

**OCTAGON**  
**INDUSTRIES LIMITED**

**13th**  
**ANNUAL REPORT**  
**2004-2005**

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## **REQUEST :**

You may desire to have some clarification or additional information on the accounts for the year ended 31st March 2005 at the ensuing Annual General Meeting. We shall very much appreciate if you will kindly write to us at least ten days in advance to enable us to keep the information ready for you at the meeting.

## **ANNUAL GENERAL MEETING**

Friday, 30th September 2005

At 11.00 a.m.

Plot No.52, Pipariya Industrial,

Estate Phase II,

Pipariya, Silvassa (D & NH)

## **OCTAGON INDUSTRIES LIMITED**

### **Board of Directors :-**

**Smt.Priyavandana S. Parekh**  
Chairperson

**Shri Shailesh J. Parekh**  
Managing Director

**Shri Jayesh M. Gangadiya**  
Director

**Rajesh C. Dhrafani**  
Director

**Mukesh C. Dhrafani**  
Director

### **Bankers :-**

**State Bank of Hyderabad**

### **Auditors:-**

Adil Aibada & Associate  
Chartered Accountants  
Surat.

### **Regd Office :**

Plot No.52, Pipariya Industrial, Estate  
Phase II,Pipariya, Silvassa(D&NH)

### **Factory :-**

Plot No.52, Pipariya Industrial,Estate  
Phase II,Pipariya, Silvassa (D & NH)

### **Registrar & Transfer Agent :-**

Sharepro Services  
Satam Estate, 3rd Floor,  
Above Bank of Baroda, Cardinal Gracious  
Road, Andheri (East)  
Mumbai-400 099.

## **NOTICE**

Notice is hereby given that Thirteenth Annual General Meeting of Octagon Industries Ltd. will be held on Friday, 30 th September, 2005 at Registered office of the Company at Plot No.52, Pipariya Industrial, Estate Phase II, Pipariya, Silvassa (D & NH) transact the following business.

### **ORDINARY BUSINESS :**

(1) To receive, consider and adopt the Auditor balance sheet as at 31st March, 2005 and Profit & loss Account

ended on that date with report of Directors' and Auditor's thereon.

(2) To appoint a director in place of Shri Shailesh J. Parekh who retires by rotation and being eligible offers himself for re-appointment.

(3) To appoint a director in place of Shri Mukesh C. Dhrafani who retires by rotation and being eligible offers himself for re-appointment.

(4) To appoint auditors and fix their remuneration.

Date : 18-07-2005

Place : Silvassa (D & NH)

By Order of the Board

For Octagon Industries Ltd.

Sd/-

Shailesh J. Parekh

(Managing Director)

### **NOTES :**

(1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself

(2) The instrument of proxy in order to be deposited with the company on any working day during business hours of the company not less than 48 hours before time for holding.

(3) The register of the members and share transfer books shall remain closed from 16th September 2005 to 30th September 2005 (both days inclusive)

(4) Company's shares are listed at Mumbai, Vadodara, & Ahmedabad Stock Exchanges Listing fees of Mumbai Stock Exchanges for the year 2005-2006 is paid.

(5) Additional information in respect of directors seeking appointment/reappointment at Annual general meeting in terms of clause 49 of listing agreement is given in report on corporate governance

## **DIRECTORS REPORT**

To,  
Members  
Octagon Industries Limited  
Silvassa

Your directors have pleasure in presenting Annual report with Audited Statement of Accounts for the period ended 31st March 2005.

### **FINANCIAL RESULTS:**

Your company has achieved sales of Rs.22.40 lacs as compared to sales of Rs.3.00 lacs in previous year. The job work activity has been suspended by company on account of non remunerative job charges. The Job Work income is therefore nil as compared to income of Rs.6.30 lacs in last year. Your company incurred loss of Rs. 25.14 lacs after providing for financial expenses of Rs.2.11 lacs and depreciation of Rs. 10.67 lacs.

The manufacturing activity of the company has been closed on account of flood in the factory plants which caused heavy damage to machinery and rendered the same unworkable. There was heavy loss on account of damage to stock, spares and parts. Your company now proposes to install new modern machines to achieve profitable operations.

The company has no secured creditors and company proposes to avail finance on its properties for renewed operations. The directors are planning to install new texturising machines at Silvassa and restart the activities. With new economical machines and quality product the directors are hopeful of profitable operations.

### **DIVIDEND:**

Due to losses directors do not recommend any dividend for the year under review.

### **AUDITORS :**

The retiring auditors M/s Adil Aibada & Associates, Chartered Accountants retire at ensuing Annual General Meeting and being eligible offer themselves for reappointment. The directors recommend reappointment of Auditors.

### **FIXED DEPOSITS :**

The company has not accepted any fixed deposits as per section 58A of the Companies Act 1956. The unsecured loan has been accepted from directors.

