

TECHTRAN POLYLENSES LIMITED

Notice of Disclaimer

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

Techtran Polylenses Ltd.

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CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO) OF THE COMPANY

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

1. We have reviewed the Balance Sheet and Profit and Loss Account (unconsolidated), and all its schedules and Notes on Accounts, as well as the Cash Flow Statements and the 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 Ppersonnel of Techtran Polylenses Ltd., have affirmed compliance with the Code of Conduct for the current year.

K.V.RAO
Managing Director

Place : Hyderabad
Date : 21.06.2006

DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors present herewith the Annual Report along with the Audited Accounts of the company for the year ended 31st March, 2006.

1.0 FINANCIAL RESULTS :

The operating results for the year are as follows :

Rs.in Millions

	<u>Current Year</u>	<u>Previous Year</u>
<u>Sales</u>		
Export Sales	192.77	158.80
Domestic Sales	<u>100.86</u>	<u>86.99</u>
	293.63	245.79
Other Income	2.89	2.05
Profit before Interest and Depreciation	85.88	67.75
Less: A] Interest & Financial Charges	18.42	29.79
B] Depreciation & Other Write-Offs	19.34 -----	19.89 -----
	37.76	49.68
Net Profit / (Loss) for the year	48.12	18.06
Profit after Tax	48.37	20.08
Balance brought forward	31.16	21.08
Amount available for appropriation	79.53	41.16
Amount transferred to General Reserve	15.00	10.00
Balance in Profit & Loss Account	64.53	31.16
Earnings per Share	4.41	1.83

2.0 FINANCIAL CONDITION AND RESULTS OF OPERATION :

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

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

3.0 SUBSIDIARY COMPANY :

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

4.0 FIXED DEPOSITS :

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

5.0 DIVIDENDS :

Your Directors are unable to recommend a dividend in view of the capital expenditure planned though the performance of the company has improved. The company plans to add a Hard, Multi Coating line and an upgraded, modern central surfacing lab at its subsidiary to expand the Domestic and Export Rx markets.

Register of Members and Share Transfer books will remain closed from 20th July, 2006 to 26th July, 2006 both days inclusive. The Annual General Meeting of the Company has been scheduled for July 26, 2006.

5.1 Transfer to Reserve :

We propose to transfer Rs.15.00 million to the general reserve. An amount of Rs.64.53 million is proposed to be retained in the Profit and 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 reappointment. Mr. V. Venkateswarlu was appointed as an Additional Director of the Company pursuant to Article 108 of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956, he will hold office upto the date of the ensuing Annual General Meeting of the Company. In terms of Section 257 of the Companies Act, 1956, the Company has also received a notice from a shareholder along with the requisite deposit (Rs.500/-) signifying his intention to propose Mr.V. Venkateswarlu as a candidate for the office of Director. Mr.V.Venkateswarlu has given his consent to act as Director of the Company, if appointed at the forthcoming Annual General Meeting. Brief resume of the Directors, seeking appointment / re-appointment, nature of their expertise in specific functional areas and names of companies in which they hold the directorship and the membership/chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the notice and the section on Corporate Governance elsewhere in the Annual Report.

7.0 DIRECTORS RESPONSIBILITY STATEMENT:

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

- i] That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii] That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii] That the directors have ensured that proper and sufficient care is 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 on a going concern basis.

8.0 CONSOLIDATED FINANCIAL STATEMENTS :

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in

Associates, your Directors have pleasure in attaching the Consolidated Financial Statements which form part of the Annual Report and Accounts.

9.0 AUDITORS :

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

10.0 PERSONNEL :

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

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

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

12.0 CORPORATE GOVERNANCE :

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

13.0 DEMATERIALISATION OF SHARES:

Your Company's equity shares have been under compulsory dematerialized trading for quite some time and is registered under code ISIN 1NE 020C01016. Shareholders may contact the Registrars for Dematerialisation, namely, CIL Securities Ltd., Regd Office:214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad – 500 001, Telephone Nos. 040-23203155/040-23202465, email: advisors@cilsecurities.com / cilsec@hotmail.com for further details, if any.

14.0 LISTING:

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

15.0 ACKNOWLEDGEMENT :

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

Your Directors gratefully acknowledge the valuable support, guidance and help provided by the Financial Institutions, viz., IDBI, IFCI & Exim Bank.

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

for and on behalf of the Board

K.KRISHNADEV RAO
Executive Director

K.V.RAO
Managing Director

Place : Hyderabad

Date : 21.06.2006

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 also sold in Domestic Market.

REVIEW OF OPERATIONS :

Your company has produced 4.06 million lenses during the year and sold 4.41 million lenses as compared to a production of 3.60 million lenses and sales of 3.78 million lenses in 2004-2005.

The Export Turnover has gone up by Rs. 33.97 million and Domestic Sales have gone up by Rs. 13.86 million over the last year. The net sales have gone up by about 20.76% over the previous year.

The net profitability of the company has improved reasonably in view of higher sales of value added products as compared to the previous year. The number of lenses sold has gone up by 16.68% over the previous year and the net turnover had gone up by 20.76% indicating a higher realization of value added, new products. The prices of single vision lenses, which constitute majority of sales, continue to erode due to over supply situation in the world markets and more specifically from dumping by China and South East Asia. Several value added, Niche Products introduced by the company in the past few years are helping to maintain the present performance.

Thanks to the financial restructuring by Industrial Development Bank of India (IDBI) in September, 2004, your Company pre-paid a sum of Rs. 410 lakhs to IDBI at that time without any prepayment premium and could also bring down the rate of interest on other Term Loans with IDBI from 15% to 11% on payment of 50% discounted interest differential. The company has started repayment of interest bearing term loans with effect from 01st April, 2005 and during the year redeemed around Rs. 274 lakhs, apart from non-interest loans of Rs. 70 lakhs.

Your company invested Rs.20.80 Million during later part of 2003-2004 for purchase of 134000 shares of Andhra Pradesh Gas Power Corporation Limited, which entitle your company to purchase 0.50 MW of power at a concessional price as compared to Andhra Pradesh Central Power Distribution Corporation Limited, and accordingly, Power & Fuel costs have come down to Rs.114.90 lakhs during 2005 – 2006 as compared to Rs.154.91 lakhs during 2003 – 2004.

While the manufacturing costs and wages are escalating year after year, your management is trying to re-engineer certain manufacturing processes in order to reduce costs. We are trying to improve the sales of value added, niche products while focusing specially on photocromatics and progressives lenses.

PRODUCTS :

Your company continues to develop new value added products in order to change the product mix towards a stronger, more profitable position and in this direction has already introduced value added products such as Hard Multi Coated, High-Index, 'VARTEK' Progressives, Sunsensor Photochromatic lenses, Tinted lenses, Short-corr progressive lenses and "Compu-lenses" for reducing eye strain to computer users and "NOUV" lenses for filtering harmful UV rays completely to normal, clear spectacle lens users. The company is also concentrating on improving 1st quality yields to improve on profitability.

LENSES MARKETS :

DOMESTIC:

The domestic market sales have increased by Rs. 13.86 Million compared to the last year, i.e., an increase of 15.93%. This is expected to further improve in the years to come due to increase in acceptability and awareness of Plastic Lenses. The sales are expected to improve further if more number of plastic surfacing laboratories come up in the country. Your company has set-up four Surfacing Labs through its subsidiary for augmenting sales and the labs are performing satisfactorily. We are planning on further labs in the near future at strategic locations to enhance plastic lens penetration in the domestic market.

EXPORTS:

The Export Turnover has gone up by Rs. 33.97 million during the year recording a 21.39% growth. We are trying to improve the markets through introduction of new products to existing customers and picking up some new customers. Efforts are underway to expand the market into Russia, Europe and Middle East and Central America.

TECHTRAN OPHTHALMICS :

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

OPPORTUNITIES AND THREATS :

The company is the largest producer of plastic lenses in India and has won Top Exporter Awards in its product class, year after year consistently from the Plastics Export Promotion Council and VSEZ(Visakhapatnam Special Economic Zone). The company is the only ISO 9002 certified, Ophthalmic lens manufacturing unit in the country, offering full range of lenses. The company has talent and experience to develop new products in house.

On the export front,

1. The company is entering into new territories with specific focus on value added Vartek Progressive and Sunsenors, 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.

The predominant market share of glass, above 90%, in India, would continue to decline and lose for plastic lenses as it happened in the developed World, like United States, Western Europe etc., where Plastic Lens enjoy a market share of 90% and mineral glass less than 10%. Out of a Billion population of India, it is estimated that at least 200 Million people have buying power as that of developed countries. The market potential of 200 Million people is approximately 100 Million lenses 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 company's domestic sales are approximately 1.30 Million lenses per year out of its DTA entitlement. The domestic sales have increased by about 16% during the year. Several new surfacing laboratories are coming up to increase the demand for remunerative semi-finish and value added products of the company. The Company's prices are very competitive for these products and preferred over imports due to service and local availability. The company would focus and aggressively pursue this growing market and opportunity in India.

The company has introduced new and additional, branded lenses of Progressives including Short Corridor to increase the share of profitable Progressives in the product mix as also price and market aggressively to expand the domestic and international markets of remunerative Sun sensors.

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 protects 100% against UV Rays.

The company plans to add a Hard, Multi Coating line and an upgraded, modern central surfacing lab at its subsidiary to expand the Domestic and Export Rx markets.

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

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

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.

for and on behalf of the Board

K.KRISHNADEV RAO
Executive Director

K.V.RAO
Managing Director

Place : Hyderabad
Date : 21.06.2006

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.

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

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

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

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

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

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

B] TECHNOLOGY ABSORPTION:

a] RESEARCH AND DEVELOPMENT:

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

- Introduction of new Sensensors monomer casting.
- Introduce broader range of Sunsesnors products.
- Develop special bi-focal moulds.
- Expand Hard Coating plant capacity.
- 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.

3. Future plan of action

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

b] TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION :

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

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 65% of net turnover and remaining in Domestic Markets. Small quantities are sold in our own brand 'VARTEK' (Progressives). New Brands and new products are being introduced for better value addition, as an ongoing process, from time to time.

