



GUJARAT POLY-AVX ELECTRONICS LIMITED

TWENTY SECOND ANNUAL REPORT 2010-2011

ANNUAL GENERAL MEETING

On Friday, the 29th July, 2011
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

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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with M/s. Sharepro Services (India) Pvt. Ltd, Registrar and Share Transfer Agents of the Company.

Bankers

Bank of Baroda

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.

TWENTY SECOND ANNUAL REPORT 2010-11

NOTICE

Notice is hereby given that the Twenty Second 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 Friday, the 29th July, 2011 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 31st March, 2011 and Profit and Loss Account for the year ended 31st March, 2011.
2. To appoint a Director in place of Mr. P. T. Kilachand who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Brig. K.Balasubramaniam who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. H. Mehta who retires by rotation, but being eligible, offers himself for re-appointment.
5. 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, (Registration No.101876W) 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:

6. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. A.H.Mehta, Executive Director (Finance & Legal) of the Company for a period of five years with effect from 1st July, 2011, upon the terms and conditions including remuneration as set out in the draft agreement placed before this meeting and initialed by the chairman for the purpose of identification, which agreement is hereby specifically approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement (including authority, from time to time, to determine the amount of salary as also the type and amount of perquisites and other benefits payable to Mr. A.H.Mehta), in such manner as may be agreed to between Board of Directors and Mr. A.H.Mehta, provided however that the remuneration payable to Mr.A.H.Mehta shall not exceed the limits specified in the said agreement as also the limits prescribed under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof."

"RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits in any financial year, during the terms of office of Mr. A.H. Mehta, the remuneration payable to him by way of salary, allowances and perquisites shall not, without the approval of

the Central Government (if so required), exceed the limits prescribed under the Companies Act, 1956, or any amendment, modification, variation or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings 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: 31st May, 2011

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, 21st June, 2011 to Tuesday, 28th June, 2011 (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, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072.

Telephone : 022-28215168 / 022-67720300

Fax : 022-28375646

Email : sharepro@vsnl.com

- (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 2010-11 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.**

GUJARAT POLY-AVX ELECTRONICS LIMITED



Information as required under Clause 49(IV)(G)(i) of the Listing Agreement, in respect of Directors being re-appointed/appointed.

Name of Director	Brig. K.Balasubramaniam	Mr.P.T.Kilachand	Mr. A.H.Mehta
Age	82 Years	44 Years	66 Years
Qualification	PTSc (Eq to ME) (Army), FIETE	Sc.B. 'Electrical Engg. & A.B' Engg & Economics from Brown University	B.Com, F.C.A., F.C.S.
Date of appointment	30.11.1994	11.03.1992	14.09.1989
Expertise	General Management	He served as an Executive Director of the Company for more than 7 years and has been actively involved and looking after all aspects of the various activities of the Company since inception. Experience in Management, Marketing and negotiation with varied authorities	Experience in Audit, Accountancy, Secretarial, Legal & Admn., Taxation etc. with Polychem Ltd., Sandeep Holdings Ltd. and Tandon Singapore Pte. Ltd. He has been involved with the Company since its incorporation and is familiar with all aspects of the Company. He has been serving as an Executive Director of the Company since 1.07.2001 and is responsible for Company's finance and legal functions and carries out duties as instructed to him from time to time by the Board of Directors.
Other Directorship in Public Companies (excluding Private Companies) as on 31 st March, 2011.	-	Polychem Ltd, Ginnars and Pressers Ltd and Sun Tan Trading Co. Ltd.	Environmental Purifiers Ltd
No. of Equity Shares held	-	17,682	306

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 : 31st May, 2011

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

At the 17th Annual General Meeting of the Company held on 8th September, 2006, the members had accorded the approval to the appointment of Mr. A.H.Mehta, Executive Director (Finance & Legal) of the Company, for a period of five years with effect from 1st July, 2006, upon the terms and conditions, including remuneration, as set out in the draft agreement placed before the said meeting.

Mr. A.H.Mehta's present appointment shall expire on 30.06.2011. In view of his qualification, experience, improved conditions of the Company and efforts made by him for the overall improvement thereof subject to the approval of the members, the Board has re-appointed Mr. A.H.Mehta as an Executive Director of the Company for a further period of five years with effect from 1st July, 2011, subject to terms and conditions (including remuneration) as specified in Schedule XIII to the Companies Act, 1956, as amended from time to time.

The main terms of re-appointment of Mr. A.H.Mehta, Executive Director (Finance & Legal) of the Company as set out in the draft agreement placed before the meeting, are as follows:

- (i) The period of re-appointment shall be for five years effective from 1st July, 2011.
- (ii) Salary payable shall be in the range of Rs.75,000/- to Rs. 1,50,000/- per month.
- (iii) Perquisites per annum shall not exceed the annual salary.
- (iv) Other benefits shall include use of car (with driver) and telephone for the Company's business at residence (the expenses whereof would be borne and paid by the Company).
- (v) Mr. A.H.Mehta, Executive Director (Finance & Legal) shall be further eligible to the following perquisites also which shall not be included in the computation of the ceiling limit on remuneration by way of salary, perquisites, allowances etc.
 - i. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund. The same will not be included in the computation of the ceiling limit to the extent of the same either singly or put together are not taxable under the Income Tax Act.
 - ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
 - iii. Encashment of leave at the end of the tenure.

In accordance with the resolution, within the aforesaid limits of Schedule XIII of the Companies Act, 1956, the amount of salary and perquisites payable to Mr. A.H.Mehta (including the types and amount of each type of perquisites) will be decided by the Board of Directors at such time or times as it may deem fit in its absolute discretion. Further, Mr. A.H.Mehta shall be entitled to benefits as provided to other senior employees, in accordance with the schemes made by the Company, from time to time.

The valuation of perquisites will be as per the Income Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

The Board recommends passing of the resolution as set out at item No. 6 of the accompanying Notice.

This may be treated as an abstract of the terms and conditions governing the re-appointment and remuneration of the Executive Director, pursuant to Section 302 of the Companies Act, 1956. Mr. A.H.Mehta is interested in resolution at item No. 6.

None of the other Directors of the Company is, in any way, concerned or interested in the said 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 : 31st May, 2011

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Twenty Second Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2011.

