

ASTRAL POLYTECHNIK PRIVATE LIMITED



9th ANNUAL REPORT
2004-2005



BOARD OF DIRECTORS

SANDEEP P. ENGINEER	DIRECTOR
JAGRUTI S. ENGINEER	DIRECTOR
TARLIKA G. DALAL	DIRECTOR
NIMISH G. DALAL	DIRECTOR
KYLE A. THOMPSON	DIRECTOR
KIRK A. THOMPSON	DIRECTOR

AUDITORS

N. GAMADIA & CO.
CHARTERED ACCOUNTANTS
407, 'SHAIL'
OPP. NAVRANGPURA TELEPHONE EXCHANGE,
OFF C. G. ROAD, ELLISBRIDGE,
AHMEDABAD - 380 006.

BANKERS

CORPORATION BANK

REGISTERED OFFICE

901, PARSHWA TOWERS,
OPP. RAJPATH CLUB,
SARKHEJ - GANDHINAGAR HIGHWAY,
AHMEDABAD - 380 054.
INDIA.

FACTORY (GUJARAT UNIT)

PLOT NO.1253,
VILLAGE : SANTEJ,
TALUKA : KALOL,
DIST. : GANDHINAGAR,
GUJARAT.

FACTORY (HIMACHAL UNIT)

KHASRA NO.# 67-72,
VILLAGE BATED,
P.O. BAROTIWALA,
DIST. : SOLAN,
TAHSIL : KASAULI

2004-2005



DIRECTORS' REPORT

The Members
Astral Polytechnik Private Limited
Ahmedabad.

Your Directors have pleasure in presenting the 9th Annual Report of Astral Polytechnik Private Limited together with the audited statements of accounts for the year ended on March 31, 2005.

FINANCIAL HIGHLIGHTS

The financial results for the year are as follows :

Particulars	(Rs. In Lacs)	
	2004-05	2003-04
Sales	3564.76	2200.03
Profit before Depreciation	394.97	321.44
Depreciation & Non Cash Items	85.67	66.95
Profit before Taxation	309.30	254.48
Provision for Taxation	80.00	44.00
Profit After Tax	229.30	210.48
Provision for Deferred Tax Liability	6.09	43.53
Excess/(Short) Provision/Extra Ordinary Items	87.98	0.07
Net Profit /(Loss)	135.23	166.88

DIVIDEND

Though the company has registered profits, the management of the company is of the opinion that the same should be ploughed back for infusing internal accruals and be further used for posting better results in coming years. However, the company has paid the interim dividend to the preference share holders during the financial year 2004-2005.

OPERATIONS

This year of operations, i.e. financial year 2004-05 was excellent year in the history of the company. Your company has achieved net sales of **Rs. 3564.76 Lacs** Compared to last year **Rs.2200.03 Lacs** which was higher by 62.03% compared to previous year. The cash profit before tax has also increased by **22.87% to Rs. 394.97 Lacs** (Previous Year **Rs.321.44 Lacs**) inspite of huge outflow on media campaign. Similarly Profit Before Tax has increased from **Rs. 254.48 Lacs** which shows a rise of **21.54%**. The net profit of the company has reduced because of charging Exceptional Items to P&L Account. Apart from continuing its outstanding performance in improving the top line as well as the bottom line, the company has considerably strengthened its market position over its nearest rival the GI Piping system.

Following the aggressive market penetration strategy and capitalizing on the favorable market factors, the company has increased its production capacities during the year and to take the advantage of Govt. Policies & to strengthen its distribution network in North East and to increase bottom line the company management has successfully implemented its expansion project at Himachal Pradesh.

CPVC is a new material to Indian market and needed more efforts in market awareness. So far, the company's awareness programmes focused the relevant industry audience including plumbers, contractors, Architects etc. However, there was need to address the user mass at large. This was not possible without media campaign through mass media. Charting a new trend , the company undertook a mass media programme on two leading Hindi news channels viz. **Aaj Tak** and **Star News**. The campaign went on air from April 2004, the election month and was in full swing during the months of April, May and June.



The company has also completed the advance phase of implementation of ERP system. The first phase has covered all the business operations of the company in Gujarat and now its has successfully integrated with Bangalore & Himachal Pradesh. This has resulted into more timely availability of useful business information and better decision making process at all the levels of management.

REVALUATION OF ASSETS

During the year management has revalue the assets as on 30.09.2004 from the Govt. Approved Valuer to arrive more realistic realisable value and considering the conservatism principle management has given the effect of reduction in the value of assets in the books of accounts by charging to P & L Account as an Exceptional Items and upward revision in the Value of Assets is ignored by the management except the Land & Land development and the same is credited to Capital Reserve Account.

AUDITORS

M/s. N. Gamadia & Co., the Statutory Auditors of the company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue.

DIRECTORS

There is no change in the Management of your company during the year under review.

PARTICULARS OF EMPLOYEES

None of the Employees is covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DISCLOSURE WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The particulars of Section 217(1)(e) with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided in the annexure to the Report.

DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed
- (ii) the directors have selected such accounting policies and have applied them consistently and have made judgments 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 or loss of the company for the period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities ;
- (iv) the directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGMENTS :

The Directors wish to place on record their appreciation for the devoted services of the workers, staff and the officers who have largely contributed to the smooth functioning of the Company. The Directors wish to thank Speciality Process LLC., U.S.A for the untiring technical and financial support extended to the Company throughout the year. The management would like to express its deep appreciation for the support extended by the Corporation Bank and other agencies working with the Company.

