

TECHTRAN POLYLENSES LIMITED

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While Techtran Polylenes Ltd. have taken all possible care to furnish the information herein in a true, fair and accurate manner, except in respect of unintentional errors in or omissions from documents arising electronically or otherwise, in respect of which we take corrective action as soon as it is reasonably practicable after becoming aware of the error or the omission. Techtran Polylenes Ltd. do not take any responsibility for the otherwise accuracy, validity, consistency or integrity of the data furnished herein or updated by it from time to time or any investment or otherwise decisions, direct or indirect, taken by the individuals based on the information furnished / available herein.

TECHTRAN POLYLENSES LTD.

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CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO) OF THE COMPANY

I, K.V.Rao, Managing Director of **Techtran Polylenes Limited**, to the best of my knowledge and belief, certify that :

1. We have reviewed the Balance Sheet and Profit and Loss Account (unconsolidated), and all its schedules and Notes on Accounts, as well as the Cash Flow Statements and the Director's Report ;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact/nature or omit to state a material fact that is necessary to make such statements, in the light of the circumstances under which such statements were made ;
3. Based on our knowledge and information, the financial statements, and other information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/ or applicable laws and regulations ;
4. The company's other certifying officers and we are responsible for establishing and maintaining disclosure controls and procedures for the company and we have evaluated and ensured the effectiveness of the company's disclosure, controls and procedures, for the period for which this report relates ;
5. We have disclosed, based on our evaluation, wherever applicable, to the company's auditors and the Audit Committee of the company's Board of Directors (and persons performing the equivalent functions) :
 - a) any significant deficiencies in the design and/or operation of internal controls, or any material weaknesses in internal controls observed from time to time.
 - b) any instances of significant fraud, that involves management or other employees who have a significant role in the company's internal controls ; and
 - c) whether or not there were significant changes in internal control and/or of accounting policies during the year.
6. We affirm that we have not denied any personnel access to the Audit Committee of the company (in respect of matters involving alleged misconduct) and we have provided protection to "whistle blowers" from unfair termination and other unfair or prejudicial employment practices.

K.V.Rao
Managing Director

Hyderabad
29th June, 2004

DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors present herewith the Annual Report along with the Audited Accounts of the company for the year ended 31st March, 2004.

1.0 FINANCIAL RESULTS :

The operating results for the year are as follows :

	Rs.in Millions	
SALES	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
EXPORT SALES	173.73	156.02
DOMESTIC SALES	70.04	60.71
	----- 243.77	----- 216.73
OTHER INCOME	2.90	1.11
PROFIT BEFORE INTEREST AND DEPRECIATION	62.41	53.90
LESS: a)INTEREST & FINANCIAL CHARGES	28.40	28.69
b)DEPRECIATION & OTHER WRITE-OFFS	22.58 -	22.68
	----- 50.98	----- 51.37
NET PROFIT / (LOSS) FOR THE YEAR	11.43	2.53

2.0 FINANCIAL CONDITION AND RESULTS OF OPERATION :

Management Discussion and Analysis of Financial Condition and Results of Operation of the Company for the year under review, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement in the Annual Report (Annexure – 1)

The Board of Directors and Management shall periodically review the progress of company from time to time.

3.0 SUBSIDIARY COMPANY :

Techtran Ophthalmics Private Limited is the only subsidiary of your company and a copy of the Balance Sheet, Profit and Loss Account, Directors Report and the Auditors Report thereof are attached to the Balance Sheet of the Company. Further, pursuant to accounting standard, AS-21 issued by the institute of Chartered Accountants of India, Consolidated Financial Statements enclosed include the financial information of the subsidiary.

4.0 FIXED DEPOSITS :

Your company has not accepted any Fixed Deposits from the Shareholders / Public under Section 58A of the Companies Act, 1956, during the year under review.

5.0 DIVIDENDS :

Though the operations of the company have improved during the current year, your Directors are unable to recommend any dividend in view of inadequacy of profits.

6.0 DIRECTORS :

Mr. M.V.Raghava Rao, and Dr.Pradeep Swarup Directors of your company retire by rotation and being eligible offer themselves for reappointment. Another Director, Dr.Gopal Reddy Gade is retiring from the Board on expiry of his term. Your Directors place on record the valuable services rendered by Dr.Gopal Reddy Gade during his tenure as a Director. Mr.G.S.Srinivasan, Dy.General Manager, IDBI has been nominated by Industrial Development Bank of India as Director with effect from 25th February, 2004 in place of Smt.N.L.Ambujam. Directors place on record the valuable services rendered by Smt.N.L.Ambujam during her tenure. Mr.K.V.Rao, Managing Director's appointment and terms and conditions are coming for review at the Annual General Meeting. Mr.K.Krishnadev Rao, Executive Director's remuneration is also coming for review at the Annual General Meeting. Brief resume of the Directors, seeking re-appointment, nature of their expertise in specific functional areas and names of companies in which they hold the directorship and the membership/chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the notice and the section on Corporate Governance elsewhere in the Annual Report.

7.0 DIRECTORS RESPONSIBILITY STATEMENT:

As stipulated in Section 217 (2AA) of Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under:

- i] That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii] That the directors have 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 or loss of the company for that period;
- iii] That the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv] That the annual accounts are prepared on a going concern basis.

8.0 CONSOLIDATED FINANCIAL STATEMENTS :

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates, your Directors have pleasure in attaching the Consolidated Financial Statements which form part of the Annual Report and Accounts.

9.0 AUDITORS :

M/s. M.Anandam & Co., Chartered Accountants, S P Road, Secunderabad, Auditors of your company retire at the conclusion of the Annual General Meeting and being eligible offer themselves for reappointment. Company has received letters from them to the effect that their appointments, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub section (3) of Section 226 of the Companies Act, 1956, for such appointment.

10.0 PERSONNEL :

Information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 may be treated as 'NIL' as none of the employees come under that category.

11.0 ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOINGS :

The statement giving the particulars with respect to Conservation of Energy, Technology absorption and Foreign Exchange Earnings and outgoings as required under Section 217 (1) e of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is annexed hereto and forms part of the Report (Annexure-2).

12.0 CORPORATE GOVERNANCE :

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report (Annexure-3).

13.0 DEMATERIALISATION OF SHARES:

Your Company's equity shares have been under compulsory dematerialized trading for quite some time and is registered under code ISIN INE 020C01016. Shareholders may contact the Registrars for Dematerialisation, namely, CIL Securities Ltd., Regd Office:214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad – 500 001, Telephone Nos. 040-23203155/040-23202465, email: advisors@cilsecurities.com / cilsec@hotmail.com for further details, if any.

14.0 LISTING:

Your company's shares are presently listed on Stock Exchanges at Hyderabad and Mumbai, and your company is regular in payment of Listing Fees.

15.0 ACKNOWLEDGEMENT :

Your Directors wish to place on record their appreciation to the Employees, Staff and Officers of your company for their hard work, dedication and commitment.

Your Directors gratefully acknowledge the valuable support, guidance and help provided by the Financial Institutions, viz., IDBI & IFCI and bankers, Canara Bank, Central Bank of India and Bank of Baroda.

Your Directors also express their gratitude to the Shareholders of the company for the confidence reposed in the management.

for and behalf of the Board

M S RAM
CHAIRMAN

Place : Hyderabad
Date : 29.06.2004

Annexure – 1

Management Discussion & Analysis:

Your company is engaged in the Manufacture & Sale of Hard Resin Plastic Ophthalmic Lenses. These lenses are mainly exported abroad and also sold in India.

FORWARD LOOKING STATEMENTS :

This section contains certain forward looking statements, with words like “plans”, “expects”, “likely” or other words of similar meaning. The forward-looking statements are based on certain assumptions and expectations of future events and the company cannot guarantee that these assumptions and expectations are accurate or will be realized or assume any responsibility to publicly amend, modify, revise any of these on the basis of any future or subsequent events or information.

REVIEW OF OPERATIONS :

Your company has produced 4.08 million lenses during the year and sold 4.60 million lenses as compared to a production of 4.37 million lenses and sales of 4.14 million lenses in 2002-2003.

The Export Turnover has gone up by Rs. 17.71 million and Domestic Sales have gone up by Rs.9.34 million over the last year. The net sales have gone up by about 13.17% over the previous year.

The net profitability of the company has improved slightly in view of higher sales of value added products as compared to the previous year. The number of lenses sold has gone up by 11.11% over the previous year and the net turnover had gone up by 13.17% indicating a slightly higher realization of value added, new products. The prices of single vision lenses, which constitute majority of sales, continue to erode due to over supply situation in the world markets and more specifically from dumping by China and Taiwan. Several value added, Niche Products introduced by the company in the past few years are helping to maintain the present performance.

Anticipating certain liquidity problems in future your company has approached Financial Institutions for restructuring of Term Loans. The high interest cost burden, which was dragging down the company, may be relieved to some extent by the financial restructuring under consideration by the term lending Institutions.

Your company invested Rs.20.80 Million for purchase of 134000 shares of Andhra Pradesh Gas Power Corporation Limited, which entitle your company to purchase 0.50 MW of power at a concessional price as compared to Andhra Pradesh Central Power Distribution Corporation Limited, which would result significant savings in power cost in future years.

While the manufacturing costs such as wages, insurance and freight are escalating year after year, your management is trying to re-engineer certain manufacturing processes in order to reduce costs. Several value added, niche products are being developed and marketed to improve performance.

PRODUCTS :

Your company continues to develop new value added products in order to change the product mix towards a stronger, more profitable position and in this direction has already introduced value added products such as Bi-Focals, High-Index, 'VARTEK' Progressives, sunsensor Photochromatic lenses, Tinted lenses, Short-corr progressive lenses and "Compu-lenses" for reducing eye strain to computer users and "NOUV" lenses for filtering harmful UV rays completely to normal, clear spectacle lens users. Your company has gone for backward integration by taking up IPP(monomer initiator) production in house and thereby reduce the raw material costs. The company is also concentrating on improving 1st quality yields to improve on profitability.

LENSES MARKETS :

DOMESTIC:

The domestic market sales have increased by Rs.9.34 Million compared to the last year, i.e., an increase of over 15%. This is expected to further improve in the years to come due to increase in acceptability and awareness of Plastic Lenses. The sales are expected to improve further if more number of plastic surfacing laboratories come up in the country. Your company has set-up two Surfacing Labs through its subsidiary for augmenting sales and the labs are performing satisfactorily. We are planning on further labs in the near future at strategic locations to enhance plastic lens penetration in the domestic market.

EXPORTS:

Due to certain corporate acquisitions and mergers, your company lost an important U.S. customer some time back and efforts are underway to find new customers. Your management was able to make up a part of the lost volume through introduction of new products to other existing customers and picking up some new customers.

TECHTRAN OPHTHALMICS :

Techtran Ophthalmics Private Limited is a fully owned subsidiary of Techtran Polylenses Limited and is mainly engaged in the business of surfacing of lenses. The surfacing laboratories are intended to help develop the market in different cities and also act as distribution centers for Company's products.

OPPORTUNITIES AND THREATS :

The company is well established as a consistent quality producer. Techtran's products are second to none in the World Market and the company made its mark in terms of high quality, service and on time delivery. The company is the largest producer of plastic lenses in India and has won Top Exporter Awards in its product class, year after year consistently from the Plastics Export Promotion Council and VSEZ(Visakhapatnam Special Economic Zone). The company is the only ISO 9002 certified, Ophthalmic lens manufacturing unit in the country, offering full range of lenses. The company has talent and experience to develop new products in house. Plastic Lenses acceptability / awareness is increasing day by day in India and it should be a good opportunity for growth in Domestic Market. The backward integration(IPP production) and forward integration(surfacing laboratories) taken up by the company should help to reduce costs and expand domestic market respectively.

The company has fulfilled its export obligation and finds the expanding domestic market a greater future potential. Indian market is still predominantly glass – almost 90% of the market, would continue to decline and lose for plastic lenses as it happened in the developed World, like United States, Western Europe etc., where Plastic Lens enjoy a market share of 90% and mineral glass less than 10%. Out of a Billion population of India, it is estimated that at least 200 Million people have buying power as that of North America. The market potential of 200 Million people is approximately 100 Million lenses per year, which is a huge market.

The company is by far the largest producer and leader in the domestic industry. The company's domestic sales are approximately One Million lenses per year out of its DTA entitlement. The domestic sales have increased by about 15% during the year. Several new surfacing laboratories are coming up to increase the demand for remunerative semi-finish and value added products of the company. The Company's prices are very competitive for these products and preferred over imports due to service and local availability. The company would focus and aggressively pursue this growing market and opportunity in India.

The company plans to introduce new and additional, branded lenses of Progressives including Short Corridor to increase the share of profitable Progressive in the product mix. Also price and market aggressively to expand the domestic and international markets of very remunerative Sunsensor and offer new products in Sunsensor (such as Flat Top Bifocal, Multi Coated etc.)

The company also plans to expand the new, branded products such as "COMPU LENS" to relieve eye strain to computer users and "NOUV" lens, which is clear and white, but protects 100% against UV Rays.

The unhealthy competition from South East Asian countries, particularly Taiwan and China is eroding product prices from time to time, and the anti dumping duty of 7.5% imposed by Government of India has no impact on the flood of imports.

OUTLOOK:

Barring unforeseen circumstances, your company is hopeful of emerging successful in the near future and maintain its top position in India while fully participating in the Growing, High Potential, Indian Plastic Lens Market.

