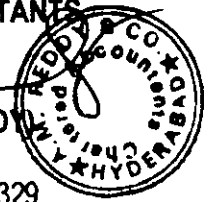
- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 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 31<sup>st</sup> March 2004;
- (b) In the case of the Profit and Loss account, of the Loss for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

PLACE : HYDERABAD.  
DATE : 03.09.2004

for A.M.REDDY & CO.,  
CHARTERED ACCOUNTANTS

  
A.V. RAMANA REDDY  
PARTNER

Membership No. 024329



**ANNEXURE TO THE AUDITORS' REPORT**  
( Referred to in paragraph (3) of our report of even date )

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) The fixed assets of the company have been physically verified by the management during the year as per a programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.  
  
(c) In our opinion and according to the information and explanations given to us, during the year, the company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
  
2. (a) The stock of feed and chemicals has been physically verified by the management during the year, in our opinion, the frequency of verification is reasonable.  
  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
  
(c) On the basis of our examination of records of stocks, in our opinion, the company has maintained proper records of stocks. The discrepancies noticed on physical verification between the physical stocks and the book records were not material.
  
- 3 During the year under report, the company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Act
  
4. In our opinion and according to the Information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business. Further, on the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
  
5. According to the information and explanations given to us, the company has not made any transac<sup>n</sup> that need to be entered into the Register maintained under section 301 of the Act.
  
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the provisions of section 58A of the Companies Act, 1956 and the rules framed thereunder are applicable.

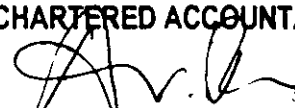


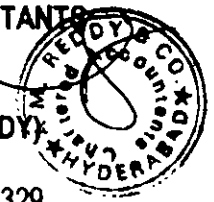
7. The company has no internal audit system.
8. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9. (a) We were informed that the provisions of Provident Fund Act and Employees State Insurance Act are not applicable to this company during the year under report. However, the company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable to it.  
  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March, 2004 for a period of more than six months from the date they became payable.  
  
(c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. The company has accumulated losses as on 31.03.2004 of Rs.79.43 lakhs. However, the company has not incurred any cash losses during the financial year ended on that date and in the immediately preceding financial year.
11. The company has neither taken any loans from a financial institution and a bank nor issued any debentures. Accordingly, Clause 4(xi) of the Companies (Auditor's Report) Order, 2003 is not applicable.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures, and investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to this company.

15. The company has not given any guarantees for loans taken by others, from banks or financial institutions, the terms and conditions, whereof, in our opinion, are prima facie prejudicial to the interest of the company. .
16. The company has not obtained any term loans. Accordingly, the provisions of clause 4(xvi) of the companies (Auditor's Report) Order, 2003 are not applicable to this company.
17. Accordingly to the information and explanations given to us, the company has not raised any funds on short term basis. All assets have been funded by shareholders funds.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
20. The company has not raised any money by public issue, during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

PLACE : HYDERABAD.  
DATE : 03.09.2004

for A.M.REDDY & CO.,  
CHARTERED ACCOUNTANTS

  
(A.V.RAMANA REDDY)  
PARTNER  
Membership No. 024329



1880  
 Document No. 42  
 Recorded filed on 21/10/04  
 Provision/Permanent  
 RA  
 Asst. Registrar

SOWBHAGYA EXPORTS LIMITED

**BALANCE SHEET AS AT 31ST MARCH, 2004**

Particulars	Sche- dules	As at 31.3.04 Rs.	As at 31.3.03 Rs.
<b>SOURCES OF FUNDS:</b>			
<b>SHARE HOLDERS FUNDS</b>			
- Share Capital	'A'	<u>52200000</u>	<u>52200000</u>
<b>TOTAL</b>		<u><u>52200000</u></u>	<u><u>52200000</u></u>


