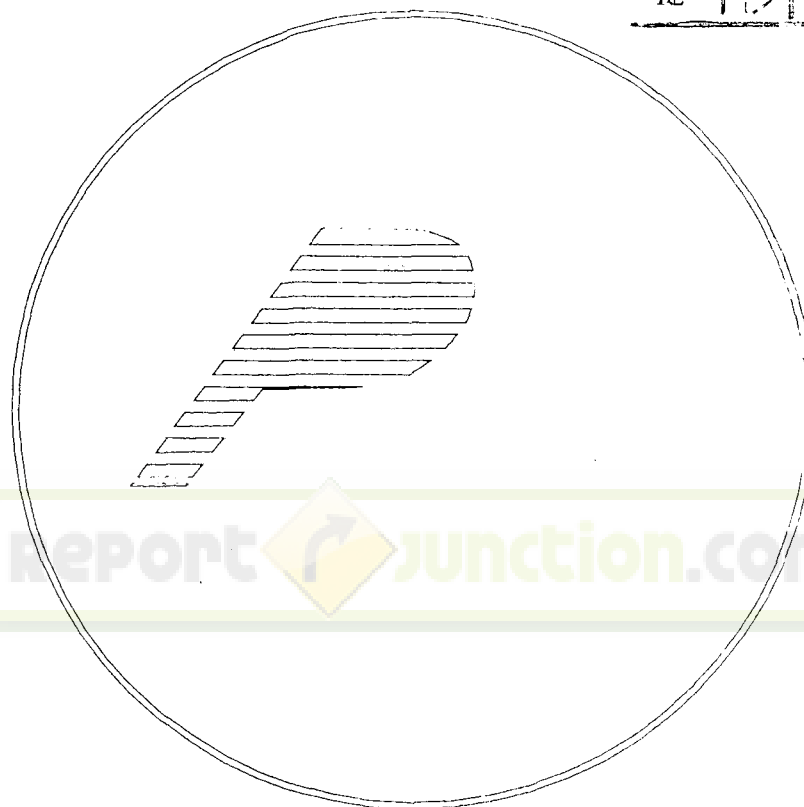
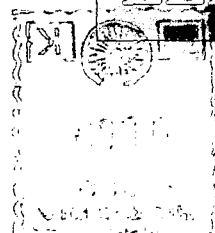


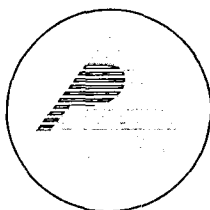
8 TH ANNUAL REPORT

MD	/		BKC	/
CS	/		DPY	/
RO	/		DIV	/
TRA	/		AC	/
AGM	/	/	SHI	/
YE	/	/		/



GUJARAT POLY-AVX
ELECTRONICS LIMITED





GUJARAT POLY-AVX ELECTRONICS LIMITED

EIGHTH ANNUAL REPORT 1996-97

ANNUAL GENERAL MEETING

*On Saturday, the 15th November, 1997
at B-17/18, Gandhinagar Electronic Estate,
Gandhinagar, Gujarat, at 11.30 A.M.*

*As a measure of economy, copies of the Annual Report
will not be distributed at the Annual General Meeting.
Shareholders are requested to kindly bring their copies
to the meeting.*

BOARD OF DIRECTORS

MR. TANIL R. KILACHAND (*Chairman*)

MR. A. H. MEHTA

BRIG. K. BALASUBRAMANIAM

MR. M. G. SHAH

MR. DONALD CHRISTIANSEN

MR. BENEDICT P. ROSEN

MR. BRUCE LEMOINE

(*Alternate Director to Mr. Benedict Rosen*)

MR. S. G. KHATTAR

(*Alternate Director to Mr. Donald Christiansen*)

MR. P. T. KILACHAND (*Executive Director*)

MR. CHANDRAKANT KUSHALDAS

(*Special Director*)

BANKERS

Bank of Baroda

AUDITORS

Messrs. NANUBHAI & COMPANY

(*Chartered Accountants*)

SOLICITORS AND

LEGAL ADVISERS

CRAWFORD BAYLEY & CO.

REGISTERED OFFICE

AND WORKS

B-17/18, Gandhinagar Electronic Estate,
Gandhinagar 382 044, Gujarat.

CORPORATE OFFICE

SHARE COLLECTION CENTRE

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.

REGISTRAR AND

SHARE TRANSFER AGENTS

MCS Limited

Sri Venkatesh Bhawan,

Plot No. 27, Road No. 11, MIDC Area, Andheri (East),
Mumbai 400 093.

