



GUJARAT POLY-AVX ELECTRONICS LIMITED

24th Annual Report

2012 - 2013



GUJARAT POLY-AVX ELECTRONICS LIMITED

TWENTY FOURTH ANNUAL REPORT 2012-2013

ANNUAL GENERAL MEETING

On Friday, the 2nd August, 2013
at B-17/18, Gandhinagar Electronic Estate,
Gandhinagar, Gujarat at 1.00 p.m.

As a measure of economy, copies of the
Annual Report will not be distributed at the
Annual General Meeting. Shareholders are requested
to kindly bring their copies to the meeting.

BOARD OF DIRECTORS

Mr. T. R. Kilachand (Chairman)
Mr. P. T. Kilachand
Mr. A. H. Mehta (*Executive Director-Finance & Legal*)
Mr. Chandrakant Khushaldas
Brig. K. Balasubramaniam
Mr. A.B.Shah (*GLIC Nominee*)
Mr. R. K. Jani (*GLIC Nominee - upto 23-05-2013*)
Mr. D. D. Patel (*GLIC Nominee - w.e.f. 23-05-2013*)

Contents

	Pages
Notice	1
Directors' Report	3
Management Discussion and Analysis Report	5
Corporate Governance Report	6
Auditors' Report	10
Annexure to the Auditors' Report	11
Balance Sheet	12
Profit and Loss Account	13
Cash Flow Statement	14
Significant Accounting Policies	15
Notes to Financial Statements	17
Attendance Slip & Proxy	27

COMPANY SECRETARY

Mr. J. M. Shah

BANKERS

Bank of Baroda

AUDITORS

Messrs. C. C. Chokshi & Co.
(Chartered Accountants)

SOLICITORS AND LEGAL ADVISERS

Crawford Bayley & Co.

REGISTERED OFFICE AND WORKS

B-17/18, Gandhinagar Electronic Estate,
Gandhinagar 382 024,
Gujarat.

CORPORATE OFFICE

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of GUJARAT POLY-AVX ELECTRONICS LIMITED will be held at B-17/18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat on Friday, the 2nd August, 2013 at 1.00 p.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Tanil R. Kilachand who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A.B.Shah who retires by rotation, but being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution for appointing Auditors for the current year.

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. C.C.Chokshi & Company, Chartered Accountants, Ahmedabad (Registration No.101876W) be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company.

Further Resolved that the Board of Directors be and is hereby authorised to fix the remuneration of the Auditors and reimbursement of travelling and all other out of pocket expenses incurred in connection with the audit".

By Order of the Board of Directors
J. M. SHAH
Company Secretary

Registered Office:
Plot No.B-17/18,
Gandhinagar Electronic Estate,
Gandhinagar 382 024,
Gujarat.
Dated : 24th May, 2013.

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. The Proxies to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- (b) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 18th June, 2013 to Tuesday, 25th June, 2013 (both days inclusive).
- (c) Members holding shares in the dematerialized mode are requested to intimate changes in their address, if any, to their Depository Participants and Members holding shares in physical form are requested to intimate the change of address, if any, immediately to the Registrar & Share Transfer Agents at Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072.

Telephone : 022-67720300 / 022-67720400

Fax : 022-28591568

Email : sharepro@shareproservices.com

- (d) The Notice of the 24th Annual General Meeting along with the printed Attendance Slips is being dispatched to all Members. Electronic copy of the Annual Report for 2013 is being sent to all the members whose email address is registered with the Company/ the Depository Participant(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, the Annual Report for 2013 is sent along with the Notice. Members who have not yet registered their email address are encouraged to submit their request with their respective Depository Participant or the Company, as the case may be.

Members may also note that the Notice of the 24th Annual General Meeting and the Annual Report for 2013 will also be available on the Company's website www.polyavx.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during business hours. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon receipt of request for the same, by post free of cost.

- (e) The Company's securities are listed on the following Stock Exchange:

Name & Address of the Stock Exchange	Nature of Security
Bombay Stock Exchange Limited Jeejeebhoy Towers Dalal Street, Mumbai 400 023.	85,50,000 Equity Shares of Rs.10/- each



The Company has paid Annual Listing fees for 2012-13 to the above Stock Exchange.

(f) **Members who have not yet collected the Share Certificates issued in the year 2002, are requested to collect the New Share Certificates from the Company at the earliest.**

Information as required under Clause 49(IV)(G)(i) of the Listing Agreement, in respect of Directors being re-appointed / appointed :

Name of Director	Mr.Tanil R. Kilachand	Mr. A.B.Shah
Age	76 years	54 years
Qualification	B.A. from Cambridge University in History & Law M.B.A in Business Administration from Harvard Business School.	B.E. Mechanical
Date of Appointment	11.03.1992	31.10.2002
Expertise	He has over 49 years of experience in industry, management, implementation of projects etc. He has been associated with various Chambers of Commerce and was the President of Indian Merchants' Chambers. He has been associated with various Charitable trusts and is Director/ Chairman of several Companies.	Working with Financial institution since 1983. Appraising and analysing projects technically and financially. He has vast experience in the field of engineering.
Other Directorship in Public Companies (excluding Private Companies) as on 31st March, 2013.	Polychem Limited & Ginners & Pressers Limited.	Gujarat Themis Biosyn Limited, Gujarat Industrial & Technical Consultancy Organisation Ltd (GITCO), Gujarat Sidhee Cement Ltd, Gujarat State Machine Tools Corp. Ltd, Gujarat Lease Financing Ltd & Gujarat Trans Receivers Ltd.
No. of Equity Shares held	49602	-

By Order of the Board of Directors

J. M. SHAH
Company Secretary

Registered Office:
Plot No.B-17/18,
Gandhinagar Electronic Estate,
Gandhinagar 382 024,
Gujarat.

Dated : 24th May, 2013.

Email : njn@kilachand.com

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Twenty Fourth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2013

1. PRODUCTION ACTIVITIES

During the Financial Year 2012-13 your Company recorded a Production of 1706.06 Lacs pcs in comparison to 1384.28 Lacs pcs in Financial Year 2011-12, an increase of 23 %.

2. SALES

The total sales during the Financial Year 2012-13 was Rs. 946.86 Lacs against sales of Rs.827.26 Lacs in last Financial Year, an increase of 14%. The products mix continue to change and customer requirements shift from large size to smaller size and due to this ASPs come down marginally. Sales to Instrumentation & Industrial Electronics Segments increased by 44%.

3. FINANCIAL RESULTS

The Company's operations for the year has resulted in to loss of Rs.7.20 Lacs (Previous year profit of Rs. 48.36 Lacs). However, before interest, depreciation and tax there is Surplus of Rs. 38.27 Lacs (Previous year Rs.83.45 Lacs). After debit of Rs. 200.79 Lacs (Previous year Rs.123.40 Lacs) under exceptional items, there is loss of Rs. 207.99 Lacs (Previous year Rs.75.04 Lacs).

In view of the accumulated loss, your Directors have not been able to recommend any Dividend for the year 2012-13.

4. FINANCE

After the One Time Settlement (OTS) with IFCI last year, the Company negotiated with IDBI for OTS against their all dues, costs etc. IDBI accepted the payment of Rs.201 lacs as full and final settlement of their dues. The Company thereafter received "No Dues Certificate" from IDBI also.

The Company has negotiated with Bank of Baroda for OTS of Rs.165.91 lacs in full and final settlement of all claims against the Company, including interest and all other charges, cost, expenses etc., excluding overdraft facility of Rs.75 lacs. Company is in process of payment of this amount.

5. FIXED DEPOSITS

The Company has not received any deposits from Public during the year.

6. PARTICULARS OF EMPLOYEES

Provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

7. PROCEEDINGS BEFORE THE HIGH COURT OF GUJARAT AT AHMEDABAD/BIFR/AAIFR.

As informed to you in the previous year, BIFR had vide its order dated 28.04.2009 directed the Company to redeem 1/2 % non-cumulative Redeemable Preference shares of Rs.981.50 lacs issued to Term Lenders as per AAIFR Order dated 27.03.2002. Against the said order of BIFR, the Company had filed an appeal to AAIFR. AAIFR vide its order dated 22.02.2011 upheld the said order of BIFR. The Company then had filed Writ petition in the High Court of Gujarat, Ahmedabad, against the said Order of AAIFR.

High Court of Gujarat vide its order dated 8.04.2013 quashed and set aside the order passed by AAIFR and BIFR.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1968, the Report of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure-I forming part of this report.

9. DIRECTORS

Mr. Tanil R. Kilachand and Mr. A. B. Shah retire from office by rotation but being eligible, offer themselves for reappointment.

Gujarat Industrial Investment Corporation Ltd (GIIC) has withdrawn nomination of Mr. R. K. Jani. Board noted active participation & Contribution of Mr. R. K. Jani during his tenure as a Director. GIIC has proposed to appoint Mr. D. D. Patel as its nominee on the Board of the Company. Mr. D. D. Patel has been appointed in the casual vacancy of Mr. R. K. Jani.