1. PRODUCTION ACTIVITIES

Your Company recorded an increase in production by 8.44% in the Financial Year 2010-11 over the previous year. The major increase in production was of Radials & SMDs. Production during the Financial Year was 1488.01 Lac pcs in comparison to 1372.13 Lac pcs in last year.

2. SALES

The total sales recorded during the Financial Year 2010-11 was Rs.912.90 Lacs against the sales of Rs.757.49 Lacs in the previous year, an increase of 20.51%. The product mix continue to change due to which the ASPs recorded lower than the last year. Major sales recorded were in the Industrial & Instrumentation, Automotive & EMS segments.

3. FINANCIAL RESULTS

The Company's operations for the year has resulted into profit of Rs.54.71 Lacs (Previous year Rs.2841.47 Lacs after interest write back of Rs.2893.19 Lacs). Before interest and depreciation & tax there is surplus of Rs165.12 Lacs (Previous year : Rs.100.49 Lacs).

In view of the accumulated loss, your Directors have not been able to recommend any Dividend for the year 2010-11.

4. FINANCE

The Company has not received any additional loans from the financial institutions during the year ended 31st March, 2011.

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 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 redeemable preference shares and
- 3) Balance dues of Rs.861.41 lacs under One Time Settlement (OTS) to term lenders has been already paid in full.

Bank of Baroda has also been paid in full till 31.03.2011, Rs.83 lacs and Rs.90 lacs under FITL – I and FITL – II respectively. The Company has however, to pay to Bank of Baroda towards interest.

The Board for Industrial & Financial Reconstruction (BIFR) vide its Order dated 28.04.2009 had directed that the Company shall implement the provision of Sanctioned Scheme and redeem the non-cumulative redeemable preference shares. The Company thereafter, as legally advised, filed an appeal before AAIFR, against the said Order. AAIFR vide its order dated 22.02.2011, upheld the order of the BIFR. Company has filed a writ petition in the High Court of Gujarat, at Ahmedabad.

In the meanwhile, IFCI & IDBI have revoked the OTS. Company has suitably replied to IFCI and IDBI.

The Company has filed Miscellaneous Application on 09.09.2010 before the Board for Industrial and Financial Reconstruction (BIFR) for seeking an order for seeking discharge from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA 1985) in view of Company's net worth becoming positive as on 31.03.2010. The hearing of the said Application was fixed on 18th January, 2011. Subsequently, BIFR has postponed the said hearing

till further order.

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

Brig. K. Balasubramaniam, Mr. Parthiv T. Kilachand and Mr. A.H. Mehta retire from office by rotation but being eligible, offer themselves for re-appointment.

Board of Directors have re-appointed Mr. A.H.Mehta as Executive Director (Finance & Legal) of the Company for a period of five years from 1.07.2011 at a remuneration to be decided by Board of Directors from time to time, subject to your approval as mentioned in the Notice of Annual General Meeting.

10. AUDIT COMMITTEE

Your Company has set-up an Audit Committee of Directors as mandated by section 292(A) of the Companies Act, 1956 as amended. Mr.Chandrakant Khushaldas,Brig.K.Balasubramaniam and Mr.T.R.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 382024, Gujarat.
Dated : 31st May, 2011



ANNEXURE I

A. CONSERVATION OF ENERGY

- a) Energy conservation steps taken:
 - i) Installed accurate controllers on equipment to obtain improved output on utility equipment.
 - ii) Improvement in Quality of Power by effective maintenance of power factor bank.
 - iii) Proper utilization of utility facility on production machinery.
- b) Additional Investments & Proposals being implemented:
 - i) Minimise use of utilities like Compressed Air and Chilled water with better productivity for low consumption of energy.
 - ii) Planned maintenance of all utility equipments like chiller dryer, compressor etc.
- c) Impact of measures at (a) & (b) above:
The above have resulted in cost savings, with better productivity as also the cost saving of the raw material and also in the energy conservation.
- d) Power & Fuel Consumption : Not Applicable

B. TECHNOLOGY ABSORPTION FORM - B

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

- i) Stream line Lead free product
- ii) Development of additional spares in place of imported
- iii) Developed lead free solder pot.

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

- i) Low down time of machines.
- ii) Reduction in level of stocking of machine spares
- iii) Commitment to improve environment.

3. FUTURE PLAN OF ACTION

- i) Indigenization of raw materials, tools and spares to continue.
- ii) Locally development of jigs and Fixtures to replace imported spares.
- 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.

(c) Innovation

Systems adopted have led to improved processes.

(2) BENEFITS

- i) Consistency in the quality of our products resulting in negligible customer returns on technical grounds.
- ii) Improved process time and breakdown time of machine

(3) IMPORTED TECHNOLOGY

No additional import of Technology in the Financial Year 2010-11.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Gujarat Poly-AVX Electronics Ltd (GPAEL) is a joint venture company set up in 1989 in collaboration with AVX LTD,USA. Your Company manufactures Multilayer Ceramic Capacitors in Radial, Axial, SMD Configuration as well as Singlelayer Disc Ceramic Capacitors both low and high voltage in the state of art facility in Gandhinagar, Gujarat. GPAEL is now one of the largest manufacturers of Ceramic Capacitors in India.

Industrial Structure and Development

Electronic Components are the building blocks of any Electronic System. Your company manufactures Passive Components which find major applications to Original Equipment Manufacturers (OEM's) which find use in the below segments:

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

GPAEL's products find use in the Electronic Industry which is one of the fastest growing industry worldwide.

Opportunities and Threats

- Ceramic Capacitors are immensely popular in the Electronic Industry due to their wide range and miniature size.
- Find application in any Electronic System
- Being an industrial product the marketing is directly to OEM's or through a Dealer Network.
- Also commenced Trading in other Components like TANCAPS etc.
- Volatility in the commodity prices are effecting the bottom lines.
- Electronic Passive Components are very easy to Import at zero duty and also in KIT form.
- Components are fiercely competitive.

Risks & Concerns

- Global sourcing by EMS Segments.
- Market volatility continues to stifle demand.
- Kitting continues to be popular particularly in New Technology areas.

