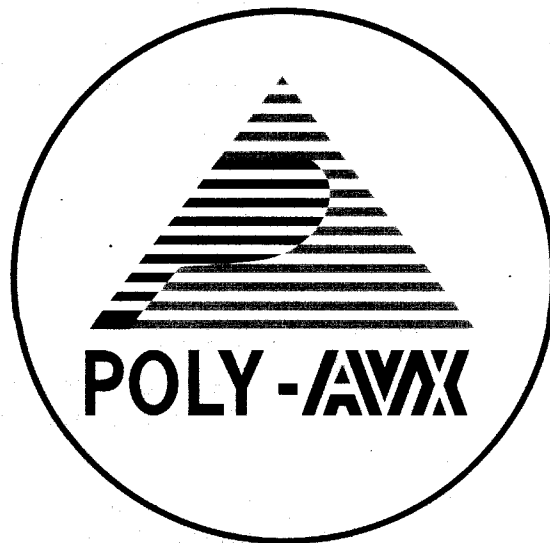


**GUJARAT POLY -AVX ELECTRONICS LIMITED**





## GUJARAT POLY-AVX ELECTRONICS LIMITED

### TWENTIETH ANNUAL REPORT 2008-2009

#### ANNUAL GENERAL MEETING

On Monday, the 3rd August, 2009  
at B-17/18, Gandhinagar Electronic Estate,  
Gandhinagar, Gujarat at 1.00 p.m.

As a measure of economy, copies of the  
Annual Report will not be distributed at the Annual  
General Meeting. Shareholders are requested  
to kindly bring their copies to the meeting.

#### Board of Directors

**Mr. T. R. Kilachand** (*Chairman*)

**Mr. P. T. Kilachand**

**Mr. A. H. Mehta** (*Executive Director-Finance & Legal*)

**Mr. Chandrakant Khushaldas**

**Brig. K. Balasubramaniam**

**Mr. A.B.Shah** (*GIIC Nominee*)

**Mr. R. K. Jani** (*GIIC Nominee*)

#### Company Secretary

**Mr. J. M. Shah**

#### Bankers

**Bank of Baroda**

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#### Auditors

**Messrs. C. C. Chokshi & Co.**  
(*Chartered Accountants*)

#### Solicitors and Legal Advisers

**Crawford Bayley & Co.**

#### Registered Office and Works

B-17/18, Gandhinagar Electronic Estate,  
Gandhinagar 382 024, Gujarat.

#### Corporate Office

7, Jamshedji Tata Road  
Churchgate Reclamation  
Mumbai 400 020.

## NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of GUJARAT POLY-AVX ELECTRONICS LIMITED will be held at B-17/18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat on Monday, the 3rd August, 2009 at 1.00 p.m. to transact the following business:

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009.
2. To appoint a Director in place of Mr Chandrakant Khushaldas who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. R.K. Jani who retires by rotation, but being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution for appointing Auditors for the current year.

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. C.C.Chokshi & Company, Chartered Accountants, Ahmedabad, be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company.

Further Resolved that the Board of Directors be and is hereby authorised to fix the remuneration of the Auditors and reimbursement of travelling and all other out of pocket expenses incurred in connection with the audit.

### SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass, with or without, modifications, the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that pursuant to Section 163 of the Companies Act, 1956 (hereinafter called "the Act"), the Company hereby approves that the Register of Members, Indices of Members, copies of all Annual Returns prepared by the Company under Section 159 of the Act together with copies of Certificates and Documents required to be annexed thereof under Section 161 of the Act, or any one or more of them shall be kept at the office of the Messrs. Sharepro Services (India) Pvt. Ltd. the Registrars and Share Transfer Agents, at 13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072 instead of at Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Andheri (E), Mumbai 400 099.

RESOLVED FURTHER that the Registers, Indices, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for inspection by the Members and/or any persons entitled thereto under the Act, be kept open for such inspection, at the place where they are kept, to the extent, in the manner and on payment of the fees, if any, specified in the Act, between the hours of 11.00 a.m. and 1.00 p.m. on any working day (excluding Saturday) and except when the registers and books are closed under the provisions of the Act or the Articles of Association of the Company.

"RESOLVED FURTHER that the Board of Directors be and are hereby authorized to do all such acts, deeds and things and execute the necessary documents as may be required to give effect to the aforesaid Resolution."

By Order of the Board of Directors

J.M.SHAH  
Company Secretary

### Registered Office:

Plot No. B-17/18,  
Gandhinagar Electronic Estate  
Gandhinagar 382024  
Gujarat.

Dated: 29th May, 2009

## NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. The Proxies to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- (b) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 21<sup>st</sup> July, 2009 to Tuesday 28<sup>th</sup> July, 2009 (both days inclusive).
- (c) Members holding shares in the dematerialized mode are requested to intimate changes in their address, if any, to their Depository Participants and Members holding shares in physical form are requested to intimate the change of address, if any, immediately to the Registrar & Share Transfer Agents at Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072.  
Telephone : 022-28215168/022-67720300  
Fax : 022-28375646
- (d) The Company's securities are listed on the following Stock Exchange :

Name & Address of the Stock Exchange	Nature of Security
Bombay Stock Exchange Limited Jeejeebhoy Towers Dalal Street Mumbai 400 023.	85,50,000 Equity Shares of Rs.10/- each

The Company has paid Annual Listing fees for 2008-09 to the above Stock Exchange.

### (e) Members who have not yet exchanged the Share Certificates, are requested to exchange their Old Share Certificates with New Share Certificates, with the Company.

Information as required under Clause49(IV)(G)(i) of the Listing Agreement, in respect of Directors being re-appointed/appointed.

Name of Director	Mr. Chandrakant Khushaldas	Mr.R.K.Jani
Age	73 years	56 years
Qualification	M.Sc. (Pure Mathematics) Allahabad University M.Sc. (Fiscal Studies) University of Bath, United Kingdom	B.Sc. (Hons.) B.Sc. (Tech.)
Date of Appointment	25.07.2003	31.10.2002
Expertise	Retired Member of Central Board of Direct Taxes, wide experience in Taxation and Company Law.	Entrepreneur counselling, Liason and follow up with industrialists and Associations, Technical appraisal and follow up.
Other Directorship in Public Companies (excluding Private Companies) as on 31 <sup>st</sup> March, 2009.	1. Baroda Extrusions Ltd. Vadodara	—
No of equity shares held	—	—

By Order of the Board of Directors

J.M.SHAH  
Company Secretary

### Registered Office:

Plot No. B-17/18,  
Gandhinagar Electronic Estate  
Gandhinagar 382024, Gujarat.  
Dated : 29th May, 2009



**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.**

The following Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 sets out the material facts relating to business under item 5 mentioned in the accompanying Notice dated 29<sup>th</sup> May, 2009.

**Item 5.**

M/s. Sharepro Services (India) Pvt. Ltd, Mumbai, who have been appointed since 11.09.2003 as Registrar and Share Transfer Agent of the Company have shifted their Registered Office from Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400 099 to 13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072 as per their letter dated 20.05.2009.

Under the provisions of the Companies Act, 1956, (the "Act") certain documents such as the Register and Index of Members, Register and Index of Debentureholders, other related books and papers etc., are required to be kept at the Registered Office of your Company. However, these documents can be kept at any other place within the city, town or village in which the Registered Office

of your Company is situated, with the approval of the Members to be accorded by a Special Resolution.

M/s. Sharepro Services (India) Private Limited, Mumbai is our Registrar and Share Transfer Agent (RTA), who have been providing depository related services for the shares held in demat mode and also acting as the Share Transfer Agent for the shares held in physical segment. Hence, the approval of the Members is sought in terms of Section 163(1) of the Act, for keeping the aforementioned Registers and documents at the premises of the RTA as stated in the resolution. The Board of Directors recommends the resolution as set out in the Notice for your approval

By Order of the Board of Directors

J. M. SHAH

Company Secretary

**Registered Office:**

Plot No.B-17/18  
Gandhinagar Electronic Estate  
Gandhinagar 382 024  
Gujarat.

Dated : 29<sup>th</sup> May, 2009.

**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the Twentieth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

**1. PRODUCTION ACTIVITIES**

The total production during the Financial Year 2008-09 was 967.00 Lacs pcs against 863.00 Lacs pcs in Financial Year 2007-08.

**2. SALES**

During the Financial Year 2008-09 the sales Turnover was Rs. 681.64 Lacs which is slightly more than last year Turnover of Rs.679.48 lacs. Due to overall market slow down there was a slow down in all the market segments serviced by us. The Instrumentation & Industrial Sector continued to be our key segment while the Telecommunication & Dealer segment recorded a drop in sales over the previous year. Due to change in the product mix and competition with imports the Average Selling price was lower than the previous year.

**3. FINANCIAL RESULTS**

The Company's operations for the year has resulted into loss of Rs.40.62 Lacs.(Previous year profit of Rs.22.82 lacs). Before interest, depreciation & tax there is surplus of Rs.134.65 Lacs (Previous year : Rs.215.32 Lacs).

Major reasons for loss during the year are change in the product mix, rupee becoming weak, steep increase in cost of major chemicals and metal, increase in inward freight etc.

