

Moulding the future ...



ANNUAL REPORT 2002 - 2003

IYKOT HITECH TOOLROOM LIMITED
(FORMERLY ELCOT HITECH TOOLROOM LIMITED)

IYKOT HITECH TOOLROOM LIMITED**BOARD OF DIRECTORS**

THIRU. S. IYEMPANDI	Managing Director
THIRU. N.K.S. KOLAPPAN	Joint Managing Director
PROF. ROOSHIKUMAR PANDYA	Director

AUDITORS**M/s. CHINNASAMY GANESAN AND CO**

Chartered Accountants
Flat No.1, Spa Mount,
99, LDG Road
Little Mount, Saidapet
Chennai - 600 015

BANKERS

State Bank of Indore
Indian Bank
Canara Bank

REGISTERED OFFICE

3, Elcot Avenue, Sholinganallur,
Chennai - 600 119
Telephone : 2450 0858
Telefax : 2450 1872
Email : iykot@vsnl.net

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IKOT HITECH TOOLROOM LIMITED**NOTICE TO THE SHARE HOLDERS**

NOTICE is hereby given that the 11th Annual General Meeting of the Members of the Company will be held on Tuesday, 30th September 2003 at 11.00 A.M. at No.3, Elcot Avenue, Sholinganallur, Chennai - 600119 to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March 2003 and the Balance Sheet as at 31st March 2003 and the Auditors' Report thereon.
2. To appoint a Director in the place of Thiru.N.K.S.KOLAPPAN and Prof. ROOSHIKUMAR PANDYA, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration and for such purpose and to pass the following resolution which will be proposed as SPECIAL RESOLUTION.

As per the provisions of the section 224A of the Companies Act, 1956, M/s. Chinasamy Ganesan & Co., Chartered Accountants, retiring Auditors of the company, are eligible for reappointment.

The Board proposes to appoint M/s. Ramadoss & Associates, Chartered Accountants, Chennai as auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration to be decided by the Board of Directors of the company.

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STAND, THE PROXY NEED NOT BE A MEMBER. A MEMBER UNABLE TO ATTEND MAY APPOINT ANOTHER PERSON (WHETHER A MEMBER OR NOT) AS HIS PROXY IN THE ENCLOSED FORM WHICH SHALL BE DEPOSITED WITH THE REGISTERED OFFICE OF THE COMPANY AT # 3, ELCOT AVENUE, SHOLINGANALLUR, CHENNAI - 600 119. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The registrar of members and the share transfer books of the company will remain closed from 16.9.2003 to 30.09.2003 (both days inclusive).
3. Members / Proxies should bring the attendance slip sent herewith, duly filled in and signed handover the same at the entrance of the hall.
4. Shareholders are requested to bring their copy of the Annual Report for the meeting.

INSPECTION DOCUMENTS :

All the documents referred to in this Notice will be open for inspection by any member during the company's business hours on any working day of the company at the Registered Office of the company upto and including the date of the meeting.

By order of the Board

PLACE : CHENNAI.
DATED : 06.09.2003

S. IYEMPANDI
Managing Director

Explanation Statement under sec. 173 (2) of the Companies Act, 1956.

Our present Auditors M/s. Chinnasamy Ganesan & Co., Chartered Accountants, Chennai are retiring by the end of this AGM. The board is proposing to appoint M/s. Ramadoss & Associates, Chartered Accountants, Chennai.

IVKOT HITECH TOOLROOM LIMITED**DIRECTORS' REPORT**

Your Directors have the pleasure in presenting the Annual Report and that of the Auditors together with the audited Balance Sheet as at 31.03.2003 and the Profit and loss account for the year ended on that date.

1. FINANCIAL PERFORMANCE:

The financial results for the year ended 31st March 2003 are as under :

(Rs in Lakhs)		
Particulars	Year ended 31.3.2003	Year ended 31.3.2002
Profit before Depreciation	(345.67)	(387.11)
Less : DEPRECIATION	53.52	44.10
Profits before Taxation	(399.19)	(431.21)
Provision for taxation	0.00	0.00
Profits after taxation	(268.46)	(332.96)

2. DIRECTORS :

Mr. S.Iyempandi , who retire by rotation and being eligible offer themselves for reappointment.

3. AUDITORS :

The auditors of the Company M/S. Chinnasamy Ganesan & co., Chartered Accountants are retiring by the end of this AGM. The Board is proposing to appoint M/s. Ramadoss & Associates, Chartered Accountants, Chennai as auditors of the Company from the conclusion of this Annual General Meeting.

4. PERSONNEL (PARTICULARS OF EMPLOYEES)

There are no employees coming under the preview of section 217(2A) of the Companies Act, 1956.

5. INFORMATION UNDER SECTION 217 (I) (E) OF THE COMPANIES ACT, 1956 :

A) CONSERVATION OF ENERGY :All steps have been taken to conserve Energy at all levels.

B) TECHNOLOGY ABSORPTION , ADOPTION AND INNOVATION: Not Applicable

C) RESEARCH AND DEVELOPMENT :

Research wing is active.

D) FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchange Earnings - in Rs. NIL

Foreign Exchange Outgo - Rs. 83970.00

6. DIRECTORS RESPONSIBILITY STATEMENT :

Directors hereby declare that

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had 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;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

7. FIXED DEPOSITS :

The Company has not accepted any fixed deposits during the year under review.

8. FINANCE:

Your Directors wish to place on record their sincere appreciation for assistance and services rendered to the company by its Bankers.

