

57th

ANNUAL REPORT

2004-05

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ADOR MULTIPRODUCTS LIMITED

Ador Multiproducts Ltd

BOARD OF DIRECTORS

ARUNA B. ADVANI
Chairman

R. LALVANI
Managing Director

RAJBIR T. MALKANI

N. SRINIVASAN

N. MALKANI NAGPAL

AUDITORS

B.K. RAMADHYANI & CO.,
Chartered Accountants
Bangalore.

REGISTRARS & SHARE TRANSFER AGENTS

INTIME SPECTRUM REGISTRY LTD.,
Geetha Mansion,
40/3, 2nd Floor, K.G. Road
Bangalore - 560 009.

BANKERS

CANARA BANK
UCO BANK
VIJAYA BANK

CORPORATE OFFICE

Hamid Building,
191, Anna Salai,
Chennai - 600 006.

REGISTERED OFFICE

A-13 & 14, III Stage,
Peenya Industrial Estate, Bangalore - 560 058.

WEBSITE

www.adormultiproducts.com

57th Annual Report 2005**NOTICE****To The Members**

NOTICE is hereby given that the 57th Annual General meeting of the members of Ador Multiproducts Limited will be held at 21st June, 2005 at "Rohini Hall", Hotel Ajantha, 22-A, M.G. Road, Bangalore - 560 001 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and the Profit & Loss Account for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Ms. Aruna B. Advani who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Mrs. N. Malkani Nagpal who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint the Auditors for the current financial year and fix their remuneration.
5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT the Board of Directors be and are hereby authorised to appoint any person qualified for appointment as Branch Auditor or Auditors of the Company under Section 226 of the Companies Act, 1956, to audit the Accounts of the Company's branch offices for the current financial year and fix their remuneration".

6. Donation for Tsunami Relief Fund:

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

"RESOLVED THAT the Company do hereby ratify the donation made by the Company to Prime Minister's Relief Fund towards tsunami rehabilitation amounting Rs.92,997/-".

By order of the Board

Bangalore
26th April, 2005

ARUNA B. ADVANI
Chairman

Registered Office:
A-13 & 14, III Stage,
Peenya Industrial Estate,
Bangalore - 560 058.

NOTES

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy form must reach the Company's Registered Office not later than 48 hours before commencement of the meeting.
- b. The Register of Members and Share Transfer Books of the Company will remain closed from 17th June, 2005 to 21st June, 2005 (both days inclusive).
- c. Members are requested to intimate to the Company immediately of any change in their addresses.
- d. Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the date of meeting so as to enable the Company to keep the information ready.
- e. Members/Bodies Corporate/Proxies are requested to bring the attendance slip duly filled in for attending the meeting.
- f. Members are requested to bring their copies of Annual Report to the meeting

By order of the Board

Bangalore
26th April, 2005
Registered Office:
A-13 & 14, III Stage,
Peenya Industrial Estate,
Bangalore - 560 058.

ARUNA B. ADVANI
Chairman

ITEM No.6.

The Country's Southern states had faced a worst natural disaster during December 2004 due to the tsunami waves hitting the coastal areas. Thousands of people had lost their lives and thousands had lost their livelihood. In this back ground as a responsible Corporate citizen of the Country your Company had donated Rs. 92,997/- to Prime Ministers Relief fund for rehabilitation of tsunami affected our fellow citizens of India. Your Directors request the members to ratify the donation made by the Company. None of the other Directors of the Company is in any way concerned or interested in the resolution.

By order of the Board

Bangalore
26th April, 2005

ARUNA B. ADVANI
Chairman

Registered Office:
A-13 & 14, III Stage,
Peenya Industrial Estate,
Bangalore - 560 058.