In view of the accumulated loss, your Directors have not been able to recommend any Dividend for the year 2008-2009.

**4. FINANCE**

The Company has not received any additional loans from the financial institutions during the year ended 31st March,2009.

**5. FIXED DEPOSITS**

The Company has not received any deposits from Public during the year.

**6. PARTICULARS OF EMPLOYEES**

Provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

**7. PROCEEDINGS BEFORE THE AAIFR / BIFR**

In compliance with the Order of the Appellate Authority for Industrial & Financial Reconstruction (AAIFR) dated 27th March, 2002, the Company has already substantially fulfilled its obligations as per the directions of AAIFR, as depicted hereunder:

- 1) The company has converted Rs.75 lacs into equity shares of cash value of Rs.10/- each;
- 2) The company also converted Rs.981.50 lacs into 0.5% non cumulative preference shares;
- 3) And balance dues of Rs.861.41 lacs under One Time Settlement (OTS) to term lenders has been already paid in full.

However, the company is still to pay to Bank of Baroda towards FITL-I Rs.83 lacs and towards FITL-II Rs.63.20 lacs, besides, interest of Rs.57.18 lacs to term lenders for delay in payment of OTS amount as on 31st March, 2009.

The Board for Industrial & Financial Reconstruction (BIFR) vide its Order dated 6th May, 2009 has directed that the Company shall implement the provision of Sanctioned Scheme and redeem the non-cumulative shares before the next hearing. However, if mutually accepted compromise between all concerned was arrived at, the Monitoring Agency would inform the Board before the next hearing.

While company is exploring the possibility of reaching an amicable solution, the company has decided to appeal against the said Order of BIFR.

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

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1968, the Report of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure-I forming part of this report.

**9. DIRECTORS**

Mr. Chandrakant Khushaldas and Mr. R.K. Jani retire from office by rotation but being eligible, offer themselves for reappointment.

**10. AUDIT COMMITTEE**

Your Company has set-up an Audit Committee of Directors as mandated by section 292A of the Companies act, 1956 as amended. Mr.Chandrakant Khushaldas,Brig.K.Balasubramaniam and Mr.P.T.Kilachand are the members of the Audit Committee.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm that :

- (i) in the preparation of the annual accounts, applicable accounting standards have been followed, with proper disclosure of any departures;
- (ii) the accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- (iii) that the Directors have taken proper and sufficient care for 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 Directors have prepared the annual accounts on a going concern basis.

**12. CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Directors' Report.

**13. AUDITORS' REMARKS**

As regards the remarks in the Auditors' Report, please refer to

the Notes on Accounts which are self-explanatory.

**14. APPOINTMENT OF AUDITORS**

You are requested to appoint Auditors. The retiring Auditors M/s.C.C.Chokshi & Co., Chartered Accountants, Ahmedabad are eligible for re-appointment.

**15. ACKNOWLEDGEMENT**

Your Directors express their sincere thanks to the Central and State Government authorities, including Gujarat Industrial Investment Corporation Ltd., Bank and Financial Institutions and the Collaborators Kyocera-AVX Corpn of USA.

Sincere thanks are also due to the Management team, the staff and workers for their valuable contribution during this critical period of the Company.

On behalf of the Board of Directors,

**T. R. KILACHAND**  
Chairman

**Registered Office :**

Plot No. B-17/18  
Gandhinagar Electronic Estate  
Gandhinagar 382 024  
GUJARAT.

Dated : 29<sup>th</sup> May, 2009.

**ANNEXURE I**

**A. CONSERVATION OF ENERGY**

- a) Energy conservation steps taken:
  - i) Scheduled and planned maintenance programme has increased the performance of the equipments.
  - ii) The above process has resulted in the low consumption of energy and better performance of the equipment.
  - iii) Effective use of utility equipment (chiller, compressor etc.)
- b) Additional Investments & Proposals being implemented
  - i) Utilize all the equipment installed effectively to minimize the energy consumption.
  - ii) Maintenance schedule monitored for effective use of the machinery.
- c) Impact of measures at (a) & (b) above:  
The above implementation have resulted to achieve better productivity and reduce the energy cost.
- d) Power & Fuel Consumption : Not Applicable

**B. TECHNOLOGY ABSORPTION**

**FORM - B**

**1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY**

- i) Continued development of imported spares locally
- ii) Development of laser stencil to increase the product range
- iii) Effective manufacturing process to reduce the consumption of raw material.

**2. BENEFITS DERIVED AS A RESULT OF ABOVE R & D**

- i) Increase in product range
- ii) Reduce the level of stocks of machine spares
- iii) Consistent manufacturing process

**3. FUTURE PLAN OF ACTION**

- i) Continuous indigenization of machine tooling, jigs & fixtures and raw materials.
- ii) To develop jigs & fixtures to increase the product range.
- iii) Continue the development of products similar to our present range of products.

**4. EXPENDITURE OF R & D**

Negligible

**TECHNOLOGY -ABSORPTION , ADAPTATION & INNOVATION**

- (1) (a) Technology Absorption  
Technology Absorption is complete in the areas commissioned
- (b) Adaptation  
**As part of continuous quality improvement, alteration of process condition and parameters are being undertaken on a regular basis.**
- (c) Innovation

Systems adopted have led to improve the process

**(2) BENEFITS**

- i) Increase in product range.
- ii) Reduction in down time and improve the processes of the equipment

**(3) IMPORTED TECHNOLOGY**

No additional import of Technology in the Financial Year 2008-09.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- i) Total Foreign Exchange used : Refer note of 18 (e) of Schedule 15 (B)
- ii) Total Foreign Exchange earned : Rs. NIL



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Overview**

Gujarat Poly-AVX Electronics Ltd is one of the largest manufacturers of Ceramic Capacitors in India. This state of the art facility was incorporated in the year 1989 in collaboration with AVX Ltd., USA, a world leader in passive components to manufacture Ceramic Capacitors in Radial, Axial, Surface Mount Devices (SMD's) Configuration & Singlelayer (Disc) Ceramic Capacitors.

### **Industrial Structure and Development**

Electronic Components form the building blocks of any Electronic system. Ceramic Capacitors are classified as Passive Electronic Component which are manufactured by your Company. These components find application in the following Market Segments:

- (1) Computer & Computer Peripherals
- (2) Instrumentation and Industrial Electronics
- (3) Consumer Electronics
- (4) Defence
- (5) Telecommunications
- (6) Dealers

Ceramic Capacitors manufactured, by your Company, are supplied to Original Equipment Manufacturers(OEM's) in the rapidly growing electronic industry.

### **Opportunities and Threats**

- \* Ceramic Capacitors are the most widely used Passive Electronic Component, due to their miniature size and wide range.
- \* Segments as above cover the entire Electronic Industry and our components find application in these segments.
- \* Your company is also dealing in Trading of other types of Capacitors.
- \* In addition to the OEM's the products are also sold through a wide dealer network all over India.
- \* Our Ceramic Capacitors attract 0% Custom Duty and are easy to import by OEMs.
- \* Ceramic Capacitors manufactured by us are imported primarily through China making them fiercely competitive.

The Dollar fluctuation and metal volatility play a very important role in influencing the margins.

### **Risks & Concerns**

- \* There is a rising trend of importing Electronic Components in kit form for assembly in India. This trend can have an adverse impact on our customer base.
- \* The new technologies coming into India enforce the OEMs to have a global sourcing especially in the case of subcontractors and can impact our growth.
- \* Over all market slow down have hit Electronic Industry across the board affecting our growth. Similarly the strong dollar and metal volatility has an impact on the already tight margins.

### **Performance by Sector and Products**

The Instrumentation and Industrial Electronics segment continues to grow in the present Financial Year. However, the Automotive Industry, Consumer Electronics and Computer segments were particularly sluggish due to the market slow down. Due to this dealer segments recorded decline in sales. Similarly the Telecommunication segment continued the downward trend.

As far as the products are concerned there has been considerable shift in the product mix. The leaded products requirements are converting to SMD's. On the other hand, the Singlelayer Disc Ceramic Capacitors requirements are changing over either to leaded MLCCs or SMDs. It has been observed that the market for SMD's is also shifting to smaller sizes. Due to this reason the overall ASP's achieved are lower than previous year.

During the Financial Year 2008-09 the total sales was Rs. 681.64 Lacs against Rs.679.48 Lacs previous year and the Production was 967.00 Lacs pcs in the present Financial Year in comparison to 863.00 Lacs pcs previous year.

### **Outlook**

The Company is cautiously optimistic about the growth prospects for the current Financial Year.

### **Internal Control System and their Adequacy**

Gujarat Poly-AVX Electronics Ltd has adequate system of internal controls to ensure all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

Your Company has nominated Internal Auditors who evaluate all financial and operating system control of the company. The Internal Auditors also review the internal controls to ensure Accounts of the Company are maintained and transactions are in accordance with the prevailing laws and regulations.

Internal Audit findings and recommendations are reviewed by the top management and the Audit Committee of the Board. The Committee reviews the quarterly, half yearly and annual financial statements before these are submitted to the Board and ensures compliance of internal control system.

