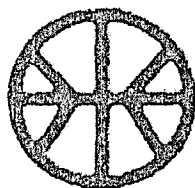


TMT (INDIA) LIMITED



30th

Annual Report 2006-2007

TMT (INDIA) LIMITED
5-8-113, 2nd floor, 21st Century Complex
Nampally, HYDERABAD – 500 001
Phone : 2320 4088 Grams : BHADRA

NOTICE OF THE 30th ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of the Shareholders of the Company will be held on 29th September, 2007 at 03:00 PM at the Registered Office of the Company situated at the above address to transact the following :

ORDINARY BUSINESS :

01. To receive, consider and adopt the Balance Sheet as at 31-03-2007 and the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
02. To appoint a Director Mr A Panduranga, who retires by rotation and being eligible offers himself for reappointment.
03. To appoint a Director Mr. N.J.Rao, who retires by rotation and being eligible offers himself for re-appointment.
04. To appoint auditors and fix their remuneration.

By the order of the Board

Sd/-
T.G.VEERA PRASAD
Managing Director

Dated : 16.08.2007

Note :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

TMT (INDIA) LIMITED

Twenty Ninth Annual Report 2006 -2007

BOARD OF DIRECTORS

- | | |
|-------------------------|---------------------|
| - Sri. T.G.Veera Prasad | - Managing Director |
| - Sri. A.Panduranga | - Director |
| - Sri. A.N.Rao | - Director |
| - Sri. N.J.Rao | - Director |

BANKERS

Canara Bank, Basheerbagh, Hyderabad

AUDITORS

M/s Brahmayya & Co.,
Chartered Accountants
ADONI

FACTORY

LPG & Engineering
Gondiparla,
Kurnool - 518 004
Phone: (91) 08518 280050

Grams: "BHADRA"

FLORICULTURE
Karikaldoddi
Hosur (Village), Bidadi, Hobli
Ramnagar (Taluq)
BANGALORE (Dist)

REGISTERED OFFICE

5-8-113, 2nd Floor
21st Century Complex
Nampally, Hyderabad - 500 001
Phone: 91-40-23204088

DIRECTORS' REPORT

Dear Members,

We have pleasure in presenting the Annual Report and the Audited statement of Accounts of your Company for the year ended 31st March, 2007.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	For the year ended 31-03-2007	For the year ended 31-03-2006
Sales & other income	4.14	8.30
Loss for the year before Interest	262.39	915.10
Loss for the year after Interest	263.25	916.52
Less: Extra ordinary and Prior period Income (Net)	248.20	904.39
Loss before Tax	15.05	12.13
Provision for Tax (Fringe Benefit Tax)	0.87	0.53
Loss after Tax	15.92	12.66
Loss Brought forward from previous year	929.04	916.38
Loss carried to Balance Sheet	944.96	929.04

OPERATIONS

There were meager operations / transactions during the year under report and the company has incurred net loss after tax of Rs.15.92 lakhs as against Rs.12.66 lakhs in earlier year.

The Company is slowly turning around. The dues to the financial institutions are settled. The Company has identified new business opportunities and in this process acquired technical know-how from Demerara Distillers Limited, a Joint Venture Company for manufacturer of EIDorado Branded Rums. This is expected to generate revenues from financial year 2008-09.

PROSPECTS

With the settlement of its dues to institutions and the Company is putting all its efforts and concentrating on reviving present business activities, particularly in view of the present boom in the paper market. The Company is making efforts to turn around by raising additional resources, disposing off floriculture unit in Bangalore. Technical Know-how for manufacture of proprietary ingredients for EIDorado brand of Rums, the Company is taking all necessary steps for its future operations.

FIXED DEPOSITS

The Company has no Fixed Deposits.

DIRECTORS

Mr. A.Panduranga and Mr. NJ Rao will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIVIDEND

In view of the loss, your Directors are unable to recommend dividend for the year.

PARTICULARS OF EMPLOYEES

None of the employees was in receipt of aggregate remuneration as prescribed under Sec.217 (2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act., 1956, your Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures.
2. The accounting policies selected have been applied consistently and reasonable, prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the company as at 31st March, 2007 and of the loss of the company for the year ended 31st March, 2007.
3. The Directors have taken proper and sufficient care 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 preventing and detecting fraud and for other irregularities.
4. The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

In view of the financial position of the Company and due to meager operations during the year under report, your Company was not able to implement Corporate Governance guidelines. However, the Company has complied with statutory requirements to the extent it is practicable to do so.

QUALIFICATIONS IN AUDITORS' REPORT

As the Company is functioning with bare minimum staff, physical verification of stocks and fixed assets was not carried out, but the Company's assets are well guarded. The negotiations with the parties for the settlement of dues are going on. The effect of reconciliations and write off of balances, if any will be taken up as and when the balances of creditors & debtors are reconciled. Gratuity is accounted on payment basis, since most of the employees have left the Company.

AUDITORS

M/s Brahmayya & Company, Chartered Accountants, Adoni will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

ENERGY CONSERVATION

During the period under consideration power consumption is very meager and attempts are being made to conserve power.

