

# **ARTECH POWER PRODUCTS LTD.**

**12<sup>th</sup> Annual Report 2000-01**

**13<sup>th</sup> Annual Report 2001-02**

**14<sup>th</sup> Annual Report 2002-03**

**15<sup>th</sup> Annual Report 2003-04**

**16<sup>th</sup> Annual Report 2004-05**

**17<sup>th</sup> Annual Report 2005-06**

**18<sup>th</sup> Annual Report 2006-07**

**and**

**Notice of 19<sup>th</sup> Annual General Meeting 2007-08**

**Notice of 20<sup>th</sup> Annual General Meeting 2008-09**

**Notice of 21<sup>st</sup> Annual General Meeting 2009-10**



# Artech Power Products Limited

Regd. Office: Anitha Second Floor, S A Road, Elamkulam, Cochin - 682 020, Kerala.

Phone : 0484-2203697. E-mail : artech.power@gmail.com

12<sup>th</sup> to 18<sup>th</sup> Adjourned Annual General Meetings 2000 - 01 to 2006 - 07  
19<sup>th</sup> to 21<sup>st</sup> Annual General Meetings 2007 - 08 to 2009 - 10

Shareholders are requested to bring their copy of the Annual Report at the Annual General Meeting.

Date : 30<sup>th</sup> August 2010  
Day : Monday  
Time : 10.00 a.m to 12.45 p.m  
Venue : KETA Hall, IInd Floor  
KETA Centre, Chittoor Road South,  
Cochin - 682 016  
Kerala State

## BOARD OF DIRECTORS

Vijayan I V	Chairman
Repsy Vijayan	Managing Director
Sudhir Menon	Director
Pathrose Pankappally	Director

## BANKERS

1. State Bank of Travancore  
Industrial Finance Branch  
Malankara Centre, M.G.Road  
Cochin-682 035
2. Federal Bank Ltd.  
Ernakulam North Branch  
Banerjee Road, Cochin-682 018
3. Federal Bank Ltd.  
Girinagar Branch  
S.A Road, Elamkulam  
Cochin - 682 020

Regd. Office: Anitha Second Floor, S.A.Road,  
Elamkulam, Cochin - 682 020, Kerala.

## AUDITORS

M/s. G. Joseph & Associates  
Muttathil Lane  
Kadavanthra, Cochin - 682 020

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## SOLICITORS

1. M/s. Nagendran & Nagendran  
"Sreepatham"  
Krishnaswami Road,  
Cochin - 682 035
2. M/s. Joy Thattil & Co.  
Chittoor Road, Pachalam,  
Cochin - 682012
3. Mr. Raju Joseph  
37/1141A, Excel Park  
Fatima Church Road  
Elamkulam, Cochin - 682020

**NOTICE**

NOTICE is hereby given that the 12<sup>th</sup> Annual General Meeting of Artech Power Products Ltd., originally held on 19th March 2008, adjourned sine die will be held on Monday the 30th August 2010 at "KETA Hall", 2nd Floor, KETA Center, Chittoor Road South, Cochin 682016 at 10.00 a.m. to transact the following business.

**Ordinary Business**

1. To receive, consider and adopt the audited Annual Accounts of the Company for the year ended 31st March 2001 together with the report of the Board of Directors and Auditors thereon.

**Notes:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The register of members and share transfer books of the company will be closed from 23<sup>rd</sup> August 2010 to 30<sup>th</sup> August 2010, both days inclusive.
3. Shareholders desiring any information as regards the Accounts are requested to write to the company at least 5 days in advance so as to enable the management to keep the information ready at the meeting.

By order of the Board  
For Artech Power Products Ltd

Repsy Vijayan  
Managing Director

Place: Cochin 20  
Date: 10.07.2010

**DIRECTOR'S REPORT**

**To the Members,**

The Board of Directors hereby presents the 12<sup>th</sup> annual report on the together with the audited statement of accounts for the year ended 31<sup>st</sup> March 2001. Your Directors apologize for the delay that has happened in preparing the accounts for the year under review, which was beyond the control.

**Financial Results**

Sales: Rs. Nil	Loss before interest, depreciation and extra: Rs.165,004.00
Other income: Rs.119,424.00	Net loss for the year: Rs.165,004.00

**Dividend**

As the Company has not earned any profit, the directors do not propose any dividend for the accounting year ended 31<sup>st</sup> March 2001.

**Activities during the year and current status**

During the year under review, on account of reasons beyond the control, the Board of Directors had to take the most unpleasant decision to close down the operations of the factory wef 12<sup>th</sup> April 2000. There was also no production activities during the first 11 days of the year due to non-availability of the funds, the working capital crisis and the coercive steps that the company had to face. As reported in the last report, keys of the factory premises were handed over to KSIDC/IDBI. The management has engaged all possible efforts in consultation with the Financial Institutions for a revival of the company including options to bring in probable investors as joint venture or take over by potential buyers. Many proceedings in this direction progressed to different levels, but none could be crystallized by the Board or by the Institutions who rendered extensive support to our efforts. Meanwhile the Financial Institutions approached the Debt Recovery Tribunal for recovery of their loans and obtained recovery certificate as the assets of the Company are hypothecated to them. Even after this, efforts were continued for a possible revival of the Company and meanwhile the Revenue Recovery Proceedings by Sales tax Dept. worsened our efforts.

Subsequently the Revenue Department pronounced auction of the Company's property. As this would entangle our entire efforts to settle all other liabilities, the Company approached the Hon'ble High Court of Kerala again and obtained stay to the RR proceedings on our contention that the Company could by way of private sale of assets obtain higher realization of value and could settle the sales tax as well as other statutory liabilities, the Financial Institution's dues by way of compromise settlement. This view was supported by the Financial Institutions in the High Court in the interest of all stakeholders. As the asset sale requires, as per the provisions of the Companies Act, compulsory Postal Ballot, the required resolution u/s 193(a) of the Companies Act 1956 was put to the members through Postal ballot and the resolution was approved by the share holders of the Company with requisite majority. The results were announced by the Chairman on 19<sup>th</sup> March 2008.

As pressures were mounted from the Financial Institutions, Banks and Revenue Dept. for settling their liabilities, one potential buyer approached IDBI for buying the land and building of the Company. The liabilities to Financial Institutions, Banks and Revenue Dept. were in excess of Rs. 36 Crores as on September 2009. As the valuation of Company's properties was much lower, a One Time Settlement was reached with the Institutions and directly settled by the buyer. They further made direct payment of the One Time Settlement arrived at with KSEB. The expenses incurred by the Company for clearing the statutory liabilities, Sales Tax settlement, BSNL settlement and on account of various litigations and proceedings after closure were also settled. The buyer on tripartite negotiations with the employees union also directly settled the employee's salary arrears, other dues and compensation. On sale of assets, the Company could clear of all the liabilities and have obtained the No Dues certificate from the Financial Institution, Bank, Revenue Dept., KSEB and BSNL.

The Board of Directors are presently looking for identifying any possible opportunity from any potential group who could associate with this Company for a take over or merger or amalgamation so as to be mutually beneficial in the interest of all our share holders. The Board of Directors is putting in all efforts in this direction.

