

**GUJARAT
APOLLO**

GUJARAT APOLLO EQUIPMENTS LIMITED

Report  Junction.com

15th
*Annual
Report
2001-2002*

Let's Build --- Better Roads

BOARD OF DIRECTORS

ANIL T. PATEL	- <i>Chairman & Managing Director</i>
MANIBHAI V. PATEL	- <i>Director</i>
V. P. KAMDAR	- <i>Director</i>
ASHOK T. PATEL	- <i>Director</i>
AJITKUMAR T. PATEL	- <i>Director</i>
ASIT A. PATEL	- <i>Executive Director</i>
DR. DAHYABHAI C. PATEL	- <i>Additional Director</i>
PRAVIN P. PATEL	- <i>Additional Director</i>

COMPANY SECRETARY

SURESH S. SHAH

STATUTORY AUDITORS

ARVIND A. THAKKAR & CO.,
Chartered Accountants,
Ahmedabad

BANKERS

STATE BANK OF INDIA
DENA BANK

REGISTERED OFFICE

Ditasan, Post Jagudan,
State Highway,
Mehsana - 382 710 (North Gujarat)

CORPORATE OFFICE

"Parishram", 5/B, Rashmi Society,
Mithakhali Circle, Navrangpura,
Ahmedabad - 380 009.

GUJARAT APOLLO EQUIPMENTS LIMITED

NOTICE

NOTICE is hereby given that the **FIFTEENTH** Annual General Meeting of the members of Gujarat Apollo Equipments Limited will be held on Wednesday, the 25th day of September, 2002 at 11.30 a.m. at the Registered Office of the Company at Ditasan, Post Jagudan, State Highway, Mehsana - 382 710, to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance-Sheet of the Company as at 31st March, 2002 and Profit and Loss account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Ashok T. Patel, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. V. P. Kamdar, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Dr. Dahyabhai C. Patel, who was appointed as an Additional Director of the Company on 22nd May, 2002 and holds office upto the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

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

"RESOLVED THAT Mr. Pravin P. Patel, who was appointed as an Additional Director of the Company on 22nd May, 2002 and holds office upto the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

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

"RESOLVED THAT pursuant to Section 198, 269 read with Schedule XIII, 309, 316 and other applicable provisions, if any, of the Companies Act, 1956 Mr. Anil T. Patel be and is hereby re-appointed as Managing Director of the Company for a period of 5 years with effect from 1st July, 2002, on a remuneration as approved by the Remuneration Committee and on other terms and conditions including remuneration as contained in the draft agreement to be entered into between the Company and Mr. Anil T. Patel and as placed before the meeting and initialed for the identification purposes by the Company Secretary which, inter alia, provides as under:

- 1) 5% of the Annual Net Profit subject to maximum of 10% of Net Profit to all the Managing/Wholtime Directors of the Company.
- 2) In the event of absence or inadequacy of profits, Mr. Anil T. Patel shall be entitled to the following remuneration and perquisites subject to an overall ceiling of Rs. 72,000/- per month or Rs. 8,64,000/- per annum in the manner as may be decided by the Board of Directors of the Company in accordance with the guidelines provided in Schedule XIII of the Companies Act, 1956. However, the remuneration to the Managing Director, unless otherwise decided by the Board, shall be paid as under :

i) Salary: Rs. 40,000/- (Rupees Forty Thousand Only) per month.

ii) In addition to the salary, he shall be entitled to the perquisites listed in category-A, B & C below.

CATEGORY-A:

- a) Housing: The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to a ceiling of 60% of the salary over and above 10% payable by the Managing Director.

In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.

In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to ceiling laid down above.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the Managing Director.

- b) **Medical Reimbursement:** Expenses incurred for the Managing Director and the family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- c) **Leave Travel Concession:** For the Managing Director and his family once in a year in accordance with the Rules specified by the Company.
- d) **Club Fees:** Fees of Clubs subject to a maximum of two clubs, excluding admission and life membership fees.
- e) **Personal Accident Insurance:** Premium not to exceed Rs.4,000/- per annum.

