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**NOTICE**

**Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Company will be held on 27<sup>th</sup> September, 2010 at 10.30 AM at SRI SAGI RAMAKRISHNAM RAJU COMMUNITY HALL, MADHURA NAGAR, HYDERABAD to transact the following Business :**

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010 together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr.M.V.Raghava Rao, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr.Pradeep Swarup, who retires by rotation and being eligible offers himself for reappointment.
4. To consider and if thought fit to pass the following Resolution with or without modifications as an Ordinary Resolution.

“RESOLVED THAT M/s. M. Anandam & Co, Chartered Accountants, Secunderabad be and are hereby reappointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company.”

**SPECIAL BUSINESS :**

5. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution

“Resolved that Mr.K.Harishchandra Prasad, retiring at this Annual General Meeting, having been appointed as an Additional Director and being eligible, offers himself for appointment and in respect of whom the company has received a notice in writing U/S 257 of the Companies Act, 1956, from a Member proposing his candidature, be and is hereby appointed a Director of the Company liable to retire by rotation.”

Place: Hyderabad  
Date : 11.08.2010

By order of the Board  
P.SHYAMSUNDER RAO  
Chief Financial Officer &  
Corporate Secretary

**NOTES**

1. A member, entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Proxies duly stamped and signed must be deposited with the Company's Registered Office at "**TECHTRAN HOUSE**" S-7, T.I.E, IDA Balanagar, Hyderabad – 500 037 not less than 48 hours before the time fixed for the meeting.
2. The Share Transfer Books and Register of Members of the company will remain closed during the period from 23.09.2010 to 27.09.2010 (both days inclusive).
3. The members [physical form] are requested to notify change of address, if any, to the Company's Share Registrars, M/s. CIL Securities Ltd., 214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad - 500 001 quoting their Registered Folio Number. In respect of dematerialized (electronic) share accounts, members are requested to notify change of address, if any, to their respective Depository Participants. Members are also requested to write their client ID and DP ID numbers. In case the mailing address mentioned on address slip of this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
4. **Depository System.**

The Company, consequent to introduction of the Depository System (DS) has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members as such have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.

Currently the trading in shares of the Company is permitted only in dematerialized form. The Depository System (DS) eliminates several problems associated with the scrip-based system of trading/delivery, such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates etc. DS also offers several advantages like exemption from stamp duty, elimination of concept of market lot, reduction in transaction costs, improved liquidity etc.
5. As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. Shareholders holding shares in physical form may obtain the Nomination Form-2B prescribed by the Government from M/s.CIL Securities Limited or the Share Department of the Company.
6. The members are requested to bring their copy of Annual Report with them for the Annual General Meeting. Shareholders may also please note that no gifts would be distributed at the meeting.
7. Members/Proxies are requested to bring the attendance slip sent herewith, duly filled and signed for attending the meeting.

8. Members may please note that the Securities and Exchange Board of India (SEBI) has issued a circular clarifying that it shall be mandatory for the Transferee (s) to furnish a copy of Permanent Account Number (PAN) card to the Company / Registrar and Transfer Agents of the Company for registration of transfer of shares in the physical mode.
9. Details, under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking reappointment at the Annual General Meeting, is separately annexed hereto for the items of ordinary business.

**Details of Mr.M.V.Raghava Rao and Dr.Pradeep Swarup as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.**

**ITEM NO.2:** Mr. M.V.Raghava Rao is a retired senior 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 is distinguished with three Postgraduate Degrees in Economics, Public Administration and History, Law and a 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 Govt. of India High Power Committee etc. He has also authored and co-authored Articles & Other Publications. He was Management Consultant and the President of A.P.Sahakar Bharati, Hyderabad and APEC Bank. 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 15 years, initially as an alternate Director and later as Director. He holds 500 shares in the company.

**ITEM NO.3:** Dr.Pradeep Swarup is a well known Ophthalmologist and is Medical Director and Chief Surgeon at Swarup Eye Centre, Hyderabad. Born on 04<sup>th</sup> 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 LCHSEH. 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. He holds Nil shares in the company.

**ITEM NO.5:** The Board of Directors of the Company has appointed Mr.K.Harishchandra Prasad at its Meeting held on 11<sup>th</sup> August, 2010, as an Additional Director U/S 260 of the Companies Act, 1956 read with Articles of Association of the

Company. Mr.K.Harishchandra Prasad holds office only till the conclusion of the forth coming Annual General Meeting.

Notice has been received from a Member as required U/S 257 of the Companies Act 1956 proposing Mr.K.Harishchandra Prasad as candidate for the Office of Director. Your Directors recommend Resolution 5 for your approval. None of the Directors of the Company, except Mr.K.Harishchandra Prasad is deemed to be interested in the Resolution.

Mr.K.Harishchandra Prasad was born in 1952 and did his B.Tech (Chemical Technology) from Madras University, Chennai, India and MS (Chemical Engineering) from Washington University, St.Louis, USA and also M.B.A.(Special Emphasis on Finance) from St.Louis University, St.Louis, USA. He is the Managing Director of M/s.Lakshmi Finance & Industrial Corporation Ltd., Hyderabad from 1985 onwards. Prior to current position, he had 7 years of experience in the manufacturing industries of USA. He is on the Board of several companies and was the past President of FAPCI, Hyderabad.

**MEMORANDUM OF INTEREST:** None of the other Directors of the Company are in any way, concerned or interested in the said appointment. The Board of Directors at its meeting held on 11<sup>th</sup> August, 2010 approved the same and recommended to the General body for their approval.

Place: Hyderabad  
Date : 11.08.2010

By order of the Board  
P.SHYAMSUNDER RAO  
Chief Financial Officer &  
Corporate Secretary

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO) &  
CHIEF FINANCIAL OFFICER (CFO) OF THE COMPANY**

I, K.V.Rao, Chief Executive Officer & Managing Director and P.Shyamsunder Rao, Chief Financial Officer of Techtran Polylenses Limited, to the best of our knowledge and belief, certify that :

1. We have reviewed the Balance Sheet and Profit and Loss Account consolidated and unconsolidated and all its schedules and Notes on Accounts, as well as the Cash Flow Statements and the Directors' 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.
7. We further declare that all Board Members and Senior Managerial Personnel of Techtran Polylenses Ltd., have affirmed compliance with the Code of Conduct for the current year.

Place: Hyderabad  
Date : 11.08.2010

**P.SHYAMSUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary

**K.V.RAO**  
Managing Director

## DIRECTORS' REPORT

To  
THE MEMBERS,

Your Directors present herewith the Annual Report along with the Audited Accounts of the company for the year ended 31<sup>st</sup> March, 2010.

### 1.0 FINANCIAL RESULTS

The high lights of the operating results for the year are as follows :

	<i>Rs.in Millions</i>	
	CURRENT YEAR 2009-2010	PREVIOUS YEAR 2008-2009
<b>SALES</b>		
Export Sales	189.78	236.11
Domestic Sales	75.73	72.56
	265.51	308.67
Other Income	6.09	6.90
Profit before Interest and Depreciation	49.10	59.32
Less : A] Interest & Financial Charges	6.76	11.06
B] Depreciation & other Write-Offs	21.86	22.03
	28.62	33.09
Net Profit for the year	20.47	26.23
Provision for Taxes :	7.14	8.99
Profit after Tax	13.33	17.24
Provision for Dividend & Dividend Tax	—	9.62

### 2.0 FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 review the progress of company at regular intervals, as required.

### 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, the enclosed Consolidated Financial Statements include the financial information relating to 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**

Your Directors are unable to recommend Dividend in view of low profits and these profits have to be utilized for augmenting Working Capital requirements and for planned Capital Expenditure.

**5.1 Annual General meeting**

Register of Members and Share Transfer books will remain closed from 23<sup>rd</sup> September, 2010 to 27<sup>th</sup> September, 2010 both days inclusive. The Annual General Meeting of the Company has been scheduled for 27<sup>th</sup> September, 2010.

**5.2 Transfer to Reserve**

We propose to retain the Profit in the Profit & Loss Account.

**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 re-appointment. Brief resume of the Directors, seeking appointment / re-appointment, nature of their expertise in specified functional areas and names of companies in which they hold the Directorships 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.

Mr.C.K.Rao, who has been the Director of the Company from inception, has resigned from the Board as of 8<sup>th</sup> May, 2010. Your Directors place on record their deep appreciation of the highly valuable services and guidance provided by him during his tenure as a Director of the Company.

Mr.K.Harishchandra Prasad was appointed as an additional Director of the Company by the Board on 11<sup>th</sup> August, 2010 in terms of Section 260 of the Companies Act, 1956. He holds the office till the conclusion of the forthcoming Annual General Meeting of the Company. Your Company received a notice in terms of Section 257 of the Companies Act 1956 for appointment of Mr.K.Harishchandra Prasad as a Director liable to retire by rotation.

The Promoter Directors of the company viz., Mr.K.V.Rao and Mr.K.Krishnadev Rao decided to retire and entered into a Share Purchase Agreement with M/s. Credence Infrastructure Limited owned by Dr.Jayaram Chigurupati to sell their individual and family members shares numbering 22,27,000 shares of the company, subject to regulatory approval. In addition, the company has allotted 20,00,000 shares to M/s. Credence Infrastructure Limited on preferential basis with the approval of the members at the EGM held on 8<sup>th</sup> May, 2010. The company has also allotted 13,10,000 Warrants to be converted within a period of 18 months into shares of equal number at Rs.15.60 per share. The company has received full sale consideration money for 20,00,000 shares and 25% of Warrants money. Your company also issued

open offer public announcement to acquire 20% capital of M/s. Techtran Polylenses Limited, post issue, by M/s. Credence Infrastructure Limited on 12th April, 2010 and awaiting SEBI's approval.

Since all the regulatory clearances are not in place, Credence Infrastructure is yet to take management control of the Company. After receipt of approval of SEBI and completion of all formalities in this connection, M/s. Credence Infrastructure Limited will be classified as "Promoters".

## **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, 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 ensured that proper and sufficient care was taken in 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 as an ongoing concern basis.

## **8.0 CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read along with Accounting Standard AS-23 on Accounting for Investments in Associates, your Directors hereby forward 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 letter 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.

## **9.1 INTERNAL AUDITORS**

Your Board of Directors appointed M/s.S.C.Bose & Co., Chartered Accountants, Hyderabad as Internal Auditors. The Internal Auditors submit their reports on a quarterly basis which are bring reviewed by the Audit Committee.

**10.0 ISO CERTIFICATION**

Your Company continues to hold ISO 9001:2000 certification year after year.

**11.0 CORPORATE SOCIAL RESPONSIBILITY**

Your Company, as responsible corporate citizen propagating its philosophy of responding to social welfare causes and philanthropic activities in the areas of Eye care, Education, natural Calamities and Social services, by contributing lenses at various Eye camps and also cash contributions to the tune of Rs.2.13 lakhs during the year under review.

**12.0 PERSONNEL**

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

**13.0 ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOINGS**

The statement giving 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 along 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).

**14.0 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).

**15.0 DEMATERIALISATION OF SHARES**

Your Company's equity shares have been under compulsory dematerialized trading for quite some time and is registered under code ISIN 1NE 020C01016. Shareholders may contact the Registrars for Dematerialisation, namely, CIL Securities Ltd., Regd. Office:214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad-500001, Telephone Nos.040-23203155 / 040-23202465, email: advisors@cilsecurities.com / cilsec@rediffmail.com for further details, if any.

**16.0 LISTING**

Your company's shares are originally listed on Stock Exchanges at Hyderabad and Mumbai and your company is regular in payment of listing fees. Your company has applied for delisting of its shares from Hyderabad Stock Exchange. SEBI has withdrawn the permanent recognition granted to the Hyderabad Stock Exchange Ltd. with effect from 29<sup>th</sup> August, 2007 in terms of 5(2) of the Securities Contracts (Regulation) Act 1956 (SCRA).

**17.0 ACKNOWLEDGMENT**

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 assistance provided by the Financial Institutions, viz., IDBI, IFCI & Exim Bank.

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

Place : Hyderabad

Date : 11.08.2010

for and on behalf of the Board

**K.V.RAO**

Chairman & Managing Director

## **ANNEXURE - 1**

### **MANAGEMENT DISCUSSION & ANALYSIS**

Your company is engaged in the Manufacture & Sale of Hard Resin (Plastic) Ophthalmic Lenses. These lenses are mainly exported overseas and sold partly in Domestic Market.

#### **REVIEW OF OPERATIONS**

The worldwide recession has a delayed impact on the Optical Industry and the market continues to experience tightness during the current year.

Your company has produced 22,05,673 Lenses during the year and sold 22,35,947 Lenses as compared to the production of 22,66,442 lenses and sales of 23,92,001 lenses in 2008-2009.

The Export Turnover went down by Rs.463.32 lakhs, while the Domestic Sales went up by Rs.31.73 lakhs over the last year. The net sales have declined by about Rs.431.58 lakhs over the previous year. The average price realized for lens declined by 8.5% primarily due to un-favourable productmix. Further commoditization of no line progressives is also affecting the margins.

The Hard Coating and Multi Coating lines installed at the 100% subsidiary are doing well and improving the profitability.

#### **PRODUCTS**

Your company continues to develop new value added products in order to change the product mix towards a stronger, more profitable position. The value added Sunsensor lenses and no line progressives are the products under focus to expand the volumes, while maintaining reasonable margins. The Bi-focals tend to be service products with no contribution to bottom line.

The surfaced Rx products promise good potential in the Domestic Markets.

#### **LENSES MARKETS**

##### **DOMESTIC**

The imports from China continue to hurt the Company in Domestic Market. The acquisition of certain lab groups by multinationals adversely affected your company's market share. Several new laboratories are coming up in the country and most of

them are Techtran customers. Your Company is making new investments through the subsidiary, in order to expand the lab units and Domestic Market.

**EXPORTS**

The Export Turnover declined due to slow down in overseas markets. Your company is focusing on value added products and expand into new markets, such as some countries of the erstwhile Soviet Union and African continent.

**TECHTRAN OPHTHALMICS**

Techtran Ophthalmics Private Limited is a fully owned subsidiary of Techtran Polylenes 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. The new Hard Coating and Multi Coating lines are doing well and supporting parent company in climbing the value chain. The subsidiary is able to develop some Export Markets for the value added products.

**OPPORTUNITIES AND THREATS**

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 9001-2000 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.