**Shares**

Company's shares have been suspended from trading due to nonpayment of dues by Cochin, Bombay, Delhi and Chennai stock exchanges. The listing fees could not be paid as factory was closed and there was no income generation. The share transfer activities are done in house. Your directors will take all the possible steps to rectify the deficiencies in this matter as soon as the Company becomes operational and the required finances and personnel are available.

**Directors reply to qualifications in the Auditor's Report.**

Due to acute financial difficulties the factory was closed in April 2000. The operations could not commence there after. The books and records of the Company were maintained at the Registered office located at the factory premises. The premises were under the custody of the Financial Institution. During this period there were no maintenance and some of the records were damaged. The accounts for the previous financial year were reconstructed from the records available with the Company. Due to the above Company was unable to produce some of the documents and records for audit.

With respect to the Auditors comments on the valuation of the fixed assets and current assets, the Directors are hopeful of realizing at least a value that is reflecting in the books of accounts and hence valued on book value. The auditor's qualifications on non-compliance of the Accounting Standards are due to above reasons. With respect to the auditor's comments on violation for section 58A, the company could not repay the fixed deposit holders and the directors were prosecuted. The Company's fixed deposits were settled on compromise in subsequent years.

**The Status of ESI, PF, TDS and Sales Tax:**

The provisions of ESI Act were not applicable to the Company on account that the area where the factory is situated was exempted. PF contribution had been paid in the previous year whenever salary disbursements have been made. There were delayed salary payments and salary dues in arrears during the previous year. During the year under review, the factory was closed and there were no salary payment to any of the employees and hence there were no PF dues. The Company had remitted penalty for delayed payments of PF in subsequent years. There is an unpaid TDS amounting to Rs. 48,475/- pertaining to the year 1998-99 which could not be paid due to non-availability of proper records. Your directors have initiated steps to make this payment in subsequent years. There were unpaid sales tax dues amounting to Rs. 172,179/- pertaining to the year 1998-99 due to the financial crisis and closure of the factory. This has been settled in subsequent years.

**Personnel and Industrial Relations**

Industrial Relations in the Company were satisfactory during the years. After closure of the Company in April 2000, even though there were some disturbances, the employees were very supportive to the management during the occasions of discussions with probable new investors and finally the buyer for the assets of the Company. All the dues to the employees including salary and PF arrears including compensation for leaving the services are settled on compromise negotiations with the employees union in subsequent years. Your Directors take this opportunity of recording their appreciation of the wholehearted support rendered by the employees and their union during these years.

**Statutory Disclosures**

**Fixed deposits**

Your Company has neither accepted nor renewed any Fixed Deposits since the date of last Annual General Meeting. The amount of deposit outstanding as on 31<sup>st</sup> March 2000 is Rs. 4,048,655/- out of which a sum of Rs. 3,398,655/- represents unclaimed deposits and the balance represents claims of deposit holders, but could not be paid due to financial constraints. These Fixed Deposits were settled on compromise in subsequent years.

**Auditors**

M/s. G Joseph & Associates, Chartered Accountants, with Firm Registration No. 006310S who are the statutory Auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956 up to the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**Disclosure of Particulars of employees**

There are no employees who are in receipt of salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended by and Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.

**Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo**

The information as required under Section 217 (i) (e) of the Companies Act, 1956 read with the Companies (Directors particulars in the Report of the Board of Directors) Rules 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is not applicable for the year under review as the company was closed down and there were no production activities.

**Directors' Responsibility Statement**

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

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures applicable to accounting standards except non compliance of accounting standards 2, 4,6,10 and 15 as the company was closed down and there were no production and commercial activities;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 the profit & loss of the Company for that period;
- iii) As the factory premises, where the registered office of the company was situated, were under the custody of financial institutions, banks etc, the Directors can not comment whether proper and sufficient care were taken 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;
- iv) The annual accounts have not been prepared on a going concern basis.

**Acknowledgement**

The Board of Directors acknowledge with gratitude the support extended by Kerala State Industrial Development Corporation (KSIDC), Industrial Development Bank of India (IDBI) and State Bank of Travancore (SBT) who had been considerate to the Company during these periods of financial crisis. The financial liabilities towards these institutions were settled in subsequent years. Yours Directors also thank M/s. Federal Bank, Ernakulam North Branch and Girinagar Branch with whom the Company maintained the current accounts. Your Directors also thank all the employees and deposit holders for their seamless support during the year under review, which were settled in subsequent years. The moral support given by all our shareholders of the Company during the year under review and all subsequent years without which, the settlement of liabilities would not have been possible in subsequent years and their continued patronage to your Directors in the years ahead.

By order of the Board  
**For Artech Power Products Ltd.**

Place: Cochin 20  
Date: 10.07.2010

Vijayan I V                      Repsy Vijayan  
**Chairman                              Managing Director**

**AUDITORS' REPORT**

The Members  
Artech Power Products Limited  
'Anitha', 2nd Floor, SA Road, Elamkulam  
Cochin – 682 020

We have examined the attached Balance Sheet of M/s. Artech Power Products Limited as at 31st March, 2001 and also the Profit and Loss Account for the year ended on that date annexed thereto.

**We report that,**

1. The company had stopped its operations in the first week of April, 2000. The operations did not recommence there after. *The ability of the company to continue as a going concern is severely impaired. The company has prepared the financial statements without making any adjustments in the value of fixed assets that have been necessary, as the company is unable to continue as going concern.*
2. *Subject to Point 2 & 5 in the Notes to Accounts in Schedule 17 regarding the non availability of certain books and records, information on dues to Small Scale Units in Note No.18 of Notes to Accounts in Schedule 17 and non-reconciliation and non-conformation of balances of sundry debtors, sundry creditors, loans and advances, bank accounts, Loans from Kerala State Industrial Development Corporation Limited (KSIDC), Industrial Development Bank of India (IDBI) and State Bank Travancore (SBT) and fixed deposits accepted, we report that:-*
  - i) 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.
  - ii) 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 the books.
  - iii) the Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
3. The Profit & Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956, *subject to:*
  - (i) *non compliance of Accounting Standard 2 on 'Valuation of Inventories' by stating the value of inventory as at the year end at cost, without considering the realizable value. We are unable to quantify the impact of the above, on the loss for the year and on the value of inventories in the absence of stock records.*
  - (ii) *non compliance of Accounting Standard 10 on 'Accounting for Fixed Assets' by stating the fixed assets on historical cost rather than at the net realizable value. The diminution in the value of asset has not been ascertained and we are unable to quantify its impact on the value of assets and on the loss for the year.*
  - (iii) *non compliance with the requirements of Accounting Standard 6 on 'Depreciation Accounting' by not providing adequate depreciation based on the expected useful life and residual life of the asset in view of the non utilization of the asset since April 2000. We are unable to quantify the additional depreciation that was required to be provided and its impact on the losses for the year and on the depreciation reserve.*
  - (iv) *non compliance with the requirements of Accounting Standard 15 on 'Accounting for Retirement Benefits in the Financial Statements of Employers' by not providing for gratuity and leave encashment, the impact of which on the loss for the year and on the provision for gratuity and leave encashment could not be quantified.*
4. On the basis of written representation received from Directors and taken on record by the Board, we report that none of the Directors are disqualified as on 31.03.2001 from being appointed as a Director in terms of Clause (g) of sub section (1) of section 274 of the Companies Act 1956.
5. *Due to the significance of the matters discussed in Paragraph 1,2 & 3 above,*
  - i. in the case of Balance Sheet, the state of affairs of the company as at 31st March, 2001, and,
  - ii. in the case of Profit and Loss Account, the Loss for the year ended on that date.  
*do not represent a true and fair view.*
6. In terms of Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board, Government of India, under section 227 (4A) of the Companies Act, 1956, we further report, on the matters specified in paragraphs 4 and 5 of the said Order, that:-
  - i.a) The company is having a fixed asset register, *which however needs to be updated.*
  - b) *The company had not carried out any physical verification during the year.*
  - ii) None of the fixed assets have been revalued during the year.
  - iii). *The stocks of finished goods, raw materials and work-in-process have not been physically verified by the management during the year/at year end.*