### **FINANCIAL PERFORMANCE**

#### **Reserves & Surplus**

During the year under review there has been no changes in the capital reserves of the company which stands at Rs. 29,75,000/-.

#### **Secured Loans**

As per AAIFR order dated 27th March, 2002, Company was required to pay Rs.861.41 lacs OTS amount to term lenders by 31st December, 2004. As the Company could not make the complete payment as per the said order, it requested Term Lenders for extension of time which they agreed with stipulation for payment of interest for the extended period. The Company thereafter accordingly completed the payment of Principal amount of Rs.861.41 lacs (OTS) to them. The aggregate interest payable by instalments for the extended period and on loans payable to Bank of Baroda as per AAIFR order dated 27.03.2002 come to Rs.397.44 lacs out of which Rs.195.49 lacs have been paid till 31.03.2009, leaving the balance instalments payable aggregating to Rs.201.95 lacs on the said date.

#### **Fixed Assets (Net Block)**

The Net Block as on 31.3.2009 is Rs 479 lacs compared to Rs.606 lacs for previous year. The net block has gone down due to depreciation / adjustment for the year.

#### **Investments**

The Company has not made any investments during the year.

#### **Net Current Assets**

The net current assets of the Company have increased from Rs.157.19 lacs to Rs.423.31 lacs.

#### **Results of operations**

The revenue during the year has increased from Rs.679.48 lacs to Rs.681.64 lacs mainly due to growth in the sale to Instrumentation and Industrial Electronics. There is loss of Rs.40.62 lacs for the year against profit of Rs.22.82 lacs in the previous year. Provisions for interest and financial charges are Rs.45.23 lacs compared to Rs.62.91 lacs during previous year.

Payment to and provisions for employees amounts to 17.94% of sales compared to 14.39% in the previous year. Depreciation amounts to 18.86% of Sales during the year compared to 18.85% in the previous year.

The Company cannot recommend dividend due to accumulated losses.

#### **Material Development in Human Resources**

Your Company's strength lies in it's human resources and total employee involvement. Emphasis is placed on effective communication, continuous on going training and regular upgradation of each individual's performance & skills. The company's key business strategy continues to empower every employee to be leader in its stride towards total quality management.

## **CORPORATE GOVERNANCE REPORT**

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereafter the code) through clause 49 in the listing agreement executed by the Company with a stock exchange. Clause 49 lays down several corporate governance practices which listed companies are required to adopt. The code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporates. While most of the practices laid down in clause 49 require mandatory compliance, few are recommendatory in nature. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in clause 49, for the financial year 2008-2009

### **Company's Philosophy on Corporate Governance :**

The Philosophy on Corporate Governance aims at attainment of the highest level of transparency, accountability and equity in the functioning of the Company vis-à-vis interactions with employees, shareholders, creditors and customers. The objective of the Company is not only to meet the statutory requirements of the code but also go well beyond it by instituting such systems and procedures as are required in accordance with the latest global trend of making management completely transparent and institutionally sound.

#### **1. Board of Directors**

The Company has 7 Directors including a Non-Executive Chairman. There are 6 Non-Executive Directors out of which 2 are Independent Directors. Board of Directors is responsible for management of the Company's business. The Board's role, functions, responsibility and accountability are clearly defined.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Chairmanships/Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship/Membership of Board Committees includes only Audit and Shareholders'/Investors' Grievance Committees.

The table below provides the composition of the Board of Directors as on 31.03.2009.

#### **FY 2008-09 (April '08 to March '09)**

Name of the Director	Attendance Particulars			Sitting fees  Rs.	No. of other Directorship and Committee Membership/ Chairmanship	
	Category	Board Meetings	Last AGM held on 5.08.08		Other Directorship in Public Limited Companies	Committee Membership/ Chairmanship
Mr. T.R.Kilachand	Chairman	5	Yes	10,000/-	2	2
Mr. P.T.Kilachand	NED	4	No	8,000/-	3	1
Brig.K.Balasubramaniam	NED(I)	5	Yes	10,000/-	—	—
Mr.C.Khushaldas	NED(I)	5	Yes	10,000/-	1	—
Mr. A.B.Shah (Nominee of GIIC)	NED	2	Yes	4,000/-	4	2
Mr. R.K.Jani (Nominee of GIIC)	NED	5	Yes	10,000/-	—	—
Mr. A.H.Mehta	ED	5	Yes	—	1	—

#### **Notes:**

1. NED – Non-Executive Director.
2. NED (I) – Non-Executive and Independent Director.
3. ED – Executive Director
4. Mr.Tanil R. Kilachand and Mr.Parthiv T. Kilachand, are related. No other directors are related

#### **Number of Board Meetings held and dates on which held**

Five Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

30<sup>th</sup> April, 2008, 30<sup>th</sup> June, 2008, 5<sup>th</sup> August, 2008, 21<sup>st</sup> October, 2008 and 29<sup>th</sup> January, 2009.


**2. Audit Committee**

- i. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956. Terms of reference of the Audit Committee are broadly include overseeing financial report processes, reviewing with the management the financial statements and adequacy of internal control systems, reviewing the adequacy of internal audit function and discussion with internal auditors on any significant findings and follow-up thereon.
- ii. Minutes of meetings of the Audit Committee are circulated to members of the Committee and the Board is kept apprised.
- iii. Composition and Attendance

During the year under review, five meetings of the Audit Committee were held on the following dates and the attendance of each member of the Committee is given below :

30<sup>th</sup> April, 2008, 30<sup>th</sup> June, 2008, 5<sup>th</sup> August, 2008, 21<sup>st</sup> October, 2008 and 29<sup>th</sup> January, 2009.

Name of the Director	Designation	Category	Committee Meetings	
			Held during the tenure	Attended
Mr. Chandrakant Khushaldas	Chairman	Non-Executive Independent Director	5	5
Brig. K.Balasubramaniam	Member	Non-Executive Independent Director	5	5
Mr..P.T.Kilachand	Member	Non-Executive	5	4

The majority of the members of the Audit Committee are independent and have knowledge of finance, accounts, company law and telecom industry as a whole. The quorum for audit committee meeting is minimum of two members.

The Company Secretary acts as the Secretary to the Committee.

**Details of number of Shares and Convertible instruments held by Non-Executive Directors**

Except Mr.T.R.Kilachand and Mr.P.T.Kilachand who hold 49,602 and 17,682 Equity Shares of Rs.10/- each of the Company respectively, no other Non-Executive Director holds any shares or Convertible instruments of the Company.

**3. Adoption of Non-mandatory requirement of Clause 49**

The Company complies with the following non-mandatory requirements stipulated under Clause 49.

**Remuneration Committee:**

Terms of reference

The Terms of Reference of Remuneration Committee include recommending to the Board of Directors specific remuneration packages for Executive Director and management staff.

The composition of the remuneration committee as on 31st March, 2009 was as under:

Sr.No.	Name of the Director	Designation
1.	Mr. Chandrakant Khushaldas	Chairman
2.	Brig. K.Balasubramaniam	Member
3.	Mr. P.T.Kilachand	Member

All the above Directors are Non-Executive and the Chairman is an Independent Director.

The Remuneration Committee met once during the year on 30th June, 2008.

**4. Shareholders'/Investors' Grievance Committee**

The following Directors are the members of the said Committee:-

Sr.No.	Name of the Director	No. of Meeting(s)	
		Held	Attended
1.	Mr. T.R.Kilachand - Chairman	23	20
2.	Mr. P.T.Kilachand - Non-Executive Director	23	22
3.	Mr. A.H.Mehta - Executive Director	23	23

The Committee would look into the redressal of the shareholders' complaints in respect of all matters including transfer or credit of shares to demat accounts, non-receipt of Notices/Annual Reports, non-receipt of Share Certificates etc.

Share transfer formalities are attended to at least once a fortnight.

Mr. J.M.Shah, Company Secretary provided secretarial support to the Committee and was also the designated Compliance Officer of the Company.

Twelve complaints were received during the year and the same were resolved. There are no complaints pending from the shareholders as on 31.3.2009

**5. CEO/CFO Certification**

Mr. A.H.Mehta, Executive Director (Finance & Legal) and Mr. Harshad H. Jani, Manager (Accounts and Finance) of the Company have certified to the Board that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:-
  1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
  2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b). There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c). They accept responsibility for establishing and maintaining internal controls for financial reportings and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee those deficiencies of which they are aware, in the design or operation of such internal control and that they have taken the required steps to rectify these deficiencies.
- (d). They further certify that they have indicated to the auditors and Audit Committee :-
  - (i) there have been no significant changes in internal control over financial reporting during the year.
  - (ii) there have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
  - (iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control system over financial reporting.

**6. Code of Conduct**

The Company has framed and adopted a Code of Conduct, which is applicable to all the directors and members of the senior management in terms of Clause 49 V of the Listing Agreement. The said code, which came into effect from January 1, 2006, lays the general principles designed to guide all directors and members of the senior management in making ethical decisions.

All Directors and members of the senior management have confirmed their adherence to the provisions of the said code.

**Declaration**

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2009.