TECHNOLOGY ABSORPTION

The Company has competent in-house research and development facilities including CAD centers for designing and developing the paper projects of the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under report, the Company has not earned any foreign exchange but has spent Rs.2.94 lakhs towards foreign traveling and consultancy expenses.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the valuable assistance and guidance received from IDBI and other institutions who have been associated with the Company.

For and on behalf of the Board of Directors

Sd/-
T.G.VEERA PRASAD
MANAGING DIRECTOR

Place : Hyderabad
Date : 16th August 2007

AUDITORS' REPORT

To
The Members of
TMT (INDIA) LIMITED

1. We have audited the attached Balance Sheet of TMT (INDIA) LIMITED as at 31st March, 2007 and also the Profit & Loss Account 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 have 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 misstatements. 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 (Auditors' Report) Order, 2003, issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give 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 :
 - (a) 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;
 - (b) 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;
 - (c) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report comply with the applicable accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2007 from being appointed as a Director in terms of Section 274 (1) (g) of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us,

- i) The Company has not provided for interest on delayed payments to creditors/lenders and on statutory dues and the amount is not ascertainable, since there are no specific demand notices,
- ii) The Company has not provided for loss on physical verification of fixed assets and Inventories and the amount is not ascertained, since the physical verification was not done by the Company,
- iii) The Company has not made any provision for doubtful debts; advances/deposits and the amount is not ascertained.
- iv) The Company's settlements with NBFC's are accounted for, pending reconciliation.

Subject to the above, 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;

- i) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2007; and
- (ii) in the case of the profit and loss account, of the loss for the year ended on that date;

For BRAHMAYYA & CO.
Chartered Accountants

Sd/-

(B. Daivadheenam Reddy)
Partner
Membership No. 26450

Place : Hyderabad (Camp)
Date : 16th August 2007

ANNEXURE TO THE AUDITORS' REPORT

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, but the amounts were not compared with the financial ledger balances.
- (b) All the assets have not been physically verified by the management during the year and there is no regular programme of verification. It is explained by the Company that most of the staff have left the company and there is sufficient security to safe guard the fixed assets at all the units, and the discrepancies, if any, noticed on physical verification will be considered in the relevant year of physical verification.
- (c) During the year the Company has not disposed off any major part of the Plant and machinery.
- (ii) (a) The inventory has not been physically verified during the year by the management. It is explained by the Company that most of the staff have left the Company and there is sufficient security to safe guard the Inventories.
- (b) Accordingly, the Provisions of Clause 4 (ii) (b) of the Companies (Auditor's Report) Order, 2003, are not applicable.
- (c) The company is maintaining proper records of inventory. During the year under report Inventory has not been physically verified by the Company and hence the discrepancies, if any, noticed on physical verification between the physical stocks and book records shall be considered in the relevant year of physical verification.
- (iii) (a) The Company has taken a secured loan from one party (Guarantor to Bank Loans) and the maximum amount involved during the year and the year-end balance was Rs.200.00 lakhs and unsecured loans from four parties and the maximum amount involved during the year was Rs.463.96 lakhs and the year end balance was Rs. 547.33 lakhs. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any company, firm or other parties covered in the register maintained U/s 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions on which loans have been taken are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of loans taken by the Company, the interest and principal amount is payable on demand.
- (d) There is no overdue amount in respect of loans taken by the Company, since these loans are repayable on demand and therefore the question of overdue amounts does not arise.

- (iv) In our opinion and according to the information and explanations given to us, there are no adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets, and with regard to the sale of goods and it is explained by the Company that most of the staff have left the Company and there were no purchases of inventory / Fixed assets during the year. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls and the internal controls are to be strengthened.
- (v) (a) According to the information and explanations given to us, there were no transactions that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanation given to us, there were no transactions exceeding the value of rupees five lakhs in respect of any party during the year in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from public specified under the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. No order has been passed by the Company Law Board.
- (vii) The Company has no internal audit system to commensurate with its size and nature of its business and it is explained by the Company that in view of meager operations / transactions, internal audit was not conducted during the year under report.
- (viii) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed for maintenance of Cost Records by the Company under Section 209(1)(d) of the Companies Act, 1956 in respect of any product /activity of the company.
- (ix) (a) According to the records of the Company, the Company is not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Income Tax Deducted at Source, and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, the following undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income tax, Wealth tax, Sales tax, Customs Duty, Excise Duty and Cess, Income Tax deducted at source were in arrears, as t 31st March 2007 for a period of more than six months from the date they became payable.