## Artech Power Products Ltd.

- iv) *We are unable to comment on clauses (iv) & (v) to the Order since physical verification has not been carried out by the company during the year.*
- vi) *In the absence of inventory records, we are unable to comment whether the valuation of inventory is fair and proper. The inventory is valued at cost, without considering the realizable value which is not in accordance with the basis of valuation followed in the preceding year. The impact of the deviation in the basis of valuation could not be quantified in the absence of proper records.*
- vii) The Company has taken certain unsecured loans from directors. The terms and conditions of such loans are not prima facie prejudicial to the interests of the Company. As explained to us, there are no other companies under the same management.
- viii) The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 and / or to companies under the same management as defined from section 370 (1B) of the Companies Act, 1956, which are prejudicial to the interests of the company.
- ix) Loans or advances in the nature of loan have not been given by the Company.
- x) As the company did not carry on any business during the year, clause no.(x) of the Order on internal control procedures relating to the purchase of stores, raw material, including components, plant and machinery, equipment and other assets, and for the sale of goods, is not applicable.
- xi) As per the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services have been made in pursuance of contracts or arrangements which are to be entered in the registers maintained u/s Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party.
- xii) *In the absence of adequate inventory records, we are unable to comment on whether there were any unserviceable or damaged stores, raw materials and finished goods in the inventory of the company as on 31.03.2001 which were required to be written off.*
- xiii) *The company has violated the provisions of Section 58A of the Companies Act, 1956, to the extent that certain deposits and interest were not paid even after the claims were raised.*
- xiv) *In our opinion, reasonable records have not been maintained for recording the generation and sale of scrap during the year.*
- xv) *The Company does not have an internal audit system.*
- xvi) To the best of our knowledge the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the products of the company.
- xvii) There were no dues of Provident Fund and Employees' State Insurance during the year and consequently clause no. (xvii) of the order is not applicable.
- xviii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty and Excise Duty which are outstanding as on 31st March, 2001, for a period of more than six month from the date they became payable, *other than Tax Deducted at Source relating to the year 98-99, not remitted, amounting to Rs.48,475/- and Sales Tax Payable Rs.172,179.*
- xix) According to the records of the company and as per the information and explanations given to us, no personal expenses have been charged to the Revenue Accounts other than those payable under contractual obligations or in accordance with the generally accepted business practice.
- xx) As explained to us and according to the records of the Company, the company is a registered SSI unit and hence the provisions of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the company.
- xxi) *In the absence of adequate records, we are unable to comment whether the company has any damaged goods relating to the trading activities of the company, which requires provisioning, in the absence of adequate records.*

For: G JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(Firm Reg.No.006310S)

UMESH L BHAT  
PARTNER  
M.No.211364

PLACE : COCHIN - 20  
DATE : 10.07.2010

**Artech Power Products Ltd.**

**ARTECH POWER PRODUCTS LIMITED**  
Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020

**BALANCE SHEET AS AT 31.03.2001**

<u>Particulars</u>	<u>Sch.No.</u>	<u>As at 31.03.01</u>	<u>As at 31.03.00</u>
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>Share Holders' Funds</u></b>			
Share Capital	1	37,743,000	37,743,000
Reserves & Surplus	2	2,000,000	2,000,000
<b><u>Loan Funds</u></b>			
Secured Loans	3	73,266,812	73,266,812
Unsecured Loans	4	5,287,668	5,010,855
		<b>118,297,480</b>	<b>118,020,667</b>
<b><u>APPLICATIONS OF FUNDS</u></b>			
<b><u>Fixed Assets</u></b>			
Gross Block	5	51,577,985	51,577,985
Less : Depreciation		11,683,199	11,683,199
Net Block		39,894,786	39,894,786
<b><u>Current Assets, Loans &amp; Advances</u></b>			
a. Inventories	6	13,171,209	13,171,209
b. Sundry Debtors		4,974,863	5,008,262
c. Cash and bank balances		27,349	31,226
d. Other current assets		1,581,576	1,581,576
		19,754,997	19,792,274
<b><u>Less Current Liabilities &amp; Provisions</u></b>			
	7	5,766,026	5,915,111
<b>Net Current Assets</b>		<b>13,988,972</b>	<b>13,877,163</b>
Miscellaneous Expenditure (to the extent not written off or adjusted) - Preliminary expenses		3,331,697	3,331,697
- Deferred Revenue Exp		5,555,927	5,555,927
<b>Profit &amp; Loss Account</b>		<b>55,526,098</b>	<b>55,361,094</b>
		<b>118,297,480</b>	<b>118,020,667</b>
<b>Notes on Accounts</b>	<b>17</b>		

As per our report of even date attached  
For G. JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006310S

PLACE : Cochin  
DATE : 10.07.2010

VIJAYAN IV  
CHAIRMAN

REPSY VIJAYAN  
MANAGING DIRECTOR

UMESH L.BHAT  
PARTNER  
M.No.211364

**ARTECH POWER PRODUCTS LIMITED**  
**Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2001**

Particulars	For the year ended	
	31.03.01	31.03.00
<b>INCOME</b>		
Sales	8	7,793,627
Miscellaneous Income	9	215,197
Stock Differential	10	(576,841)
		<b>119,424</b>
		<b>7,431,983</b>
<b>EXPENDITURE</b>		
Raw Materials Consumed	11	3,973,151
Production Overheads	12	361,733
Employee Remuneration and Benefits	13	2,695,742
Administrative Expenses	14	1,586,345
Selling expenses	15	543,420
Financial charges	16	11,530,052
Depreciation	5	2,237,761
Foreign Exchange rate Fluctuations		16,770
		<b>284,428</b>
		<b>22,944,973</b>
<b>Net Loss for the year</b>		<b>165,004</b>
		<b>15,512,990</b>
Brought forward Losses		55,361,094
<b>Balance transferred to Balance Sheet</b>		<b>165,004</b>
		<b>15,512,990</b>
Earnings Per equity share of Rs 10 each		55,526,098
-Basic		55,526,098
		(0.04)
		(4.11)

