

**S
W
A
S
T
I
K**

Report  Junction.com

34th Annual Report
2004-2005

SWASTIK SURFACTANTS LIMITED

Board of Directors

Pramod Kumar

Ramkumar Yadav

Anil M. Thaker



Auditors

Sorab S Engineer & Co.
Chartered Accountants

Registered Office
502, Yashkamal Bldg., 5th Floor, Sayajigunj, Vadodara - 390005. Gujarat.

SWASTIK SURFACTANTS LIMITED

1

NOTICE

Notice is hereby given that the 34th Annual General Meeting of the Company will be held at the registered office of the Company at 502, Yashkamal Bldg., 5th Floor, Sayajiganj, Vadodara -390005 on Wednesday, 28th September, 2005 at 11.30 a.m. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date together with the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr.Pramod Kumar who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr Anil M Thaker who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in accordance with section 260 of the Companies Act, 1956, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.
4. To appoint M/s Kulin V Munim , Chartered Accountants as Auditors in place of M/s.Sorab S.Engineer & Co. who have expressed their unwillingness to be reappointed and to fix their remuneration.

Registered Office,
502, Yashkamal Building,
5th Floor, Sayajiganj
Vadodara -390005.
29th June, 2005

By Order Of the Board

A M Thaker
Director

Explanatory Statement u/s 173 (2) of the Companies Act, 1956

Mr A M Thaker was appointed as Additional Directors of the Company by the Board of Directors with effect from 27.01.05. By virtue of Section 260 of the Companies Act, 1956 he holds office upto the date of the ensuing Annual General Meeting and is eligible for appointment . The Company has received notice under section 257 of the Companies Act, 1956, alongwith a deposit of Rs 500 from a member of the Company proposing his name as candidate for the office of Director.

The Board considers it desirable that the Company should avail of his services.

You are requested to accord your consent for his appointment as above.

Mr.Thaker is interested in this resolution relating to his appointment as Director of the Company.

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 A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 16th September, 2005 to Wednesday , 28th September, 2005 (both days inclusive).

Registered Office,
502, Yashkamal Building,
5th Floor, Sayajiganj
Vadodara -390005.
29th June, 2005

By Order Of the Board

A M Thaker
Director

SWASTIK SURFACTANTS LIMITED

2

DIRECTORS' REPORT

The Members

Your Directors are pleased to present their Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2005.

Financial Results

	31.03.05	31.03.04
	Rs lacs	Rs lacs
Sales & Other Income	151.26	1752.50
Gross Profit/Loss(-)	-180.73	32.63
Provision for doubtful debts & advances	0.52	0.00
Provision for diminution in value of Investments	0.93	0.00
Goodwill w/off	-	108.71
Provision for gratuity written back	-	3.02
Provision for doubtful debts & advances w/back	-	189.27
Net Profit/Loss (-)	-196.95	75.23
Accumulated Losses b/fd	937.94	1013.16
Net loss carried to Balance Sheet	1134.89	937.94

Operations

During the year the company has sold off its finished goods stock. The Company is looking for an opportunity to commence new activities.

Auditor's Remarks

The observations in the Auditor's Report together with the notes forming part of accounts at appropriate places are self-explanatory. The Company has not provided interest on excise loan as the Company is contesting the same.

Directors' Responsibility Statement

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

- (1) that in the preparation of annual accounts for the financial year ended 31st March, 2005, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (2) that the directors have generally 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) The Companies efforts to recover the records of Fixed Assets from the previous management has not been fruitful. However the directors have taken proper and sufficient care for the maintainance of adequate accounting records 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) that the directors have prepared the accounts for the financial year ended 31st March, 2005 on a "going concern" basis.

COMPLIANCE CERTIFICATE

The Compliance Certificate under section 383A of the Companies Act, 1956 from M/s Parikh & Associates, Company Secretaries in whole time practice is attached.

SWASTIK SURFACTANTS LIMITED

3

BIFR

The Company is registered as a Sick Industrial unit with BIFR

Information under Section 217 (1) (e) of the Companies Act, 1956.

The Company continues its efforts to improve methods of energy conservation & utilisation. The foreign exchange earning and outgo was Nil during the year.

Particulars of Employees

There were no employees whose particulars are required to be disclosed under section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Directors

Mr.Pramod Kumar would retire by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.Mr A M Thaker was appointed as Additional Director of the Company w.e.f 27.01.05 and is eligible for reappointment Mr.Jai Prakash Mishra resigned as Director of the Company with effect from 21.04.2005.

The Board placed on record its sincere appreciation for the services rendered by them during their tenure as Director of the Company.

Auditors

M/s Sorab S Engineer & Co., Chartered Accountants have expressed their unwillingness to be reappointed as Auditors of the Company.

