



IYKOT HITECH TOOLROOM LIMITED

REPORT

15th

ANNUAL REPORT

2005-2006



BOARD OF DIRECTORS

THIRU. S. IYEMPANDI	Managing Director
THIRU. N.K.S. KOLAPPAN	Joint Managing Director
PROF. ROOSHIKUMAR PANDYA	Director
THIRU. A. PARAMASIVAM	Director (From 31.1.06)
Dr. S. RAJAPANDIAN	Director (From 30.6.06)

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.

BANKERS

State Bank of Indore, Chennai - 109
Indian Bank, Chennai - 119
Canara Bank, Chennai - 32

REGISTERED OFFICE

No.19, Block - I, Sidco Electronic Complex
Guindy, Chennai - 600 032.
Telephone : 22332280
Telefax : 22332280
Email : iykothitech@airtelbroadband.in
Home Page : www.iykot.com

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NOTICE TO THE SHARE HOLDERS

NOTICE is hereby given that the 15th Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 27th September 2006 at 11.00 a.m. at **Tanstia FNF Service Centre, Industrial Estate, Guindy, Chennai – 600032** to transact the following business.

1.0 ORDINARY BUSINESS :

1. To receive, consider and adopt the audited statements of accounts for the year ended 31st March 2006 and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Prof. Rooshikumar Pandya who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Sri. A. Paramasivam as a Director of the Company, liable to retire by rotation who was appointed as Additional Director and whose term expires under section 260 of the Companies Act at this Annual General Meeting, be and is here by appointed as a Director of the Company. Notice has been received from a share holder proposing his appointment as Director. Sri. A. Paramasivam has also conveyed his consent to be Director if appointed at the General Meeting.
4. To appoint Dr. S.Rajapandian as a Director of the Company, liable to retire by rotation who was appointed as Additional Director and whose term expires under section 260 of the Companies Act at this Annual General Meeting, be and is here by appointed as a Director of the Company. Notice has been received from a share holder proposing his appointment as Director. Dr.S.Rajapandian has also conveyed his consent to be Director if appointed at the General Meeting.
5. To appoint Auditors and fix their remuneration. M/s.Ramadoss & Associates, Chartered Accountants, Chennai retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for re-appointment.

2.0 SPECIAL BUSINESS :

1. To consider and if thought fit to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION.

"RESOLVED that pursuant to Section 269,309 and 310 and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Members in the General Meeting, Thiru.S.Iyempandi, be and is hereby re- appointed as Managing Director of the Company for a period of five years from 29th September, 2005. The remuneration shall be as per the terms and conditions approved at the Annual General Meeting held on 27th September, 2000 as detailed hereunder till 31st March, 2007.

Salary (including Dearness Allowance) Rs.15,000/- p.m.,

House Rent Allowances Rs. 9,000/- p.m.

Perquisites shall be allowed in addition to salary shall not exceed one month salary of Rs 15000/-.

(The terms perquisites means expenditure incurred towards Gas, Electricity, Water and furnishing and shall be valued as per Income Tax Rules, 1962, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance and all other allowances).

2. To consider and if thought fit to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION.

"RESOLVED that pursuant to Section 269,309 and 310 and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Members in the General Meeting, Thiru.N.K.S.Kolappan, be and is hereby re- appointed as Joint Managing Director of the Company for a period of five years. from 29th September, 2005. The remuneration shall be as per the terms and conditions earlier approved at the Annual

General Meeting held on 27th September, 2000 as detailed hereunder till to 31st March, 2007.

Salary including Dearness Allowance) Rs.15,000/- p.m.,

House Rent Allowances Rs. 9,000/- p.m.

Perquisites shall be allowed in addition to salary shall not exceed one month salary of Rs 15,000/-.



(The term Perquisites means Expenditure incurred towards Gas, Electricity, Water and furnishing and shall be valued as per Income Tax Rules, 1962, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance and all other allowances).