Explanation: For the purpose of category-A, family means the spouse, the dependent children and dependent parents of the Managing Director.

CATEGORY-B:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- b) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY-C:

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

In case the Company has no profits or profits are inadequate in any financial year during the terms of office, the Managing Director shall be entitled to receive the above salary and perquisites as minimum remuneration.

- 3) The Company will reimburse to the Managing Director such expenses as he may incur on behalf of the Company.
- 4) The Managing Director will be entitled to the earned privilege leave on full pay and allowance as per the rules of the Company not exceeding one month leave for every eleven months of service.
- 5) The Managing Director shall not be liable to retire by rotation.

- 6) The Managing Director will not be entitled to receive any sitting fee for attending the meetings of the Board of Directors or committee thereof from the date of his appointment."

"RESOLVED FURTHER THAT pursuant to provisions of Section 10 (10CC) of the Income Tax Act, 1961, as amended by the Finance Act, 2002, Income Tax Rule, 2001 (22nd Amendment) and other applicable provisions, if any, of the Income Tax Act, 1961 and Income Tax Rules, as amended from time to time, and subject to such approvals/permissions as may be required, if any, the consent of the Company be and is hereby accorded to discharge the income tax liability(ies), by the Company, on all perquisites (other than by way of monetary payment) of Mr. Anil T. Patel".

"RESOLVED FURTHER THAT Income Tax on such perquisites shall be paid the Company even in case of absence or inadequacy of profits in any financial year, and such payment together with other remuneration (salary and all perquisites), shall be treated as minimum remuneration payable to him."

"RESOLVED FURTHER THAT Mr. Anil T. Patel shall be entitled to receive the aforesaid remuneration in addition to the remuneration he is entitled to receive from M/s. Johnson Screens (India) Limited. However, the total remuneration from both the companies shall not exceed the ceilings provided in Section III of Part II of Schedule XIII of the Companies Act, 1956".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be required to give effect to this resolution."

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

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be increased from Rs.5,00,00,000/- (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lacs) Equity shares of Rs.10/- (Rupees Ten Only) each to Rs.7,00,00,000/- (Rupees Seven Crores Only) divided into 70,00,000 (Seventy Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each by creation of 20,00,000 (Twenty Lacs) Equity Shares and that the new Equity Shares so created shall rank pari passu with the existing Equity Shares of the Company in respect of dividend, voting rights, etc."

- 10. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:

GUJARAT APOLLO EQUIPMENTS LIMITED

"RESOLVED THAT the existing clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in place and instead thereof the following as new clause V:

"V: The Authorised Share Capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crores Only) divided into 70,00,000 (Seventy Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each."

11. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT the existing Article 2 of the Articles of Association of the Company be altered by substituting the words "Rs. 7,00,00,000/- (Rupees Seven Crores Only) divided into 70,00,000 (Seventy Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each" instead and in place of the words "Rs. 5,00,00,000/- (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each" appearing in the said Article."

By order of the Board of Directors

Place : Ahmedabad
Dated : 29th June, 2002

SURESH S. SHAH
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A Proxy in order to be effective should be lodged at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting.

2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is attached.
3. The Register of members and the Share transfer books of the Company shall remain closed from 12th September, 2002 to 25th September, 2002 (both days inclusive).
4. Dividend, when declared, shall be paid to those members whose names appear on the Register of Members of the Company, on the date of the ensuing Annual General Meeting of the Company.
5. Pursuant to Section 205A read with 205C of the Companies Act, 1956, the Company is required to transfer the dividends declared for the financial year ended 31st March, 1995 and onwards which remains unpaid or unclaimed for a period of 7 years to the Investor Education and Protection Fund. It may be noted that no claims will lie against the Company or the Investor Education and Protection Fund in respect of the said

unclaimed dividend amount transferred to the fund. The members who have not claimed their dividends for the financial year ended 31st March, 1995 and onwards are requested to lodge their claim with the Company.