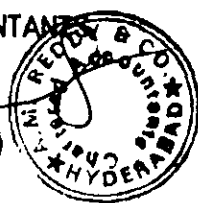
**APPLICATION OF FUNDS:**

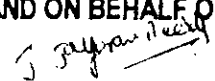

Fixed Assets	'B'	29579329	29579329
Less: Depreciation		<u>9254343</u>	<u>8110431</u>
		20324986	21468898
Current Assets, Loans & Advances	'C'	22756960	21676743
Less: Current Liabilities & Provisions	'D'	<u>75000</u>	<u>76000</u>
Net Current Assets		22681960	21600743
Miscellaneous Expenditure	'E'	1249874	1322170
Profit & Loss Account		<u>7943180</u>	<u>7808189</u>
<b>TOTAL</b>		<u><u>52200000</u></u>	<u><u>52200000</u></u>

**NOTES ON ACCOUNTS** 'H'

**VIDE OUR REPORT OF EVEN DATE**

**FOR AND ON BEHALF OF THE BOARD**

for A.M.REDDY & CO.,  
 CHARTERED ACCOUNTANTS  
  
 (A.V.RAMANA REDDY)  
 PARTNER  


  
 (J.JAYARAM REDDY)  
 DIRECTOR  
  
 (D.SURENDRANATH REDDY)  
 MANAGING DIRECTOR

PLACE: HYDERABAD  
 DATE : 03.09.2004

PLACE: NELLORE  
 DATE : 02.09.2004

REC. NO.

REG. NO.

**SOWBHAGYA EXPORTS LIMITED**

SCHEDULES TO ACCOUNTS	As at 31.3.04 Rs.	As at 31.3.03 Rs.
SCHEDULE - A		
SHARE CAPITAL		
- Authorised:		
90,00,000 Equity Shares of Rs.10/- each.	<u>90000000</u>	<u>90000000</u>
- Issued, Subscribed and Paid up:		
52,20,000 equity Shares of Rs.10/- each fully paid up	<u>52200000</u>	<u>52200000</u>
TOTAL	<u>52200000</u>	<u>52200000</u>

SOWBHAGYA EXPORTS LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2004**

Particulars	Schedules	Current Year Rs.	Previous Year Rs.
<b>INCOME:</b>			
Sales		2264049	1857140
TOTAL		<u>2264049</u>	<u>1857140</u>
<b>EXPENDITURE:</b>			
Manufacturing expenses	'F'	929734	653492
Administrative expenses	'G'	253098	190162
Preliminary and Public Issue Expenses Written Off		72296	72296
Depreciation		1143912	1150502
TOTAL		<u>2399040</u>	<u>2066452</u>
Net Loss for the Year		-134991	-209312
Add: Balance brought forward from previous year		-7808189	-7598877
Balance Carried to Balance Sheet		<u>-7943180</u>	<u>-7808189</u>

NOTES ON ACCOUNTS 'H'

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

for A.M.REDDY & CO.,  
CHARTERED ACCOUNTANTS

*(Signature)*  
(A.V.RAMANA REDDY)  
PARTNER



PLACE: HYDERABAD  
DATE : 03.09.2004

*(Signature)*

(J.JAYARAM REDDY)  
DIRECTOR

*(Signature)*  
(D.SURENDRANATH REDDY)  
MANAGING DIRECTOR

PLACE: NELLORE  
DATE : 02.09.2004

## SCHEDULE 'B'

## SOWBHAGYA EXPORTS LIMITED

## FIXED ASSETS:

Description of the Asset	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	As at 31.03.03	Additions during the year	As at 31.03.04	As at 31.3.03	For the year	As at 31.3.04	As at 31.3.04	As at 31.3.03
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land & Site Development	500000	0	500000	0	0	0	500000	500000
Buildings	19272131	0	19272131	4505826	643689	5149515	14122616	14766305
Plant & Machinery	8797413	0	8797413	3044117	417877	3461994	5335419	5753296
Vehicles	581276	0	581276	371965	55221	427186	154090	209311
Furniture & Fixtures	428509	0	428509	188523	27125	215648	212861	239986
<b>TOTAL</b>	<b>29579329</b>	<b>0</b>	<b>29579329</b>	<b>8110431</b>	<b>1143912</b>	<b>9254343</b>	<b>20324986</b>	<b>21468898</b>

