



**23rd Annual Report**  
**2011 - 2012**

**GUJARAT POLY-AVX ELECTRONICS LIMITED**



# GUJARAT POLY-AVX ELECTRONICS LIMITED

TWENTY THIRD ANNUAL REPORT 2011-2012

## ANNUAL GENERAL MEETING

On Friday, the 3rd August, 2012  
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.

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## 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 (*GIC Nominee*)

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

## COMPANY SECRETARY

Mr. J. M. Shah

## 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.

**NOTICE**

Notice is hereby given that the Twenty Third 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 3rd August, 2012 at 1.00 p.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
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 (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.

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 : 30th May, 2012.

**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, 19th June, 2012 to Tuesday, 26th June, 2012 (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 : 022-67720300 / 022-67720400  
Fax : 022-28591568  
Email : sharepro@shareproservices.com

- (d) The Company has implemented the “Green Initiative” circulars issued by Ministry of Corporate Affairs (MCA) vide their Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively and effected electronic delivery of Notice of Annual General Meeting and Annual Report for the year ended March 31, 2011 to those shareholders whose email ids were registered with the respective Depository Participants and downloaded from the depositories viz National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL). Securities and Exchange Board of India (SEBI) have also in line with the MCA circulars and as provided in Clause 32 of the Listing Agreement executed with the Stock Exchanges, permitted listed entities to supply soft copies of full annual reports to all those shareholders who have registered their email addresses for the purpose. In terms of the Circular No. NSDL/CIR/II/10/2012 dated March 9, 2012 issued by National Securities Depository Limited, email addresses made available by the Depository for your respective Depository Participant accounts as part of the beneficiary position downloaded from the Depositories from time to time will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956 read with Section 53 of the Companies Act, 1956. In light of the requirements prescribed by the aforesaid circulars, for those shareholders whose Depository Participant accounts do not contain the details of their email address, printed copies of the Notice of Annual General Meeting and Annual Report for the year ended March 31, 2012 would be dispatched. The Notice of Annual General Meeting and the copies of the audited financial statements, directors’ report, auditors’ report etc. will also be displayed on the website www.polyavx.com of the Company and the other requirements of the aforesaid MCA circulars will be duly complied with. Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address mentioned in (c) above quoting their folio number(s).

- (e) 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 2011-12 to the above Stock Exchange.

- (f) **Members who have not yet collected the Share Certificates issued in the year 2002, are requested to collect the New Share Certificates from the Company at the earliest.**

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

<b>Name of Director</b>	Mr. Chandrakant Khushaldas	Mr.R. K. Jani
<b>Age</b>	76 years	59 years
<b>Qualification</b>	M.Sc. (Pure Mathematics) Allahabad University M.Sc. (Fiscal Studies) University of Bath, United Kingdom	B.Sc. (Hons.) B.Sc (Tech.)
<b>Date of Appointment</b>	25.07.2003	31.10.2002
<b>Expertise</b>	Retired Member of Central Board of Direct Taxes, wide experience in Taxation and Company Law.	Entrepreneur counseling, Liaison and follow up with Industrialists and Associations, Technical appraisal and follow up.
<b>Other Directorship in Public Companies (excluding Private Companies) as on 31st March, 2012.</b>	1. Baroda Extrusion Ltd. 2. Gajra Differential Gears Ltd.	-
<b>No. of Equity Shares held</b>	-	-

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 : 30th May, 2012.

**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the Twenty Third Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2012

**1. PRODUCTION ACTIVITIES**

During the Financial Year 2011-12 your Company recorded a Production of 1384.28 Lac pcs in comparison to 1488.01 Lac pcs in Financial Year 2010-11, a decrease of 7 %.

**2. SALES**

The total sales during the Financial Year 2011-12 was Rs.827.26 Lacs against sales of Rs. 912.90 Lacs in last Financial Year, a decrease of 9%. The market slow down was dominant in the 2nd & 3rd Quarters and signs of improvement have been observed in Quarter –IV. Due to change in product Mix the ASPs recorded were lower than last year. Major sales recorded were in the Instrumentation & Industrial Electronics, EMS and Automotive Segments.

**3. FINANCIAL RESULTS**

The Company's operations for the year has resulted into profit of Rs.48.36 Lacs (Previous year Rs. 54.91 Lacs). However, before interest, depreciation and tax there is Surplus of Rs.83.45 Lacs (Previous year Rs.165.32 Lacs). After debit of Rs.123.40 Lacs under exceptional items, there is loss of Rs.75.04 Lacs.

In view of the accumulated loss, your Directors have not been able to recommend any Dividend for the year 2011-12.

**4. FINANCE**

The Company has fully repaid term loans with interest to Term Lenders.

**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/HIGH COURT OF GUJARAT.**

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.

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 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.

The Company thereafter filed a writ petition in the High Court of Gujarat, at Ahmedabad, which granted Stay vide its Order dated 21.06.2011 against the order of AAIFR and the petition is pending in the High Court of Gujarat.

As informed to you in the previous year, the IFCI and IDBI had revoked the One Time Settlement Scheme Sanctioned by Appellate Authority for Industrial & Financial Reconstruction (AAIFR) due to alleged breach of Terms and conditions committed by the Company in payment/redemption of Preference share capital.

The Company negotiated with IFCI for one time settlement against their all dues, costs etc. The Company paid Rs.123.40 Lacs as agreed and has received "No due Certificate" from IFCI.

**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 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 the Companies Act, 1956 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 : 30th May, 2012.

**ANNEXURE I****A. CONSERVATION OF ENERGY**

- a) Energy conservation steps taken :
  - i) Replacement of old control Instruments with more accurate instruments have increased the performance of the machines with better productivity.
  - ii) Resulting in low consumption of energy and better performance of the equipments
  - iii) Improve performance of utility equipments (chiller, compressor etc.)
- b) Additional Investments & Proposals being implemented
  - i) Effective utilization of all the installed equipments, thereby minimizing the energy consumption.
  - ii) Planned Preventive Maintenance schedule and monitoring for effective use of the Production machinery.
- c) Impact of measures at (a) & (b) above:  
The above implementation have resulted in achieving better productivity and reduce 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) Replacing/Repairing of imported spares by local vendors.
- ii) Development of RTS Aluminum Track to increase the productivity.
- iii) Effective management of manufacturing processes to reduce the consumption of raw material.