(b) The company has earned Rs.191.07 Millions (FOB Value) in Foreign Exchange and used Rs.103.49 Millions. This amount includes Foreign Exchange used for import of Raw Materials, Stores & Spares and payment for Foreign Travel, trade fairs etc.

for and on behalf of the Board

K.KRISHNADEV RAO
Executive Director

K.V.RAO
Managing Director

Place : Hyderabad

Date : 21.06.2006

ANNEXURE -3

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2006

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 70% of Directors are non-executive, independent Directors.

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

Above information as on 31st March, 2006 or for the year 2005-2006, as applicable, is tabulated hereunder:

Name of Director	No.of Board Meetings Attended ^[a]	Attendance at Previous AGM on 27.07.2005	No.of outside Directorships held ^[b]	No.of Membership / Chairmanship in other Board Committees ^[c]	Executive / Non Executive / Independent
Mr.M.S.Ram	NIL	Not Present	7	1	Non Executive & Independent
Mr.G.S.Srinivasan (IDBI Nominee)	4	Not Present	1	1	Non Executive & Independent
Mr.M V Raghava Rao	4	Present	Nil	1	Non Executive & Independent
Mr.C K Rao	1	Not Present	1	--	Non Executive & Independent
Dr.Pradeep Swarup	3	Not Present	--	1	Non Executive & Independent
Mr. V. Venkateswarlu	1	Not Present	1	--	Non Executive & Independent
Mr.K Krishnadev Rao	2	Present	1	1	Executive
Mr.K.V.Rao	4	Present	1	1	Executive

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

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

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 is 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.

Dr.Pradeep Swarup is a well known Ophthalmologist and is Medical Director and Chief Surgeon at Swarup Eye Centre, Hyderabad. Born on 04th February, 1950, he did his B.Sc., and M.B.B.S from Osmania University, Hyderabad, M.D. from All India Institute of Medical Sciences, New Delhi and FCGP, Hyderabad. He has presented several papers at various State and National conferences. He is also actively involved with Andhra Pradesh State Ophthalmic Society as a member, Editor of News Letter as also Chairman of Scientific Committee. He was a consultant surgeon at the Lions Club of Hyderabad Sadhuram Eye Hospital (LCHSEH) and also Chairman, Board of Directors of 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.

Mr. V. Venkateswarlu is a retired Executive Director of Industrial Development Bank of India, and held several senior positions in Industrial Development Bank of India in his long and illustrious career. Born on April 26, 1943, he did his M.A.[Economics with Mathematics and Statistics(April 1963)] and M.Sc.[Statistics with Economics and Operational Research(April 1964)] , both from Andhra University, Visakhapatnam. He also did a Diploma in Business Administration from Stanford University, USA(June 1969). He started his career as a Research Assistant with Gokhale Institute of Politics and Economics(GIPE), Pune in 1965. He later moved to Indian Institute of Management, Calcutta as Member – Research Staff / Faculty, and then to Tata Sons Ltd. as Economist and has been with IDBI from 1977 onwards as Manager / Deputy General Manager / General Manager / Chief General Manager and Executive Director and retired from IDBI in 2001. He had national and international exposure and his key areas of experience include appraisal of industry and infrastructure projects, diagnosing and rectification of industrial sickness, credit risk management, promotion and development of exports, strategic planning etc. He was co-opted by your Board of Directors as an additional Director on 12th January, 2006 and has been an active member of the Board since then.

Mr. V. Venkateswarlu, was a Director of your company for some time in 1991, as a nominee of Industrial Development of Bank of India and he is also a Director of Triveni Engineering & Industries Ltd.

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

(a) Non-executive Directors compensation & disclosures.

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

(ii) The considerations as regards compensation paid to an independent director 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 2005-2006

During the year 2005-2006, 4 [Four] Board Meetings were held on 17.06.2005, 25.07.2005, 11.10.2005, and 12.01.2006.

BOARD COMMITTEES

Audit Committee

The qualified and independent Audit Committee comprises of Mr. M. S. Ram, Chairman, Mr. M. V. Raghava Rao and Mr.G.S.Srinivasan 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 2005-2006. Mr.M.V.Raghava Rao and Mr.G.S.Srinivasan attended all the four 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, Managing Director and Mr. K. Krishnadev Rao, Executive Director as members. Mr.J. V. Seshi Kumar, Company Secretary, is the Compliance Officer.

During the year 2005-2006, no complaints were received from shareholders and investors.

All valid requests for share transfer received during 2005-2006 have been acted upon by the Company and no such transfer is pending.

Remuneration Committee

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

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

REMUNERATION OF DIRECTORS FOR 2005-2006.

Name of the Director	Sitting Fee	Salaries and	Commission*	Total Rs.
	Rs.	Perquisites Rs.	Rs.	
Shri M.S.Ram	--	--	Nil	--
Shir M V Raghava Rao	18,000	--	Nil	18,000
Shri C K Rao	2,000	--	Nil	2,000
Dr.Pradeep Swarup	8,000	--	Nil	8,000
Mr.G.S.Srinivasan	16,000	--	Nil	16,000
Mr. V. Venkateswarlu	2,000		Nil	2,000
Shri K Krishnadev Rao Executive Director	Nil	12,55,294	11,73,127	24,28,421
Shri K V Rao Managing Director	Nil	13,31,100	10,97,321	24,28,421

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

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

GENERAL BODY MEETINGS :

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

Year	Venue	Date	Time
2004-2005	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	27 th July, 2005	10.00 AM
2003-2004	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	25 th Aug, 2004	10.00 AM
2002-2003	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	27 th Sept, 2003	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 2005-2006 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/Times of India and in Vartha /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 concluded a 3 years Agreement with the recognized union of the company effective from September 2004 to August 2007. Manpower of the Company as on 31.03.2006 was 411.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date and time : 26th July, 2006 at 10.00 A.M

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

Financial Calendar : 2006- 2007 (tentative)

Results for the quarter ending : June 30, 2006 - July, 2006
Results for the quarter ending : September 30, 2006 - October, 2006
Results for the quarter ending : December 31 , 2006 - January, 2007
Results for the year ending : March 31, 2007 - June, 2007

Date of Book Closure : 20th July, 2006 to 26th July, 2006, both days inclusive.

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

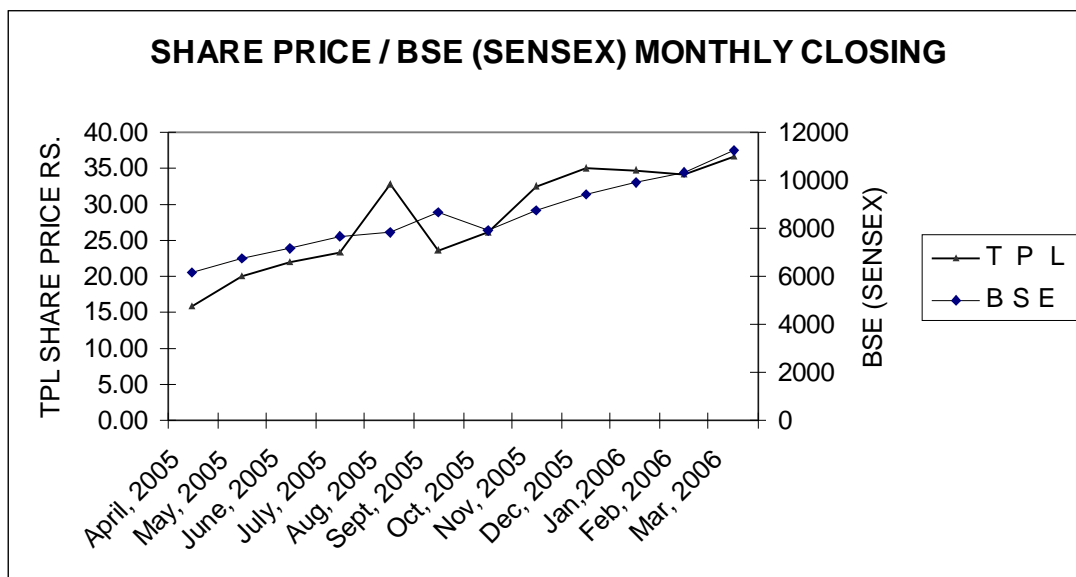
Listing on Stock Exchanges and Stock Code

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

Market Price Data: High/Low in each month of Financial Year, 2005-2006 on the Stock Exchange, Mumbai.

Month	High (Rs)	Low (Rs)	Month	High (Rs)	Low (Rs)
April,2005	16.93	12.12	October,2005	31.75	22.40
May,2005	22.05	16.00	November,2005	33.90	26.00
June,2005	27.80	20.00	December,2005	37.55	32.10
July,2005	26.40	20.50	January,2006	43.90	34.05
August,2005	35.00	22.55	February,2006	43.20	31.00
September,2005	34.90	20.65	March,2006	38.00	31.50

Performance in comparison to BSE Sensex:



Registrar and Transfer Agents, Share transfer system

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

Categories of Shareholding as on 31st March, 2006

Category	Number of Shares	Percent of total Shares
Promoters and Associates	4205826	38.34%
Foreign Institutional Investors	--	--
Public Financial Institutions	--	--
Mutual Funds	22000	0.20%
Nationalised banks and other banks	2600	0.02%
NRI's and OCB's	151800	1.38%
Others [includes holding of Corporate Bodies]	6587774	60.06%
	10970000	100.00%

Distribution of shareholding as on 31st March, 2006

No.of Shares	Number of shareholders	Number of Shares	Percent of total shares
1 to 250	13026	1458171	13.29%
251 to 500	1624	671611	6.14%
501 to 1000	670	593790	5.41%
1001 to 2000	323	516053	4.70%
2001 to 3000	104	274263	2.50%
3001 to 4000	48	174807	1.59%
4001 to 5000	67	324650	2.96%
5001 to 10000	83	591366	5.39%
10001 and above	124	6365289	58.02%
Total	16069	10970000	100.00%

Dematerialisation of shares and liquidity : 7301839 Equity shares of the Company have been dematerialized as on 31st March, 2006.

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

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

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

for and on behalf of the Board

K.KRISHNADEV RAO
Executive Director

K.V.RAO
Managing Director

Place : Hyderabad
Date : 21.06.2006

AUDITORS' REPORT ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by Techtran Polylenses Limited for the year ended 31st March, 2006 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 31st March, 2006, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place: Secunderabad.
Date : 21.06 2006

M.R.VIKRAM
Partner
M.No.21012

AUDITORS' REPORT

To
The Members of
Techtran Polylenses Limited,
Hyderabad.