Date : 01.09.2005
Place: Ahmedabad

BY THE ORDER OF THE BOARD OF DIRECTORS

Sd/-
CHAIRMAN

2004-2005



ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 is set out hereunder.

A. CONSERVATION OF ENERGY:

(a) Energy Conservation Measure Taken:

Energy Conservation is a high priority area for the Company. During the year under review extra care was taken by the Company to ensure optimum conservation of electricity and fuel at the plant of the Company.

(b) Additional investment and proposal for reduction of consumption of energy :

NIL

(c) Impact of the above measures :

The impact of the measures taken has been positive.

(d) Total energy consumption and energy consumption per unit of Production :

A.	Power & Fuel Consumption	31.3.2005	31.3.2004
1	(a) Electricity		
	(i) Purchase Unit	1178685	682087
	(ii) Total Amount (Rs.)	5605086	3224582
	(iii) Rate/ Unit (Rs.)	4.75	4.73
	(b) Own Generation	Nil	Nil
	(i) Through Diesel Generation (kWh)- Units Amount Unit per Litre of Diesel Oil (Unit/Ltr.) Cost / unit	11700 329896 28.20	
	(ii) Through Steam Turbine Generator Unit Unit per Ltr. of fuel Oil/Gas cost per Unit		
2	Coal and Lignite		
	(i) Quantity (Tones)		
	(ii) Total cost (Rs.)		
	(iii) Average Rate (Rs./Tones)	Nil	Nil
3.	Furnace Oil	Nil	Nil
	(i) Quantity (Ltrs.)		
	(ii) Total Cost (Rs.)		
	(iii) Average Rate (Rs./Ltr.)		
4	Other/Internal Generation	Nil	Nil



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B.	Consumption per Unit of Production	Standard	31.3.2005	31.3.2004
1.	Electricity (kWh) (Total production during the year was M.T. – previous year)	There are many sizes of pipes and fittings and so can not be measured.	--	--
2.	Furnace Oil (Litre)	NIL	--	--
3.	Coal Lignite	NIL	--	--
4.	Other	NIL	--	--

B. TECHNOLOGICAL ABSORPTION:

(e) efforts made in technology absorption :

Research & Development (R & D):**1. Specific areas in which R & D carried out by the Company.**

The Company has emphasized on quality maintenance and product enhancement. However no R & D has been carried out in any specific area of production.

2. Benefits derived as a result of the above R & D.

The Company's efforts for quality maintenance and product enhancement, have resulted in development of products which provide better quality at a lower cost of production.

3. Future plan of action

The Company shall continue to exercise utmost care in maintaining the quality of its products and shall endeavour to upgrade the products and its range.

4. Expenditure on R & D

No specific expenditure has been exclusively incurred on R & D.

Technology Absorption, Adaptation and Innovation

The technology is indigenously absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Total Foreign Exchange Used and Earned		(Rs. in Lacs)
	31.3.2005	31.3.2004
(a) Total Foreign Exchange Used	1301.59	847.79
(b) Total Foreign Exchange Earned	43.20	9.79

Date : 01.09.2005
Place: Ahmedabad

BY THE ORDER OF THE BOARD OF DIRECTORS

Sd/-
CHAIRMAN

2004-2005



AUDITORS REPORT

To,

The Members,
ASTRAL POLYTECHNIK PRIVATE LIMITED
 Ahmedabad.

We have audited the attached Balance Sheet of **ASTRAL POLYTECHNIK PRIVATE LIMITED**, as at 31st March, 2005 and also the Profits and Loss Account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial 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.

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.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, except otherwise stated;
- (v) 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;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with schedules and notes thereon and to the facts relating to the revaluation of its assets disclosed in the schedule – X of Accounting Policies and notes on 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:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005; and
 - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For, **N. Gamadia & Co.**
Chartered Accountants

Sd/-
(Nilesh Gupta)
 Proprietor

Place : Ahmedabad
 Date : 01.09.2005



ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 1 of our report of even date to the members of Astral Polytechnik Pvt. Ltd.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) All the Fixed Assets have not been physically verified by the management during the year but there is a regular program of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. As explained to us, no material discrepancies were noticed upon such physical verification.
- (c) During the year, Company has not disposed of any substantial/major part of Fixed Assets.
2. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared the book records were not material and have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the Company has not taken loan from parties listed in the Register maintained under Section 301 of the Companies Act, 1956; however, the Company has granted an Unsecured Loan to one party listed in the Register maintained under Section 301 of the Companies Act, 1956 and the amount involved is Rs. 61.96 Lacs.
- (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above loan granted by the Company, are not prima facie, prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us; the Company to whom loan and advances in the nature of loan have been given, is repaying the principal amount as stipulated and is also regular in payment of interest.
- (d) There is no overdue amount of loan granted to the Company listed in the 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 nature of it business with regard to the purchase of inventory and Fixed Assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956,
 - (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that needed to be entered into the register maintained under Section 301 have been so entered.
 - (b) According to the information and explanations given to us and excluding certain transactions of purchase of goods and material of special nature for which alternate quotations are not available, where each of such transactions is in excess of Rs. 5 lakhs in respect of any party, in our opinion, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
 - (c) The Company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year and the question of whether the price at which the shares have been issued is prejudicial to the interest of the Company does not arise.