On the export front,

1. The company is entering into new territories with specific focus on value added Vartek Progressive and Sun sensors and
2. Plans to pursue Niche markets for value added and engineered products.

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 while improving margins. The recent move of Retail Optical Outlets has taken your company, right to the end customer and should help to build the company's brands.

The predominant market share of glass, above 90%, in India, would continue to decline and lose ground 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 developed countries. The market potential of 200 Million people is approximately 50 Million pairs per year, which is a huge market.

Plastic Lenses acceptability / awareness is increasing day by day in India and it would be a good opportunity for growth in Domestic Market. The fast growing Indian economy and strong consumer spending should offer good potential to the company's products.

Several new surfacing laboratories are coming up to increase the demand for remunerative semi-finished 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 opportunities in India.

The company introduced new and additional, branded lenses of Progressives including Short Corridor to increase the share of profitable Progressives in the product mix and also tried to market aggressively the remunerative Sunsesnors in the domestic and international markets. The Company has joined hands with the Multinational Corning to expand and develop Indian Markets for Sunsensor Lenses.

The company continues 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 offers 100% protection against UV Rays.

The new Hard & Multi Coating lines and an upgraded, modern central surfacing lab at its subsidiary should help to expand the Domestic and Export Rx markets.

The unhealthy competition from China is eroding product prices continuously, and the Chinese imports are artificially pinning down the market prices.

**OUTLOOK:** The current worldwide recession is having its negative impact on your company even though your company's products are relatively recession proof. Your company is positioned well in large western markets and hopes to benefit, once the markets recover from the recession.

#### **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.

Place : Hyderabad

Date : 11.08.2010

for and on behalf of the Board

**K.V.RAO**

Chairman & Managing Director

**ANNEXURE - 2**

**ANNEXURE TO THE DIRECTORS' 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.**

**A] CONSERVATION OF ENERGY**

- (a) Energy conservation measures taken.

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) solar hot water system and recycling of effluent water, etc. The company has installed Solar Hot Water Panels at the new subsidiary facility to meet the hot water requirements and reduce power consumption. Improved and comfortable air cooling with water sprays, instead of power intensive air conditioning is installed at the new office building. The old Central A.C. Plant is taken out of service and replaced with energy efficient, decentralized package units.

- (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:

- (A) Details of conservation of Energy, Power and Fuel consumption

***Electricity:***

- (i) A.P. Transco  
Purchased units 156420  
Total Amount Rs.13.16 lakhs  
Rate per unit Rs.8.42
- (ii) AP Gas Power Corporation  
Purchased Units 1879333  
Total Amount Rs.29.58 lakhs  
Rate per Unit Rs.1.57
- (iii) Own Generation  
Diesel Generation Units 643788  
Total Amount Rs.72.73 lakhs  
Rate per Unit Rs.11.30

**B] TECHNOLOGY ABSORPTION****a] RESEARCH AND DEVELOPMENT**

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

- Introduction of new Sunsenors, Sunsensor Plus and HPM monomer casting.
- Introduce broader range of Sunsenors products.
- Introduce a new brand progressive.
- Study and design in house balancing systems to increase plant capacity.

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

The efforts helped the company to remain in business on a competitive basis, with continuous improvement and climb up value chain.

3. Future plan of action

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

**b] TECHNOLOGY ABSORPTION, ADOPTION 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. Adoption of Sunsenors manufacturing process and IPP production etc., have been successful. Re-building and upgrading of the imported equipment is being done. The new multi coating know how is fully absorbed and producing premium quality products.

**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 71.47% of net turnover and the remaining in Domestic Markets. Our own brand 'VARTEK' (Progressives), SUN 'N' LITE etc, are getting popular in markets. New Brands and new products are being introduced for better value addition, as an ongoing process, from time to time. Strategic market tie-ups in Middle East, Africa and South America are being pursued.

- (b) The company has earned Rs.189.42 Millions (FOB Value) in Foreign Exchange and used Rs.91.21 Millions. This amount includes Foreign Exchange used for import of Raw Materials, Stores & Spares and payment for Foreign Travel, trade fairs etc.

Place : Hyderabad  
Date : 11.08.2010

for and on behalf of the Board  
**K.V.RAO**  
Chairman & Managing Director

### **ANNEXURE -3**

#### **REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2010 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**

The size and composition of Board of Directors is commensurate with the size and business of the company and more than 66% 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 31<sup>st</sup> March, 2010 or for the year 2009-2010, as applicable, is tabulated hereunder:

Name of Director	No.of Board Meetings Attended <sup>[a]</sup>	Attendance at Previous AGM on 24.09.2009	No.of outside Directorships held <sup>[b]</sup>	No.of Membership/ Chairmanship in other Board Committees <sup>[c]</sup>	Executive / Non Executive/ Independent
Mr.M V Raghava Rao	5	Present	Nil	1	Non Executive & Independent
Mr.C K Rao	4	Not Present	1	—	Non Executive & Independent
Dr.Pradeep Swarup	3	Not Present	—	1	Non Executive & Independent
Mr. V. Venkateswarlu	5	Present	1	—	Non Executive & Independent
Mr.K Krishnadev Rao	4	Present	1	1	Executive
Mr.K.V.Rao	5	Present	1	1	Executive

- a] Attendance at the Board Meetings relevant to the period as 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 appointment / re-appointment nature of their expertise and other details are furnished hereunder:

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 and a non-executive director shall remain the same.

**(b) Independent Directors & their responsibility**

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.

**(c) Board procedure**

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 has laid down the code of conduct for all the Board members and senior management of the company. This code of conduct is 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 contains a declaration to this effect.

**(e) Term of office of non-executive Directors would be as decided by the Board**

**(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 2009-2010**

During the year 2009-2010, 4 [Four] Board Meetings were held on 27.06.09, 30.07.09, 31.10.09 and 28.01.2010.

## BOARD COMMITTEES

### Audit Committee

The qualified and independent Audit Committee comprises of Mr. M.V.Raghava Rao, Chairman, Dr.Pradeep Swarup and Mr.V.Venkateswarlu all being Non-Executive Independent Directors. 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 4 [Four] Times during the year 2009-2010. Mr.M.V.Raghava Rao, and Mr.V.Venkateswarlu attended all the Four meetings and Dr.Pradeep Swarup attended three meetings held during the period.

### Shareholders Committee

Shareholder/Investor Grievance Committee is headed by Dr.Pradeep Swarup a Non-Executive, Independent Director with Mr. K. V. Rao, Chairman & Managing Director and Mr. K. Krishnadev Rao, Executive Director as members. Mr.P.Shyamsunder Rao, Chief Financial Officer & Corporate Secretary, is the Compliance Officer.

During the year 2009-2010, no complaints were received from shareholders and investors.

All valid requests for share transfer received during 2009-2010 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.V.Venkateswarlu, 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 2009-2010

Name of the Director	Sitting Fee Rs.	Salaries and Perquisites Rs.	Commission Rs.	Total Rs.
Shir M V Raghava Rao	90,000	—	Nil	90,000
Shri C K Rao	10,000	—	Nil	10,000
Dr.Pradeep Swarup	60,000	—	Nil	60,000
Mr. V. Venkateswarlu	90,000		Nil	90,000
Shri K Krishnadev Rao Executive Director	Nil	30,03,479	Nil	30,03,479
Shri K V Rao Managing Director	Nil	31,00,145	Nil	31,00,145

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:

<b>Year</b>	<b>Venue</b>	<b>Date</b>	<b>Time</b>
2008-2009	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	24 <sup>th</sup> Sept, 2009	10.00 AM
2007-2008	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	26 <sup>th</sup> Sept, 2008	10.00 AM
2006-2007	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	27 <sup>th</sup> Sept, 2007	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 2009-2010 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**

The Quarterly, and Annual results are generally published by the Company in the Business Line/Economic Times/Business Standard/Financial Express and in Andhra Prabha / Andhra Jyothi, Hyderabad. The Quarterly reports are not sent to the addresses of shareholders. The Company's website "techtranindia.com" is 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 – 1, Management Discussion & Analysis. The company has yet to concluded a 3 years Agreement with the recognized union of the company effective from September 2010 to August 2013. Manpower of the Company as on 31.03.2010 was 256.

**GENERAL SHAREHOLDERS INFORMATION****Annual General Meeting**

Date and time : 27<sup>th</sup> September, 2010 at 10.30 A.M

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

**Financial Calendar : 2010- 2011 (tentative)**

Results for the quarter ending : June 30, 2010 - July, 2010  
Results for the quarter ending : September 30, 2010 - October, 2010  
Results for the quarter ending : December 31, 2010 - January, 2011  
Results for the year ending : March 31, 2011 - June, 2011

Date of Book Closure : 23<sup>rd</sup> September, 2010 to 27<sup>th</sup> September, 2010, both days inclusive.

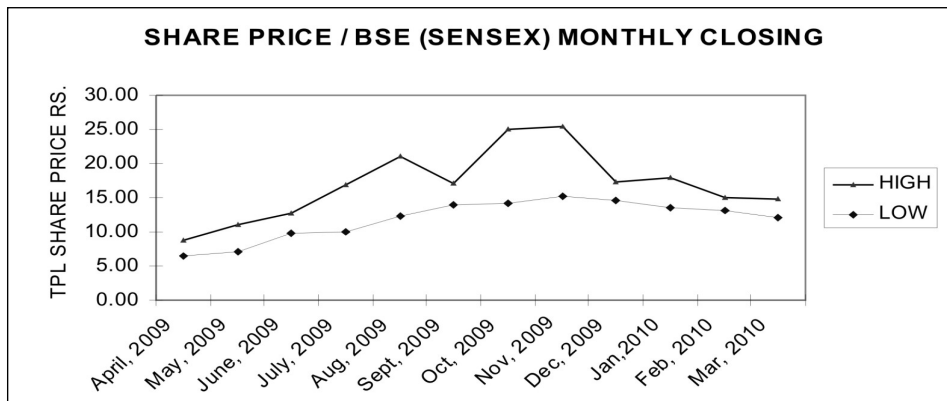
The company has not issued any ADRs/GDRs, Warrants or any convertible instruments.

**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).

Month	High (Rs)	Low (Rs)	Month	High (Rs)	Low (Rs)
April,2009	8.80	6.55	October,2009	25.00	14.10
May,2009	11.14	7.10	November,09	25.45	15.25
June,2009	12.70	9.78	December,09	17.35	14.60
Jul,2009	16.94	10.00	January,10	17.90	13.50
August,2009	20.97	12.32	Febreuary,10	15.05	13.13
September,2009	17.05	14.00	March,10	14.85	12.10

## Performance in comparison to BSE Sensex



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 31<sup>st</sup> March, 2010

Category	Number of Shares	Percent of total Shares
Promoters and Associates	3352710	30.56
Foreign Institutional Investors	—	—
Public Financial Institutions	—	—
Mutual Funds	17300	0.16
Nationalised banks and other banks	3100	0.03
NRI's and OCB's	331376	3.02
Others [includes holding of Corporate Bodies]	7265514	66.23
	<b>10970000</b>	<b>100.00%</b>

**Distribution of shareholding as on 31<sup>st</sup> March, 2010**

<b>No.of Shares</b>	<b>Number of shareholders</b>	<b>Number of Shares</b>	<b>Percent of total shares</b>
1 to 250	11862	1314158	11.98
251 to 500	1671	691210	6.30
501 to 1000	817	709665	6.47
1001 to 2000	408	645703	5.89
2001 to 3000	133	342394	3.12
3001 to 4000	61	220838	2.01
4001 to 5000	69	330133	3.01
5001 to 10000	105	755997	6.89
10001 and above	114	5959902	54.33
<b>Total</b>	<b>15240</b>	<b>10970000</b>	<b>100.00%</b>

Dematerialisation of shares and liquidity : 83,69,764 Equity shares of the Company have been dematerialized as on 31<sup>st</sup> March, 2010.

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

Address for correspondence : Shares Department, "**TECHTRAN HOUSE**", S-7, T.I.E., IDA, Balanagar, Hyderabad - 500 037 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: techtranhyd@vsnl.net and advisors@cilsecurities.com/cilsec@rediffmail.com

Place : Hyderabad

Date : 11.08.2010

for and on behalf of the Board

**K.V.Rao**

Chairman & Managing Director

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**AUDITORS' REPORT ON CORPORATE GOVERNANCE**

To  
The Board of Directors,  
Techtran Polylenes Limited,  
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by Techtran Polylenes Limited for the year ended 31<sup>st</sup> March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of condition 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.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2010, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date : 31.05.2010

**For M.Anandam & Co.,**  
Chartered Accountants  
**(M.R.VIKRAM)**  
Partner  
M.No.21012  
Firm Regn.No.000125S

## AUDITORS' REPORT

To  
The Members of  
Techtran Polylenes Limited,  
Hyderabad.

1. We have audited the attached Balance Sheet of **Techtran Polylenes Limited**, as at 31st March, 2010, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government 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.
4. Further to our Comments in the annexure referred to in paragraph 3 above, we report that;
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, Profit and Loss account and Cash Flow Statement dealt with by 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 by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified from being appointed as a director of the Company under clause (g) of subsection (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - i. In the case of the Balance Sheet, of the State of Affairs of the company as at 31st March, 2010;
    - ii. in the case of the Profit & Loss account, of the Profit of the Company for the year ended on that date; and
    - iii. in the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

Place: Hyderabad  
Date : 31.05.2010

**For M.Anandam & Co.,**  
Chartered Accountants

**(M.R.VIKRAM)**  
Partner  
M.No.21012  
Firm Regn.No.000125S

**Annexure****Re: Techtran Polylenses Limited****Referred to in Paragraph 3 of our report of even date**

- i. a. The company is in the process of updating the records showing full particulars including quantitative details and situation of fixed assets.  
b. According to the information and explanations given to us, the company has a phased programme of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its business.  
c. The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
- ii. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
c. The Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. The Company has not entered into any contracts in which the directors are interested. Hence, there are no parties that are required to be listed in the register maintained under section 301 of the Act, accordingly, clauses (iii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, 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 control system in respect of these areas.
- v. The Company has not accepted any deposits from the public. Hence the provisions under section 58A & 58AA of the Companies Act, 1956
- vi. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- vii. The Central Government has not prescribed maintenance of cost records by the company under section 209(1) (d) of the Act.
- viii. a. According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues as applicable with the appropriate authorities.  
b. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess were in arrears as at 31.03.10 for a period of more than six months from the date they became payable.