### **DIRECTORS :**

There is no change in constitution of directors during the year except that Mr. Jayesh Gangadia was appointed as additional director by Board. The retiring directors are eligible for reappointment and directors recommend their reappointment. The particulars of directors proposed to be reappointed are given in report on corporate governance.

### **PERSONAL:**

No employee is in receipt of remuneration in excess of limits prescribed under section 217(2A) of the Companies Act 1956 read with Companies (particulars of employees) rules 1975 and details there under should be treated as nil. The relations with employees remained cordial.

### **CONVERSION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING & OUTGO. :**

The statement giving particulars pursuant to section 217 (1)(e) of the Companies Act 1956 read with Companies Disclosure of particulars in report of Board of Directors) Rules 1988 is to be considered as nil.

The company has not incurred any expenditure for conversion of energy however instructions have been given for stoppage of misuse of electricity. There is no generation of electricity from diesel etc.

The company has not made any expenditure on Research and development since it is operating on widely used technology. Company does not use any imported technology and absorption of same is not applicable.

### **LISTING :**

Company's shares are listed at Mumbai Stock Exchange and listing fees for the year 2005-06 has been paid. The listing fees for other exchanges is unpaid and status of listing is not available since there is no trading.

## **CORPORATE GOVERNANCE:**

Report of corporate governance pursuant to listing agreement is attached to this Directors report.

## **DIRECTORS RESPONSIBILITY STATEMENT :**

- A. Pursuant to Section 217(2AA) of the Companies (Amendment) Act 2000 your directors confirm that
- B. in preparation of the accounts the applicable accounting standards has been followed.
- C. appropriate accounting policies have been selected and applied consistently directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the company for the period ended 31st March 2005.
- D. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act 1956 for safeguarding the assets of the company and for preventing and detecting the fraud and other irregularities.
- E. The accounts have been prepared on a going concern basis .

## **APPRECIATION:**

Your directors place on record sincere gratitude to shareholders, bankers, for cooperation. For and on behalf of Board of Directors

Place : Silvassa  
Date : 18.07.2005

For and on behalf of Board of Directors  
Sd/-

Chairperson

## **REPORT ON CORPORATE GORVERNANCE**

### **Company's Philosophy :**

The company has always been committed to the principal of good corporate governance which interalia includes transparency, integrity and accountability of management. The company is also aware of its responsibilities towards shareholders and to protect their rights and to enhance value of their investments. The company has system of disclosing detailed information on working of the company from time to time.

### **Board of Directors :**

The Board of Directors Comprises of Chairperson and Managing Director and two other directors. During the year five Board meetings were held on 30.04.2004, 30.07.2004, 25.08.2004, 31.10.2004, 31.01.2005 respectively. All directors attended all board meetings. The directors are not directors of any other public limited companies. All directors attended last Annual general meeting. No sitting fees are being paid to directors for attending Board Meetings of committee meetings. No remuneration was paid to directors.

### **Audit Committee :**

The audit Committee constituted by company consists of Ms.Privanda Parekh as Chairperson and Shri Jayesh Gangadia and Shri Mukesh Dhrafani as members. The four meetings of audit committee were held during the year. The audit committee meetings were attended by all members. The role of Committee is as laid down in relevant clause of listing agreement and section 292(A) of the Companies Act 1956.

### **Shareholders and Investors Grievance Committee :**

The shareholders and investors grievance committee is headed by Shri Jayesh Gangadia. The terms of reference of committee are.

- (1) Review of reports submitted by Share Transfer Agents.
- (2) Periodic interaction with Share Transfer Agents to ensure that the work is carried within time limits
- (3) Supervision of share transfer department for physical transfer.

#### **Particulars of Directors seeking reappointment**

Name of Director	Shri Shailesh Parekh	Shri Mukesh Dhrafani
Date of Birth	07/8/1951	20/10/1965
Date of appointment	18/7/2005	18/7/2005
Qualification.	B.Sc Chemistry	B.Com
Other directorship	Nil	Nil
Category	Managing Director	Independent Director



### **Remuneration Committee:**

The Remuneration committee comprises of two independent directors Shri Jayesh Gangadia and Shri Mukesh Dhrafani. During the year no remuneration or sitting fees was paid to directors.

The terms of reference of remuneration committee is to review remuneration payable to directors. The company's policy is to remunerate directors in line with remuneration package in industry in similar size of company.

### **General Body Meetings :**

The details of General Body meetings for last three years is as under.

Year 2004 Date 30.09.2004 Place of registered office

Year 2003 Date 30.09.2003 Place registered Office

Year 2002 Date 30.09.2002 Place registered office

No resolution requiring postal ballot was proposed at above Annual General Meetings.

### **Disclosures :**

There are no materially significant related party transactions that would have potential conflict with company at large.