Statement of arrears of undisputed statutory dues outstanding for more than six months:

S.No.	Name of the Statute	Nature of dues	Amount due In Rs. lakhs	period to which the amount due
1	ESI Act	ESI Recoveries	0.27	Jan'97 to Aug 2006
2	ESI Act	ESI Contributions	1.97	Jan'97 to Aug'06
3	Profession Tax Act	PT Collections	0.23	Feb'03 to Aug'06
4	EPF Act	PF Recoveries	0.14	Upto Aug 2006
5	EPF Act	PF Contributions	0.26	Upto Aug 2006
6	TDS		0.41	
7	Fringe Benefit Tax		1.07	

- (c) According to the information and explanations given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The accumulated losses of the Company Rs.944.96 lakhs at the end of the financial year, are more than 50% of its net worth. The Company has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year 2005-06. The effect of unquantified qualifications in the Audit report has not been taken into consideration for the purpose of making comments in respect of this clause.
- (xi) According to the records of the Company and the information and explanations given to us, the Company has settled its dues to the financial institutions and there are no debentures holders.
- (xii) According to the records of the Company and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) 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 the company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the records of the Company and the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the records of the Company and the information and explanations given to us the company has not taken any new term loans during the year under report and hence the usage of loan funds does not arise.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that during the year under report the Company has not raised any funds on short-term basis and also no long-term funds have been raised and hence the usage of funds does not arise.
- (xviii) According to the information and explanations given to us, during the year under report the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained U/S 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the year covered by our audit report, the company has not issued any debentures and hence creation of security does not arise.
- (xx) According to the information and explanations given to us, the company has not raised any money by public issue during the year covered by our audit report.
- (xxi) According to the information and explanations given to us, no fraud on or by the company was noticed or reported during the course of our audit.

For **BRAHMAYYA & CO.**
Chartered Accountants

Sd/-

(B. Daivadheenam Reddy)
Partner
Membership No. 26450

Place : Hyderabad (Camp)
Date : 16th August 2007

TMT (INDIA) LIMITED - HYDERABAD
BALANCE SHEET as at 31st March, 2007

(Amount in Rs.)

Particulars	Sch.Ref	As at 31.03.2007	As at 31.03.2006
A. SOURCES OF FUNDS			
I. Share Holders' Funds			
a) Capital	1	4,18,95,000	4,18,95,000
b) Reserves & Surplus	2	13,53,31,732	12,20,31,732
TOTAL I		17,72,26,732	16,39,26,732
II. Loan Funds			
a) Secured Loans	3	2,31,49,284	6,77,02,815
b) Unsecured Loans	4	1,75,19,390	1,31,44,185
TOTAL II		4,06,68,674	8,08,47,000
TOTAL - A (I + II)		21,78,95,406	24,47,73,732
B. APPLICATION OF FUNDS			
I. Fixed Assets			
a) Gross Block	5	17,97,41,670	17,28,42,270
b) Depreciation		8,35,63,537	7,91,55,297
c) Net Block (a - b)		9,61,78,133	9,36,86,973
II. Investments			
	6	23,81,400	23,81,400
III. a) Current Assets, Loans & Advances			
1. Current Assets	7	6,88,16,186	6,85,23,225
2. Loans and Advances	8	7,30,30,646	9,30,98,222
TOTAL (a)		14,18,46,832	16,16,21,447
b) Less Current Liabilities & Provisions			
1. Current Liabilities	9	11,47,50,042	10,36,50,070
2. Provisions	10	22,56,472	21,69,967
TOTAL (b)		11,70,06,513	10,58,20,037
NET CURRENT ASSETS (a - b)		2,48,40,318	5,58,01,410
IV. Profit & Loss Account - Debit Balance		9,44,95,555	9,29,03,951
TOTAL - B (I to IV)		21,78,95,406	24,47,73,732
Notes to Accounts and Accounting Policies	19		
As per our report of even date for BRAHMAYYA & COMPANY Chartered Accountants		for and on behalf of the Board	
Sd/- B.Daivadheenam Reddy Partner Place : Hyderabad (Camp) Date : 16th August, 2007		Sd/- T.G.Veera Prasad Managing Director	Sd/- NJ Rao Director

TMT (INDIA) LIMITED - HYDERABAD
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March , 2007

Particulars	Sch.Ref	for the year ended	
		31.03.2007	31.03.2006
A. INCOME			
1. Sales & Service charges	11	4,13,800	4,58,750
2. Other income	12	-	3,71,101
3. Accretion/(Decretion) to Stock	13	-	(2611671)
TOTAL - A		4,13,800	(1781820)
B. EXPENDITURE			
1. Consumption of Material	14	-	4,14,500
2. Employees Remuneration and Benefits	15	8,35,994	5,19,669
3. Interest & Bank Charges	16	86,383	1,41,972
4. Other Manufacturing & Administrative Expenses	17	2,10,92,007	8,40,40,393
5. Depreciation		47,24,320	47,52,893
TOTAL - B		2,67,38,704	8,98,69,427
C. Net Profit/(Loss) for the year before extra ordinary income/Expenses		(26324904)	(91651247)
D. Extra Ordinary and Prior period Income/Expenses (Net)	18	2,48,19,610	9,04,38,551
E. Net Loss for the year before tax		(1505294)	(1212696)
F. Provision for Tax (Fringe Benefit Tax)		86,310	53,133
G. Net Loss after Tax		(1591604)	(1265829)
H. Loss Brought forward from Previous Year		(92903951)	(91638122)
I. Loss carried to Balance Sheet		(94495555)	(92903951)
As per our report of even date for BRAHMAYYA & COMPANY Chartered Accountants		for and on behalf of the Board	
Sd/- B.Daivadheenam Reddy Partner Place : Hyderabad (Camp) Date : 16th August 2007	Sd/- T.G.Veera Prasad Managing Director	Sd/- NJ Rao Director	