- ix. 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.
- x. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xi. According to 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 shares, debentures and other securities.
- xii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Accordingly the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiii. In our opinion and according to the information and explanation 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 (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv. In our opinion and according to the information and explanation given to us, no term loans have been raised by the Company during the year, accordingly clause (xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xvi. In our opinion and according to the information and explanation to us, and on an overall examination of the Balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- xvii. The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xviii. The Company has not issued any debentures during the year. Accordingly, clause (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xix. 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.
- xx. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

Place: Hyderabad  
Date : 31.05.2010

**For M.Anandam & Co.,**  
Chartered Accountants,

**(M.R.Vikram)**  
Partner

M.No.21012  
Firm Regn.No.000125S

**BALANCE SHEET AS AT 31ST MARCH 2010***Amount in Rupees*

	Schedule	As at 31.03.2010	As at 31.03.2009
<b><u>SOURCES OF FUNDS</u></b>			
<b>1) <u>Shareholder's Funds</u></b>			
i] Share Capital	I	<b>109,700,000</b>	109,700,000
ii] Reserves and Surplus	II	<b>114,080,408</b>	100,749,642
<b>2) <u>Loan Funds</u></b>			
i] Secured Loans	III	<b>33,611,183</b>	68,649,798
3) Deferred Tax Liability		<b>12,903,225</b>	16,999,149
		<b><u>270,294,816</u></b>	<u>296,098,589</u>
<b><u>APPLICATION OF FUNDS</u></b>			
1] Fixed Assets	IV		
Gross Block		<b>415,553,021</b>	414,006,581
Less: Depreciation		<b>307,893,129</b>	286,031,963
Net Block		<b>107,659,892</b>	127,974,618
2] Investments	V	<b>17,046,000</b>	17,046,000
3] Current Assets, Loans & Advances	VI		
Inventories		<b>58,482,585</b>	70,247,284
Sundry Debtors		<b>56,072,560</b>	53,821,517
Cash & Bank Balances		<b>16,108,310</b>	8,828,118
Loans & Advances		<b>68,858,655</b>	64,506,471
		<b>199,522,110</b>	197,403,390
Less: Current Liabilities & Provisions	VII		
Current Liabilities		<b>29,696,872</b>	23,422,844
Provisions		<b>24,236,314</b>	22,902,575
		<b>53,933,186</b>	46,325,419
<b>Net Current Assets</b>		<b><u>145,588,924</u></b>	<u>151,077,971</u>
		<b><u>270,294,816</u></b>	<u>296,098,589</u>
Accounting Policies & Notes on Accounts XIII Schedules I to VII and XIII form an Integral Part of the Balance Sheet			

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  
Membership No.21012**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary**K.V. RAO**  
Chairman &  
Managing DirectorPlace : Hyderabad  
Date : 31.05.2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010***Amount in Rupees*

Schedules	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>1 INCOME</b>		
Sales - Export	<b>189,777,910</b>	236,109,711
Sales - Domestic	<b>75,730,568</b>	72,557,076
	<b>265,508,478</b>	308,666,787
Less: Excise Duty & Sales Tax	<b>5,568,743</b>	5,214,766
Net Sales	<b>259,939,735</b>	303,452,021
Other Income	VIII <b>6,091,536</b>	6,904,655
Increase/(Decrease) in stock	IX <b>2,576,253</b>	(3,847,203)
	<b>268,607,524</b>	306,509,473
<b>2 EXPENDITURE</b>		
Raw Material Consumed	<b>94,264,458</b>	116,892,432
Manufacturing Expenses	X <b>98,911,650</b>	106,654,219
Administrative & Selling Expenses	XI <b>26,329,725</b>	23,646,509
<b>Sub Total</b>	<b>219,505,833</b>	247,193,160
<b>Profit before Interest &amp; Depreciation</b>	<b>49,101,691</b>	59,316,313
Less: Interest & Financial Charges	XII <b>6,764,964</b>	11,056,867
<b>Profit/(Loss) before Depreciation</b>	<b>42,336,727</b>	48,259,446
Less: Depreciation	<b>21,861,166</b>	22,033,906
<b>Profit before Tax</b>	<b>20,475,561</b>	26,225,540
Provision for Taxation		
- Current Tax	<b>11,233,637</b>	12,102,848
- Earlier Years Tax	<b>7,082</b>	(919,539)
- Deferred Tax	<b>(4,095,924)</b>	(2,487,791)
- Fringe Benefit Tax	-	293,090
<b>Profit after Tax</b>	<b>13,330,766</b>	17,236,932
Balance brought forward	<b>50,749,642</b>	48,889,638
Extraordinary Items	-	751,164
Profit available for appropriation	<b>64,080,408</b>	65,375,406
Provision for Dividend	-	8,227,500
Dividend Tax	-	1,398,264
General Reserve	-	5,000,000
Balance Carried to Balance Sheet	<b>64,080,408</b>	50,749,642
EPS-Basic & Diluted (on Rs.10 per Share)	<b>1.22</b>	1.50
Accounting Policies & Notes on Accounts XIII Schedules VIII to XII and XIII form an Integral Part of the Profit and Loss Account.		

As per our report of even date attached.

For **M. ANANDAM & CO.,**  
Chartered Accountants**M.R. VIKRAM**  
Partner  
Membership No.21012Place : Hyderabad  
Date : 31.05.2010**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary

For and on behalf of the Board

**K. KRISHNADEV RAO**  
Executive Director**K.V. RAO**  
Chairman &  
Managing Director

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

*Amount in Rupees*

	Year Ended 2009-10	Year Ended 2008-09
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,475,561	26,225,540
<b>Adjustments for</b>		
Depreciation	21,861,166	22,033,906
VRS amount paid for the year	-	(751,164)
Interest Expense	5,030,231	9,115,899
Other Finance Charges	1,734,733	1,940,968
Interest Received	(4,204,855)	24,421,275
<b>Operating Profit Before Working Capital Changes</b>	<b>44,896,836</b>	<b>53,521,094</b>
<b>Changes in Working Capital</b>		
(Increase)/Decrease in Trade and other receivables	(2,251,043)	16,481,290
(Increase)/Decrease in Loan and Advances	4,647,816	20,814,482
(Increase)/Decrease in Inventories	11,764,699	(14,253,184)
Increase/(Decrease) in Creditors	(126,971)	5949760
Increase/(Decrease) in Other Liabilities	6,400,999	(5,858,491)
Increase/(Decrease) in Provisions	(9,899,898)	(8,648,141)
	<b>(10,535,602)</b>	<b>(14,485,716)</b>
Cash generated from operations	<b>55,432,438</b>	68,006,810
Taxes Paid	<b>9,007,082</b>	7,280,461
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>46,425,356</b>	<b>60,726,349</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments	-	4,657,500
Purchase/Increase in Fixed Assets & Capital work in progress	(1,546,440)	(2,656,296)
Sale of Fixed Asset	-	-
Interest Received	4,204,855	5,044,055
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>2,658,415</b>	<b>7,045,259</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Short term borrowings	(7,116,055)	(23,860,442)
Increase/(Decrease) in Long term borrowings	(27,922,560)	(28,394,592)
Increase/(Decrease) in Unsecured Loans	-	(75,060)
Other Finance Charges	(1,734,733)	(1,940,968)
Dividend	-	(8,227,500)
Tax on Dividend	-	(1,398,264)
Interest paid on Term Loans	(5,030,231)	(9,115,899)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES - (C)</b>	<b>(41,803,579)</b>	<b>(73,012,725)</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>7,280,192</b>	<b>(5,241,117)</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01-04-2009</b>	<b>8,828,118</b>	<b>14,069,234</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31-03-2010</b>	<b>16,108,310</b>	<b>8,828,118</b>

As per our report of even date attached.

For **M. ANANDAM & CO.,**  
Chartered Accountants

**M.R. VIKRAM**  
Partner  
Membership No.21012

Place : Hyderabad  
Date : 31.05.2010

**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary

For and on behalf of the Board

**K. KRISHNADEV RAO**  
Executive Director

**K.V. RAO**  
Chairman &  
Managing Director

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

*Amount in Rupees*

	<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>
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**SCHEDULE - I**

SHARE CAPITAL:

Authorised Share Capital

1,40,00,000 Equity Shares of Rs.10/- each 140,000,000 140,000,000

Issued, Subscribed & Paidup Capital

1,09,70,000 Shares of Rs.10 each fully paidup 109,700,000 109,700,000

**SCHEDULE - II**

RESERVES AND SURPLUS

General Reserves

Opening Balance 50,000,000 45,000,000

Additions - 5,000,000

Closing Balance (A) 50,000,000 50,000,000

Profit & Loss Account (B) 64,080,408 50,749,642

(A) + (B) 114,080,408 100,749,642

**SCHEDULE - III**

SECURED LOANS

Term Loans

Zero Coupon Bonds 3,450,000 8,050,000

Others 18,080,988 21,530,988 41,403,548 49,453,548

Working Capital Loan 12,080,195 19,196,250

(Refer Note No.3 on Notes to Accounts) 33,611,183 68,649,798

**SCHEDULE- IV**

**FIXED ASSETS**

Particulars	Gross Block				Depreciation				Net Block	
	As at 1.4.2009	Additions during the year	Dele- tions	As at 31.3.2010	Upto 10.4.2009	For the year	Dele- tions	Upto 31.3.2010	As at 31.3.2010	As at 31.3.2009
Land	6,398,873	-	-	<b>6,398,873</b>	-	-	-	-	<b>6,398,873</b>	6,398,873
Buildings	56,380,481	-	-	<b>56,380,481</b>	15,488,865	<b>1,883,108</b>	-	<b>17,371,973</b>	<b>39,008,508</b>	40,891,616
Plant & Machinery	328,017,899	-	-	<b>328,017,899</b>	256,361,716	<b>18,110,109</b>	-	<b>274,471,825</b>	<b>53,546,074</b>	71,656,183
Furniture & Fixtures	5,629,994	<b>30,900</b>	-	<b>5,660,894</b>	4,768,880	<b>356,760</b>	-	<b>5,125,640</b>	<b>535,254</b>	861,114
Office Equipment Transformer &	3,695,982	<b>119,222</b>	-	<b>3,815,204</b>	3,608,349	<b>7,867</b>	-	<b>3,616,216</b>	<b>198,988</b>	87,633
Elect. Equipment	6,020,189	-	-	<b>6,020,189</b>	1,008,438	<b>837,408</b>	-	<b>1,845,846</b>	<b>4,174,343</b>	5,011,751
Data Processing Equipment	2,400,263	<b>119,548</b>	-	<b>2,519,811</b>	2,384,832	<b>27,607</b>	-	<b>2,412,439</b>	<b>107,372</b>	15,431
Vehicles	5,462,900	<b>1,276,770</b>	-	<b>6,739,670</b>	2,410,883	<b>638,307</b>	-	<b>3,049,190</b>	<b>3,690,480</b>	3,052,017
	<u>414,006,581</u>	<u>1,546,440</u>	-	<u>415,553,021</u>	<u>286,031,963</u>	<u>21,861,166</u>	-	<u>307,893,129</u>	<u>107,659,892</u>	<u>127,974,618</u>
Previous Year	411,350,285	<b>2,656,296</b>	-	<b>414,006,581</b>	263,998,057	<b>22,033,906</b>	-	286,031,963	127,974,618	147,352,228

*Amount in Rupees*

	<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>	
<b>SCHEDULE-V</b>			
<b>INVESTMENTS (UNQUOTED - NON TRADE) AT COST</b>			
90000 Equity Shares of Rs.10/- each fully paid in Techtran Ophthalmics P Ltd (100% Subsidiary)	<b>900,000</b>	900,000	
104000 Equity Shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd	<b>16,146,000</b>	16,146,000	
	<b><u>17,046,000</u></b>	<u>17,046,000</u>	
<b>SCHEDULE -VI</b>			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>A] CURRENT ASSETS</b>			
Inventories (As certified and Valued by Management)			
1] Stores & Spares	<b>7,128,376</b>	8,048,247	
2] Moulds and other Tools	<b>28,031,429</b>	30,903,605	
3] Stock in Trade			
Raw Material	<b>5,042,548</b>	14,705,955	
Consumables	<b>3,010,120</b>	3,895,618	
Finished Goods	<b>12,779,628</b>	10,572,325	
Stock in Process	<b>2,490,484</b>	2,121,534	31,295,432
	<b><u>58,482,585</u></b>	<u>70,247,284</u>	
4] Sundry Debtors			
Un secured Considered Good			
More than Six Months	<b>12,260,018</b>	8,221,367	
Less than six months			
Due from Subsidiary	<b>1,463,073</b>	1,082,509	
Others	<b>42,349,469</b>	56,072,560	44,517,641
5] Cash on Hand	<b>82,256</b>	29,392	
Balance with Scheduled Banks			
a] In Current Account	<b>16,026,054</b>	8,798,726	
	<b><u>16,026,054</u></b>	<u>8,798,726</u>	8,798,726
<b>B] LOANS AND ADVANCES</b>			
Deposits with Govt. Departments	<b>5,000</b>	5,000	
Advances Recoverable in Cash or Kind	<b>35,054,907</b>	19,705,694	
Advances to Subsidiary Company	<b>33,798,748</b>	68,858,655	44,795,777
	<b><u>199,522,110</u></b>	<u>197,403,390</u>	
<b>SCHEDULE- VII</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
<b>Sundry Creditors</b>			
Liability to other than MSME Creditors	<b>13,694,878</b>	14,040,724	
Liability to MSME Creditors	<b>359,905</b>	141,030	14,181,754
Other Liabilities	<b>15,642,089</b>	9,241,090	
<b>Provisions</b>			
Provision for Dividend	-	8,227,500	
Provision for Dividend Tax	-	1,398,264	
Provision for Group Gratuity	-	880,873	
Provision for Leave Encashment	<b>606,739</b>	-	
Provision for Inomnce Tax	<b>23,629,575</b>	24,236,314	12,395,938
	<b><u>53,933,186</u></b>	<u>46,325,419</u>	22,902,575