**Notes on Accounts**

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As per our report of even date attached

For G. JOSEPH & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 (Firm Regn. No. 006310S)

PLACE : Cochin  
 DATE : 10.07.2010

VIJAYAN I V  
 CHAIRMAN

REPSY VIJAYAN  
 MANAGING DIRECTOR

UMESH L.BHAT  
 PARTNER  
 M.No.211364

# Artech Power Products Ltd.

## SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

	As at 31.03.01	As at 31.03.00
<b>SHARE CAPITAL</b>		
		<b>Schedule - 1</b>
<b>A. Authorised</b>		
40,00,000 equity shares of Rs.10/- each (Previous year 40,00,000 equity shares of Rs.10/- each)	40,000,000	40,000,000
1,00,000 Redeemable Preference shares of Rs. 100/-each (Previous year 1,00,000 redeemable preference shares of Rs.10/- each)	10,000,000	10,000,000
	50,000,000	50,000,000
<b>B. Issued, Subscribed and Paid-up</b>		
37,74,300 Equity shares of Rs. 10/- each fully paid up. (Previous year 37,74,300 equity shares of Rs.10/-each fully paid up)	37,743,000	37,743,000
		<b>Schedule - 2</b>
<b>RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
Capital Investment Subsidy from State Government	2,000,000	2,000,000
	2,000,000	2,000,000
		<b>Schedule - 3</b>
<b>SECURED LOANS</b>		
<i>(Refer Note no.10 &amp; 11 of Schedule No.17)</i>		
a. Rupee Term Loan from -IDBI	23,241,923	23,241,923
b. Deferred Interst Loan -IDBI	3,862,389	3,862,389
c.Term Loan from KSIDC Ltd	3,528,744	3,528,744
d.Interest accrued and due on IDBI Loans	22,375,255	22,375,255
e.Interest accrued and due on KSIDC Loan	3,365,694	3,365,694
f.Cash credit from State Bank of Travancore	16,892,807	16,892,807
	73,266,812	73,266,812
		<b>Schedule - 4</b>
<b>UNSECURED LOANS</b>		
a. From Directors	1,239,013	962,200
b. Unpaid Fixed Deposits	4,048,655	4,048,655
	5,287,668	5,010,855
		<b>Schedule - 6</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>Inventories</b>		
(As taken, valued and certified by the Management)		
- Finished Goods	6,096,435	6,096,435
- Work In progress	3,073,524	3,073,524
- Raw Materials	4,001,250	4,001,250
	13,171,209	13,171,209
<b>Sundry Debtors</b>		
[Unsecured, considered good]		
Outstanding for a period exceeding six months	4,974,863	5,008,262
Other Debts	-	-
	4,974,863	5,008,262
<b>Cash &amp; Bank Balances</b>		
Cash in hand	14,876	10,095
Balance with Scheduled Banks:		
- In current accounts	12,474	21,132
	27,349	31,226
<b>B. LOANS &amp; ADVANCES</b>		
(Unsecured and considered good)		
Other Advances	5,529	5,529
Other Current Assets	1,244,963	1,244,963
Deposits	331,084	331,084
	1,581,576	1,581,576

## Artech Power Products Ltd.

	As at 31.03.01	As at 31.03.00
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b><u>A. Current Liabilities</u></b>		
Creditors for Raw Materials	2,163,180	2,163,180
Creditors for Expenses	1,449,676	1,584,306
Interest accrued on fixed deposits	1,492,915	1,492,915
Other Current Liabilities	591,025	605,480
<b><u>B Provisions</u></b>		
Provision for Gratuity	69,230	69,230
	5,766,026	5,915,111
<b>Schedule - 7</b>		
<b><u>SALES</u></b>		
Manufactured Goods	-	7,479,322
Trading Goods	-	41,076
Others	-	2,109,710
Sales Software	-	5,000
	-	9,635,108
Less : Sales Returns	-	117,620
Less : Excise Duty paid	-	1,723,861
	-	7,793,627
<b>Schedule - 8</b>		
<b><u>MISCELLANEOUS INCOME</u></b>		
Interest Received	-	1,117
Other Income	119,424	214,080
	119,424	215,197
<b>Schedule - 9</b>		
<b><u>STOCK DIFFERENTIAL</u></b>		
<b><u>Finished Goods:</u></b>		
<b><u>Opening Stock</u></b>		
Manufactured Goods	3,145,610	3,506,028
Trading Goods	2,950,825	2,983,685
<b><u>Closing Stock</u></b>		
Manufactured Goods	3,145,610	3,145,610
Trading goods	2,950,825	2,950,825
	-	(393,278)
<b><u>Work-in-Progress</u></b>		
Opening Stock	3,073,524	3,257,087
Closing Stock	3,073,524	3,073,524
	-	(183,563)
	-	(576,841)
<b>Schedule - 10</b>		
<b><u>RAW MATERIALS</u></b>		
Opening Stock	4,001,250	4,583,745
<b><u>Add : Purchases</u></b>		
Components and Piece parts	-	3,350,372
Other Consumables	-	40,283
	4,001,250	7,974,401
Less : Closing Stock	4,001,250	4,001,250
	-	3,973,151
<b>Schedule - 11</b>		
<b><u>PRODUCTION OVERHEADS</u></b>		
Electricity Charges	-	147,511
Consumables	-	63,032
Power & Fuel	-	151,190
	-	361,733
<b>Schedule - 12</b>		

## Artech Power Products Ltd.

	As at 31.03.01	As at 31.03.00
		<b>Schedule - 13</b>
<b><u>EMPLOYEE REMUNERATION &amp; BENEFIT</u></b>		
Salaries & Allowances	85,313	2,580,235
Employer's Contribution to Provident Fund	-	52,266
Staff Welfare	1,396	63,240
	86,709	2,695,742

		<b>Schedule - 14</b>
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
Directors Remuneration	-	243,000
Directors Sitting Fees	-	9,500
Directors Travelling Expenses	-	850
AGM Expenses	-	20,731
Vehicle Maintenance	-	226,286
Travelling & Conveyance	16,792	122,126
Advertisement	7,956	21,082
Office expense	21,057	-
Repairs & Maintenance Others	39,168	36,629
Rent	7,717	63,174
Electricity Charges	12,541	-
Horticulture Expenses	-	35,129
Professional Charges	-	141,000
Security Charges	15,710	84,787
Legal charges	14,000	31,500
R & D Expenses	-	2,864
Books & Periodicals	-	5,454
Festival Allowance	-	25,500
Printing & Stationery	1,311	50,809
Sales Tax paid	-	40,000
Meeting & Conferences	-	4,000
Communication Expenses	48,136	185,257
Insurance Charges	1,870	32,028
Auditors Remuneration	10,000	76,430
Listing Fee	-	36,650
Rates & Taxes	-	50,427
Miscellaneous Expenses	-	41,133
	196,258	1,586,345