No penalties have been imposed on company by stock exchange or Securities and Exchange Board of India or any statutory authority on any matter relating to capital markets during the period under review. The company's shares are suspended from trading from Mumbai Stock Exchange and company has submitted required documents for resumption of trading. The company may be required to pay fees on resumption of trading of shares. The status of listing at other stock exchange is no clear since there is no communication from other exchanges.

### **Means of Communication:**

Quarterly results are sent to Stock Exchanges. The quarterly results are not sent to each shareholder. The annual accounts are sent to each shareholder. The company has not made any official press release.

### **General Shareholders Information :**

Annual General Meeting	30.09.2005 at 11.00 P.M. at registered office of Company.
Book Closure	16.09.2005 to 30.09.2005
Listing	Mumbai Vadodra and Ahmedabad Stock Exchange
Stock Code	5149638
ISIN No.	INE004C01010

**Dematerialization of Shares :**

As on 31st March 2005, 1362886 Share have been dematerised on NSDL and 251614 Shares have been dematerialized on CDSL. 41.93% shares in aggregate have been dematerialized.

**Registered Office & Plants:**

52 Piperia Phase II, Government Industrial & Plants Estate Silvassa Dadra & Nagar Haveli 396191

**Address for communication:**

52 Piperia Phase II Government Industrial Estate Silvassa Dadra & Nagar Haveli.

Place : Silvassa (D & NH)

For and on behalf of Board of Directors

Date : 18.07.2005

Sd/-

Chairperson

## **AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
Members of Octagon Industries Limited

We have examined the compliance of conditions of Corporate Governance by Octagon Industries Limited for the year ended 31.03.2005 as stipulated in clause 49 of listing agreement with Stock exchange.

The compliance of conditions of corporate governance is the responsibility of management. Our examination has been limited to a review of the procedure and implementation thereof by the company or ensuring compliance with the condition of certificate of corporate governance as stipulated in the said clause. It is neither an audit or an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to explanation given to us and the representation made by directors and management we certify that company has complied with conditions of corporate governance as stipulated in clause 49 of above mentioned listing agreement.

We state that no investors governance are pending for a period exceeding one month against the company as per records maintained by investors governance committee and as per certificate of registrars and share transfer agents of the company.

We further state that such compliance is neither an assurance to future violability of company nor of the efficiency or effectiveness with which the management has conducted affairs of the company.

Place : Surat

Date : 18.07.2005

For Adil Aibada & Associates  
Chartered Accountants

Proprietor

# ADIL AIBADA & ASSOCIATE

Chartered Accountant

## AUDITOR'S REPORT

To the members of OCTAGON INDUSTRIES LIMITED.

We have audited the attached Balance Sheet of OCTAGON INDUSTRIES LIMITED as at **31<sup>st</sup> MARCH, 2005** and also the Profit and 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 Statement 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 Statement. 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 (Auditor's Report) Order 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 2) Further to our comments in the Annexure referred to in paragraph 1 above, 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 accounts as required by Law have been kept by the Company so far as it appears from our examination of those books, and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
  - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
  - d) In our opinion, the Profit and Loss Account and Balance Sheet mentioned above complied with the mandatory accounting standards referred to in Sub-section (3c) of Section 211 of the Companies Act, 1956.
  - e) Since we have not received any representation from directors. We are not in a position to comments regarding to their disqualification under clause (9) of sub section (I) of section 274 of Companies Act, 1956 as on 31.03.2005.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with required by the Companies Act, 1956 in the manner so required and give a true and fair view :
    - I In the case of the Balance Sheet, of the state of affairs of the Company as at **March 31, 2005** and
    - II In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date

As per Our Report Of Given Date,  
For Adil Aibada & Associates,  
Chartered Accountants,

Proprietor.  
Membership No.45310..

Place:- Surat.  
Date:- 18-07-2005

# ADIL AIBADA & ASSOCIATE

Chartered Accountant

## M/S. OCTAGON INDUSTRIES LIMITED.

ANNEXURE : 'A' TO AUDITORS' REPORT YEAR ENDED ON 31-03-2005.

[1] In respect of Fixed Assets.

(a) The Company is maintaining proper record to show full particulars including quantitative details and situation of fixed assets. These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.

(b) The fixed assets have not been revalued during the year.

(c) In our opinion the company has disposed of some part of fixed assets during the year and even though the going concern status of the Company is not affected.

[2] The physically verification conducted by management at reasonable intervals during the year in respect of finished goods, stores, spares and Raw materials. No Significant discrepancies between the physically stock and book stock have been noticed. In our opinion, the valuation of the above mentioned stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in previous year.

[3] The Company has taken secured or unsecured loans to Companies, firms or other parties listed in the Register(s) maintained U/s 301 of the companies act., 1956. In our opinion terms and conditions of these loans are not prima Facie prejudicial to the interest of the Company. As explained to us there are companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act., 1956.