For Gujarat Poly AVX Electronics Limited  
A.H.Mehta  
Executive Director, Finance & Legal

**7. Remuneration to Directors**

The Company pays Fees to all Directors excluding the Executive Director of the Company for attendance during the meeting. The Executive Director is paid remuneration of Rs.9,23,539/- during the year, details are disclosed in note no.7 in Schedule 15 (B) of the financial statements.

**8. Means of Communications**

The annual, half-yearly and quarterly results, as required under clause 41 of the listing agreement are published in two newspapers at Ahmedabad. The Management Discussion and Analysis (MD&A) is part of the Annual Report.

**9. Disclosure**

Mr.V.K.Puniani, General Manager (Plant) constitutes 'management' and has no personal interest in any transaction that may have a potential conflict with the interest of the company at large.

**10. Related Party Transactions**

The Company has not entered into any transaction of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interests of the Company.

There were no instances of non-compliance and no strictures or penalties imposed on the Company either by SEBI, Stock Exchange or any statutory authorities on any matter related to capital markets during the last three years

**11. General Shareholder Information**

AGM:	Date	Monday, 3rd August, 2009
	Time	1.00 p.m.
	Venue	At: B-17/18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat.
Financial Year		April 2008 to March 2009
Dates of Book Closure		Tuesday, 21-07-2009 to Tuesday, 28-07-2009
Dividend Payment Date		N. A.
Listing on Stock Exchange		Bombay Stock Exchange Ltd.

# GUJARAT POLY-AVX ELECTRONICS LIMITED



Stock Code  
Demat ISIN Number in NSDL &  
CDSL for Equity Shares  
Market Price Data : High, Low during  
each month in the financial year 2008-2009  
Registrar and Share Transfer Agents

517288 – Bombay Stock Exchange Ltd.  
NSDL)  
CDSL) INE541F01022

See Table No.1 below  
M/s. Sharepro Services (India) Pvt.Ltd.  
13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange  
Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072.  
Telephone: 022-28511872, 67720300 Fax: 022-28591568  
Email : [sharepro@vsnl.com](mailto:sharepro@vsnl.com)

Share Transfer System

The shares are traded compulsorily in the Demat form effective 6.12.2002.  
Shares sent for transfer are registered and returned within 30 days from the date of  
receipt, if the documents are clear in all respects.

Distribution of shareholding  
& Category-wise distribution

See table No.2 & 3

Dematerialisation of shares

See table No. 4

Plant Location

B-17/18, Gandhinagar Electronic Estate, Gandhinagar-382024 (Gujarat)  
Telephone : 079-23287162/63 Fax : 079-23287161  
Email : [vkp@polyavx.com](mailto:vkp@polyavx.com)

Listing fees as applicable have been paid.

**Table 1 – Market Price Data**

High, Low (based on closing prices)and number of shares traded during each month in the last financial year on The Bombay Stock  
exchange Ltd. are summarized as herein below.

Month	Bombay Stock Exchange Limited		
	High (Rs.)	Low (Rs.)	Total Number of Shares traded
April - 2008	4.63	3.95	4,620
May - 2008	6.28	4.66	11,472
June - 2008	4.93	4.00	6,116
July - 2008	4.49	3.40	13,517
August - 2008	4.51	3.76	8,162
September - 2008	4.20	3.45	9,572
October - 2008	3.55	3.00	2,372
November - 2008	2.86	2.42	1,783
December - 2008	—	—	—
January - 2009	2.31	2.00	2,470
February - 2009	3.08	2.21	1,047
March - 2009	—	—	—

**Table 2**

Distribution of shareholding as on 31.03.2009

No. of Equity Shares	No. of shares held	% of total shares	No. of Shareholders	% of total shareholders
1 to 100	1,220,946	14.28	20,364	85.10
101 to 500	602,517	7.05	2,956	12.35
501 to 1000	268,150	3.13	355	1.48
1001 to 5000	457,547	5.35	213	0.89
5001 to 10000	124,629	1.46	18	0.07
10001 to 100000	480,499	5.62	21	0.09
100001 and above	5,395,712	63.11	4	0.02
<b>Total</b>	<b>8,550,000</b>	<b>100.00</b>	<b>23,931</b>	<b>100.00</b>

**Table 3**  
**Category-wise distribution of shareholding as on 31.03.2009**

Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	3	5,157,554	60.32
2.	Public Financial Institutions & Banks	5	382,259	4.47
3.	Mutual Funds	—	—	—
4.	Bodies Corporate	117	89,333	1.04
5.	Resident Individuals	23,784	2,896,748	33.89
6.	FII & OCBs	—	—	—
7.	Non-Resident Individuals	22	24,106	0.28
8.	State Government	—	—	—
	<b>Total</b>	<b>23,931</b>	<b>8,550,000</b>	<b>100.00</b>

**Table 4**  
**Break-up of shares in physical & electronic mode as on 31.03.2009**

Mode	No. of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	19,860	82.99	3,337,966	39.04
Electronic	4,071	17.01	5,212,034	60.96
<b>Total</b>	<b>23,931</b>	<b>100.00</b>	<b>8,550,000</b>	<b>100.00</b>

**12. Details of Directors appointed and re-appointed during the year**

During the year Mr. P.T.Kilachand, Brig. K.Balasubramaniam and Mr.A.H.Mehta retired by rotation and were re-appointed at the last Annual General Meeting.

The details of other Directors being appointed and re-appointed in the ensuing Annual General Meeting have been given in the "Notice calling the Twentieth Annual General Meeting of the Company".

**13. General body Meetings**

The particulars of Annual General Meetings of the Company held in the last 3 years are as under. The shareholders passed all the resolutions set out in the respective notices.

Financial Year	AGM	Location	Date	Time	No. of Special Resolution passed
2005-06	AGM	Gandhinagar Electronic Estate, Gandhinagar, Gujarat	08.09.2006	1.00 p.m.	—
2006-07	AGM	—Do—	14.09.2007	1.00 p.m.	—
2007-08	AGM	—Do—	05.08.2008	1.00 p.m.	—

No Extra Ordinary General Meetings (EGM) held during the last 3 years.

The Company has not passed any shareholders' resolution through postal ballot during the year under reference.

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE  
TO THE MEMBERS OF  
GUJARAT POLY-AVX ELECTRONICS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **Gujarat Poly-AVX Electronics Limited**, for the year ended on 31<sup>st</sup> March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an 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, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement.

We 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 **C. C. Chokshi & Co.**  
Chartered Accountants  
**H. P. SHAH**  
Partner

Place : Ahmedabad  
Date : 29th May, 2009

Membership No. 33331



**AUDITORS' REPORT TO THE MEMBERS OF GUJARAT POLY-AVX ELECTRONICS LIMITED**

1. We have audited the attached Balance Sheet of **Gujarat Poly-AVX Electronics Limited**, as at 31<sup>st</sup> March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those 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 with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representation received from the directors as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- (f) **Reference is invited to Note 3 in Schedule 15(B) regarding accounts of the Company prepared on going concern basis as explained in the note.**

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
- (b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For C.C. CHOKSHI & CO.  
Chartered Accountants

**H.P. SHAH**  
Partner

Ahmedabad.  
Date: 29th May, 2009

Membership No.33331

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

1. The nature of the Company's activities during the year have been such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
2. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies have been noticed on such verification.  
(c) The company has not disposed off a substantial part of fixed assets during the year
3. (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
4. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.  
(b) The Company has taken an unsecured loan of Rs. 27 lacs from a Company covered in the register maintained under section 301 of the Companies Act, 1956.  
(c) In our opinion and according to the information and explanations given to us, rate of interest and other conditions of the loans are, *prima facie*, not prejudicial to the Company.  
(d) The said loan has been fully repaid during the year and the interest thereon has been paid during the year.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and we have not observed any continuing failure to correct major weaknesses in such internal controls.
6. (a) In our opinion and according to the information and explanations given to us, transactions that needed to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding the value of rupees five lakhs in respect of any party during the year.
7. The Company has not accepted deposits from the public during the year within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
8. In our opinion, the internal audit functions carried out during the year by a firm of a Chartered Accountants appointed by the management have been commensurate with the size of

the Company and the nature of its business.

9. The maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 for the product manufactured by the Company for the year under review.
10. (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, cess and other material statutory dues with appropriate authorities during the year.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding, as at 31st March, 2009, for a period of more than six months from the date they became payable.  
(c) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.
11. The Company has accumulated losses which exceeded its net worth at the end of the financial year and it has not incurred any cash losses in the financial year under report and the immediately preceding financial year.
12. The Company has generally not defaulted in payment of installment of dues to financial institutions and to a bank.
13. According to the information and explanations given to us, the company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
15. According to information and explanations given to us, the Company has not raised any term loan during the year under review and hence question of its application does not arise.
16. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
17. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
18. The Company has not issued any secured debentures during the year.
19. The Company has not raised any money by Public issue during the year.
20. 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 C.C. CHOKSHI & CO.  
Chartered Accountants

H. P. SHAH  
Partner

Membership No.33331.