Place : Hyderabad
Date : 29.06.2004

For and on behalf of the Board

M.S.RAM
CHAIRMAN

ANNEXURE – 2

ANNEXURE TO THE DIRECTOR'S REPORT UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 AND UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

AJ CONSERVATION OF ENERGY:

(a) Energy conservation measures taken.

1. The Company continues to implement various programs taken up in the previous years such as (1) power factor improvement (2) auto start of DG Set (3) sky-lights and recycling of demineralized water, etc.
2. The Company has installed Solar Hot Water Heating System to reduce power consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The company does not propose at this time any additional investments for reduction of power consumption.

(c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Company has been saving considerable power and fuel costs with the measures as above, and is continuing its efforts further.

(d) Total energy consumption and energy consumption per unit of production:

Not applicable as per the list of Industries specified under Rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

B] TECHNOLOGY ABSORPTION:

a] RESEARCH AND DEVELOPMENT:

1. Specific areas in which R&D carried out by the company:

Development & introduction of IPP production.

Expand the CR-39 cast lens range.

Introduce broader range of Sunsesnor products.

Develop higher refractive index monomer.

Develop short corridor progressives.

Develop “compu lens” for computer users.

Develop “NOUV” lens for 100% UV protection to normal clear lens users

2. Benefits derived as a result of the above R&D

The efforts helped the company to remain in business on a competitive and continuous basis.

3. Future plan of action

Continue the efforts on ongoing business/process upgradation and cost reduction programs.

b] TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION :

The Technologies imported from Italy and U.S.A have been fully absorbed and the company’s production rate has exceeded the design criteria of the plant. The quality and yields of lenses are comparable to the World Leaders in the Industry. The Indian Technicians are fully trained in all operations. The company has developed several products such as Kryptop Bi-Focal, Lenticulars, Blended Kryptop, super thin flat curve lenses, Finish Progressives, Cylindrical Finish Bi-Focals etc. The Hard Coating Plant was redesigned and modified to produce quality product. The polymerisation cycles are developed to reduce the pre-release and other process losses.

c] FOREIGN EXCHANGE EARNED AND USED:

- (a) Activities relating to exports ; Initiatives taken to increase exports; Development of new markets for products and services; and Exports plans;

Company is a 100% EOU. Plastic Ophthalmic Lenses are sold in bulk in International Markets constituting about 75% of net turnover and remaining in Domestic Markets. Small quantities are sold in our own brand ‘VARTEK’ (Progressives). New Brands and new products are being introduced for better value addition, as an ongoing process, from time to time.

- (b) The company has earned Rs.171.78 Millions (FOB Value) in Foreign Exchange and used Rs.55.86 Millions. This amount includes Foreign Exchange used for import of Raw Materials, Stores & Spares and payment for Foreign Travel, trade fairs etc.

for and on behalf of the Board

Place : Hyderabad
Date : 29.06.2004

M.S.RAM
CHAIRMAN

ANNEXURE –3

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2004

TECHTRAN POLYLENSES LIMITED'S PHILOSOPHY ON CODE OF GOVERNANCE

Techtran Polylenes Limited has over the years followed best practices of Corporate Governance by adhering to practices laid down by the Board of Directors.

Techtran Polylenes management and employees business objective is to manufacture and market the Company's products in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees, business partners and the national economy. Techtran Polylenes Limited is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employees, in addition to compliance with regulatory requirements.

BOARD OF DIRECTORS :

There exists a Board of appropriate size, composition and commitment commensurate with the size and business of the company and more than 50% of Directors are non-executive independent Directors.

Composition, Attendance at the Board Meetings and the last Annual General Meeting, Outside Directorships and other Board Committees

Above information as on 31st March, 2004 or for the year 2003-2004, as applicable, is tabulated hereunder:

Name of Director	No.of Board Meetings Attended [a]	Attendance at Previous AGM on 27.9.2003	No.of outside Directorships held [b]	No.of Membership / Chairmanship in other Board Committees [c]	Executive / Non Executive / Independent
Mr.M.S.Ram	4	Present	8	1	Non Executive & Independent
Mrs.N L Ambujam (IDBI Nominee)	3	Not Present	1	1	Non Executive
Mr.M V Raghava Rao	6	Present	Nil	1	Non Executive & Independent
Mr.C K Rao	3	Present	1	--	Non Executive & Independent
Dr.Gopal Reddy Gade	1	Not Present	1	--	Non Executive & Independent
Mr.Punnaiah Gorantla [Alternate Director to Dr.Gopal Reddy Gade]	1	Not Present	1		Non Executive & Independent
Dr.Pradeep Swarup	3	Not Present	--	1	Non Executive & Independent
Mr.K Krishnadev Rao	3	Present	1	1	Executive
Mr.K.V.Rao	6	Present	1	1	Executive

- a] Attendance at the Board Meetings relevant to the period when Director of the Company.
- b] Directorship in companies registered under the Companies Act, 1956, excluding directorship in private companies and alternate directorship.
- c] Only covers membership/chairmanship of Audit Committee and shareholders / Investors Grievance Committee.

Brief resume of Directors seeking re-appointment nature of their expertise and other details are furnished hereunder :

Mr. M.V.Raghava Rao is a retired Government Officer (retired as Deputy Chief Executive Officer, Khadi & Village Industries Commission) and held several senior and prestigious positions with the Government. Born on 25.06.1933, he did his M.A in Economics, Public Administration and History, as also LL.B and again Ph.D in Public Administration. He was a State Director of KVIC for Andhra Pradesh and Orissa, Director - Hill & Border, Weaker Sections & Co-operation, Integrated Development Programme, Director – Spl.Programme & Co-operation, Director–Training, Director– Legal, & Legal Recovery, Director – Estates, Secretary-Services Board, Secretary of a High Power Committee etc. He has also authored and co-authored Articles & Other Publications. He is at present a Management Consultant and is the President of A.P.Sahakar Bharati, Hyderabad. He had rich experience in Government and Industry in the last several years and has been a member of the Board of Directors of your Company for the last 13 years, initially as an alternate Director and later as Director.

Dr.Pradeep Swarup is a reputed Ophthalmologist and is Medical Director and Chief Surgeon at Swarup Eye Centre, Hyderabad. Born on 04th February, 1950, he did his B.Sc., and M.B.B.S from Osmania University, Hyderabad, M.D. from All India Institute of Medical Sciences, New Delhi and FCGP, Hyderabad. He has presented several papers at various State and National conferences. He is also actively involved with Andhra Pradesh State Ophthalmic Society as a member, Editor of News Letter as also Chairman of Scientific Committee. He was a consultant surgeon at the Lions Club of Hyderabad Sadhuram Eye Hospital (LCHSEH) and also Chairman, Board of Directors of Lions Club of Hyderabad Sadhuram Eye Hospital. He is also involved in other social work. He is a member of American Medical Society of Vienna, and All India Ophthalmological Society. His areas of specialization include Anterior Segment of Eye, Cataract Surgery, Squint etc. He has been an active member of your Board, initially as an alternate director (for 6 (six) years) and as a regular Director from Sept, 1997 onwards. He is also a Director of Zarish Properties Pvt. Ltd.

Mr.K.V.Rao was appointed as Managing Director by the Members for a period of 5 years, from 01.07.1999 to 30.06.2004. Now the tenure is concluding, the members are to consider and re-appoint Mr.K.V.Rao as Managing Director for a further period of 5 years, i.e. from 01.07.2004 to 30.06.2009. As the members are aware Mr.K.V.Rao has been the Managing Director of the company from 14.03.1990 and has been shaping the vision of your company as Promoter Director from inception. The present stature of the company and its position in the Global Markets as a supplier of quality lenses is mainly due to untiring efforts, initiative, vision and dynamism of Mr.K.V.Rao.

Born on 20.11.1940, Mr.K.V,Rao did his B.Sc (Engg), from Benaras Hindu University, India M.S., from Virginia Polytechnic & State University, U.S.A and is a licensed Professional Engineer (P.E) of several states in U.S.A, Member of American Institute of Mining,

Metallurgical and Petroleum Engineers, Member of National Society of Professional Engineers, U.S.A., Member of ASTM Standards Committee etc. He has also undergone graduate level courses in Managerial Accounting, Financial Management, Organizational Behavioral Theory, Investment Management etc., in addition to several short term courses and involvement in technical research. He has published several technical papers in Mining Engineering and did pioneering and innovative work in coal bed methane degasification, fine coal refuse slurry disposal and large mine shaft drilling etc., His studies and investigations have led to reduce severe accidents and fatalities due to coal mine bumps in Southern West Virginia. Some of his mine designs and layouts are show piece operations in Pennsylvania and West Virginia. He was Project Manager for multi-million dollar green field mine projects. Mr.Rao has relocated himself to India, giving up a senior management position and successful career in the U.S.Industry. During the tenure with LTV Steel company (second largest U.S.Steel maker) from 1978 to 1990, he worked as Chief Mining Engineer, Manager of Raw Materials Engineering, Coal Division Engineer, Works Engineer etc. He was Director of Engineering of Lykes Resources, Inc. from 1975 to 1978. He was Mining Engineer – Gary Coal Division, W.Va. of United States Steel Corporation from 1970 to 1975. He also worked as Safety Officer and Asst.Mine Manager of Singareni Collieries, A.P.India from 1964 to 1970 before moving to United States of America.

Mr.K.V.Rao is also a Director of (i) Techtran Ophthalmics Pvt Ltd., (ii) Techtran Agro Industries Ltd., and (iii) Priyadarshini Spinning Mills Ltd., (alternate)

Mr.K.Krishnadev Rao was appointed as Executive Director by the Members for a period of 5 years, from 06.10.2000 to 05.10.2005 on pay and remuneration as approved at the Annual General Meeting held on 29.09.2000 (scale of pay of Rs.20,000-Rs.2,500-Rs.30,000 plus other emoluments etc.) Now, while the appointment and remuneration of Mr.K.V.Rao, Managing Director was considered by the Remuneration Committee/Board, Directors also felt that the remuneration of Mr.K.Krishnadev Rao, Executive Director also needs to be revised in line with that of the Managing Director. The proposed remuneration will be effective from 01.07.2004 to 05.10.2005. As the members are aware Mr.K.Krishnadev Rao has been the Executive Director of the company from 06.10.1990 and has been a vital part of shaping the vision of the company as a Promoter Director from inception. The present stature and position of the company in India and abroad as a producer and supplier of quality lenses is also significantly due to untiring efforts, vision and dynamism of Mr.K.Krishnadev Rao.

Born on 02.09.1946, Mr.K.Krishnadev Rao did his B.Sc., in Maths and Chemistry from Osmania University, Hyderabad, Diploma in Automobile Engineering from General Motors Training Institute, Detroit, U.S.A and M.B.A., in Marketing from Wheeling College, West Virginia, U.S.A. He was General Manager (leasing) (1983-1988) with M/s.Downtown Motors, Pittsburg, U.S.A, in-charge of over US\$16 million annual operations. He was Assistant Service Manager, Customer Relations Manager and Product Manager earlier. Customer satisfaction index improved from 75% to 93% in two years time during his tenure. He has also won awards like Employee of the Year, Product Manager of the Year and 5 Star Excellence Award during his tenure. Mr.K.Krishnadev Rao relocated himself to India, giving up a successful career and Senior Management position in the US trade.

Mr.K.Krishnadev Rao is also a Director of (i) Techtran Ophthalmics Pvt Ltd., (ii) Techtran Agro Industries Ltd., and (iii) Normak Fashions Pvt Ltd.

Your Board of Directors provide for independent verification of Financial information and integrity of company's financial reporting through Audit committee and Internal/ External Auditors. Timely and balanced disclosure is given high importance. Overall approach of the Board and the decision making process is explained herein :

(a) Non-executive Directors compensation & disclosures.

(i) All compensation paid to non-executive directors shall be fixed by the Board of Directors and shall be approved by shareholders in general meeting. There are no stock options at present offered by the company.

(ii) The considerations as regards compensation paid to an independent director shall be the same as those applied to a non-executive director.

(b) Independent Directors & their responsibility.

(i) Independent Directors shall periodically review legal compliance reports prepared by the company as well as steps taken by the company to cure any taint. In the event of any proceedings against an independent director in connection with the affairs of the company, defense shall not be permitted on the ground that the independent director was unaware of the responsibility.

(ii) The considerations as regards remuneration paid to an independent directors shall be the same as those applied to a non-executive directors.

(c) Board procedure.

(i) The board meetings shall be held at least four times a year, with an endeavor to ensure a maximum time gap of four months between any two meetings. The minimum information to be made available to the Board and other procedures/criteria would be as laid down in Clause 49 of the Listing Agreement.

(d) Code of conduct

(i) The Board of a company has laid down the code of conduct for all Board members and senior management of a company. This code of conduct is being posted on the website of the company.

(ii) All Board members and senior management personnel would affirm compliance with the code on an annual basis. The annual report of the company would contain a declaration to this effect.

(e) Term of office of non-executive Directors would be as decided by the Board from time to time at present.

(f) Whistle blower policy.

Your company subscribes to an Internal Policy on access to Audit Committee as follows :

(i) Personnel who observe an unethical or improper practice (not necessarily a violation of law) shall be able to approach the audit committee without necessarily informing their supervisors.