10. AUDIT COMMITTEE

Your Company has set-up an Audit Committee of Directors as mandated by section 292(A) of the Companies Act, 1956 as amended. Mr.Chandrakant Khushaldas, Brig.K.Balasubramaniam and Mr.T.R.Kilachand are the members of the Audit Committee.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that :

- in the preparation of the annual accounts, applicable accounting standards have been followed, with proper disclosure of any departures;
- the accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- that the Directors have 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 and for preventing and detecting fraud and other irregularities.
- that the Directors have prepared the annual accounts on a going concern basis.

12. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Directors' Report.

13. AUDITORS' REMARKS

As regards the remarks in the Auditors' Report, please refer to the Notes on Accounts which are self-explanatory.

14. APPOINTMENT OF AUDITORS

You are requested to appoint Auditors. The retiring Auditors M/s.C.C.Chokshi & Co., Chartered Accountants, Ahmedabad are eligible for re-appointment.

15. APPOINTMENT OF COST AUDITORS

Complying with the provisions of Section 233B of the Companies Act, 1956 and the MCA General Circular No.15/2011 dated April 11, 2011, (as amended vide General Circular No. 36/2012 dated 6th November, 2012) the Audit Committee has



recommended and the Board of Directors has appointed M/s. V. H. Savaliya and Associates, Cost Accountants, Ahmedabad (Membership No.13867) being eligible and having sought re-appointment, as Cost Auditors of the Company to carry out the cost audit of all the products manufactured by the Company for the year ending March, 2014.

16. ACKNOWLEDGEMENT

Your Directors express their sincere thanks to the Central and State Government authorities, including Gujarat Industrial Investment Corporation Ltd., Bank and Financial Institutions and the Collaborators Kyocera-AVX Corp of USA.

Sincere thanks are also due to the Management team, the staff

and workers for their valuable contribution during this critical period of the Company.

On behalf of the Board of Directors,

T. R. KILACHAND
Chairman

Registered Office:

Plot No. B-17/18,
Gandhinagar Electronic Estate,
Gandhinagar 382 024,
GUJARAT.

Dated : 24th May, 2013.

ANNEXURE I

A. CONSERVATION OF ENERGY

- a) Energy conservation steps taken :
 - i) Replacement of old control Instruments with more accurate instruments have increased the performance of the machines with better productivity.
 - ii) Resulting in low consumption of energy and better performance of the equipments
 - iii) Improve performance of utility equipments (chiller, compressor etc.)
- b) Additional Investments & Proposals being implemented
 - i) Effective utilization of all the installed equipments, thereby minimizing the energy consumption.
 - ii) Planned Preventive Maintenance schedule and monitoring for effective use of the Production machinery.
- c) Impact of measures at (a) & (b) above:
The above implementation have resulted in achieving better productivity and reduce energy cost.
- d) Power & Fuel Consumption : Not Applicable

B. TECHNOLOGY ABSORPTION FORM - B

1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY

- i) Replacing/Repairing of imported spares by local vendors.
- ii) Development of RTS Aluminum Track to increase the productivity.
- iii) Effective management of manufacturing processes to reduce the consumption of raw material.

2. BENEFITS DERIVED AS A RESULT OF ABOVE R & D

- i) Increased in product range
- ii) Reduce the procurement of imported spares.

- iii) Consistent manufacturing process

3. FUTURE PLAN OF ACTION

- i) Continuous indigenization of machine tooling, jigs & fixtures and raw materials.
- ii) To develop jigs & fixtures to increase the product range.
- iii) Continue the development of products similar to our present range of products.

4. EXPENDITURE OF R & D

Negligible

TECHNOLOGY- ABSORPTION, ADAPTATION & INNOVATION

(1) (a) Technology Absorption.

Technology Absorption is complete in the areas commissioned.

(b) Adaptation.

As part of continuous quality improvement , alteration of process condition and parameters are being undertaken on a regular basis.

(c) Innovation.

Systems adopted have led to improved the process.

(2) BENEFITS

- i) Increase in product range.
- ii) Reduction in down time and improve the processes of the equipment.

(3) IMPORTED TECHNOLOGY

No additional import of Technology in the Financial Year 2012-13.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- i) Total Foreign Exchange used : Rs. 3,93,23,415/-
- ii) Total Foreign Exchange earned : Rs. NIL

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Gujarat Poly-AVX Electronics Ltd (GPAEL) was established in 1989 & Commenced Commercial Production in 1993. This state of the art facility has been setup in the pollution free Electronic Estate in GANDHINAGAR, Gujarat in Collaboration with AVX Ltd., USA, a world leader in Passive Components. Your company manufactures Multilayer Ceramic Capacitors in Radial, Axial & SMD Configurations, Single Layer Ceramic Disc Capacitors both High & Low Voltage & Metal Oxide Varistors. The complete Plant & Machinery has been imported, installed & setup with AVX Support. Over the Years GPAEL's Products have been well received in the market & is, today, one of the largest manufacturers of Ceramic Capacitors in India.

Industrial Structure and Development

Electronics Components can be classified into Active & Passive Components. These Components are the building blocks of any Electronic Industry. Our Ceramic Capacitors are classified as Passive Components & find wide application due to their miniature size, wide range & low cost. They find applications primarily in the following Market segments:

- (1) Computer & Peripherals
- (2) Instrumentation and Industrial Electronics
- (3) Consumer Electronics
- (4) Strategic Electronics
- (5) Telecommunications
- (6) Electronic Manufacturing Services (EMS)

Your Company supplies parts to the Original Equipment Manufacturers (OEM's) in the above segments. In addition to this our Components are also sold through a country-wide Dealer Network.

Opportunities and Threats

- Ceramic Capacitors as elicited above are immensely popular in the Electronic Industry & find applications in any Electronic Circuit.
- Ceramic Capacitors due to its variable Dielectric constant exhibit superior Electrical properties & have a wide Range.
- The sales are directly to OEM's & is an Industrial Product.
- The company is also Trading in other Electronic components like TANCAP's Etc.
- Ceramic Capacitors are Fiercely Competitive & is very easy to import.
- The Customs Duty on our capacitors is NIL.
- These parts are also imported in KIT form.
- The Dollar & Commodity Price volatility directly effects the margins.

Risks and Concerns

- The evolution of the EMS segment has led to Global sourcing thereby making our products very competitive.
- New Technology areas continue to Import Components in KIT form.
- Volatility in currency, Metals, oil etc. have a direct impact on the Raw Material prices.

Performance by Sector

The overall market sentiment during the Financial Year 2012 – 2013 was improving. Instrumentation and Industrial Electronics segments recorded a growth in the Sales of our products. The Telecommunication and other sectors sales marginally increased.

Sales of Radial MLCC and SMD was continuously growing in compare to previous year. High Voltage Single Layer Disc Ceramic Capacitors sales also improving. .

Overall the sales achieved in FY 2012-13 was Rs.946.86 Lacs in comparison to Sales of Rs. 827.26 Lacs in FY 2011-12 an increase of 14 % . Similarly the Production during the FY 2012-13 increased to 1706.06 PCS in Comparison to 1384.28 Lacs PCs in FY 2011-12 an increase of 23 %.

Outlook

The Directors are hopeful of increasing the sales Turnover of the Company.

The Company is Cautiously optimistic about the growth prospects for the current Financial Year.

Internal Control System and their Adequacy

Gujarat Poly-AVX Electronics Ltd has adequate system of internal controls to ensure all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

Your Company has nominated Internal Auditors who evaluate all financial and operating system control of the company. The Internal Auditors also review the internal controls to ensure Accounts of the Company are maintained and transactions are in accordance with the prevailing laws and regulations.

Internal Audit findings and recommendations are reviewed by the top management and the Audit Committee of the Board. The Committee reviews the quarterly, half yearly and annual financial statements before these are submitted to the Board and ensures compliance of internal control system.

FINANCIAL PERFORMANCE

Reserves & Surplus

During the year under review there has been no changes in the capital reserves of the company which stands at Rs.29,75,000/-

Fixed Assets (Net Block)

The Net Block as on 31.3.2013 is Rs.227.86 Lacs compared to Rs.246.92 Lacs for previous year . The net block has gone down due to depreciation / adjustment for the year.

Investments

The Company has not made any investments during the year.

Net Current Assets

The net current liability of the Company is Rs. 24 Lacs as compared to net current assets Rs. 164.03 Lacs in the previous year.

Results of operations

The revenue during the year has increased from Rs. 827.26 Lacs to Rs.946.86 Lacs

There is loss of Rs. 7.20 lacs (previous year profit of Rs.48.36 Lacs) before exceptional item. Provisions for the interest and financial charges are Rs. 25.78 Lacs compared to Rs.8.93 Lacs during the previous year.

Payment to and provision for employees amounts to 21 % of sales compared to 20 % in the previous year. Depreciation amounts to 2 % of sales during the year compared to 3 % in the previous year.

The Company cannot recommend dividend due to accumulated losses.

