

**STARVOX
ELECTRONICS
LIMITED**

**21st
ANNUAL
REPORT
&
ACCOUNTS
[2005-2006]**

STARVOX ELECTRONICS LIMITED

Board of Directors

Shri Jitendra C. Mehta, Managing Director

Shri Kandarp R. Kinariwala

Shri Chandrakant P. Mehta

Shri Gordhandas S. Patel

Shri Shirish G. Patel

Shri Hasmukh R. Modi

Shri Rajan A. Patel

Bankers

State Bank Of India

Bank Of Baroda

ICICI Bank Ltd

Auditors

M/S Shah Merchant & Associates

Chartered Accountants

Ahmedabad

Registered Office

B-5, GIDC Electronics Estate
Gandhinagar - 382 024.(India)

STARVOX ELECTRONICS LIMITED

NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of STARVOX ELECTRONICS LTD. will be held on Thursday, the 21st day of September, 2006, at 10.00 A.M. at B-5, GIDC Electronics Estate, Sector-25, Gandhinagar-382 024 (Gujarat), the Registered office of the Company to transact the following business :

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2006 and the Profit & Loss Account for the year ended on 31st March, 2006, together with the Directors' and Auditors' Report thereon.
- 2) To appoint a Director in place of Shri Chandrakant P. Mehta, a Director, who retires by rotation and being eligible offers himself for reappointment.
- 3) To appoint a Director in place of Shri Gordhandas S. Patel, a Director, who retires by rotation and being eligible offers himself for reappointment.
- 4) To re-appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

- 5) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/S M. C. Gupta & Co., Company Secretaries, Ahmedabad, be and are hereby appointed as Secretary in Whole-time practice to issue to the Company the Compliance Certificate as required under Sub-rule (1) of Rule 3 of Companies (Compliance Certificate) Rules, 2001 under Section 383A of the Companies Act, 1956 for the financial year 2006-2007 at a remuneration which may be determined by the Board of Directors of the Company in consultation with the said Company Secretaries."

- 6) 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 read with Schedule XIII and Sections 198, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956, Shri Jitendra C. Mehta be and is hereby reappointed as Managing Director of the Company for a further period of five years with effect from 1st June, 2006, on the following terms and conditions :

- 1) SALARY : Rs. 18,000/- (Rupees Eighteen Thousand Only) per month in the grade of Rs. 18,000 - 500 - 20,000.
- 2) In addition to the Salary, he shall be entitled to the perquisites listed in Category A, B & C below:

CATEGORY - A :

- A) Housing : The expenditure by the Company on hiring furnished accommodation for Managing Director will be subject to a ceiling of 60% of the Salary over and above 10% payable by the Managing Director.

In case the accommodation is owned by the Company, 10% of Salary of the Managing Director shall be deducted by the Company.

In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to ceiling laid down above.

Explanation : The expenditure incurred by the Company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling

STARVOX ELECTRONICS LIMITED

of 10% of the Salary of the Managing Director.

- B) Medical Reimbursement : Expenses incurred for the Managing Director and Family, subject to a ceiling of one month's salary in a year or three month's Salary over a period of three years.
- C) Leave Travel Concession : For the Managing Director and his Family, once in a year in accordance with the Rules specified by the Company.
- D) Club Fees : Fees of Clubs subject to a maximum of two clubs, excluding admission and life membership fees.
- E) Personal Accident Insurance : Premium not exceeding Rs. 4000/- per annum.

Explanation : For the purpose of Category - 'A' Family means the Spouse, the dependent Children and dependent Parents of the Managing Director.

CATEGORY - B :

- A) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act. Gratuity payable shall not exceed half a month's Salary for each completed year of service.
- B) Encashment of Leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY - C :

Provision of Car for use on Company's business and Telephone at residence will not be considered as perquisites. However, personal long distance calls on Telephone and use of Car for private purpose shall be billed by the Company to the Managing Director.

- 3) Commission : He shall also be entitled to a commission at the rate of 1% of the net profits of the Company computed in the manner laid down under Section 309 (5) of the Companies Act, 1956.

In case the Company has no profits or inadequate profit in any financial year during the terms of office, the Managing Director shall be entitled to receive the above Salary and Perquisites as minimum remuneration.