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NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of GUJARAT POLY-AX ELECTRONICS LIMITED will be held at B-17/18 Gandhinagar Electronic Estate, Gandhinagar, Gujarat on Saturday, the 15th November, 1997, at 11.30 A.M. to transact the following business:

1. To receive and adopt the Directors' Report, Audited Balance Sheet and Profit and Loss Account for the year ended on 31st March, 1997.
2. To appoint a Director in place of Mr. A. H. Mehta who retires by rotation, but being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Donald Christiansen who retires by rotation, but being eligible, offers himself for reappointment.
4. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution for appointing Auditors for the current year and fixing their remuneration:—

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Nanubhai & Company, Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be decided by the Board of Directors of the Company."



By Order of the Board of Directors,
A. H. MEHTA
DIRECTOR

Registered Office:

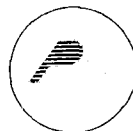
Plot No. B-17/18,
Gandhinagar Electronic Estate,
Gandhinagar 382 044,
GUJARAT.

Dated: 16th October, 1997

NOTES

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
- (b) The Register of Member and the Share Transfer Books of the Company has remained closed from Tuesday, the 2nd September, 1997, to Thursday, the 11th September, 1997 (both days inclusive).
- (c) Members are requested to notify any change of their address to the Company's Share Collection Centre at 7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai 400020, or Registrar and Share Transfer Agents, Messrs. MCS LIMITED, Sri Venkatesh Bhavan, Plot No. 27, Road No. 11, MIDC Area, Andheri (East), MUMBAI 400093.

GUJARAT POLY-AVX ELECTRONICS LIMITED

**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the Eighth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1997.

1. PRODUCTION ACTIVITIES

During the year the commercial production of full range of Single Layer Ceramic Capacitors have commenced at our plant, utilising existing plant and machinery and other equipments.

The samples of SLCCs submitted to various Government Authorities and OEM are approved. A trial order from a T.V. manufacturer in Gandhinagar for full range of SLCCs for Colour T.V.s was executed successfully. The actual effect of the new Telecom Policy is yet to make a significant impact.

Meanwhile, the order Booking figures have improved considerably for the period May '97 to August '97, mainly because of the new orders released by telecom equipment manufacturers. The Order Booking is expected to improve further with telecom policy being implemented.

The Company has received job work of assembly of Printed Circuit Boards for Push Button Telephone Instruments from a leading telecom equipment manufacturer located in Gandhinagar. The Company has also received an Export Enquiry from Malaysia for approximately Two Million pieces of MLC Chip Capacitors per month. The Company is likely to get job work order from a multi national company located in Austria, after approval of samples of MLC Chip Capacitors.

With above possibilities, the Directors are hopeful of increasing the capacity utilisation of the Company.

2. FINANCIAL RESULTS

As on 31st March, 1997, the Company has incurred capital expenses of Rs. 2.66 lacs. The Company's operations for the year has resulted into loss of Rs. 392.74 lacs. In absence of any profit during the year, your Directors regret their inability to pay any dividend for the year under review.

3. FINANCE

The Company has not received any additional loans from the financial Institutions during the year ended 31st March, 1997.

4. FIXED DEPOSITS

The Company has not received any deposit from Public during the year.

5. PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not applicable to the Company as none of the employees are drawing more than Rs. 300,000/- per annum.

6. REFERENCE TO THE BOARD OF BIFR

As mentioned in the Seventh Directors' Report, the application was made to the Board of BIFR on February 10, 1997, and the first hearing with the BIFR Board was held on May 06, 1997. The BIFR has declared our company as a sick company and has appointed ICICI as an operating agency.

We have submitted "Proposed Rehabilitation Scheme" to the Operating Agency (ICICI) on June 27, 1997. The operating agency is reviewing our Rehabilitation Scheme.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure I forming part of this report.

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8. DIRECTORS

Mr. A. H. Mehta and Mr. Donald Christiansen retire from Office by rotation but being eligible, offer themselves for reappointment.

9. APPOINTMENT OF AUDITORS

You are requested to appoint Auditors and fix their remuneration. The retiring Auditors M/s. Nanubhai & Co., Chartered Accountants, Mumbai are eligible for reappointment.

10. ACKNOWLEDGEMENT

Your Directors express their sincere thanks to the Central and State Government authorities, including Gujarat Industrial Investment Corporation Ltd., Banks and Financial Institutions.

A word of thanks is due to AVX Corporation for their support to the Company in raw material supplies and technical help.

Sincere thanks are also due to the management team, the staff and workers for their valuable contribution during this critical period for the Company.

On behalf of the Board of Directors,

T. R. Kilachand
Chairman

Registered Office:

Plot No. B-17/18,
Gandhinagar Electronic Estate,
Gandhinagar 382 044,
GUJARAT.