DIRECTORS' REPORT

Your Directors present the 57th Annual Report of the Company and the Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

(Rs. in lacs)

	Year ended 31.03.2005	Year ended 31.03.2004
Sales and Other Income (net excise duty)	1070.40	740.07
Profit before Interest, Depreciation and Tax	32.33	31.79
Less : Depreciation	12.73	12.34
Interest	4.65	3.86
Profit after Interest and Depreciation	14.84	15.59
Less : Provision for Current Tax	2.00	1.23
Deferred Tax	10.76	(11.70)
Balance brought forward from previous year	26.06	-
Balance carried forward	28.14	26.06

DIVIDEND

You will be pleased to know that the profitability of the Company has improved during the current year 04-05. In order to improve and upgrade the plants in Bangalore and Pondicherry to cater to new and existing customers. The Company feels improvements are necessary and hence in view of current upgradation required, no dividends are declared for the current financial year.

OPERATIONS**Personal Products Division: -**

You will be pleased to know that the Personal Product Division has shown good growth during the year. The volume of the production for Shampoos and Oils increased while Creams remains stagnant.

There has been steady improvement at the Pondicherry Plant. Not only were new customers added, but also larger capacity machines and more packing lines were installed to meet growing requirements. Moreover productivity was also increased by optimizing utilization of plant capacity and human resources.

Trading Division :

Overall economic growth resulted in improvements in the sales of the Trading Division. The Trading Division as a result increased sales and better receivable management has brought down the stocks and outstandings during the year. However, an increase in Steel prices impacted the profit margin.

CONSERVATION OF ENERGY

Optimum use of energy through continuous improving methodology has been adhered to. However, the consumption of energy by the Company is insignificant.

RESEARCH AND DEVELOPMENT

The Company has not incurred any expenditure towards Research and Development during the year.

FOREIGN EXCHANGE EARNINGS AND OUT GO

There was no Foreign Exchange earnings during the year. The Customers independently exported the products manufactured by the Company.

DIRECTORS

In accordance with the provisions of the Article 49 of the Articles of Association of the Company, Ms. Aruna B. Advani and Mrs. N. Malkani Nagpal, Directors of the company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT: -

As required by Section 217(2AA) of the Companies Act, 1956, your Directors confirm that: -

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that year;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis.

AUDITORS

The Company's Auditors M/s. B.K.Ramadhyan & Co., Chartered Accountants, Bangalore, retire and are eligible for re-appointment. Members are also requested to authorise the Board of Directors to appoint Branch Auditors for the current year to audit the accounts of the Company's Branch Offices and fix their remuneration.

PARTICULARS OF EMPLOYEES

No employee is drawing the remuneration of more than Rs. 2 lacs per month requiring disclosure under section 217(2A) of the Companies Act, 1956 (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENT

Your Directors wish to acknowledge and place on record their appreciation for the excellent co-operation and support extended by the Customers, Suppliers, Government Agencies, Banks, Employees of the Company and Shareholders and look forward to their continued co-operation.

For and on behalf of the Board

Bangalore

ARUNA B. ADVANI

26th April, 2005

Chairman

57th Annual Report 2005**AUDITOR'S REPORT**

1. We have audited the attached Balance Sheet of Ador Multiproducts Limited, Bangalore as at 31st March 2005, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of those books, subject to our comments in para 8 of the annexure.
 - c. The report on the audits of the Chennai, Coimbatore and Pondicherry branches not visited by us but audited by branch auditors have been forwarded to us and have been appropriately dealt with while preparing this report.
 - d. The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account and the audited returns received from the branches referred to in paragraph 4(c) above.