BY ORDER OF THE BOARD
S.IYEMPANDI
 Managing Director

Place : Chennai
 Date : 11-08-2006

Note :

1. A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote. 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 at No.19, Block-I, Sidco Electronics Complex, Guindy, Chennai - 600 032. 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 15.09.2006 to 27.09.2006 (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.

Explanatory Statement

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

The information in respect of Item No. 1.2, 1.3 and 1.4 pursuant to SEBI code for Corporate Governance about Directors seeking re-appointment in this Annual general Meeting are furnished hereunder.

Particulars	Item No.1.2	Item No.1.3	Item No.1.4
Name of the Director	Prof. Rooshikumar Pandya	Sri A. Paramasivam	Dr. S. Rajapandian
Date of Birth	27.03.1940	25.03.1940	01.06.1942
Date of Appointment	10.08.1992	30.12.2005	25.07.2006
Qualification and experience in specific functional areas	B.A. (Hons) from India. M.A. from California, USA and another M.A. from Montreal, Canada. Management Consultant in HRD. He is specializing in Leadership, Negotiation skills, team building, Assertive Management etc. Has done programmes for L&T, GEC, ABB, IDBI, HLL and some eighty other companies.	I.T.I. Graduate with more than 40 years hands on experience plastic and polymer moulding technology. Well versed in Injection Moulding Machine erection, testing and maintenance. Has worked as Manager Maintenance Manager in CIPET, Chennai. Now heads his own plastic processing unit employing morethan 250 persons.	B.E.(Elec.), M.E.,(HV) and Doctorate in H.V. (Engg.) from Indian Institute of Science, Bangalore. Has wide experience in manufacturing of Electric compont (capacitor) and Specialized in the field of Electrical Engineering in energy saving. He has his own unit manufacturing power capacitor and also Principal of Panimalar Engg.College, Chennai and visiting Professor in Sathyabama Engg. College, Chennai



Particulars	Item No.1	Item No.2	Item No.3
List of companies in which outside directorships held	Godavari Sugar Mills, Mumbai Sintex Industries Ltd., Kalol, Gujarat La Mere Apparels, Ahmadabad, Center for Personal and Professional Excellence Pvt. Ltd., Mumbai, Sanblue Internet Pvt. Ltd. Ahmedabad	Nil	Nil
Chairman/Member of the committee of the Board of Director of the company	Member in Remuneration Committee and Audit Committee	Chairman of Remuneration Committee and Member in Audit Committee	Chairman of Audit Committee. Member - Remuneration Committee and Share Holders / Investors Grievance Committee
Chairman/Member of the committees of other companies in which he is a director	Member in Remuneration Committee and Audit Committee	Nil	Nil
Details of shareholding in the company	117600	Nil	1000

Resolution No: 2.1

Thiru.S.Iyempandi was re-appointed as Managing Director of the Company at the meeting of the Directors held on 10th August, 2006 effective from 29th September, 2005 for a further period of 5 years and the Remuneration Committee constituted in terms of Clause 49 of the Listing Agreement approved and recommended the re-appointment of Shri. S.Iyempandi as Managing Director on the same terms and conditions as approved by the shareholders at the Annual General Meeting on 27th September, 2000 as set out in the Notice, from 29th September, 2005 to 31st March, 2007.

This statement should be treated as an abstract of the terms of the contract with Thiru. S. Iyempandi, Managing Director, for the purpose of section 302 of the Companies Act, 1956.

The Director Command the resolution for approval.

None of the Directors of the Company except Thiru. S.Iyempandi, is interested in the above resolution.

Resolution No:2.2

Thiru.N.K.S.Kolappan was re-appointed as Joint Managing Director of the Company at the meeting of the Directors held on 10.08.2006 effective from 29th September, 2005 for a further period of 5 years and the Remuneration Committee constituted in terms of Clause 49 of the Listing Agreement approved and recommended the re- appointment of Shri. N.K.S.Kolappan as Joint Managing Director on the same terms and conditions as approved by the shareholders at the Annual General Meeting on 27th September, 2000 as set out in the Notice, from 29th September, 2005 to 31st March, 2007.

