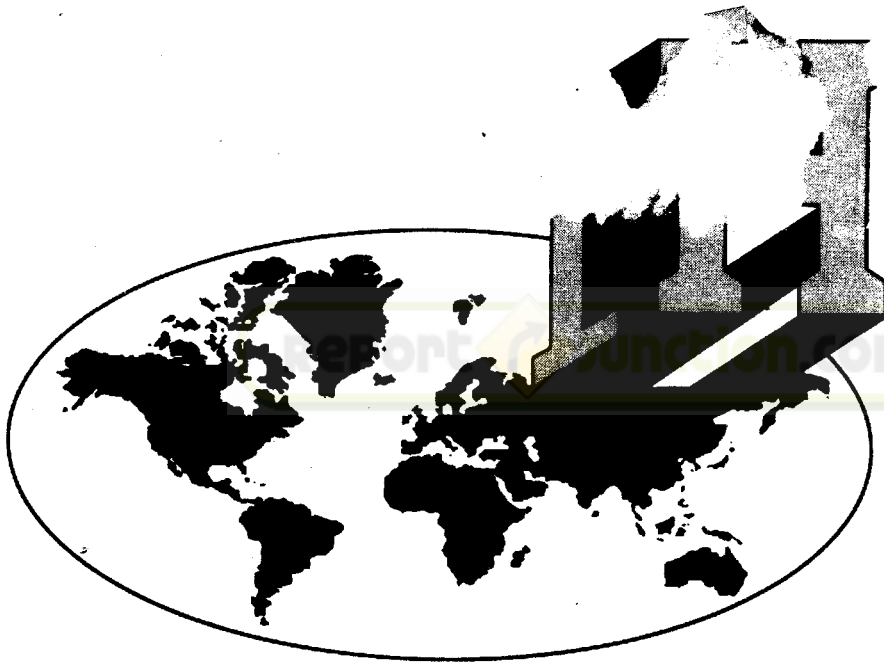


Moulding the future ...



ANNUAL REPORT 2003 - 2004

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. RAMADOSS & ASSOCIATES

Chartered Accountants

Vasundhara Apartments

III Floor, (Old 27/7), New 16/7

Hindi Prachar Sabha Street

T. Nagar, Chennai - 600 017.

Report Junction.com

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

Notice is hereby given that the 13th annual general meeting of the company will be held on Friday, 24th September 2004 at 10.00 A.M at registered office of the company, No 3, Elcot Avenue, Sholinganallur, Chennai - 600 119, to transact the following business

ORDINARY BUSINESS

1. To receive, consider the audited statements of accounts for the year ended 31st March 2004 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. S. Iyempandi who retires by rotation and being eligible, offers himself for reelection.
3. To appoint Auditors and fix their remuneration. M/s. Ramadoss & Associates, Chartered Accountants, Chennai retire and are eligible for re appointment.
4. To delist our shares in Madras and Ahamedabad Stock Exchanges subject to the Rules & Regulations of the Exchanges.
2. The register of members and share transfer books of the Company will remain closed from 18th September 2004 to 24th September 2004 (both days inclusive) for the purpose of Annual general meeting.
3. Members/ Proxies, should bring the attendance slip sent herewith duly filled in and signed hand over the same at the entrance of the meeting hall.

Shareholders are requested to bring their copy of the Annual report for the meeting.

By order of the Board

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a

PLACE : CHENNAI.

DATED : 26.08.2004

S. IYEMPANDI
Managing Director

HYKOT HITECH TOOLROOM LIMITED**DIRECTORS' REPORT**

Your directors have great pleasure in presenting their 13th Annual report and the Audited accounts of the company for the year ended 31st March 2004

FINANCIAL RESULTS

Year ended	31.3.2004	31.3.2003
	(Rupees in lakhs)	
Profit/(Loss) before interest and depreciation	11.60	(24.30)
Interest	5.07	321.37
Depreciation	33.08	53.52
Loss after interest and depreciation	26.51	399.19
Provision for taxation	Nil	Nil
Loss after taxation	26.51	399.19

DIRECTORS

Under Article 116, Mr. S. Iyempandi, Director of the company retire from office by rotation and being eligible, offers themselves for reappointment.

CORPORATE GOVERNANCE

In pursuance to Clause 49 of the Listing agreement with the stock exchanges, corporate governance report and Management Discussion and Analysis are given elsewhere and form part of this report.

INFORMATION UNDER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956

Conservation of energy

All steps have been taken to conserve energy at all levels.

Technology Absorption,

Adoption and Innovation : Not Applicable.

Research & Development : Research Wing is Active

Foreign exchange earnings and outgo

The foreign exchange earnings : Nil

The foreign exchange outgo : Rs. 150552.00

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956 your directors confirm that in the preparation of the annual accounts the applicable accounting standards have been followed except the following AS 2 -regarding the valuation of Inventories- the company consistently following the valuation of finished goods and Work in process at selling prices since

the selling prices are less than the cost price AS 15 - regarding the retirement benefits to employees- The number of employees who are eligible for gratuity are very small and likewise the quantum of leave encashment payable to the employees are very marginal and hence in the opinion of the management both will be accounted on cash basis. such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state of affairs of your company as at 31st March 2004 and of the Loss pf the company for the year ended on that date.

Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, for safeguarding the assets of the company and for preventing detecting fraud and other irregularities and the annual accounts have been prepared on a going concern basis.

AUDITORS REPORT

The auditor's reports are of self explanatory. The company is not able to get a suitable candidate for appointment of Company Secretary. The Company is taking steps to appoint internal Auditors during the years to come. The company has applied for waiver of interest with IDBI and TIIIC and hope to get benefit and hence the management feels no provision is required for interest on these loans for the current year. The interest and penalty if levied by authorities for delayed payment of ESI, PF and sales tax will be provided at the time of levy. Madras, Bombay and Ahmedabad Stock exchanges have not delisted the shares of your company.

AUDITORS

M/S. Ramadoss & Associates, Chartered Accountants, Chennai retire at the conclusion of this 12th annual general meeting and are eligible for reappointment. The directors recommend their appointment.

GENERAL

Particulars of the employees of the company who are in receipt of the remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 are either Nil or not applicable.

The directors wish to place on record their appreciation of the good work done by the employees.

The directors wish to thank their bankers, financial institutions for their continued support.

Place : Chennai

Date : 26.8.2004

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

1. We have audited the attached Balance sheet of IYKOT HITECH TOOLROOM Limited, as at March 31, 2004 and also the profit and loss account for the year ended on that date annexed thereto and the cash flow statement 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.

2. 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.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure 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:

- i. 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;
- 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, 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 subject to AS 2 regarding valuation of

inventories and AS 15 regarding accounting retirement benefits to employees as specified elsewhere in the report

- v. We are not able to express our opinion regarding the directors of this company are being appointed as directors under 274 (1) (g) of the companies Act, 1956, in the absence of written representations and confirmations from the directors in which Directors of this company are Directors which are required to be recorded to be taken on record by the board.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read 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 subject to the following paragraphs (a) to (i)
 - a) Non provision for over due interest on TIIC on unsecured loans of Rs. 17.36 lakhs on hire purchase loan from TIIC
 - b) Non provision of Rs 4.35 lakhs being over due interest on loan taken from M/S. Transcorp Finance limited
 - c) Non provision for interest on secured loan for the year taken from IDBI for the year Rs 5,00,38,045
 - d) The finished and semi finished goods were valued at selling prices in violation of AS2 issued by ICAI
 - e) The Penalty, Interest if any arises on account of delay / non payment of ESI, P.F and Sales tax has not been ascertained and no provision has been made
 - f) Non provision of gratuity liability and leave encashment are not ascertained by the management and non provision is in violation of AS 15 issued by ICAI
 - g) The company does not have a qualified Secretary as per section 383 A of the Companies Act, 1956
 - h) No Audit Committee was constituted by the Company as required under sec 292 A of the Companies Act, 1956
 - i) The Company had not complied with clause 49 of the listing agreement in respect of

IYKOT HITECH TOOLROOM LIMITED

Corporate governance, as required by guidelines of SEBI and we are not in a position to give certificate to this effect

- j) The company had defaulted in complying with clause 41 of the listing agreement in respect of publishing un-audited financial results quarterly.
- k) The company has not paid to the listing fees to the Madras, Bombay and Ahmedabad Stock exchanges and we have been informed that the said exchanges has not suspended their trading.
- l) As required by the guidelines of SEBI, the company had not made arrangements for dematerialization of the shares.

- (a) In the case of the balance sheet, of the state of affairs of the Company as at 31 March, 2004;
- (b) In the case of the profit and loss account, of the loss for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

FOR RAMADOSS & ASSOCIATES,
CHARTERED ACCOUNTANTS

K. RAMADOSS

PARTNER

Place: Chennai

Date: August 26, 2004 (Membership No. 19176)

ANNEXURE REFERRED TO IN PARAGRAPH '3' OF THE AUDITOR'S REPORT TO THE MEMBERS OF IYKOT HITECH TOOLROOM LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2004

- i. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a system of physical verification once in a year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) As the Company has not disposed off any part of the fixed assets during the year, paragraph 4(i)(c) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) is not applicable
- ii. (a) During the year, the inventories have been physically verified at reasonable intervals by the management and in our opinion; the frequency of verification is adequate and reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the record of inventories, we are of the opinion that the Company is maintaining proper records of

inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of accounts.

- iii. According to the information and explanations given to us, the Company has not given any loans, but has taken unsecured loans from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956

Number of Parties	2
Amount Involved	15 Lakhs
Maximum Outstanding	
At Anytime During the Year	1450253
Outstanding as at 31.03.2004	1214253

In our opinion, the rate of interest and other terms and conditions of loan taken are prima facie are not prejudicial to the interest of the company.

There are no amounts which was overdue as at the year end

- iv. 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 purchases of inventories, fixed assets and with regard to sale of goods. During the course of our audit, no major weakness has been noticed in the underlying internal controls.
- (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the transactions that need to be entered in the register in