SOWBHAGYA EXPORTS LIMITED

SCHEDULE - C	As at 31.3.04	As at 31.3.03
CURRENT ASSETS, LOANS AND ADVANCES:	Rs.	Rs.
<b>CURRENT ASSETS</b>		
Sundry Debtors (Unsecured, considered good)		
- More than six months	8403663	8403663
- Others	0	0
Cash & Bank Balances	260979	780762
<b>LOANS &amp; ADVANCES:</b>		
- Deposits	142318	142318
- Other Advances	3250000	3250000
- Advance for Raw Materials	170000	170000
- Advance for Land	9330000	7730000
- Advance for Software	1200000	1200000
TOTAL	<u>22756960</u>	<u>21676743</u>

SCHEDULE - D

CURRENT LIABILITIES AND PROVISIONS:

CURRENT LIABILITIES:

- Creditors for Expenses	55000	56000
--------------------------	-------	-------

PROVISIONS:

- For Audit Fees	<u>20000</u>	<u>20000</u>
TOTAL	<u>75000</u>	<u>76000</u>

**SOWBHAGYA EXPORTS LIMITED**

SCHEDULE - E	As at 31.3.04 Rs.	As at 31.3.03 Rs.
<b>MISCELLANEOUS EXPENDITURE:</b> (To the extent not written off or adjusted)		
- Public Issue Expenses	201888	269184
Less: Written off during the year	<u>67296</u>	<u>67296</u>
	134592	201888
- Preliminary expenses	10000	15000
Less: Written off during the year	<u>5000</u>	<u>5000</u>
	5000	10000
- Deferred Tax Asset	<u>1110282</u>	<u>1110282</u>
<b>TOTAL</b>	<u><u>1249874</u></u>	<u><u>1322170</u></u>

SCHEDULE - F	Current Year Rs.	Previous Year Rs.
<b>MANUFACTURING EXPENSES</b>		
- Seed	390343	328105
- Feed	336850	135900
- Ponds Maintenance	58863	54379
- Generator maintenance	71578	67161
- Repairs & Maintenance	27730	25415
- Labour charges	<u>44370</u>	<u>42532</u>
<b>TOTAL</b>	<u><u>929734</u></u>	<u><u>653492</u></u>



**SOWBHAGYA EXPORTS LIMITED**

SCHEDULE - G	Current	Previous
ADMINISTRATIVE EXPENSES	Year	Year
	Rs.	Rs.
- Salaries	145500	96000
- Bank charges	1640	0
- Staff welfare	4943	4704
- Travelling Expenses - Directors	5950	5100
- Travelling Expenses - Others	6740	6429
- Postage, Telegrams and Telephones	1287	1038
- Registration, Licence & Filing Fees	9000	0
- Printing & Stationery	3140	2758
- Office Maintenance	1475	1257
- General expenses	4708	4276
- Audit Fee	20000	20000
- Rent	24000	24000
- Vehicle Maintenance	6715	6600
- Service Charges	18000	18000
TOTAL	<u>253098</u>	<u>190162</u>

## SOWBHAGYA EXPORTS LIMITED

### NOTES ON ACCOUNTS

#### SCHEDULE - H

##### 1. Disclosure of Accounting Policies:

- a) **General:** The financial statements are prepared under the historical cost convention and comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 and the same is prepared on a going concern basis.

Accounting Policies are not specifically referred to otherwise are consistent and in consonance.

##### b) Fixed Assets:

Fixed Assets are valued at cost of acquisition and any attributable cost for bringing the asset to working condition.

##### c) Revenue recognition

All revenue income and expenditure are recognized on accrual basis.

##### d) Depreciation:

Depreciation on fixed assets has been provided on straight-line method at the rates specified in schedule XIV of the Companies Act, 1956 on pro-rata basis.

