

AUROKNIT EXPORTS (INDIA) LIMITED

A-31, MEPZ
KADAPERI
TAMBARAM
CHENNAI - 600 045

ANNUAL REPORT 2004 - 2005

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AUROKNIT EXPORTS (INDIA) LIMITED

Board of Directors : Sri. K.Vee. Rajenthiran
Sri. V. Jayaraman
Sri. R. Kousigan
Smt. Amutha Rajenthiran
Smt. Kalavathi Jayaraman

Bankers : Bank of Baroda
St. Thomas Mount,
Chennai - 600 016

Auditors : M/S P.V. RAMACHANDRAN & CO.,
Chartered Accountants,
12-B, Sripuram,
Tirunelveli - 627 001

Registered Office : A-31, MEPZ,
Kadaperi, Tambaram,
Chennai - 600 045

Factory : A-31, SDF, 7,8 & 16 MEPZ,
Kadaperi, Tambaram,
Chennai - 600 045

AUROKNIT EXPORTS (INDIA) LIMITED

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Company will be held on 31.12.2005 at Registered Office of the Company A-31, MEPZ, Kadaperi, Tambaram, Chennai - 600 045 at 2.30 P.M. to transact the following business :-

ORDINARY BUSINESS :-

1. To receive consider and adopt the Audited Balance Sheet as at 30.06.2005 and the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri R. Kousigan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Sri V. Jeyarasan, who retires by rotation and being eligible offers herself for reappointment.
4. To appoint an Auditor or Auditors to hold office from the conclusion of this meeting until the conclusion of the Next Annual General Meeting and to fix his or their remuneration. The retiring Auditors M/s P.V. RAMACHANDRAN & CO., Chartered Accountants, Tirunelveli is eligible for re-appointment.

CHENNAI

By order of the Board

07.12.2005

(Sd) K.Vee. Rajenthiran
Chairman of the Meeting

Note :-

1. A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting instead of himself and the proxy need not be a member of the company. The proxy must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the meeting.
2. The Register of Members and share transfer books of the Company shall remain closed between 16th December, 2005 and 31st December 2005 (both days inclusive).

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DIRECTORS' REPORT TO THE MEMBERS

Your directors glad to present the Seventeenth Annual Statement of accounts for the year ending 30th June 2005, together with the Auditors Report thereon.

FINANCIAL RESULTS :

As the Company has no trading activities during the year, no Profit and Loss Account could be prepared for the year.

DEPOSITS

No fixed deposits have been accepted from the public.

AUDITORS :

M/s P.V. Ramachandran & Co., Chartered Accountants, Tirunelveli Auditors of our company retire at the ensuring Annual General meeting and are eligible for reappointment. A certificate u/s 224(1-B) of the Companies Act, 1956 has been obtained from them.

PERSONNEL :-

As the Company has no operations, the Company has no employees and hence the question of Sec. 217(2A) regarding particulars of employees receiving remuneration in excess of the limits laid thereon doesn't arise.

RESPONSIBILITY STATEMENT :-

Pursuant to the provisions contained in Section 217(2AA) of the Companies Act, 1956 the Directors of your company wish to stat that since the company doesn't have any commercial operation no accounting standards needs to be followed in view of the fact that no Profit and Loss account has been prepared.

CORPORATE GOVERNANCE

Your company fully preccribes to the standards set-out by the Securities and Exchange Board of India's Corporate Governance practices. Your company has implemented all of its stipulations. Your company Statutory Auditor's certificate dated 01.12.2005 in terms of Clause 49 of the Stock Exchange Listing Agreement is annexed to and part of the Director's Report.

ADDEMDUM TO THE AUDITOR'S REPORT

Regarding Qualification made in the Auditor's Report we wish to state as follows in the same sequence of order :-

1. With reference to the remarks of the auditor to the Note No. 10. The Directors wish to inform you that we honestly feel that there is still scope for recovery of Trade Debtors which are pending that is why we have not made any provision for Bad and Doubtful debts.