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

- i) Increased in product range
- ii) Reduce the procurement of imported 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 improved 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 2011-12.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- i) Total Foreign Exchange used : Rs. 3,05,37,944/-
- ii) Total Foreign Exchange earned : Rs. NIL

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Overview

Gujarat Poly-AVX Electronics Ltd (GPAEL) was established in 1989 & Commenced Commercial Production in 1993. This state of the art facility has been setup in the pollution free Electronic Estate in GANDHINAGAR, Gujarat in Collaboration with AVX Ltd., USA, a world leader in Passive Components. Your company manufactures Multilayer Ceramic Capacitors in Radial, Axial & SMD Configurations, Single Layer Ceramic Disc Capacitors both High & Low Voltage & Metal Oxide Varistors. The Complete Plant & Machinery has been imported, installed & setup with AVX Support. Over the Years GPAEL's Products have been well received in the market & is, today, one of the largest manufacturers of Ceramic Capacitors in India.

### Industrial Structure and Development

Electronics Components can be classified into Active & Passive Components. These Components are the building blocks of any Electronic Industry. Our Ceramic Capacitors are classified as Passive Components & find wide application due to their miniature size, wide range & low cost. They find applications primarily in the following Market segments:

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

Your Company supplies parts to the Original Equipment Manufacturers (OEM's) in the above segments. In addition to this our Components are also sold through a country-wide Dealer Network.

### Opportunities and Threats

- Ceramic Capacitors as elicited above are immensely popular in the Electronic Industry & find applications in any Electronic Circuit.
- Ceramic Capacitors due to its variable Dielectric constant exhibit superior Electrical properties & have a wide Range .
- The sales are directly to OEM's & is an Industrial Product.
- The company is also Trading in other Electronic components like TANCAP's Etc.
- Ceramic Capacitors are Fiercely Competitive & is very easy to import.
- The Customs Duty on our capacitors is NIL.
- These parts are also imported in KIT form.
- The Dollar & Commodity Price volatility directly effects the margins.

### Risks and Concerns

- The evolution of the EMS segment has led to Global sourcing thereby making our products very competitive.
- New Technology areas continue to Import Components in KIT form.
- Volatility in currency, Metals, oil etc. have a direct impact on the Raw Material prices.

### Performance by Sector

The overall market sentiment during the Financial Year 2011 – 2012 was negative. All segments across the board recorded a drop in the Sales of our products. This was particularly evident in the Instrumentation & Industrial Electronic segment wherein for the first time in many years the sales recorded a drop. Similarly the EMS segment sales were very sluggish & cautious, leading to purchase decisions being postponed to as & when required. The Telecommunication Sector too was hit by uncertain market conditions due to political fallout .

Despite negative growth there was no major change in the Product mix. Sales of Radial MLCC was a front runner followed by SMD MLCC's & High Voltage Single Layer Disc Ceramic Capacitors .

Overall the sales achieved in FY 2011-12 was Rs. 827.26 Lacs in comparison to Sales of Rs. 912.90 Lacs in FY 2010-11 a drop of 9 %. Similarly the Production during the FY 2011-12 slipped to 1384.28 Lacs pcs in Comparison to 1488.01 Lacs pcs in FY 2010-11 a decrease of 7 %.

### Outlook

Despite the above 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/-

#### Fixed Assets (Net Block)

The Net Block as on 31.3.2012 is Rs.246.92 Lacs compared to Rs.264.10 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 decreased from Rs. 222.88 Lacs to Rs.165.09 Lacs.

#### Results of operations

The revenue during the year has decreased from Rs.912.90 Lacs to Rs. 827.26 Lacs due to over all negative market segment during Financial Year 2011 – 2012.

There is profit of Rs.48.36 Lacs (previous year Rs.54.91 Lacs) Provisions for the interest and financial charges are Rs. 8.93 Lacs compared to Rs.14.60 Lacs during the previous year.

Payment to and provision for employees amounts to 20 % of sales compared to 18 % in the previous year. Depreciation amounts to 3 % of sales during the year compared to 10 % in the previous year.

The Company cannot recommend dividend due to accumulated losses.

#### Material Development in Human Resources

Your Company's vision for the future is designed to provide a total quality environment, which will delight its customers - both internal & external. To achieve this objective the company has embark on developing its Human Resources by sharpening the industrial skills for multitasking . This 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 2011-2012.

### 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 31.03.2012

#### FY 2011-12 (April '11 to March '12)

Name of the Director	Attendance Particulars			Board Meeting Sitting Fees Rs.	No. of other Directorship and Committee Membership/Chairman-ship	
	Category	Board meetings	Last AGM held on 29.07.11		Other Directorship in Public Limited Companies	Committee Membership/Chairmanship
Mr. T.R.Kilachand	Chairman NED	4	Yes	12,000/-	2	2
Mr. P.T.Kilachand	NED	3	No	9,000/-	3	1
Brig.K.Balasubramaniam	NED(I)	3	Yes	9,000/-	-	-
Mr.C.Khushaldas	NED(I)	4	Yes	12,000/-	2	-
Mr. A.B.Shah (Nominee of GIIC)	NED	1	Yes	3,000/-	5	3
Mr. R.K.Jani (Nominee of GIIC)	NED	3	No	9,000/-	-	-
Mr. A.H.Mehta	ED	4	Yes	-	2	-

#### 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.

Four 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:

27th May, 2011, 29th July, 2011, 31st October, 2011 and 1st February, 2012.

### 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 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, Four meetings of the Audit Committee were held on the following dates and the attendance of each member of the Committee is given below:

27th May, 2011, 29th July, 2011, 31st October, 2011 and 1st February, 2012



Name of the Director	Designation	Category	Committee Meetings	
			Held during the tenure	Attended
Mr Chandrakant Khushaldas	Chairman	Non Executive Independent Director	4	4
Brig. K.Balasubramaniam	Member	Non Executive Independent Director	4	3
Mr T.R. Kilachand	Member	Non-Executive	4	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, 2012 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.

One Remuneration Committee meeting was held on 27.05.2011, during the year 1.04.2011 to 31.03.2012.