SCHEDULE - 1 : CAPITAL		
Sl.No. Particulars	As at 31.03.2007	As at 31.03.2006
1. AUTHORISED		
a) 1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
TOTAL	10,00,00,000	10,00,00,000
2. ISSUED AND SUBSCRIBED		
49,53,800 Equity Shares of Rs.10/- each	4,95,38,000	4,95,38,000
3. CALLED AND PAID-UP		
41,92,300 Equity Shares of Rs.10/- each	4,19,23,000	4,19,23,000
Less : Allotment money unpaid	28,000	28,000
TOTAL	4,18,95,000	4,18,95,000

SCHEDULE - 2 : RESERVES & SURPLUS		
Sl.No. Particulars	As at 31.03.2007	As at 31.03.2006
Capital Reserve		
Opening Balance	9,87,32,590	2,46,70,851
Add : Waiver of Principle amount of loan	1,33,00,000	7,40,61,739
Closing Balance	11,20,32,590	9,87,32,590
Share Premium	2,31,99,142	2,31,99,142
State Subsidy	1,00,000	1,00,000
TOTAL	13,53,31,732	12,20,31,732

SCHEDULE - 3 : SECURED LOANS		
Sl.No. Particulars	As at 31.03.2007	As at 31.03.2006
SECURED LOANS		
a) From Financial Institutions	-	1,58,00,000
b) Interest accrued and due on the above	-	2,47,82,160
c) Hire Purchase dues to Financiers	31,49,284	71,20,655
Corporate loan from Financial Institutions secured by pledge of shares of the Company held by promoters and personal guarantee of Managing Director of the Company and charge of all fixed assets of the Company		
d) From Guarantors - Maddi Lakshmaiah & Associates	2,00,00,000	2,00,00,000
(Securities offered to the Bankers are transferred to the Guarantors, Refer Note No.IV of Schedule - 19)		
TOTAL	2,31,49,284	6,77,02,815

SCHEDULE - 4 : UNSECURED LOANS		
Sl.No. Particulars	As at 31.03.2007	As at 31.03.2006
UNSECURED LOANS		
a) Interest free Sales Tax loan from AP Govt. (fallen due on 28.03.1987 Rs.0.72 lakhs and Rs.0.87 loan on 10.06.1994)	1,59,400	1,59,400
b) Interest on the above loan	67,955	67,955
c) From Others	1,51,11,858	1,07,61,858
d) Interest due on above loans from others	21,80,177	21,54,972
TOTAL	1,75,19,390	1,31,44,185

SCHEDULE - 05 : FIXED ASSETS

Sl.No	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 01.04.06	Additions during the year	Deletions during the year	As at 31.03.07	Up to 31.03.06	For the year	Deletions	Up to 31.03.07	As at 31.03.07	As at 31.03.06
1	Land	4,85,524			4,85,524					4,85,524	4,85,524
2	Borewell	6,36,327			6,36,327	211,453	21,253		2,32,706	4,03,621	4,24,874
3	Buildings	87,33,604			87,33,604	36,34,474	2,75,129		39,09,603	48,24,001	50,99,130
4	Plant & Machinery	14,86,39,260		6,00,600	14,80,38,660	7,09,80,052	40,37,485	3,16,080	7,47,01,457	7,33,37,203	7,76,59,208
5	Temporary Sheds	5,90,306			5,90,306	5,90,306			5,90,306		
6	Electricity Equipments	18,20,919			18,20,919	8,18,179	86,494		9,04,673	9,16,246	10,02,740
7	Office Equipments	1,39,680			1,39,680	64,748	6,635		71,383	68,296	74,931
8	Furniture & Fixtures	2,61,032			2,61,032	1,78,008	13,630		1,91,638	69,395	83,025
9	Vehicles	29,92,110			29,92,110	26,60,078	2,83,694		29,43,771	48,339	3,32,033
10	Oxygen Cylinders	18,000			18,000	18,000			18,000		
	TOTAL	16,43,16,762		6,00,600	16,37,16,162	7,91,55,297	47,24,320	3,16,080	8,35,63,537	8,01,52,625	8,51,61,485
	Capital VMP	85,25,507			85,25,507					85,25,507	85,25,507
	Intangible Asset Technical Know-how Fees		75,00,000		75,00,000					75,00,000	
	GRAND TOTAL	17,28,42,270	75,00,000	6,00,600	17,97,41,670	7,91,55,297	47,24,320	3,16,080	8,35,63,537	9,61,76,133	9,36,88,073