##### 2. The Auditor's Remuneration

	2003-04 Rs.	2002-03 Rs.
As Auditors	15000	15000
Service Tax	5000	5000
Total	20000	20000

3. The particulars of employees in accordance with Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not given as no employee was covered by the above said rules during the year.

## SOWBHAGYA EXPORTS LIMITED

4. Additional information pursuant to Provisions of Part-II of Schedule – VI of the Companies Act, 1956.

	2003-04		2002-03	
	Qty Tons	Rs.Lakhs	Qty Tons	Rs.Lakhs
A) Capacity & Production:				
- Opening Stock	--	--	--	--
- Production	8.60	--	6.77	--
B) Turnover				
- Sale of Shrimps	8.60	22.64	6.77	18.57
C) Closing Stock	--	--	--	--
D) Raw Material Consumed:				
- Shrimp Seed	--	3.90	--	--
- Shrimp Feed	10.23	3.37	3.51	1.35

**5. Foreign Exchange Transactions:**

Value of Imports on CIF Basis Feed	Nil	Nil
Expenditure in Foreign Currency		
- Capital Expenditure	Nil	Nil
- Travelling Expenditure	Nil	Nil

6. Value of Imported & Indigenous Raw Materials, Components, Spare Parts & Other Materials consumed:	Value Rs.Lakhs	%	Value Rs.Lakhs	%
- Imported	Nil	Nil	Nil	Nil
- Indigenous	7.27	100	4.64	100

7. Segment Reporting as per AS-17 is not applicable to this company.

8. Related party disclosure pursuant to AS-18 is "Nil"

**9. Amount due to SSI Units:**

There are no SSI units whose dues are exceeding Rs.1 lakh or more for more than 30 days.

## SOWBHAGYA EXPORTS LIMITED


10. Balances of Sundry Debtors, Advance for Software, Advance for Land and Other Advances are subject to reconciliation / confirmation with the respective parties.
11. The deferred tax liability / asset is not recognized in compliance with the Accounting Standard – AS 22 relating to "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India keeping in view the operations of the company.
12. Paise have been rounded off to the nearest rupee. Previous year figures have been regrouped wherever if thought necessary in conformity with the current year groupings.

Notes, Schedules, Cash Flow Statement and statement on accounting policies form an integral part of the balance sheet and profit and loss account.

### SIGNATURE TO SCHEDULE 'A' TO 'H'

VIDE OUR REPORT OF EVEN DATE

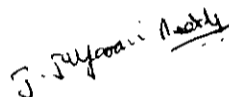
for A.M.REDDY & CO.  
CHARTERED ACCOUNTANTS

  
(A.V.RAMANA REDDY)  
PARTNER

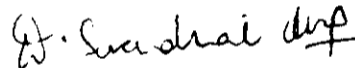


PLACE: HYDERABAD  
DATE : 03.09.2004

FOR AND ON BEHALF OF THE BOARD



(J.JAYARAM REDDY)  
DIRECTOR



(D.SURENDRANATH REDDY)  
MANAGING DIRECTOR

PLACE : NELLORE  
DATE : 02.09.2004

## SOWBHAGYA EXPORTS LIMITED

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(In terms of amendment of Schedule VI - Part IV)

#### I. Registration Details

Registration No. 18800 of 1994-95

State Code: 01

Balance Sheet

Date 31.03.2004

#### II. Capital Raised during the year (Amount in Rs.Thousands)

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

#### III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands).

Total Liabilities

52200

Total Assets

52200

Sources of Funds:

Paid-up Capital

52200

Reserves & Surplus

Nil

Secured Loans

Nil

Unsecured Loans

Nil

Application of Funds:

Net Fixed Assets

20325

Investments

Nil

Net Current Assets

22682

Misc.Expenditure

1250

Accumulated Losses

7943

## SOWBHAGYA EXPORTS LIMITED

### IV Performance of Company (Amount in Rs.Thousands)

Turnover & Other Income  
2264

Total Expenditure  
2399

Profit/Loss Before Tax  
+/-  
-135

Profit/Loss after Tax  
+/-  
-135

(Please tick Appropriate box + for Profit - for Loss)

Earning per Share in Rs.