9. ACKNOWLEDGEMENTS:

Your Directors would like to place on record their deep sense of appreciation of the services by the Executives, Staff and Workers of the Company for its success.

For and on behalf of the Board of Directors

Place : Chennai

Date : 6.9.2003

N.K.S. KOLAPPAN
Joint Managing Director

S. IYEMPANDI
Managing Director

IYKOT HITECH TOOLROOM LIMITED**AUDITORS' REPORT**

To

The members of IYKOT HITECH TOOLROOM LIMITED

We have audited the attached Balance Sheet of M/S IYKOT Hitech Toolroom Limited as at March 31, 2003 and the annexed Profit and Loss Account for the year ended on that date. 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 have 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 from 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 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.
2. Further to our comments in the Annexure referred to in Paragraph (1) 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, so far as appears from our examination of the books.
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report do not comply with the Accounting Standards (AS) AS 2 "Valuation of Inventories" and AS 15 "Accounting for Retirement Benefits" issued by the Institute of Chartered Accountants of India (ICAI) referred to in Section 211 (3C) of the Companies Act, 1956.

e) In the absence of written representations and in the absence of confirmations from the companies in which Directors of the company are Directors which are required to be taken on record by the Board, we are unable to express an opinion whether the directors of the company, other than the nominee Directors are disqualified as on 31.3.2003 from being appointed as a Director under clause (g) of sub-section (1) 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 Balance Sheet and the Profit and Loss Account together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and in conformity with the accounting principles generally accepted in India and subject to:

- (1) Balances under Unsecured Loans, Sundry Creditors, Other Liabilities, Sundry Debtors, Loans and Advances and in respect of in-operative bank accounts are remaining to be confirmed/reconciled. The consequential effect on the accounts not being ascertainable.
- (2) Non provision of Rs. 17.36 Lakhs being Overdue interest payable for the year on the hire purchase loans taken from TIIC
- (3) Non provision of Rs.4.35 Lakhs being overdue interest payable on unsecured loans taken from M/s Transcorp Finance Limited
- (4) The basis of valuation of finished and semi-finished goods are in violation of AS 2 "Valuation of Inventories" issued by ICAI as the same were valued at selling price.
- (5) Provision not having been ascertained and made in respect of interest, penalty and damages arising out of non remittance of sales tax collections to the authorities and the consequent effect on the accounts not being ascertainable
- (6) Provision not having been ascertained and made in respect of interest, penalty and damages arising out of non remittance of PF and ESI dues to the concerned authorities and the consequent effect on the accounts not being ascertainable
- (7) Provision towards Gratuity (Rs.5.98 Lakhs on actuarial basis) and leave encashment (not quantifiable in the absence of actuarial valuation) were not made by the company in violation of the requirements of AS 15 "Accounting for Retirement benefits" issued by ICAI.

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- (8) The Company does not have a qualified company secretary as required by Section 383A of the Companies Act, 1956.
- (9) No audit committee was constituted by the Company as required by Section 292A of the Companies Act, 1956.
- (10) The company had not complied with Clause 49 of the listing agreement with respect to corporate governance, as required by the guidelines of SEBI in this respect and hence we issue no certificate of compliance of the same.
- (11) From the information and explanations given to us and based on the verification of the records of the company, we observed that the company had defaulted in complying with clause 41 of the listing agreement with respect to publishing of quarterly un-audited financial results.
- (12) The company is yet to pay the renewal fees to the Madras, Bombay and Ahmedabad Stock Exchanges. However, we were informed that the said exchanges have not suspended the trading of the company's shares
- (13) The company had not made arrangements for dematerialisation of the shares as required by the guidelines of SEBI.
- Give a true and fair view :
- (i) in the case of the Balance Sheet of the state of the Company's affairs as at March 31, 2003; and
- (ii) in the case of the Profit and Loss Account of the losses for the year ended on that date.
- for **CHINNASAMY GANESAN AND CO.,**
Chartered Accountants
- Place : Chennai
Dated : 6.9.2003
- Chinnasamy Ganesan
Partner

ANNEXURE TO THE AUDITORS' REPORT [Referred to in Paragraph (1) of Our Report of even date]

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 we further report that:

- (i) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets. The assets have been verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (ii) None of the Fixed Assets have been revalued during the year.
- (iii) As explained to us, the stock of stores, spare parts, raw materials and finished goods have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
- (iv) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) As explained to us, there were no material discrepancies noticed on physical verification of the stocks of raw materials, stores and spares and finished goods having regard to the size of operation of the Company and the same have been properly dealt with in the books of the Company.
- (vi) *On the basis of our examination of stock and other records and according to the information and explanations given to us, the valuation of inventories is not in accordance with the normally accepted accounting principles and in violation of AS 2 "Valuation of Inventories" issued by the Institute of Chartered Accountants of India with respect to valuation of finished and semi-finished goods as the same were valued at selling prices. However, we were informed that the Company is consistently following the same basis as in the earlier year.*
- (vii) The Company has taken unsecured loans from Companies, firms and other parties listed in the register maintained under sec.301 of the Companies Act, 1956 and the rate of interest and other terms and conditions of the same are not prima-facie prejudicial to the interest of the Company.
- (viii) The Company has not granted any loans, secured or unsecured to Companies, Firms and other Parties listed in the register maintained under Sec.301 where the rate of interest and other terms and conditions of the same are not prima-facie prejudicial to the interest of the Company.
- (ix) The Company has not given any loans or advances in the nature of loans.
- (x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with