	<i>Amount in Rupees</i>	
	<b>Current Year 31.03.2010</b>	Previous Year 31.03.2009
<b><u>SCHEDULE - VIII</u></b>		
OTHER INCOME		
Interest Received	<b>4,204,855</b>	5,044,055
Rental Income	<b>1,494,000</b>	996,000
Miscellaneous Income	<b>392,681</b>	241,808
Exchange Fluctuation	-	622,792
	<b><u>6,091,536</u></b>	<u>6,904,655</u>
<b><u>SCHEDULE - IX</u></b>		
INCREASE / (DECREASE) IN STOCKS		
Opening Stock		
a) Work in Progress	<b>2,121,534</b>	1,766,323
b) Finished Goods	<b>10,572,325</b>	14,774,739
	<b><u>12,693,859</u></b>	<u>16,541,062</u>
Closing Stock		
a) Work in Progress	<b>2,490,484</b>	2,121,534
b) Finished Goods	<b>12,779,628</b>	10,572,325
	<b><u>15,270,112</u></b>	<u>12,693,859</u>
Increase/(Decrease) In Stocks	<b><u>2,576,253</u></b>	<u>(3,847,203)</u>
<b><u>SCHEDULE - X</u></b>		
MANUFACTURING EXPENSES		
Salaries and Wages and Other Allowances	<b>32,074,854</b>	32,321,285
Contribution to PF and ESI	<b>3,370,041</b>	3,371,050
Workers and Staff Welfare Expenses	<b>6,217,723</b>	5,791,476
Power & Fuel	<b>11,647,811</b>	7,530,592
Stores, Spares and Consumables	<b>20,757,788</b>	26,027,211
Packing Material Consumption	<b>7,442,529</b>	8,783,389
Repairs & Maintenance: Plant & Machinery	<b>2,370,153</b>	5,629,948
Other Manufacturing Expenses	<b>15,030,751</b>	17,199,268
	<b><u>98,911,6501</u></b>	<u>106,654,219</u>

	<i>Amount in Rupees</i>	
	<b>Current Year 31.03.2010</b>	Previous Year 31.03.2009
<b><u>SCHEDULE - XI</u></b>		
ADMINISTRATIVE & SELLING EXPENSES		
Rates and Taxes	<b>1,163,973</b>	837,711
Insurance	<b>490,867</b>	504,488
Travelling Expenses	<b>4,016,564</b>	3,585,001
Professional Fees	<b>418,467</b>	848,160
Printing and Stationary	<b>1,092,657</b>	759,837
Telephone, Telex, Fax and Postage	<b>1,310,185</b>	747,016
Vehicle Running and Maintenance	<b>918,326</b>	664,947
Advertisement	<b>147,576</b>	480,597
Office Maintenance	<b>541,579</b>	571,736
Auditors' Remuneration	<b>548,000</b>	432,818
Directors' Sitting Fees	<b>250,000</b>	320,000
Directors' Remuneration	<b>6,103,624</b>	5,683,600
Selling and Distribution Expenses	<b>6,587,613</b>	7,226,230
Exchange Fluctuation	<b>1,934,135</b>	-
Misc. Expenses	<b>806,159</b>	984,368
	<b><u>26,329,725</u></b>	<u>23,646,509</u>
<b><u>SCHEDULE - XII</u></b>		
INTEREST AND FINANCE CHARGES		
Interest on Term Loans	<b>3,907,306</b>	6,647,068
Interest on Working Capital	<b>1,122,925</b>	2,468,831
Other Financial Charges	<b>1,734,733</b>	1,940,968
	<b><u>6,764,964</u></b>	<u>11,056,867</u>

**SCHEDULE - XIII****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**  
**SIGNIFICANT ACCOUNTING POLICIES****i. Basis of Accounting:**

The accounts are prepared on historical cost basis, as a going concern, and are consistent with generally accepted accounting principles. The company follows accrual system of accounting and is in accordance with the Accounting Standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.

**ii. Use of Estimates:**

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**iii. Fixed Assets:**

Fixed Assets are stated at cost of acquisition less accumulated depreciation. The actual cost capitalized comprises of cost of acquisitions of the asset and other incidental expenditure incurred for acquiring the assets. The costs of fixed assets not ready for their intended use before balance sheet date are disclosed under capital work-in-progress.

**iv. Depreciation:**

Depreciation on fixed assets is provided on straight-line method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

**v. Impairment of Assets**

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine the provision for impairment loss if any required or the reversal, if any required of impairment of loss recognized in previous periods.

**vi. Investments:**

Investments of long-term nature including interest in 100% subsidiary company are carried at cost less provision for permanent diminution in value of such investments, if any.

**vii. Inventories:**

Inventories are valued at lower of cost and net realizable value except waste/scrap, which is valued at net realizable value. The basis of determining cost for various categories of inventories are as follows :

- (a) Stores, spare parts, loose tools, raw materials and packing materials are valued at cost by using FIFO method.
- (b) Work in Progress is valued at material cost plus appropriate share of production overheads.
- (c) Moulds are treated as current asset and these are valued at cost blanks.

**viii. Revenue Recognition:**

Sale of goods is recognized at the point of dispatch of finished goods to the customers. Sale is inclusive of excise duty, VAT and freight.

**ix. 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.

**x. Employee Benefits:****Provident Fund:**

Employees get benefits from a provident fund, a defined contribution plan. The employer make monthly contributions to the plan @12% of the employee's basic salary and the same is administered through Regional Provident Fund Commissioner.

**Leave Encashment:**

The employees of the company are entitled to leave encashment which is debited to profit and loss account on the basis of actuarial valuation. The company does not maintain any fund with trust. It is paid by the company as and when liability arises.

**Gratuity:**

The company provides for gratuity, a defined benefit plan covering all employees. The gratuity plan provides an amount at retirement or termination of employment based on the respective employees last drawn salary and the years of the employment with the company. Liability with regard to the gratuity plan is accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary. Actuarial gain or loss is recognized immediately in the statement of Profit & Loss Account as income or expense. The company has an employee's gratuity fund managed by the Life Insurance Corporation of India (LIC).

**xi. Taxes on income:**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**xii. Earnings per Share:**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue and share split, if any. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**xiii. Provision, Contingent Liabilities and Contingent Asset:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Provisions, Contingent Assets and Contingent Liabilities are reviewed at each Balance Sheet date

**NOTES ON ACCOUNTS**

	<b>2009-10</b>	2008-09
1. Estimated Amount of contracts to be executed on capital account and not provided for.	NIL	NIL
2. Contingent liabilities: Claims not acknowledged as debts: APCPDCL-wheeling charges claim in Supreme Court	<b>87,80,033</b>	87,01,026
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 / institutions who have sanctioned working capital limits have a first charge. Working capital limits are secured by personal guarantees of two of the directors of the company.		
	<b>2009-10</b>	2008-09
4. Sundry Debtors include debts due from Subsidiary company	<b>14,63,073</b>	10,82,509
5. Loans due for repayment within one year	<b>2,15,30,988</b>	2,83,94,592
6. Outstanding dues of Micro enterprises and small enterprises. Information as per Notification No GSR 719 (E) & as per "The Micro, Small and Medium Enterprises Development Act 2006(MSMED)"		

S.No.	PARTICULARS	2009-10	2008-09
1	The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the each accounting year	<b>3,59,905</b>	1,41,030
2	The amount of interest paid by the buyer in terms of sec 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
3	The amount of interest due and payable for the period of delay of making payment but without adding the interest specified under the Act	NIL	NIL
4	The amount of interest accrued and remaining unpaid at the end of the each accounting year	NIL	NIL
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23.	NIL	NIL

6. Unclaimed dividend of Rs 13,76,560 is included in other liabilities under Current Liabilities and Provisions.

<i>(Amount in Rupees)</i>		
	<b>2009-10</b>	2008-09
<b>7. Earnings Per Share</b>		
Profit after taxation & Extraordinary item	<b>1,33,30,766</b>	1,64,85,768
Weighted Average No of equity shares o/s	<b>1,09,70,000</b>	1,09,70,000
Basic and diluted earnings per share (Rs) (face value of Rs 10/- per share)	<b>1.22</b>	1.50
<b>8. Payment to statutory auditor:</b>		
Audit Fee		
Statutory	<b>3,50,000</b>	2,26,000
Tax	<b>90,000</b>	60,000
Others		
Certification	<b>1,08,000</b>	1,05,000
Service Tax	<b>56,444</b>	41,818
	<b><u>6,04,444</u></b>	<u>4,32,818</u>

**11. Employee Benefits:**

The Company operates post retirement gratuity plans with LIC. The details of post retirement gratuity plans are as follows.

<b>Particulars</b>	<b>2009-10</b>	2008-09
<b>a) Changes in the Present Value of Obligation</b>		
Present value of obligations as at beginning of year	<b>60,81,013</b>	56,32,833
Interest cost	<b>4,86,481</b>	4,50,627
Current Service cost	<b>4,14,803</b>	3,62,703
Benefits paid	<b>(10,46,975)</b>	(11,08,306)
Actuarial (gain)/loss on obligations	<b>1,71,312</b>	7,43,156
Present value of obligations as at end of year	<b>61,06,634</b>	60,81,013
<b>b) Changes in Fair value of plan assets</b>		
Fair value of plan assets at beginning of year	<b>52,00,140</b>	18,60,715
Expected return of plan assets	<b>4,53,965</b>	3,53,574
Contributions	<b>22,89,861</b>	40,94,157
Benefits paid	<b>(10,46,975)</b>	(11,08,306)
Actuarial (gain)/loss on plan assets	<b>Nil</b>	Nil
Fair value of plan assets at the end of year	<b>68,96,991</b>	52,00,140
<b>c) Assets recognized in the Balance Sheet</b>		
Present value of obligations as at the end of year	<b>61,06,634</b>	60,81,013
Fair value of plan assets as at the end of the year	<b>68,96,991</b>	52,00,140
Funded status	<b>7,90,357*</b>	8,80,873
Net asset/(liability) recognized in balance sheet	<b>(7,90,357)</b>	8,80,873

\* No provision is made in the books since the fair value of Plan Asset is more than the present value of the obligations as on Balance Sheet date.

<b>d) Expenses recognized in the Statement of Profit &amp; Loss</b>		
Current service cost	<b>4,14,803</b>	3,62,703
Interest cost	<b>4,86,481</b>	4,50,627
Expected return on plan assets	<b>(4,53,965)</b>	(3,53,574)
Net Actuarial (gain)/loss recognized in the year	<b>1,71,312</b>	7,43,156
Expenses recognized in statement of profit and loss	<b>6,18,631</b>	12,02,912

<b>e) Assumptions</b>		
Discount Rate	<b>8.00%</b>	8.00%
Salary Escalation	<b>4.00%</b>	4.00%

<b>11. Directors' Remuneration:</b>	<b>2009-2010</b>	2008-09
Salary	<b>39,60,000</b>	37,20,000
Contribution to PF	<b>4,75,200</b>	4,46,400
Commission	<b>NIL</b>	NIL
Perquisites	<b>16,68,424</b>	15,17,200
Leave Encashment	<b>NIL</b>	NIL

**12. Segment Reporting:**

The company is engaged in manufacturing of Ophthalmic lenses business which as per Accounting Standard 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.

<b>Geographical Segments:</b>	<b>2009-10</b>	2008-09
India	<b>7,01,61,825</b>	6,73,42,310
Outside India	<b>18,97,77,910</b>	23,61,09,711
<b>Total Sales</b>	<b>25,99,39,735</b>	30,34,52,021

**13. Related Party Disclosures:**

- a) Relationship
- i. **Subsidiary Company:** Techtran Ophthalmics Private Limited
  - ii. **Other Related Company:** Techtran Agro Industries Limited  
(Closed & defunct)
  - iii. **Key Management Personnel Relatives**

K. V. Rao	Leelavathi K Rao, Wife Rob K. Rao, Son Sajan K. Rao, Son Neena K. Rao, Daughter
K. Krishnadev Rao	K. Vijayalakshmi, Wife K. Amruta Devi, Mother K. Srilatha Rao, Daughter K.Krishnasree Rao, Daughter K.Vishnudev Rao, Son

b) The following transactions were carried out with related parties in the ordinary course of business.

	2009-10	2008-09
<b>i. Subsidiary Company</b>		
Sale of finished goods	1,32,38,211	1,25,01,350
Services rendered	1,37,12,561	1,58,64,520
Loan at the end of the year	3,37,98,748	4,47,95,777
Balance at the end of the year	14,63,073	10,82,509
Rent Received during the year	14,94,000	9,96,000
Investments sold during the year	-	46,57,500
<b>ii. Key Management Personnel and their Relatives</b>		
Remuneration to key management personnel	61,03,624	56,83,600
Rent (paid to relatives)	14,88,000	14,56,000

14. Additional Information pursuant to paragraphs 3 & 4 of part II of Schedule VI to the Companies Act, 1956 (as Certified by the management and accepted by the auditors)

a) Particulars of installed capacity and actual Production

		2009-10	2008-09
Licensed Capacity	Pieces	5.00 million	5.00 million
Installed Capacity (as certified by the management)	Pieces	5.00 million	5.00 million
Production	Pieces	22,05,673	22,66,442

b) Stocks and Sales of Finished Goods

	2009-10		2008-09	
	Quantity Pieces	Amount in Rs	Quantity Pieces	Amount in Rs
Sales	22,35,947	25,99,39,735	23,92,001	30,34,52,021
Opening Stock	2,94,939	1,05,72,325	3,92,142	1,47,74,739
Closing Stock	2,64,665	1,27,79,628	2,94,939	1,05,72,325

c) Consumption of Raw material

	2009-10		2008-09	
	Quantity	Amount in Rs	Quantity	Amount in Rs
Monomer	1,00,763	9,28,12,345	92,844	11,54,94,648
IPP / IPKF	3,448	10,07,297	2,802	7,60,416
Other Materials	682	4,44,816	1,139	6,37,368
Total Raw Materials	1,04,893	9,42,64,458	96,785	11,68,92,432

d) Consumption of Raw Materials and Spare Parts

	2009-10		2008-09	
	Raw Materials	Spare Parts	Raw Materials	Spare Parts
Imported	9,42,64,458	1,05,34,066	11,68,92,432	1,50,34,672
As % of total cost	100%	50.75%	100%	57.76%
Indigenous	Nil	1,02,23,722	Nil	1,09,92,539
As % of total cost		49.25%		42.24%

e) CIF Value of Imports (Amount in Rupees)

	<b>2009-10</b>	2008-09
Raw Materials	<b>8,30,85,009</b>	11,87,32,323
Spare Parts & Consumables	<b>60,67,276</b>	3,00,38,932

## f) Expenditure in Foreign Currency

	<b>2009-10</b>	2008-09
Foreign Travel	<b>12,95,799</b>	12,10,414
Trade Fair Expenses	<b>7,64,934</b>	5,70,708

## g) Earnings in Foreign Exchange

	<b>2009-10</b>	2008-09
FOB Value of Exports	<b>18,94,19,730</b>	23,53,93,330

## h) Dividend paid to non-resident shareholders (in foreign currency)

	<b>2009-10</b>	2008-09
No of shareholders	<b>50</b>	NIL
No of shares held	<b>17,54,578</b>	NIL
Dividend remitted (Rs)	<b>13,15,934</b>	NIL
Year to which it relates	<b>2008-09</b>	NIL

**15. Information pursuant to clause 32 of the listing agreement with stock exchange**

Loans and advances in the nature of loans to:

Wholly owned subsidiary company with no specified payment schedule

	<b>2009-10</b>		2008-09	
	<b>As at the end of the year</b>	<b>Maximum Balance</b>	As at the end of the year	Maximum Balance
Techtran Ophthalmics P Ltd	<b>3,37,98,748</b>	<b>4,47,95,777</b>	4,47,95,777	4,99,72,692

**16. Deferred Tax Liability / (Asset)**

Deferred taxes have been provided on the following:

	<b>2009-10</b>	2008-09
<b>Deferred Tax liability / (Asset)</b>		
Opening Balance	<b>1,69,99,149</b>	1,94,86,939
Reversal of Deferred Tax asset due to absorption carry forward tax losses	<b>NIL</b>	NIL
Timing Difference on account of Depreciation	<b>(48,91,501)</b>	(46,19,489)
Timing Difference on account of Disallowed Expenditure	<b>(6,57,521)</b>	NIL
Timing Difference due to provision for retirement benefits	<b>14,53,098</b>	21,31,699
Deferred Tax adjustments on account of opening balances	<b>NIL</b>	NIL
Closing balance	<b>1,29,03,225</b>	1,69,99,149

17. Previous year figures have been regrouped / recasted wherever considered necessary to make them comparable with those of the current year.