Material Development in Human Resources

Your Company's vision for the future is designed to provide a total quality environment, which will delight its customers - both internal & external. To achieve this objective the company has embark on developing its Human Resources by sharpening the industrial skills for multitasking . This empowers every employee to be a leader in its stride towards total quality.



CORPORATE GOVERNANCE REPORT

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereafter the code) through clause 49 in the listing agreement executed by the Company with a stock exchange. Clause 49 lays down several corporate governance practices which listed companies are required to adopt. The code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporates. While most of the practices laid down in clause 49 require mandatory compliance, few are recommendatory in nature. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in clause 49, for the financial year 2012-2013.

Company's Philosophy on Corporate Governance:

The Philosophy on Corporate Governance aims at attainment of the highest level of transparency, accountability and equity in the functioning of the Company vis-à-vis interactions with employees, shareholders, creditors and customers. The objective of the Company is not only to meet the statutory requirements of the code but also go well beyond it by instituting such systems and procedures as are required in accordance with the latest global trend of making management completely transparent and institutionally sound.

1. Board of Directors

The Company has 7 Directors including a Non-Executive Chairman. There are 6 Non-Executive Directors out of which 2 are Independent Directors. Board of Directors is responsible for management of the Company's business. The Board's role, functions, responsibility and accountability are clearly defined.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Chairmanships/Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship/Membership of Board Committees includes only Audit and Shareholders'/Investors' Grievance Committees.

The table below provides the composition of the Board of Directors as on 31.03.2013

FY 2012-13 (April '12 to March '13)

Name of the Director	Attendance Particulars			Board Meeting Sitting Fees	No. of other Directorship and Committee Membership/Chairman-ship	
	Category	Board meetings	Last AGM held on 03.08.12		Other Directorship in Public Limited Companies	Committee Membership/Chairmanship
Mr. T.R.Kilachand	Chairman					
	NED	3	Yes	9,000/-	2	2
Mr. P.T.Kilachand	NED	2	No	6,000/-	3	1
Brig.K.Balasubramaniam	NED(I)	2	No	6,000/-	-	-
Mr. C.Khushaldas	NED(I)	4	Yes	12,000/-	1	1
Mr. A.B.Shah (Nominee of GIIC)	NED	1	Yes	3,000/-	6	2
Mr. R.K.Jani (Nominee of GIIC)	NED	2	Yes	6,000/-	-	-
Mr. A.H.Mehta	ED	4	Yes	-	2	-

Notes:

1. NED – Non-Executive Director.
2. NED (I) – Non-Executive and Independent Director.
3. ED – Executive Director.
4. Mr. Tanil R. Kilachand and Mr. Parthiv T. Kilachand, are related. No other directors are related.

Number of Board Meetings held and dates on which held.

Four Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

30th May, 2012, 3rd August, 2012, 30th October, 2012 and 29th January, 2013.

2. Audit Committee:

- i. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956. Terms of reference of the Audit Committee are broadly include overseeing financial report processes, reviewing with the management the financial statements and adequacy of internal control systems, reviewing the adequacy of internal audit function and discussion with internal auditors on any significant findings and follow-up thereon.
- ii. Minutes of meetings of the Audit Committee are circulated to members of the Committee and the Board is kept apprised.
- iii. Composition and Attendance

During the year under review, Four meetings of the Audit Committee were held on the following dates and the attendance of each member of the Committee is given below:

30th May, 2012, 3rd August, 2012, 30th October, 2012 and 29th January, 2013.

Name of the Director	Designation	Category	Committee Meetings	
			Held during the tenure	Attended
Mr Chandrakant Khushaldas	Chairman	Non Executive Independent Director	4	4
Brig. K.Balasubramaniam	Member	Non Executive Independent Director	4	2
Mr T.R. Kilachand	Member	Non-Executive	4	3

The majority of the members of the Audit Committee are independent and have knowledge of finance, accounts, company law and telecom industry as a whole. The quorum for audit committee meeting is minimum of two members.

The Company Secretary acts as the Secretary to the Committee.

Details of Number of shares and Convertible Instruments held by Non-Executive Directors.

Except Mr. T.R.Kilachand and Mr. P.T.Kilachand who hold 49,602 and 17,682 Equity shares of Rs.10/- each of the Company respectively, no other Non-Executive Director holds any shares or Convertible Instruments of the Company.

3. Adoption of non-mandatory requirement of clause 49

The Company complies with the following non-mandatory requirements stipulated under clause 49.

Remuneration Committee:

Terms of Reference:

The Terms of Reference of Remuneration Committee include recommending to the Board of Directors specific remuneration packages for Executive Director and management staff.

The Composition of the Remuneration Committee as on 31st March, 2013 was as under:

Sr. No	Name of the Director	Designation
1.	Mr. Chandrakant Khushaldas	Chairman
2.	Brig. K.Balasubramaniam	Member
3.	Mr. T.R. Kilachand	Member

All the above Directors are Non-Executive and the Chairman is an Independent Director.

One Remuneration Committee meeting was held on 3rd August, 2012, during the year 1.04.2012 to 31.03.2013.

4. Shareholders' / Investors' Grievance Committee

The following directors are the members of the said Committee:-

Sr. No.	Name of the Director	No. of Meeting(s)	
		Held	Attended
1.	Mr T.R.Kilachand – Chairman	16	14
2.	Mr. P.T.Kilachand – Non-Executive Director	16	14
3.	Mr. A.H.Mehta - Executive Director	16	15

The Committee would look into the redressal of the shareholders' complaints in respect of all matters including transfer or credit of shares to demat accounts, non-receipt of Notices/Annual Reports, non-receipt of Share Certificates etc.

Share Transfer formalities are attended to once a week.

Mr. J.M.Shah, Company Secretary provided secretarial support to the Committee and was also the designated Compliance Officer of the Company.

No complaints were received during the year. There are no complaints from the shareholders pending as on 31.3.2013.

5. CEO/CFO Certification

Mr. A.H.Mehta, Executive Director (Finance & Legal) and Mr. Harshad H. Jani, Assistant General Manager (Accounts and Finance) of the Company have certified to the Board that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:-
 1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2013 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reportings and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee those deficiencies of which they are aware, in the design or operation of such internal control and that they have taken the required steps to rectify these deficiencies.



- (d) They further certify that they have indicated to the auditors and Audit Committee -
- there have been no significant changes in internal control over financial reporting during the year.
 - there have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
 - there have been no instances of significant fraud of which they have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control system over financial reporting.

6. Code of Conduct

The Company has framed and adopted a Code of Conduct, which is applicable to all the directors and members of the senior management in terms of Clause 49 V of the Listing Agreement. The said code, which came into effect from January 1, 2006, lays the general principles designed to guide all directors and members of the senior management in making ethical decisions.

All Directors and members of the senior management have confirmed their adherence to the provisions of the said code.

Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2013.

For Gujarat Poly-AVX Electronics Limited

A.H.Mehta

Executive Director Finance & Legal

7. Remuneration to Directors

The Company pays Fees to all Directors excluding the Executive Director of the Company for attendance during the meeting. The Executive Director is paid remuneration of Rs. 14,46,950/- during the year.

8. Means of Communications

The annual, half-yearly and quarterly results, as required under clause 41 of the listing agreement are published in two newspapers at Ahmedabad. The Management discussion and Analysis (MD&A) is part of the Annual Report.

9. Disclosure

Mr.V.K.Puniani, Senior General Manager (Plant) constitutes 'management' and has no personal interest in any transaction that may have a potential conflict with the interest of the company at large.

10. Related Party Transactions

The Company has not entered into any transaction of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interests of the Company.

There were no instances of non-compliance and no strictures or penalties imposed on the Company either by SEBI, Stock Exchange or any statutory authorities on any matter related to capital markets during the last three years.

11. General Shareholder Information

AGM: Date Time Venue	Friday, 2nd August, 2013 1.00 p.m. At: B-17/18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat.
Financial Year	April 2012 to March 2013
Dates of Book Closure	Tuesday, 18.06.2013 to Tuesday, 25.06.2013
Dividend Payment Date	N. A.
Listing on Stock Exchange	Bombay Stock Exchange Ltd.
Stock Code	517288 – Bombay Stock Exchange Ltd.
Demat ISIN Number in NSDL & CDSL for Equity Shares	NSDL) CDSL) INE541F01022
Market Price Data : High, Low during each month in the financial year 2012-2013.	See Table No.1 below
Registrar and Share Transfer Agents	M/s. Sharepro Services (India) Pvt.Ltd. 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072. Telephone: 022 67720300, 022 67720400 • fax: 022 28591568, e mail: sharepro@shareproservices.com
Share Transfer System	The Shares are traded compulsorily in the Demat form effective 6.12.2002. Shares sent for transfer are registered and returned within 15 days from the date of receipt, if the documents are clear in all respects.
Distribution of shareholding & Category-wise distribution	See Table No. 2 & 3
Dematerialisation of shares	See Table No. 4.
Plant Location	B-17/18, Gandhinagar Electronic Estate, Gandhinagar-382024 (Gujarat) Telephone : 079-23287162 / 63 Fax : 079-23287161 Email : njn@kilachand.com, Web-site: www.polyavx.com

Listing Fees as applicable have been paid

Table 1 – Market Price Data

High, Low (based on closing prices) and number of shares traded during each month in the last financial year on The Bombay Stock Exchange Ltd., are summarized as herein below.