1. We have audited the attached Balance Sheet of **Techtran Polylenses Limited**, as at 31st March, 2006, 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, 2006;
- 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.

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

Place: Secunderabad
Date : 21.06.2006

M.R.VIKRAM
Partner
M.No.21012

RE: TECHTRAN POLYLENSES LIMITED
ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN
DATE :

- i.
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - 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. a. The Company has not entered into any contracts in which the directors are interested. Hence, there are no transactions that are required to be listed in the register maintained under section 301 of the Act, accordingly, clause (v) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- vi. The Company has not accepted any deposits from the public, hence the provisions under section 58A & 58AA of the Companies Act, 1956 are not applicable.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. The Central Government has not prescribed maintenance of cost records by the company under section 209(1)(d) of the Act.
- ix. 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 31.03.06 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us and records of the Company examined by us, the particulars of sales tax, income tax, customs duty, excise duty, service tax, as at 31st March, 2006 which have not been deposited on account of dispute pending, are as under:

Name of the Status	Nature of the Dues	Amount	Period to which the amount relates	Forum where disputes are pending
Income Tax Act, 1961	Demand u/s 143(3)	Rs.37.26 Lakhs	AY 1991-92	A.P High Court
Income Tax Act, 1961	No Demand u/s/143(3)	NIL	AY 2001-02	Income Tax Appellate Tribunal

- x. 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.
- xi. 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.
- xii. 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.
- xiii. 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.

- xiv. 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.
- xv. 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.
- xvi. 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.
- xvii. 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.
- xviii. 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.
- xix. The Company has not issued any debentures during the year. Accordingly, clause (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xx. 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.
- xxi. 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,

Place: Secunderabad
Date : 21.06.2006

M.R.VIKRAM
Partner
M.No.21012

TECHTRAN POLYLENSES LIMITED
HYDERABAD
BALANCE SHEET AS AT 31ST MARCH 2006

	Schedule	As at 31.03.2006 Rs.	As at 31.03.2005 Rs.
<u>SOURCES OF FUNDS:</u>			
A] Share Capital	I	109,700,000	109,683,500
B] Reserves and Surplus	II	94,528,133	46,161,110
C] Secured Loans	III	169,731,086	184,421,845
D] Unsecured Loans		<u>675,540</u>	<u>5,541,074</u>
		<u>374,634,759</u>	<u>345,807,529</u>
<u>APPLICATION OF FUNDS:</u>			
A] Fixed Assets	IV		
Gross Block		360,832,365	355,638,646
Less: Depreciation		<u>224,682,743</u>	<u>205,340,683</u>
Capital Work in Progress		-	-
B] Investments	V	21,703,500	21,703,500
C] Deferred Tax Asset		8,500,049	3,844,590
D] Current Assets, Loans & Advances	VI		
Inventories		63,103,773	57,287,530
Sundry Debtors		114,206,455	97,671,991
Cash & Bank Balances		20,134,761	16,584,680
Loans & Advances		<u>34,633,757</u>	<u>21,012,570</u>
		<u>232,078,746</u>	<u>192,556,771</u>
Less: Current Liabilities & Provisions	VII	<u>23,797,158</u>	<u>22,595,295</u>
Net Current Assets		208,281,588	169,961,476
E] Misc Expenditure to the extent not written off	VIII	-	-
		<u>374,634,759</u>	<u>345,807,529</u>
Accounting Policies & Notes on Accounts Schedules I to VIII and XIV form an Integral Part of the Balance Sheet.	XIV	-	-

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

for and on behalf of the Board

M.R.VIKRAM
Partner
Membership NO 21012

K KRISHNADEV RAO
Executive Director

Place : Hyderabad
Date :21.06.2006.

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

K.V.RAO
Managing Director

TECHTRAN POLYLENSES LIMITED

HYDERABAD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule	Year Ended 31.03.2006 Rs.	Year Ended 31.03.2005 Rs.
INCOME			
Sales - Export		192769887	158796408
Sales - Domestic		<u>100857115</u>	<u>86994468</u>
		293627002	245790876
Less: Excise Duty		<u>6553239</u>	<u>8076561</u>
Net Sales		287073763	237714315
Other Income	IX	2889033	2049896
Increase/(Decrease) in stock	X	<u>-638951</u>	<u>-7839232</u>
		289323845	231924979
EXPENDITURE			
Raw Material Consumed		76928827	55561475
Manufacturing Expenses	XI	93941268	81932925
Administrative & Selling Expenses	XII	32572533	26684790
Sub Total		203442628	164179190
Profit before Interest & Depreciation		85881217	67745789
Less: Interest & Financial Charges	XIII	18415586	29788520
Profit/(Loss) before Depreciation		67465631	37957269
Less: Depreciation		19342060	19152563
Profit/(Loss) after Depreciation		48123571	18804706
Less: Misc. Expenditure Written off		0	742466
Net Profit/(Loss) for the Year		48123571	18062240
Prior Period Income / (Expenditure)		0	-106483
Provision for Taxation			
- Current Tax		4049598	1717769
- Deferred Tax		-4655459	-3844590
- Fringe Benefit Tax		362409	0
Profit after Tax		48367023	20082578
Balance brought forward		31161110	21078532
Profit available for appropriation		79528133	41161110
General Reserve		15000000	10000000
Balance Carried to Balance Sheet		64528133	31161110
EPS - Basic & Diluted (on Rs. 10 per Share) (Refer Note 10 of Schedule XIV)		4.41	1.83
Accounting Policies & Notes on Accounts	XIV		

Schedules IX to XIII and XIV form an Integral Part of the Profit and Loss Account.

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 :21.06.2006.

J.V.SESHI KUMAR

Vice President (Fin) &

Company Secretary

K KRISHNADEV RAO

Executive Director

K.V.RAO

Managing Director

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

CASH FLOW FROM OPERATING ACTIVITIES:	2005-2006 (Rs. In ' 000)	2004-2005 (Rs. In ' 000)
Net profit the the year	48124	18062
Adjustments for		
Depreciation	19342	19153
Miscellaneous Expenses Written Off	0	742
Profit / Loss on Sale of Asset	0	-94
Interest Expenses	15827	22157
Other Finance Charges	2589	7631
Current Tax paid	-4031	0
Fringe Benefit Tax paid	-272	
Interest on FDRs	-907	-721
Prior Period Expenses	0	-106
Operating Profit before	80672	66824
Working Capital Changes		
Changes in Working Capital:		
Increase in Trade and Other Receivables	-16534	-5486
Increase in Loans and Advances	-13621	3002
Increase in Inventories	-5816	-1465
Decrease in Creditors	-1594	133
Increase in Provisions & Other Liabilities	2685	5062
Interest paid on Working Capital	-512	-276
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)	45280	67794
CASH FLOW FROM INVESTING ACTIVITIES:		
Investments	0	0
Purchase / Increase in Fixed Assets	-5194	-1428
Sale of Fixed Asset	0	109
Interest on FDRs	907	721
NET CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	-4287	-598
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Share Capital	17	0
Increase in Short Term Borrowings	19700	-3369
Decrease in Long Term Borrowings	-34391	-47868
Increase in Unsecured Loans	-4865	5541
Dividend & Dividend Tax	0	
Other Finance Charges	-2589	-7631
Interest paid on Term Loans	-15315	-21881
NET CASH OUTFLOW FROM FINANCING ACTIVITIES (C)	-37443	-75208
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	3550	-8012
CASH AND CASH EQUIVALENTS AS AT 01.4.2005 (OPENING BALANCE)	16585	24597
CASH AND CASH EQUIVALENTS AS AT 31.3.2006 (CLOSING BALANCE)	20135	16585

As per our report of even date attached.

for and on behalf of the Board

For M. ANANDAM & CO.,
Chartered Accountants

M.R. VIKRAM
Partner
Membership NO 21012

K KRISHNADEV RAO
Executive Director

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

PLACE : HYDERABAD
DATE : 21.06.2006

K.V.RAO
Managing Director

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

SCHEDULE - I

	As at 31.03.2006	As at 31.03.2005
<u>SHARE CAPITAL:</u>		
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
Less: Calls in arrears	- 109,700,000	16,500 109,683,500

SCHEDULE - II

RESERVES AND SURPLUS

General Reserves	30,000,000	15,000,000
Profit & Loss Account	64,528,133	31,161,110
	94,528,133	46,161,110

SCHEDULE - III

SECURED LOANS

Term Loans from Financial Institutions

- IDBI				
Zero Int.Loans	21,850,000		27,600,000	
Others	86,022,999	107,872,999	107,757,827	135,357,827
- IFCI				
Zero Int.Loans	13,985,083		15,256,453	
Others	28,172,973	42,158,056	33,807,565	49,064,018
Working Capital Loans from Export - Import Bank of India		19,700,031		-
		169,731,086		184,421,845

SCHEDULE- IV**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 31.03.2005	ADDITIONS DURING THE YEAR	DELE- TIONS	AS AT 31.03.2006	UPTO 31.03.2005	FOR THE YEAR	DELE- TIONS	UPTO 31.03.2006	AS AT 31.03.2006	AS AT 31.03.2005
Land	1422907	0	0	1422907	0	0	0	0	1422907	1422907
Buildings	27160668	0	0	27160668	10673831	907166	0	11580997	15579671	16486837
Compound Wall	156902	173932	0	330834	0	7017	0	7017	323817	156902
Plant & Machinery	313697950	2160418	0	315858368	185327679	17419555	0	202747234	113111134	128370271
Furniture & Fixtures	5002644	434747	0	5437391	3389540	321356	0	3710896	1726495	1613104
Office Equipment	3606982	0	0	3606982	3606971	0	0	3606971	11	11
Data Processing Equipment	1520069	178056	0	1698125	1345764	257039	0	1602803	95322	174305
Vehicles	3070524	2246566	0	5317090	996898	429927	0	1426825	3890265	2073626
	355638646	5193719	0	360832365	205340683	19342060	0	224682743	136149622	150297963
Previous Year	354454446	1489200	305000	355638646	186477870	19152563	289750	205340683	150297963	167976577

	As at 31.03.2006	As at 31.03.2005
SCHEDULE-V		
INVESTMENTS (UNQUOTED - NON TRADE)		
90000 Equity Shares of Rs.10/- each fully paid in Techtran Ophthalmics P Ltd (100% Subsidiary)	900000	900000
134000 Equity Shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd - At Cost	20803500	20803500
	<u>21703500</u>	<u>21703500</u>