SCHEDULE - 6 : INVESTMENTS			
Sl.No.	Particulars	As at 31.03.2007	As at 31.03.2006
1. QUOTED			
a)	50,000 Equity Shares of Rs.10/- each Fully paid in M/s Sree Royalaseema Alkalies&Allied Chemicals Ltd	5,00,000	5,00,000
	TOTAL	5,00,000	5,00,000
2. UNQUOTED			
a)	Government Securities		
i.	National Savings Certificate	11,000	11,000
b)	Shares and Units/Bonds		
i.	1200 Equity Shares of Rs.100/- each Fully paid in M/s Sree Dronachalam Lime and Minerals Pvt.Ltd.	1,20,200	1,20,200
ii.	5000 Equity Shares of Rs.10/- each fully paid in M/s TGL Quick Foods Ltd	50,000	50,000
iii.	Vishal Paper Tech (India) Ltd-application money paid for 20,000 shares at Rs.5/- share (15100 shares allotted)	1,00,000	1,00,000
iv.	4000 shares of Bank of Baroda Rs.25/- each at Premium of Rs.75/- per share (Rs.25/- per share Application money paid)	1,00,200	1,00,200
v.	150000 Equity Shares of Rs.10/- each Application money paid Roses Floriculture Ltd.	15,00,000	15,00,000
	Market value of quoted investments Rs.1.56 lakhs (Previous year Rs.2.08 lakhs)		
	TOTAL	18,81,400	18,81,400
	GRAND TOTAL	23,81,400	23,81,400

SCHEDULE - 7 : CURRENT ASSETS			
Sl.No.	Particulars	As at 31.03.2007	As at 31.03.2006
1. INVENTORIES			
	As Certified and valued by the Management		
a)	Finished goods (At cost or Market value whichever is lower)	6,47,260	6,47,260
b)	Semi Finished Goods (At cost or Market value whichever is lower)	6,86,240	6,86,240
c)	Raw Material (At cost or realisable value whichever is lower)	6,21,000	6,21,000
d)	Consumables Stores & Spares (At Cost)	37,096	37,096
e)	Tools and Tackles (At cost less depreciation)	15,625	15,625
	TOTAL	20,07,221	20,07,221
2. SUNDRY DEBTORS			
i)	Unsecured		
	Outstanding for a period of more than 6 months - Considered doubtful / bad	6,82,09,587	14,19,78,034
ii)	Other debts	4,13,800	-
		6,86,23,387	14,19,78,034
	Less : Provision for Doubtful Debts	18,00,000	18,00,000
	Less : Bad debts written off	1,38,738	7,37,68,447
	TOTAL	6,66,84,649	6,64,09,587
3. CASH AND BANK BALANCES			
a)	Cash in Hand	6,455	8,955
b)	Bank Balance with Scheduled Banks	1,17,861	97,462
	TOTAL	1,24,316	1,06,417
	GRAND TOTAL	6,88,16,186	6,85,23,225

SCHEDULE - 8 : LOANS & ADVANCES			
Sl.No.	Particulars	As at 31.03.2007	As at 31.03.2006
1. LOANS - (Unsecured and considered good)			
	Loans	1,86,67,181	1,86,67,181
2. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED			
a)	Advances to Suppliers/Contractors	4,95,63,663	6,30,61,023
b)	Advances to Employees	17,62,457	17,32,773
c)	Income Tax Advance / TDS	16,31,737	16,31,737
d)	Prepaid Insurance	800	-
e)	Claims Receivable	-	66,00,000
f)	Interest Receivable	21,600	22,300
	TOTAL	5,29,80,257	7,30,47,833
3. DEPOSITS			
a)	Deposits with Government departments	1,26,755	1,26,755
b)	Deposits with others	12,56,453	12,56,453
	TOTAL	13,83,208	13,83,208
	GRAND TOTAL	7,30,30,646	9,30,98,222

SCHEDULE - 9 : CURRENT LIABILITIES			
Sl.No.	Particulars	As at 31.03.2007	As at 31.03.2006
CURRENT LIABILITIES			
a)	Sundry Creditors	9,00,90,684	7,60,30,500
b)	Advances from Customers	94,09,920	1,26,86,100
c)	Other liabilities	1,52,49,438	1,49,33,470
	TOTAL	11,47,50,042	10,36,50,070

SCHEDULE - 10 : PROVISIONS			
Sl.No.	Particulars	As at 31.03.2007	As at 31.03.2006
PROVISIONS			
a)	Provision for Income Tax	10,58,534	10,58,534
b)	Excess provision for Dividend	1,902	1,900
c)	Provision for Gratuity	10,56,593	10,56,400
d)	Provision for Fringe benefit Tax	1,39,443	53,133
	TOTAL	22,56,472	21,69,967

SCHEDULE - 11 : SALES			
Sl.No.	Particulars	As at 31.03.2007	As at 31.03.2006
Sales			
	Domestic Sales (Engineering & Others(flowers))	4,13,800	4,58,750
	TOTAL	4,13,800	4,58,750

