

**BOOK POST**



# Solidaire

Solidaire India Ltd



**31<sup>st</sup>  
ANNUAL  
REPORT  
2003-2004**

If undelivered, please return to :

Solidaire India Limited  
Regd. Office : No.12, 3<sup>rd</sup> floor,  
First Main Road,  
Gandhi Nagar, Adyar  
Chennai – 600 020



## Solidaire India Limited

### BOARD OF DIRECTORS

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A N Srinivasa Rao                      Chairman

A S Ramana Prasad                      Director

S Rajagopal                              Director

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#### REGISTERED OFFICE

12, 3<sup>rd</sup> Floor, First Main Road  
Gandhi Nagar, Adyar  
Chennai 600 020

#### AUDITORS

M C Ranganathan & Co.  
Chartered Accountants

#### BANKERS

Indian Bank  
Bank of Baroda

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Solidaire India Limited

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty First Annual General Meeting of the Company will be held at "Vidya Peet", Bala Vidya Mandir Senior Secondary School, No 58, 4<sup>th</sup> Main Road, Gandhi Nagar, Chennai 600 020 on Friday, the 24<sup>th</sup> September, 2004 at 10.00 A.M. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2004, the Profit and Loss Account of the Company for the year ended March 31, 2004 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr S Rajagopal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

Registered office :

12, 3<sup>rd</sup> Floor, First Main Road,  
Gandhi Nagar, Adyar,  
Chennai- 600 020

Date 16<sup>th</sup> August 2004

By order of the Board

**A S Ramana Prasad**  
Director

### 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 such proxy need not be a member of the company. The proxies, in order to be valid, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. Please bring the attendance slip duly filled in and hand over at the entrance of the Meeting Hall.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16-09-2004 to 24-09-2004 (both days inclusive).
4. Members are requested to notify change in address, if any, to the Registered Office of the Company.
5. As required under clause 49 of the listing agreement a brief background of the retiring director proposed for re-appointment is furnished below.

**Mr. S. Rajagopal** has been serving as a director of the company since March 2002. He is an industrialist from Madurai and has an experience of over 40 years. He is the Managing Director of Small Industries Product Promotion Organisation Limited, Madurai. He is also a Director in Southern Hosieries Pvt. Ltd., and DC Resins (P) Ltd.



## DIRECTORS' REPORT

The Directors present their Report together with the Audited Accounts for the year ended March 31, 2004.

### Financial Results

(Rupees in lakhs)

	2003-04	2002-03
Gross Profit /(Loss) Before Interest, Depreciation	0.17	(25.31)
Add (i) Interest	158.29	135.88
(ii) Depreciation	45.46	46.54
Loss for the year	203.58	207.73
Transfer from Revaluation Reserve	5.49	5.50

### Operations

Income from other sources amounted to Rs 10.72 lakhs for the year ended 31st March 2004 against Rs 16.71 lakhs during the previous year.

The Company's operations are suspended from April 2000 onwards.

### Rehabilitation proposal

The Company was declared as a Sick Industrial Company under Sick Industrial Companies (Special Provisions) Act, 1985 by the Hon'ble BIFR on 1-10-97. In the rehabilitation package submitted to the Hon'ble BIFR, the company proposed to induct strategic alliance partner in the revival and rehabilitation of the Company. The only matter in respect of which the rehabilitation package could not be implemented/Company's operations could not be revived, inter alia, was due to the Government of Tamil Nadu not favourably considering the request for sales tax deferral as sought by the prospective investor. Since the Company could not get the deferral within the time prescribed, the Hon'ble BIFR was constrained to recommend winding up the Company on 13-8-2001 and the winding up petition is pending before the Hon'ble High Court, Madras. The Company had appealed to the Hon'ble AAIFR against the order of the Hon'ble BIFR. The Hon'ble AAIFR subsequently dismissed the appeal. Subsequently, the Company filed civil writ petition before the Hon'ble High Court at New Delhi. The Hon'ble Delhi High Court has stayed the order of the Hon'ble AAIFR.

The Directors would like to submit that the operations of the Company has been suspended since April 2000 and the situation remains the same. The Company is working with minimum strength on need basis as most of the employees have left the Company.



The Provident Fund Authorities have sealed the manufacturing facilities and the Company does not have sufficient funds to meet the day to day operation including renewal of insurance policies in respect of Company's assets. Due to suspension of operations and sealing of manufacturing facilities by Provident Fund Department, physical verification of Fixed Assets and Inventories could not be carried out. Since physical verification of stock could not be carried out, necessary provision for obsolete/non moving stock is not ascertainable, hence not provided.