SCHEDULE -VI

CURRENT ASSETS, LOANS & ADVANCES

A] CURRENT ASSETS

Inventories (As certified and
Valued by Management)

1] Stores & Spares	7442763	4246284
2] Moulds and other Tools	26643216	25160270
3] Stock in Trade		
Raw Material	9291949	7723999
Consumables	4787659	4579840
Finished Goods	13799896	14450486
Stock in Process	1138290	1126651
	<u>29017794</u>	<u>27880976</u>
	63103773	57287530

4] Sundry Debtors

Unsecured-Considered Good
Debts More than 6 Months

8892005

2270830

Other Debts

Due from Subsidiary

1635338

6098217

Others

103679112

114206455

89302944

97671991

5] Cash on Hand

39726

52585

Balance with Scheduled Banks

a] In Current Account

15275854

15603057

b] In Deposit Account

4819181

929038

20095035

16532095

B] LOANS AND ADVANCES

Unsecured Considered Good

Deposits with Govt. Departments

3746132

6855651

Advances Recoverable in Cash or Kind

18515954

6165091

Advances to Subsidiary Company

12371671

34633757

7991828

21012570

232078746

192556771

As at
31.03.2006

As at
31.03.2005

SCHEDULE- VII

CURRENT LIABILITIES & PROVISIONS

SUNDRY CREDITORS

Liability to other than SSI Creditors	6251362		7855115	
Liability to SSI Creditors	<u>97458</u>	6348820	86845	7941960

Other Liabilities	6717612		9833508	
Provisions	<u>10006992</u>	16724604	4509471	14342979
Advance Received from Customers		<u>723734</u>		<u>310356</u>
		<u>23797158</u>		<u>22595295</u>

SCHEDULE- VIII

MISC. EXPENDITURE TO THE EXTENT NOT
WRITTEN OFF/ADJUSTED

a] Deferred Revenue Expenditure	-		742466	
Less: Amount Written off	<u>-</u>	-	<u>742466</u>	-
		<u>-</u>		<u>-</u>

Current Year
31.03.2006

Previous Year
31.03.2005

**SCHEDULE - IX
OTHER INCOME**

Interest Received	907060		720738	
Misc. Income	1981973		729731	
Exchange Fluctuation	-		505677	
Profit/ (Loss) on Sale of Assets	-		93750	
	<u>2889033</u>		<u>2049896</u>	

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

Opening Stock				
a] Work in Progress	1126651		727986	
b] Finished Goods	<u>14450486</u>		<u>22688383</u>	
	<u>15577137</u>		<u>23416369</u>	
Closing Stock				
a] Work in Progress	1138290		1126651	
b] Finished Goods	<u>13799896</u>		<u>14450486</u>	
	<u>14938186</u>		<u>15577137</u>	
Increase/(Decrease) In Stocks	<u>-638951</u>		<u>-7839232</u>	

SCHEDULE - XI**MANUFACTURING EXPENSES**

Salaries and Wages and Other Allowances	33208990	30356942
Contribution to PF and ESI	3188052	2871614
Workers and Staff Welfare Expenses	2040172	2224673
Power & Fuel	11490143	11118076
Stores, Spares and Consumables	31040866	24286129
Packing Material Consumption	8679581	7047936
Repairs & Maintenance: Plant & Machinery	650441	725696
Other Manufacturing Expenses	3643023	3301859
	<u>93941268</u>	<u>81932925</u>

SCHEDULE - XII**ADMINISTRATIVE & SELLING EXPENSES**

Rates and Taxes	4926401	480489
Rent	526320	423360
Insurance	1493502	1720000
Travelling Expenses	2498153	1996108
Professional Fees	137288	382472
Printing and Stationary	715023	575726
Telephone, Telex, Fax and Postage	880897	784361
Vehicle Running and Maintenance	3673779	3799461
Advertisement	276569	3271906
Office Maintenance	531056	378449
Auditors' Remuneration	303048	185000
Directors' Sitting Fees	46000	48000
Directors' Remuneration	4856842	2130010
Selling and Distribution Expenses	8013641	6974955
Exchange Fluctuation	2475066	0
Misc. Expenses	1218948	3534493
	<u>32572533</u>	<u>26684790</u>

SCHEDULE XIII**INTEREST AND FINANCE CHARGES**

Interest on Term Loans	15315061	21881171
Interest on Working Capital	512007	276409
Other Financial Charges	2588518	7630940
	<u>18415586</u>	<u>29788520</u>

SCHEDULE-XIV

ACCOUNTING POLICIES & NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES:

- i. ACCOUNTING CONCEPTS:**

The Financial Statements are prepared under the historical cost convention and on accrual basis and in accordance with the Mandatory Accounting Standards.
- ii. FIXEDASSETS:** Fixed Assets are stated at cost less accumulated depreciation. All major acquisitions of Fixed Assets are stated at acquisition cost including other expenses related to acquisition & installation.
- iii. INVESTMENTS:**

Investments of long-term nature are carried at cost less provision for permanent diminution in value of such investments.
- iv. DEPRECIATION:**

Depreciation has been charged on straight-line method on gross value of assets at rates provided in Schedule XIV of the Companies Act, 1956.
- v. FOREIGN CURRENCY TRANSACTIONS:**
 - a) Foreign Currency Liabilities incurred for the acquisition of Fixed Assets are translated at exchange rates prevailing on the last working day of the accounting year or forward cover rates, as applicable. The net variation arising out of the said translation and roll over charges, if any, are adjusted to the cost of fixed assets. Depreciation on the revised unamortised depreciable amount is provided prospectively over the residual life of the asset.
 - b) Other Foreign Currency Assets and Liabilities are similarly translated and the net loss/gain arising out of such translation (after considering roll over charges, if any) is adjusted to the Profit and Loss Account except in case of doubtful assets, revaluation is not done from the year in which the asset is identified as doubtful.
- vi. INVENTORIES:**
 - a. Inventories are valued at lower of cost and net realizable value except waste/scrap, which is valued at net realizable value. The bases of determining cost for various categories of inventories are as follows:
 - b. Stores, spare parts, loose tools, raw materials and packing materials are valued at cost by using FIFO method.
 - c. Work in Progress is valued at material cost plus appropriate share of production overheads.
 - d. Moulds are treated as current asset and these are valued at cost of blanks.

vii. **RETIREMENT BENEFITS:**

The company has covered its gratuity liabilities with Life Insurance Corporation of India (LIC). The annual contributions are made based on actuarial valuation and charged off to revenue. Encashment of earned leave is at the discretion of the management and is charged off to revenue in the year of payment.

viii. **RESEARCH AND DEVELOPMENT EXPENDITURE:**

Revenue Expenditure is charged to the Profit and Loss Account and Capital Expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

ix. **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.

NOTES ON ACCOUNTS:

1. Claims not acknowledged as debts :

	Rs.in Thousands	
	2005-06	2004-05
Income Tax matters Pending in various stages of appeal	15,13	23,15
Others	73,09	37,63
Total	88,22	60,78

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

A Licenced Capacity	Pieces	5.00 Million	5.00 Million		
B Installed Capacity *(as certified by the management)	Pieces	5.00 Million	5.00 Million		
C Production	Pieces	40,55,190	35,95,005		
	QUANTITY	VALUE IN Rs. '000	QUANTITY	VALUE IN Rs. '000	
Sales	Pieces	44,12,161	29,36,27	37,81,544	24,57,91
Opening Stock	Pieces	10,24,529	1,44,51	12,11,068	2,26,88
Closing Stock	Pieces	6,67,558	1,38,00	10,24,529	1,44,51

* Being a Technical Matter, not verified by Auditors.

3. Consumption of Raw material and spare parts :

	Rs.in Thousands			
	2005 – 2006		2004 – 2005	
<u>RAW MATERIALS CONSUMPTION</u>				
Qty in Kgs	1,19,384		1,06,678	
Value	7,69,29		5,55,61	
Monomer [Qty in Kgs]	1,00,072		93,442	
Value	2,17,27		2,13,28	
IPP/IPKF [Qty in Kgs]	43,10		3,663	
Value	4,67		13,03	
Others Materials [Qty in Kgs]	15,002		9,573	
Value	5,47,35		3,29,30	
<u>Consumption of Raw Material and Spare Parts</u>				
<u>Raw Material</u>				
		%		%
Imported	7,69,29	100.00	5,54,29	99.76
Indigenous	-	-	1.32	0.24
Total	<u>7,69,29</u>	<u>100.00</u>	<u>5,55,61</u>	<u>100.00</u>
<u>Spare parts and Consumables</u>				
		%		%
Imported	1,71,19	55.15	72,99	30.05
Indigenous	<u>1,39,22</u>	<u>44.85</u>	<u>1,69,87</u>	<u>69.95</u>
Total	<u>3,10,41</u>	<u>100.00</u>	<u>2,42,86</u>	<u>100.00</u>

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

Foreign Travel	17,07	10,32
Trade Fair Expenses	8,42	9,13
Commission on Export Sales	Nil	Nil
Designs & Drawings	Nil	Nil

5. CIF Value of Imports :

Raw Materials	7,87,69	5,68,47
Capital Goods	--	Nil
Spare Parts & Consumables	2,21,68	1,23,34

6. Earning in Foreign Exchange :

FOB Value of Exports	19,10,68	15,81,31
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7. Details of Directors Remuneration :

(Employed during whole of the year)

Rs.in Thousands

	Managing Director	Executive Director	Managing Director	Executive Director
Salary	8,85	8,09	7,05	6,68
Perquisites (as valued under I.T.Rules)	3,45	3,52	2,97	2,95
Sitting Fees	Nil	Nil	Nil	Nil
Commission	10,97	11,73	Nil	Nil
Leave Salary/Encashment	Nil	Nil	Nil	Nil
Contribution to Provident Fund	1,01	94	85	80
	-----	-----	-----	-----
	24,28	24,28	10,87	10,43
	=====	=====	=====	=====
Provision for Gratuity	Nil	Nil	Nil	Nil

8. Auditors Remuneration :

For Audit Fee	2,37	1,25
For Consultancy	22	20
For Tax Audit Fee	22	20
For Tax Representation	22	20

9. The term loans from Financial Institutions are secured by a First Charge on a pari pasu basis on all the Company's immovable and movables including movable machinery, machinery spares, tools, accessories present and future, except the Company's stock of raw materials, semi finished and finished goods, consumables stores, book debts and such other movables on which the Banks /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.