Month	Bombay Stock Exchange Limited		
	High (Rs.)	Low (Rs.)	Total Number of Shares traded
April – 2012	4.89	3.85	4,709
May – 2012	4.24	2.38	12,533
June – 2012	3.89	2.89	12,091
July – 2012	4.60	3.43	29,572
August – 2012	4.79	3.11	10,757
September – 2012	3.29	2.51	4,865
October – 2012	4.57	2.87	17,012
November – 2012	5.79	4.43	15,758
December – 2012	4.31	3.33	4,806
January – 2013	5.25	3.75	8,829
February – 2013	5.20	4.69	11,431
March – 2013	5.19	4.95	161

Table 2 – Distribution of Shareholding as on 31.03.2013

No. of Equity Shares .	No. of Shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 100	11,84,777	13.86	19,795	84.93
101 to 500	5,97,210	6.99	2,907	12.47
501 to 1000	2,70,284	3.16	356	1.53
1001 to 5000	4,27,509	5.00	205	0.88
5001 to 10000	1,81,652	2.12	24	0.10
10001 to 100000	5,36,302	6.27	17	0.07
100001 and above	53,52,266	62.60	4	0.02
Total	85,50,000	100.00	23,308	100.00

Table 3 – Category-wise distribution of shareholding as on 31.03.2013

Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	3	51,13,255	59.80
2.	Public Financial Institutions & Banks	4	3,27,259	3.83
3.	Mutual Funds	-	-	-
4.	Bodies Corporate	102	1,39,122	1.63
5.	Resident Individuals	23,176	29,33,113	34.30
6.	FII & OCBs	-	-	-
7.	Non-Resident Individuals	23	37,251	0.44
8.	State Government	-	-	-
	Total	23,308	85,50,000	100.00

Table 4 – Break-up of shares in physical & electronic mode as on 31.03.2013.

Mode	No. of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	19,272	82.68	32,86,315	38.55
Electronic	4,036	17.32	52,63,685	61.45
Total	23,308	100.00	85,50,000	100.00

12. Details of Directors appointed and re-appointed during the year:

During the year Mr. Chandrakant Khushaldas and Mr. R. K. Jani retired by rotation and were re-appointed at the last Annual General Meeting.

The details of other Directors being appointed and re-appointed in the ensuing Annual General Meeting have been given in the “Notice calling the Twenty Fourth Annual General Meeting of the Company”.

13. General Body Meetings:

The particulars of Annual General Meetings of the Company held in the last 3 years are as under. The shareholders passed all the resolutions set out in the respective notices.

Financial Year	AGM	Location	Date	Time	No. of Special Resolutions passed
2009 - 10	AGM	Gandhinagar Electronic Estate, Gandhinagar, Gujarat	31.07.2010	1.00 p.m	-
2010 - 11	AGM	Gandhinagar Electronic Estate, Gandhinagar, Gujarat	29.07.2011	1.00 p.m	-
2011 - 12	AGM	Gandhinagar Electronic Estate, Gandhinagar, Gujarat	03.08.2012	1.00 p.m	-

No Extra Ordinary General Meetings (EGM) held during the last 3 years.

The Company has not passed any shareholders’ resolution through postal ballot during the year under reference.



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF GUJARAT POLY- AVX ELECTRONICS LIMITED

We have examined the compliance of conditions of Corporate Governance by GUJARAT POLY-AVX ELECTRONICS LIMITED, for the year ended on 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company

For C.C.Chokshi & Co.,
Chartered Accountants
(Registration No. 101876W)

Gaurav J. Shah
Partner
(Membership No. 35701)

Ahmedabad,
Dated: 24th May, 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUJARAT POLY-AVX ELECTRONICS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of GUJARAT POLY-AVX ELECTRONICS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to

the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 26 to the financial statements regarding accounts of the Company prepared on a going concern basis as explained in the note.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by Section 227(3) of the Act, we report that:
 - 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.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For C. C. Chokshi & Co.
Chartered Accountants
(Registration No. 101876W)

Gaurav J. Shah
Partner
(Membership No. 35701)

Ahmedabad,
Dated: 24th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses (xiii) and (xiv) of CARO are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (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 were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

 - (a) The Company has taken unsecured loan aggregating Rs. 2,01,00,000/- from a Company during the year. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs. 2,06,38,115/- and Rs. 2,01,00,000/- respectively.
 - (b) The rate of interest and other terms and conditions of this loan is, in our opinion, prima facie not prejudicial to the interests of the Company.
 - (c) The payment of principal amounts and interest in respect of such loans are as per stipulations.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) There are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

- (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013 on account of any disputes.
- (xi) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has been generally regular in the repayment of dues to banks and financial institutions.
- (xiii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xvii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xviii) The Company has not issued any secured debentures during the year.
- (xix) The Company has not raised any money by public issue during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For C. C. CHOKSHI & CO.
Chartered Accountants
(Registration No. 101876W)

GAURAV J. SHAH
Partner
(Membership No. 35701)

Ahmedabad,
Dated: 24th May, 2013



BALANCE SHEET AS AT 31ST MARCH, 2013

(In Rupees)

Particulars	Note	As at 31st Mar 2013	As at 31st Mar 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	18,36,50,000	18,36,50,000
(b) Reserves and Surplus	3	(16,44,93,028)	(14,36,94,247)
		<u>1,91,56,972</u>	<u>3,99,55,753</u>
(2) Non - Current Liabilities			
(a) Long-term borrowings	4	1,40,184	3,09,322
(b) Deferred Tax Liabilities	29	-	-
(c) Long-term provisions	5	17,51,000	14,30,008
		<u>18,91,184</u>	<u>17,39,330</u>
(3) Current liabilities			
(a) Short-term borrowings	6	2,73,08,062	74,65,470
(b) Trade payables	7	1,01,30,915	1,23,46,798
(c) Other current liabilities	8	1,76,46,045	1,76,13,468
(d) Short-term provisions	9	7,49,662	4,94,487
		<u>5,58,34,684</u>	<u>3,79,20,223</u>
TOTAL		<u><u>7,68,82,840</u></u>	<u><u>7,96,15,306</u></u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		2,24,68,881	2,41,00,253
(ii) Intangible assets		<u>3,17,296</u>	<u>5,92,172</u>
		2,27,86,177	2,46,92,425
(b) Long-term loans and advances	11	<u>6,62,039</u>	<u>5,99,206</u>
		<u>2,34,48,216</u>	<u>2,52,91,631</u>
(2) Current assets			
(a) Inventories	12	2,58,20,193	2,74,03,705
(b) Trade receivables	13	2,53,00,524	2,40,48,783
(c) Cash and cash equivalent	14	15,56,768	22,40,557
(d) Short-term loans and advances	15	7,45,332	6,19,380
(e) Other current assets	16	11,807	11,250
		<u>5,34,34,624</u>	<u>5,43,23,675</u>
TOTAL		<u><u>7,68,82,840</u></u>	<u><u>7,96,15,306</u></u>

Summary of Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

As per our attached report of even date.
For C. C. Chokshi & Co.
Chartered Accountants

For and on behalf of the Board
T. R. Kilachand
Chairman

P. T. Kilachand
Chandrakant Khushaldas
Brig. K. Balasubramaniam } Directors

G.J.Shah
Partner
(Membership No.35701)

A. H. Mehta
Executive Director - Finance & Legal

Place : Ahmedabad
Date : 24th May, 2013

J. M. Shah
Company Secretary

Place : Mumbai
Date : 23rd May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(In Rupees)

Particulars	Note	Year Ended on 31st Mar 2013	Year Ended on 31st Mar 2012
CONTINUING OPERATIONS			
I. Revenue from operations (Gross)	17	10,64,55,457	9,10,51,383
Less : Cenvat Duty recovered on Sales		<u>1,09,74,546</u>	<u>76,62,744</u>
Revenue from Operations (Net)		9,54,80,911	8,33,88,639
II. Other income	18	<u>43,673</u>	<u>38,36,725</u>
III. Total Revenue (I + II)		<u>9,55,24,584</u>	<u>8,72,25,364</u>
IV. Expenses:			
a. Cost of Raw Materials Consumed	19	5,07,06,617	3,72,65,529
b. (Increase)/Decrease in Stock of Finished Goods, Process Stock and Stock-in-trade	20	3,09,289	27,21,226
c. Purchase of Stock-in-trade	21	48,96,723	77,56,648
d. Manufacturing Expenses	22	61,60,270	38,11,204
e. Employee Benefits Expenses	23	1,96,47,891	1,68,38,010
f. Finance Charges	24	25,77,943	8,92,946
g. Depreciation & Amortization		19,69,078	26,15,717
h. Other Expenses	25	<u>99,76,373</u>	<u>1,04,88,395</u>
Total Expenses		<u>9,62,44,184</u>	<u>8,23,89,675</u>
V. Profit/(Loss) before exceptional items and tax (III-IV)		<u>(7,19,600)</u>	48,35,689
VI. Exceptional items	26	<u>2,00,79,181</u>	<u>1,23,40,000</u>
VII. (Loss) before tax (V-VI)		<u>(2,07,98,781)</u>	<u>(75,04,311)</u>
VIII. Tax expense:			
(1) Current Tax	28	-	-
(2) Deferred Tax	29	-	-
(3) Short/(Excess) Provision of Taxation of Earlier Years		-	-
IX. (Loss) for the period (VII-VIII)		<u>(2,07,98,781)</u>	<u>(75,04,311)</u>
X. Earnings per equity share:	34		
(1) Basic		(2.43)	(0.88)
(2) Diluted		(2.43)	(0.88)
Face Value per Share (Rs.)		10.00	10.00

Summary of Significant Accounting Policies

1

The accompanying notes are an integral part of the Financial Statement.