(ii) Company would take measures to ensure that this right of access is communicated to all employees through means of internal circulars, etc. the employment and other personnel policies of the company shall contain provisions protecting “whistle blowers” from unfair termination and other unfair prejudicial employment practices.

(iii) Company would annually affirm that it has not denied any personnel access to the audit committee of the company (in respect of matters involving alleged misconduct) and that it has provided protection to “whistle blowers” from unfair termination and other unfair or prejudicial employment practices.

(g) Subsidiary company & Directorship etc.

(i) The composition of the Board of Directors of the subsidiary company shall be similar to the composition of the Board of Directors of holding company.

(ii) At least one independent Director on the Board of Directors of the holding company would be a director on the Board of Directors of the subsidiary company.

(iii) The Audit Committee of the holding company would also review the financial statements, in particular the investments made by the subsidiary company.

(iv) The minutes of the Board meetings of the subsidiary company will be reviewed at the Board meeting of the holding company.

(v) The Board report of the holding company would also state that they have reviewed the affairs of the subsidiary company also.

(h) Board Disclosures, risk assessment etc., - Sound system of risk management & internal control :

The company has a policy which includes a review of the risk management systems both financial and non-financial. The company has set-up an effective Internal Audit System and independent External Auditors to review the effectiveness of risk Management System which is further reviewed by the Audit committee.

Board Meetings held during the year 2003-2004

During the year 2003-2004, 6 [Six] Board Meetings were held on 27.06.2003, 28.07.2003, 27.09.2003, 28.10.2003, 31.01.2004 and 17.02.2004.

BOARD COMMITTEES

Audit Committee

The qualified and independent Audit Committee comprises of Mr. M. S. Ram, Chairman, Mr. M. V. Raghava Rao and Mrs. N. L. Ambujam all being Non-Executive Directors. Mrs.N.L.Ambujam was replaced by Mr.G.S.Srinivasan w.e.f. 25.02.2004. The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. The Audit Committee met 3 [Three] Times during the year

2003-2004. Mr.M.V.Raghava Rao attended all the three meetings held during the period. Mr.M.S.Ram attended two meetings as also Smt.N.L.Ambujam.

Shareholders Committee

Shareholder/Investor Grievance Committee is headed by Dr.Pradeep Swarup a Non-Executive and Independent Director with Mr. K. V. Rao, Managing Director and Mr. K. Krishnadev Rao, Executive Director as members. Mr.J. V. Seshi Kumar, Company Secretary, is the Compliance Officer.

During the year 2003-2004, no complaints were received from shareholders and investors.

All valid requests for share transfer received during 2003-2004 have been acted upon by the Company and no such transfer is pending.

Remuneration Committee

Matters of remuneration of Managing /Executive Director are considered by the Remuneration Committee of the Board of Directors of the Company consisting of Mr.M.S.Ram, Chairman, Mr.M.V.Raghava Rao, and Dr.Pradeep Swarup, all independent Directors. The terms of remuneration of Managing / Executive Director are approved by the shareholders at the Annual General Meeting. The compensation of Senior executives is reviewed and approved by Executive Director and Managing Director.

The remuneration policy of the Company is based on the need to attract good available talent.

REMUNERATION OF DIRECTORS FOR 2003-2004.

Name of the Director	Sitting Fee	Salaries and	Commission	Total Rs.
	Rs.	Perquisites Rs.	Rs.	
Shri M.S.Ram	12000		Nil	12000
Shir M V Raghava Rao	18000		Nil	18000
Shri C K Rao	4000		Nil	4000
Dr.Pradeep Swarup	6000		Nil	6000
Dr.Gopal Reddy Gade	2000		Nil	2000
Shri G Punnaiah [Alternate to Dr.Gopal Reddy Gade]	2000		Nil	2000
Smt N L Ambujam	10000		Nil	10000
Shri K Krishnadev Rao Executive Director	Nil	480158	128008*	608166
Shri K V Rao Managing Director	Nil	492724	115442*	608166

*To be paid after the Annual General Meeting as approved by the Board of Directors.

Commission is subject to adequate profits being earned. Performance criteria for the Managing / Executive Director takes into account the business plans and market conditions. The Company does not have any stock option scheme.

GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Time
2002-2003	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	27 th Sept'2003	10.00 AM
2001-2002	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	28 th Sept'2002	10.00 AM
2000-2001	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	27 th Sept'2001	10.00 AM

There was no other General Body Meeting in the last three years and no resolution was put through postal ballot.

DISCLOSURES

During the year 2003-2004 the Company had no materially significant related party transaction which is considered to have potential conflict with the interests of the Company at large.

There has not been any non-compliance, penalties or 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.

MEANS OF COMMUNICATION

Half-Yearly report to shareholders, Quarterly Results, Newspaper in which published, Website etc.,

The Quarterly, and Annual results are generally published by the Company in the Business Line/Times of India/ News Time and in Vartha /Andhra Jyothi, Hyderabad. The Quarterly reports are not sent to the addresses of shareholders. The Company's website techtranindia.com will be hosting all relevant financial information, released on or after 01.07.2004. Official news releases and presentations made to analysts are sent to the stock exchanges at Hyderabad and Mumbai, where shares of the Company are listed.

Management discussion and Analysis Report.

[Within the limits set by the Company's competitive position].

Industry structure and developments, opportunities and threats, segment-wise or product-wise performance, outlook, risks and concerns of the company and discussion on financial performance with respect to the operational performance, has been covered in the Directors' Report more specifically under the Annexure – Management Discussion & Analysis. The company has concluded a 3 years Agreement with the recognized union of the company effective from September 2001 to August 2004. Manpower of the Company as on 31.03.2004 was 421.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date and time : 25th August, 2004 at 10.00 A.M.

Venue : Sri Sagi Rakrishnam Raju Community Hall, Madhura
Nagar, Hyderabad

Financial Calendar : 2004- 2005 (tentative)

Results for the quarter ending : June 30, 2004 - July, 2004

Results for the quarter ending : September 30, 2004 - October, 2004

Results for the quarter ending : December 31 , 2004 - January, 2005

Results for the year ending : March 31, 2005 - June, 2005

Date of Book Closure : 17th August, 2004 to 25th August, 2004, both days inclusive.

Outstanding ADRs/GDRs Warrants or any convertible instruments, conversion date and likely impact on equity: Not applicable.

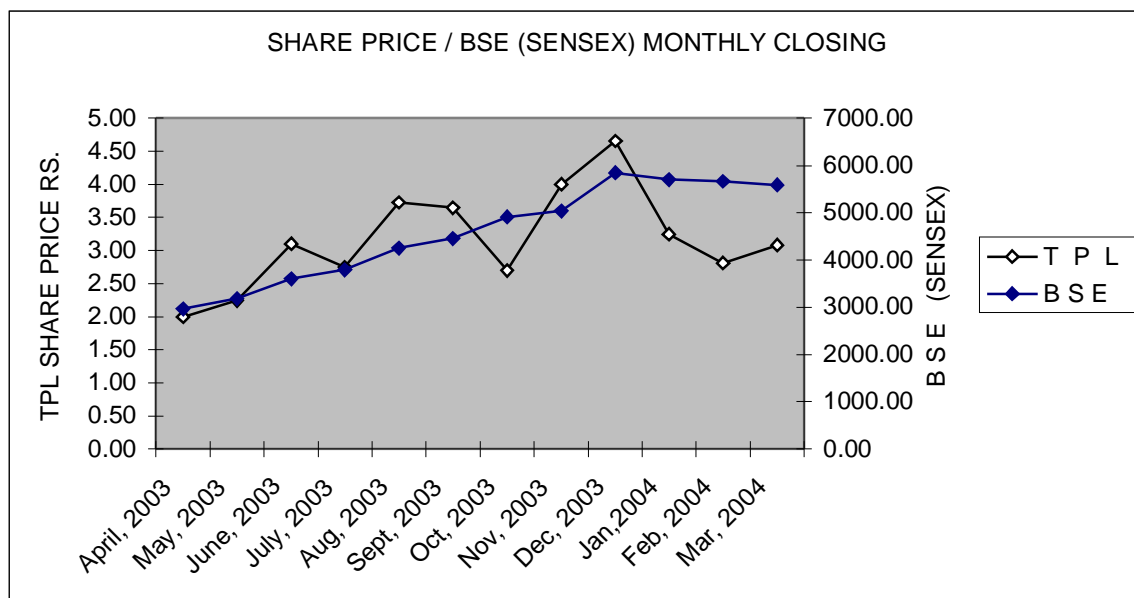
Listing on Stock Exchanges and Stock Code

Shares of the Company are listed at the Hyderabad Stock Exchange (Stock Code 1028) and The Stock Exchange, Mumbai (Stock Code 523455)

Market Price Data: High/Low in each month of Financial Year, 2003-2004 on the Stock Exchange, Mumbai.

Month	High (Rs)	Low (Rs)	Month	High (Rs)	Low (Rs)
April,2003	2.05	1.20	October,2003	4.00	2.20
May,2003	2.30	1.55	November,03	5.61	2.26
June,2003	3.10	2.00	December,03	5.67	3.68
July,2003	3.50	2.05	January,2004	5.76	3.20
August,2003	3.90	2.25	February,04	3.66	2.52
September,03	6.13	2.60	March,2004	3.54	2.60

Performance in comparison to BSE Sensex



Registrar and Transfer Agents, Share transfer system

The Company has appointed M/s. CIL Securities Ltd., Regd Office:214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad – 500 001 as its common agency (with effect from 31.01.2003) for share registry work for physical as well as dematerialized form. Share transfers are registered and returned in the normal course within an average period of 15 days from the date of receipt, if the documents are clear in all respects. Requests for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days.

Categories of Shareholding as on 31st March, 2004

Category	Number of Shares	Percent of total Shares
Promoters and Associates	4856529	44.27%
Foreign Institutional Investors	--	--
Public Financial Institutions	--	--
Mutual Funds	149800	1.37%
Nationalised banks and other banks	6500	0.06%
NRI's and OCB's	229200	2.09%
Others [includes holding of Corporate Bodies]	5727971	52.21%
	10970000	100.00%

Distribution of shareholding as on 31st March, 2004

No.of Shares	Number of shareholders	Number of Shares	Percent of total shares
1 to 250	16508	1830379	16.69%
251 to 500	1833	748099	6.82%
501 to 1000	732	631190	5.75%
1001 to 2000	363	573773	5.23%
2001 to 3000	96	254720	2.32%
3001 to 4000	52	189744	1.73%
4001 to 5000	47	224795	2.05%
5001 to 10000	83	593658	5.41%
10001 and above	116	5923642	54.00%
Total	19830	10970000	100.00%

Dematerialisation of shares and liquidity : 2767922 Equity shares of the Company have been dematerialized as on 31st March, 2004.

Plant Locations: The Company's plant is located at Bonthapally Village, Zinnaram Mandal, Medak Dist A.P.

Address for correspondence : Shares Department, #400, Sagar Co-Operative Housing Society, Road No.2, Avenue VIII, Banjara Hills, Hyderabad. and for share transfers and dematerialisation: CIL Securities Ltd., Regd Office:214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad – 500 001, Telephone Nos. 040-23203155/040-23202465,

E-mail for Investors: hyd1_techtran@sancharnet.in and advisors@cilsecurities.com / cilsec@hotmail.com

for and on behalf of the Board

M.S.RAM
CHAIRMAN

Place : Hyderabad
Date : 29.06.2004

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To
The Members of
Techtran Polylenses Limited
HYDERABAD.

We have examined the compliance of conditions of Corporate Governance by **Techtran Polylenses limited** for the year ended 31st March, 2004, as stipulated in Clause 49 of Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of 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 information and according 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 Agreement.

As per the information and explanations given to us by the management, the company did not receive any complaints from shareholders and investors during the year ended March 31st 2004.

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 M.ANANDAM & CO.,
Chartered Accountants

Place: Secunderabad
Date : 29.06.2004

M.R.VIKRAM
Partner.

AUDITORS' REPORT

To
The Members of
Techtran Polylenses Limited
H Y D E R A B A D.

We have audited the attached Balance Sheet of **M/s. Techtran Polylenses Limited**, as at 31st March, 2004 and also the Profit & Loss Account and 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.

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.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above.
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, the company has kept proper books of account as required by law so far, as appears from our examination of such books.
 - c) The Balance Sheet, and Profit & Loss Account and Cash Flow Statement dealt with in this report are in agreement with the books of account.
 - d) 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.
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

3. 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 fair view in conformity with the accounting principles generally accepted in India :
- i. In so far as it relates to the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2004, and;
 - ii. In the case of the Profit & Loss account, of the Profit of the Company for the year ended on that date.
 - iii. In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For M.ANANDAM & CO.,
Chartered Accountants

Place: Secunderabad
Date : 29.06.2004

M.R. VIKRAM
Partner

Re: TECHTRAN POLYLENSES LIMITED.

ANNEXURE REFERRED TO IN PARAGRAPH 1 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. All the fixed assets have not been verified by the management during the year but, according to the information and explanations given to us, there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its business.
c. There was no substantial disposal of fixed assets during the year.
2. a. The management has conducted the physical verification of inventory at reasonable intervals during the year.
b. The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business. The company is maintaining proper records of inventory.
c. As per the explanations given to us, the material variations wherever noticed on physical verification of stocks have been properly dealt with in the books of accounts.
3. There are no parties that require to be listed in the register maintained under section 301 of the Act, accordingly, clauses (iii), (v) and (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
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, for the purpose of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.