10. Earnings per share

	<u>2005-06</u>	<u>2004-05</u>
Profit after taxation as per Profit & Loss Account (Rs.in Thousands)	4,83,67	2,01,89
Less : prior period expenses	-	1,06
	-----	-----
Adjusted Net Profit	4,83,67	2,00,83
	-----	-----
Weighted average of equity shares outstanding	10970000	10970000
Basic and Diluted earnings per shares Rs. before prior period expenses adjustment	4.41	1.84
Basic and Diluted earnings per shares Rs. after prior period expenses adjustment (face value Rs.10/- per share)	4.41	1.83

11. Segment Reporting

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

Geographical Segments :

	<u>Rs.in Thousands</u>		
	<u>India</u>	<u>Outside India</u>	<u>Total</u>
Sales Revenue	9,43,04	19,27,70	28,70,74
Segment Assets	30,95,99	8,88,33	39,84,32
Segment Liabilities	19,10,45	31,59	19,42,04

12. Related party disclosures under Accounting standard 18

a] Key Management Personal : Mr.K V Rao, Managing Director and
[Wholetime Directors] Mr.K.Krishnadev Rao, Executive Director

b] Relatives of Key Management Personnel

Mrs. K.Vijayalakshmi : Spouse of Mr.K.Krishnadev Rao
Mrs.K.Amruta Devi : Mother of Mr.K.Krishnadev Rao
Ms.K.Srilatha Rao : Daughter of Mr.K.Krishnadev Rao
Mr.Rob.K.Rao : Son of Mr.K.V.Rao
Mr.Sajan.K.Rao : Son of Mr.K.V.Rao
Ms.Neena.K.Rao : Daughter of Mr.K.V.Rao.

c] Subsidiary Company : Techtran Ophthalmics Pvt Ltd.,

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

Rs. In Thousands

Transactions	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Company	Total
Remuneration	48,56			48,56
Rent*		6,98		6,98
Sale of Finished Goods			61,28	61,28
Services received			3,57	3,57
Equity Investment			9,00	9,00
Advances			1,23,72	1,23,72

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

13. As per the information available with the company, there are no overdue payments exceeding Rs.1.00 lakh, which is outstanding for 30 days as at the year end in respect of suppliers being Small Scale Industries.
14. Previous year's figures have been regrouped/rearranged wherever necessary.
15. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956 enclosed.

SIGNATURES FOR "SCHEDULES I TO XIV"

As per our report of even date attached.

For and on behalf of the Board

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

K KRISHNADEV RAO
Executive Director

M.R.VIKRAM
Partner
Membership No 21012

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

K.V.RAO
Managing Director

Place : Hyderabad
Date : 21.06.2006

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

1. Name of the Subsidiary Company : Techtran Ophthalmics Private Limited
2. The Financial Year of Subsidiary Company ended on : 31st March, 2006
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) so far as it concerns the members of holding co.
 - A. Not dealt with in the Accounts of Techtran Polylenses Limited. :
 - (i) for the subsidiary's financial year ended 31st March, 2006 : Rs.2,43,439/-
 - (ii) for previous financial years of the subsidiary since it became a subsidiary of Techtran Polylenses Limited : Rs. 91,707/-
 - B. Dealt with in the accounts of Techtran Polylenses Limited. :
 - (i) for the subsidiary's financial year ended 31st March, 2006. : N I L
 - (ii) for previous financial years of the subsidiary since it became subsidiary of Techtran Polylenses Limited. : N I L

For and on behalf of the board

K.KRISHNADEV RAO
Executive Director

Place : Hyderabad
Date : 21.06.2006

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

K.V.RAO
Managing Director

**TECHTRAN
POLYLENSES LIMITED
HYDERABAD**

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 Rs. Thousands)

PUBLIC ISSUE	RIGHTS ISSUE	BONUS ISSUE	PRIVATE PLACEMENT
NIL	NIL	NIL	NIL

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

Total Liabilities	Total Assets
37,46,35	37,46,35

IV. Sources of Funds

Paid up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
10,97,00	9,45,28	16,97,31	6,76

V. Application funds :

Net Fixed Assets	Investments	Net Current Assets	Misc.exp.
13,61,50	2,17,04	21,67,81	NIL

Accumulated Losses

NIL

VI. Performance of Company (Amount in Rs.Thousands)

Turnover	Total Expen.	Profit/Loss before Tax	Profit/Loss after Tax
28,93,24	24,12,00	4,81,24	4,83,67

Earning per share in Rs.	Dividend Rate %
4.41	NIL

VII. Generic Name of Principal Product/company

(as per monetary terms)

Item Code No.

ITC Code

Product Description

**ACCOUNTS OF SUBSIDIARY COMPANY - TECHTRAN
OPHTHALMICS PRIVATE LIMITED.**

DIRECTORS' REPORT

Directors present the 9th Annual Report along with the Audited Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS	Current year Rs.in Lakhs	Previous year Rs.in Lakhs
Profit for the period (Before tax)	4.49	2.32

The operations have resulted in a profit (before tax) of Rs.4.49 lakhs as against Rs.2.32 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 the Managing Director and the Executive Director of Techtran Polylenses Limited and Mr.M.V.Raghava Rao is an independent Director on the Board of Techtran Polylenses Ltd., and their tenure is as per the discretion of Techtran Polylenses Ltd. The Directors place on record their appreciation for the services rendered by different employees at the laboratories.

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 annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- (iii) That the Directors have ensured that proper and sufficient care is 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 on going concern basis.

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

Statement as per Section 217(1) (e) of the Companies Act read with Companies (Disclosure of Particulars in Report 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.

ACKNOWLEDGEMENTS

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 :12.05.2006.

K.V.RAO
Director

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 :

The company is taking effective steps to conserve energy.

B] TECHNOLOGY ABSORPTION :

Not applicable.

C] FOREIGN EXCHANGE EARNED AND USED :

The Company has earned Rs.0.02 Million (FOB value) in Foreign Exchange and used Rs.2.03 Millions. This amount includes Foreign Exchange used for import of Raw Materials, Stores & Spares etc.

For and on behalf of the Board

K.KRISHNADEV RAO
Director

Place : Hyderabad
Date : 12.05.2006

K.V.RAO
Director

AUDITORS' REPORT

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

We have audited the attached Balance Sheet of **M/s.Techtran Ophthalmics Private Limited**, as at 31st March, 2006 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of such books.
 - c) The Balance Sheet, and Profit & Loss Account referred to in this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet, Profit and Loss Accounts 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 31st March, 2006, and;
 - ii. In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

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

Place: Secunderabad
Date : 12.05.2006

M.R. VIKRAM
Partner
Membership No.21012

Re: Techtran Ophthalmics Private Limited.

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

1.
 - a. As per the explanations given to us Company has not updated fixed assets registers showing full particulars, including quantitative details and situation, of fixed assets.
 - b. As explained to us, the management has physically verified some of the fixed assets during the year. As reported to us, there were no discrepancies found during such verification.
 - c. There was no substantial disposal of fixed assets during the year.
2.
 - a. The management has conducted the physical verification of inventory at reasonable intervals during the year.
 - b. The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business. The company is maintaining proper records of inventory.
 - c. As per the explanations given to us, the material variations wherever noticed on physical verification of stocks have been properly dealt with in the books of accounts.
3. There are no parties that require to be listed in the register maintained under Section 301 of the Act, accordingly, clauses (iii), (v) and (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purpose of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.
5. The Company has not accepted any deposits from the public.
6. As per the requirement of the Order, the clause relating to Internal Audit System is not applicable for the year.
7. The Central Government has not prescribed maintenance of cost records by the Company under Section 209(1)(d) of the Act.
8.
 - a. According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Customs duty and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and Service Tax were outstanding, at the year end for a period of more than six months from the date they became payable.
 - b. According to the information and explanations received from the management, the company has no disputed statutory dues.
9. The Company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
10. Based on our audit procedures and on the information and explanations given by the management, there are no dues to any financial institutions, banks or debenture holders.

11. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
13. In our opinion and according to the information given to us, the company is not dealing in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
15. The company has not raised any new term loans during the year.
16. As per the information and explanations given to us, we are of the opinion that the Company has not utilised any short-term sources towards long-term investments.
17. The Company has not raised any money by way of issue of Debentures during the year.
18. According to the information and explanations given to us during the year the company has not raised any funds on public issue and hence disclosure on the end use of money raised by the public issue is not applicable to the company.
19. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

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

Place: Secunderabad
Date: 12.05.2006

M.R.VIKRAM
Partner.
Membership No.21012

**TECHTRAN OPHTHALMICS PRIVATE LIMITED,
HYDERABAD**

BALANCE SHEET AS AT 31ST MARCH 2006

	SCHEDULES	AS AT 31.03.2006 Rs.		AS AT 31.03.2005 Rs.
<u>SOURCES OF FUNDS:</u>				
A] Share Capital	I	900000		900000
B] Reserves & Surplus	II	335146		91707
C] Deferred Tax Liability		1086551		1086106
D] Un Secured Loans		12371671		7991828
		14693368		10069641
<u>APPLICATION OF FUNDS:</u>				
A] Fixed Assets	III			
Gross Block		8279356	7752203	
Less: Depreciation		1455804	1010619	6741584
Capital Work in Progress		202500		
B] Deferred Tax Asset		821994		949249
C] Current Assets, Loans & Advances	IV			
Inventories		4375042	4368378	
Sundry Debtors		4304251	4351044	
Cash & Bank Balances		890459	786121	
Loans & Advances		1133128	313111	
		10702880	9818654	
Less: Current Liabilities & Provisions	V	3857558	7439846	
Net Current Assets		6845322		2378808
Accounting Policies & Notes on Accounts	XI			
Schedules I to V and XI form an Integral Part of the Balance Sheet.				
		14693368		10069641

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

for and on behalf of the Board

M.R.VIKRAM
Partner
Membership No.21012

K.KRISHNADEV RAO
Director

Place : Hyderabad
Date :12.05.2006

J.V.SESHI KUMAR
Vice President (Fin)