Performance by Sector and Products

Major increase in sales during the Financial Year 2010-11 was recorded in the Instrumentation and Industrial Electronics, Consumer, EMS & Automotive Segments over previous year sales. Consequently Radials & SMD's sales were higher than previous year sales. However, the Telecommunication segment sales declined in comparison to previous year sales.

Overall, the sales recorded in Financial Year 2010-11 was Rs.912.90 Lacs in comparison to Rs.757.49 Lacs in the Financial Year 2009-10, an increase of 20.51%. Similarly, the production increased to 1488.01 Lacs pcs in Financial Year 2010-11 in comparison to 1372.13 Lacs pcs previous year.

Outlook

With the above possibilities, the Directors are hopeful of increasing the Sales Turnover of the Company.

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 Appellate Authority for Industrial & Financial Reconstruction (AAIFR) order dated 27th March 2002, the Company has paid in full one time settlement (OTS) due alongwith interest & interest on interest to term lenders including Bank of Baroda.

Fixed Assets (Net Block)

The Net Block as on 31.3.2011 is Rs.264.10 Lacs compared to Rs.361.81 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.359.20 Lacs to Rs.394.64 Lacs.

Results of operations

The revenue during the year has increased from Rs.757.49 Lacs to Rs.912.90 Lacs mainly due to growth in the sale to Automotive, Telecom etc. There is a profit of Rs. 54.71 Lacs for the year against profit of Rs.2841.47 Lacs in the previous year. Provisions for the interest and financial charges are Rs.14.60 lacs compared to Rs.24.44 Lacs during the previous year.

Payment to and provision for employees amounts to 18.21% of sales compared to 17.80% in the previous year. Depreciation amounts to 10.50 % of sales during the year compared to 16.87 % in the previous year.

The Company cannot recommend dividend due to accumulated losses.

Material Development in Human Resources

In tune with company's vision to provide total quality environment which will delight our customers— both Internal & External, Human Resources play a very vital role in the company's growth. The Company empowers every employee to be a leader in its stride towards Total Quality.



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 2010-2011.

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 31.03.2011

FY 2010-11 (April '10 to March '11)

Name of the Director	Attendance Particulars			Sitting fees Rs.	No. of other Directorship and Committee Membership/ Chairmanship	
	Category	Board Meetings	Last AGM held on 31.07.10		Other Directorship in Public Limited Companies	Committee Membership/ Chairmanship
Mr. T.R.Kilachand	Chairman	5	Yes	12,000/-	2	2
Mr. P.T.Kilachand	NED	3	No	7,000/-	3	1
Brig.K.Balasubramaniam	NED(I)	4	Yes	10,000/-	-	-
Mr.C.Khushaldas	NED(I)	5	Yes	12,000/-	2	-
Mr. A.B.Shah (Nominee of GIIC)	NED	3	Yes	7,000/-	4	2
Mr. R.K.Jani (Nominee of GIIC)	NED	3	No	7,000/-	-	-
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:

15th April, 2010, 28th May, 2010, 31st July, 2010, 26th October, 2010 and 24th January, 2011.

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:

15th April, 2010, 28th May, 2010, 31st July, 2010, 26th October, 2010 and 24th January, 2011.

TWENTY SECOND ANNUAL REPORT 2010-11

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	4
Mr. T.R.Kilachand	Member	Non-Executive	5	5

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, 2011 was as under:

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

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

No Remuneration Committee meeting was held during the year 1.04.2010 to 31.03.2011.

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	20	18
2.	Mr. P.T.Kilachand - Non-Executive Director	20	16
3.	Mr. A.H.Mehta - Executive Director	20	20

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.

Seven complaints were received during the year and were solved. There are no complaints pending from the shareholders as on 31.3.2011.

5. CEO/CFO Certification

Mr. A.H.Mehta, Executive Director (Finance & Legal) and Mr. Harshad H. Jani, Assistant General 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 contains 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 ended 31st March, 2011 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 31.03.2011.

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. 10,71,153/-during the year, details are disclosed in note no.5 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, Senior 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	Friday, 29th July, 2011
	Time	1.00 p.m.
	Venue	At: B-17/18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat.
Financial Year	April 2010 to March 2011	
Dates of Book Closure	Tuesday, 21-06-2011 to Tuesday, 28-06-2011	
Dividend Payment Date	N. A.	
Listing on Stock Exchange	Bombay Stock Exchange Ltd.	
Stock Code	517288 – Bombay Stock Exchange Ltd.	
Demat ISIN Number in NSDL & CDSL for Equity Shares	NSDL) CDSL) INE541F01022	
Market Price Data : High, Low during each month in the financial year 2010-2011	See Table No.1 below	
Registrar and Share Transfer Agents	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	
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	

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 – 2010	5.45	4.10	48,279
May – 2010	7.77	5.13	67,300
June – 2010	8.74	5.96	61,217
July – 2010	11.08	7.50	2,98,510
August – 2010	8.50	6.37	80,900
September – 2010	9.50	6.70	1,16,038
October – 2010	9.18	7.50	77,943
November – 2010	13.79	7.25	3,03,563
December – 2010	9.40	7.01	76,375
January – 2011	7.91	5.67	24,473
February – 2011	7.25	4.92	13,430
March – 2011	7.30	5.16	39,433

Table 2

Distribution of shareholding as on 31.03.2011

No. of Equity Shares	No. of shares held	% of total shares	No. of Shareholders	% of total shareholders
1 to 100	11,98,513	14.02	20,006	84.90
101 to 500	6,02,651	7.05	2,927	12.42
501 to 1000	2,82,757	3.31	371	1.57
1001 to 5000	4,48,503	5.25	215	0.91
5001 to 10000	1,92,062	2.24	25	0.11
10001 to 100000	4,73,248	5.53	16	0.07
100001 and above	53,52,266	62.60	4	0.02
Total	85,50,000	100.00	23,564	100.00

Table 3

Category-wise distribution of shareholding as on 31.03.2011

Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	3	51,14,108	59.81
2.	Public Financial Institutions & Banks	4	3,27,259	3.83
3.	Mutual Funds	–	–	–
4.	Bodies Corporate	122	1,77,011	2.07
5.	Resident Individuals	23,412	28,94,115	33.85
6.	FII & OCBs	–	–	–
7.	Non-Resident Individuals	23	37,507	0.44
8.	State Government	–	–	–
	Total	23,564	85,50,000	100.00