Ahmedabad.  
Date: 29th May, 2009

**GUJARAT POLY-AVX ELECTRONICS LIMITED**

**BALANCE SHEET AS AT 31ST MARCH, 2009**

PARTICULARS	Schedules	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>I SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	1	183,650,000	183,650,000
Reserves & Surplus	2	2,975,000	2,975,000
<b>2. Loan Funds</b>			
Secured	3	333,227,773	315,250,926
<b>TOTAL</b>		<b>519,852,773</b>	<b>501,875,926</b>
<b>APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
Gross Block	4	248,320,469	248,162,853
Less: Depreciation		200,460,097	187,605,649
Net Block		47,860,372	60,557,204
Installed Machinery, but not commissioned		878,401	878,401
		48,738,773	61,435,605
<b>2. CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	5	30,006,114	31,511,721
Sundry Debtors	6	19,117,719	17,241,389
Cash & Bank Balances	7	1,694,207	2,092,130
Loans & Advances	8	1,763,870	2,309,311
		52,581,910	53,154,551
Less: Current Liabilities & Provisions	9	10,250,564	37,434,977
Net Current Assets		42,331,346	15,719,574
<b>3. Debit Balance of Profit &amp; Loss Account</b>		428,782,654	424,720,747
<b>TOTAL</b>		<b>519,852,773</b>	<b>501,875,926</b>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 15

Schedule 1 to 15 form an integral part of these accounts.

This is the Balance Sheet referred to in our report of even date

For C. C. Chokshi & Co.,  
Chartered Accountants

H.P.Shah  
Partner

T.R.Kilachand  
Chairman

A.H.Mehta  
Executive Director - Finance & Legal

J.M.Shah  
Company Secretary

For and on behalf of the Board

Chandrakant Khushaldas  
R.K.Jani } Directors

Ahmedabad 29th May, 2009

Mumbai 29th May, 2009

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

PARTICULARS	Schedules	For the year ended 31.3.2009 Rs.	For the year ended 31.3.2008 Rs.
<b>INCOME</b>			
Sales		76,286,890	78,287,235
Less : Excise Duty		8,122,893	10,339,585
Sales (Net)		68,163,997	67,947,650
Other Income	10	1,277,138	1,897,872
<b>TOTAL</b>		<b>69,441,135</b>	<b>69,845,522</b>
<b>EXPENDITURE</b>			
Increase in stocks	11	910,066	1,130,609
Purchase of Trading Goods		2,350,665	2,937,837
Raw Materials Consumed		29,365,758	23,054,830
Payments to and provisions for employees	12	12,227,978	9,778,324
Operation and Other Expenses	13	11,140,688	11,412,172
Interest and Finance Charges	14	4,522,762	6,291,142
Depreciation	4	12,854,448	12,810,205
<b>TOTAL</b>		<b>73,372,364</b>	<b>67,415,119</b>
Profit/(Loss) for the year		(3,931,229)	2,430,403
Provision for tax :			
Fringe Benefit Tax		(149,627)	(148,357)
Excess provision of earlier years		18,949	-
Profit/(loss) after tax		(4,061,907)	2,282,046
Deficit brought forward from previous year		(424,720,747)	(426,874,760)
Earlier year's liability for employee benefits		-	(128,033)
Deficit carried to Balance sheet		<b>(428,782,654)</b>	<b>(424,720,747)</b>
Earning Per Share [Basic and diluted refer note :14 of Schedule 15(B)]		(0.48)	0.27

**SIGNIFICANT ACCOUNTING POLICIES  
AND NOTES ON ACCOUNTS**

15

Schedule 1 to 15 form an integral part of these accounts.

This is the Profit and Loss Account referred to in our report of even date

For and on behalf of the Board

For C. C. Chokshi & Co.,  
Chartered Accountants

T.R.Kilachand  
Chairman

Chandrakant Khushaldas  
R.K.Jani } Directors

H.P.Shah  
Partner

A.H.Mehta  
Executive Director - Finance & Legal

J.M.Shah  
Company Secretary

Ahmedabad 29th May, 2009

Mumbai 29th May, 2009



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

		2008-2009	2007-2008
		Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit/(loss) before tax and Exceptional items		(3,931,229)	2,430,403
Adjustment for:			
Depreciation	12,854,448	12,810,205	24,419
Loss/(Profit) on sale of assets	-	359,954	6,291,142
Provision for doubtful debts	-	14,244	-
Interest Expenses	4,522,762	-	-
FOREIGN EXCHANGE FLUCTUATION -GAIN/LOSS	103,497	-	-
		<b>17,480,707</b>	<b>19,499,964</b>
Operating profit/(loss) before working capital changes		<b>13,549,479</b>	<b>21,930,367</b>
Adjustment for:			
Trade and other receivables	(1,465,079)	2,419,060	-
Inventory	1,505,607	1,139,556	-
Trade Payables	(641,736)	(4,612,737)	-
		<b>(601,208)</b>	<b>(1,054,121)</b>
Cash Generated from operation		<b>12,948,271</b>	<b>20,876,246</b>
Interest paid		(13,179,258)	(12,816,154)
Tax paid		(191,419)	(201,220)
<b>Cash flow from operating activities (A)</b>		<b>(422,406)</b>	<b>7,858,872</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	(157,616)	(323,867)	-
Sale of Fixed assets	-	-	-
Interest Income	-	-	-
<b>Net cash used in investing activities (B)</b>		<b>(157,616)</b>	<b>(323,867)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Unsecured Loan	-	(750,000)	-
Bank of Baroda (Cash Credit)	182,099	(204,063)	-
Repayment of borrowing	-	(5,594,900)	-
<b>Cash from Finance Activities (C)</b>		<b>182,099</b>	<b>(6,548,963)</b>
Net increase (decrease) in Cash & Cash Equivalents	<b>(A+B+C)</b>	<b>(397,923)</b>	<b>986,042</b>
Cash & Cash Equivalents as on 01.04.2008		<b>2,092,130</b>	<b>1,106,088</b>
Cash & Cash Equivalents as on 31.03.2009		<b>1,694,207</b>	<b>2,092,130</b>

Notes: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements, issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

**For C. C. Chokshi & Co.,**  
Chartered Accountants

H.P.Shah  
Partner

T.R.Kilachand  
Chairman

A.H.Mehta  
Executive Director - Finance & Legal

J.M.Shah  
Company Secretary

For and on behalf of the Board

Chandrakant Khushaldas  
R.K.Jani } Directors

Ahmedabad 29th May, 2009

Mumbai 29th May, 2009

PARTICULARS	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
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**SCHEDULES TO BALANCE SHEET**

**SCHEDULE 1**

**SHARE CAPITAL**

Authorised

12,000,000 Equity Shares of Rs.10/-each	120,000,000	120,000,000
1,000,000 1/2 % Non-cumulative Redeemable Preference shares of Rs.100/-each	100,000,000	10,00,00,000
<b>TOTAL</b>	<b>220,000,000</b>	<b>220,000,000</b>

Issued,Subscribed and paid up

8,550,000 Equity Shares of Rs.10/-each fully paid up	85,500,000	85,500,000
981,500 1/2 % Non-cumulative Redeemable Preference shares of Rs.100/-each	98,150,000	98,150,000
<b>TOTAL</b>	<b>183,650,000</b>	<b>183,650,000</b>

**NOTES:**

- Out of above equity shares :
  - 750,000 Shares of Rs.10 each have been allotted as Fully paid-up to Term Lenders and Bank as per AAIFR order.
  - 800,000 Shares of Rs.10 each have been allotted as fully paid-up against unsecured loan as per AAIFR order.
- 981,500 1/2% Non-cumulative Redeemable Preference shares of Rs. 100 each fully paid up have been allotted to term lenders as per AAIFR order without payment being received in cash, out of which 4,90,750 shares (50% of the shares) were redeemable on 31st March 2008 & and balance was redeemable on 31st March 2009, subject to regulations of the Companies Act 1956.

**SCHEDULE 2**

**RESERVES AND SURPLUS**

**CAPITAL RESERVE**

State Government Subsidy on Capital Investment	2,975,000	2,975,000
<b>TOTAL</b>	<b>2,975,000</b>	<b>2,975,000</b>

**SCHEDULE 3**

**SECURED LOANS**

1. Loans From Bank	<b>NOTES</b>		
(i) Term Loan (FITL) (refer note 2 below)	14,620,000		14,620,000
(ii) Cash Credit Account	7,644,390		7,462,291
	—	22,264,390	22,082,291
2. Interest Accrued & due		310,963,383	293,168,635
<b>TOTAL</b>		<b>333,227,773</b>	<b>315,250,926</b>

**Notes:**

- Loans from bank are Secured by hypothecation of stocks of Raw Material, Stock in process, Finished Goods, Stores, Spares and assignment of Book Debts and by way of second charge on Fixed Assets.
- In respect of Term Loan payable to Bank of Baroda, Rs.14,620,000/- (Previous year Rs. 11,400,000), is payable within one year. Out of above Rs.11,400,000/- was due for payment on or before 31st March, 2009 but not paid.