K.V.RAO
Director

TECHTRAN OPHTHALMICS PRIVATE LIMITED
HYDERABAD
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

SCHEDULES	YEAR ENDED 31.03.2006	YEAR ENDED 31.03.2005
INCOME		
Sales - Export	15,131	-
Sales - Domestic	<u>18,569,847</u>	<u>14,366,991</u>
Net Sales	18,584,978	14,366,991
Other Income	VI 575,015	249,296
Increase / (Decrease) in Stock	VII <u>(730,003)</u>	<u>1,846,324</u>
	18,429,990	16,462,611
EXPENDITURE		
Purchase of Lenses	6,365,121	8,868,379
Lab Expenses	VIII 7,428,245	4,697,022
Administrative & Selling Expenses	IX <u>3,708,150</u>	<u>2,244,622</u>
Sub Total	17,501,516	15,810,023
Profit Before Interest & Depreciation	928,474	652,588
Less: Interest & financial charges	X 33,908	22,813
Profit/(Loss) Before Depreciation	894,566	629,775
Less: Depreciation	445,185	398,257
Profit/(Loss) Before Tax	449,381	231,518
Less: Provision for Taxation		
- Current Tax	37,815	7,423
- Deferred Tax	127,700	136,857
- Fringe Benefit Tax	40,427	
Profit after Tax	243,439	87,238
Prior Period Income/ (Expenditure)	-	(25,488)
Profit/(Loss) Brought forward from Previous Year	91,707	29,957
Profit/(Loss) Balance Carried to Balance Sheet	335,146	91,707

Accounting Policies & Notes on Accounts **XI**
Schedules VI 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

For M.ANANDAM & CO.,

Chartered Accountants

K.KRISHNADEV RAO

Director

M.R.VIKRAM

Partner

J.V.SESHI KUMAR

K.V.RAO

Membership No.21012

Vice President (Fin)

Director

Place : Hyderabad.

Date : 12.05.2006.

SCEDULES ANNEXED TO AND FORMING
PART OF THE ACCOUNTS

SCHEDULE - I

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
SHARE CAPITAL:		
Authorised Share Capital 90,000 Equity Shares of Rs.10/- each	<u>900000</u>	<u>900000</u>
Issued, Subscribed & Paidup Capital 90,000 Shares of Rs.10/- each fully paidup	<u>900000</u>	<u>900000</u>

SCHEDULE - II

Reserves and Surplus

Profit and Loss Account	<u>335146</u>	<u>91707</u>
	<u>335146</u>	<u>91707</u>

SCHEDULE- III

FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As At 31.03.2005	Additions During the Year	Dele- tions	As At 31.03.2006	Upto 31.03.2005	For the Year	Dele- tions	Upto 31.03.2006	As at 31.03.2006	As at 31.03.2005
Plant and Machinery	7,225,844	300,964	-	7,526,808	946,641	389,674	-	1,336,315	6,190,493	6,279,203
Furniture and Fixtures	413,850	131,017	-	544,867	50,280	29,951	-	80,231	464,636	363,570
Office Equipment	9,900	4,145	-	14,045	1,917	1,631	-	3,548	10,497	7,983
Data Processing Equipment	83,920	78,027	-	161,947	9,845	20,849	-	30,694	131,253	74,075
Vehicles	18,689	13,000	-	31,689	1,936	3,080	-	5,016	26,673	16,753
	7,752,203	527,153	-	8,279,356	1,010,619	445,185	-	1,455,804	6,823,552	6,741,584
Previous Year	7,095,245	656,958	-	7,752,203	612,362	398,257	-	1,010,619	6,741,584	6,482,883

SCHEDULE -IVAs at
31.03.2006
Rs.As at
31.03.2005
Rs.**CURRENT ASSETS, LOANS & ADVANCES**

A] CURRENT ASSETS

Inventories (As Certified and Valued by
Management)

1) Stores and Spares	23040			
2) Tools	708422		575448	
3) Lenses	2357956		3087959	
Consumables	1219015		692988	
Chemicals	3196		-	
Packing Materials	63413		11983	
		4375042		4368378
4] Sundry Debtors				
Unsecured-considered good				
Debtors more than 6 months	617256		51964	
Other Debtors	3686995	4304251	<u>4299080</u>	4351044
5] Cash on Hand		48843		11893
Balance with Scheduled Banks				
a] In Current Account	341616		774228	
b] In Deposit Account -Margin Money	500000		-	
		841616		774228

B] LOANS AND ADVANCES

Unsecured Considered Good

Deposits with Govt. Departments	43560		42560	
Advances Recoverable in Cash or Kind	1089568		270551	
		1133128		313111
		10702880		<u>9818654</u>

SCHEDULE- V**CURRENT LIABILITIES & PROVISIONS**

SUNDRY CREDITORS

Liability to Other than SSI Creditors				
- Techtran Polylenses Ltd	1635338		6098217	
- Others	1246510		898294	
Liability to SSI Creditors	6261	2888109	<u>4493</u>	7001004
Other Liabilities	711344		224191	
Provisions	37815	749159	<u>7423</u>	231614
Advance Received from Customers		220290		<u>207228</u>
		3857558		<u>7439846</u>

SCHEDULE - VI

	Current year 2005-2006 (Rs.)	Previous year 2004-2005 (Rs.)
Other Income	575015	249296
	575015	249296

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

Opening Stock - Lenses	3087959	1241635
Closing Stock - Lenses	2357956	3087959
Increase/(Decrease) in Stocks	-730003	1846324

SCHEDULE - VIII**LAB EXPENSES**

Salaries,Wages and Other Allowances	3595487	2233527
Contribution to PF and ESI	41870	12214
Workers and Staff Welfare Expenses	136589	68035
Power and Fuel	322645	220349
Stores, Spares and Consumables	2513573	1577079
Packing Materials Consumption	463974	164386
Repairs & Maintenance:Plant & Machinery	47801	69229
Other Lab Expenses	306306	352203
	7428245	4697022

SCHEDULE - IX**ADMINISTRATIVE & SELLING EXPENSES**

Rates, and Taxes	1380990	18739
Rent	592500	411704
Insurance	20717	29538
Travelling Expenses	257283	78667
Professional Fees	66213	10413
Printing and Stationary	207465	163851
Telephone, Telex and Fax, Postage	330539	216373
Vehicle Running and Maintenance	173192	94340
Advertisement	19018	563088
Auditors' Remuneration	16836	15000
Directors' Sitting Fees	1000	4000
Selling and Distribution Expenses	458842	388076
Exchange Fluctuation	550	0
Misc. Expenses	183005	250833
	3708150	2244622

SCHEDULE X**INTEREST AND FINANCE CHARGES**

Other Finance Charges	33908	22813
	33908	22813

SCHEDULE –XI

ACCOUNTING POLICIES & NOTES ON ACCOUNTS SIGNIFICANT ACCOUNTING POLICES

i. ACCOUNTING CONCEPTS

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

ii. FIXEDASSETS

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

iii. DEPRECIATION

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

iv. INVENTORIES

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

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

v Loose tools are charged directly to consumption.

NOTES ON ACCOUNTS

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

a) Licensed Capacity : Not applicable

b) Installed Capacity : Not applicable

	<u>2005-2006</u>		<u>2004-2005</u>	
	No. of Lenses (Pieces)	Amount in Rs.	No.of Lenses (Pieces)	Amount in Rs.
Lenses :				
Opening Stock	99,841	30,87,959	21,953	12,41,635
Purchases				
From holding company	1,78,141	61,28,157	1,28,925	77,27,419
Imports	NIL	NIL	66,062	11,40,960
Others	5,614	2,36,964	-	-
Total	1,83,755	63,65,121	1,94,987	88,68,379
Process Loss	2,294		15,964	
Sales	1,76,851	1,85,84,978	1,01,135	1,43,66,991
Closing Stock	1,04,451	23,57,956	99,841	30,87,959

2 Expenditure in Foreign Currency.

	<u>2005-2006</u> Rs. in Lakhs	<u>2004-2005</u> Rs.in Lakhs
Capital Goods- CIF value	6.78	8.51
Consumables/Lenses	13.47	8.78
3 Earnings in Foreign Currency	0.15	0.08
4 Auditors remuneration	0.17	0.15
5 There are no overdue payments to any Small Scale Industries as per the information available with the company.		
6 Related party disclosures under Accounting Standard 18		
a) Holding Company	:	Techtran Polylenses Limited
b) Directors	:	Mr.K.V.Rao & Mr.K.Krishnadev Rao & Mr. M.V.Raghava Rao.
Nature of Transactions		
i) Equity Investment (100%)	:	Rs. 9.00 Lakhs
ii) Unsecured Loans received cumulative	:	Rs.123.72 Lakhs
iii) Purchase of Lenses	:	Rs. 61.28 Lakhs
iv) Service rendered	:	Rs. 3.57 Lakhs
v) Purchase of Assets	:	NIL
vi) Balance outstanding at the year end out of (iii) above	:	Rs. 16.35 Lakhs
7 Provisions for current tax is made in accordance with the provisions as per Income tax Act, 1961.		
8 Previous year's figures have been regrouped/rearranged wherever necessary.		
9 Additional information pursuant to part IV of Schedule VI to the Companies Act, 1956 enclosed.		

SIGNATURES FOR "SCHEDULE I TO XI"

As per our report of even date attached

For and behalf of the Board

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

M.R. VIKRAM
Partner
Membership No.21012

K.KRISHNADEV RAO
Director

Place : Hyderabad
Date : 12.05.2006

J.V.SESHI KUMAR
Vice President (Fin)

K.V. RAO
Director

**TECHTRAN
OPHTHALMICS PVT.
LIMITED**

HYDERABAD

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="1,46,93,368"/>	<input type="text" value="1,46,93,368"/>

IV. Sources of Funds

Paid up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
<input type="text" value="9,00,000"/>	<input type="text" value="3,35,146"/>	<input type="text" value="NIL"/>	<input type="text" value="1,34,58,222"/>

V. Application funds :

Net Fixed Assets	Investments	Net Current Assets	Misc.exp.
<input type="text" value="70,26,052"/>	<input type="text" value="NIL"/>	<input type="text" value="76,67,316"/>	<input type="text" value="NIL"/>

Accumulated Losses
<input type="text" value="NIL"/>

VI. Performance of Company (Amount in Rupees.)

Turnover	Total Expen.	Profit/Loss before Tax	Profit/Loss after Tax
<input type="text" value="1,84,29,990"/>	<input type="text" value="1,79,80,609"/>	<input type="text" value="4,49,381"/>	<input type="text" value="2,43,439"/>
Earning per share in Rs.	Dividend Rate %		
<input type="text" value="2.70"/>	<input type="text" value="NIL"/>		

VII. Generic Name of Principal Product/company

(as per monetary terms)

Item Code No.