Table 4

Break-up of shares in physical & electronic mode as on 31.03.2011

Mode	No. of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	19,485	82.69	33,04,950	38.65
Electronic	4,079	17.31	52,45,050	61.35
Total	23,564	100.00	85,50,000	100.00

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

During the year Mr. Tanil R.Kilachand and Mr. A.B.Shah 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 Twenty Second 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
2007-08	AGM	Gandhinagar Electronic Estate, Gandhinagar ,Gujarat	05.08.2008	1.00 p.m.	–
2008-09	AGM	—do—	03.08.2009	1.00 p.m.	1
2009-10	AGM	—do—	31.07.2010	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 31st March, 2011, 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 the 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
(Registration No. 101876W)
H. P. SHAH
Partner
Membership No. 33331

Place : Ahmedabad
Date : 31st May, 2011

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** ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) issued by the Central Government 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.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- (e) **Attention is invited to Note 1 in Schedule 15(B) regarding accounts of the Company prepared on a going concern basis as explained in the note.**
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **C.C. CHOKSHI & CO.**
Chartered Accountants
(Registration No. 101876W)
H.P. SHAH
Partner
Membership No.33331

Ahmedabad.
Date: 31st May, 2011

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/ activities/result, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were 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.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) 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 lacs in respect of any party during the year.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the

Company and the nature of its business.

- (ix) 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.
- (x) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed 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 applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 on account of any disputes.
- (xi) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has been generally regular in the repayment of dues to banks and financial institutions.
- (xiii) 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.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) The Company has not raised any term loan during the year under review.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xvii) According to the information and explanation 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.
- (xviii) The Company has not issued any secured debentures during the year.
- (xix) The Company has not raised any money by public issue during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For C.C. CHOKSHI & CO.
Chartered Accountants
(Registration No. 101876W)

H. P. SHAH
Partner

Ahmedabad.
Date: 31st May, 2011

Membership No.33331

GUJARAT POLY-AVX ELECTRONICS LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	Schedules	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
I SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	1	18,36,50,000	18,36,50,000
Reserves & Surplus	2	29,75,000	29,75,000
2. Loan Funds			
Secured	3	1,84,13,876	3,01,11,456
	TOTAL	20,50,38,876	21,67,36,456
II APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	4	24,84,39,670	24,94,12,826
Less: Depreciation		22,20,29,279	21,32,31,574
Net Block		<u>2,64,10,391</u>	<u>3,61,81,252</u>
2. CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	5	2,89,38,070	2,82,63,978
Sundry Debtors	6	2,53,30,832	2,33,75,232
Cash & Bank Balances	7	24,85,495	11,72,623
Loans & Advances	8	13,25,425	13,91,513
		<u>5,80,79,822</u>	<u>5,42,03,346</u>
Less: Current Liabilities & Provisions	9	1,86,16,273	1,82,83,621
Net Current Assets		<u>3,94,63,549</u>	<u>3,59,19,725</u>
3. Debit Balance of Profit & Loss Account		<u>13,91,64,936</u>	<u>14,46,35,479</u>
	TOTAL	20,50,38,876	21,67,36,456
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	15		

Schedules 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

P.T.Kilachand
Chandrakant Khushaldas
R.K.Jani } Directors

Ahmedabad : 31st May, 2011

Mumbai : 27th May, 2011

TWENTY SECOND ANNUAL REPORT 2010-11

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	Schedules	For the year ended 31.3.2011 Rs.	For the year ended 31.3.2010 Rs.
INCOME			
Sales		9,96,50,638	8,17,15,543
Less : Excise Duty		83,61,033	59,66,449
Sales (Net)		9,12,89,605	7,57,49,094
Other Income	10	15,00,023	15,32,820
Increase in stocks	11	27,13,958	2,57,351
	TOTAL	9,55,03,586	7,75,39,265
EXPENDITURE			
Purchase of Trading Goods		78,10,657	34,98,949
Raw Materials Consumed		3,97,80,412	3,54,88,425
Payments to and provisions for employees	12	1,66,24,347	1,34,79,893
Operation and Other Expenses	13	1,47,55,794	1,50,23,192
Interest and Finance Charges	14	14,60,262	24,43,572
Depreciation/Amortisation		95,81,508	1,27,76,693
	TOTAL	9,00,12,980	8,27,10,724
Profit/(Loss) before Exceptional Items & Tax		54,90,607	(51,71,459)
Exceptional Items [Refer Note 1 of Schedule 15 (B)]		—	28,93,18,634
Profit before taxes		54,90,607	28,41,47,175
Provision for tax :			
Short provision of earlier years		(20,064)	—
Profit after tax		54,70,543	28,41,47,175
Deficit brought forward from previous year		(14,46,35,479)	(42,87,82,654)
Deficit carried to Balance sheet		(13,91,64,936)	(14,46,35,479)
Earning Per Share [Basic and diluted Refer Note 13 of Schedule 15(B)]		0.64	33.23

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 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

Ahmedabad : 31st May, 2011

For and on behalf of the Board

P.T.Kilachand
Chandrakant Khushaldas
R.K.Jani } Directors

Mumbai : 27th May, 2011



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011	2009-2010
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit(Loss) before tax and Exceptional items	54,90,607	(51,71,459)
Adjustments for:		
Depreciation	95,81,508	1,27,76,693
Loss/(Profit) on sale of assets	2,18,553	(1,216)
Provision write back	(33,387)	(4,756)
Interest Expenses	14,60,262	24,43,572
Foreign Exchange Fluctuation- (Gain)/Loss	44,332	(2,07,332)
	1,12,71,268	1,50,06,961
Operating profit before working capital changes	1,67,61,875	98,35,502
Adjustment for:		
Trade and other receivables	(23,90,413)	(41,22,254)
Inventory	(6,74,092)	17,42,136
Trade Payables	(2,72,299)	30,32,792
	(33,36,805)	6,52,675
Cash Generated from operation	1,34,25,070	1,04,88,176
Tax (paid)/refund	94,225	(56,130)
Cash flow from operating activities (A)	1,35,19,295	1,04,32,046
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,23,200)	(2,20,956)
Sale of Fixed assets	1,94,000	3,000
Net cash used in investing activities (B)	(29,200)	(2,17,956)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Bank of Baroda (Cash Credit)	(16,54,295)	(17,231)
Interest Paid	(8,22,928)	(62,18,443)
Repayment of borrowing	(97,00,000)	(45,00,000)
Net Cash used in Financing Activities (C)	(1,21,77,223)	(1,07,35,674)
Net increase/(decrease) in Cash & Cash Equivalents	(A+B+C) 13,12,872	(5,21,584)
Cash & Cash Equivalents at beginning of the year	11,72,623	16,94,207
Cash & Cash Equivalents at the end of the year	24,85,495	11,72,623
Notes to Cashflow Statement:		
1 Cash and cash equivalents include :		
Cash on hand	1,18,856	1,01,767
With Schedule Banks:		
Current Accounts	23,66,639	10,70,856
	24,85,495	11,72,623