6. As per the provisions of the Income Tax Act, 1961 every person from whom Income Tax is deducted at source is mandatorily required to intimate Permanent Account Number (PAN) to the person responsible for deducting such tax at source. In case PAN has not been allotted by the Income Tax Department, the person is required to intimate his GIR No. (General Index Register Number), Shareholders of the Company whose dividend will be liable to deduction to tax at source, are requested to intimate PAN/GIR No. to the Company at its Corporate Office at "Parishram", 5/B, Rashmi Society, Mithakhali Circle, Navrangpura, Ahmedabad - 380 009.
7. Members are requested to notify immediately the change in address, if any, to the Company.
8. As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

ITEM NOS. 6 & 7:

Dr. Dahyabhai C. Patel and Mr. Pravin P. Patel were appointed as the Additional Directors of the Company with effect from 22nd May, 2002, pursuant to Section 260 of the Companies Act, 1956 to hold office upto ensuing Annual General Meeting of the Company.

The Company is in receipt of individual notices under Section 257 of the Companies Act, 1956 from the 2 of its members proposing the candidature of the aforesaid persons for directorship of the Company.

Dr. Dahyabhai C. Patel is a practising physician and Mr. Pravin P. Patel is an Interior Designer. Both the above persons are highly qualified and well experienced in their respective fields. The Company is likely to be greatly benefitted with their association as directors on its Board. Your directors commend passing of the resolutions set out at Item nos. 6 and 7 of the accompanying notice.

Dr. Dahyabhai C. Patel and Mr. Pravin P. Patel are deemed to be concerned or interested in the respective resolution for their appointments. No other Director is, in any way, concerned or interested in the said resolutions.

ITEM NO. 8:

The term of appointment of Mr. Anil T. Patel as Managing Director of the Company expires on 30th June, 2002. The Company has registered an excellent progress under his effective leadership and proper guidance. Subject to the approval of the members in general meeting, the Board of Directors at its meeting held on 29th June, 2002, had reappointed Mr. Anil T. Patel as the Managing Director of the Company for a further period of 5 years with effect from 1st

July, 2002 at a remuneration as set-out in the draft agreement. The same has been considered and approved by the Remuneration Committee in its meeting held on 29th June, 2002.

Your Directors recommend the resolution for your approval.

A copy of the draft agreement to be entered into containing the terms and conditions of his reappointment is available for inspection at the Registered Office of the Company during normal business hours on any working day upto the date of the meeting.

The text of the resolution may be deemed as abstract of the terms and conditions of appointment of Mr. Anil T. Patel under Section 302 of the Companies Act, 1956 as the Managing Director of the Company.

Ministry of Finance, (Department of Revenue), Central Board of Direct Taxes, vide Notification F. No. 142/44/2001/TPL, on 25-09-2001 has amended the Income-tax Rules for valuation of perquisites, provided by the employers (hereinafter referred to as Company) directly/indirectly to its employees. As per these amendments, employees of the Company are required to pay the tax on perquisites (other than by way of monetary payment) to its Managing Director and whole time Director(s) as per terms of their respective appointments, which were approved by the members in past.

Further, with effect from 1st April, 2002, Section 10 (10CC) of The Income Tax Act, 1961, provides an option to the Employer (Company) to pay the Income Tax on the whole or part of perquisites (other than by way of monetary payments), on behalf of its employees, without making any deduction from the income of the employees, which is proposed to be met by the Company. The text of the resolution may be deemed as abstract of the terms and conditions of appointment of Mr. Anil T. Patel under Section 302 of the Companies Act, 1956 as the Managing Director of the Company.

None of the Directors except Mr. Anil T. Patel himself and Mr. Ashok T. Patel, Mr. Ajit T. Patel and Mr. Asit A. Patel being related to him is concerned or interested directly or indirectly in the above resolution.