As per our attached report of even date.
For C. C. Chokshi & Co.
Chartered Accountants

G.J.Shah
Partner
(Membership No.35701)

Place : Ahmedabad
Date : 24th May, 2013

For and on behalf of the Board
T. R. Kilachand
Chairman

A. H. Mehta
Executive Director - Finance & Legal

J. M. Shah
Company Secretary

P. T. Kilachand
Chandrakant Khushaldas
Brig. K. Balasubramaniam

Directors

Place : Mumbai
Date : 23rd May, 2013



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(In Rupees)

Particulars	Year ended 31st Mar 2013	Year ended 31st Mar 2012
(A) CASH FLOW FROM OPERATING ACTIVITIES		
1. Net Profit / (Loss) before extraordinary items and tax	(2,07,98,781)	(75,04,311)
2. Adjustments for:		
a) Depreciation and Amortisation	19,69,078	26,15,717
b) Finance Cost Expenses	2,26,57,124	1,32,32,946
c) Interest written back	-	(33,50,000)
d) Provision for expense written back	-	(22,898)
e) Sundry credit balances written back	(6,629)	(4,04,439)
f) Provision for doubtful debts	-	31,211
g) Loss/(Profit) on Sales of Assets	48,574	(26,353)
h) Unrealised Foreign Exchange Fluctuation	20,808	(13,202)
	<u>2,46,88,955</u>	<u>1,20,62,983</u>
Operating Profit Before Working Capital Changes (1 + 2)	<u>38,90,174</u>	<u>45,58,672</u>
3. Adjustments for Working Capital changes:		
(i) (Increase)/ decrease in Operating Assets		
a) Inventories	15,83,512	15,34,365
b) Trade receivables	(12,51,741)	12,82,049
c) Long term Loans and Advances	(62,833)	-
d) Short term Loans and Advances	(1,25,952)	59,035
e) Other Current Assets	(557)	-
(ii) Increase(decrease) in Operating Liabilities		
a) Trade payables	(22,15,883)	44,01,931
b) Other current liabilities	20,911	3,63,876
c) Short term provisions	2,55,175	4,071
d) Long term provisions	3,20,992	(3,38,804)
Cash Generated From Operations	<u>24,13,798</u>	<u>1,18,65,195</u>
Less: Direct Taxes Paid/(Refund) (Net)	<u>23,296</u>	<u>(37,744)</u>
Net Cash From Operating Activities (A)	<u>23,90,502</u>	<u>1,19,02,939</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
a) Purchase of Fixed Assets	(1,18,404)	(9,68,648)
b) Sale of Fixed Assets	7,000	97,250
Net Cash From Investing Activities (B)	<u>(1,11,404)</u>	<u>(8,71,398)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
a) Proceeds from short term borrowings(Net)	1,98,42,592	14,92,605
b) Interest Paid	(2,26,54,637)	(1,32,29,247)
c) Repayment of long-term borrowings	(1,50,843)	-
d) Proceeds from Long term borrowings(Net)	-	4,60,164
Net Cash From Financing Activities (C)	<u>(29,62,888)</u>	<u>(1,12,76,478)</u>
(D) Net Increase/(Decrease) In Cash & Cash Equivalents (A+B+C)	<u>(6,83,789)</u>	<u>(2,44,938)</u>
(E) Cash & Cash Equivalents at the beginning of the year	<u>22,40,557</u>	<u>24,85,495</u>
(F) Cash & Cash Equivalents at the end of the year	<u>15,56,768</u>	<u>22,40,557</u>
Note :	As at	As at
1 Components of Cash & Cash Equivalents	31st March, 2013	31st March, 2012
Cash on Hand	25,497	1,21,895
Balances with Schedule Banks	15,31,271	21,18,662
In Current Accounts	<u>15,56,768</u>	<u>22,40,557</u>

2 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

As per our attached report of even date.

For C. C. Chokshi & Co.
Chartered Accountants

G.J.Shah
Partner
(Membership No.35701)

Place : Ahmedabad
Date : 24th May, 2013

For and on behalf of the Board
T. R. Kilachand
Chairman

A. H. Mehta
Executive Director - Finance & Legal

J. M. Shah
Company Secretary

P. T. Kilachand
Chandrakant Khushaldas
Brig. K. Balasubramaniam

Directors

Place : Mumbai
Date : 23rd May, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

1) Accounting Convention:

The financial statements are prepared under the historical cost convention on accrual basis in accordance with the requirements of the Companies Act, 1956, including the accounting standards notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956.

2) Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

3) Fixed Assets:

- (a) Fixed assets are stated at historical cost net of CENVAT, less accumulated depreciation.
- (b) Intangible assets: Certain technical know how costs are capitalised and recognised as Intangible assets in terms of Accounting Standard – 26 “ Intangible Assets” based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.

4) Impairment of Assets

The Company evaluates impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired, the impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest levels for which there are separately identifiable cash flows.

5) Depreciation and Amortisation:

- (i) Depreciation on all Fixed assets except furniture and fixtures is calculated on straight line basis under section 205(2)(a) of the Companies Act, 1956 at the rates and in the manner as specified in schedule XIV of the said Act.
- (ii) Depreciation on furniture & fixtures is calculated on written down value basis under section 205(2)(a) of the Companies Act, 1956 at the rates and in the manner as specified in schedule XIV of the Companies Act, 1956.
- (iii) Cost of leasehold land is written off over the period of lease.
- (iv) Intangible asset like Technical Knowhow in respect of Technical Documentation Information and process technology and exclusive license used to manufacture products is amortised over the useful life of seventeen years like the life of plant and machinery for which it is used.

6) Leases:

Operating lease payments are recognized as an expense in the Profit & Loss account on a straight line basis over the lease term.

7) Inventories:

Inventories are valued as under:

- a. Stores : At cost (FIFO Basis)
- b. Raw Material & Packing Materials : At cost(FIFO Basis)
- c. Finished Goods : At cost or net realizable value whichever is lower. Cost is calculated using absorption costing method.
- d. Process Stock : At material cost.

8) Revenue recognition:

Revenue from sale of products is recognized on dispatch of good to the customers.

**9) Sales:**

Sales are stated net of discount and inclusive of excise duty and do not include other recoveries such as handling charges, transport, octroi etc.

10) Foreign Currency Transactions:

Transactions denominated in foreign currency are recorded at the exchange rates prevailing at the time of the transaction. Monetary items denominated in foreign currencies at the year end are restated at the year end rates. Non monetary foreign currency items are carried at cost. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account.

11) Employees Benefits:**Defined contribution plans**

Company's contributions under defined contribution schemes such as Provident Funds, Superannuation Fund and Employee State Insurance etc. are determined under the relevant schemes and/or statute and charged to the Profit and Loss Account as incurred.

Defined benefit plans and compensated absences

Company's liability towards gratuity and compensated absences are actuarially determined and provided for at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognized immediately in the Profit and Loss Account as income or expenses.

12) Taxation:

Current Tax: Provision for current tax is made in accordance with the Income Tax laws prevailing for the relevant assessment year.

Deferred Tax: Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

13) Government Subsidy:

Subsidy in the nature of Capital Investment is treated as capital reserve.

14) Provisions, Contingent liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	(In Rupees)	
	As at 31st Mar 2013	As at 31st Mar 2012
2. SHARE CAPITAL		
Authorised Share Capital		
1,20,00,000 Equity Shares of Rs. 10/- each	12,00,00,000	12,00,00,000
10,00,000 1/2 % Non-cumulative Redeemable Preference shares of Rs. 100/- each	10,00,00,000	10,00,00,000
	22,00,00,000	22,00,00,000
Issued, Subscribed and Paid Up		
85,50,000 (Previous Year 85,50,000) Equity Shares of Rs. 10/- each fully paid up	8,55,00,000	8,55,00,000
9,81,500 1/2 % Non-cumulative Redeemable Preference shares of Rs. 100/- each	9,81,50,000	9,81,50,000
TOTAL	18,36,50,000	18,36,50,000
Notes:		
Out of above equity shares:		
(a) 7,50,000 Shares of Rs. 10 each have been allotted as fully paid-up to Term Lenders and Bank as per AAIFR order.		
(b) 8,00,000 Shares of Rs. 10 each have been allotted as fully paid-up against unsecured loan as per AAIFR order.		