- 2 The above cash flow statement has been prepared under the 'Indirect Method' set out in the Accounting standard-3 on Cash flow statements, Issued by the Institute of Chartered Accountants of India.
- 3 Figures in bracket represents outflows

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

P.T.Kilachand
Chandrakant Khushaldas
R.K.Jani } Directors

Ahmedabad : 31st May, 2011

Mumbai : 27th May, 2011

TWENTY SECOND ANNUAL REPORT 2010-11

PARTICULARS	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULES TO BALANCE SHEET		
SCHEDULE 1		
SHARE CAPITAL		
<u>Authorised</u>		
1,20,00,000 Equity Shares of Rs.10/- each	12,00,00,000	12,00,00,000
10,00,000 1/2 % Non-cumulative Redeemable Preference shares of Rs.100/- each	10,00,00,000	10,00,00,000
TOTAL	22,00,00,000	22,00,00,000
<u>Issued,Subscribed and paid up</u>		
85,50,000 Equity Shares of Rs.10/-each fully paid up	8,55,00,000	8,55,00,000
9,81,500 1/2 % Non-cumulative Redeemable Preference shares of Rs.100/-each	9,81,50,000	9,81,50,000
TOTAL	18,36,50,000	18,36,50,000

NOTES:

1. Out of above equity shares :
 - (a) 7,50,000 Shares of Rs.10 each have been allotted as Fully paid-up to Term Lenders and Bank as per AAIFR order.
 - (b) 8,00,000 Shares of Rs.10 each have been allotted as fully paid-up against unsecured loan as per AAIFR order.
2. 9,81,500 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 were redeemable on 31st March 2008 and balance on 31st March 2009

**SCHEDULE 2
RESERVES AND SURPLUS
CAPITAL RESERVE**

State Government Subsidy on Capital Investment	29,75,000	29,75,000
TOTAL	29,75,000	29,75,000

**SCHEDULE 3
SECURED LOANS**

1. Loans From Bank		
(i) Funded Interest Term Loans	-	1,01,20,000
(ii) Cash Credit Account	59,72,865	76,27,160
	59,72,865	1,77,47,160
2. Interest Accrued & due	1,24,41,011	1,23,64,296
TOTAL	1,84,13,876	3,01,11,456

Notes:

Loan from a bank is 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.



**SCHEDULE 4
FIXED ASSETS**

Assets	GROSS BLOCK (AT COST)			DEPRECIATION-AMORTISATION				NET BLOCK		
	As at 1st April 2010	Additions	Deductions	As at 31st March 2011	Upto 1st, April 2010	For the Year	Deductions	As at 31st March 2011	As at 31st March 2011	As at 31st March 2010
Tangible Assets										
Land (Lease Hold)	32,89,596	-	-	32,89,596	6,11,717	34,212	-	6,45,929	26,43,667	26,77,879
Building	1,94,00,091	-	-	1,94,00,091	1,09,18,424	6,47,964	-	1,15,66,388	78,33,703	84,81,667
Furniture & Fixture	11,98,058	16,100	-	12,14,158	10,77,604	28,168	-	11,05,772	1,08,386	1,20,454
Plant & Machinery	19,74,06,755	-	-	19,74,06,755	17,74,79,536	73,79,076	-	18,48,58,611	1,25,48,144	1,99,27,219
Electrical Installation	58,80,263	11,435	-	58,91,698	52,05,375	3,29,370	-	55,34,745	3,56,953	6,74,889
Office Equipments	11,99,427	40,040	26,000	12,13,467	8,25,998	62,740	8,320	8,80,418	3,33,049	3,73,429
Computers & Peripherals	15,61,724	1,55,625	71,600	16,45,749	12,69,054	78,169	64,912	12,82,311	3,63,438	2,92,670
Vehicles	17,18,346	-	10,98,756	6,19,590	9,06,442	1,03,665	7,10,571	2,99,536	3,20,054	8,11,904
Air Conditioning Plant	59,15,110	-	-	59,15,110	45,98,193	2,80,968	-	48,79,161	10,35,949	13,16,917
Intangible asset										
Technical Know-How	1,18,43,456	-	-	1,18,43,456	1,03,39,232	6,37,176	-	1,09,76,408	8,67,048	15,04,224
GRAND TOTAL	24,94,12,826	2,23,200	11,96,356	24,84,39,670	21,32,31,574	95,81,508	7,83,803	22,20,29,279	2,64,10,391	3,61,81,252
PREVIOUS YEAR	24,91,98,870	2,20,956	7,000	24,94,12,826	20,04,60,097	1,27,76,693	5,216	21,32,31,574	3,61,81,252	4,96,17,174

PARTICULARS	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
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**SCHEDULE 5
INVENTORIES**

Stores & Spares	52,64,465	79,88,814
Stock-in-Trade		
Raw Materials	91,01,925	84,32,238
Packing Materials	65,350	50,554
Finished Goods	1,31,53,974	1,05,15,041
Trading Goods	4,58,000	3,48,824
Work-in-progress	8,94,356	9,28,507
TOTAL	2,89,38,070	2,82,63,978

**SCHEDULE 6
SUNDRY DEBTORS**

(Unsecured)		
Debtors over six months		
Considered good	9,83,351	6,60,030
Considered Doubtful	5,52,729	5,76,130
Less:Provision	(5,52,729)	(5,76,130)
	9,83,351	6,60,030
Other Debts-Considered good	2,43,47,481	2,27,15,202
TOTAL	2,53,30,832	2,33,75,232