**SCHEDULE 4  
FIXED ASSETS**

Assets	GROSS BLOCK (AT COST)			DEPRECIATION-AMORTISATION				NET BLOCK		
	As at 1st April 2008	Additions	Deductions	As at 31st March 2009	Upto 1st, April 2008	For the Year	Deductions	As at 31st March 2009	As at 31st March 2009	As at 31st March 2008
Land (Leasehold)	3,289,596	—	—	3,289,596	543,293	34,212	—	577,505	2,712,091	2,746,303
Building	19,400,091	—	—	19,400,091	9,622,497	647,963	—	10,270,460	9,129,631	9,777,594
Furniture & Fixture	1,075,437	121,621	—	1,197,058	1,009,519	52,135	—	1,061,654	135,404	65,918
Plant & Machinery	196,528,354	—	—	196,528,354	156,333,099	10,573,225	—	166,906,324	29,622,030	40,195,255
Electrical Installation	5,880,263	—	—	5,880,263	4,599,328	316,343	—	4,915,671	964,592	1,280,935
Office Equipments	1,166,532	13,495	—	1,180,027	718,682	56,753	—	775,435	404,592	447,850
Computers & Peripherals	1,396,977	22,500	—	1,419,477	1,089,072	97,303	—	1,186,375	233,102	307,905
Vehicles	1,667,037	—	—	1,667,037	589,024	158,369	—	747,393	919,644	1,078,013
Air Conditioning Plant	5,915,110	—	—	5,915,110	4,036,257	280,968	—	4,317,225	1,597,885	1,878,853
Technical Know-how	11,843,456	—	—	11,843,456	9,064,878	637,178	—	9,702,056	2,141,400	2,778,578
<b>GRAND TOTAL</b>	<b>248,162,853</b>	<b>157,616</b>	<b>—</b>	<b>248,320,469</b>	<b>187,605,648</b>	<b>12,854,448</b>	<b>—</b>	<b>200,460,097</b>	<b>47,860,372</b>	<b>60,557,204</b>
Previous year	247,966,366	323,867	127,380	248,162,853	174,898,405	12,810,205	102,961	187,605,649	60,557,204	73,067,961

## PARTICULARS

As at  
31.03.2009  
Rs.

As at  
31.03.2008  
Rs.

**SCHEDULE 5****INVENTORIES**

Stores & Spares	10,698,200	10,824,113
Stock-in-Trade		
Raw Materials	7,732,964	8,204,014
Packing Materials	39,929	38,507
Finished Goods	9,821,474	10,901,884
Trading Goods	859,986	730,235
Work-in-progress	853,561	812,968
<b>TOTAL</b>	<b>30,006,114</b>	<b>31,511,721</b>

**SCHEDULE 6****SUNDRY DEBTORS**

(Unsecured)

Debtors over six months		
Considered good	1,639,170	1,179,613
Considered Doubtful	1,005,066	1,005,066
Less: Provision	1,005,066	1,005,066
	1,639,170	1,179,613
Other Debts-Considered good	17,478,549	16,061,776
<b>TOTAL</b>	<b>19,117,719</b>	<b>17,241,389</b>

PARTICULARS	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SCHEDULE 7</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on hand	130,337	116,439
Bank Balances with Schedule Banks - in current accounts	1,563,870	1,975,691
<b>TOTAL</b>	<b>1,694,207</b>	<b>2,092,130</b>
 <b>SCHEDULE 8</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured and considered good)		
Interest Receivable	8,701	8,701
Advances recoverable in cash or in kind or for value to be received	682,664	1,042,659
Balance with Excise Department	82,653	133,910
Advanced Tax & Tax deducted at source	431,952	566,141
Deposits	557,900	557,900
<b>TOTAL</b>	<b>1,763,870</b>	<b>2,309,311</b>
 <b>SCHEDULE 9</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>LIABILITIES</b>		
Sundry Creditors	-	-
Micro, Small and Medium Enterprise (Refer Note 9 of the Schedule 15 (B))	-	-
Others	6,522,065	3,566,736
Other Liability	565,336	469,458
Payable to GIDC	-	3,851,851
Interest Accrued But not due	1,900,300	28,351,544
	<b>8,987,701</b>	<b>36,239,589</b>
<b>PROVISIONS</b>		
Fringe Benefit Tax	297,984	492,914
Accrued Employee Benefits (Gratuity, Leave Encashment)	964,879	702,474
<b>TOTAL</b>	<b>10,250,564</b>	<b>37,434,977</b>

PARTICULARS	For the year ended on 31.03.2009 Rs.	For the year ended on 31.03.2008 Rs.
<b>SCHEDULE 10</b>		
<b>OTHER INCOME</b>		
Interest [TDS Rs. 2,549/- (Previous year Rs.2,549/-)]	13,902	11,465
Excess Provision for Expenses no longer required	12,477	6,120
Miscellaneous Income	1,250,759	1,880,287
<b>TOTAL</b>	<b>1,277,138</b>	<b>1,897,872</b>



PARTICULARS	For the year ended on 31.03.2009	For the year ended on 31.03.2008
	Rs.	Rs.
<b>SCHEDULE 11</b>		
<b>INCREASE(DECREASE) IN STOCKS</b>		
Opening Stock		
Finished goods	10,901,884	12,239,332
Work-in-progress	812,968	887,393
Trading Goods	730,235	448,971
	<b>12,445,087</b>	<b>13,575,696</b>
Less : Closing Stock		
Finished goods	9,821,474	10,901,884
Work-in-progress	853,561	812,968
Trading Goods	859,986	730,235
	<b>11,535,021</b>	<b>12,445,087</b>
<b>TOTAL</b>	<b>910,066</b>	<b>1,130,609</b>
<b>SCHEDULE 12</b>		
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries,Wages and Bonus	10,125,472	8,482,667
Contribution to Provident and other funds	898,389	769,234
Welfare Expenses	961,056	877,443
Gratuity	243,061	(351,020)
<b>TOTAL</b>	<b>12,227,978</b>	<b>9,778,324</b>
<b>SCHEDULE 13</b>		
<b>OPERATION AND OTHER EXPENSES</b>		
Stores and Spares consumed	125,913	82,057
Power & Fuel	1,586,204	1,590,828
Packing Materials Consumed	124,866	148,491
<b>REPAIRS</b>		
Plant & Machinery	148,264	175,482
Others	375,974	684,814
Rent (Including Lease rent)	524,238	860,297
Rates & Taxes	755,410	668,400
Insurance Premium	217,375	184,691
Labour Charges	196,327	227,722
Advertisement,Selling & Distribution expenses	978,651	1,476,888
Printing & Stationery Expenses	739,402	837,561
Postage & Telephones	361,808	340,655
Travelling & Conveyance	519,707	516,569
Directors' Travelling Expenses	760,203	816,292
Directors' Sitting fees	452,247	313,785
Audit fees	80,000	62,000
Legal & Professional Fees	100,000	70,000
Provision for doubtful debts	326,013	628,112
Excise Duty on stocks	—	477,727
Loss on discarded assets	(989,780)	(426,916)
Miscellaneous Expenses	—	24,419
[Including payment to G.I.D.C. Rs. 9,23,900/- (P. Y. Nil)]	4,282,103	2,512,595
<b>TOTAL</b>	<b>11,140,687</b>	<b>11,412,172</b>
<b>SCHEDULE 14</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
On Fixed Loans	3,162,642	5,395,434
On Others	1,360,120	895,708
<b>TOTAL</b>	<b>4,522,762</b>	<b>6,291,142</b>

**SCHEDULE 15**

**(A) SIGNIFICANT ACCOUNTING POLICIES**

**1. Accounting Convention:**

The financial statements are prepared on historical cost basis and based on accrual method of accounting and in accordance with applicable Accounting Standards.(Refer Note 3 of Notes on Accounts)

**2. Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized.

**3. Fixed Assets:**

Fixed assets are stated at historical cost net of CENVAT, less accumulated depreciation.

**4. Impairment of Assets**

The Company evaluates impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired, the impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an assets net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest level for which there are separately identifiable cash flows.

**5. Depreciation and Amortisation:**

- (i) Depreciation on all Fixed assets except furniture and fixtures is calculated on straight line basis under section 205(2)(a) of the Companies Act,1956 at the rates and in the manner as specified in schedule XIV of the said Act.
- (ii) Depreciation on furniture & fixtures is calculated on written down value basis under section 205(2)(a) of the Companies Act,1956 at the rates and in the manner as specified in schedule XIV of the Companies Act,1956.
- (iii) Cost of leasehold land is written off over the period of lease.
- (iv) Intangible asset like Technical Knowhow in respect of Technical Documentation Information and process technology and exclusive licence used to manufacture products is amortised over the useful life of seventeen years like the life of plant and machinery for which it is used.

**6. Leases:**

Operating lease payments are recognized as an expense in the Profit & Loss account on a straight line basis over the lease term.

**7. Inventories:**

Inventories taken and certified by the management are valued as under:

- a. Stores : At cost(FIFO Basis)
- b. Raw Material & Packing Materials : At cost(FIFO Basis)
- c. Finished Goods : At cost or net realisable value whichever is lower. Cost is calculated using absorption costing method.
- d. Process Stock : At material cost.

**8. Revenue recognition:**

In appropriate circumstances, Revenue (Income) is recognised when no significant uncertainty as to determination or realization exists.