**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	19	17
2.	Mr. P.T.Kilachand – Non-Executive Director	19	18
3.	Mr. A.H.Mehta - Executive Director	19	17

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.

Five complaints were received during the year and were solved. There are no complaints from the shareholders pending as on 31.3.2012.

**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, 2012 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 -
- there have been no significant changes in internal control over financial reporting during the year.
  - 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.
  - 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 31.03.2012.

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.11,92,691/- during the year.

**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 Time Venue	Friday, 3rd August, 2012 1.00 p.m. At: B-17/18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat.
Financial Year	April 2011 to March 2012
Dates of Book Closure	Tuesday, 19.06.2012 to Tuesday, 26.06.2012
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 2011-2012.	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 (East), Mumbai 400 072. Telephone: 022 67720300, 022 67720400 • fax: 022 28591568, e mail: sharepro@shareproservices.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, Web-site: www.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 – 2011	7.34	5.78	16,431
May – 2011	6.79	5.28	10,420
June – 2011	6.00	4.38	19,647
July – 2011	5.59	4.63	18,392
August – 2011	5.00	3.37	11,040
September – 2011	4.41	3.50	6,882
October – 2011	4.27	3.42	6,956
November – 2011	5.20	3.40	4,744
December – 2011	5.04	2.93	12,449
January – 2012	3.94	2.95	3,651
February – 2012	3.58	3.00	14,126
March – 2012	4.54	3.28	7,906

**Table 2 – Distribution of Shareholding as on 31.03.2012.**

No. of Equity Shares .	No. of Shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 100	11,90,079	13.92	19,883	84.89
101 to 500	5,99,367	7.01	2,918	12.46
501 to 1000	2,72,872	3.19	358	1.53
1001 to 5000	4,59,549	5.38	215	0.92
5001 to 10000	2,02,125	2.36	27	0.11
10001 to 100000	4,73,742	5.54	16	0.07
100001 and above	53,52,266	62.60	4	0.02
Total	85,50,000	100.00	23,421	100.00

**Table 3 – Category-wise distribution of shareholding as on 31.03.2012**

Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	3	51,13,255	59.80
2.	Public Financial Institutions & Banks	4	3,27,259	3.83
3.	Mutual Funds	-	-	-
4.	Bodies Corporate	113	1,55,709	1.82
5.	Resident Individuals	23,279	29,16,786	34.12
6.	FII & OCBs	-	-	-
7.	Non-Resident Individuals	22	36,991	0.43
8.	State Government	-	-	-
	Total	23,421	85,50,000	100.00

**Table 4 – Break-up of shares in physical & electronic mode as on 31.03.2012.**

Mode	No. of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	19,378	82.74	32,95,785	38.55
Electronic	4,043	17.26	52,54,215	61.45
Total	23,421	100.00	85,50,000	100.00

**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 Twenty Third 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 Resolutions passed
2008 - 09	AGM	Gandhinagar Electronic Estate, Gandhinagar, Gujarat	03.08.2009	1.00 p.m	1
2009 - 10	AGM	Gandhinagar Electronic Estate, Gandhinagar, Gujarat	31.07.2010	1.00 p.m	-
2010 - 11	AGM	Gandhinagar Electronic Estate, Gandhinagar, Gujarat	29.07.2011	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, 2012, 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)

Ahmedabad,  
Dated: 30th May, 2012

**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, 2012, the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 26 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, 2012;
  - (ii) in the case of Statement of Profit and Loss, of the loss 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, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 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,  
Dated: 30th May, 2012

**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 explanations 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 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.  
 In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) The Company has taken unsecured loan from one party covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs. 51, 47,131 and Rs. Nil respectively.
  - (b) The rate of interest and other terms and conditions of this loan is, in our opinion, prima facie not prejudicial to the interests of the Company.
  - (c) In respect of aforesaid loan, the terms of repayment have not been stipulated.
- (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) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (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, 2012 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, 2012 on account of any disputes.
- (xi) The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current financial year and not 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) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (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 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.
- (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  
 (Membership No. 33331)

Ahmedabad,  
 Dated: 30th May, 2012



## BALANCE SHEET AS AT 31ST MARCH, 2012

(In Rupees)

Particulars	Note	As at 31st Mar 2012	As at 31st Mar 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	18,36,50,000	18,36,50,000
(b) Reserves and Surplus	3	(14,36,94,247)	(13,61,89,936)
		3,99,55,753	4,74,60,064
<b>(2) Non - Current Liabilities</b>			
(a) Long Term Borrowings	4	3,09,322	-
(b) Deferred Tax Liabilities (Refer Note 30)	-	-	-
(d) Long Term Provisions	5	15,35,501	18,74,305
		18,44,823	18,74,305
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	6	74,65,470	59,72,865
(b) Trade Payables	7	1,23,46,798	79,44,867
(c) Other Current Liabilities	8	1,76,13,468	2,08,53,189
(d) Short Term Provisions	9	3,88,994	3,84,923
		3,78,14,730	3,51,55,844
<b>TOTAL</b>		7,96,15,306	8,44,90,213
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		2,41,00,253	2,55,43,343
(ii) Intangible Assets		5,92,172	8,67,048
		2,46,92,425	2,64,10,391
(b) Long Term Loans and Advances	11	5,99,206	6,35,760
		2,52,91,631	2,70,46,151
<b>(2) Current Assets</b>			
(a) Inventories	12	2,74,03,705	2,89,38,070
(b) Trade receivables	13	2,40,48,783	2,53,30,832
(c) Cash and Cash Equivalent	14	22,40,557	24,85,495
(d) Short Term Loans and Advances	15	6,19,380	6,78,415
(e) Other Current Assets	16	11,250	11,250
		5,43,23,675	5,74,44,062
<b>TOTAL</b>		7,96,15,306	8,44,90,213
Summary of Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements

As per our attached report of even date.