ITEM NO. 9, 10 & 11 :

The present Authorised Share Capital of the Company is of Rs. 5 crores divided into 50 Lacs Equity Shares of Rs. 10/- each. The Company has ambitious growth plans and may be in need to increase its capital base. Pursuant to provisions of Section 94 of the Companies Act, 1956, the Authorised Share Capital of a Company could only be increased by passing a resolution in a general meeting after obtaining prior approval of members of the Company. The Board of Directors of the Company have decided to increase the Authorised Share Capital from Rs. 5 crores to Rs. 7 crores by creation of 20,00,000 Equity Shares of Rs. 10/- each, subject to necessary procedural compliance. The resolutions set out at Item No. 10 for amending the Capital Clause of the Memorandum of Association and at Item No. 11 for amending the relevant Article of the Articles of Association are consequential, in nature.

You are requested to accord your approval to the resolutions as set out at item nos. 9, 10 and 11 of the accompanying notice.

None of the directors of the Company is, in any way, concerned or interested in the aforesaid resolutions.

By order of the Board of Directors

Place : Ahmedabad
Dated : 29th June, 2002

SURESH S. SHAH
Company Secretary

Report  junction.com

GUMMAT APOLLO EQUIPMENTS LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have great pleasure in presenting herewith their **FIFTEENTH** Annual Report for the year ended 31st March, 2002.

FINANCIAL PERFORMANCE

	(Rupees in Lacs)	
	Current Year as at 31-3-2002	Previous Year as at 31-3-2001
Sales and Other Income	6403.34	6822.20
Profit before Interest, Depreciation and Taxes	744.82	651.16
Less : Interest	154.27	116.08
Depreciation	78.20	52.12
Provision for Taxation	155.00	161.00
Deferred Tax Liability	22.80	NIL
Net Profit	334.55	321.96
Add : Profit & Loss Account Balance brought forward	241.81	116.28
Amount available for proposed appropriations	576.36	438.24
Proposed Dividend	70.00	87.50
Transfer to General Reserve	261.17	100.00
Provision for Tax on Dividend	NIL	8.93
Balance carried to Balance-Sheet	245.19	241.81
	576.36	438.24

PERFORMANCE HIGHLIGHTS

During the year under review, the effects of prevailing recessionary trend in the Engineering Sector coupled with stiff market competition are reflected in sales and other income of the Company. In spite of the above Profit Before Tax is higher by 6 % at Rs. 512 Lacs. After making provision for Income Tax and Deferred Tax Liability as required under Accounting Standard 22, the net profit has increased by Rs. 13 Lacs. The earning per share (EPS) also increased from Rs. 9.20 in the previous year to Rs. 9.55 in this year. An amount of Rs. 261.17 Lacs is transferred to General Reserve.

Subsequent to the Technical Collaboration with Niigata Engineering Company Limited of Japan your Company is in a position to offer higher capacity Asphalt Batch Mix plants which are well accepted in the Market against stiff competition from imported brands.

During the year your Company was able to supply eight plants whereas in the current year the order book has already registered

orders for six batch mix plants by now. Your Company has also entered in the foreign markets like Malaysia, Bangladesh and Nigeria by inquiries and orders for the Company's products.

THE FUTURE

Having many of the Road Projects already finalized by the Government with a target completion period of 2003-2004 and expecting commencement of their execution during the current year is likely to generate the demand for higher and better quality Road Construction Equipments, which indicates better growth in times to come.

DIVIDEND

Your Directors recommend a dividend of 20% on the Equity Shares of the Company, absorbing a sum of Rs. 70.00 Lacs, subject to deduction of tax at source. Due to changes in the Income Tax Act, the dividend will be taxable in the hands of the shareholders. The dividend will be payable to the members, whose names appear on the Register of Members on 25th September, 2002, the date of ensuing Annual General Meeting of the Company.