SCHEDULE - 12 : OTHER INCOME			
Sl.No.	Particulars	for the year ended 31.03.2007	for the year ended 31.03.2006
1. OTHER INCOME			
	Scrap Sales	-	3,71,101
	TOTAL	-	3,71,101

SCHEDULE - 13 : ACCRETION/(DECRETION) TO STOCK							
Sl.No.	Particulars	Opening Stock		Closing Stock		Accretion / (Decretion)	
		2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
1.	Semi Finished Goods	686240	2322790	686240	2322790	-	(1636550)
2.	Finished Goods	647260	1622381	647260	1622381	-	(975121)
	TOTAL	1333500	3945171	1333500	3945171	-	(2611671)

SCHEDULE - 14 : CONSUMPTION OF RAW MATERIAL			
Sl.No.	Particulars	for the year ended 31.03.2007	for the year ended 31.03.2006
1. CONSUMPTION OF RAW MATERIAL			
	Opening Stock	6,21,000	10,35,500
	Closing Stock	6,21,000	6,21,000
	Total Consumption of Raw Material		4,14,500

SCHEDULE - 15 : EMPLOYEE REMUNERATION AND BENEFITS			
Sl.No.	Particulars	for the year ended 31.03.2007	for the year ended 31.03.2006
1. EMPLOYEES REMUNERATION AND BENEFITS			
a)	Salaries and Wages	7,33,289	4,40,630
b)	Contribution to PF & ESI	12,924	12,891
c)	Staff Welfare & Other Benefits to Employees	89,781	66,148
	TOTAL	8,35,994	5,19,669

SCHEDULE - 16 : INTEREST			
Sl.No.	Particulars	for the year ended 31.03.2007	for the year ended 31.03.2006
1. INTEREST			
	Interest on Others & Bank charges	86,383	1,41,972
	TOTAL	86,383	1,41,972

SCHEDULE - 17 : OTHER MANUFACTURING AND ADMINISTRATIVE EXPENSES			
Sl.No.	Particulars	for the year ended 31.03.2007	for the year ended 31.03.2006
1. OTHER MANUFACTURING & ADMN.CHARGES			
a)	Repairs and maintenance	6,050	27,983
b)	Rent	3,66,300	3,24,000
c)	Rates & Taxes	-	25,488
d)	Power Charges	41,621	39,662
e)	Insurance	689	1,072
f)	Travelling Expenses	9,45,431	5,96,512
g)	Printing and Stationery	87,364	81,110
h)	Postage, Telegram & Telephone	51,409	56,055
i)	Vehicle Maintenance	7,342	8,037
j)	Legal Fee and Expenses	6,05,127	4,87,262
k)	Remuneration to Auditors		
	- Statutory Audit Fee	20,000	20,000
	- Expenses	-	900
l)	Office Maintenance	1,72,993	62,129
m)	Advertisement Expenses	-	12,640
n)	Bad Debts written off	1,38,738	7,37,68,447
o)	Claims not receivable written off	58,00,000	-
p)	Advances written off	1,26,16,557	83,56,574
q)	Miscellaneous Expenses	52,867	1,72,522
r)	Loss on Sale of Asset	1,79,520	-
	TOTAL	2,10,92,007	8,40,40,393

SCHEDULE - 18 : EXTRA ORDINARY AND PRIOR PERIOD EXPENSES / INCOME (NET)			
Sl.No.	Particulars	for the year ended 31.03.2007	for the year ended 31.03.2006
Income			
	Interest waived under full and final settlement	2,48,84,100	9,93,94,115
	Less : Prior period expenses - Depreciation for earlier years	64,490	89,55,564
	Net total taken to Profit & Loss Account	2,48,19,610	9,04,38,551

SCHEDULE -19

NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

I. The accounts for the year 2006-2007 are prepared on the basis of the following major accounting policies.

A. The accounts are prepared on the basis of going concern.

B. Depreciation on the fixed assets has been provided by following straight line method at the rates prescribed in schedule XIV to the Companies Act, 1956, as modified by the Dept of Company Affairs vide its Notification No. GSR 756(E) dt. 16.12.1993.

Intangible Asset : During the Year under report the Company has entered into an agreement with Demerara Distillers Limited, Hyderabad for acquiring the Technology and Know-how for manufacture of ingredients used in the production of Alcoholic Liquors / Products initially for a period of five years and the cost of Technical Know-how fees Rs.75.00 lakhs will be written off over a period of five years from the date of commencement of commercial production of Alcoholic Liquor / Products.

C. The Company has been following accrual method of accounting, except for the liability for excise duty on closing stocks and gratuity to employees, which have been accounted on actual payment basis.

D. Expenses or income pertaining to earlier years are treated as prior period expenses or income only when the individual transactions exceed Rs.5,000/-.

F. Valuation of Inventory

1 Raw materials, consumable stores and spares are valued at cost or realizable value whichever is lower.

2 Finished goods and work in progress are valued at cost or market value whichever is lower.

3 Tools and tackles are valued at cost less depreciation.

G. Segment Reporting

For segment reporting the business segments have been identified based on production process of individual products and its related products, such as LPG Cylinders, Engineering goods and Floriculture.