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PARTICULARS	As at	
	31.03.2011	31.03.2010
	Rs.	Rs.
SCHEDULE 7		
CASH & BANK BALANCES		
Cash on hand	1,18,856	1,01,767
Bank Balances with Schedule Banks - in current accounts	23,66,639	10,70,856
TOTAL	24,85,495	11,72,623

SCHEDULE 8		
LOANS & ADVANCES		
(Unsecured and considered good)		
Interest Receivable	11,250	11,019
Advances recoverable in cash or in kind or for value to be received	5,79,520	5,30,149
Balance with Excise Department	98,895	1,02,347
Advanced Tax & Tax deducted at source	75,810	1,90,098
Deposits	5,59,950	5,57,900
TOTAL	13,25,425	13,91,513

SCHEDULE 9		
CURRENT LIABILITIES AND PROVISIONS		
LIABILITIES		
Sundry Creditors	—	
Micro and Small Enterprises [Refer Note 7 of the Schedule 15 (B)]		
Others	79,30,324	91,38,597
Other Liabilities	6,66,140	4,43,061
Interest Accrued But not due	79,66,500	74,05,881
	1,65,62,964	1,69,87,539
PROVISIONS		
Employee Benefits	20,53,309	12,96,082
TOTAL	1,86,16,273	1,82,83,621

PARTICULARS	For the year ended	
	31.03.2011	31.03.2010
	Rs.	Rs.
SCHEDULE 10		
OTHER INCOME		
Interest [TDS Rs.1,125/-(Previous year Rs.1,911/-)]	21,757	11,250
Excess Provision for Expenses no longer required.	33,387	4,756
Foreign Exchange Gain	1,89,302	5,49,320
Profit on sale of assets	—	1,216
Miscellaneous Income	12,55,578	9,66,278
TOTAL	15,00,023	15,32,820



PARTICULARS	For the year ended		For the year ended
	Rs.	31.03.2011	31.03.2010
	Rs.	Rs.	Rs.
SCHEDULE 11			
INCREASE IN STOCKS			
Opening Stock			
Finished goods	1,05,15,041		98,21,474
Work-in-progress	9,28,507		8,53,561
Trading Goods	3,48,824		8,59,986
		1,17,92,372	1,15,35,021
Less : Closing Stock			
Finished goods	1,31,53,974		1,05,15,041
Work-in-progress	8,94,356		9,28,507
Trading Goods	4,58,000		3,48,824
		1,45,06,330	1,17,92,372
TOTAL		(27,13,958)	(2,57,351)
SCHEDULE 12			
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
Salaries, Wages and Bonus		1,39,18,130	1,16,52,536
Contribution to Provident and other funds		22,04,583	14,62,150
Welfare Expenses		5,01,634	3,65,207
TOTAL		1,66,24,347	1,34,79,893
SCHEDULE 13			
OPERATION AND OTHER EXPENSES			
Stores and Spares consumed		27,24,349	27,15,507
Power & Fuel		17,25,991	17,82,932
Packing Materials Consumed		1,34,911	1,73,328
REPAIRS			
Plant & Machinery	2,17,431		1,68,396
Others	4,74,142		4,06,880
		6,91,572	5,75,276
Rent		6,18,792	6,13,608
Rates & Taxes		2,73,479	2,76,928
Insurance Premium		2,09,746	1,85,586
Labour Charges		16,66,811	13,15,349
Advertisement, Selling & Distribution expenses		1,48,935	1,98,995
Printing & Stationery Expenses		3,75,822	3,83,142
Postage & Telephones		4,91,117	4,92,557
Travelling & Conveyance		7,43,084	10,60,239
Directors' Travelling Expenses		4,23,877	3,43,767
Directors' Sitting fees		89,000	52,000
Audit fees		1,50,000	1,00,000
Legal & Professional Fees		12,00,192	8,45,826
Excise Duty on stocks of finished goods		3,22,489	3,48,908
Miscellaneous Expenses		25,47,074	35,59,244
Loss on Sale of Assets		2,18,553	—
TOTAL		1,47,55,794	1,50,23,192
SCHEDULE 14			
INTEREST AND FINANCE CHARGES			
On Fixed Loans		6,37,334	15,76,252
On Others		8,22,928	8,67,320
TOTAL		14,60,262	24,43,572

SCHEDULE 15

(A) SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention:

The financial statements are prepared under the historical cost convention on accrual basis in accordance with the requirements of the Companies Act,1956, including the accounting standards notified by the Central Government of India under Section 211(3C) of the Companies Act,1956.

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 recognized in the period in which the results are known/materialized.

3. Fixed Assets:

- (a) Fixed assets are stated at historical cost net of CENVAT, less accumulated depreciation.
- (b) Intangible assets: Certain technical knowhow 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.

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 asset's 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 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 realizable value whichever is lower. Cost is calculated using absorption costing method.
- d. Process Stock : At material cost.

8. Revenue recognition:

Revenue from sale of products is recognized on dispatch of goods to the customers.

9. Sales:

Sales are stated net of discount and inclusive of excise duty and do not include other recoveries such as handling charges, transport, octroi etc.

10. Foreign Currency Transactions:

Transactions denominated in foreign currency are recorded at the exchange rates prevailing at the time of the transaction. Monetary items denominated in foreign currencies at the year end are restated at the year end rates. Non monetary foreign currency items are carried at cost. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account.

11. Employees Benefits:

Defined contribution plans

Company's contributions under defined contribution schemes such as Provident Funds, Superannuation Fund, Employee State Insurance etc. are determined under the relevant schemes and/or statute and charged to the Profit and Loss Account as incurred.

Defined benefit plans and compensated absences

Company's liability towards gratuity and compensated absences are actuarially determined and provided for at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognized immediately in the Profit and Loss Account as income or expenses.



12. Taxation

Current Tax: Provision for current tax is made in accordance with the Income Tax laws prevailing for the relevant assessment year.

Deferred Tax: Deferred tax resulting from “timing differences” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is a reasonable or virtual certainty, as the case may be, that the assets will be realized in future.

13. Government Subsidy

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

14. 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.