[4] The Company has not made any advances to other parties during the year. The advances in the nature of loans to the employees free of interest and the same have been recovered generally as per stipulations wherever applicable or terms as listed in Register maintained under section 301 of Companies Act, 1956.

[5] There are no sale of goods, materials and service made in pursuance of contracts and arrangements entered in the Register maintained under Section 301 of the Companies Act., 1956 and aggregating during the year to Rs. 500000/- or more.

[6] Provision of Section 58A of the Companies Act., 1956 read with the Companies (Acceptance of deposits) Rules, 1975 have been complied with by the Company.

[7] In our opinion the internal audit system of the company is commensurate with its size and nature of its business.

[8] As per the information given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (i)(d) of the Companies Act., 1956.

[9] According to the information and explanation give to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding at 31<sup>st</sup> March, 2005 for a period of more than six months from the date they become payable.

[10] The Company has huge accumulated losses and has incurred some cash loss during the financial year covered by our audit.

[11] Based on our audit procedures and according to the information and explanation given to us. We are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.

[12] In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company as the basis of security by way of pledge of shares, debentures and other securities.

[13] In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund society. Therefore clause 4(xii) of the Companies (Auditors Report) order 2003 is not applicable to the company.

[14] The Company has no transactions and contracts in respect of trading in securities, debentures and other investments. Very small investment made by company since many years.

[15] The Company has not given any guarantee for loans taken by others from banks or financial institutions.

[16] The Company has not raised any new term loans during the year.

[17] According to the information and explanations given to us, no short term funds utilized for the long term borrowing during the year under audit.

[18] During the year, the company has not made any preferential allotment of Shares.

[19] The Company has no debenture, issue and hence creation of securities is not applicable.

[20] The Company has not raised any money by public issue during the year and hence clause (xx) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

[21] In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

As per Our Report Of Given Date,

For Adil Aibada & Associates,  
Chartered Accountants,

Proprietor.  
Membership No. 45310.

Place :- Surat.  
Date :- 18-07-2005.

**OCTAGON INDUSTRIES LTD**  
BALANCE SHEET AS ON 31ST MARCH, 2005.

Particulars	Sch.	As at 31.03.05	As at 31.03.04
<b>SOURCE OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
a) AUTHORIZED SHARE CAPITAL :			
40,00,000 EQUITY SHARE OF RS. 10 EACH		40000000	40000000
b) ISSUED, SUBSCRIBED & PAID-UP CAPITAL		38500000	38500000
38,50,000 EQUITY SHARE OF RS.10 FULLY PAID			
c) RESERVE & SURPLUS	"A"	(9819192)	(7304470)
Total (1) ...		28680808	31195530
<b>2. LOAN FUNDS</b>			
a) SECURED LOANS :			
b) UNSECURED LOANS :			
FROM DIRECTORS	"B"	1285786	1896786
Total (2) ...		1285786	1896786
Total (1+2) ...		29966594	33092316
<b>APPLICATION OF FUNDS</b>			
1. FIXED ASSETS : GROSS BLOCK	"C"	8427608	10441324
LESS : DEPRECIATION		1067460	1340174
Total (3) ...		7360148	9101150
2. INVESTMENTS	"D"	7550000	7556000
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
A) INVENTORIES	"E"	305000	502250
B) SUNDRY DEBTORS		15312637	15762930
C) CASH & BANK BALANCE	"F"	539563	212050
D) LOAN & ADVANCES PAID	"G"	101495	124995
		16258695	16602225
LESS : CURRENT LIABILITIES AND PROVISIONS		2787826	1950833
Total (4) ...		13470869	14651392
<b>4. MISC EXPENDITURE</b>			
(TO THE EXTENT NOT W/OFF OR ADJUSTED)			
A) PRELIMINARY EXPENSES	"H"	54810	61661
B) PUBLIC ISSUE EXPS	"I"	1530767	1722113
Total (5) ...		1585577	1783774
Total (3+4+5) ...		29966594	33092316
<b>For ADIL AIBADA &amp; ASSOCIATES,</b>			
<b>Chartered Accountants,</b>			
<b>PROPRIETOR.</b>			
<b>(Adil S Aibada)</b>			
<b>Membership No. 45310.</b>			
<b>Place :Surat.</b>			
<b>Date : 18.07.2005.</b>			
<b>FOR OCTAGON INDUSTRIES LTD.</b>		<b>DIRECTOR.</b>	