		<b>Schedule - 15</b>
<b><u>SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Sales Promotion	-	43,098
Packing materials	-	18,184
Freight Outwards	-	223,231
Forwarding charges	-	18,660
Rent	-	95,300
Conveyance expenses	-	16,434
Travelling Expenses	-	60,475
Miscellaneous Expenses	-	68,039
	-	543,420

		<b>Schedule - 16</b>
<b><u>FINANCIAL CHARGES</u></b>		
Interest on IDBI Loans	-	7,845,307
Interest on KSIDC Loans	-	1,125,034
Interest on Cash Credit	-	1,223,847
Interest & Bank Charges	1,461	85,215
Interest in Fixed Deposits	-	1,250,649
	1,461	11,530,052

## Fixed Assets &amp; Depreciation

Particulars	Gross Block at Cost			DEPRECIATION			NET BLOCK	
	As at 01.04.2000	Addition/ Deletions	As at 31.03.2001	Upto 01.04.2000	For the Year	Upto 31.03.2001	As at 31.03.2001	As at 31.03.2000
Land & Land Development	1,304,584	-	1,304,584	-	-	-	1,304,584	1,304,584
Building	13,699,861	-	13,699,861	2,373,468		2,373,468	11,326,393	11,326,393
Plant & Machinery	28,893,502	-	28,893,502	7,113,743		7,113,743	21,779,760	21,779,760
Factory Equipments	364,333	-	364,333	110,317		110,317	254,017	254,017
Electrification	3,872,690	-	3,872,690	955,376		955,376	2,917,314	2,917,314
Furniture & Fixtures	1,830,554		1,830,554	651,051		651,051	1,179,503	1,179,503
Office Equipments	1,335,136	-	1,335,136	377,019		377,019	958,117	958,117
Vehicle	277,325	-	277,325	102,225		102,225	175,099	175,099
	<b>51,577,985</b>	-	<b>51,577,985</b>	<b>11,683,199</b>	-	<b>11,683,199</b>	<b>39,894,786</b>	<b>39,894,786</b>
Previous Year	51,637,560	(59,575)	51,577,985	9,458,822	2,237,761	11,683,199	39,868,017	42,178,738

**SCHEDULE 17: Significant Accounting Policies and Notes to Accounts**

**Background**

Artech Power Products Limited (hereinafter referred to "the Company") was incorporated in the State of Kerala. The Company was in the business of production of Switched Mode Power Supplies. Due to acute financial difficulties, the company had stopped its operations in the first week of April, 2000 and the factory was closed. The operations did not recommence thereafter.

**A. SIGNIFICANT ACCOUNTING POLICIES**

The significant Accounting Policies followed by the company are as stated below:

**1. Basis of Preparation**

The Financial Statements have been prepared on the historical cost convention. These statements have been prepared in accordance with the generally accepted accounting principles and the applicable Mandatory Accounting Standards and relevant requirements of The Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Company. The preparation required adoption of estimates and assumptions that can affect the reported amounts of revenue and expenditure and the assets and liabilities as well as the disclosure of contingent liabilities. Differences between the actual results and estimates are recognised in the year in which they become known or materialises.

**2. Revenue Recognition**

- a) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally at the point of despatch to the customer. Sales includes Excise Duty and are net of discount.
- b) Interest income is accounted on accrual basis.

**3 Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**4 Depreciation**

Since no operation was carried out during the year and the company is not expecting to commence the operations in the near future, depreciation has not been provided for.

**5 Investments**

Investments are long term and are valued at cost. Provisions for diminution in value of long term investments is made, if the diminution is other than temporary.

**6 Inventories**

Inventories are valued at lower of cost, in the absence of net realisable value which can not be quantified since the company is not operational.

**7 Investment Subsidy**

Investment Subsidy received from Government of Kerala is treated as Capital Reserve.

**8 Borrowing Costs**

Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalised till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.

**9 Retirement Benefits**

- a) The company accounts for the gratuity payments to Life Insurance Corporation of India as actuarially determined.
- b) Contribution to Provident Fund and other recognised funds is charged to Profit & Loss account.

**B. NOTES TO ACCOUNTS**

- 1 Previous year's figures are regrouped, rearranged or recast wherever necessary to conform to this year's figures.
- 2 The books and records of the company were maintained at the registered office located at the factory premises. The factory was closed in April 2000 and the premises were under the custody of the financial institutions. Due to lapse of about 10 years, certain records are damaged and not available. The accounts for the financial year was reconstructed from the records available with the company.



## Artech Power Products Ltd.

- 3 Contingent liabilities not provided for in the Accounts: Current Year Previous year
- a) Guarantees issued by banks
- b) Liability on account of interest on unclaimed deposits, in any, if such deposits were renewed has not been ascertained and not provided for in the accounts.
- c) The Sales tax department has raised demand notices against the company for the Assessment years from 95-96 to 99-00 aggregating to Rs.208.80 lakhs as arrears, penalty and interest on Sales tax. The company had filed appeal with the higher authorities against these demand notices. The appeal is not yet disposed off. The sales tax authorities has proceeded with the Revenue Recovery proceedings, against which the company has obtained a stay order from the High Court of Kerala till the appeal is disposed off. No provision has been made in the accounts for the above liability. However, this liability was settled in the subsequent years.
- d) The Kerala State Electricity Board and BSNL have initiated revenue recovery proceedings against the company for the recovery of outstanding electricity and telephone charges along with interest. However provision has not been made in the accounts for the interest payable on account of lack of adequate information. This liability was settled in the subsequent years.
- 4 M/s.Blue Dart Express Ltd had filed a case against the company for courier charges payable amounting to Rs.49328/-. The case had been decreed against the company and the company was ordered to make the payment along with interest. However due to financial constraints the company could not make the payment till date. The provision for the interest payable on the above has not been made in the books of accounts.
- 5 Balance of debtors, creditors and loans and advances, bank accounts, loans from Kerala State Industrial Development Corporation Limited(KSIDC), Industrial Development Bank of India (IDBI) and State Bank of Travancore (SBT) and fixed deposits accepted are subject to confirmation and reconciliation.
- 6 The company has not made contributions to the Gratuity fund of LIC during the year and the liability on account of the above, was not provided for in the books on account of lack adequate records.
- 7 The company has neither accepted nor renewed any of the fixed deposits since 1999. The amount of fixed deposits aggregating to Rs. 4,048,655.00 includes,
- a) Two deposit holders of the company had filed suit in Civil Court against the company for the repayment of deposits amounting to Rs.200,000/-. The company was ordered to make the repayment. This was settled in the subsequent years.
- b) Three deposit holders of the company had filed petition with the Company Law Board for the repayment of deposits amounting to Rs.400,000/-. The Company Law Board has ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order and penalty was imposed on the company and the directors which was paid.
- c) Three deposit holders of the company had filed a petition with the Company Law Board for the refund of deposits amounting to Rs.50,000/-. The Company Law Board had ordered the company to pay the amounts in installments. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order which was dismissed by the court. The Registrar of Companies has filed an appeal in the High Court of Kerala, which is pending disposal. The penalty for noncompliance, if any, has not provided for in the books. However, these deposits were settled in the subsequent years.
- d) The amount of fixed deposits outstanding amounting to Rs.33,98,655.00 represents unclaimed deposits.
- 8 IDBI and SBT had recalled the loan given to the company and filed a suit in Debt Recovery Tribunal (DRT) for the recovery of the loan outstanding amounting to Rs.232.42 lakhs and Rs.168.93 lakhs respectively together with accrued interest and further interest. The cases were decreed against the company and the banks have obtained the certificate of recovery from DRT. KSIDC had also recalled the loan and initiated revenue recovery proceedings for the recovery of Rs.32.59 Lakhs together with accrued interest and further interest. These loans were subsequently settled under One Time Settlement Scheme offered by the financial institutions.
- 9 M/s.BT Solders, Bangalore - a creditor of the company, has filed a suit against the company for dishonour of cheque amounting to Rs.44,044/-. The case was dismissed by Magistrate Court in Bangalore. The creditor has filed a condonation petition with the High Court of Karnataka for delayed filing of appeal. This liability was settled through court proceedings in the subsequent years.