Dividend    Rate  
                  (%)  
Nil            Nil

### V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Production of Shrimps

Product Description

Item Code No. (ITC Code)

Product Description

--

Item Code No. (ITC Code)

Product Description

--

FOR AND ON BEHALF OF THE BOARD

*J. Jayaram Reddy*  
(J.JAYARAM REDDY)  
DIRECTOR

*D. Surendranath Reddy*  
(D.SURENDRANATH REDDY)  
MANAGING DIRECTOR

PLACE: HYDERABAD  
DATE : 02.09.2004

**SOWBHAGYA EXPORTS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004**  
(As required under Clause 32 of the Listing Agreement with Stock Exchange)

	Current Year. Rs.	Previous Year Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITES</b>		
Net Loss before Taxation and Extraordinary Items	-134991	-209312
Add: Adjustment for:		
- Depreciation	1143912	1150502
- Preliminary & Public Issue Expenses written off	72296	72296
- Operating Profit before working Capital Changes	1081217	1013486
Working Capital Changes:		
- Trading & Other Receivable	1600000	360500
- Trade Purchases	1000	-1000
- Loans & Advances	0	0
Cash generated from Operations	519783	-653986
Interest Paid	0	0
Net Cash Flow from Operating Activites	519783	-653986
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	0	0
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	0	0
Net Decrease / Increase in Cash and Cash Equivalents	-519783	653986
Cash and Cash Equivalents at the beginning of the year	780762	126776
Cash and Cash Equivalents at the end of the year	260979	780762

**VIDE OUR REPORT OF EVEN DATE**

**FOR AND ON BEHALF OF THE BOARD**

for A.M.REDDY & CO.,  
CHARTERED ACCOUNTANTS

(A.V.RAMANA REDDY)  
PARTNER



PLACE: HYDERABAD  
DATE : 03.09.2004

*J. Jayaram Reddy*

(J.JAYARAM REDDY)  
DIRECTOR

*D. Surendranath Reddy*  
(D.SURENDRANATH REDDY)  
MANAGING DIRECTOR

PLACE: NELLORE  
DATE : 02.09.2004

**SOWBHAGYA EXPORTS LIMITED**

REGD.OFF: H.No.3-375, Lakshmipuram, Nellore – 524 002

ATTENDANCE SLIP

532

- 1. Please fill the Attendance Slip and hand it over at the entrance of the Meeting Hall.
- 2. Only Shareholders of the Company or their proxies will be allowed to attend the meeting.

I hereby record my presence at the 9<sup>th</sup> Annual General Meeting of the company to be held on Wednesday the 30<sup>th</sup> September, 2004 at 11.00 A.M at the Registered Office of the company, at H.No.3-375, Lakshmipuram, Nellore – 524 002.

Shareholders/Proxy's Signature .....

Shareholders/Proxy's full name .....  
(In block letters)

Folio No./DP ID & Client ID .....

No. of shares held .....

Note: Share holders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

**SOWBHAGYA EXPORTS LIMITED**

REGD.OFF: H.No.3-375, Lakshmipuram, Nellore – 524 002.

PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member(s) of above named company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us, on my/our behalf at the 9<sup>th</sup> Annual General Meeting of the Company to be held on Thursday the 30<sup>th</sup> September, 2004 at 10.30 A.M at the Registered Office of the company, at H.No.3-375, Lakshmipuram, Nellore – 524 002., and at any adjourned meeting thereof.

As Witnessed Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

Signed by the said \_\_\_\_\_

Folio No./DP ID & Client ID \_\_\_\_\_

No. of shares held \_\_\_\_\_

Affix  
Re.1/-  
Revenue  
Stamp.

Note: The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than Forty eight hours before the time for holding the aforesaid meeting. The proxy need not be a member of the company.