**Octagon Industries Limited**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED ON 31ST MARCH, 2005.**

<i>Particulars</i>	<i>Sch.</i>	<i>As at 31.03.05</i>	<i>As at 31.03.04</i>
<b>INCOME</b>			
SALES : YARN		2240168	300458
YARN JOB WORK INCOME		-	630013
MISC INCOME	"J"	4269	8913
INCREASED(DECREASED) IN FINISHED STOCK	"K"	(53,770)	(239,655)
		2190667	699729
<b>EXPENDITURE</b>			
MANUFACTURING & OTHER EXPS	"L"	3637929	2068562
DEPRECIATION	"C"	1067460	1340174
		4705389	3408736
PROFIT/(LOSS) FOR THE YEAR		(2,514,722)	(2,709,007)
ADD : PREVIOUS YEAR BALANCE		(11,352,949)	(8,643,942)
BALANCE CARRIED TO BALANCE SHEET...		(13,867,671)	(11,352,949)

FOR ADIL AIBADA & ASSOCIATES,  
Chartered Accountants,

PROPRIETOR.

(Adil S Aibada)

Membership No. 45310.

Place : Surat.

Date : 18.07.2005.

FOR OCTAGON INDUSTRIES LTD.

DIRECTOR.



SCHEDULE-C : FIXED ASSETS						
PARTICULARS	W. D. V. AS ON 01/04/2003	ADDITION (DEDUCTION)	TOTAL AS ON 31/03/2004	RATE OF DEP.	DEPRE	W. D. V. AS ON 31/03/2004
FACTORY LAND	250000	-	250000	-	-	250000
FACTORY BUILDING	2455102	-	2455102	10.00	245,510	2209592
PLANT & MACHINERY	5084302	(330,000) 223,000	4977302	13.91	692,343	4284959
ELE. INSTALLATION	417982	-	417982	13.91	58,141	359841
FURNITURE & DEAD STOCK	161537	-	161537	18.10	29,238	132299
COMPUTER MACHINE NO.1	172660	(172,660)	-	10.00	-	-
FAX MACHINE	11338	-	11338	20.00	268	9070
COMPUTER MACHINE NO.2	377518	(377,518)	-	13.91	-	-
MARUTI ESTEEM	140938	-	140938	25.89	6,489	104449
YAMAHA	13408	-	13408	25.89	3,471	9937
SCOOTER BAJAJ	7255	(7,255)	-	25.89	-	-
BAJAJ CLASSIC	9109	(9,109)	-	25.89	-	-
TOTAL ...	9101150	(673,542)	8427608	-	1,067,460	7360147

<b>OCTAGON INDUSTRIES LTD</b>		
<b>SCHEDULE FORMING PART OF THE ACCOUNT AS ON 31ST MARCH, 2005</b>		
<i>Particulars</i>	<i>As at 31.03.05</i>	<i>As at 31.03.04</i>
<b>SCHEDULE - A : RESERVES &amp; SURPLUS</b>		
GENERAL RESERVES	2173479	2173479
PROFIT & LOSS ACCOUNT	(13,867,671)	(11,352,949)
SHARE PREMIUM MONEY	1500000	1500000
SHARE FOREFID MONEY	375000	375000
	(9,819,192)	(7,304,470)
<b>SCHEDULE-B : LOAN FROM DIRECTORS/SHAREHOLDERS/RELATIVES</b>		
SHAILESH J PAREKH	261368	812368
PRIYAVANDANA S PAREKH	410598	410598
PRABHABEN J PAREKH	200000	200000
SHAILESH J PAREKH (HUF)	240940	240940
JAYANTKUMAR H PAREKH (HUF)	72880	72880
SONAL S.PAREKH	0	60000
CHETAN S PAREKH	100000	100000
	1,285,786	1,896,786
<b>SCHEDULE-D : INVESTMENTS</b>		
SHARE INVESTMENTS	7475000	7475000
BANK OF BARODA - F.D. A/C.	75000	81000
	7,550,000	7,556,000
<b>SCHEDULE-E : INVENTORIES</b>		
RAW MATERIAL	216500	359980
FINISHED GOODS	88500	142270
	305000	502250
<b>SCHEDULE: F : CASH &amp; BANK BALANCE</b>		
B O B - SAGRAMPURA	-	164,576
STATE BANK OF INDIA : SILVASA	2,676	2,686
STATE BANK OF HYDRABAD	7,338	2,260
ICICI BANK	-	8,704
CASH BALANCE	529,549	33,824
	539,563	212,050