5. The Company has not accepted any deposits from the public.
6. In our opinion, the Company has an internal audit system, commensurate with the size of the Company and the nature of its business.
7. The Central Government has not prescribed maintenance of cost records by the Company under Section 209(1)(d) of the Act.
8. a. According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise duty were outstanding, at the year end for a period of more than six months from the date they became payable.
- b. According to the information and explanations received from the company the following are the disputes pending:

Name of the Statute	Nature of the dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Demand under section 143(1A)	Rs.5 lakhs	AY 1993-94	Income Tax Appellate Tribunal
	Demand u/s 143(3)	Rs.37.26 lakhs	AY 1994-95	-- do --

9. The Company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
10. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
11. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
12. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
13. In our opinion and according to the information given to us, the company is not dealing 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.

14. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
15. The company has not raised any new term loans during the year. The term loans outstanding at the beginning of the year were applied for the purposes for which they were issued
16. As per the information and explanations given to us, we are of the opinion that the Company has not utilized any short-term sources towards long-term investments.
17. The Company has not raised any money by way of issue of Debentures during the year.
18. According to the information and explanations given to us during the year the company has not raised any funds on public issue and hence disclosure on the end use of money raised by the public issue is not applicable to the company.
19. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For M.ANANDAM & CO.,
Chartered Accountants

Place: Secunderabad
Date: 29.06.2004

M.R. VIKRAM
Partner

**TECHTRAN POLYLENSES LIMITED, HYDERABAD
BALANCE SHEET AS AT 31 ST MARCH' 2004**

	SCH NO	AS AT <u>31.03.2004</u> Rs.		AS AT <u>31.03.2003</u> Rs.
<u>SOURCES OF FUNDS:</u>				
A] SHARE CAPITAL	I	109683500		109683500
B] RESERVES AND SURPLUS	II	26078532		14700788
C] SECURED LOANS	III	<u>235658572</u>		<u>239289572</u>
		<u>371420604</u>		<u>363673860</u>
<u>APPLICATION OF FUNDS:</u>				
A] FIXED ASSETS	IV			
GROSS BLOCK		354454447	346869002	
LESS:DEPRECIATION		<u>186477870</u>	<u>168029954</u>	178839048
CAPITAL WIP			61300	67690
B] INVESTMENTS	V	21703500		900000
CURRENT ASSETS, C] LOANS&ADVANCES				
	VI			
INVENTORIES		55822862	84765603	
SUNDRY DEBTORS		92186186	78252471	
CASH & BANK BALANCES		24597212	11443831	
LOANS & ADVANCES		<u>24014284</u>	<u>20194425</u>	
		196620544	194656330	
LESS: CURRENT LIABILITIES & PROVISIONS	VII	15683783	15040201	
NET CURRENT ASSETS		<u>180936761</u>	<u>179616129</u>	
D] MISC.EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	VIII	742466		4250993
		<u>371420604</u>		<u>363673860</u>

Accounting Policies & Notes on
Accounts
Schedules I to VIII and XIV
form an integral part of the
Balance Sheet.

As per our report of even date
attached
For M.ANANDAM & CO.,
Chartered Accountants

for and on behalf of the Board

M.R.VIKRAM
Partner

K.KRISHNADEV RAO
Executive Director

Place : Hyderabad
Date :29/06/2004.

J.V.SESHI KUMAR
Vice President (Fin) &
Company Secretary

K.V.RAO
Managing Director

TECHTRAN POLYLENSES LIMITED, HYDERABAD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH' 2004

	SCH	YEAR ENDED <u>31.03.2004</u> Rs.	YEAR ENDED <u>31.03.2003</u> Rs.
1 INCOME			
SALES – EXPORT		173733272	156023817
SALES – DOMESTIC		<u>70043605</u>	<u>60708191</u>
		243776877	216732008
LESS: EXCISE DUTY		<u>8686762</u>	<u>9005961</u>
NET SALES		235090115	207726047
OTHER INCOME	IX	2904722	1107638
INCREASE/(DECREASE) IN STOCK	X	<u>-14790968</u>	<u>-951300</u>
		223203869	207882385
2 EXPENDITURE			
RAW MATERIALS CONSUMED		44569609	50954014
MANUFACTURING EXPENSES	XI	94856266	81340422
ADMIN. & SELLING EXPENSES	XII	21363166	21690952
SUB TOTAL		160789041	153985388
PROFIT BEFORE INTEREST AND DEPRECIATION		62414828	53896997

LESS:INTEREST & FINANCIAL CHARGES	XIII	28399832	28691310
PROFIT/(LOSS) BEFORE DEPRECIATION		34014996	25205687
LESS:DEPRECIATION		19072976	19092902
PROFIT/(LOSS) AFTER DEPRECIATION		14942020	6112785
LESS:MISC.EXPENDITURE W/OFF		3508527	3586712
NET PROFIT/(LOSS) FOR THE YEAR		11433493	2526073
PRIOR PERIOD INCOME/(EXPENDITURE)		-55749	-23372
PROFIT/(LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		14700788	12198087
PROFIT AVAILABLE FOR APPROPRIATION		26078532	14700788
-GENERAL RESERVE		5000000	0
-BALANCE CARRIED TO BALANCE SHEET		21078532	14700788

Accounting Policies & Notes on Accounts
Schedules IX to XIII and XIV form an
integral part of the Profit and Loss Account.

XIV

As per our report of even date attached
For M.ANANDAM & CO.,
Chartered Accountants

for and on behalf of the Board

M.R.VIKRAM
Partner

K.KRISHNADEV RAO
Executive Director

J.V.SESHI KUMAR
Vice President (Fin) &
Company Secretary

K.V.RAO
Managing Director

Place : Hyderabad.
Date : 29/06/2004.

CASHFLOW STATEMENT FOR THE YEAR ENDING 31ST MARCH, 2004

	2003-2004		2002-2003
CASH FLOW FROM OPERATING ACTIVITIES:	(Rs. In ' 000)		(Rs. In ' 000)
NET PROFIT AFTER TAX	11433		2526
ADJUSTMENTS FOR :			
DEPRECIATION	19073		19093
MISCELLANEOUS EXPENSES WRITTEN OFF	3509		3587
PROFIT/LOSS ON SALE OF ASSET	-105		97
INTEREST EXPENSES	27562		27926
OTHER INCOME	-946		-935
PRIOR PERIOD EXPENSES	-55	49038	-23
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	60471		52271
CHANGES IN WORKING CAPITAL :			
INCREASE IN TRADE AND OTHER RECEIVABLES	-13934		4343
INCREASE IN LOANS AND ADVANCES	-3819		-321
DECREASE IN INVENTORIES	28942		3342
DECREASE IN CREDITORS	-1450		-2711
INCREASE IN PROVISIONS & OTHER LIABILITIES	2094		-1332
INTEREST PAID ON W.C	-37	11796	-473
NET CASH INFLOW FROM OPERATING ACTIVITIES	(A)	<u>72267</u>	<u>55119</u>

CASH FLOW FROM INVESTING ACTIVITIES:

INVESTMENTS	-20804	0
PURCHASE / INCREASE IN FIXED ASSETS	-8237	-1557
SALE OF FIXED ASSET	138	50
OTHER INCOME	946	935
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(B)	
	<u>-27957</u>	<u>-572</u>

CASH FLOW FROM FINANCING ACTIVITIES:

DECREASE IN SHORT TERM BORROWINGS	-3631	-22696
INTEREST PAID ON TERMLOANS	-27525	-27941
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(C)	
	<u>-31156</u>	<u>-50637</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	13154	3910
CASH AND CASH EQUIVALENTS AS AT 01.4.2003 (OPENING BALANCE)		11444	7534
CASH AND CASH EQUIVALENTS AS AT 31.3.2004 (CLOSING BALANCE)		24598	11444

FOR AND ON BEHALF OF THE BOARD**K.KRISHNADEV RAO**
EXECUTIVE DIRECTOR**K.V.RAO**
MANAGING DIRECTOR**J.V.SESHI KUMAR**
VICE PRESIDENT (FIN) &
COMPANY SECRETARY**PLACE : HYDERABAD**
DATE : 29.06.2004

SCHEDULE - I

	AS AT 31.03.2004	AS AT 31.03.2003
	Rs.	Rs.
<u>SHARE CAPITAL:</u>		
AUTHORISED SHARE CAPITAL		
14000000 EQUITY SHARES OF RS.10/- EACH	<u>140000000</u>	<u>140000000</u>
ISSUED SUBSCRIBED AND PAIDUP CAPITAL		
10970000 SHARES OF RS.10 EACH	109700000	109700000
FULLY PAID UP		
LESS:CALLS IN ARREAR	<u>16500</u>	<u>16500</u>
	<u>109683500</u>	<u>109683500</u>

SCHEDULE - II**RESERVES AND SURPLUS:**

GENERAL RESERVE	5000000	
PROFIT & LOSS ACCOUNT	<u>21078532</u>	<u>14700788</u>
	<u>26078532</u>	<u>14700788</u>

SCHEDULE - III**SECURED LOANS:**

TERM LOANS FROM FINANCIAL INSTITUTIONS

- IDBI

ZERO INT.LOANS	31924986	31924986
OTHERS	<u>148757828</u> 180682814	<u>148757828</u> 180682814

- IFCI

ZERO INT.LOANS	17799193	17799193
OTHERS	<u>33807565</u> 51606758	<u>33807565</u> 51606758
	232289572	232289572

WORKING CAPITAL LOANS FROM BANKS

	<u>3369000</u>	<u>7000000</u>
	<u>235658572</u>	<u>239289572</u>

SCHEDULE- IV

FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 31.03.2003	ADDITIONS DURING THE YEAR	DELE TIONS	AS AT 31.03.2004	UPTO 31.03.2003	FOR THE YEAR	DELE TIONS	UPTO 31.03.2004	AS AT 31.03.2004	AS AT 31.03.2003
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	1422907	0	0	1422907	0	0	0	0	1422907	1422907
BUILDINGS	26687323	473346	0	27160669	8874275	892390	0	9766665	17394004	17813048
PLANT & MAC.	306584609	6576648	0	313161257	150994196	16985195	0	167979391	145181866	155590413
FURNTR&FXTRS.	4757897	8120	0	4766017	2777809	301789	0	3079598	1686419	1980088
OFFICE EQUIP.	3570752	36230	0	3606982	3042363	498242	0	3540605	66377	528389
DATA PROCES. EQUIP.	1323460	59450	0	1382910	887612	222230	0	1109842	273068	435848
VEHICLES	2522054	1089609	657958	2953705	1453699	173130	625060	1001769	1951936	1068355
	346869002	8243403	657958	354454447	168029954	19072976	625060	186477870	167976577	178839048
CAPITAL WIP									61300	67690

SCHEDULE-V

INVESTMENTS

90000 EQUITY SHARES OF RS.10/- EACH FULLY PAID
IN TECHTRAN OPHTHALMICS PVT. LTD (100% SUBSIDIARY)
(UNQUOTED AND NON TRADE)

**AS AT
31.03.2004**
Rs.

**AS AT
31.03.2003**
Rs.

900000

900000

134000 EQUITY SHARES OF Rs.10/- EACH
IN ANDHRA PRADESH GAS POWER CORPORATION
LTD.

20803500

0

(UNQUOTED AND NON TRADE - AT COST)

21703500

900000

SCHEDULE -VI**CURRENT ASSETS, LOANS & ADVANCES****A] CURRENT ASSETS**

INVENTORIES (AS CERTIFIED AND VALUED BY MANAGEMENT)

1]STORES AND SPARES		3106024		2823727
2]MOULDS AND OTHER TOOLS		20502539		33989333
3]STOCK IN TRADE				
RAW MATERIAL	6093238		6403407	
CONSUMABLES	2704692		3341799	
FINISHED GOODS	22688383		37083133	
STOCK IN PROCESS	727986	32214299	1124204	47952543
		55822862		84765603
4]SUNDRY DEBTORS				
UNSECURED-CONSIDERED GOOD DEBTS MORE THAN 6 MONTHS	610176		938662	
OTHER DEBTS				
- DUE FROM SUBSIDIARY	1849794		307761	
- OTHERS	89726216	92186186	77006048	78252471
5]CASH IN HAND		23689		32847
BALANCE WITH SCHEDULED BANKS				
a] IN CURRENT ACCOUNT	7339554		2282834	
b] IN DEPOSIT ACCOUNT -MARGIN MONEY	733969		1528150	
- OTHERS	16500000	24573523	7600000	11410984

B] LOANS AND ADVANCES

UNSECURED CONSIDERED GOOD

DEPOSITS WITH GOVT.DEPTS.	8573885		8262009	
ADVANCES RECOVERABLE IN CASH OR KIND	9794167		7075628	
ADVANCES TO SUBSIDIARY COMPANY	5646232	24014284	4856788	20194425
		196620544		194656330

SCHEDULE- VII**CURRENT LIABILITIES & PROVISIONS****SUNDRY CREDITORS**

	AS AT		AS AT	
	31.03.2004		31.03.2003	
	Rs.		Rs.	
LIABILITY TO OTHER THAN SSI CREDITORS	7653231		9091086	
LIABILITY TO SSI CREDITORS	157118	7810349	169337	9260423
OTHER LIABILITIES	5399784		4098083	
PROVISIONS	2337708	7737492	1313172	5411255
ADVANCE RECD FROM CUSTOMERS		135942		368523
		15683783		15040201