**9. Sales:**

Sales value is net of discount and inclusive of excise duty but does not include other recoveries such as handling charges, transport, octroi etc.

**10. CENVAT Credit:**

CENVAT credit is accounted on accrual basis on purchase of materials.

**11. Foreign Currency Transactions:**

Transactions in foreign currency are recorded at the exchange rates prevailing on the date the transactions are affected. All exchange differences arising in respect of foreign currency transactions are dealt with in the profit & loss Account.

**12. Employees Benefits:**

Provident Fund and other contributions as required under the relevant statutes/rules are accounted for on accrual basis. Leave encashment benefits are ascertained and provided on the basis of actuarial valuation.

Gratuity payable to employees is provided for on the basis of actuarial valuation determined by Life Insurance Corporation of India under Group Gratuity Scheme.

**13. Government Subsidy**

Subsidy in the nature of Capital Investment is treated as capital reserve.

**14. Prior period Expenses/Income:**

Material items of prior period expenses/income are disclosed separately.

**15. Provisions, Contingent liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.



**16. Miscellaneous expenditure:**

Preliminary expenses and equity share issue expenses are written off equally over a period of five years.

**17. Intangible assets:**

Certain technical know how and software costs are capitalised and recognised as Intangible assets in terms of Accounting Standard – 26 “Intangible Assets” based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.

**(B) NOTES ON ACCOUNTS:**

**1. Contingent Liabilities not provided for**

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
a) Bank Guarantees	Nil	13,09,218

**2. The Board for Industrial and Financial Reconstruction (BIFR) had declared the company as a Sick Industrial Company within the meaning of section 3 (1)(o) of the Sick Industrial Companies (Special provisions) Act 1985. The Scheme of rehabilitation of the company was sanctioned by the Appellate Authority for the Industrial and Financial Reconstruction by its order dated 27th March 2002, which became effective from 01.04.2002. The scheme, inter alia, envisaged financial restructuring of Term Lenders' dues, One Time Settlement (OTS) of the balance dues of term lenders envisaging payment of Rs.861.41 lacs and reschedulement of the working capital finance.**

In terms of the sanctioned scheme, the Company has already allotted the Equity Shares of Rs.75 lacs and 0.5% Non-Cumulative Redeemable Preference Shares of Rs. 981.50 lacs to the Term Lenders. The Company has fully paid up Rs.861.41 lacs to term lenders as and by way of OTS of their balance dues. However, the Company is still to pay interest of Rs.57.18 lacs to term lenders for delay in payment of said OTS amount as on 31<sup>st</sup> March, 2009. On payment of the said interest in full, the Company will make an adjustment with respect to waiver / write off / remission by the respective secured term lenders, given that the said OTS amount has already been paid in full.

**3. As stated in Note (2) above the company is in process of restructuring based on revival scheme and in view of foregoing, the accounts of the Company have been prepared on going concern basis, which is dependent upon the successful implementation of this Scheme.**

**4. Amount due to/from banks, financial institution and some parties are subject to adjustment, if any required on receipt of balance confirmation or settlement of account.**

**5. Excise Duty shown as deduction from Sales represents the amount of excise duty collected on sales. Excise duty expenses under Schedule – 13, “Operation & Other Expenses”, represents the difference between excise duty element in amounts of closing stocks and opening stocks.**

**6. In view of unabsorbed losses and in the absence of taxable income under the provisions of the Income Tax Act, 1961 in the current year, the company believes that there will be no tax liability. Accordingly no provision for income tax has been made in the accounts under Income Tax Act, 1961**

**7. Remuneration to the Executive Director:**

	2008-2009 Rs.	2007-2008 Rs.
Salary	7,61,086	6,29,529
Contribution to Provident and other funds	1,44,453	1,19,461
Other Perquisites	18,000	18,000
	<u>9,23,539</u>	<u>7,66,990</u>

Note: The above excludes contribution for gratuity and leave encashment as the incremental liabilities has been accounted by the Company as a whole.

**8. Employee Benefits:**

The accruing liability on account of gratuity and leave encashment is accounted as per Accounting Standard 15 (revised 2005) “Employee Benefits.” The Company has defined benefit plans for gratuity to eligible employees. The Company also provides leave encashment to the employees. The details of these defined benefit plans recognised in the financial statements are as under:

Particulars	Amount Rs.		2008-09	2007-08
	Gratuity	Leave Encashment		
	2008-09	2007-08	2008-09	2007-08
<b>a. Reconciliation of opening and closing balance of the present value defined benefit obligation</b>				
Obligation at the beginning of the year	11,30,935	13,68,319	7,02,475	5,26,879
Current Service Cost	81,788	1,28,033	59,500	63,583
Interest Cost	90,475	1,02,624	56,198	42,150
Actuarial (Gain) / Loss	1,91,951	(4,68,041)	2,04,142	69,862
Benefits Paid	60,058	NIL	(79,611)	NIL
<b>Obligation at the end of the year</b>	<b>14,35,091</b>	<b>11,30,935</b>	<b>9,42,704</b>	<b>7,02,475</b>
<b>b. Reconciliation of opening and closing balances of fair value of plan assets</b>				
Plan assets at the beginning of the year, as fair value	14,81,955	9,17,915	NIL	NIL
Expected return on plan assets	1,32,369	1,13,625	NIL	NIL
Actuarial Gain / (Loss) on plan Assets	NIL	NIL	NIL	NIL
Contribution	NIL	4,50,415	79,611	NIL
Benefits Paid	(60,058)	NIL	(79,611)	NIL
<b>Plan Assets at the end of the year at fair value</b>	<b>15,54,266</b>	<b>14,81,955</b>	<b>NIL</b>	<b>NIL</b>
<b>c. Net Liability recognised in Balance Sheet</b>				
Obligation at the end of the year	14,35,091	11,30,935	9,42,704	7,02,475
Less : Plan assets at the end of the year at fair value	15,54,266	14,81,955	NIL	NIL
<b>Liability recognised in Balance Sheet as at year end</b>	<b>(1,19,175)</b>	<b>(3,51,020)</b>	<b>9,42,704</b>	<b>7,02,475</b>
<b>d. Components of employer for the year</b>				
Current service cost	81,788	1,28,033	59,500	63,583
Interest cost	90,475	1,02,624	56,198	42,150
Expected return on plan assets	(1,32,369)	1,13,625	NIL	NIL
Net Actuarial (Gain)/Loss	1,91,951	(4,68,041)	2,04,142	69,862
<b>Net Cost</b>	<b>2,31,845</b>	<b>(3,51,009)</b>	<b>3,19,840</b>	<b>1,75,595</b>
<b>e. To fund the obligation under the plan, contributions are made to Life Insurance Corporation in India who has invested funds as under:</b>				
<b>Description</b>	<b>Percentage Investment</b>			
Central Government Securities	56.09%			
State Government Securities	11.18%			
Approved marketable government guaranteed securities	2.96%			
Bonds/Debentures Etc.	22.03%			
Loans	0.36%			
Equity Shares	5.64%			
Preference Shares	0.02%			
Fixed Deposits and Money market instruments	1.72%			
<b>Total</b>	<b>100%</b>			
<b>f. Assumptions</b>	<b>Gratuity</b>	<b>Leave Encashment</b>		
	<b>2008-09</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2007-08</b>
Discount Rate (p.a)	8%	8%	8%	8%
Expected rate of return on plan assets (p.a)	—	—	8%	8%
Expected rate of increase in compensation levels (p.a)	4%	4%	6%	6%
<b>9. The Company has initiated the process of obtaining information from suppliers who have registered themselves under Micro Small Medium Enterprise Development Act, 2006 (MSMED Act, 2006). Based on information available with the company the balance due to Micro &amp; Small Enterprise as defined under MSMED Act, 2006 is NIL. No interest, during the year has been paid under the terms of the MSMED Act, 2006</b>				
<b>10. Payment to Auditors:</b>				
(In other capacity)				
	<b>2008-2009</b>	<b>2007-2008</b>		
	<b>Rs.</b>	<b>Rs.</b>		
(a) Tax Audit Fees	30,000	30,000		
(b) Certification and other works	1,00,000	1,12,500		
(c) Out of Pocket expenses	880	4,113		
(d) Payment to Affiliated firm	29,080	65,893		



11. Assets taken on operating lease

- (a) Future lease rentals in respect of Premises taken on cancelable operating lease basis are as follow :

Amount due within one year Rs.7,32,960/- (Previous year Rs. 6,97,330/-)

Amount due later than one year and not later than five year Rs.9,46,740 /- (Previous year Rs.16,79,700/-)

- (b) Amount of lease rental recognized in the Profit & Loss Account in respect of operating lease Rs.6,97,330/- (Previous year Rs.6,10,800/-)

12. As the Company's business activity fall within single business segment viz. Capacitor, comprising mainly manufacture of Ceramic Capacitor and all the sales are made in India, the disclosure requirements of Accounting Standard (AS)-17 Segment Reporting, issued by The Institute of Chartered Accountant of India is not applicable.