**SIGNATURES FOR SECHEDULES I TO XIII**

As per our report of even date attached.

For **M. ANANDAM & CO.**,  
Chartered Accountants

**M.R. VIKRAM**  
Partner  
Membership No.21012

**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary

For and on behalf of the Board

**K. KRISHNADEV RAO**  
Executive Director

**K.V. RAO**  
Chairman &  
Managing Director

Place : Hyderabad

Date : 31.05.2010

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 : 31<sup>st</sup> March, 2010  
Company ended on
3. Holding Company's interest :
  - A. No.of shares held by Holding Co. at the end of financial year of Subsidiary company. : 90,000 Equity Shares of Rs.10/-each
  - B. Extent of interest of Holding Co. at the end of financial year of Subsidiary Co., : 100%
4. Net aggregate amount of subsidiary company's profit/(loss) after tax so far as it concerns the members of holding co.
  - A. Not dealt with in the Accounts of Techtran Polylenes Limited. :
    - (i) for the subsidiary's financial year ended 31<sup>st</sup> March, 2010 : Rs.70,41,508/-
    - (ii) for previous financial years of the subsidiary since it became a subsidiary of Techtran Polylenes Limited : Rs.53,38,180/-
  - B. Dealt with in the accounts of Techtran Polylenes Limited. :
    - (i) for the subsidiary's financial year ended 31<sup>st</sup> March, 2009. : N I L
    - (ii) for previous financial years of the subsidiary since it became subsidiary of Techtran Polylenes Limited. : N I L

For and on behalf of the board  
**K.KRISHNADEV RAO**  
Executive Director

Place: Hyderabad  
Date : 31.05.2010

**P.SHYAMSUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary

**K.V.RAO**  
Chairman & Managing Director

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

## I. Registration Details :

Registration No.  State Code:  Balance Sheet Date 

## II. Capital raised during the year (Amount in Rupees)

PUBLIC ISSUE	RIGHTS ISSUE	BONUS ISSUE	PRIVATE PLACEMENT
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>

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

Total Liabilities	Total Assets
<input type="text" value="27,02,94,816"/>	<input type="text" value="27,02,94,816"/>

## IV. Sources of Funds

Paid up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
<input type="text" value="10,97,00,000"/>	<input type="text" value="11,40,80,408"/>	<input type="text" value="3,36,11,183"/>	<input type="text" value="1,29,03,225"/>

## V. Application of funds :

Net Fixed Assets	Investments	Net Current Assets	Misc.exp.
<input type="text" value="10,76,59,892"/>	<input type="text" value="1,70,46,000"/>	<input type="text" value="14,55,88,924"/>	<input type="text" value="NIL"/>

## Accumulated Losses

## VI. Performance of Company (Amount in Rupees)

Turnover	Total Expen.	Profit/Loss before Tax	Profit/Loss after Tax
<input type="text" value="26,86,07,524"/>	<input type="text" value="24,81,31,963"/>	<input type="text" value="2,04,75,561"/>	<input type="text" value="1,33,30,766"/>

Earning per share in Rs.	Dividend Rate %
<input type="text" value="1.22"/>	<input type="text" value="NIL"/>

## VII. Generic Name of Principal Product/company (as per monetary terms)

## Item Code No.

ITC Code Product Description

100% SUBSIDIARY COMPANY

**TECHTRAN  
OPHTHALMICS PVT. LTD.**

**FINANCIAL RESULTS**  
2009-2010

**DIRECTORS**

K.V. RAO

K. KRISHNADEV RAO

M.V. RAGHAVARAO

**REGISTERED OFFICE**

"TECHTRAN HOUSE"

S-7, T.I.E. IDA

BALANGAR

HYDERABAD - 500 037

**AUDITORS**

M/s. M.ANANDAM & CO.

CHARTERED ACCOUNTANTS

7-A, SURYA TOWERS

S.P.ROAD

SECUNDERABAD - 3

**INTERNAL AUDITORS**

M/s. S.C.BOSE & CO.

CHARTERED ACCOUNTANTS

H.No.497

LANE 3, STREET 3

MAYURIMARG

BEGUMPET

HYDERABAD - 500 016

**SURFACING LABS**

**Surfacing & HMC Lab**

**1. Hyderabad**

"TECHTRAN HOUSE"

S-7, T.I.E. IDA

BALANGAR

HYDERABAD - 500 037

**2. Visakhapatnam**

H.No.13-26-10, SREE NILAYAM

1<sup>st</sup> FLOOR, MASJID ROAD

MAHARANI PET

VISAKHAPATNAM - 530 002

**3. Vijayawada**

H.No.29-6-8

SURYARAO PET, R.R. ROAD

VIJAYAWADA

KRISHNA DISTRICT - 520 002

**4. Nagpur**

220 & 221

SADODAY PLAZA

NEAR RAM MANDIR

CENTRAL AVENUE

NAGPUR - 440 018

**5. Bengaluru**

H.No.31/1, 1<sup>st</sup> FLOOR

SEETHARAMA PALYA

(GRAPHITE INDIA ROAD)

MAHADEVAPURA (POST)

BENGALURU - 560 048

**DIRECTOR'S REPORT**

Directors present the 13<sup>th</sup> Annual Report along with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

**FINANCIAL RESULTS**

	<b>Current year</b>	Previous year
	<b>Rs.in Lakhs</b>	Rs.in Lakhs
<b>REVENUES</b>		
Export Sales	101.93	88.08
Domestic Sales	294.28	260.08
Processing Charges	137.13	158.65
	533.34	506.81
Profit for the year (Before tax)	109.91	84.92

The operations have resulted in a profit (before tax) of Rs.109.91 lakhs as against Rs.84.92 lakhs during the last year.

**SUBSIDIARY STATUS**

The Company is a fully owned subsidiary of TECHTRAN POLYLENSES LIMITED.

**DIRECTORS**

The Board presently consists of Mr.K.V.Rao, Mr.K.Krishnadev Rao and Mr.M.V.Raghava Rao. Mr.K.V.Rao and Mr.K.Krishnadev Rao are Managing Director & Executive Director respectively of Techtran Polylenses Limited and Mr.M.V.Raghava Rao is an independent Director of Techtran Polylenses Ltd., and their tenure is as per the discretion of Techtran Polylenses Ltd.

**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 that :

- (i) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any
- (ii) 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) 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) The Annual Accounts are prepared on going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, EXPORT AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Statement as per Section 217(1) (c ) of the Companies Act read with companies Act (disclosure of particulars in respect of Board of Directors) Rules 1988 is enclosed.

**PARTICULARS OF EMPLOYEES**

There are no employees under the purview of Section 217 (2A) the Companies Act, 1956 for the year.

**AUDITORS**

M/s.M.Anandam & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the Annual General Meeting and are eligible for re-appointment.

**ACKNOWLEDGMENT**

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.

For and on behalf of the Board

**K.KRISHNADEV RAO**

Director

Place : Hyderabad

Date : 11.08.2010

**K.V.RAO**

Director

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

**A] CONSERVATION OF ENERGY**

Solar hot water system and recycling of effluent water has been installed to meet the hot water requirements and reduce power consumption.

**B] TECHNOLOGY ABSORPTION**

Installed new automated Hard Coating Plant to improve yields. Installed modern Multi Coating system and produce premium quality product.

**C] FOREIGN EXCHANGE EARNED AND USED**

The Company has earned Rs.101.60 Lakhs (FOB value) in Foreign Exchange and used Rs.8.18 Lakhs. This amount includes Foreign Exchange used for import of Raw Materials, Stores, Spares and for Capital Goods.

For and on behalf of the Board

**K.KRISHNADEV RAO**

Director

Place : Hyderabad

Date : 11.08.2010

**K.V.RAO**

Director

**AUDITORS' REPORT**

To  
The Members  
Techtran Ophthalmics Private Limited  
HYDERABAD.

We have audited the attached Balance Sheet of **M/s.Techtran Ophthalmics Private Limited**, as at 31st March, 2010 and the Profit & Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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, 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 referred to 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 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 and 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 31<sup>st</sup> March, 2010, 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 the Cash Flow statement, of the cash flows for the year ended on that date

Place: Secunderabad  
Date : 31.05.2010

For **M.ANANDAM & CO.**,  
Chartered Accountants  
**M.R. VIKRAM**  
Partner  
Membership No.21012  
Firm Regn.No.000125S

**Re: Techtran Ophthalmics Private Limited**

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE**

- i. a. The company is in the process of updating the records showing full particulars including quantitative details and situation of fixed assets.
- b. According to the information and explanations given to us, the company has a phased programme of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its business.
- c. The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
- ii. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. The Company has not entered into any contracts in which the directors are interested. Hence, there are no parties that are required to be listed in the register maintained under section 301 of the Act, accordingly, clauses (iii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, 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 control system in respect of these areas.
- v. The Company has not accepted any deposits from the public. Hence the provisions under section 58A & 58AA of the Companies Act, 1956
- vi. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- vii. The Central Government has not prescribed maintenance of cost records by the company under section 209(1) (d) of the Act.
- viii. a. According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues as applicable with the appropriate authorities.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess were in arrears as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.

- ix. 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.
- x. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xi. According to 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 shares, debentures and other securities.
- xii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Accordingly the provisions of clause 4(xiii) if the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiii. In our opinion and according to the information and explanation 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 (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv. In our opinion and according to the information and explanation given to us, no term loans have been raised by the Company during the year, accordingly clause (xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xvi. In our opinion and according to the information and explanation to us, and on an overall examination of the Balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- xvii. The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xviii. The Company has not issued any debentures during the year. Accordingly, clause (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xix. 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.
- xx. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **M.ANANDAM & CO.,**  
Chartered Accountants

**M.R.VIKRAM**  
Partner

Membership No 21012

Place: Hyderabad  
Date: 31.05.2010

**BALANCE SHEET AS AT 31ST MARCH 2010**

		<i>Amount in Rupees</i>	
	Schedules	As at 31.03.2010	As at 31.03.2009
<b><u>SOURCES OF FUNDS</u></b>			
<b>1) Share holders fund</b>			
i]	Share Capital	900,000	900,000
ii]	Reserves & Surplus	13,745,225	6,703,717
<b>2) Loan Funds</b>			
i]	Un Secured Loans	33,798,748	44,795,777
	Deferred Tax Liability	2,513,895	2,260,445
		<u>50,957,868</u>	<u>54,659,939</u>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>1) Fixed Assets</b>			
	Gross Block	44,171,067	44,157,467
	Less: Depreciation	<u>8,646,725</u>	<u>5,307,645</u>
	Capital Work in Progress	-	-
<b>2) INVESTMENTS</b>			
		4,657,500	4,657,500
<b>3) Current Assets, Loans &amp; Advances</b>			
i]	Inventories	8,450,684	8,885,169
ii]	Sundry Debtors	5,002,227	4,080,062
iii]	Cash & Bank Balances	1,324,727	991,642
iv]	Loans & Advances	<u>5,801,579</u>	<u>3,830,847</u>
		20,579,217	17,787,720
Less: Current Liabilities & Provisions			
i]	Current Liabilities	3,815,435	4,481,088
ii]	Provisions	<u>5,987,756</u>	<u>2,154,015</u>
		9,803,191	6,635,103
<b>Net Current Assets</b>		<u>10,776,026</u>	<u>11,152,617</u>
		<u>50,957,868</u>	<u>54,659,939</u>

Accounting Policies &amp; Notes on Accounts X1

Schedules I to VI and XI form an  
Integral Part of the Balance Sheet

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  
Membership No.21012**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary**K.V. RAO**  
DirectorPlace : Hyderabad  
Date : 31.05.2010

**PROFIT AND LOSS ACCOUNT FOR THE ENDED 31ST MARCH 2010**

*Amount in Rupees*

	Schedules	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>INCOME</b>			
Sales - Export		10,193,328	8,808,144
Sales - Domestic		29,428,006	26,008,020
Processing Charges		13,712,561	15,864,520
		<u>53,333,895</u>	<u>50,680,684</u>
Less: Excise duty & sales tax		1,117,861	979,506
Net Sales		52,216,034	49,701,178
Other Income	VII	32,975	53,502
		<u>52,249,009</u>	<u>49,754,680</u>
<b>EXPENDITURE</b>			
Lens Processed		13,259,190	11,806,113
Lab Expenses	VIII	15,496,640	15,701,165
Administrative & Selling Expenses	IX	5,060,065	5,911,645
Sub Total		33,815,895	33,418,923
<b>Profit Before Interest &amp; Depreciation</b>		<b>18,433,114</b>	<b>16,335,757</b>
Less: Interest & financial charges	X	4,103,448	4,577,378
<b>Profit/(Loss) Before Depreciation</b>		<b>14,329,666</b>	<b>11,758,379</b>
Less: Depreciation		3,339,080	3,266,086
<b>Profit/(Loss) Before Tax</b>		<b>10,990,586</b>	<b>8,492,293</b>
Less: Provision for Taxation			
- Current Tax		3,695,628	2,109,784
- Earlier Year's Tax		-	2,750
- Deferred Tax		253,450	997,348
- Fringe Benefit Tax		-	44,231
<b>Profit after Tax</b>		<b>7,041,508</b>	<b>5,338,180</b>
Profit/(Loss) Brought forward from Previous Year		6,703,717	1,365,537
<b>Profit/(Loss) Balance Carried to Balance Sheet</b>		<b>13,745,225</b>	<b>6,703,717</b>
EPS-Basic & Diluted (on Rs.10 per Share)		78.24	59.31
Accounting Policies & Notes on Accounts	XI		
Schedules VII to X and XI form an Integral Part of the Profit and Loss Account.			
As per our report of even date attached for and on behalf of the Board			

As per our report of even date attached.