A notice has been received from a shareholder of the company proposing the appointment of M/s Kulin V Munim , Chartered Accountants as the Auditors of the Company. The Company has received a letter from M/s.Kulin V Munim stating that their appointment if made would be within the limits specified u/s 224(1-B) of the Companies Act, 1956. You are requested to appoint Auditors and fix their remuneration.

For and on behalf of the Board

Vadodara
29th June, 2005

Mr. Ram Kumar Yadav
Director

A. M. Thaker
Director

**AUDITOR'S REPORT
TO THE MEMBERS OF SWASTIK SURFACTANTS LIMITED**

We have audited the attached Balance Sheet of SWASTIK SURFACTANTS LIMITED as at 31st March, 2005 and also the Profit & Loss Account for the year ended on that date annexed thereto and 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.

1. 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 of our opinion.
2. As required, by 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 give in the Annexure hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 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, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the Books of Accounts.
 - d. In our opinion, the Balance sheet and Profit and Loss account dealt with by this report complies with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, as applicable.
 - e. On the basis of the written representation received from the Directors as on 31st March, 2005 and taken on record by the Board of Directors we report that none of the Directors is disqualified on 31st March, 2005 from being appointed as a Director in terms of Clause (g) of Sub Sec (1) of 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 said accounts subject to :
 - i. *As substantial part of Fixed Assets have been sold by the Company, it has affected the going concern concept. However, these accounts continue to be prepared on going concern basis.*
 - ii. *Note 3(b) and the final outcome of the litigation between the Company and Ambalal Sarabhai Enterprises Ltd.(ASE) regarding a claim of approximately Rs.30 Crores by ASE which is under challenge in the Bombay High Court by the Company.*
 - iii. *Note 3(c) regarding loans by Banks and Financial Institutions amounting to Rs.844.71 lacs disclosed as other liabilities in the Balance Sheet for reasons stated in the note.*
 - iv. *Regarding non-provision of Interest on Loan from Financial Institutions amount uncertain for reasons stated in the note and total interest due to excise loan amounting to Rs.438.67 lacs (included by the Company as claims not acknowledged as debts under head Contingent Liabilities); and read with other notes thereon give the information required by the Companies Act, 1956 in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India :*

- a. In the case of Balance Sheet of the state of affairs of the Company as on 31.03.2005.
- b. In the case of Profit and Loss Account of the Loss for the year ended on that date.
- c. In the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

For SORAB S ENGINEER & CO
CHARTERED ACCOUNTANTS
M P ANTA

PARTNER

PLACE : MUMBAI.

DATE : 29th June, 2005

SWASTIK SURFACTANTS LIMITED

5

ANNEXURE REFERRED TO IN PARA 2 OF OUR REPORT OF EVEN DATE :

- I.
 - a. The records of Fixed Assets are not complete in all respects.
 - b. Major Fixed Assets have been physically verified by the Management. However, in absence of complete records, materials discrepancies if any could not be ascertained.
 - c. Substantial part of Fixed Assets have been disposed off during the year, which has affected the going concern.
- II.
 - a. Physical verification of inventory has been conducted at reasonable intervals by the Management.
 - b. Procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- III. The Company has not granted or taken any loans from Companies, Firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956.
- IV. The internal control for purchase of Inventory and Fixed Assets and for the sale of goods is adequate, commensurate with the size of the Company and nature of business. We have not come across any continuing failure to correct major weakness in internal control.
- V. There were no Companies, Firms or other parties covered in the register maintained under Section 301 of Companies Act, 1956.
- VI. The Company has not accepted any deposit from the public.
- VII. The Company has no internal audit commensurate with the size and nature of its business.
- VIII. The accounts and records as prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act is not maintained as there was no production during the year.
- IX.
 - a. The Company is regular in depositing undisputed statutory dues.
 - b. Disputed demands not deposited :

Sr.No.	Statutory Dues	Amount	Forum
1.	Sales Tax	Rs.95,240/-	Dy. Commissioner of Sales Tax
2.	Excise	Rs.1,82,714/-	Assistant Commissioner of Central Excise

- X. The accumulated losses at the end of the financial year is more than 50% of the Company's Net worth. The Company is declared a Sick Industrial Company within the meaning of clause (o) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- XI. The Company has defaulted in repayment of dues to Financial Institution and Banks amounting to Rs.8,44,70,840/-. In view of what is stated in note 3 (c) and (d) this amount is disclosed as Other Liabilities in the schedule of Current Liabilities and provisions.
- XII. The Company has not granted loans and advances during the year.
- XIII. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- XIV. The Company is not dealing or trading in shares, securities, debentures and other investments.
- XV. The Company has not given guarantee for loans taken by others from Banks or Financial Institutions during the year.
- XVI. The Company has not taken any term loans during the year.
- XVII. The Company has not raised any funds on long term or short term basis during the year.
- XVIII. The Company has not made any preferential allotment of shares during the year.