This statement should be treated as an abstract of the terms of the contract with Thiru.N.K.S.Kolappan, Joint Managing Director, for the purpose of section 302 of the Companies Act, 1956.

The Director Command the resolution for approval.

None of the Directors of the Company except Thiru. N.K.S.Kolappan, is interested in the above resolution.

BY ORDER OF THE BOARD

S. IYEMPANDI

Managing Director

Place : CHENNAI

Date : 11-08-06



DIRECTORS' REPORT

Your directors have great pleasure in presenting their 15th Annual Report and the Audited Accounts of the company for the year ended 31st March 2006.

1.0 FINANCIAL RESULTS

(Rupees in Lakhs)

Year ended	31.03.2006	31.03.2005
Profit & Loss before interest and depreciation	1424.95	31.72
Interest	46.80	4.73
Depreciation	529.12	47.76
Profit/(Loss) after Interest and Depreciation	849.03	(20.77)
Provision for taxation	NIL	NIL
Profit/(Loss) after taxation	849.03	(20.77)
Balance Brought Forward from Previous year	(1398.07)	(1378.20)
Balance carried to Balance Sheet	(549.94)	(1398.97)

2.0 DIVIDEND :

Considering the accumulated losses, your Directors have not recommended any dividend on equity share capital of the company for the year ended 31st March, 2006.

3.0 AUSTERITY MEASURES :

The Company continues to pursue austerity measures to achieve cost reduction.

4.0 CORPORATE GOVERNANCE

The Board of Directors at their Meeting held on 30th June, 2006 has adopted Clause 49 of the Listing Agreement and in accordance with the provisions of the said clause has constituted Audit Committee, Share Transfer Committee, renamed as Shareholders / Investors Grievance Committee. In addition, Remuneration Committee has also been constituted. The Board has laid down the Code of Conduct for the Board members and Executive of the company.

In pursuance to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance report along with the Auditors Certificate are given elsewhere and form part of this report.

5.0 TRADING IN THE SHARES / DELISTING OF EQUITY SHARES :

The Trading in the shares of the Company is under suspension in the Bombay stock Exchange for non payment of Listing Fee and non-Compliance with the various clauses of Listing Agreement entered into. Arrears of Listing Fee to Bombay Stock Exchange has since been paid and undertaking has also been given to Bombay Stock Exchange to strictly comply with the clauses of Listing Agreement. We have requested for revocation of suspension imposed on the trading in the shares of the Company.

The Share Holders at the Annual General Meeting held in 24.09.2004 approved the de-listing of Securities from Ahmedabad Stock Exchange and the Company is yet to get the approval for delisting from them. Due to its Sickness, the Company has not paid the listing fee to The Madras Stock Exchange Ltd. from 2000-01 onwards and has also not complied with the various clauses of Listing Agreement.

Your Company has not appointed Registrars and Share transfer Agents and the Share Transfer work is being carried In House. In terms of the provisions of the Listing Agreement the Company will be appointing the Registrars and Share Transfer Agents to take care of the Share Transfer work



6.0 CHANGE OF REGISTERED OFFICE OF THE COMPANY:

Your Directors wish to inform you that at the Board Meeting held in January 2006, it was decided to shift the Registered Office of the Company from No.3, Elcot Avenue, Sholinganallur, Chennai – 600119 to No.19, Block – I, Sidco Electronics Complex, Guindy, Chennai – 600032 effective from 10th March, 2006. Accordingly the Registered Office, is functioning from the aforesaid address from that date.

7.0 DIRECTORS

Under Article 116, Prof.Rooshikumar Pandya, Director of the company retires from office by rotation and being eligible, offer himself for re-appointment.

To comply with Clause 49 of Listing Agreement, Sri.A.Paramasivam and Dr.S.Rajapandian were appointed as dependent Directors till the conclusion of the next Annual General Meeting. Notice has been received from Share Holders proposing the appointment of both Sri. A. Paramasivam and Dr. S. Rajapandian as Directors liable to retire by rotation and the same has been included in the notice convening the Meeting.