DEPOSITS

The Company has accepted deposits from public and has complied with the provisions of Section 58A of the Companies Act, 1956 and rules made thereunder. The Company does not have any overdue deposits as at 31st March, 2002 except for 61 matured but unclaimed deposits amounting to Rs. 9.19 Lacs.

RESPONSIBILITY STATEMENT

The Directors confirm:

- that in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- that 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 or Loss of the Company for that period;
- that they 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;
- that they have prepared the Annual Accounts on a Going Concern basis.

DIRECTORS

Mr. Ashok T. Patel and Mr. V. P. Kamdar, the Directors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment. You are requested to reappoint them.

Dr. Dahyabhai C. Patel and Mr. Pravin P. Patel were appointed as Additional Directors of the Company on 22nd May, 2002 and hold office upto the ensuing Annual General Meeting of the Company. The Company is in receipt of notices pursuant to Section 257 of the Companies Act, 1956 proposing their candidature for the directorship of the Company.

Subject to your approval, Mr. Anil T. Patel has been reappointed as the Managing Director of the Company for a period of five years with effect from 1st July, 2002.

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

The particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure-'A' which forms part of this Report.

PERSONNEL

During the year, the relations between the Management and the employees of the Company have been very cordial. There is no employee who is in receipt of remuneration exceeding the ceilings laid down in the Rules specified under Section 217(2A) of the Companies Act, 1956.

SUBSIDIARY

Statement pursuant to Section 212 of the Companies Act, 1956 in respect of M/s. Apollo Earthmovers Limited and M/s. Apollo Industrial Products Limited, subsidiaries of the Company, are separately given in this Report.

AUDITORS

M/s. Arvind A. Thakkar & Co., Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment. You are requested to reappoint the Auditors and fix their remuneration. No observations are made by the Auditors in their Report and it does not call for further clarifications.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the co-operation received from the Banks, Financial Institutions and TIFAC and services rendered by the employees of the Company and look forward to their continued support in the years to come.

For and on behalf of the Board of Directors

Place : Ahmedabad
Dated : 29th June, 2002

ANIL T. PATEL
Chairman & Managing Director

ANNEXURE-'A' ANNEXURE TO DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

	2001-02	2000-01
Power & Fuel Consumption		
1. Electricity:		
a) Purchased		
Unit :	4,05,968	4,04,845
Total Amount (Rs.) :	23,46,551	23,31,377
Rate/Unit (Rs.) :	5.78	5.76
b) Own Generation :	NIL	NIL
2. Coal :	NIL	NIL
3. Furnace Oil :	NIL	NIL
4. L P G Quantity (Kg.) :	8685	7890
Total cost (Rs.) :	1,90,950	1,76,305
Rate/unit (Rs.) :	21.99	22.35

B. TECHNOLOGY ABSORPTION:

1. Research & Development (R & D)

The Company is not having an independent Research & Development Unit registered with the Government of India. However, product developmental activities continue to get utmost priority in the field of process technology, improvement in quality, import substitution etc. through the quality assurance department.

Benefit Derived as a result of above R & D

The Company has been able to substitute some of the indigenous spares, which were earlier required to be imported.

2. Technology Absorption, Adoption and Innovation

a) Efforts : The Company has been able to indigenise components required for the manufacture of hydrostatic paver finisher.

b) Benefits derived : Better product and indirect saving in Foreign Exchange.

c) Particulars of Technology imported during the past 5 years :

(i) Technology Imported :

(1) Technology relating to the production of Wheeled Loader model 86E.

(2) Technology relating to the production of Hot Mix Plant Batch type Model NP 1200 CA and Model NP 1500 CA.

(ii) Year of Import : (1) 1997 (2) 2000

(iii) Has the technology been absorbed: Substantial part of Technology has been absorbed.

(iv) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of actions.

(1) The agreement is for a period of 10 years which can be extended further with official approval.

(2) New technology for manufacturing of Hot Mix Plant Batch type shall be gradually absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The required information is contained in the Notes to the Accounts, Schedule "T", 5 to 9.