SCHEDULE:- G : LOAN & ADVANCES PAID		
ELECTRIC LIGHT DEPOSIT (SILVASA)	120	120
ELECTRIC POWER DEPOSIT (SILVASA)	4,275	4,275
SURAT ELECTRICITY	1,000	1,000
SALES TAX DEPOSIT	1,000	1,000
PURVATHA LICENCE DEPOSIT	1,000	1,000
TEXTILE COMMISSIONER DEPOSIT	1,000	1,000
STERLING HOLIDAY RESORT	93,100	93,100
SARLABEN S PAREKH	-	23,500
	101,495	124,995
SCHEDULE: H : PRELIMINARY EXPENSES (TO THE EXTENT NOT W/Off)		
PRELIMINARY EXPS - OPENING BALANCE	61,661	68,512
LESS : WRITTEN OFF	6,851	6,851
	54,810	61,661
SCHEDULE:I : PUBLIC ISSUES EXPENSES		
PUBLIC ISSUE EXPS - OPENING BALANCE	1,722,113	1,913,459
LESS : WRITTEN OFF	191,346	191,346
	1,530,767	1,722,113
SCHEDULE: J : MISC. INCOME		
F D INTEREST FORM BOB	-	6,000
BANK OD INTEREST	3,764	-
VATAV KASAR & COMMISSION INCOME	505	
INTEREST FROM INCOME TAX	-	2,913
	4,269	8,913
SCHEDULE: K : INCREASE/(DECREASE) IN FINISHED GOODS		
OPENING STOCK - FINISHED GOODS	142,270	381,925
CLOSING STOCK - FINISHED GOODS	88,500	142,270
	(53,770)	(239,655)
SCHEDULE: L : MANUFACTURING & OTHER EXPS		
RAW MATERIAL CONSUMED :		
OPENING STOCK	359,980	447,525
ADD : PURCHASE	1,840,339	560,774
	2,200,319	1,008,299
LESS : CLOSING STOCK	216,500	359,980
TOTAL (A).....	1,983,819	648,319
ELECTRICAL POWER & FUEL EXPS		
	165,010	748,842
FACTORY EXPS	2,071	20,547

TOTAL (B).....	167,081	769,389
REPAIRS & MAINTENANCE		
PLANT & MACHINERY	58,639	45,742
OIL & LUBRICANT PURCHASE	50,187	12,573
ELECTRIC EXPS	7,329	15,680
TOTAL (C).....	116,155	73,995
PAYMENT & PROVISIONS FOR EMPLOYEES		
SALARY & WAGES	263,260	199,100
DIRECTOR'S REMUNERATION	72,000	72,000
TOTAL (D).....	335,260	271,100
SALES & DISTRIBUTION EXPS		
PACKING MATERIALS	40,505	87,035
TOTAL (E).....	40,505	87,035
ESTABLISHMENT EXPS		
TELEPHONE EXPS	1,902	-
BANK COMMISSION & CHARGES	5,139	2,073
BANK LOAN INTEREST	211,576	-
AUDITORS REMMUNATION	8,400	8,400
RATES, RENT & TAXES	-	1,296
VEHICLE EXPS	10,114	2,655
CONSULTANCY FEES	55,550	-
SHARE LISTING FEES	40,000	-
OFFICE EXPS	1,688	2,303
PRINTING & STATIONERY EXPS.	-	3,800
LOSS ON SALE OF BAJAJ CLASSIC	4,110	-
LOSS ON SALE OF COMPUTERS	455,178	
LOSS ON SALE OF SCOOTER BAJAJ	3,255	
PRILIMINEARY EXPENSES	6,851	6,851
PUBLIC ISSUE EXPENSES	191,346	191,346
TOTAL (F).....	995,109	218,724
TOTAL (A + F).....	3,637,929	2,068,562

## **M/S . OCTAGON INDUSTRIES LTD.**

### **SCHEDULE: M: SCHEDULE FORMING PARTS OF ACCOUNTS.**

#### **01. BASIS OF PREPARATION OF FINANCIAL STATEMENT :**

- (a) The Financial statement have been prepared under the historical cost with the generally accepted accounting principals and the provisions of the Company Act, 1956 as adopted consistently by the Company.
- (b) The Companies generally follows mercantile system of accounting and recognized significant items of income and expenditure on accrual basis. Except for the items specified elsewhere.

#### **02. VALUATION OF INVENTORIES :**

Raw Materials, packing materials, oil and Store & Spares valued at cost and finished goods are valued at cost or market price whichever is lower. The valuation of stock made by the management only.

#### **03. FIXED ASSETS AND DEPRECIATION :**

Fixed Assets are valued at cost less depreciation. Depreciation on fixed assets are provided on written down value method at the manner provided in Schedule – C to the Companies Act, 1956.

Physical existence of Fixed Assets has been certified by the management.

#### **04. AMORTISATION OF MISCELLANEOUS EXPENDITURE :**

Preliminary expenses and Public issue expenses are provided at 10% in the books on last year's balance.

#### **05. The Balance of Debtors, Creditors, Loans and Advances and opening Balance are subject to confirmation and reconciliation.**

Majority of Debtors are above six months.