However the total remuneration by way of Salary, Commission, Perquisites and other allowances shall not exceed 5% of net profit computed in the manner laid down under Section 198 and 309 of the Companies Act, 1956, for one such managerial person in any financial year.

The Company will reimburse to the Managing Director such expenses as he may incur on behalf of the Company.

The Managing Director shall be entitled to earned privilege leave on full pay and allowance as per the rules of the Company not exceeding one month's leave for every eleven months service.

The Managing Director shall not be liable to retire by rotation.

The Managing Director shall not be entitled to receive any sitting fees for attending the meeting of the Board of Directors or Committee thereof from the date of his appointment.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things for giving effect to the said re-appointment of Mr. Jitendra C. Mehta as Managing Director of the Company."

Place : Ahmedabad
Date : 30th June, 2006

By order of the Board Of Directors
Jitendra C. Mehta
Managing Director

Note :

- 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 the proxy need not be a member of the Company.

A proxy in order to be valid should be lodged at the Registered Office of the Company, not later than 48 hours of the time of the Annual General Meeting of the Company.

- 2) The Register of Members and Share Transfer Book of the Company shall remain closed from Thursday, 14th September, 2006 to Thursday, 21st September, 2006 (both days inclusive).
- 3) Members are requested to bring their copy of Annual Report at the Meeting.
- 4) Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.

EXPLANATORY STATEMENT**Item No. 5 :**

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 :

Pursuant to Sub-section (1) of 383A of the Companies Act, 1956, every Company having a paid-up Capital of Rs. 10 Lacs and above is required to file with the Registrar of Companies, a Compliance Certificate from a Secretary in Whole-time practice and a copy of such Certificate shall be attached to the Director's Report referred to in Section 217 of the Act.

The Board of Directors of your Company recommends the appointment of M/S M. C. Gupta & Co., Company Secretaries, Ahmedabad for the financial year 2006-2007 to furnish a Compliance Certificate for the Company.

None of the Director of the company is in any way concerned or interested in the resolution.

Item No. 6 :

Shri Jitendra C. Mehta was re-appointed as a Managing Director of the Company for a period of five years with effect from 1st June, 2001 at a remuneration and other terms and conditions as approved by the members at the General Meeting held on 27th September, 2001.

Under the guidance and supervision of Shri Jitendra C. Mehta, the Company has improved its working and there has been reduction in losses of the Company. The Board of Directors at its meeting held on 31st March, 2006, has decided, in the interest of the Company, to reappoint Shri Jitendra C. Mehta as a Managing Director of the Company for a further period of five years. Your Directors recommend passing of the above resolution as set at Item No. 6 of the accompanying notice.

A copy of the draft agreement to be entered into with Shri Jitendra C. Mehta is available for inspection during business hours on all working days at the Registered Office of the Company upto the date of the Annual general Meeting.

Shri Jitendra C. Mehta himself and Shri Chandrakant P. Mehta being related to him deemed to be concerned or interested in the said resolution. No other Director is, in any way concerned or interested in the said resolution.

By order of the Board Of Directors

Jitendra C. Mehta
Managing Director

Place : Ahmedabad
Date : 30th June, 2006

STARVOX ELECTRONICS LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present herewith their Twenty First Annual Report for the year ended 31st March 2006 together with the Audited Accounts and the Auditors' Report thereon.

FINANCIAL RESULTS

	<u>Rs. in Lacs</u>	
	<u>2005-2006</u>	<u>2004-2005</u>
Sales and Other Income	44.34	23.05
Interest	1.12	0.87
Depreciation	1.91	2.02
Profit (Loss)	8.36	(3.24)
Balance Brought forward	(56.64)	(53.40)
Balance Carried to Balance Sheet	(48.28)	(56.64)
	=====	=====

The Sales during the year has increased from Rs. 21.30 Lacs to Rs. 43.07 Lacs. The increase is due to the efforts put by the management. Your Directors are making additional efforts to enhance the sale of SMPS and other Products by concerted marketing efforts. Your Company has earned a Profit of Rs. 8.36 Lacs, as against a Loss of Rs. 3.24 Lacs during the previous year. The accumulated losses as at 31st March, 2006 stands decreased at Rs. 48.28 Lacs.

In view of accumulated losses, your Directors express their inability to recommend any dividend on Equity Shares of the Company for the year under review.