- e. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- f. On the basis of written representations received from the directors, as on 31st March 2005 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- g. *We have relied on the representations of the management that the amount referred to in notes 2(b) and 2(c) of schedule N of Rs.19.24 lakhs are good of recovery and that no provision is required for disputed liabilities of Rs.48.13 lakhs referred to in note 1 (a) of schedule N. In view of uncertainties involved and inadequate information, we are unable to form any opinion.*
- h. 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 subject to para (g) above and Note 16 of Schedule N regarding confirmation of balances in the absence of which reliance has been placed on balances as per books, 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 31.3.2005;
 - ii. In the case of the profit and loss account, of the profit for the year ended on that date and
 - iii. In the case of cash flow statement, of the cash flows for the year ended on that date

For B. K. Ramadhyani & Co.,
Chartered Accountants
Shyam Ramadhyani
Partner
Membership No.200/19522

B.K.Ramadhyani & Co.,
Chartered Accountants
4B, Chitrapur Bhavan
8th Main, 15th Cross
Malleswaram
Bangalore - 560 055
19th May, 2005

ANNEXURE TO AUDITORS' REPORT

(AS REFERRED TO IN PARA 1 OF OUR REPORT TO THE MEMBERS ADOR MULTIPRODUCTS LIMITED, BANGALORE)

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, except in one location where the same needs to be updated and reconciled with the financial books.
- b. All these assets have not been physically verified by the management during the year but there is a programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification
- c. During the year, there has been no significant sale/disposal of fixed assets.
2. a. The inventory was physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. a. The company has not taken any loans from companies covered in the register maintained under section 301 of the Companies Act, 1956. The company had made an unsecured deposit of Rs. 10 lakhs to a company covered in the register maintained under section 301 of the Companies Act, 1956.
- b. In our opinion, the rate of interest and other terms and conditions on which deposit was granted to a company listed in the register maintained under section 301 of the Companies Act, 1956 is not, prima facie, prejudicial to the interests of the Company.
- c. The party has repaid the principal amount as stipulated and has been regular in the payment of interest.
- d. There is no overdue amount of deposits granted to a company listed in register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from public, hence in our opinion the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules made there under are not applicable. According to the Company, the Company Law Board has not passed any order.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the record relating to labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the same to ensure their accuracy or completeness. Further, the priced materials ledger was being compiled, when we concluded our audit.
9. a. The company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, cess and other statutory dues applicable to it, barring minor delays.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31.3.2005 for a period of more

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than six months from the date they became payable.

- c. According to the information and explanations given to us, there are no dues of income tax, wealth tax, excise duty and cess, which have not been deposited on account of any dispute. However, disputed sales tax and customs duty relating to earlier years and referred to in note 1(a) (i) and (ii) of schedule N have not been deposited. The statement of disputed dues are as under:-

Name of the Statute	Nature of dues	Amount (Rs.in lakhs)	Period to which amount related	From where dispute is pending
Delhi Sales Tax Act	Differential Sales Tax	17.95	1982-83 to 1990-91	Commissioner (Appeals)
Tamilnadu General Sales Tax Act (TNGST) -CST	Differential Sales Tax/ Non-receipt of 'C' form	1.43 4.09	2001-02 2001-02	Commercial Tax Officer
Indian Customs Act	Customs duty on materials cleared by some other	12.66	1986 & 1987	Deputy Commissioner

10. In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and the previous year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank. There are no loans from financial institutions or debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. The Company has not given guarantees for loans taken by others from banks or financial institutions.
16. There are no term loans taken by the Company and hence clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
18. According to the information and explanations given to us, the Company has not made any issue of capital during the year and hence the provision of clause 4(xviii) regarding preferential allotment is not applicable.
19. According to the information and explanations given to us, there are no debentures issued by the company and hence provisions of clause 4(xix) regarding creation of securities are not applicable.
20. There was no issue of capital, debenture, etc during the year and hence provision of paragraph 4(xx) regarding end use of money is not applicable.
21. According to the information and explanations given to us, no fraud on or by the company during the year has been noticed or reported during the course of our audit.

For B. K. Ramadhyani & Co.,
Chartered Accountants
Shyam Ramadhyani
Partner
Membership No.200/19522

B.K.Ramadhyani & Co.,
Chartered Accountants
4B, Chitrapur Bhavan
8th main, 15th Cross
Malleswaram
Bangalore - 560 055
19th May, 2005