#### **06. The previous year's figures have been reworked, regrouped rearranged and reclassified wherever necessary.**

#### **07. CONTINGENT LIABILITIES NOT PROVIDED IN RESPECT OF:**

Bill Discounting Rs. Nil  
Previous year Rs. Nil

#### **08. Provision of Income-tax has been not made since the company has been advised by the tax consultant that there is no taxable income for the year.**

#### **09. No provision has been made for gratuity as no employee has yet put up qualifying period of his service for entitlement for this benefit.**

#### **10. The Company is not required to obtain any license under industrial Regulations Act.**

therefore the details of licensed capacity are no applicable. (Other details as certified by the management are as follows.)

<i>Unit</i>	<i>A/c. year 2004-2005</i>		<i>A/c. year 2003-2004</i>	
Texturising Machine	1		1	
Crimping Machine	2		2	
Twisting Machine	2		2	
Actual Production	Nil		Nil	
11. CIF Value import in respect of :	Nil		Nil	
12. Expenditure & earning in Foreign currency during the year	Nil		Nil	
13. Amount remitted during the year in foreign currency on amount of Dividend.	Nil		Nil	
14. Payment of Auditors				
<i>Auditor's Remuneration</i>	<i>A/c. year 2004-2005</i>		<i>A/c. year 2003-2004</i>	
For Audit	Rs. 8400		Rs. 8400	
For Tax Audit	Rs. Nil		Rs. Nil	
Total	Rs. 8400		Rs. 8400	
15. Directors Remuneration	Rs. 72000		Rs. 72000	
16. Quantitative Information				
<i>Particulars</i>	<i>A/c. year 2004-2005</i>		<i>A/c. year 2003-2004</i>	
	Kg.	Rs.	Kg.	Rs.
<b>OPENING STOCK</b>				
Raw Materials	18967.330	359980	8950.500	447525
Textu. & Crimped	1580.780	142270	6918.820	381925
Gray Cloth	0.000	0	0.000	0
<b>CLOSING STOCK</b>				
Raw Materials	18967.330	359980	18967.330	359980
Textu. & Crimped	1580.780	142270	1580.780	142270
Gray Cloth	0.000	0	0.000	0
<b>PURCHASE</b>				
Raw Materials	16786.920	560774	16786.920	560774
Textu. & Crimped	0.000	0	0.000	0
Gray Cloth	0.000	0	0.000	0
<b>SALES</b>				
Raw Materials	0.000	0	0.000	0
Textu. & Crimped (Yarn)	5204.000	300458	5204.000	300458
Gray Cloth	0.000	0	0.000	0
<b>CONSUMPTION</b>				
Indigenous	16786.920	560774	16786.920	560774

17. The Company has during the year adopted Accounting Standard (AS-22) "Accounting for taxes on income" issued by the Institute of Chartered Accountant of India, However in view of loss during the year and also in past, no differed tax liability or Assets has been created.
18. Earning per share ( )
19. Segment reporting company operates for manufacturing of Texturising Yarn.
20. Related party disclosures are required by AS-18 given below. Other related party where common control exists Prabhat Infosys Ltd, Prabhat Oil Ltd.

For Aibada & Associates,  
Chartered Accountants,

For M/S. OCTAGON INDUSTRIES LTD.

Proprietor  
Membership No. 45310.

DIRECTOR.

Place:- Surat.  
Date:- 18-07-2005.

## **OCTAGON INDUSTRIES LTD**

Notes forming part of the Balance Sheet and Profit and Loss account 31/03/05 SCHEDULE 13

### **SIGNIFICATE ACCOUNTING POLICY AND NOTES ON ACCOUNTS :**

A) Significant Account Policies:

#### **Basis of Accounting:**

The accounting are prepared on accrual basis under the historical cost convention in accordance with mandatory accounting standards and relevant presentation requirement of the companies Act. 1956.

#### **Fixed Assets :**

Fixed Assets are stated at cost of acquisition or construction including indirect cost related to construction.

#### **Depreciation :-**

Depreciation is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, on pro rata basis.

#### **Inventories :**

Stocks are valued at cost or net realizable value whichever is lower.

#### **Revenue Recognition :**

Revenue is recognized when no significant uncertainty as to determination of realization exit.

#### **Foreign Exchange Transactions :**

Transactions in Foreign currencies are recorded at the exchange rate prevailing at the date of the remittance.

Current assets, current liabilities and loans denominated in foreign currencies are transited at the rates prevailing on the date of Valance Sheet and result exchange loss/gain and also the realized exchange loss/gain are dealt in profit & Loss Account.

#### **Borrowing Coast :-**

Borrowing costs that are attributing to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

#### **Investments:**

Long term assets are stated at cost. However diminution in value other than temporary is provided. The profit/loss arising on account of sales is recognized in the Profit & Loss A/c.



## **Taxation:**

### **i) Current year charge**

The provision for taxation is made based on an estimate of assessable income determined by the company under the Income Tax Act, 1961

### **ii) Deferred Tax**

Deferred tax is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent years.

### **Treatment of Contingent Liability**

Contingent Liabilities are disclosed by way of Notes to Accounts.