SCHEDULE- VIII

MISC.EXPENDITURE TO THE EXTENT NOT WRITTEN OFF/ADJUSTED

a]DEFERRED REVENUE EXPENDITURE	3658592		6574719	
LESS: AMOUNT WRITTEN OFF	<u>2916126</u>	742466	<u>2916127</u>	3658592
b]PRELIMINARY EXPENDITURE	0		102179	
LESS: AMOUNT WRITTEN OFF	<u>0</u>	0	<u>102179</u>	0
c]PRODUCT DEVELOPMENT EXPENDITURE	592401		1160807	
LESS: AMOUNT WRITTEN OFF	<u>592401</u>	0	<u>568406</u>	<u>592401</u>
		<u>742466</u>		<u>4250993</u>

SCHEDULE - IX
OTHER INCOME

	AS AT 31.03.2004	AS AT 31.03.2003
	Rs.	Rs.
INTEREST RECEIVED ON FDRs	946423	387159
MISC.INCOME	723829	817374
EXCHANGE FLUCTUATION	1129868	0
PROFIT/(LOSS) ON SALE OF ASSETS	<u>104602</u>	<u>-96895</u>
	<u>2904722</u>	<u>1107638</u>

SCHEDULE -X**INCREASE / (DECREASE) IN STOCKS**

OPENING STOCK		
a]WORK IN PROGRESS	1124204	630383
b]FINISHED GOODS	<u>37083133</u>	<u>38528254</u>
	<u>38207337</u>	<u>39158637</u>
CLOSING STOCK		
a]WORK IN PROGRESS	727986	1124204
b]FINISHED GOODS	<u>22688383</u>	<u>37083133</u>
	<u>23416369</u>	<u>38207337</u>
INCREASE/(DECREASE) IN STOCKS	<u>-14790968</u>	<u>-951300</u>

SCHEDULE – XI

	AS AT 31.03.2004	AS AT 31.03.2003
	Rs.	Rs.
<u>MANUFACTURING EXPENSES</u>		
SALARIES AND WAGES AND OTHER ALLOWANCES	28686010	26069818
CONTRIBUTION TO PF AND ESI WORKERS AND STAFF WELFARE EXPENSES	2821432	2937921
POWER AND FUEL	2180219	2273541
STORES, SPARES AND CONSUMABLES	15491196	15660241
PACKING MATERIALS CONSUMPTION	33952574	24337431
REPAIRS & MAINT: PLANT&MACHINERY	6542023	7223564
OTHER MFG.EXPENSES	378179	595004
	4804633	2242902
	94856266	81340422

SCHEDULE – XII**ADMINISTRATIVE & SELLING EXPENSES**

RENT, RATES AND TAXES	888476	826292
INSURANCE	1721890	1599705
TRAVELLING EXPENSES	2745846	2332259
PROFESSIONAL FEES	1120159	1397063
PRINTING AND STATIONARY	671625	571276
TELEPHONE, TELEX AND FAX, POSTAGE	786721	938296
VEHICLE RUNNING AND MAINTENANCE	3706492	3902526
ADVERTISEMENT	257601	131744
OFFICE MAINTENANCE	421189	485836
AUDITORS' REMUNERATION	183480	150000
DIRECTORS' SITTING FEES	54000	52000
DIRECTORS' REMUNERATION	1216332	961286
SELLING AND DISTRIBUTION EXPENSES	5991771	6339429
MISC.EXPENSES	1597584	2003240
	21363166	21690952

SCHEDULE XIII**INTEREST AND FINANCE CHARGES**

INTEREST ON TERM LOANS TO FINANCIAL INSTITUTIONS	27525356	27452977
INTEREST ON WORKING CAPITAL	36531	473593
OTHER FINANCE CHARGES	837945	764740
	28399832	28691310

SCHEDULE-XIV
ACCOUNTING POLICIES & NOTES ON ACCOUNTS
SIGNIFICANT ACCOUNTING POLICIES:

- i. **ACCOUNTING CONCEPTS:**
The Financial Statements are prepared under the historical cost convention and on accrual basis and in accordance with the Mandatory Accounting Standards.
- ii. **FIXEDASSETS:** Fixed Assets are stated at cost less accumulated depreciation. All major acquisitions of Fixed Assets are stated at acquisition cost including other expenses related to acquisition & installation.
- iii. **INVESTMENTS:**
Investments of long-term nature are carried at cost less provision for permanent diminution in value of such investments.
- iv. **DEPRECIATION:**
Depreciation has been charged on straight-line method on gross value of assets at rates provided in Schedule XIV of the Companies Act, 1956.
- v. **FOREIGN CURRENCY TRANSACTIONS:**
 - a) Foreign Currency Liabilities incurred for the acquisition of Fixed Assets are translated at exchange rates prevailing on the last working day of the accounting year or forward cover rates, as applicable. The net variation arising out of the said translation and roll over charges, if any, are adjusted to the cost of fixed assets. Depreciation on the revised unamortised depreciable amount is provided prospectively over the residual life of the asset.
 - b) Other Foreign Currency Assets and Liabilities are similarly translated and the net loss/gain arising out of such translation (after considering roll over charges, if any) is adjusted to the Profit and Loss Account except in case of doubtful assets, revaluation is not done from the year in which the asset is identified as doubtful.
- vi. **INVENTORIES:**
 - a. Inventories are valued at lower of cost and net realizable value except waste/scrap, which is valued at net realizable value. The bases of determining cost for various categories of inventories are as follows:
 - b. Stores, Spare parts, Loose tools, Raw materials and Packing Materials are valued at cost by using FIFO method.
 - c. Work in Progress are valued at Material cost plus appropriate share of production overheads.
 - d. Moulds are treated as Current Asset and from the current year these are valued at cost of blanks.
- vii. **RETIREMENT BENEFITS:**
The company has covered its gratuity liabilities with Life Insurance Corporation of India (LIC). The annual contributions are made based on actuarial valuation and charged off to revenue. Encashment of earned leave is at the discretion of the management and is charged off to revenue in the year of payment.
- viii. **RESEARCH AND DEVELOPMENT EXPENDITURE:**
Revenue Expenditure is charged to the Profit and Loss Account and Capital Expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

NOTES ON ACCOUNTS:

1. Claims not acknowledged as debts :

	Rs.in Thousands	
	2003-04	2002-03
Income Tax matters		
Pending in various stages of appeal	39,89	39,89

2. Additional information under part-II of schedule-VI to the Companies Act,1956.
(As certified and valued by Management)

a	Licenced Capacity	Pieces	5.00 Million	5.00 Million
b	Installed Capacity	Pieces	5.00 Million	5.00 Million
	*(as certified by the management)			
c	Production	Pieces	4080486	4366952

		QUANTITY	VALUE IN RS.IN THOUSAND S	QUANTITY	VALUE IN RS.IN THOUSAND S
Sales	Pieces	45,96,843	23,50,90	41,37,457	21,67,32
Opening Stock	Pieces	17,27,425	3,70,83	14,97,930	3,85,28
Closing Stock	Pieces	12,11,068	2,26,88	17,27,425	3,70,83

* Being a Technical Matter, not verified by Auditors.

3. Consumption of Raw material and spare parts :

Rs.in Thousands

	2003 - 2004	2002 – 2003	
<u>RAW MATERIALS CONSUMPTION</u>			
Qty in Kgs	1,10,003		1,22,560
Value	4,45,70		5,09,54
Monomer [Qty in Kgs]	95,243		1,02,959
Value	2,03,59		2,24,18
IPP [Qty in Kgs]	8,890		11,640
Value	58,24		79,70
Others Materials [Qty in Kgs]	5,870		7,961
Value	1,83,87		2,05,66
<u>Consumption of Raw Material and Spare Parts</u>			
<u>Raw Material</u>			
		%	%
Imported	4,21,16	94.49	5,09,54 100.00
Indigenous	24.54	5.51	0 0.00
Total	4,45,70	100.00	5,09,54 100.00
<u>Spare parts and Consumables</u>			
		%	%
Imported	72,67	21.40	1,00,59 41.33
Indigenous	2,66,86	78.60	1,42,78 58.67
Total	3,39,53	100.00	2,43,37 100.00

4. Expenditure in Foreign Currency (On Cash Basis) :

Foreign Travel	8,02	9,00
Trade Fair Expenses	4,16	1,39
Commission Export Sales	Nil	2.18
Designs & Drawings	22,30	Nil

5. CIF Value of Imports :

Raw Materials	4,20,09	4,93,25
Capital Goods	7,39	0
Spare Parts & Consumables	96,61	1,13,06

6. Earning in Foreign Exchange :

FOB Value of Exports	17,17,78	15,23,18
----------------------	----------	----------

7. Details of Directors Remuneration :

(Employed during whole of the year)

	Rs.in Thousands			
	2003-2004		2002-2003	
	Managing Director	Executive Director	Managing Director	Executive Director
Salary	3,00	3,15	3,00	2,85
Perquisites (as valued under I.T.Rules)	1,57	1,27	1,69	1,37
Sitting Fees	Nil	Nil	Nil	Nil
Commission	1,15	1,28	Nil	Nil
Leave Salary/ Encashment	Nil	Nil	Nil	Nil
Contribution to Provident Fund	36	38	36	34
Provision for Gratuity	Nil	Nil	Nil	Nil

Details of commission payable:

Net profit	1,14,33
Add back remuneration	10,27
Commission	<u>2,43</u>
Adjusted Net profit	<u>1,27,03</u>
Commission payable to wholetime Directors	12,70
Salary & perquisites paid	<u>10,27</u>
Commission payable	<u>2,43</u>

8. Auditors Remuneration :

For Audit Fee	116	100
For Consultancy	20	20
For Tax Audit Fee	20	20
For Tax Representation	15	10

9. The term loans from Financial Institutions are secured by a First Charge on a pari pasu basis on all the Company's Immovable and Movables including Movable Machinery, Machinery Spares, Tools, Accessories present and future, except the Company's stock of Raw Materials, Semi Finished and Finished Goods, Consumables Stores, Book Debts and such other movables on which the Banks who have sanctioned Working Capital Limits have a first charge. The Banks participating in the Working Capital consortium also have a second charge on the Fixed Assets of the Company. Working Capital Limits are secured by personal guarantees of two of the Directors of the Company.

10. Earnings per share

	<u>2003-04</u>	<u>2002-03</u>
Profit after taxation as per Profit & Loss Account (Rs.in Thousands)	1,14,33	25,26
Less:prior period expenses	<u>56</u>	<u>23</u>
Adjusted Net Profit	1,13,77	25,03
Weighted average of equity shares outstanding	10970000	10970000
Basic and Diluted earnings per share before prior period expenses adjustment Rs.	1.04	0.23
Basic and Diluted earnings per share after prior period expenses adjustment Rs. [face value Rs.10 per share]	1.04	0.23

11. Segment Reporting

The Company is engaged in Ophthalmic Lenses business which as per Accounting Standard AS-17 is considered the only reportable business segment. As part of secondary reporting, revenues are attributed to geographic areas based on the location of the customers.

Geographical Segments :

Rs.in Lakhs

	India	Outside India	Total
Sales Revenue	613.57	1737.33	2350.90
Segment Assets	3085.87	777.75	3863.62
Segment Liabilities	2466.39	47.04	2513.43

12. Related party disclosures under Accounting standard 18

- a] Key Management Personal : Mr.K V Rao, Managing Director and
[Wholetime Directors] Mr.K.Krishnadev Rao, Executive Director
- b] Relatives of Key Management Personnel
Mrs. K.Vijayalakshmi : Spouse of Mr.K.Krishnadev Rao
Mr. Rob.K.Rao : Son of Mr.K.V.Rao
Mr. Sajan.K.Rao : Son of Mr.K.V.Rao
Ms. Neena.K.Rao: Daughter of Mr.K.V.Rao.
- c] Subsidiary Company : Techtran Ophthalmics Pvt Ltd.,

- d] Other related Company : Techtran Agro Industries Limited;
Common Directors:
Mr.K.V.Rao, Managing Director.
Mr.K.Krishnadev Rao, Executive Director.

Transactions	Key Management Personnel	Relatives of Key Management Personnel	<i>Rs. In Lakhs</i>	
			Subsidiary Company	Total
Remuneration	12.70			12.70
Rent*		2.70		2.70
Sale of Finished Goods			43.16	43.16
Services received			14.52	14.52
Equity Investment			9.00	9.00
Advances			56.46	56.46

* This amount represents the rent paid by the Reporting entity on behalf of the Key Management Personnel, to their relatives. This is included in the Remuneration stated above.

13. In view of the uncertainty of adjustment of accumulated losses and unabsorbed depreciation, no deferred tax asset is being recognized in terms of Accounting Standard issued by ICAI.
14. As per the information available with the company, there are no overdue payments exceeding Rs. 1.00 lakh, which is outstanding for 30 days as at the year end in respect of suppliers being Small Scale Industries.
15. Previous years figures have been regrouped/rearranged wherever necessary.
16. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956 enclosed.

SIGNATURES FOR "SCHEDULES I TO XIV"

As per our report of even date attached.