For **M. ANANDAM & CO.**,  
Chartered Accountants

**M.R. VIKRAM**  
Partner  
Membership No.21012

Place : Hyderabad  
Date : 31.05.2010

For and on behalf of the Board

**K. KRISHNADEV RAO**  
Director

**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary

**K.V. RAO**  
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010***Amount in Rupees*

	Year Ended 2009-10	Year Ended 2008-09
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax	10,990,586	8,492,293
<b>Adjustments for</b>		
Depreciation	3,339,079	3,266,086
Other Finance Charges	4,103,448	4,577,378
Interest on FDR's	-	(19,741)
Interest on Electricity Deposit	(23,964)	(19,848)
	7,418,563	7,803,875
<b>Operating Profit Before Working Capital Changes</b>	<b>18,409,149</b>	<b>16,296,168</b>
<b>Changes in Working Capital</b>		
(Increase)/Decrease in Trade and other receivables	(922,165)	2,880,265
(Increase)/Decrease in Loan and Advances	17,275	(370,148)
(Increase)/Decrease in Inventories	434,485	(2,726,174)
Increase/(Decrease) in Creditors	(287,960)	(3,882,233)
Increase/(Decrease) in Other Liabilities	(377,692)	1,026,228
Increase/(Decrease) in Provisions	138,112	(997,945)
Cash generated from operations	17,411,204	15,089,008
Taxes Paid	(1,988,006)	(3,749,784)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>15,423,198</b>	<b>11,339,224</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments	-	(4,657,500)
Purchase/Increase in Fixed Assets & Capital work in progress	(13,600)	(1,874,732)
Interest on FDR's	-	19,741
Interest on Electricity deposit	23,964	19,848
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>10,364</b>	<b>(6,492,643)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Unsecured Loans	(10,997,029)	(2,053,622)
Other Finance Charges	(4,103,448)	(4,577,378)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES (C)</b>	<b>(15,100,477)</b>	<b>(6,630,999)</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>333,085</b>	<b>(1,784,418)</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01-04-2009 (OPENING BALANCE)</b>	<b>991,642</b>	<b>2,776,060</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31-03-2010 (CLOSING BALANCE)</b>	<b>1,324,727</b>	<b>991,642</b>

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  
Membership No.21012**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary**K.V. RAO**  
DirectorPlace : Hyderabad  
Date : 31.05.2010

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

*Amount in Rupees*

	As at 31.03.2010	As at 31.03.2009
--	---------------------	---------------------

**SCHEDULE - I**

SHARE CAPITAL:

Authorised Share Capital

90,000 Equity Shares of Rs.10/- each

**900,000**

900,000

Issued, Subscribed & Paidup Capital

90,000 Shares of Rs.10/- each fully paidup

**900,000**

900,000

**900,000**

900,000

**SCHEDULE - II**

Reserves and Surplus

-

-

General Reserve

-

-

Profit and Loss Account

**13,745,225**

6,703,717

**13,745,225**

6,703,717

**SCHEDULE - III**

**FIXED ASSETS**

Particulars	Gross Block			Depreciation			Net Block	
	As at 1.4.2009	Additions during the year	As at 31.3.2010	Upto 1.4.2009	For the year	Upto 31.03.2010	As at 31.3.2010	As at 31.3.2009
Plant and Machinery	40,018,488	-	<b>40,018,488</b>	4,673,895	<b>2,969,372</b>	<b>7,643,267</b>	<b>32,375,221</b>	35,344,593
Lab Equipment	1,518,000	13,600	<b>1,531,600</b>	29,636	<b>72,537</b>	<b>102,173</b>	<b>1,429,427</b>	1,488,364
Furniture & Fixtures	930,024	-	<b>930,024</b>	201,292	<b>58,871</b>	<b>260,163</b>	<b>669,861</b>	728,732
Office Equipment	151,581	-	<b>151,581</b>	20,941	<b>21,085</b>	<b>42,026</b>	<b>109,555</b>	130,640
Electrical Equipments	1,108,536	-	<b>1,108,536</b>	208,952	<b>154,197</b>	<b>363,149</b>	<b>745,387</b>	899,584
Data Processing Equipment	329,177	-	<b>329,177</b>	149,184	<b>53,360</b>	<b>202,544</b>	<b>126,633</b>	179,993
Vehicles	101,661	-	<b>101,661</b>	23,745	<b>9,658</b>	<b>33,403</b>	<b>68,258</b>	77,916
	44,157,467	13,600	<b>44,171,067</b>	5,307,645	<b>3,339,080</b>	<b>8,646,725</b>	<b>35,524,342</b>	38,849,822
Previous Year	42,095,974	2,061,493	<b>44,157,467</b>	2,041,559	<b>3,266,086</b>	<b>5,307,645</b>	<b>38,849,822</b>	40,054,415

	<i>Amount in Rupees</i>	
	As at <b>31.03.2010</b>	As at 31.03.2009
<b>SCHEDULE - IV</b>		
INVESTMENTS (UNQUOTED - NON TRADE) AT COST		
30000 Equity Shares of Rs.10/-		
each in Andhra Pradesh Gas Power Corporation Ltd		
	<b>4,657,500</b>	4,657,500
	<u><b>4,657,500</b></u>	<u>4,657,500</u>
<b>SCHEDULE - V</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
A] CURRENT ASSETS		
Inventories (As Certified and Valued by management)		
1) Lenses	<b>6,674,008</b>	6,556,786
2) Consumables	<b>1,736,937</b>	2,278,733
3) Packing Materials	<b>39,739</b>	49,650
	<u><b>8,450,684</b></u>	<u>8,885,169</u>
4) Sundry Debtors		
Unsecured and Considered good		
Debtors more than 6 months	<b>275,339</b>	184,378
Others	<b>4,726,888</b>	3,895,684
	<u><b>5,002,227</b></u>	<u>4,080,062</u>
5) Cash on Hand	<b>45,632</b>	29,667
Balance with Scheduled Banks		
a) In Current Account	<b>1,279,095</b>	961,975
	<u><b>1,279,095</b></u>	<u>961,975</u>
B] LOANS AND ADVANCES		
Deposits with Govt. Departments	<b>6,000</b>	6,000
Advances Recoverable in Cash or Kind	<b>5,795,579</b>	3,824,847
	<u><b>5,801,579</b></u>	<u>3,830,847</u>
	<u><b>20,579,217</b></u>	<u>17,787,720</u>
<b>SCHEDULE - VI</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>SUNDRY CREDITORS</b>		
Liability to Other than MSME Creditors		
- Holding Company	<b>1,463,073</b>	1,082,509
- Others	<b>865,555</b>	1,573,598
Liability to MSME Creditors	<b>54,329</b>	14,810
	<u><b>2,382,957</b></u>	<u>2,670,917</u>
Other Liabilities	<b>1,432,478</b>	1,810,171
Provision for Group Gratuity	<b>122,967</b>	-
Provision for Leave Encashment	<b>15,145</b>	-
Provision for Income Tax	<b>5,849,644</b>	2,154,015
	<u><b>5,987,756</b></u>	<u>2,154,015</u>
	<u><b>9,803,191</b></u>	<u>6,635,103</u>

	<i>Amount in Rupees</i>	
	<b>Current year 31.03.2010</b>	Previous year 31.03.2009
<b><u>SCHEDULE - VII</u></b>		
<b>Other Income</b>		
Interest Income	23,964	39,589
Service charges	-	2,144
Miscellaneous Income	9,011	11,769
	<u>32,975</u>	<u>53,502</u>
<b><u>SCHEDULE - VIII</u></b>		
<b>LAB EXPENSES</b>		
Salaries, Wages and Other Allowances	7,473,633	7,139,921
Contribution to PF and ESI	337,497	241,876
Workers and Staff Welfare Expenses	163,120	113,792
Power and Fuel	2,016,907	2,979,933
Stores, Spares and Consumables	2,793,158	3,330,970
Packing Materials Consumption	437,154	288,567
Repairs & Maintenance: Plant & Machinery	110,620	308,188
Other Lab Expenses	2,164,551	1,297,918
	<u>15,496,640</u>	<u>15,701,165</u>
<b><u>SCHEDULE - IX</u></b>		
<b>ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Rates, and Taxes	100,006	23,178
Rent	2,467,350	2,206,848
Insurance	90,602	118,977
Traveling Expenses	268,679	428,646
Professional Fees	202,574	120,185
Printing and Stationary	129,275	208,735
Telephone, Telex and Fax, Postage	612,126	539,692
Vehicle Running and Maintenance	293,916	293,558
Auditors' Remuneration	77,210	55,150
Selling and Distribution Expenses	725,628	1,409,126
Exchange Fluctuation	6,738	333,121
Miscellaneous Expenses	85,961	174,429
	<u>5,060,065</u>	<u>5,911,645</u>
<b><u>SCHEDULE - X</u></b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Other Finance Charges	4,103,448	4,577,378
	<u>4,103,448</u>	<u>4,577,378</u>

**SCHEDULE-XI SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS  
SIGNIFICANT ACCOUNTING POLICIES****i. Basis of Accounting**

The accounts are prepared on historical cost basis, as a going concern, and are consistent with generally accepted accounting principles. The company follows accrual system of accounting and is in accordance with the Accounting Standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.

**ii. Use of Estimates**

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**iii. Fixed Assets**

Fixed Assets are stated at cost of acquisition less accumulated depreciation. The actual cost capitalised comprises of cost of acquisitions of the asset and other incidental expenditure incurred for acquiring the assets. The costs of fixed assets not ready for their intended use before balance sheet date are disclosed under capital work-in-progress.

**iv. Depreciation**

Depreciation on fixed assets is provided on straight-line method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

**v. Impairment of Assets**

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine the provision for impairment loss if any required or the reversal, if any required of impairment of loss recognized in previous periods.

**vi. Investments**

Investments of long-term nature are carried at cost less provision for permanent diminution in value of such investments, if any.

**vii. Inventories**

- a. Inventories are valued at lower of cost and net realizable value except waste/scrap, which is valued at net realizable value. Stores, spare parts, loose tools, raw materials and packing materials are valued at cost by using FIFO method.
- b. Loose Tools are charged directly to consumption.

**viii. Revenue Recognition**

- a. Sale of goods is recognized at the point of dispatch of finished goods to the customers. Sale is inclusive of excise duty, VAT and freight.
- b. Service charges are recognised at the time of completion of service.

**ix. 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.

**x. Employee Benefits**

**a. Provident Fund**

Employees get benefits from a provident fund, a defined contribution plan. The employer make contributions to the plan @12% of the employee's basic salary and the same is administered through Regional Provident Fund Commissioner.

**b. Leave Encashment and Gratuity**

The employees of the company are entitled to Gratuity and leave encashment which is debited to profit and loss account on the basis of actuarial valuation. The company does not maintain any fund with trust. It is paid by the company as and when liability arises.

**xi. Earnings per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue and share split, if any. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**xii. Taxes on income**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**xiii. Provision, Contingent Liabilities and Contingent Asset**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Provisions, Contingent Assets and Contingent Liabilities are reviewed at each Balance Sheet date.

**NOTES ON ACCOUNTS**

(Amount in Rupees)

	<b>2009-10</b>	2008-09
1. Estimated Amount of contracts to be executed on capital account and not provided for.	NIL	NIL
2. Contingent liabilities: Claims not acknowledged as debts: APCPDCL-wheeling charges claim in Supreme Court	<b>1,07,246</b>	87,051
3. Sundry Creditors include debts due to Holding Company	<b>14,63,073</b>	<b>10,82,509</b>
4. The company has taken Unsecured Loans from the holding company and the amount outstanding as on 31.3.2010 was Rs.3,37,98,748.		
5. Outstanding dues of Micro enterprises and small enterprises. Information as per Notification No GSR 719 (E) & as per "The Micro, Small and Medium Enterprises Development Act 2006(MSMED)"		

S.No.	PARTICULARS	2009-10	2008-09
1	The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the each accounting year	<b>54,329</b>	14,810
2	The amount of interest paid by the buyer in terms of sec 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	<b>NIL</b>	NIL
3	The amount of interest due and payable for the period of delay of making payment but without adding the interest specified under the Act	<b>NIL</b>	NIL
4	The amount of interest accrued and remaining unpaid at the end of the each accounting year	<b>NIL</b>	NIL
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23	<b>NIL</b>	NIL

6. Tax Deducted at source on service charges Rs 3,59,491/-.		
<b>7. Earnings Per Share</b>	<b>2009-10</b>	2008-09
Profit after taxation as per P&L A/c (Rs)	<b>70,41,508</b>	53,38,180
Weighted Average No of equity shares o/s	<b>90,000</b>	90,000
Basic and diluted earning per share (Rs) (face value of Rs 10/- per share)	<b>78.24</b>	59.31
<b>8. Payment to statutory auditor</b>	<b>2009-10</b>	2008-09
Audit Fee		
Statutory	<b>50,000</b>	50,000
Tax Audit	<b>20,000</b>	-
Service Tax	<b>7,210</b>	5,150
	<b><u>77,210</u></b>	<b><u>55,150</u></b>

**9. Segment Reporting**

The company is engaged in surfacing including hard coating and multi hard coating of Ophthalmic lenses business which as per Accounting Standard 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.