(B) NOTES ON ACCOUNTS:

- The Board for Industrial and Financial Reconstruction (BIFR) declared the company a sick industrial undertaking 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 Industrial and Financial Reconstruction (AAIFR) by its order dated 27th March 2002 which became effective from 1st April, 2002. The scheme envisaged financial restructuring, One Time Settlement (OTS) of the balance dues of term lenders and rescheduling of the working capital finance.

In terms of the rehabilitation scheme sanctioned by the AAIFR, the Company fully paid due loans payable in cash, interest on loans and interest on interest in the financial year 2009-10. Accordingly, the gain in the form of remission of past interest on term loans had been recognized in the accounts of the year 2009-10.

As per sanctioned scheme of AAIFR, Company had allotted equity shares of Rs.75 lacs and ½% Non Cumulative redeemable preference shares of Rs.981.50 lacs, redeemable on 31st March 2008 and 31st March 2009, to term lenders. Preference shares were not redeemed on due date due to non availability of divisible profits and financial inability of the Company to redeem the shares. The term lenders have been insisting on redemption of the said Preference Shares. The Board for Industrial & Financial Reconstruction (BIFR) at its hearing held on 28th April, 2009 passed an Order directing to redeem the said Preference Shares. Against the said Order of BIFR, the Company had filed an Appeal to AAIFR. AAIFR vide its Order dated 22nd February, 2011 upheld the said Order of BIFR. Against the order of AAIFR, Company has filed the writ petition in the High Court, Gujarat, Ahmedabad.

In the meanwhile, IFCI & IDBI have revoked the OTS on account of alleged default in redeeming the said preference shares. The company suitably replied to IFCI and IDBI and has not acknowledged any liability on account of said revocation of OTS as in its opinion the same is not lawful. Company will take steps as may be legally advised. Accordingly Company has prepared the accounts on going concern basis

- 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.
- 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.
- 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.
- Remuneration to the Executive Director:

	2010-2011	2009-2010
	Rs.	Rs.
Salary	8,68,983	7,95,613
Contribution to Provident and other funds	1,84,170	1,44,225
Other Perquisites	18,000	18,000
	10,71,153	9,57,838

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

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6. 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.			
	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
a. Reconciliation of opening and closing balance of the present value defined benefit obligation				
Obligation at the beginning of the year	17,51,149	14,35,091	11,52,444	9,42,704
Current Service Cost	1,16,394	98,770	84,648	96,782
Interest Cost	1,40,092	1,14,807	96,805	79,187
Actuarial (Gain) / Loss	6,01,851	1,85,985	76,092	75,084
Benefits Paid	(98,965)	(83,504)	(28,773)	(41,313)
Obligation at the end of the year	25,10,521	17,51,149	13,81,216	11,52,444
b. Reconciliation of opening and closing balances of fair value of plan assets				
Plan assets at the beginning of the year, as fair value	16,07,511	15,54,266	NIL	NIL
Expected return on plan assets	1,48,718	1,36,749	NIL	NIL
Actuarial Gain / (Loss) on plan Assets	NIL	NIL	NIL	NIL
Contribution	1,81,164	NIL	NIL	NIL
Benefits Paid	(98,965)	(83,504)	NIL	NIL
Plan Assets at the end of the year at fair value	18,38,428	16,07,511	NIL	NIL
c. Net Liability recognised in Balance Sheet				
Obligation at the end of the year	25,10,521	17,51,149	13,81,216	11,52,444
Less : Plan assets at the end of the year at fair value	18,38,428	16,07,511	NIL	NIL
Liability recognised in Balance Sheet as at year end	6,72,093	(1,43,638)	13,81,216	11,52,444
d. Components of employer expenses for the year				
Current service cost	1,16,394	98,770	84,648	96,782
Interest cost	1,40,092	1,14,807	96,805	79,187
Expected return on plan assets	(1,48,718)	(1,36,749)	NIL	NIL
Net Actuarial (gain) / loss	6,01,851	1,85,985	76,092	75,084
Net Cost	7,09,619	2,62,813	2,57,545	2,51,053
e. Major categories of plan assets as a percentage of total plan assets:				
Description	Percentage Investment		Percentage Investment	
	2010-11		2009-10	
Qualifying insurance policy with Life Insurance Corporation of India	100%		100%	
f. Assumptions	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
Discount Rate (p.a)	8.0%	8.0%	8.4%	8.4%
Expected rate of return on plan assets (p.a)	0.0%	0.0%	0.0%	0.0%
Expected rate of increase in compensation levels (p.a)	4.0%	4.0%	6.0%	6.0%
g. Past three years data for defined benefit obligation and fair value of plan assets are as under				
Particulars	2007-08	2008-09	2009-10	
Present value of defined benefit obligations at the end of the year	18,33,410	23,77,795	29,03,593	
Fair value of plan assets at the end of the year	14,81,955	15,54,266	16,07,511	
h. Defined Contributions Plans		2010-11	2009-10	
Amount recognized as an expenses and included in Schedule 12 of Profit and Loss Accounts		14,94,964	11,85,470	

Notes:

- a) The estimate of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.



7. Based on information available with the company the balance due to Micro & Small Enterprise as defined under MSMED Act, 2006, as at 31st March 2010 and 2011, is NIL. No interest during the year and previous year has been paid under the terms of the MSMED Act, 2006.

8. Payment to Auditors:
(In other capacity)

	2010-2011	2009-2010
	Rs.	Rs.
(a) Tax Audit Fees	40,000	30,000
(b) Certification and other works	1,20,500	1,00,000
(c) Out of Pocket expenses	2,860	12,789
(d) Payment to Affiliated firm	60,000	Nil

9. Assets taken on operating lease

Amount of lease rental recognized in the Profit & Loss Account in respect of cancellable operating lease Rs.5,49,720/- (Previous year Rs. 5,64,990/-)

10. 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 Accountants of India are not applicable.

11. 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 account of unabsorbed depreciation etc.