(In Nos.)

	As at 31st Mar 2013	As at 31st Mar 2012
(i) a. Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting period :		
At the Beginning of the Period	85,50,000	85,50,000
Issued during the period	-	-
Outstanding at the end of Period	85,50,000	85,50,000
b. Reconciliation of the number of 1/2% Non-cumulative Redeemable Preference Shares outstanding at the beginning and at the end of the reporting period :		
At the Beginning of the Period	9,81,500	9,81,500
Issued during the period	-	-
Outstanding at the end of Period	9,81,500	9,81,500
(ii) a. Details of Shareholders holding more than 5 percent of Equity Shares:		
Polychem Limited	Nos. 28,66,154	28,66,154
	% Holding 33.52%	33.52%
AVX Corporation, USA	Nos. 17,49,998	17,49,998
	% Holding 20.47%	20.47%
GIIC	Nos. 4,97,103	4,97,103
	% Holding 5.81%	5.81%
b. Details of Shareholders holding more than 5 percent of 1/2% Non-cumulative Redeemable Preference Shares:		
IDBI	Nos. -	3,38,410
	% Holding 0.00%	34.48%
3A Capital Limited	Nos. 3,13,220	3,13,220
	% Holding 31.91%	31.91%
Polychem Limited	Nos. 5,47,410	2,09,000
	% Holding 55.77%	21.29%
Bank of Baroda	Nos. 1,20,870	1,20,870
	% Holding 12.32%	12.32%
(iii) a. Rights of Equity Shareholders:		
The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
b. Rights of 1/2% Non-cumulative Redeemable Preference Shareholders:		
The Company has one class of Preference shares having a par value of Rs.100 per share. Preference shareholders doesn't have any right to vote.		



(In Rupees)

	As at 31st Mar 2013	As at 31st Mar 2012
3. RESERVES AND SURPLUS		
(a) Capital Reserve		
State Government Subsidy on Capital Investment Balance as per Last Balance Sheet	29,75,000	29,75,000
(b) Surplus/(Deficit) in Statement of Profit and Loss		
Opening Balance	(14,66,69,247)	(13,91,64,936)
Add : Profit/(Loss) for the Year	(2,07,98,781)	(75,04,311)
Less: Appropriations		
Proposed Equity and Preference Dividend	-	-
Tax on Dividend	-	-
Transfer to General Reserve	-	-
Closing Balance	(16,74,68,028)	(14,66,69,247)
TOTAL	(16,44,93,028)	(14,36,94,247)
4. LONG TERM BORROWINGS		
Term Loan		
From a bank (Secured)	1,40,184	3,09,322
TOTAL	1,40,184	3,09,322
Note: Secured against hypothecation of vehicle. Amounts due within next 12 Months have been shown under Note 8 (a) as current maturities of long-term debt.		
5. LONG TERM PROVISIONS		
Provision for employee benefits		
Leave Encashment	17,51,000	14,30,008
TOTAL	17,51,000	14,30,008
6. SHORT TERM BORROWINGS		
a) Cash Credit from a bank (Secured)	72,08,062	74,65,470
b) Loan from Related party (Unsecured)	2,01,00,000	-
TOTAL	2,73,08,062	74,65,470
Nature of Security:		
The above Cash Credit is Secured by hypothecation of stocks of Raw Material, Stock-in-process, Finished Goods, Stores, Spares and assignment of Book Debts and by way of second charge on Fixed Assets.		
7. TRADE PAYABLES		
Sundry Creditors :		
a) Micro & Small Enterprises (Refer Note below)	-	-
b) Others	1,01,30,915	1,23,46,798
TOTAL	1,01,30,915	1,23,46,798
Note: Based on information available with the company the balance due to Micro & Small Enterprises as defined under MSMED Act, 2006 as at 31st March 2012 and 2013 is NIL. No interest during the year and previous year has been paid under the terms of the MSMED Act, 2006.		
8. OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt (Refer Note 4)	1,69,137	1,50,842
(b) Interest accrued but not due on borrowings	2,487	3,697
(c) Interest accrued and due on borrowings (Refer Note below)	1,68,79,409	1,68,79,409
(d) Other Payables	5,95,012	5,79,520
TOTAL	1,76,46,045	1,76,13,468
Note: The above Interest accrued and due on borrowings is Secured by hypothecation of stocks of Raw Material, Stock-in-process, Finished Goods, Stores, Spares and assignment of Book Debts and by way of charge on Fixed Assets subject to a first charge to financial institution.		

TWENTY FOURTH ANNUAL REPORT 2012-2013

(In Rupees)

	As at 31st Mar 2013	As at 31st Mar 2012
9. SHORT TERM PROVISIONS		
(a) Provision for Bonus	2,29,590	2,04,795
(b) Provision for Leave Encashment	1,53,000	1,84,199
(c) Provision for Gratuity	1,96,434	1,05,493
(d) Provision for Incentive	1,70,638	-
TOTAL	7,49,662	4,94,487

10. FIXED ASSETS

(In Rupees)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION/AMORTISATION				NET BLOCK	
	AS AT 01-04-2012	Addi- tions	Deduc- tions	AS AT 31-03-2013	AS AT 01-04-2012	For the pe- riod ending 31-03-2013	Deduc- tions	UPTO 31-03-2013	AS AT 31-03-2013	AS AT 31-03-2012
A) Tangible Assets:										
Land (Lease Hold)	32,89,596	-	-	32,89,596	6,80,141	34,212	-	7,14,353	25,75,243	26,09,455
Building - Factory	1,94,00,091	-	-	1,94,00,091	1,22,14,352	6,47,964	-	1,28,62,316	65,37,775	71,85,739
Plant & Machinery	19,74,06,755	17,117	-	19,74,23,872	18,58,43,235	4,77,887	-	18,63,21,122	1,11,02,749	1,15,63,520
Electrical Installation	58,93,508	-	-	58,93,508	55,98,923	-	-	55,98,923	2,94,585	2,94,585
Furniture & Fixtures	13,30,354	8,327	-	13,38,681	12,13,455	12,623	-	12,26,078	1,12,603	1,16,899
Office Equipment	12,87,543	45,160	82,680	12,50,023	9,42,400	55,332	27,106	9,70,626	2,79,397	3,45,143
Vehicles	9,34,620	-	-	9,34,620	1,50,675	87,562	-	2,38,237	6,96,383	7,83,945
Computer & Peripherals	18,18,183	47,800	-	18,65,983	13,72,197	97,654	-	14,69,851	3,96,132	4,45,986
Air Conditioning Plant	59,15,110	-	-	59,15,110	51,60,129	2,80,968	-	54,41,097	4,74,013	7,54,981
Total (A)	23,72,75,760	1,18,404	82,680	23,73,11,484	21,31,75,507	16,94,202	27,106	21,48,42,603	2,24,68,881	2,41,00,253
B) Intangible Assets:										
Technical Know-How	1,18,43,456	-	-	1,18,43,456	1,12,51,284	2,74,876	-	1,15,26,160	3,17,296	5,92,172
Total (B)	1,18,43,456	-	-	1,18,43,456	1,12,51,284	2,74,876	-	1,15,26,160	3,17,296	5,92,172
Grand Total (A+B)	24,91,19,216	1,18,404	82,680	24,91,54,940	22,44,26,791	19,69,078	27,106	22,63,68,763	2,27,86,177	2,46,92,425
Previous year	24,84,39,670	9,68,648	2,89,102	24,91,19,216	22,20,29,279	26,15,717	2,18,205	22,44,26,791	2,46,92,425	2,64,10,391

(In Rupees)

	As at 31st Mar 2013	As at 31st Mar 2012
11. LONG TERM LOANS & ADVANCES		
Unsecured, Considered Good		
(a) Advance Tax & Tax deducted at source	63,677	39,256
(b) Electricity & Other Deposits	5,98,362	5,59,950
TOTAL	6,62,039	5,99,206

12. INVENTORIES

(a) Raw Materials	90,33,723	1,01,87,810
(b) Process Stock	11,36,195	11,12,558
(c) Finished Goods	95,70,599	98,41,975
(d) Trading Goods	7,69,021	8,30,571
(e) Stores & Spares	52,68,810	53,63,992
(f) Packing Materials	41,845	66,799
TOTAL	2,58,20,193	2,74,03,705



(In Rupees)