DEPOSITS

During the year, the Company has not accepted any deposits pursuant to the provisions of Section 58-A of the Companies Act, 1956 and rules made thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars regarding conservation of energy in Form-A are not applicable, as the Company is engaged in manufacturing and assembly of Electronic Items. During the year, the Company has spent Foreign Currency of Rs. 2,10,041 on account of Purchase of Raw Materials and has earned Rs. 90,565/- on account of Sale of SMPS.

PARTICULARS OF EMPLOYEE

There is no employee, who is in receipt of remuneration exceeding the limits specified under Section 217 (2-A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 1) in the preparation of the account for the financial year ended 31st March, 2006, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- 2) the Directors have selected such accounting policies and applied them consistently and made

judgments 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) the Directors have taken proper and sufficient care for the maintenance of adequate record in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) the Directors have prepared the accounts for the financial year ended 31st March, 2006 on a going concern basis.

DIRECTORS

Shri Chandrakant P. Mehta and Shri Gordhandas S. Patel Directors retire by rotation and being eligible offer themselves for reappointment. You are requested to re-appoint them.

CORPORATE GOVERNANCE

The paidup Share Capital of the Company is less than Rs. 300 Lacs and therefore a report on Corporate Governance pursuant to clause 49 of the Listing Agreement is not annexed.

AUDITORS

M/S Shah Merchant & Associates, Chartered Accountants, Ahmedabad, retire at the ensuing Annual General Meeting. You are requested to reappoint them and fix their remuneration.

COMPLIANCE CERTIFICATE

In accordance with Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001, the Company has obtained a Certificate from a Secretary in Whole-time Practice that the Company has complied with the provisions of the Companies Act, 1956 and a copy of such certificate is annexed to this report.

AUDITORS REPORT

With reference to the comments made by Auditors in their Report, the explanations given in the Notes on Accounts are self explanatory.

APPRECIATION

The Board of Directors places on record its appreciation for the services and support provided by the Employees of the Company and the co-operation received from the Bankers, Government Departments, Customers and other associates and look forward to their continued support in the years to come.

Place : Ahmedabad
Date : 30th June 2006

For and on behalf of Board of Directors
Jitendra C. Mehta
Chairman

STARVOX ELECTRONICS LIMITED**COMPLIANCE CERTIFICATE**

Registration No. of the Company : U32100GJ1986PLC008539
 Nominal Capital : Rs. 1,00,00,000/-

To,
 The Members,
STARVOX ELECTRONICS LIMITED
 B-5, GIDC Electronics Estate
 Gandhinagar - 382 024

We have examined the registers, records, books and papers of **M/S STARVOX ELECTRONICS LIMITED**, as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2006**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year :

- 1) The Company has kept and maintained all registers as stated in "Annexure A" to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
- 2) The Company has filed the forms and returns as stated in "Annexure B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities under the Act and the rules made there under.
- 3) The Company, being public limited company comments are not required.
- 4) The Board of Directors met seven times on 30th April, 2005, 30th June, 2005, 30th July, 2005, 22nd September, 2005, 28th November, 2005, 31st January, 2006 and 31st March, 2006 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained in Loose Leaf Form, for the purpose
- 5) The Company has closed its Register of Member from 17th September, 2005 to 22nd September, 2005 (both days inclusive) and necessary compliance of Section 154 of the Act, has been made.
- 6) The Annual General Meeting for the financial year ended on 31st March, 2005 was held on 22nd September, 2005 after giving due notice to the members of the Company and the resolutions passed thereat were recorded in the Minutes Book maintained for the purpose.
- 7) No Extra Ordinary General Meeting was held during the financial year.
- 8) The Company has not advanced loans to its Directors or persons or firms or companies referred in Section 295 of the Companies Act, 1956.
- 9) The Company has complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
- 10) The Company has made necessary entries in the register maintained under Section 301 of the Act.
- 11) During the financial year, there were no instances falling within the purview of Section 314 of the Act. Hence, the Company has not obtained any approval from the Board of Directors, Members or Central Government.
- 12) The Company has not issued any duplicate Share Certificates during the financial year.
- 13) The Company :
 - (i) has delivered the share certificates received for transfer within the stipulated time. The Company has not allotted any shares during the financial year.
 - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) was not required to transfer any amount to the Investor Education and Protection Fund during