Dated: 16th October, 1997

GUJARAT POLY-AVX ELECTRONICS LIMITED



ANNEXURE I

A. CONSERVATION OF ENERGY

- a) Energy conservation steps taken:
 - i) Due to low capacity utilisation the speed of the AHU motor was reduced by employing mechanical manual methods.
 - ii) Effective supervision of Energy usage in the Plant.
- b) Additional investment & proposals being implemented:—
 - i) To utilise every equipment installed at the plant to conserve energy usage.
 - ii) Handler for Radial Laser Mark is now in the final stage of development.
- c) Impact of measures at (a) & (b) above:

The above steps have resulted in cost saving by way of running reduced energy consumption.

POWER & FUEL CONSUMPTION

FORM - A

1. ELECTRICITY

- a) Purchased : April 1996 — March 97
- Units (Kwh) : 3,54,550
- Total Amount : 11,88,845
- (Rate/Unit Rs. Kwh) : Rs. 3.35

2. TECHNOLOGY ABSORPTION

FORM - B

1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY

- i) The process of indigenisation of raw material & imported equipments are continuing.
- ii) Commenced manufacture of full range of Single Layer Ceramic Capacitors.
- iii) Developed tools for the manufacture of Single Layer Ceramic Capacitors.

2. BENEFITS DERIVED AS A RESULT OF ABOVE R & D

- i) Consistent Quality levels & improvement in yields.
- ii) Improved process time.

3. FUTURE PLAN OF ACTION

- i) Indigenisation of Raw Materials/Jigs & Tools for Single Layer Ceramic Capacitor manufacturing.
- ii) Local development of Jigs/Tools for additional production needs & replacement.

4. EXPENDITURE OF R & D

Negligible

TECHNOLOGY — ABSORPTION, ADAPTATION & INNOVATION

(1) (a) Technology Absorption

Technology Absorption is complete in the areas commissioned.

(b) Adaption

Continuous improved methods & conditions are being implemented.

(c) Innovation

Methodology & systems were developed to maximise the shelf life of many critical Raw Material.

(2) BENEFITS

The Quality of our product is maintained resulting in minimum customer returns on Technical grounds.

(3) IMPORTED TECHNOLOGY

No additional import of Technology in the Financial Year 1996-97.

EIGHTH ANNUAL REPORT 1996-97

Nanubhai & Co. (Regd.)
CHARTERED ACCOUNTANTS

Telegrams : Nanuaudit
Telephones : 2845224/2845298
Fax : 2042795
Bhogilal Hargovindas Bldg., 1st Floor,
18/20 Kaikhushru Dubash Marg,
Fort, Mumbai 400 001.

Auditors' Report to the Shareholders

(Report on the accounts for the year ended 31st March, 1997 in compliance with Section 227(2) of the Companies Act, 1956).

We have audited the attached Balance Sheet of GUJARAT POLY-AVX ELECTRONICS LTD., as at the 31st March, 1997 and also the Profit and Loss Account for the year ended on that date annexed thereto:

As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in term of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, during the normal course of audit which were considered necessary to the best of our knowledge and belief, we give in the Annexure-'I' a statement on the matters specified in paragraphs 4 and 5 of the said order and further report that :—

- 1) 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.
- 2) 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 the books.
- 3) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- 4) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with note thereon and subject to the following and the matter referred in annexure 'I' hereto :—
 - i) Attention is invited to note 1 of Significant Accounting policies regarding the preparation of the accounts for the year under review on a going concern basis despite accumulated losses resulting in the company becoming a Sick Industrial Company under the Sick Industrial Companies Act, 1985. As explained to us and as elucidated in the clause 1 of the Directors Report regarding the upturn in orders, prospective and actual and clause 6 relating to the submission of the proposed rehabilitation scheme to I.C.I.C.I., the operating agency the directors are hopeful of being able to inject adequate funds to stabilise operations and secure the long term future of the Company.
 - ii) Attention is invited to note 3 in respect of the non provision of interests on interest & liquidated damages on loans from Banks & Financial institutions aggregating to Rs. 5,86,76,279 as at 31.03.1997 as a result of which the accumulated losses and the loss for the year are understated by like amounts. The amount referred to above are subject to reconciliation & confirmation from the relevant Banks & Financial Institutes.
 - iii) Note No. 8 relating to confirmation of accounts. The balances have been taken as per books of accounts. We have been unable to ascertain the nature of adjustment that may be required in respect of the said accounts to give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1997 and
 - ii) in the case of Profit and Loss Account of the 'loss' for the year ended on that date.

For NANUBHAI & CO.
Chartered Accountants

Place : Mumbai
Dated : 16th October, 1997

ABHAY D. DESAI
Partner