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

**H.P.Shah**  
Partner  
(Membership No. 33331)  
Place : Ahmedabad  
Date : 30th May, 2012

For and on behalf of the Board

**T. R. Kilachand**  
Chairman

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

**J. M. Shah**  
Company Secretary

**Chandrakant Khushaldas**  
Director

Mumbai, 30th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(In Rupees)

Particulars	Note	Year Ended on 31st Mar 2012	Year Ended on 31st Mar 2011
<b>CONTINUING OPERATIONS</b>			
I. Revenue from Operations (Gross)	17	9,10,97,625	10,06,15,027
Less : Cenvat Duty recovered on Sales		76,62,744	83,61,033
Revenue from Operations (Net)		8,34,34,881	9,22,53,994
II. Other Income	18	38,36,725	6,92,306
<b>III. Total Revenue (I + II)</b>		<b>8,72,71,606</b>	<b>9,29,46,300</b>
<b>IV. Expenses:</b>			
a. Cost of Raw Materials Consumed	19	3,72,65,529	3,97,80,412
b. (Increase)/Decrease in Stock of Finished Goods, Process Stock and Stock-in-Trade	20	27,21,226	(27,13,958)
c. Purchase of Stock-in-Trade	21	77,56,648	78,10,657
d. Manufacturing Expenses	22	38,11,204	67,95,128
e. Employee Benefits Expenses	23	1,68,38,010	1,66,24,347
f. Finance Charges	24	8,92,946	14,60,262
g. Depreciation & Amortization		26,15,717	95,81,508
h. Other Expenses	25	1,05,34,637	81,17,337
<b>Total Expenses</b>		<b>8,24,35,917</b>	<b>8,74,55,693</b>
<b>V. Profit before Exceptional and Extraordinary Items and Tax (III-IV)</b>		<b>48,35,689</b>	<b>54,90,607</b>
<b>VI. Exceptional Items (Refer Note 26)</b>		<b>1,23,40,000</b>	<b>-</b>
<b>VII. Profit before Extraordinary Items and Tax (V-VI)</b>		<b>(75,04,311)</b>	<b>54,90,607</b>
<b>VIII. Extraordinary Items</b>		<b>-</b>	<b>-</b>
<b>IX. Profit before Tax (VII-VIII)</b>		<b>(75,04,311)</b>	<b>54,90,607</b>
<b>X. Tax Expense:</b>			
(1) Current Tax (Refer Note 29)		-	-
(2) Deferred Tax (Refer Note 30)		-	-
(3) Short/(Excess) Provision of Taxation of Earlier Years		-	20,064
<b>XI. Profit for the period (IX-X)</b>		<b>(75,04,311)</b>	<b>54,70,543</b>
<b>VIII. Earnings per equity share: (Refer Note 35)</b>			
(1) Basic		(0.88)	0.64
(2) Diluted		(0.88)	0.64
Face Value per Share (Rs.)		10.00	10.00

Summary of Significant Accounting Policies 1  
The accompanying notes are an integral part of the Financial Statement.

As per our attached report of even date.

For C. C. Chokshi & Co.  
Chartered Accountants

H.P.Shah  
Partner  
(Membership No. 33331)  
Place : Ahmedabad  
Date : 30th May, 2012

For and on behalf of the Board

T. R. Kilachand  
Chairman

A. H. Mehta  
Executive Director - Finance & Legal

J. M. Shah  
Company Secretary

Chandrakant Khushaldas  
Director

Mumbai, 30th May, 2012



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(In Rupees)

Particulars	Year ended 31st Mar 2012	Year ended 31st Mar 2011
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
1. Net Profit / (Loss) before Extraordinary items and Tax	(75,04,311)	54,90,607
2. Adjustments for:		
a) Depreciation and Amortisation	26,15,717	95,81,508
b) Finance Cost Expenses	1,32,32,946	14,60,262
d) Interest written back	(33,50,000)	-
f) Provision for expense written back	(22,898)	(33,387)
g) Sundry credit balances written back	(4,04,439)	-
h) Provision for doubtful debts	31,211	-
i) Loss/(Profit) on Sales of Assets	(26,353)	2,18,553
j) Unrealised Foreign Exchange Fluctuation	(13,202)	44,332
	<b>1,20,62,983</b>	<b>1,12,71,268</b>
<b>Operating Profit Before Working Capital Changes (1 + 2)</b>	<b>45,58,672</b>	<b>1,67,61,875</b>
3. Adjustments for Working Capital changes:		
(i) (Increase) / decrease in Operating Assets		
a) Trade Receivables	12,82,049	(19,32,199)
b) Long Term Loans and Advances	-	-
c) Short Term Loans and Advances	59,035	(4,58,214)
d) Other Current Assets	-	-
(ii) Increase (decrease) in Operating Liabilities		
a) Trade Payables	44,01,931	(10,29,526)
b) Long Term Provisions	(3,38,804)	7,57,227
c) Short Term Provisions	4,071	-
d) Other Current Liabilities	3,63,876	-
(iii) (Increase) / decrease in Inventories	15,34,365	(6,74,092)
Cash Generated From Operations	<b>1,18,65,195</b>	<b>1,34,25,070</b>
Less: Direct Taxes Paid/(Refund) (Net)	(37,744)	(94,225)
<b>Net Cash From Operating Activities (A)</b>	<b>1,19,02,939</b>	<b>1,35,19,295</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
a) Purchase of Fixed Assets	(9,68,648)	(2,23,200)
b) Sale of Fixed Assets	97,250	1,94,000
<b>Net Cash From Investing Activities (B)</b>	<b>(8,71,398)</b>	<b>(29,200)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
a) Proceeds from Short Term Borrowings (Net)	14,92,605	(16,54,295)
b) Interest Paid	(1,32,29,247)	(8,22,928)
c) Repayment of Long Term Borrowings	-	(97,00,000)
d) Proceeds from Long Term Borrowings (Net)	4,60,164	-
<b>Net Cash From Financing Activities (C)</b>	<b>(1,12,76,478)</b>	<b>(1,21,77,223)</b>
<b>(D) Net Increase/(Decrease) In Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(2,44,938)</b>	<b>13,12,872</b>
<b>(E) Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>24,85,495</b>	<b>11,72,623</b>
<b>(F) Cash &amp; Cash Equivalents at the end of the year</b>	<b>22,40,557</b>	<b>24,85,495</b>
Note :	As at	As at
1 Components of Cash & Cash Equivalents	31st March, 2012	31st March, 2011
Cash on Hand	1,21,895	1,18,856
Balances with Schedule Banks		
In Current Accounts	21,18,662	23,66,639
	<b>22,40,557</b>	<b>24,85,495</b>