GUJARAT APOLLO EQUIPMENTS LIMITED**AUDITORS' REPORT**

To,
The Members
GUJARAT APOLLO EQUIPMENTS LIMITED

We have audited the attached Balance Sheet of GUJARAT APOLLO EQUIPMENTS LIMITED as at 31st March 2002 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statement 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 Manufacturing and other Companies (Auditors Report) Order, 1988 issued by the Central Government Under Section, 227 (4A) of the Companies Act, 1956 and in terms of the information and explanations given to us and also on the basis of such checks as we considered appropriate, we further state that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets are physically verified by the management at reasonable periods. It has been explained to us that in respect of assets physically verified during the year, no material discrepancies were noticed.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, stores, spare parts and raw material has been physically verified at reasonable intervals during the year by the management. In respect of stock lying with the third parties confirmations have been obtained.
4. In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.

5. The discrepancies noticed on verification of stock as compared to book records were not material and have been properly dealt with in the books of accounts.
6. In our opinion, the valuation of stock is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. In our opinion, the rate of interest and the terms and conditions on which loans have been obtained from companies, firms or other parties listed in the register maintained under Section 301 and 370 (1-B) of the Companies Act, 1956 wherever applicable are not prima facie prejudicial to the interest of the Company.
8. The Company has given loans and advances in the nature of loans to companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of such advances were not prima facie prejudicial to the interest of the Company.
9. The parties to whom loans and advances in the nature of loans have been given, are generally repaying the principal amount as stipulated and are also regular in payment of interest wherever applicable.
10. 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 the purchase of stores, raw materials including component, Plant and Machinery, equipments and other fixed assets, and for the sale of goods.
11. The Company has purchased materials stores and components exceeding Rs.50,000 in value for each type thereof from firms, companies or other parties in which Directors are interested and the prices paid for such items are reasonable as compared to the prices of similar items supplied by other parties wherever such comparison is possible.
12. As explained to us, the Company has regular procedure for determining the unserviceable or damaged stores, raw materials and finished goods and the necessary adjustments for the loss have been made in the accounts.
13. The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposit accepted from the Public.

14. The Company, in our opinion, is maintaining reasonable records for the sale and disposal of the realizable scrap. According to the information and explanations given to us, the Company has no by-products.
15. The Company has appointed a firm of Chartered Accountants who has carried out the internal audit.
16. As far as we are aware, the Central Government has not prescribed maintenance of cost records in respect of the products manufactured by the Company under Section 209 (1) (d) of the Companies act, 1956.
17. The Company is generally regular in depositing provident fund with the appropriate authorities. We have been informed that Provisions of Employees State Insurance Act are not applicable to the Company.
18. According to the information and explanation given to us, no undisputed amount payable in respect of Income Tax, Wealth tax, Sales Tax, Custom duty and Excise duty which have remained outstanding as 31st March 2002 for a period of more than six months from the date they become payable.
19. During the course of our examination of books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses other than expenses under contractual obligations and / or generally accepted business practices, which have been charged to revenue account.
20. The Company is not Sick Industrial Company within the meaning of clause (o) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of purchase for resale, damaged goods have been determined and adequate provision has been made.

- b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of books.
- c) The said Balance Sheet and Profit and Loss Account are in agreement with the books of accounts.
- d) In our opinion and subject to notes under Schedule 'T' the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956.
- e) In our opinion and based on information and explanations given to us, none of the directors are disqualified as on 31st March, 2002 from being appointed as directors in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.

Subject to the above, In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with other 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 principals generally accepted in India :

- I. In the case of Balance Sheet, of the State of affairs of the Company as at 31st March , 2002. AND
- II. in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date.

FOR ARVIND A THAKKAR & CO.
Chartered Accountants

Further to the 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.

Place : Ahmedabad
Dated : June 29, 2002

A.A. THAKKAR
Sole Proprietor