For and on behalf of the Board

For M.ANANDAM & CO.
Chartered Accountants

K..Krishnadev Rao
Executive Director

M.R.Vikram
Partner

J.V.Seshi Kumar
Vice President (Fin) &
Company Secretary.

K.V.Rao
Managing Director

Place : Hyderabad

Date: 29.06.2004

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary Companies

1. Name of the Subsidiary Company : Techtran Ophthalmics Private Limited
2. The Financial Year of Subsidiary Company ended on : 31st March, 2004
3. Holding Company's interest :
 - A. No.of shares held by Holding Co. at the end of financial year of the Subsidiary company. : 90,000 Equity Shares of Rs.10/-each
 - B. Extent of interest of Holding company at the end of financial year of Subsidiary Co., : 100%
4. Net aggregate amount of subsidiary company's profit/(loss) so far as it concerns the members of holding co.
 - A. Not dealt with in the Accounts of Techtran Polylenses Limited. :
 - (i) for the subsidiary's financial year ended 31st March, 2003 : Rs.4,26,791/-
 - (ii) for previous financial years of the subsidiary since it became a subsidiary of Techtran Polylenses Limited : (Rs.3,96,834)

- B. Dealt with in the accounts of :
Techtran Polylenses Limited.
- (i) for the subsidiary's : NIL
financial year ended
31st March, 2004.
- (ii) for previous financial : NIL
years of the subsidiary
since it became
subsidiary of
Techtran Polylenses Limited.

for and on behalf of the board

K.Krishnadev Rao
Executive Director

Place : Hyderabad
Date : 29/06/2004

J.V.Seshi Kumar
Vice President (Fin) &
Company Secretary

K.V.Rao
Managing Director

AUDITORS' REPORT

To
The Members of
Techtran Ophthalmics Private Limited
H Y D E R A B A D.

We have audited the attached Balance Sheet of **M/s. Techtran Ophthalmics Private Limited**, as at 31st March, 2004 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.

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.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to 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 purpose 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 such books.
 - c) The Balance Sheet, and Profit & Loss Account referred to in this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet, Profit and Loss account comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

3. 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 fair view in conformity with the accounting principles generally accepted in India :
 - i. In so far as it relates to the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2004, and;
 - ii. In the case of the Profit & Loss account, of the Profit of the Company for the year ended on that date.

For M.ANANDAM & CO.,
Chartered Accountants

Place: Secunderabad
Date : 02.06.2004

M.R. VIKRAM
Partner

Re: Techtran Ophthalmics Private Limited.

ANNEXURE REFERRED TO IN PARAGRAPH 1 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. As explained to us, the management has physically verified some of the fixed assets during the year. As reported to us, there were no discrepancies found during such verification.
 - c. There was no substantial disposal of fixed assets during the year.
2.
 - a. The management has conducted the physical verification of inventory at reasonable intervals during the year.
 - b. The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business. The company is maintaining proper records of inventory.
 - c. As per the explanations given to us, the material variations wherever noticed on physical verification of stocks have been properly dealt with in the books of accounts.
3. There are no parties that require to be listed in the register maintained under section 301 of the Act, accordingly, clauses (iii), (v) and (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
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, for the purpose of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.
5. The Company has not accepted any deposits from the public.
6. As per the requirement of the Order, the clause relating to Internal Audit System is not applicable for the year.
7. The Central Government has not prescribed rules for maintenance of cost records by the Company under Section 209(1)(d) of the Act.

8.
 - a. According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Customs duty and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise duty were outstanding, at the year end for a period of more than six months from the date they became payable.
 - b. According to the information and explanations received from the management, the company has no disputed statutory dues.
9. The Company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
10. Based on our audit procedures and on the information and explanations given by the management, there are no dues to any financial institutions, banks or debenture holders.
11. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
12. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
13. In our opinion and according to the information given to us, the company is not dealing 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.
14. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
15. The company has not raised any new term loans.
16. As per the information and explanations given to us, we are of the opinion that the Company has not utilized any short-term sources towards long-term investments.
17. The Company has not raised any money by way of issue of Debentures during the year.
18. According to the information and explanations given to us during the year the company has not raised any funds on public issue and hence disclosure on the end use of money raised by the public issue is not applicable to the company.
19. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For M.ANANDAM & CO.,
Chartered Accountants

Place: Secunderabad
Date: 02.06.2004

M.R.VIKRAM
Partner.

TECHTRAN OPHTHALMICS PVT LIMITED, HYDERABAD
BALANCE SHEET AS AT 31ST MARCH' 2004

	SCH NO	AS AT 31.03.2004 Rs.	AS AT 31.03.2003 Rs.
<u>SOURCES OF FUNDS:</u>			
A] SHARE CAPITAL	I	900000	900000
RESERVES & SURPLUS		29957	0
B] UNSECURED LOANS		<u>5646232</u>	<u>4856788</u>
		<u>6576189</u>	<u>5756788</u>
<u>APPLICATION OF FUNDS:</u>			
A] FIXED ASSETS			
GROSS BLOCK	II	7095245	5071351
LESS: DEPRECIATION		<u>612362</u>	<u>298978</u>
		6482883	4772373
B] CURRENT ASSETS, LOANS AND ADVANCES	III		
INVENTORIES		1521764	607724
SUNDRY DEBTORS		1459255	473352
CASH & BANK BALANCES		215014	264927
LOANS & ADVANCES		<u>241650</u>	<u>151470</u>
		3437683	1497473
LESS: CURRENT LIABILITIES PROVISIONS	IV	3142671	822429
		<u>201706</u>	<u>104423</u>
NET CURRENT ASSETS		3344377	93306
		926852	570621
C] MISCELLANEOUS EXPENDITURE			
To THE EXTENT NOT WRITTEN OFF	V	0	16960
D] PROFIT AND LOSS ACCOUNT		<u>0</u>	<u>396834</u>
		<u>6576189</u>	<u>5756788</u>

Accounting Policies & Notes on Accounts Schedules I to V and X form an integral part of the Balance Sheet. X

As per our report of even date attached

For and on behalf of the Board

For M.ANANDAM & CO
Chartered Accountants

K.KRISHNADEV RAO
Director

M.R.VIKRAM
Partner

K.V. RAO
Director

Place: Hyderabad
Date : 02/06/2004

J.V.SESHI KUMAR
Vice President (Fin)

TECHTRAN OPHTHALMICS PVT LTD, HYDERABAD
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH' 2004

	SCH NO	YEAR ENDED	YEAR ENDED
		31.03.2004	31.03.2003
		Rs.	Rs.
1 INCOME			
EXPORT SALES		7803	57637
DOMESTIC SALES		7838001	6978438
OTHER INCOME		1452241	541330
INCREASE/DECREASE IN STOCK	VI	660765	41745
		9958810	7619150
2 EXPENDITURE			
PURCHASE OF LENSES		4315848	4397386
SALARIES & WAGES	VII	1267791	638945
LAB EXPENSES	VIII	1830961	947179
ADMINISTRATIVE EXPENSES	IX	1740445	749742
 SUB TOTAL		9155045	6733252
 PROFIT / (LOSS) BEFORE INTEREST AND DEPRECIATION		803765	885898
 LESS: INTEREST AND FINANCIAL CHARGES		10147	10786
 PROFIT/(LOSS) BEFORE DEPRECIATION		793618	875112
 LESS: DEPRECIATION		313384	241061
LESS: MISC EXPENDITURE W/OFF		16960	2120
 PROFIT/(LOSS) BEFORE TAX		463274	631931
 LESS: PROVISION FOR TAXATION		36483	45037
 NET PROFIT/(LOSS) AFTER TAX		426791	586894

PROFIT/(LOSS) BROUGHT FORWARD PREVIOUS YEAR	-396834	-983728
PROFIT/(LOSS) BALANCE CARRIED TO BALANCE SHEET	29957	-396834

Accounting Policies & Notes on Accounts
Schedules VI to IX and X form an integral
part of the Profit & Loss Account. **X**

As per our report of even date attached

For and on behalf of the Board

For M.ANANDAM & CO
Chartered Accountants

K.KRISHNADEV RAO
Director

M.R.VIKRAM
Partner

J.V.SESHI KUMAR K.V. RAO
Vice President (Fin) Director

Place:Hyderabad
Date : 02/06/2004

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE - I

	AS AT 31.03.2004 Rs.	AS AT 31.03.2003 Rs.
SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
90000 EQUITY SHARES OF RS.10/- EACH	<u>900000</u>	<u>900000</u>
ISSUED SUBSCRIBED AND PAID-UP CAPITAL		
90000 EQUITY SHARES OF RS.10/- EACH FULLY PAID	<u><u>900000</u></u>	<u><u>900000</u></u>

SCHEDULE - II**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	AS AT 31.03.2003	ADDITIONS DURING THE YEAR	DELETIONS DURING THE YEAR	AS AT 31.03.2004	AS AT 31.03.2003	FOR THE YEAR	AS AT 31.03.2004	AS AT 31.03.2004	AS AT 31.03.2003
	Rs.	Rs.	RS.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
PLANT & MACNR.	4866551	1862124	0	6728675	283886	297456	581342	6147333	4582665
FURNITURE&FXTRS.	204800	85981	0	290781	15092	14307	29399	261382	189708
DATA PROCESSING EQUIPMENT	0	47200	0	47200	0	920	920	46280	0
OFFICE EQUIPMENT	0	9900	0	9900	0	540	540	9360	0
VEHICLES	0	18689	0	18689	0	161	161	18528	0
	5071351	2023894	0	7095245	298978	313384	612362	6482883	4772373

SCHEDULE - III**CURRENT ASSETS, LOANS AND ADVANCES****INVENTORIES**

1) CONSUMABLES	280129	26854	
2) CLOSING STOCK OF LENSES	<u>1241635</u>	<u>1521764</u>	<u>607724</u>

SUNDRY DEBTORS

UNSECURED CONSIDERED GOOD DEBTORS MORE THAN 6 MONTHS	1415	0	
OTHER DEBTORS	<u>1457840</u>	<u>1459255</u>	<u>473352</u>

CASH & BANK BALANCES

CASH IN HAND	11769	41510	
BALANCE WITH BANKS	<u>203245</u>	<u>215014</u>	<u>223417</u>

LOANS & ADVANCES

a) DEPOSITS WITH GOVT DEPTS	37328	51870	
b) DEPOSITS WITH OTHERS	123000	81000	
b) ADVANCES RECOVERABLE IN CASH OR KIND	81322	241650	151470
		<u>3437683</u>	<u>1497473</u>

SCHEDULE- IV**CURRENT LIABILITIES & PROVISIONS**

ADV.RECEIVED FROM CUSTOMERS	198605		170304	
SUNDRY CREDITORS(PAYABLE TO HOLDING COMPANY RS.18,49,794)	2944066		652125	
PROVISIONS	<u>201706</u>	3344377	<u>104423</u>	926852

SCHEDULE- V**MISE.EXPENDITURE TO THE EXTENT NOT W/OFF**

OPENING BALANCE	16960		19080	
ADD: ADDITIONS DURING THE YEAR	0		0	
LESS: W/OFF DURING THE YEAR	<u>16960</u>		<u>2120</u>	
BALANCE CARRIED TO BALANCE SHEET			0	16960

AS AT
31.03.2004
Rs.

AS AT
31.03.2003
Rs.

SCHEDULE- VI**INCREASE / DECREASE IN STOCKS**

OPENING STOCK	580870		539125	
CLOSING STOCK	<u>1241635</u>		<u>580870</u>	
INCREASE/DECREASE IN STOCKS		660765		41745

SCHEDULE- VII**SALARIES & WAGES**

SALARIES , WAGES & OTHER ALLOWANCES	1230912		615965	
CONTRIBUTION TO PROVIDENT FUND	13110		8574	
STAFF WELFARE EXPENSES	<u>23769</u>	1267791	<u>14406</u>	638945

SCHEDULE- VIII**LAB EXPENSES**

MECH MAINT	0		232	
JOB WORK CHARGES	94455		0	
STORES & SPARES	391979		72814	
ELECTRICAL MAINT	26102		28109	
OIL & LUBRICANTS	1282		2591	
PACKING MATERIALS	397515		143862	
CONSUMABLES	752003		609611	
CHEMICALS	<u>167625</u>	1830961	<u>89960</u>	947179

SCHEDULE- IX

ADMINISTRATIVE EXPENSES

RENT ,RATES & TAXES	268986	162400	
ELECTRICITY	125104	88071	
TELEPHONES& POSTAGE	125751	37913	
INSURANCE	21483	19990	
VEHICLE RUNNING	1478	0	
PROFESSIONAL CHARGES	5120	0	
AUDITORS REMUNERATION	9720	0	
TRAVELLING EXP	115669	70630	
PRINTING & STATIONARY	102593	30281	
ADMINISTRATION CHARGES	163520	140507	
MARKETING CHARGES	110171	0	
LAB MAINT	129005	63695	
REP& MAINT	143725	73283	
CARRIAGE OUTWARD	8649	0	
FREIGHT INWARD	26714	4770	
ADVERTISEMENT	130114	49500	
MISC EXPENSES	<u>252643</u>	<u>8702</u>	749742
	1740445		

SCHEDULE – X

ACCOUNTING POLICIES & NOTES ON ACCOUNTS SIGNIFICANT ACCOUNTING POLICES

i. ACCOUNTING CONCEPTS

The Financial Statements are prepared under the historical cost convention and on accrual basis and in accordance with the Mandatory Accounting Standards, wherever applicable.

ii. FIXEDASSETS

Fixed Assets are stated at cost less accumulated depreciation. All major acquisitions of fixed Assets are stated at acquisition cost including other expenses related to acquisition and installation.

iii. DEPRECIATION

Depreciation has been charged on straight-line method on gross value of assets at rates provided in Schedule XIV of the Companies Act, 1956.

iv. INVENTORIES

a) Inventories are valued at lower of cost or net realizable value except waste/scrap.

b) Spare parts, Raw Materials and Packing materials are valued at cost using FIFO method.

v Loose tools are charged directly to consumption.