2 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement 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  
(Membership No. 33331)  
Place : Ahmedabad  
Date : 30th May, 2012

For and on behalf of the Board

T. R. Kilachand  
Chairman

A. H. Mehta  
Executive Director - Finance & Legal

J. M. Shah  
Company Secretary

Chandrakant Khushaldas  
Director

Mumbai, 30th May, 2012



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(In Rupees)

	As at 31st Mar 2012	As at 31st Mar 2011
<b>2. SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
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
	<u>22,00,00,000</u>	<u>22,00,00,000</u>
<b>Issued, Subscribed and Paid Up</b>		
85,50,000 (Previous Year 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
<b>TOTAL</b>	<u>18,36,50,000</u>	<u>18,36,50,000</u>

Notes:

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 AAFIR order.  
 (b) 8,00,000 Shares of Rs. 10 each have been allotted as fully paid-up against unsecured loan as per AAFIR order.

(In Nos.)

	As at 31st Mar 2012	As at 31st Mar 2011
(i) a. Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting period :		
At the Beginning of the Period	85,50,000	85,50,000
Issued during the period	-	-
Outstanding at the end of Period	85,50,000	85,50,000
b. Reconciliation of the number of 1/2% Non-cumulative Redeemable Preference Shares outstanding at the beginning and at the end of the reporting period :		
At the Beginning of the Period	9,81,500	9,81,500
Issued during the period	-	-
Outstanding at the end of Period	9,81,500	9,81,500
(ii) a.. Details of Shareholders holding more than 5 percent of Equity Shares:		
Polychem Limited	Nos. 28,66,154 % Holding 33.52%	28,66,154 33.52%
AVX Corporation	Nos. 17,49,998 % Holding 20.47%	17,49,998 20.47%
GIIC	Nos. 4,97,103 % Holding 5.81%	4,97,103 5.81%
b. Details of Shareholders holding more than 5 percent of 1/2% Non-cumulative Preference Shares:		
IDBI	Nos. 3,38,410 % Holding 34.48%	3,38,410 34.48%
3A Capital Limited	Nos. 3,13,220 % Holding 31.91%	3,13,220 31.91%
Polychem Limited	Nos. 2,09,000 % Holding 21.29%	- -
IFCI	Nos. - % Holding -	2,09,000 21.29%
Bank of Baroda	Nos. 1,20,870 % Holding 12.32%	1,20,870 12.32%
(iii) a. Rights of Equity Shareholders:		
The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
b. Rights of 1/2% Non-cumulative Redeemable Preference Shareholders:		
The company has one class of preference shares having a par value of Rs.100 per share. Preference shareholders doesn't have any right to vote.		



(In Rupees)

	As at 31st Mar 2012	As at 31st Mar 2011
<b>3. RESERVES AND SURPLUS</b>		
<b>(a) Capital Reserve</b>		
State Government Subsidy on Capital Investment Balance as per Last Balance Sheet	29,75,000	29,75,000
<b>(b) Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(13,91,64,936)	(14,46,35,479)
Add : Profit/(Loss) for the Year	(75,04,311)	54,70,543
Less: Appropriations		
Proposed Equity and Preference Dividend	-	-
Tax on Dividend	-	-
Transfer to General Reserve	-	-
Closing Balance	<u>(14,66,69,247)</u>	<u>(13,91,64,936)</u>
<b>TOTAL</b>	<u>(14,36,94,247)</u>	<u>(13,61,89,936)</u>
<b>4. LONG TERM BORROWINGS</b>		
<b>Term Loan</b>		
From a bank (Secured)	<u>3,09,322</u>	-
<b>TOTAL</b>	<u>3,09,322</u>	-
Note: Secured against hypothecation of vehicle. Amounts due within next 12 Months have been shown under Note 8 (a) as current maturities of long-term debt.		
<b>5. LONG TERM PROVISIONS</b>		
Provision for employee benefits		
Gratuity	1,05,493	6,72,093
Leave Encashment	<u>14,30,008</u>	<u>12,02,212</u>
<b>TOTAL</b>	<u>15,35,501</u>	<u>18,74,305</u>
<b>6. SHORT TERM BORROWINGS</b>		
Cash Credit from a bank (Secured)	<u>74,65,470</u>	<u>59,72,865</u>
<b>TOTAL</b>	<u>74,65,470</u>	<u>59,72,865</u>
<b>Nature of Security:</b>		
The above Cash Credit 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.		
<b>7. TRADE PAYABLES</b>		
Sundry Creditors :		
a) Micro & Small Enterprises (Refer Note below)	-	-
b) Others	<u>1,23,46,798</u>	<u>79,44,867</u>
<b>TOTAL</b>	<u>1,23,46,798</u>	<u>79,44,867</u>
Note: Based on information available with the company the balance due to Micro & Small Enterprises as defined under MSMED Act, 2006 as at 31st March 2011 and 2012 is NIL. No interest during the year and previous year has been paid under the terms of the MSMED Act, 2006.		
<b>8. OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long-term debt (Refer Note 4)	1,50,842	-
(b) Interest accrued but not due on borrowings	3,697	79,66,500
(c) Interest accrued and due on borrowings (Refer Note below)	<u>1,68,79,409</u>	<u>1,24,41,011</u>
(d) Other Payables	<u>5,79,520</u>	<u>4,45,678</u>
<b>TOTAL</b>	<u>1,76,13,468</u>	<u>2,08,53,189</u>
Note: The above Interest accrued and due on borrowings 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 hypothecation charge on Fixed Assets subject to a first hypothecation charge to financial institution.		