#### ***Notes on Accounts:***

##### **1 Contingent Liabilities:**

- a) Uncalled amount of partly paid-up shares - Rs.26000/- (Prev.Year - Rs. 26000/-)
- b) Claims against the Company not acknowledged as debts
- i) Disputed Sales Tax Liability Rs. Nil/- (Prev. Year - Rs. 247570/-)
- 2 Loan taken are secured by hypothecation of vechicals as puchased by them.
- 3 Working Capital facilities from the Dena Bank is secured by hypothecation of stock of raw materials and finished goods and plant & machinery, both present and future.

**OCTAGON INDUSTRIES LTD**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH**  
**CASH FLOW FROM OPERATING ACTIVITIES: (Rs. In lacs.)**  
**Net Profit Before Tax and Extraordinary Items**

		(25.15)		(27.09)
Add:				
Depreciation	10.67		13.40	
Loss on sales of assets	4.60		-	
Public Issue / Preliminary Expenses Written off	1.98	17.25	1.98	15.38
		(7.90)		(11.71)
<b>Cash from Operation Total - A</b>		(7.90)		(11.71)
Add:				
Inventories	1.97		(3.27)	
Creditors for Goods	(8.37)		(1.11)	
Less:				
Sundry Debtors	(4.50)		(7.23)	
Other Receivables	(0.25)		(0.11)	
Other payables	(6.11)		(0.52)	
<b>Total-B</b>		<b>4.45</b>		<b>12.24</b>
Cash Generated from Operations after Working				
Capital Changes (A - B) ('C)	(3.45)		0.53	
Less: Income Tax Paid/(Refund)	-	-	-	-
<b>Net Cash Flow from Operating Activities (D) '</b>	<b>(3.45)</b>		<b>0.53</b>	
<b>B. Cash Flow from Investing Activities</b>				
Interest Received				
Sale of Fixed Assets	6.73			
Less:				
Purchase of Investments				
Purchase of Fixed Assets				
Advance for Fixed Assets				
<b>Net Cash Flow from Investing Activities (E)</b>	<b>6.73</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Cash Flow from Financing Activities</b>				
Add: Increase in Term Loan				
Less: Decrease in Working Capital Facilitates				
Interest Paid				
<b>Net Cash Flow from Financing Activities (F)</b>				
<b>Net Changes in Cash &amp; Cash Equivalents (D+G+J)</b>		<b>3.28</b>		<b>0.53</b>
Opening Balance of Cash & Cash Equivalents		2.12		1.59
<b>Closing Balance of Cash &amp; Cash Equivalents</b>		<b>5.40</b>		<b>2.12</b>

Place : Silvassa

Date : 18.07..2005

For And On Behalf Of The Board

Chairperson      Managing Director.

## **AUDITOR'S CERTIFICATE**

We have examined the above Cash Flow Statement of Octagon Industries LIMITED for the period ended 31st March, 2005. The Statement has been prepared by the Company in accordance with the requirements of listing agreements with the Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report of March 31, 2005 to the members of the Company.

***For Adil Aibada & Associates,***  
*Chartered Accountants*

***Proprietor***

Place: Surat  
Date : 15-08-2005

**Octagon Industries Ltd..**

Registered office: Plot No.52, Pipariya Industries,Estate Phase II,Pipariya, Silvassa(D&NH)

**PROXY**

I/we .....of  
.....in the district of  
..... being member/members of  
..... of  
.....in the district of  
..... of  
.....in the district of

as my/our proxy to vote for me/us on my/our behalf at the 13th Annual General Meeting of  
Company to be held on Friday 30th September 2005, At 11.00 A.M. and at any adjournment  
thereof. Signed This ..... of .....2005

Signed by the said .....

Reg. Folio No. ....

No. of Shares Held.

Note : The Companies Act, 1956 lays down that the instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than FORTY-EIGHT hours before the time for holding the meeting.

**Octagon Industries Limited:**

Registered office: Plot No.52, Pipariya Industrial, Estate Phase II,Pipariya, Silvassa(D&NH)

**ATTENDANCE SLIP**

I hereby record my presence at the 13th Annual General Meeting of the Company to be held at  
Registered Office : Plot No.52, Pipariya Industrial, Estate Phase II,Pipariya, Silvassa(D&NH) on  
Friday 30th September 2005, At 11.00A.M.

Name of Shareholder(s).....

(In Block Capitals)

Name of the Proxy or Company Representative .....

(In Block Capitals)

Signature of Shareholder(s) or .....

Proxy or Company Representative

Note :

- 1) A Proxy Attending on behalf of Shareholder(s) should please write the name of the Shareholder(s) from whom he holds Proxy.
- 2) Member are requested to bring to their copy of the Annual Report with them to the meeting as additional copies of the same will not be made available at the Meeting.