2. With reference to the remarks of the Auditor regarding Note No. 5. the Directors wish to clarify that the said parties were reluctant to reply any of our confirmation letters and as such the confirmation of balances outstanding could not be obtained by the company. We have sent the letters asking the parties to confirm the balances direct to our auditors M/s RAMACHANDRAN & CO., Chartered Accountants, Tirunelveli, but none of the parties showed any interest in doing so for reasons known best to them.
3. Regarding the Gratuity liability we wish to state that none of the Employees have claimed their gratuity liability for the service period rendered during the period of operation of the company and moreover the continuous service period of each employee of the company are almost below 5 completed year of service. Hence the gratuity liability does not arise to the company.
4. With reference to the remarks of the auditors to the Note No. 8 the Directors wish to place on record that the intention not to write off 1/10th of preliminary expenses and pre-operative expenses for the current year is due to the fact that the company has been inoperative throughout the year and to follow the consistency in the method of accounting followed by the company.
5. Since we are negotiating with all creditors for one time settlement, we thought it fit not to provide for further interest provision as we may not ever pay that.
6. None of the fixed assets have been put on use by the Company during the year as there is no productive operation. Hence no depreciation have been charged in the books of accounts.

ACKNOWLEDGEMENT :-

Your Directors wish to place on record their deep sense of appreciation for the support and patronage of the share holders of the company.

By order of the Board

Place : Tirunelveli - 1

Date : 25.10.2005

(SD) K.VEE.RAJENTHIRAN
MANAGING DIRECTOR

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M/S P.V. RAMACHANDRAN & CO.,
Chartered Accountants,
No. 12-B, Sripuram,
TIRUNELVELI - 627 001

Phone : 2334140

AUDITORS' REPORT

We have audited the attached Balance Sheet of M/S AUROKNIT EXPORTS (INDIA) LTD., as at 30th June, 2005. 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 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, 2004, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto 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 purpose of our audit.
 - b. In our opinion, proper Books of Account as required by law have been kept by the company in so far as it appears from our examination of the books.
 - c. The Balance Sheet dealt with by the report is in agreement with the Books of Account.
 - d. In our opinion the attached Balance Sheet of the company as at 30.06.2005 is in compliance with the Accounting standards referred to in Sub-Section 3(c) of Section 211 of the Companies Act, 1956 to the extent applicable except Accounting Standard No. 2 as regards charging of Depreciation has not been duly complied with from the financial year 1997-1998.

M/S P.V. RAMACHANDRAN & CO.,
Chartered Accountants,
No. 12-B, Sripuram,
TIRUNELVELI - 627 001

Phone : 2334140

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- e. Based on representations made by the Directors of the Company and the information and explanations give to us, none of the directors of the Company are prima facie, as on 30th June, 2005 disqualified from being appointed as Directors of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- 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 as required by the Companies Act, 1956 in the manner so required and give a true and fair view subject to :-
- i. No provision has been made in the Profit and Loss Account for Doubtful Debtors to the tune of Rs. 3,67,636/-. This has resulted over statement of assets to the tune of Rs. 3,67,636/-.
 - ii. Non-receipt of confirmation of balance from Debtors, Creditors, Loans and Advances, Deposits, Bank Balances (both Debit and Credit) and Financial Institutions.
 - iii. Non-provision of Gratuity Liability in accordance with the relevant Act for the services rendered in the operation periods eventhough all the employees have left from their field and none of the employees have claimed their right.
 - iv. Non-amortization of preliminary and share issue expenses to the tune of Rs. 1,62,433/- and Rs. 44,22,022/- respectively.
 - v. Non-provision of interest liability payable to the banks and other financial institutions in accordance with the terms of contract.
 - vi. Non-adoption of Accounting Standard 2 as regards depreciation from the financial year 1997-1998.
- a. In the case of the Balance Sheet of the state of affairs of the company as at 30th June 2005.
- b. Since the company has no trading activities, no Profit and Loss account has been prepared. Hence the question of true and fair view does not arise.

Place : Tirunelveli

for P.V. RAMACHANDRAN & CO.,
Chartered Accountants

Date : 25.10.2005