**TWENTY THIRD ANNUAL REPORT 2011-2012**

(In Rupees)

	As at 31st Mar 2012	As at 31st Mar 2011
<b>9. SHORT TERM PROVISIONS</b>		
(a) Provision for Bonus	2,04,795	2,05,919
(b) Provision for Leave Encashment	1,84,199	1,79,004
<b>TOTAL</b>	<b>3,88,994</b>	<b>3,84,923</b>

**10. FIXED ASSETS**

(In Rupees)

PARTICULARS	GROSS BLOCK (At Cost)			DEPRECIATION/AMORTISATION				NET BLOCK		
	AS AT 01-04-2011	Addi- tions	Deduc- tions	AS AT 31-03-2012	AS AT 01-04-2011	For the Year	Deduc- tions	UPTO 31-03-2012	AS AT 31-03-2012	AS AT 31-03-2011
<b>A) Tangible Assets:</b>										
Land (Lease Hold)	32,89,596	-	-	32,89,596	6,45,929	34,212	-	6,80,141	26,09,455	26,43,667
Building - Factory	1,94,00,091	-	-	1,94,00,091	1,15,66,388	6,47,964	-	1,22,14,352	71,85,739	78,33,703
Plant & Machinery	19,74,06,755	-	-	19,74,06,755	18,48,58,611	9,84,624	-	18,58,43,235	1,15,63,520	1,25,48,144
Electrical Installation	58,91,698	1,810	-	58,93,508	55,34,745	64,178	-	55,98,923	2,94,585	3,56,953
Furniture & Fixtures	12,14,158	1,16,196	-	13,30,354	11,05,772	1,07,683	-	12,13,455	1,16,899	1,08,386
Office Equipment	12,13,467	76,926	2,850	12,87,543	8,80,418	64,832	2,850	9,42,400	3,45,143	3,33,049
Vehicles	6,19,590	6,01,282	2,86,252	9,34,620	2,99,536	66,494	2,15,355	1,50,675	7,83,945	3,20,054
Computer & Peripherals	16,45,749	1,72,434	-	18,18,183	12,82,311	89,886	-	13,72,197	4,45,986	3,63,438
Air Conditioning Plant	59,15,110	-	-	59,15,110	48,79,161	2,80,968	-	51,60,129	7,54,981	10,35,949
<b>Total (A)</b>	<b>23,65,96,214</b>	<b>9,68,648</b>	<b>2,89,102</b>	<b>23,72,75,760</b>	<b>21,10,52,871</b>	<b>23,40,841</b>	<b>2,18,205</b>	<b>21,31,75,507</b>	<b>2,41,00,253</b>	<b>2,55,43,343</b>
<b>B) Intangible Assets:</b>										
Technical Know-How	1,18,43,456	-	-	1,18,43,456	1,09,76,408	2,74,876	-	1,12,51,284	5,92,172	8,67,048
<b>Total (B)</b>	<b>1,18,43,456</b>	<b>-</b>	<b>-</b>	<b>1,18,43,456</b>	<b>1,09,76,408</b>	<b>2,74,876</b>	<b>-</b>	<b>1,12,51,284</b>	<b>5,92,172</b>	<b>8,67,048</b>
<b>Grand Total (A+B)</b>	<b>24,84,39,670</b>	<b>9,68,648</b>	<b>2,89,102</b>	<b>24,91,19,216</b>	<b>22,20,29,279</b>	<b>26,15,717</b>	<b>2,18,205</b>	<b>22,44,26,791</b>	<b>2,46,92,425</b>	<b>2,64,10,391</b>
Previous year	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

(In Rupees)

	As at 31st Mar 2012	As at 31st Mar 2011
<b>11. LONG TERM LOANS &amp; ADVANCES</b>		
<b>Unsecured , Considered Good</b>		
(a) Advance Tax & Tax deducted at source	39,256	75,810
(b) Electricity & Other Deposits	5,59,950	5,59,950
<b>TOTAL</b>	<b>5,99,206</b>	<b>6,35,760</b>

**12. INVENTORIES**

(a) Raw Materials	1,01,87,810	91,01,925
(b) Finished Goods	98,41,975	1,31,53,974
(c) Process Stock	11,12,558	8,94,356
(d) Trading Goods	8,30,571	4,58,000
(e) Packing Materials	66,799	65,350
(f) Stores & Spares	53,63,992	52,64,465
<b>TOTAL</b>	<b>2,74,03,705</b>	<b>2,89,38,070</b>



(In Rupees)

	As at 31st Mar 2012	As at 31st Mar 2011
<b>13. TRADE RECEIVABLES</b>		
(a) Trade receivables outstanding for a period more than six months from the date they became due		
(i) Unsecured, considered good	12,77,125	9,83,351
(ii) Unsecured, considered doubtful	5,78,321	5,52,729
	<u>18,55,446</u>	<u>15,36,080</u>
Less : Provision for Doubtful Debts	5,78,321	5,52,729
	<u>12,77,125</u>	<u>9,83,351</u>
(b) Others		
Unsecured, considered good	2,27,71,658	2,43,47,481
<b>TOTAL</b>	<u><u>2,40,48,783</u></u>	<u><u>2,53,30,832</u></u>
<b>14. CASH AND CASH EQUIVALENTS</b>		
(a) Balances with Banks		
In Current Accounts	21,18,662	23,66,639
(b) Cash On Hand	1,21,895	1,18,856
<b>TOTAL</b>	<u><u>22,40,557</u></u>	<u><u>24,85,495</u></u>
<b>15. SHORT TERM LOANS AND ADVANCES</b>		
Loans and advances to Others		
Unsecured, considered good		
(a) Advances to Suppliers	18,857	-
(b) Prepaid Expenses	1,73,883	1,88,188
(c) Employee Advances	2,04,140	2,65,025
(d) Deposits and balances with government and other authorities	2,11,377	1,83,858
(e) Others	11,123	41,344
<b>TOTAL</b>	<u><u>6,19,380</u></u>	<u><u>6,78,415</u></u>
<b>16. OTHER CURRENT ASSETS</b>		
Interest Receivable	11,250	11,250
<b>TOTAL</b>	<u><u>11,250</u></u>	<u><u>11,250</u></u>

(In Rupees)

	Year Ended on 31st Mar 2012	Year Ended on 31st Mar 2011
<b>17. REVENUE FROM OPERATIONS</b>		
(a) Sale of Goods (Gross)		
i) Manufactured Goods	8,10,86,037	8,93,81,906
ii) Trading Goods	93,02,274	1,02,68,732
(b) Other Operating Income	7,09,314	9,64,389
<b>TOTAL</b>	<u><u>9,10,97,625</u></u>	<u><u>10,06,15,027</u></u>
<b>18. OTHER INCOME</b>		
(a) Interest Received From Others	14,189	21,757
(b) Sundry credit balances written back	4,04,439	4,31,080
(c) Provision for expenses written back	33,72,898	33,387
(d) Profit on sale of Fixed Asset	26,353	-
(e) Gain on foreign exchange fluctuation	-	1,89,302
(f) Other Non-operating Income	18,846	16,780
<b>TOTAL</b>	<u><u>38,36,725</u></u>	<u><u>6,92,306</u></u>