## Artech Power Products Ltd.

- 10 The Term Loans are secured by way of first charge on the immovable and movable fixed assets of the company and second charge on the current assets of the company and further guaranteed by the promoter directors
- 11 The Cash Credit facility from State Bank of Travancore(SBT) is secured by way of first charge on the current assets of the company and second charge on the immovable and movable fixed assets of the company and further guaranteed by the promoter directors.
- 12 In the opinion of the management, the current assets, loans, advances and sundry debtors other than those realised since then, are unrealisable and so have been written off. The sundry creditors, which, in the opinion of the management, are not payable are written back as they are time barred under statute.

### 13 Managerial Remuneration

- a) No commission is payable to any director and hence the computation of profit u/s 198 / 349 of the Companies Act, 1956 is not required
- b) The computation of Managerial Remuneration u/s 350 of The Companies Act, 1956 have not been enumerated as the managerial remuneration payable to Managing Director are within the limit prescribed under Schedule XIII of the said Act.

	<u>Current Year</u>	<u>Previous Year</u>
Salaries	-	243,000
Sitting Fees	-	9,500
<b>14 <u>Auditors remuneration includes:-</u></b>		
For Audit	10,000	76,430
For Certification	-	-
For Taxation Matters	-	-
	<b>10,000</b>	<b>76,430</b>

	<u>Current Year</u>	<u>Previous Year</u>
		(Rs. In lakhs)
15 Estimated amount of capital contracts pending execution	Nil	Nil

### 16 Additional Information

- a) Particulars of Annual Installed Capacity and Production
- Installed Capacity - Not ascertainable as it varies  
(Installed capacity as certified by the management on which reliance is placed by the auditor, being a
- b) Value of imports calculated on CIF basis by the company
- |   |     |              |
|---|-----|--------------|
| a. Raw Materials & Components                             | --  | 2,177,741.88 |
| b. Trading Goods  | -   |              |
| c. Travelling   |     |              |
| (Current year figures are as certified by the management) |     |              |
| c) Expenditure in foreign currency in respect of :-       |     |              |
| i) Royalty, knowhow and professional fee                  | Nil | Nil          |
| ii) Sponsorship   | Nil | Nil          |
| iii) Travelling   | Nil | Nil          |
| iv) Ocean freight   | Nil | Nil          |
| d) Earnings in foreign exchange FOB value of exports      | Nil | Nil          |
| e) Amount remitted during the financial year in foreign   | Nil | Nil          |

## Artech Power Products Ltd.

<b>17 Earnings per share</b>	<b>Current Year</b>	<b>Previous Year</b>
Net Profit for the year	(165,004)	(15,512,990)
Weighted Average No. of shares outstanding		
- Basic	3,774,300	3,774,300
Earnings Per equity share of Rs 10 each		
- Basic	(0.04)	(4.11)

### 18 Information on Small Scale Industrial Units

- a) No claims of suppliers who are covered under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993" has come to the notice of the company
- b) Amount outstanding for payments to SSI's Nil Nil
- c) Name of SSI's to whom the company owes any sum together with interest which is outstanding for more than thirty days Nil Nil
- d) The above information has been compiled to the extent to which the parties could be identified as Small Scale and Ancillary Undertakings, on the basis of information available with the company.

For **G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 006310S

PLACE : Cochin  
Date: 10.07.2010

**Vijayan I V**  
Chairman

**REPSY VIJAYAN**  
Managing Director

**Umesh L Bhat**  
Partner  
M.No.211364

### AUDITORS' REPORT

The Members  
Artech Power Products Limited  
2/79, Vattukunnu Road, Kandanad P O  
Thiruvankulam, Ernakulam Dist., Kerala-682305

We have examined the attached Cash Flow statement of M/sArtech Power Products Limited for the period ended 31/03/2001. The statement has been prepared by the company in accordance with the requirements of listing agreements executed with the stock exchanges where the shares of the company are listed and is based on and in agreement with the corresponding Profit and Loss account and Balance sheet of the company covered by our report of 10.07.2010 to the members of the company.

For **G JOSEPH & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006310S

PLACE : COCHIN - 20  
DATE : 10.07.2010

**UMESH L BHAT**  
PARTNER  
M.No.211364

**Cash Flow Statement for the Year Ended March 31, 2001**

(In terms of Listing Agreement)

(Amount in Rupees.)

Sch.	2000-01	1999-00
<b><u>Cash Flow From Operating Activities</u></b>		
<b>A. Net Profit Before Tax and Extraordinary itmes</b>	<b>(165,004)</b>	<b>(15,512,990)</b>
Adjustment for :		
Finance charges	1,461	11,530,052
Depreciation	-	2,237,761
Interest received	-	(1,117)
Preliminary Expenses written off	-	-
Deferred Revenue expenses written off	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>(163,543)</b>	<b>(1,746,294)</b>
Movement in Working Capital :		
(Increase)\Decrease in Trade and other receivables	33,400	(85,184)
(Increase)\Decrease in Inventories	-	(3,390,295)
Increase\Decrease in Trade payables	(149,085)	1,254,834
<b>Cash Generated from Operations</b>	<b>(279,229)</b>	<b>(3,966,939)</b>
<b>Net cash from Operating Activities</b>	<b>(279,229)</b>	<b>(3,966,939)</b>
<b><u>B. Cash Flow From Investing Activities</u></b>		
Sale of Fixed Assets	-	46,190
Sale of investments	-	13,622
Interest Received	-	1,117
<b>Net cash used in investing activities</b>	<b>-</b>	<b>60,929</b>
<b><u>C. Cash Flow From Financing Activities</u></b>		
Proceeds from Short Term borrowings	276,813	1,543,501
Interest paid	(1,461)	(2,216,542)
<b>Net cash flow from financing activities</b>	<b>275,352</b>	<b>(673,041)</b>
<b>Increase\decrease) in cash and cash equivalents</b>	<b>(3,877)</b>	<b>(4,579,051)</b>
Cash and cash equivalents at the beginning of the year	31,226	60,286
Cash and cash equivalents at the end of the year	27,349	31,226

Notes:

- 1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of
- 2 Previous year figures have been regrouped or reclassified to confirm to those of the current year.