H. Accounting for Taxes on Income

a) Current tax and deferred tax liability, if any, for the year is recognized for the estimated tax payable on the taxable income and timing differences, subject to consideration of prudence in respect of deferred tax asset and the same is treated as tax expense in determination of net profit for the year.

b) Deferred tax liability as on 01.04.2006, if any, is recognized for all timing differences arising on account of difference in methods/rates of depreciation, deferred revenue expenditure and expenditure allowable under section 43B and deferred tax asset is considered in respect of carry forward losses/allowances on the principle of prudence.

II. During the year under review, there were meager operations due to lack of orders and most of the employees have left the Company and the Company has been facing acute financial problems. Interest on delayed payments to Creditors/Lenders and on Govt. dues are not considered in the absence of demand and will be considered in the year of settlement/payment. The loss on physical verification of fixed assets and current assets of inventory is not considered, since there is no required staff for physical verification and the discrepancies, if any, will be considered in the relevant year of physical verification. In the absence of confirmation of balances from the debtors and parties for advances/deposits, no additional provision has been made for bad and doubtful debts/advances and the Company has been taking necessary steps for realisation of debts/advances and confirmation / reconciliation of balances. The Company has made payments to non-banking financial companies on settlement of dues and included under Loans and Advances, pending reconciliation.

III. **Contingent Liabilities not provided for:**

i) Liability in respect of investments in partly paid shares Rs.3.25 lakhs (previous year Rs.3.25 lakhs).

iii) The Development Commissioner, Cochin Special Economic Zone, Bangalore has issued a show cause notice for not fulfilling the floriculture export obligation of Rs.1,309.81 Lakhs within the stipulated period and for levying penalty u/s 4.1 read with Sec.4.1 of the Foreign Trade (Development & Regulation) Act, 1992 and the Company has made a request to drop the penal proceedings and to extend time to fulfill the export obligation on revival of the floriculture unit.

IV. The Company's Guarantors Mr. and Mrs. Maddi Laxmaiah have paid the full & final settlement amount to all the Banks against the working capital loans and interest dues. As the securities offered to the Bankers were transferred to the Guarantors they are treated as secured creditors.

V. Investments shown in Schedule 6 includes Rs.5.00 Lakhs towards 50,000 Equity Shares of Rs.10/- each in M/s Sree Rayalaseema Alkalies and Allied Chemicals Ltd. and due to fraudulent transfer of Company's shareholding in respect of the above shares, Company has filed a petition, for rectification of register of members, before the Hon'ble High Court of Andhra Pradesh and the Company Law Board and the same is pending now before the Company Law Board Authorities.

VI. The required details of dues to small scale industrial undertakings are not available with the Company and hence not reported.

VII. **Deferred Tax Liability**

There is no deferred tax liability as on 1st April 2006 and for the current year 2006-07 on account of unabsorbed business loss/depreciation and expenditure under Section 43B allowable in future years on payment basis.

VIII. Managerial remuneration under Section 198 of the Companies Act, 1956 to the Managing Director included in Schedule 15, is as follows:

	2006-07	2005-06
Salary	3,60,000	3,60,000
Contribution to Provident Fund	9,360	9,360
Perquisites	-	-
TOTAL	3,69,360	3,69,360

IX. Segment Reporting

S.No.	Particulars	For the year ended	
		31.03.2007	31.03.2006
01.	Segment Revenue:		
	a) LPG Cylinders	-	3.98
	b) Engineering Goods	3.29	3.71
	c) Floriculture	0.85	0.61
	Total	4.14	8.30
	Less : Inter Segment Revenue	Nil	Nil
	Net Sales/Income from operations	4.14	8.30
02.	Segment Results Profit (+)/(Loss)(-) before tax and interest from segments		
	a) LPG Cylinders	(0.39)	(5.76)
	b) Engineering Goods	(3.70)	(24.20)
	c) Floriculture	(40.68)	(39.44)
	Total	(44.78)	(69.40)
	Less : i) Interest	(0.86)	(1.42)
	ii) Other un-allocable expenditure/income(net)	(263.25)	(847.13)
	Extra Ordinary income / prior period Expenses (Net)	248.20	904.39
	Net Loss before tax	15.05	(12.14)
03.	Capital employed (Segment Assets – Segment Liabilities)		
	a) LPG Cylinders	(0.55)	(0.15)
	b) Engineering Goods	598.30	572.34
	c) Floriculture	428.92	465.30
	d) Unallocated	207.33	481.20
	Total assets as per Balance Sheet (Excluding Debit balance in Profit & Loss Account)	1234.00	1518.69

X. Related party transactions

The following are the transactions of the related parties, which are related on account of shareholding by key management personnel and their relatives, viz. Sri. T.G.Veera Prasad, Managing Director and his relatives and Associate Companies.