(In Rupees)

	Year Ended on 31st Mar 2012	Year Ended on 31st Mar 2011
<b>19. COST OF MATERIALS CONSUMED</b>		
<b>Raw Materials Consumed</b>	<b>3,72,65,529</b>	<b>3,97,80,412</b>
a. Raw Materials Consumed in broad heads :		
i) Chips	2,84,28,821	3,20,49,701
ii) Copper wire & Epoxy	52,62,262	45,59,516
iii) Others	35,74,446	31,71,195
<b>TOTAL</b>	<b>3,72,65,529</b>	<b>3,97,80,412</b>
b. Value of Indigenous and Imported Raw Materials Consumed during the year :		
Imported	Value 2,98,63,985 Percentage 80.14%	3,17,12,695 79.72%
Indigenous	Value 74,01,544 Percentage 19.86%	80,67,717 20.28%
<b>20. (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS AND PROCESS STOCK</b>		
(a) <b>Closing Stock</b>		
Finished Goods	98,41,975	1,31,53,974
Work-in-progress	11,12,558	8,94,356
Trading Goods	8,30,571	4,58,000
	<b>1,17,85,104</b>	<b>1,45,06,330</b>
(b) <b>Less : Opening Stock</b>		
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
	<b>1,45,06,330</b>	<b>1,17,92,372</b>
<b>TOTAL</b>	<b>27,21,226</b>	<b>(27,13,958)</b>
<b>21. PURCHASE OF STOCK-IN-TRADE</b>		
Purchase of stock-in-trade in broad heads :		
a. Tantalum capacitor	74,44,035	77,61,150
b. Others	3,12,613	49,507
<b>TOTAL</b>	<b>77,56,648</b>	<b>78,10,657</b>
<b>22. MANUFACTURING EXPENSES</b>		
(a) Power & Fuel	17,85,686	17,25,991
(b) Repairs		
Plant and Machinery	2,01,973	2,17,431
(c) Stores, Spares and Tools Consumed	1,26,341	27,27,495
(d) Packing Material Consumed	1,37,986	1,34,911
(e) Wages & Labour Charges	18,27,938	16,66,811
(f) Cenvat Duty provided on stock (Refer Note 28)	(2,68,720)	3,22,489
<b>TOTAL</b>	<b>38,11,204</b>	<b>67,95,128</b>
a. Value of Indigenous and Imported Stores,Tools and Spares Consumed during the year :		
Imported	Value 1,26,341 Percentage 100.00%	27,27,495 100.00%
Indigenous	Value - Percentage -	- -



(In Rupees)

	Year Ended on 31st Mar 2012	Year Ended on 31st Mar 2011
<b>23. EMPLOYEE BENEFITS EXPENSES</b>		
(a) Salaries, Bonus etc.	1,46,02,059	1,39,18,130
(b) Contribution to Provident, Gratuity and other funds	15,15,575	19,90,164
(c) Employee welfare expenses	7,20,376	7,16,053
<b>TOTAL</b>	<b>1,68,38,010</b>	<b>1,66,24,347</b>
<b>24. FINANCE COST</b>		
Interest Expenses	8,92,946	14,60,262
<b>TOTAL</b>	<b>8,92,946</b>	<b>14,60,262</b>
<b>25. OTHER EXPENSES</b>		
(a) Selling Expenses	2,29,855	2,11,384
(b) Advertisement Expenses	72,787	94,222
(c) Stationary, Printing, Postage and Telephone Expenses	8,25,154	8,66,940
(d) Repairs and Maintenance Office & Other	7,43,405	8,83,547
(e) Insurance	1,95,441	2,09,746
(f) Rent	6,97,161	6,18,792
(g) Rates, Duties and taxes	2,60,692	2,78,379
(h) Bank charges	59,815	31,940
(i) Travelling Expenses & Conveyance	13,76,321	11,66,961
(j) Directors Sitting Fees	87,000	89,000
(k) Legal & Professional Charges	24,55,859	10,26,831
(l) Audit Fees (Refer Note 1 below)	3,57,034	3,23,361
(m) Security Service Charges	5,14,513	4,64,791
(n) Loss on Sale of Fixed Assets	-	2,18,553
(o) Factory Expenses	3,43,053	3,02,227
(p) Loss on foreign exchange fluctuation (Net)	3,62,586	-
(q) Miscellaneous Expenses	19,53,961	13,30,663
<b>TOTAL</b>	<b>1,05,34,637</b>	<b>81,17,337</b>
<b>Note:1</b>		
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	1,75,000	1,50,000
Tax audit	45,000	40,000
For other services	1,35,000	1,30,500
Reimbursement of Expenses	2,034	2,861
<b>TOTAL</b>	<b>3,57,034</b>	<b>3,23,361</b>

**(I) 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 know how 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 levels 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 license 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 and 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. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

#### 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.

26. 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.

The operation of the Order dated 22nd February, 2011 passed by the AAIFR, has been stayed by the Order on 21st June, 2011 by the High Court, Gujarat.

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 has now arrived at an OTS with IFCI and has paid Rs.123.40 lacs in full and final settlement of all their claims including their claims towards principal amounts, interest, penal interest and all other charges, costs, expenses etc. The said payment has been treated as an Exceptional item. IFCI has issued a No Dues Certificate. Company is also negotiating with IDBI for OTS.

Company will take all other necessary steps as may be legally advised. Accordingly, Company has prepared the accounts on a going concern basis.