13. In accordance with the Accounting Standard-22 "Accounting for Taxes on Income", the company has not recognised deferred tax liability arising due to certain timing differences since the same gets set off against equivalent amount of recognizable deferred tax assets arising on accounts of unabsorbed depreciation

14. Particulars of un-hedged Foreign Currency Exposure as at balance sheet date:

Particulars	As on 31.03.2009	As on 31.03.2008
Import Creditors	Rs. 30,02,310/- (US\$ 58,027 @ Rs.51.74)	Rs. 5,55,936/- (US\$ 13,909 @ Rs.39.97)

15. The basic and diluted earning per share are:

	2008-2009	2007-2008
	Rs.	Rs.
Net (loss)/profit after tax as per profit and loss account	(40,61,907)	22,82,046
Number of Equity shares	85,50,000	85,50,000
Basic and diluted EPS	(0.48)	0.27
Nominal value of share	10	10

16. The net amount of exchange loss included in the Profit and Loss account for the year is Rs.6,77,072 (Previous year Gain Rs.2,24,287)

17. Related party transactions

(a) Name of related parties and description of relationship.

Sr No.	Nature of relationship	Name of related parties
1.	Substantial Interest	: Polychem Ltd.
2.	Enterprise over which management personnel and their relatives are able to exercise significant influence	: Ginners & Pressers Ltd.
3.	Key Management Personnel	: Mr. A H Mehta

(b) Details of Transactions with related parties during the year/previous year:

Particulars	Substantial Interest		Enterprise over which management personnel and their relatives are able to exercise significant influence		Key Management Personnel		Total	
	2008-09 Rs.	2007-08 Rs.	2008-09 Rs.	2007-08 Rs.	2008-09 Rs.	2007-08 Rs.	2008-09 Rs.	2007-08 Rs.
Expense Payable	1,21,062	15,206	87,426	78,629	-	-	2,08,488	93,835
Expense Recoverable	1,74,333	1,52,700	-	-	-	-	1,74,333	1,52,700
Loan Received	27,00,000	-	-	-	-	-	27,00,000	-
Loan Repaid	27,00,000	-	-	-	-	-	27,00,000	-
Managerial Remuneration	-	-	-	-	9,23,539	7,66,990	9,23,539	7,66,990
<b>Outstanding Balances</b>								
Payable / (Receivable)	(5,173)	(2,893)	-	-	-	-	(5,173)	(2,893)

18. Information pursuant to the provisions of paragraphs 3,4C & 4D of part II of schedule-VI of the Companies Act, 1956.

a) **Manufacturing Activity:**

			2008-2009		2007-2008
1) Licenced Capacity			Not applicable (In terms of Govt. of India's Notification No.S.O.477(E) dtd.25.07.91)		Not applicable (In terms of Govt. of India's Notification No.S.O.477(E) dtd.25.07.91)
2) Installed Capacity			25,00,00,000 pcs.p.a. {As certified by General Manager (Plant)}		25,00,00,000 pcs.p.a.
	<b>Units</b>	<b>Qty.</b>	<b>Rs.</b>	<b>Qty.</b>	<b>Rs.</b>
3) Production	pcs.	9,67,15,073	—	8,63,00,065	—
4) Closing Stock	pcs.	1,46,05,213	98,21,474	1,56,35,993	1,09,01,884
5) Opening Stock	pcs.	1,56,35,993	1,09,01,884	1,61,36,114	1,22,39,232
6) Turnover	pcs.	9,77,45,853	6,53,42,300	8,68,00,186	6,46,21,918

b) **Trading Activity :**

Product Name:Tantalam & SMD Resistor

	<b>Units</b>	<b>Qty.</b>	<b>Rs.</b>	<b>Qty.</b>	<b>Rs.</b>
Opening Stock	pcs.	1,14,177	7,30,235	72,570	4,48,971
Purchase	pcs.	4,09,080	23,50,665	5,14,295	29,37,758
Sales	pcs.	3,95,629	28,21,697	4,72,688	33,25,732
Closing Stock	pcs.	1,27,628	8,59,986	1,14,177	7,30,235

c) **Details of Raw Materials consumed:**

	<b>Units</b>	<b>Qty.</b>	<b>Rs.</b>	<b>Qty.</b>	<b>Rs.</b>
1) Chips	pcs.	9,71,13,754	2,20,70,358	8,72,45,146	1,66,76,041
2) Copper Wire & Epoxy	kgs.	8,767	40,47,436	9,055	39,75,094
3) Others	—	—	32,47,964	—	24,03,695
<b>Total</b>			<b>2,93,65,758</b>		<b>2,30,54,830</b>

d) Value of imported and indigenous raw materials consumed.

	<b>2008-2009</b>	<b>%</b>	<b>2007-2008</b>	<b>%</b>
	<b>Rs.</b>		<b>Rs.</b>	
1) Imported	2,14,43,897	73.02	1,68,74,209	73.19
2) Indigenous	79,21,861	26.98	61,80,621	26.81
	<b>2,93,65,758</b>	<b>100.00</b>	<b>2,30,54,830</b>	<b>100.00</b>

e) **CIF Value of Imports**

	<b>2008-2009</b>	<b>2007-2008</b>
	<b>Rs.</b>	<b>Rs.</b>
1) Raw Materials	2,10,46,978	1,64,15,438
2) Stores	NIL	NIL

f) **FOB Value of Exports**

	<b>2008-2009</b>	<b>2007-2008</b>
	<b>NIL</b>	<b>NIL</b>

19. Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable with those of the current year

Signature to Schedules 1 to 15

As per our attached report of even date

**For C. C. Chokshi & Co.,**

Chartered Accountants

H.P.Shah

Partner

T.R.Kilachand

Chairman

A.H.Mehta

Executive Director - Finance & Legal

J.M.Shah

Company Secretary

For and on behalf of the Board

Chandrakant Khushaldas

R.K.Jani

Directors

Ahmedabad 29th May, 2009

Mumbai 29th May, 2009



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

## I. Registration Details

Registration No. 1 2 7 4 3

State Code 0 4

Balance Sheet Date 3 1 0 3 2 0 0 9  
Date Month year

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

Public Issue

N I L

Bonus Issue

N I L

Right Issue

N I L

Private Placement

N I L

## III. Position of Mobilisation and Deployment of Funds(Rs.in Lacs)

Total Liabilities

5 1 9 8 . 5 3

Sources of Funds

Paid-up Capital

1 8 3 6 . 5 0

Secured Loans

3 3 3 2 . 2 8

Applications of Funds

Net Fixed Assets

4 8 7 . 3 9

Net Current Assets

4 2 3 . 3 1

Accumulated Losses

(4 2 8 7 . 8 3)

Total Assets

5 1 9 8 . 5 3

Reserves &amp; Surplus

2 9 . 7 5

Unsecured Loans

N I L

Investments

N I L

Misc.Expenditure

N I L

## IV. Performance of Company (Rs.in Lacs)

Turnover (Incl.Other income)

6 9 4 . 4 1

Profit/(Loss) before Tax

(3 9 . 3 1)

Earning per Share in Rs.

(0 . 4 8)

Total Expenditure

7 3 3 . 7 2

Profit/(Loss) after Tax

(4 0 . 6 2)

Dividend Rate

N I L

## V. Generic Name of two Principal Products of the Company.

Products

Ceramic Capacitors

International Code

8532

For and on behalf of the Board

T.R.Kilachand  
ChairmanChandrakant Khushaldas  
R.K.Jani

Directors

A.H.Mehta  
Executive Director - Finance & LegalJ.M.Shah  
Company Secretary

Mumbai 29th May, 2009

# GUJARAT POLY-AVX ELECTRONICS LIMITED

## ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name of the member attending : .....

Full Name of the first joint-holder : .....  
(to be filled in if first named joint-holder does not attend the meeting)

Name of Proxy : .....  
(to be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 20th ANNUAL GENERAL MEETING of the Company held at B-17/18, Gandhinagar Electronic Estate, Gandhinagar 382 024, Gujarat at 1.00 p.m. on Monday, the 3rd August, 2009.

Client ID No. : .....  
DP ID No. : .....  
Registered Folio No. : .....  
No. of Shares held : .....

Member's/Proxy's Signature  
(to be signed at the time of  
handing over this slip)

---

## GUJARAT POLY-AVX ELECTRONICS LIMITED

### FORM OF PROXY

Regd. Office: B-17/18, Gandhinagar Electronic Estate, Gandhinagar 382 ( 24, Gujarat.

I/We ..... of  
..... in the district of .....being a  
member/members of the above-named Company hereby appoint .....  
..... of  
..... in the district of ..... or failing  
him ..... of ..... in the district of  
..... as my/c ur proxy to  
attend and vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on  
Monday, the 3rd August, 2009 and at any adjournment thereof.

Signed this ..... day of ..... 2009..

Client ID No. : .....  
DP ID No. : .....  
Registered Folio No. : .....  
No. of Shares held : .....

(Signature of member).....

Re. 1  
Revenue  
Stamp

Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

BOOK-POST



If not delivered, please return to:

**GUJARAT POLY-AVX ELECTRONICS LIMITED**

Plot No.B-17/18,

Gandhinagar Electronic Estate,

Gandhinagar,

Gujarat - 382 024.