S.No.	Nature of Transaction	Amount for the year		Balance as at	
		2006-2007	2005-2006	31.03.2007	31.03.2006
		Rs. in lakhs		Rs. in lakhs	
1	Remuneration to Managing Director	3.69	3.69	14.22	14.22
2	Secured Loans taken	nil	nil	200.00	200.00
3	Unsecured Loans taken	463.96	52.37	547.33	83.37
4	Technical Know-how	75.00	-	75.00	-

XI. The balances of Sundry debtors, Sundry creditors, Advance to suppliers/ Contractors, Deposits and bank balances have been shown as appearing in the books of account of the Company and are subject to reconciliation and confirmation and no provision has been made during the year for bad & doubtful debts/advances/deposits.

XII. **Earnings per share**

The earnings (loss) per share (face value of Rs.10/- each) calculated in compliance with the provisions of Accounting Standard 20 for the year ended 31.03.2007 comes to (Rs.0.37) (previous year Rs.(0.30)).

The denominator for the EPS is Rs.41,92,300 equity shares i.e. No. of equity shares at the beginning of the year and numerator is net loss for the year after tax as per Profit and Loss Account.

There is no dilution of equity during the year.

XIII. Additional information pursuant to paragraphs 3,4,4C and 4D of part II of Schedule VI to the Companies Act, 1956.

		2006-2007		2005-2006	
		Qty.	Amount	Qty.	Amount
(Rs. In Lakhs)					
1.	TURNOVER				
A)	Domestic LPG (Nos)	-	Nil	-	3.98
	Engg. & Others	-	4.14	-	4.32
	(A) Total	-	4.14	-	8.30
B)	EXPORTS				
	Engg.	-	Nil	-	Nil
	Others(Flowers)	-	Nil	-	Nil
	(B) Total	-	Nil	-	Nil
	(A+B) Total	-	4.14	-	8.30
2.	MATERIAL CONSUMED				
i)	Pipes (Mtr)	-	Nil	-	Nil
ii)	Stores & Spares	-	Nil	-	4.15
	Total	-	Nil	-	4.15
3.	SEMI FINISHED GOODS				
A)	ENGG. DIVISION				
i)	Opening		6.86		23.23
ii)	Closing		6.86		6.86
B)	LPG CYLINDERS				
i)	Opening		Nil		Nil
ii)	Closing (sold during the year)		Nil		Nil

4.	FINISHED GOODS:			
	A)	ENGG. DIVISION		
		i) Opening	6.47	6.87
		ii) Closing	6.47	6.47
	B)	LPG CYLINDERS		
		i) Opening	nil	9.35
		ii) Closing	nil	Nil

5. Details of licenced capacity, installed and production.

	A)	ENGG. DIVISION		
		i) Licenced Capacity	Not applicable	Not applicable
		ii) Installed Capacity	Not applicable	Not applicable
		iii) Actual Production	Not applicable	Not applicable
	B)	LPG CYLINDERS		
		i) Licenced Capacity	Not applicable	Not applicable
		ii) Installed Capacity	2,00,000 Nos	2,00,000 Nos
		iii) Actual Production	Nil	Nil

		Amount	%	Amount	%
6.	a)	Value of imported raw material, spare parts & components consumed	Nil	Nil	-
	b)	Value of indigenous raw material, spare parts & components consumed		4.15	100%
7		Expenditure in Foreign Currency	2.94	Nil	
8		Earnings in Foreign Exchange	Nil	Nil	

XIV. Previous year figures have been regrouped & rearranged wherever necessary.

Signatures to Schedules "1 to 19"

As per our report of even date
for **BRAHMAYYA & COMPANY**
Chartered Accountants

for and on behalf of the Board

Sd/-
B. Daivadheenam Reddy
Partner
Membership No. 26450

Sd/-
T.G.Veera Prasad
Managing Director

Sd/-
N.J.Rao
Director

Place : HYDERABAD (Camp)
Date : 16th August 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No.	02002	State Code	1
Balance Sheet	Date 31	Month March	Year 2007

II CAPITAL RAISED DURING THE YEAR (Amount in Rs.Lakhs)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.Lakhs)

Total Liabilities	2178.95	Total Assets	2178.95
Paid-up Capital	418.95	Reserves & Surplus	1353.32
Secured Loans	231.49	Unsecured Loans	175.19

Application of Funds

Net Fixed Assets	961.78	Investments	23.81
Net Current Assets	248.40	Miscellaneous Expenditure	-
Accumulated Losses	944.96		

IV PERFORMANCE OF COMPANY (Amount in Rs. Lakhs)

Total Income	4.14	Total Expenditure	267.39
Extra Ordinary and Prior period Income	248.20	Net Loss after Extra Ordinary and Prior period Income	(15.05)
Loss before tax	(15.05)	Loss after tax	(15.92)
Earning (Loss) per share in Rs.	(0.37)	Dividend Rate %	Nil

VI GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

1. Item Code No. (ITC Code)	8439.10
Product Description	Pulp / Paper Machinery
2. Item Code No. (ITC Code)	7311.00
Product Description	LPG Cylinders
3. Item Code No. (ITC Code)	7308.90
Product Description	Floriculture Products