8.0 MANAGING DIRECTOR/JOINT MANAGING DIRECTOR:

The term of Office of Managing Director and Joint Managing Director expired on 29th September, 2005. The Remuneration Committee constituted in accordance with the Clause 49 of the Listing Agreement has approved the renewal of the appointment of Sri. S.lyempandi as Managing Director and Sri. N.K.S. Kolappan as Joint Managing Director for a further period of 5years from 29th September, 2005. The remuneration payable shall be on the same terms and conditions as approved by the share holders at the Annual General Meeting held in 27th September, 2000, till 31st March, 2007. This was approved by the Board of Directors at their meeting held on 10th August, 2006 and the same is being placed before the Members for their approval

9.0 INFORMATION UNDER SECTION 217(2A) & 217 (1) (E) OF THE COMPANIES ACT, 1956.

9.1 During the year no employee has drawn salary in excess of the amounts prescribed under Section 217 (2A) of the Companies Act, 1956, read with (Companies particulars of employees) Rules 1975.

9.2 Information required under Section 217 (1) (e) is given hereunder.

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| (i) Conservation of energy | : | All steps have been taken into conserve energy at all levels. |
| (ii) Technology Absorption, Adoption and Innovation | : | Not applicable. |

9.3 Research and Development : Research Wing is active

9.4 Foreign Exchange earnings and outgo :

- | | | |
|-----------------------------------|---|----------------|
| (i) The Foreign Exchange earnings | : | NIL |
| (ii) The Foreign Exchange outgo | : | Rs.14,34,480/- |

10.0 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-15: Regarding the retirement benefit to employees. The number of employees who are eligible for leave encashment are very marginal and hence in the opinion of the management, this will be accounted on cash basis. The gratuity payable on actual valuation has been provided this year



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.

As Approved by Annual General Meeting in the meeting held on 29.09.2005, the Land and Building located No.3, Elcot Avenue, Sholinganallur, Chennai - 600 119 was sold to M/s.Call Express Constructions India (P) Ltd., Chennai for a consideration of Rs.400.00 lakhs.

The sale was concluded on 18th January 2006. From the sales proceeds, One Time Settlement (OTS) was made to IDBI and cleared Working Capital Term Loan (WCTL) to State Bank of Indore (SBI) for clearing the charge created on the fixed assets for releasing the documents. The documents were collected, after clearing the term loan under OTS. (IDBI) and full settlement of Working Capital term loan (SBI) and handed over to the buyer.

As agreed with the buyers and as per your directions in the AGM, the buyer has agreed to give six months for vacating the premises. We have moved to a rented premises on the same locality with all the tool room machines, and handed over that portion of land measuring 1.7 acres out of 2.0 acres to the buyer. The balance 0.3 acres where the plastic component making machines are running will be handed over to the buyer by the end of this year. The buyer has also agreed for this arrangement.

The Company requested IDBI, appointed as Operating Agency under the BIFR Act, to recommend the Rehabilitation Package to BIFR for declaring our Company as "Relief Unit" with associated concessions under BIFR Act.

11.0 FIXED DEPOSITS:

The Company has not accepted any Fixed Deposits from the public from the date of commencement of Business.

12.0 COMPANY SECRETARY:

Steps are being taken to appoint a Whole- Time Company Secretary under the provisions of the Companies Act, 1956.

13.0 AUDITORS

M/s.Ramadoss & Associates, Chartered Accountants, Chennai retires at the conclusion of this 15th Annual General Meeting and are eligible for re-appointment.

The directors recommend their re-appointment.

14.0 ACKNOWLEDGEMENT:

The directors wish to thank IDBI, the Bankers & Institutions, Customers, Suppliers and Share Holders for their continued support.

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

Place: Chennai

N.K.S. KOLAPPAN

S. IYEMPANDI

Date : 11-08-06

Joint Managing Director

Managing Director