

ASTRAL POLYTECHNIK PRIVATE LIMITED



10th ANNUAL REPORT
2005-2006



BOARD OF DIRECTORS

Mr. Sandeep P. Engineer	Managing Director
Mrs. Jagruti S. Engineer	Director
Mrs. Tarlika G. Dalal	Director
Mr. Nimish G. Dalal	Director
Mr. Kyle A. Thompson	Director
Mr. 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
IFB BRANCH, AHMEDABAD

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

2005-2006



DIRECTORS' REPORT

The Members

Astral Polytechnik Private Limited
Ahmedabad.

Your Directors have pleasure in presenting the 10th Annual Report of Astral Polytechnik Private Limited together with the audited statements of accounts for the year ended on March 31, 2006.

FINANCIAL HIGHLIGHTS

The financial results for the year are as follows :

Particulars	(Rs. In Lacs)	
	2005-06	2004-05
Gross Revenue	5186.45	3555.21
Profit before Depreciation	632.08	394.97
Depreciation & Non Cash Items	137.32	85.67
Profit before Taxation	494.76	309.30
Provision for Taxation/FBT	54.14	80.00
Profit After Tax	440.62	229.30
Provision for Deferred Tax Liability	38.90	6.09
Excess Short Provision/Exceptional Items	(0.05)	87.98
Net Profit /(Loss)	401.77	135.23

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 2005-2006.

OPERATIONS

Another excellent year of operation for the company during the financial year 2005-06 in the short history of ten years of the company. Your company has achieved Gross Revenue of **Rs. 5186.45** Lacs compared to **Rs. 3555.21** Lacs last year which shows a growth of **45.88%** compared to previous year. The cash profit before tax has also increased by **60.03%** from **Rs. 394.97** Lacs to **632.08** Lacs inspite of new players entered in the market of CPVC business. Similarly Profit Before Tax has increased from **Rs. 309.30** Lacs to **Rs. 494.76** Lacs which shows a rise of **59.96%**. Similarly net profit of the company has increased from **Rs. 135.25** Lacs to **Rs. 401.77** Lacs which shows a robust rise of **296.50%**. The reason for substantial increase in profitability is mainly due to Govt. Benefits available in the State of Himachal Pradesh.

Following the aggressive market penetration strategy and capitalizing on the favourable market factors, the company has increased its production capacities during the year and to take the advantage of Government Policies and to strengthen its distribution network in North East and to increase bottom line, the company management has successfully implemented its expansion project of Fitting Manufacturing at Himachal Pradesh and started its full fledged commercial production and during the first year itself company was able to achieve a sizeable turnover of **Rs. 1556.28** Lacs. Company has also successfully started commercial production of its Pipe Division at Himachal during the Month of March-2006.

CPVC is a new material to Indian market and needed more efforts in market awareness and as a part of it company management is continuously carrying out its sponsor programme for Plumbers at various meets and sponsoring of various programmes or architect meets & builders meets for making the awareness of the various community for the speciality product processing company which is different than the traditional plumbing company.

BONUS SHARES

During the year the company has issued Bonus Shares in the ratio of 5 : 8 by capitalising the balance stand in the General Reserve as on 31st March 2005.



LICENSE FOR FIRE SPRINKLER SYSTEM

Your board of directors feel very happy to inform all members that our company has received a license of fire sprinkler system under the brand name "**BLAZE MASTER**" from the world renowned company called "**LUBRIZOL**" previously it was know as Noveon **BVBA**.

Our company is the first company in India to manufacture the Fire Sprinkler Pipes from the CPVC material and we have got the exclusive manufacturing rights for Indian and Asian Market and we will be the First Licensee of Noveon who have received all the three brands of Noveon i.e. "Flow Guard", "Corzan" & "Blaze Master".

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 Specialty 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 : 31-07-06
Place : Ahmedabad

BY THE ORDER OF THE BOARD OF DIRECTORS

**Sd/-
CHAIRMAN**

2005-2006



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	31.3.2006	31.3.2005
1	(a) Electricity		
	(i) Purchase Unit	2114256	1178685
	(ii) Total Amount (Rs.)	8807349	5605086
	(iii) Rate/ Unit (Rs.)	4.17	4.75
	(b) Own Generation	Nil	Nil
	(i) Through Diesel Generation (kWh)- Units	30600	11700
	Amount	1027166	329896
	Unit per Litre of Diesel Oil (Unit/Ltr.)		
	Cost / unit	33.57	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



B.	Consumption per Unit of Production	Standard	31.3.2006	31.3.2005
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. Company is planning to take the approval from NSF the world renowned Institute of USA for its manufactured product.

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)	
	31.3.2006	31.3.2005
(a) Total Foreign Exchange Used	1559.82	1301.59
(b) Total Foreign Exchange Earned	87.08	43.20

Date : 31-07-06
Place : Ahmedabad

BY THE ORDER OF THE BOARD OF DIRECTORS

Sd/-
CHAIRMAN

2005-2006



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, 2006, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These 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 (CARO) issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose as 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, Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, except otherwise stated;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 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, 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, 2006;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place : Ahmedabad
Date : 31-07-2006

For, N. Gamadia & Co.
Chartered Accountants
Sd/-
(Nilesh Gupta)
Partner
M. No. 100426



ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date to the members of Astral Polytechnik Private Limited:

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 anagement. 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 to 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 maximum amount involved during the year was Rs. 169.24 Lacs and the year-end balance was zero.
- (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.

2005-2006



6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules there under are not applicable to the Company.
7. In our opinion, the Company has an Internal Audit System commensurate with the size and the nature of its business.
8. The requirement of maintenance of cost records as prescribed by the Central Government under Section 209(1)(d) is not applicable to the Company.
9. (a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year.
(b) According to the records of the Company and information and explanations given to us, no disputed Excise/Customs Duty/ Income-tax etc. demands were outstanding.
10. The Company does not have accumulated losses at the end of the year and the Company has not incurred cash losses during current and the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
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. The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the company.
14. As per records of the Company and the information and explanations given to us by the management, Company is not dealing or trading in shares, securities and debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
17. According to information and explanation given and on an overall examination of the Balance Sheet of the Company, we report that the company has not used the long-term funds for short-term purposes except for permanent working capital and vice versa.
18. The Preferential allotment of 3,74,900 equity shares of face value of Rs. 10 each have been made to parties covered under register maintained under Section 301 of the Companies Act, 1956, at a price of Rs. 10 each. In our opinion, the price at which allotment is made is prima facie not prejudicial to the interest of the Company.
19. The Company has not issued any Debentures during the year.
20. The Company has not raised money by any public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For, N. Gamadia & Co.
Chartered Accountants
Sd/-
(Nilesh Gupta)
Partner
M. No. 100426

Place : Ahmedabad
 Date : 31-07-2006