NOTES ON ACCOUNTS

1. Additional information under Part – II of Schedule- VI to the companies Act, 1956

a) Licensed Capacity : Not applicable

b) Installed Capacity : Not applicable

	2003-04		2002-03	
	No. of Lenses (Pieces)	Amount in Rs.	No.of Lenses (Pieces)	Amount in Rs.
Lenses :				
Opening Stock	10,089	5,80,870	5,307	5,39,125
Purchases				
From holding company	69,377	43,15,848	38,658	23,37,871
Imports	NIL	NIL	79,878	20,59,515
Total	69,377	43,15,848	1,18,536	43,97,386
Process Loss	4,483	-	4,123	-
Sales	53,030	78,45,804	1,09,631	70,36,075
Closing Stock	21,953	12,41,635	10,089	5,80,870

2.	Expenditure in Foreign Currency.	2003-04	2002-03
		Rs. in Lakhs	Rs. in Lakhs
	Capital Goods- CIF value	6.51	0.00
	Lenses	NIL	20.60
3	Earnings in Foreign Currency		
	FOB value of Exports	0.08	0.58
4	Auditors remuneration	0.10	0.00
5.	There are no overdue payments to any Small Scale Industries as per the information available with the company.		
6	Related party disclosures under Accounting Standard 18		
	a) Holding Company	:	Techtran Polylenses Limited
	b) Directors	:	Mr.K.V.Rao & Mr.K.Krishnadev Rao
	Nature of Transactions		
	i) Equity Investment (100%)	:	Rs. 9.00 Lakhs
	ii) Unsecured Loans received	:	Rs. 56.46 Lakhs
	cumulative		
	iii) Purchase of Lenses	:	Rs. 43.16 Lakhs
	iv) Service rendered	:	Rs. 14.52 Lakhs
	v) Purchase of Assets	:	NIL
	vi) Balance outstanding at the	:	Rs. 18.50 Lakhs
	year end out of (iii) above		
7	Provisions for current tax is made in accordance with the provisions as per Income tax Act, 1961.		
8	Deferred Tax entries have not been passed as there is no reasonable certainty of sufficient future taxable income being available against which such deferred tax asset can be realized.		
9	Previous year's figures have been regrouped/rearranged wherever necessary.		
10.	Additional information pursuant to part IV of Schedule VI to the Companies Act, 1956 enclosed.		

SIGNATURES FOR "SCHEDULE I TO X"

As per our report of even date attached

For and behalf of the Board

For M. ANANDAM & CO.
Chartered Accountants

M.R. VIKRAM
Partner

K. KRISHNADEV RAO
Director

Place : Hyderabad
Date : 02.06.2004

J.V.SESHI KUMAR
Vice President (Fin)

K.V. RAO
Director

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
Techtran Polylenses Limited
Hyderabad.

We have examined the attached Consolidated Balance Sheet of **Techtran Ploylenses Limited** and its subsidiary **Techtran Ophthalmics Pvt Ltd.**, as at 31st March 2004 and the Consolidated Profit and Loss Account for the year then ended annexed thereto and the Consolidated Cash Flow Statement for the period ended on that date. These financial statements are responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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 the management as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS 21), Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of financial statements of the Company and its subsidiary included in the Consolidated Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us and on the consideration of separate financial statements of Techtran Polylenses Limited and its subsidiary Techtran Ophthalmics Private Limited, we are of the opinion that the said accounts, read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India.

- a. In case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiary as at 31.03.2004.
- b. In case of the Consolidated Profit and Loss account, of the consolidated results of operations of the Company and its subsidiary for the year then ended and
- c. In case of the Consolidated Cash Flow Statement, of the consolidated cash flows

For M.ANANDAM & CO.,
Chartered Accountants

Place: Secunderabad
Date : 29.06.2004

M.R. VIKRAM
Partner

TECHTRAN POLYLENSES LIMITED, HYDERABAD
CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH' 2004

	SCH NO	AS AT <u>31.03.2004</u> Rs.	AS AT <u>31.03.2003</u> Rs.
<u>SOURCES OF FUNDS:</u>			
A] SHARE CAPITAL	I	109683500	109683500
B] RESERVES AND SURPLUS	II	26108488	14303954
C] SECURED LOANS	III	<u>235658572</u>	<u>239289572</u>
		<u>371450560</u>	<u>363277026</u>
<u>APPLICATION OF FUNDS:</u>			
A] FIXED ASSETS	IV		
GROSS BLOCK		361549692	351940353
LESS: DEPRECIATION		<u>187090232</u>	<u>168328932</u>
CAPITAL WIP		61300	67690
B] INVESTMENTS	V	20803500	0
C] CURRENT ASSETS, LOANS & ADVANCES	VI		
INVENTORIES		57344627	85373327
SUNDRY DEBTORS		91795647	78418062
CASH & BANK BALANCES		24812226	11708758
LOANS & ADVANCES		<u>18609702</u>	<u>15489107</u>
		192562202	190989254
LESS: CURRENT LIABILITIES & PROVISIONS	VII	<u>17178367</u>	<u>15659292</u>
		175383835	175329962
D] MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	VIII	742465	4267953
		<u>371450560</u>	<u>363277026</u>

Accounting Policies & Notes on Accounts Schedules I to VIII and XIV form an integral part of the Balance Sheet. XIV

As per our report of even date attached
For M. ANANDAM & CO.,
Chartered Accountants

M.R. VIKRAM
Partner

Place : Hyderabad
Date : 29/06/2004.

for and on behalf of the Board

K. KRISHNADEV
RAO
Executive Director

K.V. RAO
Managing Director

J.V. SESHU KUMAR
Vice President (Fin) &
Company Secretary

TECHTRAN POLYLENSES LIMITED, HYDERABAD
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH' 2004

	SCH	YEAR ENDED	YEAR ENDED
		31.03.2004	31.03.2003
		Rs.	Rs.
1 INCOME			
SALES - EXPORT		173741075	156081454
SALES - DOMESTIC		<u>73565758</u>	<u>65348758</u>
		247306833	221430212
LESS: EXCISE DUTY		<u>8686762</u>	9005961
NET SALES		238620071	212424251
OTHER INCOME	IX	2904722	1108743
INCREASE / (DECREASE) IN STOCK	X	<u>-14130202</u>	<u>-909555</u>
		227394591	212623439
2 EXPENDITURE			
RAW MATERIALS CONSUMED		44569609	53013529
MANUFACTURING EXPENSES	XI	97090845	82822029
ADMIN. & SELLING EXPENSES	XII	22515544	22004986
SUB TOTAL		164175998	157840544
PROFIT BEFORE INTEREST AND DEPRECIATION		63218593	54782895

LESS:INTEREST & FINANCIAL CHARGES	XIII	28409979	28702096
PROFIT/(LOSS) BEFORE DEPRECIATION		34808614	26080799
LESS:DEPRECIATION		19386360	19333963
PROFIT/(LOSS) AFTER DEPRECIATION		15422254	6746836
LESS:MISC.EXPENDITURE W/OFF		3525488	3588832
PROFIT/(LOSS) BEFORE TAX		11896766	3158004
LESS: PROVISION FOR TAXATION		36483	45037
NET PROFIT/(LOSS) AFTER TAX		11860283	3112967
PRIOR PERIOD INCOME / (EXPENDITURE)		-55749	-23372
PROFIT/(LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		14303954	11214359
PROFIT AVAILABLE FOR APPROPRIATION		26108488	14303954
GENERAL RESERVE		5000000	-
BALANCE CARRIED TO BALANCE SHEET		21108488	14303954

Accounting Policies & Notes on Accounts
Schedules IX to XIII and XIV form an
integral part of the Profit & Loss Account.

XIV

As per our report of even date attached
For M.ANANDAM & CO.,
Chartered Accountants

for and on behalf of the Board

M.R.VIKRAM
Partner

K.KRISHNADEV RAO
Executive Director

Place : Hyderabad
Date :29/06/2004.

J.V.SESHI KUMAR
Vice President (Fin) &
Company Secretary

K.V.RAO
Managing Director

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDING 31ST MARCH, 2004

	2003-2004		2002-2003
	(Rs. In ' 000)		(Rs. In ' 000)
CASH FLOW FROM OPERATING ACTIVITIES:			
NET PROFIT AFTER TAX	11860		3113
ADJUSTMENTS FOR :			
DEPRECIATION	19386		19334
MISCELLANEOUS EXPENSES WRITTEN OFF	3525		3589
LOSS ON SALE OF ASSET	-105		97
INTEREST EXPENSES	27562		27926
OTHER INCOME	-946		-936
PRIOR PERIOD EXPENSES	-55	49367	-23
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	61227		53100
CHANGES IN WORKING CAPITAL :			
INCREASE IN TRADE AND OTHER RECEIVABLES	-13378		3566
INCREASE IN LOANS AND ADVANCES	-3121		-230
DECREASE IN INVENTORIES	28028		3418
DECREASE IN CREDITORS	-700		-2781
INCREASE IN PROVISIONS AND OTHER LIABILITIES	2220		-1094
INTEREST PAID ON W.C	-37	13012	-473
NET CASH INFLOW FROM OPERATING ACTIVITIES	(A)	<u>74239</u>	<u>55506</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
INVESTMENTS	-20804		0
PURCHASE / INCREASE IN FIXED ASSETS	-10260		-1816
SALE OF FIXED ASSET	138		50
OTHER INCOME	946		936
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(B)	<u>-29980</u>	<u>-830</u>

CASH FLOW FROM FINANCING ACTIVITIES:

REPAYMENT OF LONG TERM BORROWINGS		0	0
DECREASE IN SHORT TERM BORROWINGS		-3631	-22696
INTEREST PAID ON TERMLOANS		-27525	-27941
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(C)	<u>-31156</u>	<u>-50637</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	13103	4039
CASH AND CASH EQUIVALENTS AS AT 01.4.2003 (OPENING BALANCE)		11709	7670
CASH AND CASH EQUIVALENTS AS AT 31.3.2004 (CLOSING BALANCE)		24812	11709

FOR AND ON BEHALF OF THE BOARD

K.KRISHNADEV RAO
EXECUTIVE DIRECTOR

K.V.RAO
MANAGING DIRECTOR

J.V.SESHI KUMAR
VICE PRESIDENT (FIN) &
COMPANY SECRETARY

PLACE : HYDERABAD
DATE : 29.06.2004

SCHEDULES FORMING PART OF THE CONOLIDATED BALANCE SHEET

SCHEDULE - I

	AS AT 31.03.2004	AS AT 31.03.2003
	Rs.	Rs.
<u>SHARE CAPITAL:</u>		
AUTHORISED SHARE CAPITAL 1,40,00,000 EQUITY SHARES OF RS.10/- EACH	140000000	140000000
ISSUED SUBSCRIBED AND PAIDUP CAPITAL 10970000 SHARES OF RS.10 EACH	109700000	109700000
FULLY PAID UP		
LESS:CALLS IN ARREAR	16500	16500
	<u>109683500</u>	<u>109683500</u>

SCHEDULE - II

RESERVES AND SURPLUS

GENERAL RESERVE	5000000	
PROFIT & LOSS ACCOUNT	21108488	14303954
	<u>26108488</u>	<u>14303954</u>

SCHEDULE - III

SECURED LOANS

TERM LOANS FROM FINANCIAL INSTITUTIONS

- IDBI			
ZERO INT.LOANS	31924986		31924986
OTHERS	148757828	180682814	148757828
			180682814
- IFCI			
ZERO INT.LOANS	17799193		17799193
OTHERS	33807565	51606758	33807565
			51606758
		232289572	232289572
WORKING CAPITAL LOANS FROM BANKS	3369000		7000000
	<u>235658572</u>		<u>239289572</u>

SCHEDULE- IV**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 31.03.2003	ADDITIONS DURING THE YEAR	DELE TIONS	AS AT 31.03.2004	UPTO 31.03.2003	FOR THE YEAR	DELE TIONS	UPTO 31.03.2004	AS AT 31.03.2004	AS AT 31.03.2003
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	1422907	0	0	1422907	0	0	0	0	1422907	1422907
BUILDINGS	26687323	473346	0	27160669	8874275	892390	0	9766665	17394004	17813048
PLANT & MAC.	311451160	8438772	0	319889932	151278082	17282651	0	168560733	151329199	160173078
FURNTR&FXTRS.	4962697	94101	0	5056798	2792901	316096	0	3108997	1947801	2169796
OFFICE EQUIP.	3570752	46130	0	3616882	3042363	498782	0	3541145	75737	528389
DATA PROCES. EQUIP.	1323460	106650	0	1430110	887612	223150	0	1110762	319348	435848
VEHICLES	2522054	1108298	657958	2972394	1453699	173291	625060	1001930	1970464	1068355
	351940353	10267297	657958	361549692	168328932	19386360	625060	187090232	174459460	183611421

CAPITAL WIP

61300

67690

SCHEDULE -V**INVESTMENTS**

134000 EQUITY SHARES OF Rs.10/- EACH
IN ANDHRA PRADESH GAS POWER CORPORATION LTD.
(UNQUOTED AND NON TRADE - AT COST)

AS AT
31.03.2004
Rs.