ITC Code

Product Description

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
Techtran Polylenses Limited
Hyderabad.

We have examined the attached Consolidated Balance Sheet of Techtran Polylenses Limited and its subsidiary Techtran Ophthalmics Pvt Ltd., as at 31st March 2006 and the Consolidated Profit and Loss Account for the year then ended annexed thereto and the Consolidated Cash Flow Statement for the period ended on that date. These financial statements are 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 generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

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

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

- a. In the case of Consolidated Balance Sheet, of the Consolidated State of Affairs of the Company and its Subsidiary as at 31.03.2006;
- b. In the case of the Consolidated Profit and Loss account, of the consolidated results of operations of the Company and its subsidiary for the year then ended; and
- c. In the case of the Consolidated Cash Flow Statement, of the Consolidated cash flows of the company and its subsidiary for the year then ended.

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

Place: Secunderabad
Date : 21.06.2006

M.R. VIKRAM
Partner
M.NO.21012

TECHTRAN POLYLENSES LIMITED
HYDERABAD
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006

Schedules	As at 31.03.2006 Rs.	As at 31.03.2005 Rs.
SOURCES OF FUNDS:		
A] Share Capital	I 109700000	109683500
B] Reserves and Surplus	II 94863278	46252817
C] Secured Loans	III 169731086	184421845
D] Unsecured Loans	<u>675540</u>	<u>5541074</u>
	<u>374969904</u>	<u>345899236</u>
APPLICATION OF FUNDS:		
A] Fixed Assets	IV	
Gross Block	369111721	363390849
Less: Depreciation	<u>226138547</u>	<u>206351302</u>
Capital Work in Progress	202500	0
B] Investments	V 20803500	20803500
C] Deferred Tax Asset	8235491	3707733
D] Current Assets, Loans & Advances	VI	
Inventories	67478815	61655908
Sundry Debtors	116875368	95924818
Cash & Bank Balances	21025220	17370801
Loans & Advances	<u>23395214</u>	<u>13333853</u>
	228774617	188285380
Less: Current Liabilities & Provisions	VII <u>26019378</u>	<u>23936924</u>
Net Current Assets	202755239	164348456
E] Misc Expenditure to the extent not written off	VIII -	-
	<u>374969904</u>	<u>345899236</u>

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

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

M.R.VIKRAM
Partner
Membership NO 21012

Place : Hyderabad
Date :21.06.2006.

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

for and on behalf of the Board

K KRISHNADEV RAO
Executive Director

K.V.RAO
Managing Director

**TECHTRAN POLYLENSES LIMITED
HYDERABAD**

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

Schedule	Year Ended 31.03.2006 Rs.	Year Ended 31.03.2005 Rs.
1 INCOME		
Sales - Export	192,785,018	158,796,408
Sales - Domestic	<u>113,298,805</u>	<u>93,634,039</u>
	306,083,823	252,430,447
Less: Excise Duty	<u>6,553,239</u>	<u>8,076,561</u>
Net Sales	299,530,584	244,353,886
Other Income	IX 3,107,433	2,050,202
Increase/(Decrease) in stock	X (1,368,954)	(5,992,908)
	301,269,063	240,411,180
2 EXPENDITURE		
Raw Material Consumed	77,165,791	56,702,435
Manufacturing Expenses	XI 101,012,898	86,380,957
Administrative & Selling Expenses	XII 36,280,683	28,929,412
Sub Total	214,459,372	172,012,804
Profit before Interest & Depreciation	86,809,691	68,398,376
Less: Interest & Financial Charges	XIII 18,449,494	29,811,333
Profit/(Loss) before Depreciation	68,360,197	38,587,043
Less: Depreciation	19,787,245	19,550,820
Profit/(Loss) after Depreciation	48,572,952	19,036,223
Less: Misc. Expenditure Written off	-	742,466
Net Profit/(Loss) for the Year	48,572,952	18,293,757
Prior Period Income / (Expenditure)	-	(131,971)
Provision for Taxation		
- Current Tax	4,087,413	1,725,192
- Deferred Tax	(4,527,759)	(3,707,733)
- Fringe Benefit Tax	402,836	-
Profit after Tax	48,610,462	20,144,327
Balance brought forward	31,252,816	21,108,489
Profit available for appropriation	79,863,278	41,252,816
General Reserve	15,000,000	10,000,000
Balance Carried to Balance Sheet	64,863,278	31,252,816
EPS - Basic & Diluted (on Rs. 10 per Share) (Refer Note 4 of Schedule XIV)	4.43	1.84
Accounting Policies & Notes on Accounts	XIV	
Schedules IX to XIII and XIV 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

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

Chartered Accountants

M.R.VIKRAM

Partner

Membership NO 21012

Place : Hyderabad

Date :21.06.2006.

J.V.SESHI KUMAR

Vice President (Fin) &

Company Secretary

K KRISHNADEV RAO

Executive Director

K.V.RAO

Managing Director

TECHTRAN POLYLENSES LIMITED, HYDERABD
CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	2005-2006	2004-2005
CASH FLOW FROM OPERATING ACTIVITIES:	(Rs. In ' 000)	(Rs. In ' 000)
Net Profit	48573	18294
Adjustments for		
Depreciation	19787	19551
Miscellaneous Expenses Written Off	0	742
Profit / Loss on Sales of Asset	0	-94
Interest Expenses	15827	22157
Other Finance Charges	2622	7654
Current Tax paid	-4048	-36
Fringe Benefit Tax paid	-290	0
Other Income	-907	-721
Prior Period Expenses	0	-132
Operating Profit before	81564	67415
Working Capital Changes		
CHANGES IN WORKING CAPITAL :		
Increase in Trade and Other Receivables	-20950	-4129
Increase in Loans and Advances	-10061	5276
Increase in Inventories	-5823	-4311
Decrease in Creditors	-1243	-60
Increase in Provisions and Other Liabilities	3172	5130
Interest paid on Working Capital	-512	-276
	-35417	1630
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)	46147	69045
CASH FLOW FROM INVESTING ACTIVITIES:		
Investments	0	0
Purchase / Increase in Fixed Assets	-5923	-2085
Sale of Fixed Asset	0	108
Other Income	907	721
NET CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	-5016	-1256
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Share Capital	17	
Increase in Short Term Borrowings	19700	-3369
Decrease in Long Term Borrowings	-34391	-47868
Increase in Unsecured Loans	-4865	5541
Other Finance Charges	-2622	-7654
Interest paid on Term Loans	-15315	-21881
NET CASH OUTFLOW FROM FINANCING ACTIVITIES (C)	-37476	-75231
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	3655	-7442
CASH AND CASH EQUIVALENTS AS AT 01.4.2005 (OPENING BALANCE)	17370	24812
CASH AND CASH EQUIVALENTS AS AT 31.3.2006 (CLOSING BALANCE)	21025	17370

As per our report of even date attached
For **M.ANANDAM & CO.**,
Chartered Accountants
M.R.VIKRAM
Partner
Membership NO 21012

for and on behalf of the Board

K KRISHNADEV RAO
Executive Director

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

K.V.RAO
Managing Director

Place : Hyderabad
Date :21.06.2006.

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

**As at
31.03.2006
Rs.**

**As at
31.03.2005
Rs.**

SCHEDULE - I

SHARE CAPITAL:

Authorised Share Capital 1,40,00,000 Equity Shares of Rs.10/- each	140000000		140000000
Issued, Subscribed & Paidup Capital 1,09,70,000 Shares of Rs.10 each fully paidup	109700000		109700000
Less: Calls in arrears	0	109700000	16500 109683500

SCHEDULE - II

RESERVES AND SURPLUS

General Reserves	30000000		15000000
Profit & Loss Account	64863278		31252817
		94863278	46252817

SCHEDULE - III

SECURED LOANS

Term Loans from Financial Institutions

- IDBI				
Zero Int.Loans	21850000		27600000	
Others	86022999	107872999	107757827	135357827
- IFCI				
Zero Int.Loans	13985083		15256453	
Others	28172973	42158056	33807565	49064018
Working Capital Loans from Export - Import Bank of India		19700031		-
		169731086		184421845

SCHEDULE- IV

FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 31.03.2005	ADDITIONS DURING THE YEAR	DELE- TIONS	AS AT 31.03.2006	UPTO 31.03.2005	FOR THE YEAR	DELE- TIONS	UPTO 31.03.2006	AS AT 31.03.2006	AS AT 31.03.2005
Land	1,422,907	-	-	1,422,907	-	-	-	-	1,422,907	1,422,907
Buildings	27,160,668	-	-	27,160,668	10,673,831	907,166	-	11,580,997	15,579,671	16,486,837
Compound Wall	156,902	173,932	-	330,834	-	7,017	-	7,017	323,817	156,902
Plant & Machinery	320,923,794	2,461,382	-	323,385,176	186,274,320	17,809,229	-	204,083,549	119,301,627	134,649,474
Furniture & Fixtures	5,416,494	565,764	-	5,982,258	3,439,820	351,307	-	3,791,127	2,191,131	1,976,674
Office Equipment	3,616,882	4,145	-	3,621,027	3,608,888	1,631	-	3,610,519	10,508	7,994
Data Processing Equipment	1,603,989	256,083	-	1,860,072	1,355,609	277,888	-	1,633,497	226,575	248,380
Vehicles	3,089,213	2,259,566	-	5,348,779	998,834	433,007	-	1,431,841	3,916,938	2,090,379
	363,390,849	5,720,872	-	369,111,721	206,351,302	19,787,245	-	226,138,547	142,973,174	157,039,547
Previous Year	361,549,691	2,146,158	305,000	363,390,849	187,090,232	19,550,820	289,750	206,351,302	157,039,547	174,459,459

	As at 31.03.2006 Rs.	As at 31.03.2005 Rs.
<u>SCHEDULE-V</u>		
<u>INVESTMENTS (UNQUOTED - NON TRADE)</u>		
134000 Equity Shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd - At Cost	20803500	20803500
	<u>20803500</u>	<u>20803500</u>