	As at 31st Mar 2013	As at 31st Mar 2012
13. TRADE RECEIVABLES		
(a) Trade receivables outstanding for a period more than six months from the date they became due		
(i) Unsecured, considered good	9,16,395	12,77,125
(ii) Unsecured, considered doubtful	5,78,321	5,78,321
	<u>14,94,716</u>	<u>18,55,446</u>
Less : Provision for Doubtful Debts	5,78,321	5,78,321
	<u>9,16,395</u>	<u>12,77,125</u>
(b) Others		
Unsecured, considered good	2,43,84,129	2,27,71,658
TOTAL	<u><u>2,53,00,524</u></u>	<u><u>2,40,48,783</u></u>
14. CASH AND CASH EQUIVALENTS		
(a) Cash On Hand	25,497	1,21,895
(b) Balances with Banks		
In Current Accounts	15,31,271	21,18,662
TOTAL	<u><u>15,56,768</u></u>	<u><u>22,40,557</u></u>
15. SHORT TERM LOANS AND ADVANCES		
Loans and advances to Others		
Unsecured, considered good		
(a) Employee Advances	2,48,580	2,04,140
(b) Prepaid Expenses	1,81,146	1,73,883
(c) Deposits and balances with government and other authorities	2,99,442	2,11,377
(d) Advances to Suppliers	5,097	18,857
(e) Others	11,067	11,123
TOTAL	<u><u>7,45,332</u></u>	<u><u>6,19,380</u></u>
16. OTHER CURRENT ASSETS		
Interest Receivable	11,807	11,250
TOTAL	<u><u>11,807</u></u>	<u><u>11,250</u></u>

(In Rupees)

	Year Ended on 31st Mar 2013	Year Ended on 31st Mar 2012
17. REVENUE FROM OPERATIONS		
(a) Sale of Goods (Gross)		
i) Manufactured Goods	9,97,83,473	8,10,86,037
ii) Trading Goods	58,77,272	93,02,274
(b) Other Operating Income	7,94,712	6,63,072
TOTAL	<u><u>10,64,55,457</u></u>	<u><u>9,10,51,383</u></u>
18. OTHER INCOME		
(a) Interest Received From Others	13,119	14,189
(b) Sundry credit balances written back	6,629	4,04,439
(c) Provision for expenses written back	-	33,72,898
(d) Profit on sale of Fixed Asset	-	26,353
(e) Other Non-operating Income	23,925	18,846
TOTAL	<u><u>43,673</u></u>	<u><u>38,36,725</u></u>

		(In Rupees)	
		Year Ended on 31st Mar 2013	Year Ended on 31st Mar 2012
19. COST OF MATERIALS CONSUMED			
Raw Materials Consumed		5,07,06,617	3,72,65,529
a. Raw Materials Consumed in broad heads :			
i) Chips		3,89,91,132	2,84,28,821
ii) Copper wire & Epoxy		72,79,958	52,62,262
iii) Others		44,35,527	35,74,446
TOTAL		5,07,06,617	3,72,65,529
b. Value of Indigenous and Imported Raw Materials Consumed during the year :			
Imported	Value	4,09,25,456	2,98,63,985
	Percentage	80.71%	80.14%
Indigenous	Value	97,81,161	74,01,544
	Percentage	19.29%	19.86%
20. (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS AND PROCESS STOCK			
(a) Closing Stock			
Finished Goods		95,70,599	98,41,975
Work-in-progress		11,36,195	11,12,558
Trading Goods		7,69,021	8,30,571
		1,14,75,815	1,17,85,104
(b) Less : Opening Stock			
Finished Goods		98,41,975	1,31,53,974
Work-in-progress		11,12,558	8,94,356
Trading Goods		8,30,571	4,58,000
		1,17,85,104	1,45,06,330
TOTAL		3,09,289	27,21,226
21. PURCHASE OF STOCK-IN-TRADE			
Purchase of stock-in-trade in broad heads :			
a. Tantalum capacitor		41,86,605	74,44,035
b. Others		7,10,118	3,12,613
TOTAL		48,96,723	77,56,648
22. MANUFACTURING EXPENSES			
(a) Power & Fuel		22,89,971	17,85,686
(b) Repairs			
Plant and Machinery		1,56,978	2,01,973
(c) Stores, Spares and Tools Consumed		1,03,906	1,26,341
(d) Packing Material Consumed		1,20,843	1,37,986
(e) Wages & Labour Charges		35,60,010	18,27,938
(f) Cenvat Duty provided on stock (Refer Note 27)		(71,438)	(2,68,720)
TOTAL		61,60,270	38,11,204
a. Value of Indigenous and Imported Stores,Tools and Spares Consumed during the year :			
Imported	Value	1,03,906	1,26,341
	Percentage	100.00%	100.00%
Indigenous	Value	-	-
	Percentage	-	-



(In Rupees)

	Year Ended on 31st Mar 2013	Year Ended on 31st Mar 2012
23. EMPLOYEE BENEFITS EXPENSES		
(a) Salaries, Bonus etc.	1,68,07,674	1,46,02,059
(b) Contribution to Provident, Gratuity and other funds	19,11,480	15,15,575
(c) Employee welfare expenses	9,28,737	7,20,376
TOTAL	1,96,47,891	1,68,38,010
24. FINANCE COST		
Interest Expenses	25,77,943	8,92,946
TOTAL	25,77,943	8,92,946
25. OTHER EXPENSES		
(a) Selling Expenses	2,50,951	2,29,855
(b) freight outward (net)	2,00,540	(46,242)
(c) Advertisement Expenses	78,153	72,787
(d) Stationary, Printing, Postage and Telephone Expenses	8,15,431	8,25,154
(e) Repairs and Maintenance Office & Other	7,12,975	7,43,405
(f) Insurance	2,16,450	1,95,441
(g) Rent	7,36,848	6,97,161
(h) Rates, Duties and taxes	2,98,435	2,60,692
(i) Bank charges	63,051	59,815
(j) Travelling Expenses & Conveyance	17,23,630	13,76,321
(k) Directors' Sitting Fees	69,000	87,000
(l) Legal & Professional Charges	11,09,969	24,55,859
(m) Audit Fees (Refer Note below)	3,79,743	3,57,034
(n) Security Service Charges	6,28,398	5,14,513
(o) Loss on Sale of Fixed Assets	48,574	-
(p) Factory Expenses	4,22,159	3,43,053
(q) Loss on foreign exchange fluctuation (Net)	5,45,233	3,62,586
(r) Miscellaneous Expenses	16,76,833	19,53,961
TOTAL	99,76,373	1,04,88,395
Note:		
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	2,25,000	1,75,000
Tax audit	45,000	45,000
For other services	1,05,000	1,35,000
Reimbursement of Expenses	4,743	2,034
TOTAL	3,79,743	3,57,034

26. In the year 1997, the Board for Industrial and Financial Reconstruction (BIFR) declared the Company a Sick Industrial Undertaking within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Scheme of rehabilitation ("the Scheme") of the Company was sanctioned by the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) by its Order dated 27th March, 2002 which became effective from 1st April, 2002. The Scheme envisaged financial restructuring, One Time Settlement (OTS) of the balance dues of term lenders and reschedulement of the working capital finance.

In terms of the Scheme sanctioned by the AAIFR, in the financial year 2009-10, the Company fully paid due loans payable in cash, interest on loans and interest on interest to the lenders. The resultant gain of Rs. 2893.19 lacs in the form of remission of past interest on the term loans had been recognized in the financial statements for that year.

As per the Scheme, the Company had allotted (i) 750,000 nos. of equity shares of face value of Rs. 10 each aggregating to Rs. 75 lacs and (ii) 981,500 nos. of ½% Non-Cumulative Redeemable Preference Shares of face value of Rs.100 each aggregating to Rs. 981.50 lacs to the term lenders. As per the terms of issue, the Non-Cumulative Redeemable Preference Shares were redeemable on 31st March, 2008 and 31st March, 2009 in equal installments. However, due to non-availability of divisible profits as well as non-availability of required finance, the Company could not redeem the Preference Shares on the above stated due dates. The term lenders have been insisting on redemption of the said Preference Shares. The BIFR, at its hearing held on 28th April, 2009, passed an Order directing the Company to redeem the said Preference Shares. Against the said Order of the BIFR, the Company filed an Appeal to the AAIFR. The AAIFR vide its Order dated 22nd February, 2011, upheld the said Order of the BIFR. Against the Order of the AAIFR, the Company filed a writ petition in the High Court, Gujarat. The High Court of Gujarat, vide its order dated 8th April 2013, quashed and set aside the order passed by the AAIFR and the BIFR.

During the financial year 2011-12, the Company paid Rs. 123.40 lacs to IFCI under OTS Scheme, in full and final settlement of all their claims including their claims towards principal amount, interest, penal interest and all other charges, costs, expenses etc. IFCI has issued a "No Due Certificate". During the financial year 2012-13, the Company paid Rs. 201 lacs to IDBI, in full and final settlement of all their claims including their claims towards principal amount, interest, penal interest and all other charges, costs, expenses etc. IDBI has also issued a "No Due Certificate". The payments have been treated as Exceptional items in the financial statements of the respective financial years.

On the above stated lines, the Company has negotiated with Bank of Baroda for one time settlement by making a payment of Rs.165.91 lacs, in full and final settlements of all its claims against the Company, including interest and all other charges, cost, expenses etc., excluding overdraft facility of Rs.75 lacs. Accordingly, the Company is in the process of payment of Rs.165.91 lacs to Bank of Baroda.