*(Amount in Rupees)*

Geographical Segments:	2009-10	2008-09
India	4,20,22,706	4,08,93,034
Outside India	1,01,93,328	88,08,144
Total Sales	5,22,16,034	4,97,01,178

**10. Related Party Disclosures:**

**a) Relationship**

**i. Holding Company :** Techtran Polylenses Limited

**b) The following transactions were carried out with related parties in the ordinary course of business.**

*(Amount in Rupees)*

Holding Company	2009-10	2008-09
Services rendered	1,37,12,561	1,58,64,520
Purchases	1,32,38,211	1,25,01,350
Rent	14,94,000	9,96,000
Balances at the end of the year	14,63,073	10,82,509
Loan outstanding end of the year	3,37,98,748	4,47,95,777
Investments purchased during the year	-	46,57,500

**11. Additional Information pursuant to paragraphs 3 & 4 of part II of Schedule VI to the Companies Act, 1956 (as Certified by the management and accepted by the auditors)**

a) Particulars of installed capacity and actual Production

	2009-10	2008-09
Licensed Capacity	NOT APPLICABLE	
Installed Capacity (as certified by the management)		
Production		

b) Stocks and Sales of Finished Goods

		2009-10		2008-09	
		Quantity	Amount in Rupees	Quantity	Amount in Rupees
Sales	Pieces	2,35,628	5,22,16,034	2,41,395	4,97,01,178
Opening Stock	Pieces	1,04,787	65,56,786	70,807	40,21,754
Closing Stock	Pieces	86,842	66,74,008	1,04,787	65,56,786

c) Consumption of Raw Material & Stores

	2009-10		2008-09	
	As % of Total cost	Amount in Rupees	As % of Total cost	Amount in Rupees
Lens	100.00%	1,32,59,190	100.00%	1,18,06,113
Consumables (Imp.)	45.25%	12,63,802	23.78%	7,67,229
Consumables (Indg)	54.75%	15,29,356	76.22%	25,63,741

d) CIF Value of Imports

(Amount in Rupees)

	2009-10	2008-09
Raw Materials	NIL	NIL
Capital Goods	NIL	2,67,944
Spare Parts & Consumables	8,18,141	17,09,702

e) Expenditure in Foreign Currency

(Amount in Rupees)

	2009-10	2008-09
Foreign Travel	NIL	NIL
Trade Fair Expenses	NIL	NIL

f) Earnings in Foreign Exchange

(Amount in Rupees)

	2009-10	2008-09
FOB Value of Exports	1,01,59,780	87,99,554

**13. Deferred Tax Liability / (Asset)**

Deferred taxes have been provided on the following:

	2009-10	2008-09
<b>Deferred Tax liability / (Asset)</b>		
Opening Balance	22,60,447	12,63,508
Reversal of Unabsorbed depreciation	-	2,20,192
Timing Difference on account of Disallowed Expenditure	(2,37,823)	-
Timing Difference on account of Depreciation	4,91,273	7,76,745
Closing balance	25,13,895	22,60,445

14. The company has invested in shares of AP Gas Power Corporation limited of Rs.10/- each .These shares are under pledge with M/S.IDBI Bank limited on account of loans drawn by the holding company.
15. Previous year figures have been regrouped / recasted wherever considered necessary to make them comparable with those of the current year.

**SIGNATURES FOR SECHEDULES I TO XIII**

As per our report of even date attached.

For **M. ANANDAM & CO.,**  
Chartered Accountants

**M.R. VIKRAM**  
Partner  
Membership No.21012

Place : Hyderabad  
Date :31.05.2010

For and on behalf of the Board

**K. KRISHNADEV RAO**  
Director

**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary

**K.V. RAO**  
Director

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

I. Registration Details :

Registration No.  State Code:  Balance Sheet Date

II. Capital raised during the year (Amount in Rupees)

PUBLIC ISSUE	RIGHTS ISSUE	BONUS ISSUE	PRIVATE PLACEMENT
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rupees)

Total Liabilities	Total Assets
<input type="text" value="5,09,57,868"/>	<input type="text" value="5,09,57,868"/>

IV. Sources of Funds

Paid up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
<input type="text" value="9,00,000"/>	<input type="text" value="1,37,45,225"/>	<input type="text" value="NIL"/>	<input type="text" value="3,63,12,643"/>

V. Application of funds :

Net Fixed Assets	Investments	Net Current Assets	Misc.exp.
<input type="text" value="3,55,24,342"/>	<input type="text" value="46,57,500"/>	<input type="text" value="1,07,76,026"/>	<input type="text" value="NIL"/>

Accumulated Losses

VI. Performance of Company (Amount in Rupees)

Turnover	Total Expen.	Profit/Loss before Tax	Profit/Loss after Tax
<input type="text" value="5,22,49,009"/>	<input type="text" value="4,12,58,423"/>	<input type="text" value="1,09,90,586"/>	<input type="text" value="70,41,508"/>

Earning per share in Rs.	Dividend Rate %
<input type="text" value="78.24"/>	<input type="text" value="NIL"/>

VII. Generic Name of Principal Product/company (as per monetary terms)

Item Code No.  
ITC Code

Product Description

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010***Amount in Rupees*

Schedules	As at 31.03.2010	As at 31.03.2009
<b>SOURCES OF FUNDS</b>		
<b>Share Holders Fund</b>		
i] Share Capital	109,700,000	109,700,000
ii] Reserves and Surplus	127,825,635	107,453,357
<b>Loan Funds</b>		
i] Secured Loans	33,611,183	68,649,798
Deferred Tax Liability	15,417,120	19,259,596
	<u>286,553,938</u>	<u>305,062,751</u>
<b>APPLICATION OF FUNDS</b>		
A] Fixed Assets	IV	
Gross Block	459,724,091	458,164,051
Less: Depreciation	<u>316,539,856</u>	<u>291,339,610</u>
B] Investments	V	20,803,500
C] Current Assets, Loans & Advances	VI	
i] Inventories	66,933,269	79,132,454
ii] Sundry Debtors	59,611,714	56,819,070
iii] Cash & Bank Balances	17,433,037	9,819,760
iv] Loans & Advances	<u>40,861,486</u>	<u>23,541,541</u>
	<b>184,839,506</b>	169,312,824
Less : Current Liabilities & Provisions	VII	
i] Current Liabilities	32,049,234	26,821,423
ii] Provisions	<u>30,224,069</u>	<u>25,056,591</u>
	<b>62,273,303</b>	51,878,014
Net Current Assets	<u>122,566,203</u>	<u>117,434,810</u>
	<u>286,553,938</u>	<u>305,062,751</u>

Accounting Policies & Notes on Accounts XIII  
Schedules I to VII and XIII form an  
Integral Part of the Balance Sheet

As per our report of even date attached.

For **M. ANANDAM & CO.**,  
Chartered Accountants

**M.R. VIKRAM**  
Partner  
Membership No.21012

Place : Hyderabad  
Date : 31.05.2010

**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary

For and on behalf of the Board

**K. KRISHNADEV RAO**  
Executive Director

**K.V. RAO**  
Chairman &  
Managing Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

*Amount in Rupees*

	Schedules	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>1 INCOME</b>			
Sales - Export		199,971,238	244,917,855
Sales - Domestic		91,920,363	86,063,746
		<b>291,891,601</b>	330,981,601
Less: Excise Duty		6,686,604	6,194,272
Net Sales		<b>285,204,997</b>	324,787,329
Other Income	VIII	624,698	1,129,560
Increase/(Decrease) in stock	IX	2,576,253	(3,847,202)
		<b>288,405,948</b>	322,069,687
<b>2 EXPENDITURE</b>			
Raw Material Consumed		94,285,437	116,197,195
Manufacturing Expenses	X	100,695,729	106,490,864
Administrative & Selling Expenses	XI	29,895,790	28,229,034
<b>Sub Total</b>		<b>224,876,956</b>	250,917,094
<b>Profit before Interest &amp; Depreciation</b>		<b>63,528,992</b>	71,152,594
Less: Interest & Financial Charges	XII	6,862,599	11,134,769
<b>Profit/(Loss) before Depreciation</b>		<b>56,666,393</b>	60,017,825
Less: Depreciation		25,200,246	25,299,994
<b>Profit before Tax</b>		<b>31,466,147</b>	34,717,831
Provision for Taxation			
- Current Tax		14,929,261	14,212,633
- Earlier Year Tax		7,082	(916,789)
- Deferred Tax		(3,842,474)	(1,490,443)
- Fringe Benefit Tax		-	337,321
<b>Profit after Tax</b>		<b>20,372,278</b>	22,575,109
Balance brought forward		57,453,357	50,255,176
Extraordinary items		-	751,164
Profit available for appropriation		<b>77,825,635</b>	72,079,121
Provision for Dividend		-	8,227,500
Provision for Dividend Tax		-	1,398,264
General Reserve		-	5,000,000
Balance Carried to Balance Sheet		<b>77,825,635</b>	57,453,357
EPS-Basic & Diluted (on Rs.10 per Share)		<b>1.86</b>	1.99
Accounting Policies & Notes on Accounts XIII Schedules VIII to XII and XIII form an Integral Part of the Profit and Loss Account			

As per our report of even date attached.

For **M. ANANDAM & CO.,**  
Chartered Accountants

**M.R. VIKRAM**  
Partner  
Membership No.21012

**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary

For and on behalf of the Board

**K. KRISHNADEV RAO**  
Executive Director

**K.V. RAO**  
Chairman &  
Managing Director

Place : Hyderabad  
Date : 31.05.2010

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To  
The Board of Directors  
Techtran Polylenes Limited  
Hyderabad.

We have examined the attached Consolidated Balance Sheet of **Techtran Polylenes Limited**, and its subsidiary **Techtran Ophthalmics Private Limited** as at 31<sup>st</sup> March, 2010, the Consolidated Profit & Loss Account and the Consolidated Cash Flow statements for the year ended on that date. 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 the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 the separate financial statements of Techtran Polylenes Limited and its subsidiary Techtran Ophthalmics Private Limited, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India

- a. In the case of the Consolidated Balance Sheet, of the state of affairs of the company and its subsidiary as at 31<sup>st</sup> March, 2010;
- b. In the case of the Consolidated Profit & Loss Account, of the consolidated results of operations of the company and its subsidiary for the year ended on that date; and
- c. In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the company and its subsidiary for the year ended on that date.

Place: Secunderabad  
Date : 31.05.2010

**For M.ANANDAM & CO.,**  
Chartered Accountants  
**M.R. VIKRAM**  
Partner  
M.No.21012  
Firm Regn.No.000125S

**CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

*Amount in Rupees*

	Year Ended 31-03-2010	Year Ended 31-03-2009
<b>CASH FLOW FROM OPERATING ACTIVITES</b>		
Profit before taxation	31,466,147	34,717,831
<b>Adjustments for</b>		
Depreciation	25,200,245	25,299,992
VRS expenses paid	-	(751,164)
Interest Expense	5,030,231	9,115,899
Other Finance Charges	1,832,368	2,018,870
Interest Received	(223,006)	31,839,838
Operating Profit Before Working capital Changes	63,305,985	35,099,429
<b>Changes in Working Capital</b>		
(Increase)/Decrease in Trade and other receivables	(2,792,643)	15,392,074
(Increase)/Decrease in Loan and Advances	(6,331,940)	18,390,715
(Increase)/Decrease in Inventories	12,199,184	(16,979,358)
Increase/(Decrease) in Creditors	(795,495)	6,037,007
Increase/(Decrease) and Other Liabilities	6,023,307	(4,832,263)
Increase/(Decrease) in Provisions	(9,761,786)	(7,973,484)
Interest paid on working capital	(1,122,925)	(2,582,299)
Cash generated from operations	60,723,687	(2,468,832)
Taxes Paid	(10,995,087)	7,565,859
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>49,728,600</b>	<b>67,543,119</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments		
Purchase/Increase in Fixed Assets & Capital work in progress	(1,560,040)	(4,531,028)
Interest on FDRs	223,006	5,083,644
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>(1,337,034)</b>	<b>552,616</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Long term borrowings	(35,038,615)	(52,255,032)
Increase/(Decrease) in Unsecured Loans	-	(75,060)
Other Finance Charges	(1,832,368)	(6,518,346)
Dividend	-	(8,227,500)
Tax on Dividend	-	(1,398,264)
Interest paid on Term Loans	(3,907,306)	(6,647,068)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>(40,778,289)</b>	<b>(75,121,270)</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>7,613,277</b>	<b>(7,025,535)</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01-04-2009</b>	<b>9,819,760</b>	<b>16,845,294</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31-03-2010</b>	<b>17,433,037</b>	<b>9,819,759</b>

As per our report of even date attached.