SCHEDULE -VI

CURRENT ASSETS, LOANS & ADVANCES

A] CURRENT ASSETS

Inventories (As certified and
Valued by Management)

1] Stores & Spares	8515117	4246284
2] Moulds and other Tools	27351638	25735718
3] Stock in Trade		
Raw Material	9291949	7723999
Consumables	5023969	5284811
Finished Goods	16157852	17538445
Stock in Process	1138290	31673906
	<u>67478815</u>	<u>61655908</u>

4] Sundry Debtors

Unsecured-Considered Good
Debts More than 6 Months

9509261 2322794

Other Debts
Due from Subsidiary
Others

107366107 **116875368** 93602024 95924818

5] Cash on Hand

88569 64478

Balance with Scheduled Banks

a] In Current Account

15617470 16377285

b] In Deposit Account - Margin Money - Others

5319181 929038

20936651 17306323

B] LOANS AND ADVANCES

Unsecured Considered Good

Deposits with Govt. Departments

3789692 6898211

Advances Recoverable in Cash or Kind

19605522 **23395214** 6435642 13333853

228774617 188285380

<u>SCHEDULE- VII</u>	As at 31.03.2006 Rs.	As at 31.03.2005 Rs.
CURRENT LIABILITIES & PROVISIONS		
SUNDRY CREDITORS		
Liability to other than SSI Creditors	7497872	8757902
Liability to SSI Creditors	103719	86845
	7601591	8844747
Other Liabilities	7428956	10057699
Provisions	10044807	4516894
Advance Received from Customers	944024	517584
	26019378	23936924

SCHEDULE- VIII

MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF/ADJUSTED

a] Deferred Revenue Expenditure	-	742466	
Less: Amount Written off	-	742466	-
	-		-

Current year 31.03.2006 Rs.	Previous year 31.03.2005 Rs.
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SCHEDULE - IX
OTHER INCOME

Interest Received	907060	721044
Misc. Income	2200373	729731
Exchange Fluctuation	-	505677
Profit/ (Loss) on Sale of Assets	-	93750
	3107433	2050202

SCHEDULE -X

INCREASE / (DECREASE) IN STOCKS

Opening Stock		
a] Work in Progress	1126651	727986
b] Finished Goods	17538445	23930018
	18665096	24658004
Closing Stock		
a] Work in Progress	1138290	1126651
b] Finished Goods	16157852	17538445
	17296142	18665096
Increase/(Decrease) In Stocks	-1368954	-5992908

SCHEDULE - XI**MANUFACTURING EXPENSES**

	Current year 31.03.2006 Rs.	Previous year 31.03.2005 Rs.
Salaries and Wages and Other Allowances	36804477	32590469
Contribution to PF and ESI	3229922	2883828
Workers and Staff Welfare Expenses	2176761	2292708
Power & Fuel	11812788	11338425
Stores, Spares and Consumables	33554439	25863208
Packing Material Consumption	9143555	7212322
Repairs & Maintenance: Plant & Machinery	698242	794925
Other Manufacturing Expenses	3592714	3405072
	101012898	86380957

SCHEDULE - XII**ADMINISTRATIVE & SELLING EXPENSES**

Rates and Taxes	6307391	499228
Rent	1118820	835064
Insurance	1514219	1749538
Travelling Expenses	2755436	2074775
Professional Fees	203501	392885
Printing and Stationary	922488	739577
Telephone, Telex, Fax and Postage	1211436	1000734
Vehicle Running and Maintenance	3846971	3893801
Advertisement	295587	3834994
Office Maintenance	531056	378449
Auditors' Remuneration	319884	200000
Directors' Sitting Fees	47000	52000
Directors' Remuneration	4856842	2130010
Selling and Distribution Expenses	8472483	7363031
Exchange Fluctuation	2475616	-
Misc. Expenses	1401953	3785326
	36280683	28929412

SCHEDULE XIII**INTEREST AND FINANCE CHARGES**

Interest on Term Loans	15315061	21881171
Interest on Working Capital	512007	276409
Other Financial Charges	2622426	7653753
	18449494	29811333

SCHEDULE-XIV

ACCOUNTING POLICIES & NOTES ON ACCOUNTS ON CONSOLIDATED ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES:

- i. ACCOUNTING CONCEPTS:**

The Financial Statements are prepared under the historical cost convention and on accrual basis and in accordance with the Mandatory Accounting Standards.
- ii. FIXEDASSETS:** Fixed Assets are stated at cost less accumulated depreciation. All major acquisitions of Fixed Assets are stated at acquisition cost including other expenses related to acquisition & installation.
- iii. INVESTMENTS:**

Investments of long-term nature are carried at cost less provision for permanent diminution in value of such investments.
- iv. DEPRECIATION:**

Depreciation has been charged on straight-line method on gross value of assets at rates provided in Schedule XIV of the Companies Act, 1956.
- v. FOREIGN CURRENCY TRANSACTIONS:**
 - a) Foreign Currency Liabilities incurred for the acquisition of Fixed Assets are translated at exchange rates prevailing on the last working day of the accounting year or forward cover rates, as applicable. The net variation arising out of the said translation and roll over charges, if any, are adjusted to the cost of fixed assets. Depreciation on the revised unamortised depreciable amount is provided prospectively over the residual life of the asset.
 - b) Other Foreign Currency Assets and Liabilities are similarly translated and the net loss/gain arising out of such translation (after considering roll over charges, if any) is adjusted to the Profit and Loss Account except in case of doubtful assets, revaluation is not done from the year in which the asset is identified as doubtful.
- vi. INVENTORIES:**
 - a.) Inventories are valued at lower of cost and net realizable value except waste/scraps, which is valued at net realizable value. The bases of determining cost for various categories of inventories are as follows:
 - b) Stores, Spare parts, Loose tools, Raw materials and Packing Materials are valued at cost by using FIFO method.
 - c) Work in Progress is valued at Material cost plus appropriate share of production overheads.
 - d) Moulds are treated as Current Asset and these are valued at cost of blanks.
- vii. RETIREMENT BENEFITS:**

The company has covered its gratuity liabilities with Life Insurance Corporation of India (LIC). The annual contributions are made based on actuarial valuation and charged off to revenue. Encashment of earned leave is at the discretion of the management and is charged off to revenue in the year of payment.
- viii. RESEARCH AND DEVELOPMENT EXPENDITURE:**

Revenue Expenditure is charged to the Profit and Loss Account and Capital Expenditure is added to the cost of Fixed Assets in the year in which it is incurred.
- ix. 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.

NOTES ON ACCOUNTS:

1. Claims not acknowledged as debts :

	Rs.in Thousands	
	2005-06	2004-05
Income Tax matters		
Pending in various stages of appeal	15,13	23,15
Others	73,09	37,63
Total	88,22	60,78

2. Details of Directors Remuneration :

(Employed during whole of the year)

	Rs.in Thousands			
	<u>2005-2006</u>		<u>2004-2005</u>	
	Managing Director	Executive Director	Managing Director	Executive Director
Salary	8,85	8,09	7,05	6,68
Perquisites (as valued under I.T.Rules)	3,45	3,52	2,97	2,95
Sitting Fees	Nil	Nil	Nil	Nil
Commission	10,97	11,73	Nil	Nil
Leave Salary/Encashment	Nil	Nil	Nil	Nil
Contribution to Provident Fund	1,01	94	85	80
	-----	-----	-----	-----
	24,28	24,28	10,87	10,43
	=====	=====	=====	=====
Provision for Gratuity	Nil	Nil	Nil	Nil

3. The term loans from Financial Institutions are secured by a First Charge on a pari pasu basis on all the Company's Immovable and Movable 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.

4. Earnings per share

	<u>2005-06</u>	<u>2004-05</u>
Profit after taxation as per Profit & Loss Account (Rs.in Thousands)	4,86,10	2,02,77
Less : prior period expenses	-	1,32
	-----	-----
Adjusted Net Profit	4,86,10	2,01,45
	-----	-----
Weighted average of equity shares outstanding	10970000	10970000
Basic and Diluted earnings per shares Rs. before prior period expenses adjustment	4.43	1.85
Basic and diulated earnings per shares Rs. after prior period expenses adjustment (face value Rs.10/- per share)	4.43	1.84

5. Segment Reporting

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

Geographical Segments :

	<u>Rs.in Thousand</u>		
	<u>India</u>	<u>Outside India</u>	<u>Total</u>
Sales Revenue	10,67,46	19,27,85	29,95,31
Segment Assets	31,14,64	8,95,26	40,09,90
Segment Liabilities	19,25,01	39,25	19,64,26

6. Related party disclosures under Accounting standard 18

a] Key Management Personal : Mr.K V Rao, Managing Director and
[Wholetime Directors] Mr.K.Krishnadev Rao, Executive Director

b] Relatives of Key Management Personnel

Mrs. K.Vijayalakshmi : Spouse of Mr.K.Krishnadev Rao
Mrs.K.Amruta Devi : Mother of Mr.K.Krishnadev Rao
Ms.K.Srilatha Rao : Daughter of Mr.K.Krishnadev Rao
Mr.Rob.K.Rao : Son of Mr.K.V.Rao
Mr.Sajan.K.Rao : Son of Mr.K.V.Rao
Ms.Neena.K.Rao : Daughter of Mr.K.V.Rao.

c] Subsidiary Company : Techtran Ophthalmics Pvt Ltd.,

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

<i>Rs. In Thousands</i>				
Transactions	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Company	Total
Remuneration	48,56			48,56
Rent*		6,98		6,98
Sale of Finished Goods			61,28	61,28
Services received			3,57	3,57
Advances			1,23,72	1,23,72

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

7. As per the information available with the company, there are no overdue payments exceeding Rs.1.00 lakh, which is outstanding for 30 days as at the year end in respect of suppliers being Small Scale Industries.
8. Previous years figures have been regrouped/rearranged wherever necessary.

SIGNATURES FOR “SCHEDULES I TO XIV”

As per our report of even date attached.

For and on behalf of the Board

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

K KRISHNADEV RAO
Executive Director

M.R.VIKRAM
Partner
Membership NO 21012

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

K.V.RAO
Managing Director

Place : Hyderabad
Date: 21.06.2006.