In the meantime, the Company has continued its business operations and has earned cash profit (before the above stated exceptional items). Accordingly, the Company has prepared the financial statements on a going concern basis.

27. Excise Duty shown as deduction from sales represents the amount of excise duty collected on sales. Excise duty expenses under Note-22(f), "Manufacturing Expenses", represents the difference between excise duty element in amounts of closing stocks and opening stocks.
28. In view of unabsorbed losses/depreciation and in the absence of taxable income under the provisions of the Income Tax Act, 1961 the Company has not provided for tax in the current year. Further, in view of brought forward loss/unabsorbed depreciation as per books of accounts, the Company also does not have tax liability under section 115JB of the Income tax Act, 1961. Accordingly no provision for income tax has been made in the accounts under Income Tax Act, 1961.
29. The Company has unabsorbed depreciation/carry forward of losses of the earlier years under Income tax laws. In absence of virtual certainty of sufficient future taxable income, Deferred Tax asset has not been recognized by way of prudence in accordance with AS-22 "Accounting for taxes" issued by the Institute of Chartered Accountants of India.

30. Employee benefits:

The accruing liability on account of gratuity and leave encashment is accounted as per Accounting Standard 15 (revised 2005) "Employee Benefits". The Company has defined benefit plans for gratuity to eligible employees. The Company also provides leave encashment to the employees. The details of these defined benefit plans recognised in the financial statements are as under:

Particulars	Amount (Rs.)			
	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
a. Reconciliation of opening and closing balance of the present value defined benefit obligation				
Obligation at the beginning of the year	28,58,200	25,10,521	16,14,208	13,81,217
Current Service Cost	1,53,073	1,16,394	1,45,049	1,00,738
Interest Cost	2,28,656	2,00,842	1,25,010	1,13,950
Actuarial (Gain) / Loss	2,37,116	1,55,647	1,22,895	57,252
Benefits Paid	(1,74,850)	(1,25,204)	(1,03,162)	(38,949)
Obligation at the end of the year	33,02,195	28,58,200	19,04,000	16,14,208



Amount (Rs.)

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
b. Reconciliation of opening and closing balances of fair value of plan assets				
Plan assets at the beginning of the year, as fair value	27,52,707	18,38,428	NIL	NIL
Expected return on plan assets	2,69,334	2,28,715	NIL	NIL
Actuarial Gain / (Loss) on plan Assets	NIL	NIL	NIL	NIL
Contribution	2,58,570	8,10,768	1,03,162	38,949
Benefits Paid	(1,74,850)	(1,25,204)	(1,03,162)	(38,949)
Plan Assets at the end of the year at fair value	31,05,761	27,52,707	NIL	NIL
c. Net Liability recognised in Balance Sheet				
Obligation at the end of the year	33,02,195	28,58,200	19,04,000	16,14,208
Less : Plan assets at the end of the year at fair value	31,05,761	27,52,707	NIL	NIL
Liability recognised in Balance Sheet as at year end	1,96,434	1,05,493	19,04,000	16,14,208
d. Components of employer expenses for the year				
Current service cost	1,53,073	1,16,394	1,45,049	1,00,738
Interest cost	2,28,656	2,00,842	1,25,010	1,13,950
Expected return on plan assets	(2,69,334)	(2,28,715)	NIL	NIL
Net Actuarial (gain) / loss	2,37,116	1,55,647	1,22,895	57,252
Net Cost	3,49,507	2,44,168	3,92,954	2,71,940
e. Major categories of plan assets as a percentage of total plan assets:				
Description			Percentage Investment	
			2012-13	2011-12
Qualifying insurance policy with Life Insurance Corporation of India			100%	100%
f. Assumptions				
	2012-13	2011-12	2012-13	2011-12
Discount Rate (p.a)	8.0%	8.0%	8.0%	8.75%
Expected rate of return on op plan assets (p.a)	0.0%	0.0%	0.0%	0.0%
Expected rate of increase in compensation levels (p.a)	4.0%	4.0%	6.0%	6.0%
g. Past three years data for defined benefit obligation and fair value of plan assets are as under.				
Particulars	2009-10	2010-11	2011-12	
Present value of defined benefit obligations at the end of the year	29,03,593	38,91,737	44,72,408	
Fair value of plan assets at the end of the year	16,07,511	18,38,428	27,52,707	
h. Defined Contributions Plans			2012-13	2011-12
Amount recognized as an expenses and included in Note 23(b) of Statement of Profit and Loss			15,61,973	12,71,407
Notes:				
a) The estimate of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.				

31. Assets taken on operating lease:

Amount of lease rental recognized in the Profit & Loss Account in respect of cancellable operating lease Rs.6,59,664/- (Previous year Rs.6,28,041/-)

32. As the Company's business activity fall within single business segment viz. Capacitor, comprising mainly manufacture of Ceramic Capacitor and all the sales are made in India, the disclosure requirements of Accounting Standard (AS)-17 Segment Reporting, issued by The Institute of Chartered Accountant of India are not applicable.

33. Particulars of un-hedged Foreign Currency Exposure as at balance sheet date:

Particulars	As on 31.03.13	As on 31.03.12
Import Creditors	Rs.43,90,657 /- (US\$ 79613 @Rs.55.15)	Rs.59,27,011 /- (US\$ 1,16,490@Rs.50.88)

34. The basic and diluted earning per share are:

	Amount (Rs.)	
	2012-13	2011-12
Net (loss)/profit after tax as per profit and loss account	(2,07,98,781)	(75,04,311)
Number of Equity shares	85,50,000	85,50,000
Basic and diluted EPS	(2.43)	(0.88)
Nominal value of equity share	10	10

35. Related party transactions:

(a) Names of related parties and description of relationship:

Sr. No.	Nature of relationship	Name of the related party
1	Enterprise which is able to exercise significant influence	Polychem Ltd.
2	Enterprise over which management personnel and their relatives are able to exercise significant influence	Ginners & Pressers Ltd.
3	Key management personnel	Mr. A H Mehta

(b) Details of transactions with related parties during the year/ previous year:

Particulars					Key Management personnel		Amount (Rs.)	
							Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Expenses Payable	31,753	30,981	87,328	83,029	-	-	1,19,081	1,14,010
Expense Recoverable	1,97,904	1,88,415	-	-	-	-	1,97,904	1,88,415
Loan Received	2,01,00,000	50,00,000	-	-	-	-	2,01,00,000	50,00,000
Loan Repaid	NIL	50,00,000	-	-	-	-	-	50,00,000
Interest paid	13,72,981	1,47,131	-	-	-	-	13,72,981	1,47,131
Managerial Remuneration	-	-	-	-	14,46,950	11,92,691	14,46,950	11,92,691
Outstanding Balances								
Payable/ (Receivable)	-	-	-	-	-	-	-	-

36. CIF Value of Imports:

	2012-13 Rs.	2011-12 Rs.
Raw Materials	3,92,96,246	3,05,37,944

37. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signature to Note 1 to 37

As per our attached report of even date.
For C. C. Chokshi & Co.
Chartered Accountants

G.J.Shah
Partner
(Membership No.35701)

Place : Ahmedabad
Date : 24th May, 2013

For and on behalf of the Board
T. R. Kilachand
Chairman

A. H. Mehta
Executive Director - Finance & Legal

J. M. Shah
Company Secretary

P. T. Kilachand
Chandrakant Khushaldas
Brig. K. Balasubramaniam } Directors

Place : Mumbai
Date : 23rd May, 2013

This image shows a single sheet of white paper with horizontal blue lines, similar to standard notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

GUJARAT POLY-AVX ELECTRONICS LIMITED

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name of the member attending :

Full name of the first joint-holder :
(to be filled in if first named joint-holder does not attend the meeting)

Name of Proxy :
(to be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the **24TH ANNUAL GENERAL MEETING** of the Company held at B-17/18, Gandhinagar Electronic Estate, Gandhinagar 382 024, Gujarat at 1.00 p.m. on Friday, the 2nd August, 2013.

Client ID No. :

DP ID No. :

Registered Folio No. :

No. of Shares held :

Member's / Proxy's Signature
(to be signed at the time of
handing over this slip)

GUJARAT POLY-AVX ELECTRONICS LIMITED

FORM OF PROXY

Regd. Office : B-17/18, Gandhinagar Electronic Estate, Gandhinagar 382 024, Gujarat

I/We of
..... in the district of being a
member/members of the above-named Company hereby appoint
..... of
..... in the district of or failing
him, of in the district of
..... as my/our proxy to
attend and vote for me/us my/our behalf at the **Twenty Fourth Annual General Meeting** of the Company to be held on Friday,
the 2nd August, 2013 and at any adjournment thereof.

Signed thisday of2013

Client ID No. :

DP ID No. :

Registered Folio No. :

No. of Shares held :

(Signature of member)

Re. 1
Revenue
Stamp

Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

GUJARAT POLY-AVX ELECTRONICS LIMITED



NOTES

[illegible]

BOOK-POST



If not delivered, please return to:

GUJARAT POLY-AVX ELECTRONICS LIMITED

Plot No. B-17/18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat - 382 024.