This is the Cash Flow Statement referred to in our report of even date.

**For G. Joseph & Associates**

Chartered Accountants  
Firm Regn. No. 006310S

**Umesh L.Bhat**  
Partner  
Membership No.211364

**Vijayan I V**  
Chairman

**REPSY VIJAYAN**  
Managing Director

PLACE : Cochin  
Date : 10.07.2010

**NOTICE**

NOTICE is hereby given that the 13<sup>th</sup> Annual General Meeting of Artech Power Products Ltd., originally held on 19th March 2008, adjourned sine die will be held on Monday the 30th August 2010 at "KETA Hall", 2nd Floor, KETA Center, Chittoor Road South, Cochin 682016 at 10.45 a.m. to transact the following business.

**Ordinary Business**

1. To receive, consider and adopt the audited Annual Accounts of the Company for the year ended 31st March 2002 together with the report of the Board of Directors and Auditors thereon.

**Notes:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The register of members and share transfer books of the company will be closed from 23<sup>rd</sup> August 2010 to 30<sup>th</sup> August 2010, both days inclusive.
3. Shareholders desiring any information as regards the Accounts are requested to write to the company at least 5 days in advance so as to enable the management to keep the information ready at the meeting.

By order of the Board  
For Artech Power Products Ltd

Place: Cochin 20  
Date: 10.07.2010

Repsy Vijayan  
Managing Director

**DIRECTOR'S REPORT****To the Members,**

The Board of Directors hereby presents the 13<sup>th</sup> annual report on the together with the audited statement of accounts for the year ended 31<sup>st</sup> March 2002. Your Directors apologize for the delay that has happened in preparing the accounts for the year under review, which was beyond the control.

**Financial Results**

Sales: Rs.Nil	Loss before interest, depreciation and extra: Rs.62,247.00
Other income: Rs.37,271.00	Net loss for the year: Rs.62,247.00

**Dividend**

As the Company has not earned any profit, the directors do not propose any dividend for the accounting year ended 31<sup>st</sup> March 2002.

**Activities during the year and current status**

As reported in the Director's Report for the previous year, the Board of Directors had to take the most unpleasant decision to close down the operations of the factory wef 12<sup>th</sup> April 2000. The management has engaged all possible efforts in consultation with the Financial Institutions for a revival of the company including options to bring in probable investors as joint venture or take over by potential buyers. Many proceedings in this direction progressed to different levels, but none could be crystallized by the Board or by the Institutions who rendered extensive support to our efforts. Meanwhile the Financial Institutions approached the Debt Recovery Tribunal for recovery of their loans and obtained recovery certificate as the assets of the Company are hypothecated to them. Even after this, efforts were continued for a possible revival of the Company and meanwhile the Revenue Recovery Proceedings by Sales tax Dept. worsened our efforts.

Subsequently the Revenue Department pronounced auction of the Company's property. As this would entangle our entire efforts to settle all other liabilities, the Company approached the Hon'ble High Court of Kerala again and obtained stay to the RR proceedings on our contention that the Company could by way of private sale of assets obtain higher realization of value and could settle the sales tax as well as other statutory liabilities, the Financial Institution's dues by way of compromise settlement. This view was supported by the Financial Institutions in the High Court in the interest of all stakeholders. As the asset sale requires, as per the provisions of the Companies Act, compulsory Postal Ballot, the required resolution u/s 193(a) of the Companies Act 1956 was put to the members through Postal ballot and the resolution was approved by the share holders of the Company with requisite majority. The results were announced by the Chairman on 19<sup>th</sup> March 2008.

As pressures were mounted from the Financial Institutions, Banks and Revenue Dept. for settling their liabilities, one potential buyer approached IDBI for buying the land and building of the Company. The liabilities to Financial Institutions, Banks and Revenue Dept. were in excess of Rs. 36 Crores as on September 2009. As the valuation of Company's properties was much lower, a One Time Settlement was reached with the Institutions and directly settled by the buyer. They further made direct payment of the One Time Settlement arrived at with KSEB. The expenses incurred by the Company for clearing the statutory liabilities, Sales Tax settlement, BSNL settlement and on account of various litigations and proceedings after closure were also settled. The buyer on tripartite negotiations with the employees union also directly settled the employee's salary arrears, other dues and compensation. On sale of assets, the Company could clear of all the liabilities and have obtained the No Dues certificate from the Financial Institution, Bank, Revenue Dept., KSEB and BSNL.

The Board of Directors are presently looking for identifying any possible opportunity from any potential group who could associate with this Company for a take over or merger or amalgamation so as to be mutually beneficial in the interest of all our share holders. The Board of Directors is putting in all efforts in this direction.

**Shares**

Company's shares have been suspended from trading due to nonpayment of dues by Cochin, Bombay, Delhi and Chennai stock exchanges. The listing fees could not be paid as factory was closed and there was no income generation. The share transfer activities are done in house. Your directors will take all the possible steps to rectify the deficiencies in this matter as soon as the Company becomes operational and the required finances and personnel are available.

**Directors reply to qualifications in the Auditor's Report.**

Due to acute financial difficulties the factory was closed in April 2000. The operations could not commence there after. The books and records of the Company were maintained at the Registered office located at the factory premises. The premises were under the custody of the Financial Institution. During this period there were no maintenance and some of the records were damaged. The accounts for the previous financial year were reconstructed from the records available with the Company. Due to the above Company was unable to produce some of the documents and records for audit.

With respect to the Auditors comments on the valuation of the fixed assets and current assets, the Directors are hopeful of realizing at least a value that is reflecting in the books of accounts and hence valued on book value. The auditor's qualifications on non-compliance of the Accounting Standards are due to above reasons. With respect to the auditor's comments on violation for section 58A, the company could not repay the fixed deposit holders and the directors were prosecuted. The Company's fixed deposits were settled on compromise in subsequent years.

**The Status of ESI, PF, TDS and Sales Tax:**

The provisions of ESI Act were not applicable to the Company on account that the area where the factory is situated was exempted. PF contribution had been paid in the previous year whenever salary disbursements have been made. There were delayed salary payments and salary dues in arrears during the previous year. During the year under review, the factory was closed and there were no salary payment to any of the employees and hence there were no PF dues. The Company had remitted penalty for delayed payments of PF in subsequent years. There is an unpaid TDS amounting to Rs. 48,475/- pertaining to the year 1998-99 which could not be paid due to non-availability of proper records. Your directors have initiated steps to make this payment in subsequent years. There were unpaid sales tax dues amounting to Rs. 172,179/- pertaining to the year 1998-99 due to the financial crisis and closure of the factory. This has been settled in subsequent years.

**Personnel and Industrial Relations**

Industrial Relations in the Company were satisfactory during the years. After closure of the Company in April 2000, even though there were some disturbances, the employees were very supportive to the management during the occasions of discussions with probable new investors and finally the buyer for the assets of the Company. All the dues to the employees including salary and PF arrears including compensation for leaving the services are settled on compromise negotiations with the employees union in subsequent years. Your Directors take this opportunity of recording their appreciation of the wholehearted support rendered by the employees and their union during these years.