M/s Indian Bank, Bank of Baroda, ICICI Bank Ltd have all filed recovery proceedings before the Hon'ble DRT Chennai. Bank of Baroda as Debenture holders have also filed recovery proceedings before the Hon'ble DRT Chennai for non payment of Debenture interest and principal. The workers represented by their union has raised an Industrial Dispute and the same is pending before the Industrial Tribunal. Pending dispute many of the workers and employees have resigned.

#### **Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, It is hereby confirmed:

1. That in preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2004, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 the year under review;
3. That the Directors had 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, except for non renewal of insurance policies on the assets of the company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2004 on a "going concern basis".

#### **Conservation of Energy / Technology Absorption / Foreign Exchange Earnings / Outgo.**

Since there is no activity this is not applicable for the relevant financial year.

#### **Particulars of Employees**

The information required to be furnished under Section 217(2A) of the Companies Act, 1956 is not applicable, since none of the employees is covered under that section.



**Solidaire India Limited**

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### **Directors**

Mr S Rajagopal retires by rotation and is eligible for reappointment.

### **Corporate Governance**

A separate report on Management Discussion and Analysis Report and Report on Corporate Governance for the year ended 31<sup>st</sup> March 2004 is attached to this report.

### **Auditors**

M C Ranganathan & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. In respect of qualification in the Auditors Report, an addendum is annexed to this report. Further, reference may be had to notes on accounts wherever necessary.

### **Acknowledgement**

The Directors wish to place on record their appreciation of the support received from the Central Government, BIFR, Government of Tamil Nadu, Indian Bank, Bank of Baroda, ICICI and Unit Trust of India and from all members of the SOLIDAIRE FAMILY comprising suppliers, customers, shareholders and employees.

Chennai

Dated 16<sup>th</sup> August 2004

For and on behalf of the  
Board of Directors  
**A N Srinivasa Rao**  
Chairman



Solidaire India Limited

## Management Discussion and Analysis Report and Report on Corporate Governance for the year ended 31<sup>st</sup> March 2004

### The Management Discussions and Analysis report : Company's operations and Rehabilitation Status

1. The Company's operations are suspended from April 2000 onwards.
2. The Company was declared as a Sick Industrial Company under Sick Industrial Companies (Special Provisions) Act, 1985 by the Hon'ble BIFR on 1-10-97. In the rehabilitation package submitted to the Hon'ble BIFR, the company proposed to induct strategic alliance partner in the revival and rehabilitation of the Company. The only matter in respect of which the rehabilitation package could not be implemented/Company's operations could not be revived, inter alia, was due to the Government of Tamil Nadu not favourably considering the request for sales tax deferral as sought by the prospective investor. Since the Company could not get the deferral within the time prescribed, the Hon'ble BIFR was constrained to recommend winding up the Company on 13-8-2001 and the winding up petition is pending before the Hon'ble High Court, Madras. The Company had appealed to the Hon'ble AAIFR against the order of the Hon'ble BIFR. The Hon'ble AAIFR subsequently dismissed our appeal. The Company had filed civil writ petition before the Hon'ble High Court at New Delhi. The Hon'ble Delhi High Court has stayed the order of the Hon'ble AAIFR.
3. The future outlook of the company depends upon the various factors, inter alia, outcome of the writ petition filed before the Hon'ble Delhi High Court, arrangement / identification of strategic alliance partner to revive the company, future outlook of electronic industry, fierce foreign competition, Government policies towards sick industrial companies etc.,

### Report on Corporate Governance :

#### 1. Company's Philosophy :

The Company has in principle adopted Corporate Governance compliance. The Company believes in the values of transparency, professionalism and accountability in its dealings with every individual who comes in contact with the Company.

#### 2. Board of Directors

The Company Board of Directors till May 2001 consisted of 6 Directors, viz Special Director, Nominee Director and two Independent Professional Directors till the Company had full operation. The number of Board of Directors is 3 as on date with two promoters non executive Directors and one Non-executive and independent Director. At the present stage the Company could not raise the number of independent directors. Since there are only 3 directors and the Company having negligible activity, audit committee, share transfer committee etc are comprised of this 3 directors only. Further the Directors have resolved not to receive sitting fees with effect from April 2001. Mr S Rajagopal retires by rotation and is eligible for reappointment.