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

Particulars	As on 31.03.2011	As on 31.03.2010
Import Creditors	Rs.20,26,038/- (US\$ 45,376@ Rs.44.65)	Rs.31,99,704/- (US\$ 70,884@ Rs.45.14)

13. The basic and diluted earning per share are:

	2010-2011	2009-2010
	Rs.	Rs.
Net (loss)/profit after tax as per profit and loss account	54,90,607	28,41,47,175
Number of Equity shares	85,50,000	85,50,000
Basic and diluted EPS	0.64	33.23
Nominal value of equity share	10	10

14. Related party transactions

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

Sr No.	Nature of relationship	Name of related parties
1	Enterprise which is able to exercise significant influence	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	Enterprise which is able to exercise significant influence		Enterprise over which management personnel and their relatives are able to exercise significant influence		Key Management Personnel		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Expenses Payable	29,621	50,395	48,383	96,632	-	-	78,004	1,47,027
Expense Recoverable	1,83,240	1,83,240	-	-	-	-	1,83,240	1,83,240
Loan Received	-	-	-	-	-	-	-	-
Loan Repaid	-	-	-	-	-	-	-	-
Managerial Remuneration	-	-	-	-	10,71,153	9,57,838	10,71,153	9,57,838
Outstanding Balances								
Payable / (Receivable)	-	-	-	-	-	-	-	-

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

a) Manufacturing Activity:

	2010-2011	2009-2010
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)
Installed Capacity	25,00,00,000 pcs.p.a. {As certified by Senior General Manager (Plant)}	25,00,00,000 pcs.p.a.

Particulars	Units	2010-2011		2009-2010	
		Qty.	Amount Rs.	Qty.	Amount Rs.
Production	Pcs	14,88,01,427		13,72,13,010	
Closing Stock	Pcs	1,97,53,351	1,31,53,974	1,70,51,274	1,05,15,041
Opening Stock	Pcs	1,70,51,274	1,05,15,041	1,46,05,213	98,21,474
Turnover	Pcs	14,60,99,350	8,10,20,872	13,47,66,949	7,05,21,542

b) Trading Activity:

Product Name:Tantalam & SMD Resistor

Particulars	Units	2010-2011		2009-2010	
		Qty.	Amount Rs.	Qty.	Amount Rs.
Opening Stock	Pcs	66,901	3,48,824	1,27,628	8,59,986
Purchase	Pcs	18,18,305	78,10,657	9,03,475	34,98,949
Sales	Pcs	17,97,586	1,02,68,733	9,64,202	52,27,552
Closing Stock	Pcs	87,620	4,58,000	66,901	3,48,824

c) Details of Raw Materials consumed:

Particulars	Units	2010-2011		2009-2010	
		Qty.	Amount Rs.	Qty.	Amount Rs.
Chips	Pcs	14,95,67,783	3,20,49,701	13,79,11,751	2,77,95,150
Copper Wire & Epoxy	kgs	8,735	45,59,516	9,471	43,76,362
Others			31,71,195		33,16,913
Total			<u>3,97,80,412</u>		<u>3,54,88,425</u>

d) Value of imported and indigenous raw materials consumed

Particulars	2010-2011		2009-2010	
	Amount Rs.	%	Amount Rs.	%
Imported	3,17,12,695	79.72	2,65,98,932	74.95
Indigenous	80,67,717	20.28	88,90,008	25.05
Total	<u>3,97,80,412</u>	<u>100</u>	<u>3,54,88,940</u>	<u>100</u>

e) Value of imported and indigenous stores consumed

	2010-2011		2009-2010	
	Rs.	%	Rs.	%
Imported Including obsolete stock written off Rs. 26,70,551 (P.Y. Rs.26,90,581/-)	27,24,349	81.14	27,15,507	100

f) CIF Value of Imports

	2010-2011	2009-2010
Raw Materials	Amount Rs.	Amount Rs.
	3,18,96,165	2,74,20,381

16. 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
Membership No : 33331

T.R.Kilachand
Chairman
A.H.Mehta
Executive Director - Finance & Legal

J.M.Shah
Company Secretary

For and on behalf of the Board

P.T.Kilachand
Chandrakant Khushaldas
R.K.Jani } Directors

Ahmedabad : 31st May, 2011

Mumbai : 27th May, 2011



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	1	1
---	---	---	---

Date Month year

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

Public Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Right Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Private Placement

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

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

Total Liabilities

		2	0	5	0	.	3	9
--	--	---	---	---	---	---	---	---

Total Assets

		2	0	5	0	.	3	9
--	--	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

		1	8	3	6	.	5	0
--	--	---	---	---	---	---	---	---

Reserves & Surplus

				2	9	.	7	5
--	--	--	--	---	---	---	---	---

Secured Loans

		1	8	4	.	1	4
--	--	---	---	---	---	---	---

Unsecured Loans

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Applications of Funds

Net Fixed Assets

		2	6	4	.	1	0
--	--	---	---	---	---	---	---

Investments

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Net Current Assets

		3	9	4	.	6	4
--	--	---	---	---	---	---	---

Misc.Expenditure

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Accumulated Losses

		1	3	9	1	.	6	5
--	--	---	---	---	---	---	---	---

IV. Performance of Company (Rs.in Lacs)

Turnover (Incl.Other income)

		9	2	7	.	9	0
--	--	---	---	---	---	---	---

Total Expenditure

		8	7	2	.	9	9
--	--	---	---	---	---	---	---

Profit/(Loss) before Tax

		5	4	.	9	1
--	--	---	---	---	---	---

Profit/(Loss) after Tax

		5	4	.	7	1
--	--	---	---	---	---	---

Earning per Share in Rs.

				0	.	6	4
--	--	--	--	---	---	---	---

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
Chairman
A.H.Mehta
Executive Director - Finance & Legal

P.T.Kilachand
Chandrakant Khushaldas
R.K.Jani } Directors

J.M.Shah
Company Secretary

Mumbai : 27th May, 2011

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 22nd ANNUAL GENERAL MEETING of the Company held at B-17/18, Gandhinagar Electronic Estate, Gandhinagar 382 024, Gujarat at 1.00 p.m. on Friday, the 29th July, 2011.

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

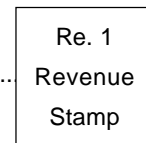
Regd. Office: B-17/18, Gandhinagar Electronic Estate, Gandhinagar 382 024, Gujarat.

I/We of
..... in the district ofbeing 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/our proxy to
attend and vote for me/us on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on
Friday, the 29th July, 2011 and at any adjournment thereof.

Signed this day of 2011

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

(Signature of member).....



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.