27. Amount due to/from banks and some parties are subject to adjustment, if any required on receipt of balance confirmation or settlement of account.
28. Excise Duty shown as deduction from sales represents the amount of excise duty collected on sales. Excise duty expenses under Note-22(f), "Manufacturing Expenses", represents the difference between excise duty element in amounts of closing stocks and opening stocks.
29. In view of unabsorbed losses/depreciation and in the absence of taxable income under the provisions of the Income Tax Act, 1961 the Company has not provided for tax in the current year. Further, in view of brought forward loss/unabsorbed depreciation as per books of accounts, the Company also does not have tax liability under section 115JB of the Income tax Act, 1961. Accordingly no provision for income tax has been made in the accounts under Income Tax Act, 1961.
30. The Company has unabsorbed depreciation/carry forward of losses of the earlier years under Income Tax laws. In absence of virtual certainty of sufficient future taxable income, Deferred Tax Asset has not been recognized by way of prudence in accordance with AS-22 Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India.



31. 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	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Amount (Rs.)				
<b>a. Reconciliation of opening and closing balance of the present value defined benefit obligation</b>				
Obligation at the beginning of the year	25,10,521	17,51,149	13,81,217	11,52,444
Current Service Cost	1,16,394	1,16,394	1,00,738	84,648
Interest Cost	2,00,842	1,40,092	1,13,950	96,805
Actuarial (Gain) / Loss	1,55,647	6,01,851	57,252	76,092
Benefits Paid	(1,25,204)	(98,965)	(38,949)	(28,773)
<b>Obligation at the end of the year</b>	<b>28,58,200</b>	<b>25,10,521</b>	<b>16,14,208</b>	<b>13,81,216</b>
<b>b. Reconciliation of opening and closing balances of fair value of plan assets</b>				
Plan assets at the beginning of the year, at fair value	18,38,428	16,07,511	NIL	NIL
Expected return on plan assets	2,28,715	1,48,718	NIL	NIL
Actuarial Gain / (Loss) on plan Assets	NIL	NIL	NIL	NIL
Contribution	8,10,768	1,81,164	38,949	28,773
Benefits Paid	(1,25,204)	(98,965)	(38,949)	(28,773)
<b>Plan Assets at the end of the year at fair value</b>	<b>27,52,707</b>	<b>18,38,428</b>	<b>NIL</b>	<b>NIL</b>
<b>c. Net Liability recognised in Balance Sheet</b>				
Obligation at the end of the year	28,58,200	25,10,521	16,14,208	13,81,216
Less : Plan assets at the end of the year at fair value	27,52,707	18,38,428	NIL	NIL
<b>Liability recognised in Balance Sheet as at year end</b>	<b>1,05,493</b>	<b>6,72,093</b>	<b>16,14,208</b>	<b>13,81,216</b>
<b>d. Components of employer expenses for the year</b>				
Current service cost	1,16,394	1,16,394	1,00,738	84,648
Interest cost	2,00,842	1,40,092	1,13,950	96,805
Expected return on plan assets	(2,28,715)	(1,48,718)	NIL	NIL
Net Actuarial (gain) / loss	1,55,647	6,01,851	57,252	76,092
<b>Net Cost</b>	<b>2,44,168</b>	<b>7,09,619</b>	<b>2,71,940</b>	<b>2,57,545</b>
<b>e. Major categories of plan assets as a percentage of total plan assets:</b>				
Description			Percentage Investment	
			2011-2012	2010-2011
Qualifying insurance policy with Life Insurance Corporation of India			100%	100%
<b>f. Assumptions</b>				
	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Discount Rate (p.a)	8.0%	8.0%	8.75%	8.4%
Expected rate of return on op 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%
<b>g. Past three years data for defined benefit obligation and fair value of plan assets are as under</b>				
Particulars	2008-09	2009-10	2010-11	
Present value of defined benefit obligations at the end of the year	23,77,795	29,03,593	38,91,737	
Fair value of plan assets at the end of the year	15,54,266	16,07,511	18,38,428	
<b>h. Defined Contributions Plans</b>				
Amount recognized as an expenses and included in Note 23(b) of Statement of Profit and Loss			2011-2012	2010-2011
			12,71,407	12,80,545
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.				



**32. Assets taken on operating lease:**

Amount of lease rental recognized in the Profit & Loss Account in respect of cancellable operating lease Rs.6,28,041/- (Previous year Rs.5,49,720/-)

33. 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.

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

Particulars	As on 31.03.12	As on 31.03.11
Import Creditors	Rs.59,27,011/- (US\$ 1,16,490@ Rs.50.88)	Rs.20,26,038/- (US\$ 45,376@ Rs.44.65)

**35. The basic and diluted earning per share are:**

	Amount (Rs)	
	2011-2012	2010-2011
Net (loss)/profit after tax as per profit and loss account	(75,04,311)	54,70,543
Number of Equity shares	85,50,000	85,50,000
Basic and diluted EPS	(0.88)	0.64
Nominal value of equity share	10	10

**36. Related party transactions:**

**(a) Names of related parties and description of relationship:**

Sr. No.	Nature of relationship	Name of the related party
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	Amount (Rs.)							
	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	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Expenses Payable	30,981	29,621	83,029	48,383	-	-	1,14,010	78,004
Expense Recoverable	1,88,415	1,83,240	-	-	-	-	1,88,415	1,83,240
Loan Received	50,00,000	-	-	-	-	-	50,00,000	-
Loan Repaid	50,00,000	-	-	-	-	-	50,00,000	-
Interest paid	1,47,131	-	-	-	-	-	1,47,131	-
Managerial Remuneration	-	-	-	-	11,92,691	10,71,153	11,92,691	10,71,153
<b>Outstanding Balances</b>								
Payable / (Receivable)	-	-	-	-	-	-	-	-

37. CIF Value of Imports:

	2011-2012 Rs.	2010-2011 Rs.
Raw Materials	3,05,37,944	3,18,96,165

38. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signature to Note 1 to 38

**As per our attached report of even date.**

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

**H.P.Shah**  
Partner  
(Membership No. 33331)  
Place : Ahmedabad  
Date : 30th May, 2012

For and on behalf of the Board

**T. R. Kilachand**  
Chairman

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

**J. M. Shah**  
Company Secretary

**Chandrakant Khushaldas**  
Director

Mumbai, 30th May, 2012



**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 **23RD 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 3rd August, 2012.

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 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/our proxy to attend and vote for me/us my/our behalf at the **Twenty Third Annual General Meeting** of the Company to be held on Friday, the 3rd August, 2012 and at any adjournment thereof.

Signed this .....day of .....2012

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.