AS AT
31.03.2003
Rs.

20803500

0

SCHEDULE -VI

CURRENT ASSETS, LOANS & ADVANCES

A] CURRENT ASSETS

INVENTORIES (AS CERTIFIED AND
VALUED BY MANAGEMENT)

1]STORES AND SPARES		3106024		2823727
2]MOULDS AND OTHER TOOLS		20502539		33989333
3]STOCK IN TRADE				
RAW MATERIAL	6093238		6403407	
CONSUMABLES	2984821		3368653	
FINISHED GOODS	23930019		37664003	
STOCK IN PROCESS	<u>727986</u>	<u>33736064</u>	<u>1124204</u>	<u>48560267</u>
		57344627		85373327
4]SUNDRY DEBTORS				
UNSECURED-CONSIDERED GOOD				
DEBTS MORE THAN 6 MONTHS	611591		938662	
OTHER DEBTS	<u>91184056</u>	<u>91795647</u>	<u>77479400</u>	78418062
5]CASH IN HAND		35458		74357
BALANCE WITH SCHEDULED BANKS				
a] IN CURRENT ACCOUNT	7542799		2506251	
b] IN DEPOSIT ACCOUNT -MARGIN MONEY	733969		1528150	
- OTHERS	<u>16500000</u>	<u>24776768</u>	<u>7600000</u>	11634401

B] LOANS AND ADVANCES

UNSECURED CONSIDERED GOOD

DEPOSITS WITH GOVT.DEPTS.	8611213		8313879	
ADVANCES RECOVERABLE IN CASH OR KIND	9998489		7175228	
		18609702		15489107
		<u>192562202</u>		<u>190989254</u>

SCHEDULE- VII

	AS AT		AS AT	
	31.03.2004		31.03.2003	
<u>CURRENT LIABILITIES & PROVISIONS</u>	Rs.		Rs.	
<u>SUNDRY CREDITORS</u>				
LIABILITY TO OTHER THAN SSI CREDITORS	8747503		9435449	
LIABILITY TO SSI CREDITORS	<u>157118</u>	8904621	<u>169337</u>	9604786
OTHER LIABILITIES	5399784		4157470	
PROVISIONS	<u>2539414</u>	7939198	<u>1358209</u>	5515679
ADVANCE RECD FROM CUSTOMERS		<u>334548</u>		<u>538827</u>
		<u>17178367</u>		<u>15659292</u>

SCHEDULE- VIII

MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF/ADJUSTED

a] DEFERRED REVENUE EXPENDITURE	3675552		6593799	
ADD : ADDITION	0		0	
LESS: AMOUNT WRITTEN OFF	<u>2933087</u>	742465	<u>2918247</u>	3675552
b] PRELIMINARY EXPENDITURE	0		102179	
LESS: AMOUNT WRITTEN OFF	<u>0</u>	0	<u>102179</u>	0
c] PRODUCT DEVELOPMENT EXPENDITURE	592401		1160807	
LESS: AMOUNT WRITTEN OFF	<u>592401</u>	0	<u>568406</u>	<u>592401</u>
		<u>742465</u>		<u>4267953</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**SCHEDULE - IX****OTHER INCOME**

	AS AT	AS AT
	31.03.2004	31.03.2003
	Rs.	Rs.
INTEREST RECEIVED ON FDRs	946423	387159
MISC.INCOME	723829	818479
EXCHANGE FLUCTUATION	1129868	0
PROFIT/(LOSS) ON SALE OF ASSET	104602	-96895
	<u>2904722</u>	<u>1108743</u>

SCHEDULE - X**INCREASE / (DECREASE) IN STOCKS**

OPENING STOCK		
a]WORK IN PROGRESS	1124204	630383
b]FINISHED GOODS	37664003	39067379
	<u>38788207</u>	<u>39697762</u>
CLOSING STOCK		
a]WORK IN PROGRESS	727986	1124204
b]FINISHED GOODS	23930019	37664003
	<u>24658005</u>	<u>38788207</u>
INCREASE/(DECREASE) IN STOCKS	<u>-14130202</u>	<u>-909555</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**SCHEDULE - XI**

	AS AT	AS AT
	31.03.2004	31.03.2003
	Rs.	Rs.
MANUFACTURING EXPENSES		
SALARIES AND WAGES AND OTHER ALLOWANCES	30080442	26826290
CONTRIBUTION TO PF AND ESI	2834542	3016647
WORKERS AND STAFF WELFARE EXPENSES	2203988	2287947
POWER AND FUEL	15616300	15748312
STORES, SPARES AND CONSUMABLES	35386020	25140748
PACKING MATERIALS CONSUMPTION	6939538	7367426
REPAIRS & MAINT: PLANT&MACHINERY	650909	668287
OTHER MFG.EXPENSES	3379106	1766372
	97090845	82822029

SCHEDULE - XII**ADMINISTRATIVE & SELLING EXPENSES**

RENT, RATES AND TAXES	1157462	988692
INSURANCE	1743373	1619695
TRAVELLING EXPENSES	2861515	2402889
PROFESSIONAL FEES	1125279	1397063
PRINTING AND STATIONARY	774218	601557
TELEPHONE, TELEX AND FAX, POSTAGE	912472	976209
VEHICLE RUNNING AND MAINTENANCE	3707970	3902526
ADVERTISEMENT	387715	181244
OFFICE MAINTENANCE	421189	485836
AUDITORS' REMUNERATION	193200	150000
DIRECTORS' SITTING FEES	54000	52000
DIRECTORS' REMUNERATION	1216332	891134
SELLING AND DISTRIBUTION EXPENSES	6110591	6339429
MISC.EXPENSES	1850228	2016712
	22515544	22004986

SCHEDULE XIII**INTEREST AND FINANCE CHARGES**

INTEREST ON TERM LOANS TO FINANCIAL INSTITUTIONS	27525356	27452977
INTEREST ON WORKING CAPITAL	36531	473593
OTHER FINANCE CHARGES	848092	775526
	28409979	28702096

SCHEDULE-XIII

ACCOUNTING POLICIES & NOTES ON CONSOLIDATED ACCOUNTS **SIGNIFICANT ACCOUNTING POLICIES:**

- i. **ACCOUNTING CONVENTION:**
The Consolidated Financial Statements have been prepared under the historical cost convention and on accrual basis and in accordance with the mandatory accounting standards.
- ii. **FIXEDASSETS:** Fixed Assets are stated at cost less accumulated depreciation. All major acquisitions of Fixed Assets are stated at acquisition cost including other expenses related to acquisition & installation.
- iii. **DEPRECIATION:**
Depreciation has been charged on straight-line method on gross value of assets at rates provided in Schedule XIV of the Companies Act, 1956.
- iv. **INVESTMENTS:**
Investments of long-term nature are carried at cost less provision for permanent diminution in value of such investments
- v. **FOREIGN CURRENCY TRANSACTIONS:**
 - a) Foreign Currency Liabilities incurred for the acquisition of Fixed Assets are translated at exchange rates prevailing on the last working day of the accounting year or forward cover rates, as applicable. The net variation arising out of the said translation and roll over charges, if any, are adjusted to the cost of fixed assets. Depreciation on the revised unamortised depreciable amount is provided prospectively over the residual life of the asset.
 - b) Other Foreign Currency Assets and Liabilities are similarly translated and the net loss/gain arising out of such translation (after considering roll over charges, if any) is adjusted to the Profit and Loss Account except in case of doubtful assets, revaluation is not done from the year in which the asset is identified as doubtful.
- vi. **INVENTORIES:**
 - a. Inventories are valued at lower of cost and net realizable value except waste/scrap, which is valued at net realizable value . The bases of determining cost for various categories of inventories are as follows:
 - b. Stores, Spare parts, Loose tools, Raw materials and Packing Materials are valued at cost by using FIFO method.
 - c. Work in Progress are valued at Material cost plus appropriate share of production overheads.
 - d. Moulds are treated as Current Asset and from the current year these are valued at cost of blanks.
- vii. **RETIREMENT BENEFITS:**
The company has covered its gratuity liabilities with Life Insurance Corporation of India (LIC). The annual contributions are made based on actuarial valuation and charged off to revenue. Encashment of earned leave is at the discretion of the management and is charged off to revenue in the year of payment.
- viii. **RESEARCH AND DEVELOPMENT EXPENDITURE :**
Revenue Expenditure is charged to the Profit and Loss Account and Capital Expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

NOTES ON ACCOUNTS:

1. Claims not acknowledged as debts :

	CURRENT YEAR	(Rs.in Thousands) PREVIOUS YEAR
Income Tax matters		
Pending in various stages of appeal	39,89	39,89

2. Details of Directors Remuneration :
(Employed during whole of the year)

	Managing Director	Executive Director	Managing Director	Executive Director
Salary	3,00	3,15	3,00	2,85
Perquisites (as valued under I.T.Rules)	1,57	1,27	1,69	1,37
Sitting Fees	Nil	Nil	Nil	Nil
Commission	1,15	1,28	Nil	Nil
Leave Salary/ Encashment	Nil	Nil	Nil	Nil
Contribution to Provident Fund	36	38	36	34
Provision for Gratuity	Nil	Nil	Nil	Nil

Details of commission payable:

Net profit	1,14,33
Add back remuneration	10,27
Commission	<u>2,44</u>
Adjusted Net profit	<u>1,27,04</u>
Commission payable to wholetime Directors	12,70
Salary & perquisites paid	<u>10,27</u>
Commission payable	<u>2,43</u>

3. The term loans from Financial Institutions are secured by a First Charge on a pari passu basis on all the Company's Immovable and Movables including Movable Machinery, Machinery Spares, Tools, Accessories present and future, except the Company's stock of Raw Materials, Semi Finished and Finished Goods, Consumables Stores, Book Debts and such other movables on which the Banks who have sanctioned Working Capital Limits have a first charge. The Banks participating in the Working Capital consortium also have a second charge on the Fixed Assets of the Company. Working Capital Limits are secured by personal guarantees of two of the Directors of the Company.

4. Earnings per share

	<u>2003-04</u>	<u>2002-03</u>
Profit after taxation as per Profit & Loss Account (Rs.in Thousands)	1,18,60	31,13
Less: prior period expenses	<u>56</u>	<u>23</u>
Adjusted Net Profit	1,18.04	30,90
Weighted average of equity shares outstanding	10970000	10970000
Basic and Diluted earnings per share Rs. before prior period expenses adjustment	1.08	0.28
Basic and Diluted earnings per share Rs. After prior period expenses adjustment [face value Rs.10 per share]	1.08	0.28

5. Segment Reporting

The Company is engaged in Ophthalmic Lenses business which as per Accounting Standard AS-17 is considered the only reportable business segment. As part of secondary reporting, revenues are attributed to geographical areas based on the location of the customers.

Geographical Segments :

Rs.in Lakhs

	India	Outside India	Total
Sales Revenue	648.79	1737.41	2386.20
Segment Assets	3101.11	777.75	3878.86
Segment Liabilities	2477.89	50.48	2528.37

6. Related party disclosures under Accounting standard 18

- a] Key Management Personnel : Mr.K V Rao, Managing Director and
[Wholetime Directors] Mr.K.Krishnadev Rao, Executive Director
- b] Relatives of Key Management Personnel
Mrs.K.Vijayalakshmi : Spouse of Mr.K.Krishnadev Rao
Mr.Rob.K.Rao : Son of Mr.K.V.Rao
Mr.Sajan.K.Rao : Son of Mr.K.V.Rao
Ms.Neena.K.Rao : Daughter of Mr.K.V.Rao.
- c] Subsidiary Company : Techtran Ophthalmics Pvt Ltd.,
- d] Other related Company : Techtran Agro Industries Limited;
- Common Directors:
Mr.K.V.Rao, Managing Director.
Mr.K.Krishnadev Rao, Executive Director.

Rs. In Lakhs

Transactions	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Company	Total
Remuneration	12.70			12.70
Rent*		2.70		2.70
Sale of Finished Goods.			43.16	43.16
Services received			14.52	14.52
Advances			56.46	56.46

* This amount represents the rent paid by the Reporting entity on behalf of the Key Management Personnel, to their relatives. This is included in the Remuneration stated above.

7. In view of the uncertainty of adjustment of accumulated losses and unabsorbed depreciation, no deferred tax asset is being recognized in terms of Accounting Standard issued by ICAI.
8. Consolidated Financial Statements have been prepared in accordance with AS-21 “Consolidated Financial Statements issued by the Institute of Chartered Accountants of India”.
9. Previous years figures have been regrouped/rearranged wherever necessary.

SIGNATURES FOR “SCHEDULES I TO XIII”

As per our report of even date attached.

For and on behalf of the Board

For M.ANANDAM & CO.
Chartered Accountants

K.KRISHNADEV RAO
Executive Director

M.R.Vikram
Partner

J.V.Seshi Kumar
Vice President (Fin) &
Company Secretary.

K.V.Rao
Managing Director

Place : Hyderabad
Date : 29.06.2004