For **M. ANANDAM & CO.**,  
Chartered Accountants

**M.R. VIKRAM**  
Partner  
Membership No.21012

Place : Hyderabad  
Date : 31.05.2010

For and on behalf of the Board

**K. KRISHNADEV RAO**  
Executive Director

**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary

**K.V. RAO**  
Chairman &  
Managing Director

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**
*Amount in Rupees*

	As at <b>31.03.2010</b>	As at 31.03.2009
<b>SCHEDULE - I</b>		
SHARE CAPITAL		
Authorised Share Capital		
1,40,00,000 Equity Shares of Rs.10/- each	<b>140,000,000</b>	140,000,000
Issued, Subscribed & Paidup Capital		
1,09,70,000 Shares of Rs.10 each fully paidup	<b>109,700,000</b>	109,700,000
<b>SCHEDULE - II</b>		
RESERVES AND SURPLUS		
General Reserves		
Opening Balance	<b>50,000,000</b>	45,000,000
Additions	-	5,000,000
Closing Balance	<b>50,000,000</b>	50,000,000
Profit & Loss Account	<b>77,825,635</b>	57,453,357
	<b>127,825,635</b>	107,453,357
<b>SCHEDULE - III</b>		
SECURED LOANS		
Term Loans		
Zero Coupon Bonds	<b>3,450,000</b>	8,050,000
Others	<b>18,080,988</b>	21,530,988
Working Capital Loan	<b>12,080,195</b>	41,403,548
	<b>33,611,183</b>	68,649,798

**SCHEDULE - IV  
FIXED ASSETS**

Particulars	Gross Block			Depreciation			Net Block	
	As at 1.4.2009	Additions during the year	As at 31.3.2010	Upto 1.4.2009	For the year	Upto 31.3.2010	As at 31.3.2010	As at 31.3.2009
Land	6,398,873	-	6,398,873	-	-	-	6,398,873	6,398,873
Buildings	56,380,481	-	56,380,481	15,488,865	1,883,108	17,371,973	39,008,508	40,891,616
Plant & Machinery	368,036,390	-	368,036,390	261,035,611	21,079,481	282,115,092	85,921,298	107,000,779
Lab Equipments	1,518,000	13,600	1,531,600	29,636	72,537	102,173	1,429,427	1,488,364
Furniture & Fixtures	6,560,018	30,900	6,590,918	4,970,173	415,631	5,385,804	1,205,114	1,589,845
Office Equipment	3,847,563	119,222	3,966,785	3,629,290	28,952	3,658,242	308,543	218,273
Transformer & Electrical Equip	7,128,725	-	7,128,725	1,217,391	991,605	2,208,996	4,919,729	5,911,334
Data Processing Equipment	2,729,440	119,548	2,848,988	2,534,016	80,967	2,614,983	234,005	195,424
Vehicles	5,564,561	1,276,770	6,841,331	2,434,628	647,965	3,082,593	3,758,738	3,129,933
	458,164,051	1,560,040	459,724,091	291,339,610	25,200,246	316,539,856	143,184,235	166,824,441
Previous Year	453,446,262	4,717,789	458,164,051	266,039,616	25,299,994	291,339,610	166,824,441	187,406,646

	<i>Amount in Rupees</i>	
	As at <b>31.03.2010</b>	As at 31.03.2009
<b><u>SCHEDULE-V</u></b>		
INVESTMENTS (UNQUOTED - NON TRADE) AT COST		
134000 Equity Shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd - At Cost	<b>20,803,500</b>	20,803,500
	<b><u>20,803,500</u></b>	<u>20,803,500</u>
<b><u>SCHEDULE - VI</u></b>		
CURRENT ASSETS, LOANS & ADVANCES		
<b>A] CURRENT ASSETS</b>		
Inventories (As certified and Valued by Management)		
1] Stores & Spares	<b>7,128,376</b>	8,048,247
2] Moulds and other Tools	<b>28,031,429</b>	30,903,605
3] Stock in Trade		
Raw Material	<b>11,716,556</b>	21,262,740
Consumables	<b>4,786,796</b>	6,224,002
Finished Goods	<b>12,779,628</b>	10,572,325
Stock in Process	<b>2,490,484</b>	2,121,535
	<b>31,773,464</b>	40,180,601
	<b>66,933,269</b>	79,132,454
4] Sundry Debtors		
Unsecured Considered Good		
More than Six Months	<b>12,260,018</b>	8,405,745
Others	<b>47,351,696</b>	48,413,325
	<b>59,611,714</b>	56,819,070
5] Cash on Hand	<b>127,888</b>	59,059
Balance with Scheduled Banks		
a] In Current Account	<b>17,305,149</b>	9,760,701
	<b>17,305,149</b>	9,760,701
<b>B] LOANS AND ADVANCES</b>		
Deposits with Govt. Departments	<b>11,000</b>	11,000
Advances Recoverable in Cash or Kind	<b>40,850,486</b>	23,530,541
	<b>40,861,486</b>	23,541,541
	<b><u>184,839,506</u></b>	<u>169,312,824</u>

Amount in Rupees

	Current year 31.03.2010	Previous year 31.03.2009
<b>SCHEDULE - VII</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>SUNDRY CREDITORS</b>		
Liability to other than MSME Creditors	14,560,433	15,614,322
Liability to MSME Creditors	<u>414,234</u>	<u>155,840</u>
Other Liabilities	17,074,567	11,051,261
Provisions		
Provision for Dividend	-	8,227,500
Provision for Dividend Tax	-	1,398,264
Provision for Group Gratuity	122,967	880,873
Provision for Leave Encashment	621,884	-
Provision for Incomce Tax	<u>29,479,218</u>	<u>14,549,954</u>
	<b>30,224,069</b>	25,056,591
	<b>62,273,303</b>	<b>51,878,014</b>
<b>SCHEDULE-VIII</b>		
<b>OTHER INCOME</b>		
Interest Received	223,006	584,168
Miscellaneous Income	401,692	253,577
Service Charges	-	2,144
Exchange Fluctuation	-	289,671
	<u>624,698</u>	<u>1,129,560</u>
<b>SCHEDULE - IX</b>		
<b>INCREASE/(DECREASE) IN STOCKS</b>		
Opening Stock		
a] Work in Progress	2,121,535	1,766,323
b] Finished Goods	<u>10,572,325</u>	<u>14,774,739</u>
	<b>12,693,860</b>	<b>16,541,062</b>
Closing Stock		
a] Work in Progress	2,490,485	2,121,535
b] Finished Goods	<u>12,779,628</u>	<u>10,572,325</u>
	<b>15,270,113</b>	<b>12,693,860</b>
Increase/(Decrease) In Stocks	<u>2,576,253</u>	<u>(3,847,202)</u>

	<i>Amount in Rupees</i>	
	<b>Current year</b>	Previous year
	<b>31.03.2010</b>	31.03.2009
<b><u>SCHEDULE - X</u></b>		
<b>MANUFACTURING EXPENSES</b>		
Salaries and Wages and Other Allowances	<b>39,548,487</b>	39,461,207
Contribution to PF and ESI	<b>3,707,538</b>	3,612,926
Workers and Staff Welfare Expenses	<b>6,380,843</b>	5,905,268
Power & Fuel	<b>13,664,718</b>	10,510,525
Stores, Spares and Consumables	<b>23,550,946</b>	29,358,180
Packing Material Consumption	<b>7,879,683</b>	9,071,956
Repairs & Maintenance: Plant & Machinery	<b>2,480,773</b>	5,938,136
Other Manufacturing Expenses	<b>3,482,741</b>	2,632,666
	<b><u>100,695,729</u></b>	<b><u>106,490,864</u></b>
<b><u>SCHEDULE - XI</u></b>		
<b>ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Rates and Taxes	<b>1,263,979</b>	860,889
Rent	<b>973,350</b>	1,210,848
Insurance	<b>581,469</b>	623,465
Travelling Expenses	<b>4,285,243</b>	4,013,647
Professional Fees	<b>621,041</b>	968,345
Printing and Stationary	<b>1,221,932</b>	968,571
Telephone, Telex, Fax and Postage	<b>1,922,311</b>	1,286,708
Vehicle Running and Maintenance	<b>1,212,242</b>	958,505
Advertisement	<b>147,576</b>	480,597
Office Maintenance	<b>541,579</b>	571,736
Auditors' Remuneration	<b>625,210</b>	487,968
Directors' Sitting Fees	<b>250,000</b>	320,000
Directors' Remuneration	<b>6,103,624</b>	5,683,600
Selling and Distribution Expenses	<b>7,313,241</b>	8,635,356
Exchange Fluctuation	<b>1,940,873</b>	-
Misc. Expenses	<b>892,120</b>	1,158,799
	<b><u>29,895,790</u></b>	<b><u>28,229,034</u></b>
<b><u>SCHEDULE - XII</u></b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest on Term Loans	<b>3,907,306</b>	6,647,068
Interest on Working Capital	<b>1,122,925</b>	2,468,831
Other Financial Charges	<b>1,832,368</b>	2,018,870
	<b><u>6,862,599</u></b>	<b><u>11,134,769</u></b>

**SCHEDULE-XIII****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON CONSOLIDATED ACCOUNTS SIGNIFICANT ACCOUNTING POLICIES****a. Principles of consolidation:**

The consolidated financial statements relate to Techtran Polylenses Limited (the company) and its 100% subsidiary company Techtran Ophthalmics Private Limited.

The consolidated financial statements have been prepared on the following basis: The financial statements of the company and its subsidiary have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating the intra-group balances and intra-group transactions and unrealized profits or losses as per Accounting Standard 21-Consolidated Financial Statements issued by the Institute Of Chartered Accountants of India.

The consolidated financial statements have been presented to the extent possible, in the same format as adopted by the parent company for its separate financial statements. The consolidated financial statements have been prepared using uniform accounting principles for like transaction and other events in similar circumstances.

**b. Investments:**

Investments of long-term nature are carried at cost less provision for permanent diminution in value of such investments, if any. Difference between cost of Investment in Subsidiaries over the net asset at the time of acquiring of shares

**c. Other Significant of Accounting Policies:**

These are set out under "Significant of Accounting Policies" as given in the Companies separate financial statements.

**NOTES ON ACCOUNTS**

	<i>(Amount in Rupees)</i>	
	<b>2009-2010</b>	2008-2009
1. Estimated Amount of contracts to be executed on capital account and not provided for.	NIL	NIL
2. Contingent liabilities: Claims not acknowledged as debts: APCPDCL – wheeling charges claim in Supreme Court	<b>88,87,279</b>	87,88,077
<b>3. Earnings Per Share</b>		
Profit after taxation & Extraordinary item	<b>2,03,72,278</b>	2,18,23,945
Weighted Average No of equity shares o/s	<b>1,09,70,000</b>	1,09,70,000
Basic and diluted earnings per share (Rs) (face value of Rs 10/- per share)	<b>1.86</b>	1.99
<b>4. Directors' Remuneration :</b>		
Salary	<b>39,60,000</b>	37,20,000
Contribution to PF	<b>4,75,200</b>	4,46,000
Commission	<b>NIL</b>	NIL
Perquisites	<b>16,68,424</b>	15,17,200
Leave Encashment	<b>NIL</b>	NIL

**5. Segment Reporting:**

The company is engaged in manufacturing of Ophthalmic lenses business which as per Accounting Standard 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

<b>Geographical Segments:</b>	<b>2009-10</b>	2008-09
India	<b>8,52,33,759</b>	7,98,69,474
Outside India	<b>19,99,71,238</b>	24,49,17,855
Total Sales	<b>28,52,04,997</b>	32,47,87,329

**6. Related Party Disclosures:****a) Relationship**

**i. Subsidiary Company** : Techtran Ophthalmics Private Limited

**ii. Other Related Company** : Techtran Agro Industries Limited  
(Closed & defunct)

**iii. Key Management Personnel Relatives**

K. V. Rao	Leelavathi K Rao, Wife
	Rob K. Rao, Son
	Sajan K. Rao, Son
	Neena K. Rao, Daughter
K. Krishnadev Rao	K. Vijayalakshmi, Wife
	K. Amruta Devi, Mother
	K. Srilatha Rao, Daughter
	K. Krishnasree Rao, Daughter
	K. Vishnudev Rao, Son

**b) The following transactions were carried out with related parties in the ordinary course of business.**

	<b>2009-10</b>	2008-09
<b>i. Subsidiary Company</b>		
Sale of finished goods	<b>1,32,38,211</b>	1,25,01,350
Services rendered	<b>1,37,12,561</b>	1,58,64,520
<b>ii. Key Management Personnel and their Relatives</b>		
Remuneration to key management personnel	<b>61,03,624</b>	56,83,600
Rent (paid to relatives)	<b>14,88,000</b>	14,56,000

**7. Deferred Tax Liability / (Asset)**

Deferred taxes have been provided on the following:

	<b>2009-10</b>	2008-09
<b>Deferred Tax liability / (Asset)</b>		
Opening Balance	<b>1,92,59,596</b>	2,07,50,038
Reversal of Deferred Tax asset due to absorption carry forward tax losses	<b>NIL</b>	2,20,602
Timing Difference on account of Depreciation	<b>(44,00,230)</b>	(38,42,743)
Timing Difference on account of Disallowed Expenditure	<b>(8,95,344)</b>	NIL
Timing Difference due to provision for retirement benefits	<b>14,53,098</b>	21,31,699
Closing balance	<b>1,54,17,120</b>	1,92,59,596

8. Previous year figures have been regrouped / recasted wherever considered necessary to make them comparable with those of the current year.

**SIGNATURES FOR SECHEDULES I TO XIII**

As per our report of even date attached.

For **M. ANANDAM & CO.,**  
Chartered Accountants

**M.R. VIKRAM**  
Partner  
Membership No.21012

Place : Hyderabad  
Date : 31.05.2010

**P. SHYAM SUNDER RAO**  
Chief Financial Officer &  
Corporate Secretary

For and on behalf of the Board

**K. KRISHNADEV RAO**  
Executive Director

**K.V. RAO**  
Chairman &  
Managing Director



## TECHTRAN POLYLENSES LTD

Regd. Office: "TECHTRAN HOUSE", S-7, TIE, IDA,  
Balanagar, HYDERABAD - 500 037 (A.P.), INDIA

### PROXY FORM

Regd. Folio No.: \_\_\_\_\_ DP. ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_ No. of shares Held: \_\_\_\_\_  
I/We \_\_\_\_\_  
of \_\_\_\_\_  
in the District of \_\_\_\_\_  
being a member / members of the above named company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
in the District of \_\_\_\_\_

as my / our Proxy to vote for me / us on my / our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on Wednesday the 27<sup>th</sup> September, 2010 at 10.30 A.M and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Affix  
Revenue  
Stamp  
Rs: 1'00

#### Note:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself.
2. A Proxy need not be a member
3. This Proxy Form duly completed should be deposited at the Registered Office of the Company not less than 48 (Forty Eight) Hours before the time fixed for holding the meeting.



## TECHTRAN POLYLENSES LTD

Regd. Office: "TECHTRAN HOUSE", S-7, TIE, IDA,  
Balanagar, HYDERABAD - 500 037 (A.P.), INDIA

### ATTENDANCE SLIP

(Please present this slip at the entrance of Meeting Venue)

Regd. Folio No.: \_\_\_\_\_ DP. ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_ No. of shares Held: \_\_\_\_\_

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting of Techtran Polylenes Limited held at 10.30 A.M on Monday the 27<sup>th</sup> September, 2010 at the SRI SAGI RAMAKRISHNAM RAJU COMMUNITY HALL, MADHURA NAGAR, Hyderabad.

Name of the Shareholder:

Name of the Proxy:

Signature of Member / Proxy

NOTE: To be signed and handed over at the Meeting Venue