**Statutory Disclosures**

**Fixed deposits**

Your Company has neither accepted nor renewed any Fixed Deposits since the date of last Annual General Meeting. The amount of deposit outstanding as on 31<sup>st</sup> March 2000 is Rs. 4,048,655/- out of which a sum of Rs. 3,398,655/- represents unclaimed deposits and the balance represents claims of deposit holders, but could not be paid due to financial constraints. These Fixed Deposits were settled on compromise in subsequent years.

**Auditors**

M/s. G Joseph & Associates, Chartered Accountants, with Firm Registration No. 006310S who are the statutory Auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956 up to the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**Disclosure of Particulars of employees**

There are no employees who are in receipt of salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended by and Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.

**Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo**

The information as required under Section 217 (i) (e) of the Companies Act, 1956 read with the Companies (Directors particulars in the Report of the Board of Directors) Rules 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is not applicable for the year under review as the company was closed down and there were no production activities.

**Directors' Responsibility Statement**

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

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures applicable to accounting standards except non compliance of accounting standards 2, 4,6,10 and 15 as the company was closed down and there were no production and commercial activities;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 the profit & loss of the Company for that period;
- iii) As the factory premises, where the registered office of the company was situated, were under the custody of financial institutions, banks etc, the Directors can not comment whether proper and sufficient care were taken 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;
- iv) The annual accounts have not been prepared on a going concern basis.

**Acknowledgement**

The Board of Directors acknowledge with gratitude the support extended by Kerala State Industrial Development Corporation (KSIDC), Industrial Development Bank of India (IDBI) and State Bank of Travancore (SBT) who had been considerate to the Company during these periods of financial crisis. The financial liabilities towards these institutions were settled in subsequent years. Yours Directors also thank M/s. Federal Bank, Ernakulam North Branch and Girinagar Branch with whom the Company maintained the current accounts. Your Directors also thank all the employees and deposit holders for their seamless support during the year under review, which were settled in subsequent years. The moral support given by all our shareholders of the Company during the year under review and all subsequent years without which, the settlement of liabilities would not have been possible in subsequent years and their continued patronage to your Directors in the years ahead.

By order of the Board  
**For Artech Power Products Ltd.**

Place: Cochin 20  
Date: 10.07.2010

Vijayan I V  
**Chairman**

Repsy Vijayan  
**Managing Director**



**AUDITORS' REPORT**

The Members

Artech Power Products Limited  
'Anitha', 2nd Floor, SA Road, Elamkulam  
Cochin – 682 020

We have examined the attached Balance Sheet of M/s. Artech Power Products Limited as at 31st March, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto.

**We report that,**

1. The company had stopped its operations in the first week of April, 2000. The operations did not recommence there after. *The ability of the company to continue as a going concern is severely impaired. The company has prepared the financial statements without making any adjustments in the value of fixed assets that have been necessary, as the company is unable to continue as going concern.*
2. *Subject to Point 2 & 5.in the Notes to Accounts in Schedule 17 regarding the non availability of certain books and records, information on dues to Small Scale Units in Note No.18,of Notes to Accounts in Schedule 17 and non-reconciliation, and non-conformation of balances of sundry debtors, sundry creditors, loans and advances, bank accounts, Loans from Kerala State Industrial Development Corporation Limited (KSIDC), Industrial Development Bank of India(IDBI) and State Bank Travancore (SBT) and fixed deposits accepted, we report that:-*
  - i) 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.
  - ii) 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 the books.
  - iii) the Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
3. The Profit & Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956, *subject to;*
  - (i) *non compliance of Accounting Standard 2 on 'Valuation of Inventories' by stating the value of inventory as at the year end at cost, without considering the realizable value. We are unable to quantify the impact of the above, on the loss for the year and on the value of inventories in the absence of stock records.*
  - (ii) *non compliance of Accounting Standard 10 on 'Accounting for Fixed Assets' by stating the fixed assets on historical cost rather than at the net realizable value. The diminution in the value of asset has not been ascertained and we are unable to quantify its impact on the value of assets and on the loss for the year.*
  - (ii) *non compliance with the requirements of Accounting Standard 6 on 'Depreciation Accounting' by not providing adequate depreciation based on the expected useful life and residual life of the asset in view of the non utilization of the asset since April 2000. We are unable to quantify the additional depreciation that was required to be provided and its impact on the losses for the year and on the depreciation reserve.*
  - (iv) *non compliance with the requirements of Accounting Standard 15 on 'Accounting for Retirement Benefits in the Financial Statements of Employers' by not providing for gratuity and leave encashment, the impact of which on the loss for the year and on the provision for gratuity and leave encashment could not be quantified.*
4. On the basis of written representation received from Directors and taken on record by the Board, we report that none of the Directors are disqualified as on 31.03.2002 from being appointed as a Director in terms of Clause (g) of sub section (1) of section 274 of the Companies Act 1956.
5. *Due to the significance of the matters discussed in Paragraph 1,2 & 3 above,*
  - i. in the case of Balance Sheet, the state of affairs of the company as at 31st March, 2002, and,
  - ii. in the case of Profit and Loss Account, the Loss for the year ended on that date.  
*do not represent a true and fair view.*
6. In terms of Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board, Government of India, under section 227 (4A) of the Companies Act, 1956, we further report, on the matters specified in paragraphs 4 and 5 of the said Order, that:-
  - i.a) The company is having a fixed asset register, *which however needs to be updated.*
  - b) *The company had not carried out any physical verification during the year.*
  - ii) None of the fixed assets have been revalued during the year.
  - iii). *The stocks of finished goods, raw materials and work-in-process have not been physically verified by the management during the year/at year end.*

## Artech Power Products Ltd.

- iv) *We are unable to comment on clauses (iv) & (v) to the Order since physical verification has not been carried out by the company during the year.*
- vi) *In the absence of inventory records, we are unable to comment whether the valuation of inventory is fair and proper. The inventory is valued at cost, without considering the realizable value which is not in accordance with the basis of valuation followed in the preceding year. The impact of the deviation in the basis of valuation could not be quantified in the absence of proper records.*
- vii) *The Company has taken certain unsecured loans from directors. The terms and conditions of such loans are not prima facie prejudicial to the interests of the Company. As explained to us, there are no other companies under the same management.*
- viii) *The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 and / or to companies under the same management as defined from section 370 (1B) of the Companies Act, 1956, which are prejudicial to the interests of the company.*
- ix) *Loans or advances in the nature of loan have not been given by the Company.*
- x) *As the company did not carry on any business during the year, clause no.(x) of the Order on internal control procedures relating to the purchase of stores, raw material, including components, plant and machinery, equipment and other assets, and for the sale of goods, is not applicable.*
- xi) *As per the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services have been made in pursuance of contracts or arrangements which are to be entered in the registers maintained u/s Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party.*
- xii) *In the absence of adequate inventory records, we are unable to comment on whether there were any unserviceable or damaged stores, raw materials and finished goods in the inventory of the company as on 31.03.2001 which were required to be written off.*
- xiii) *The company has violated the provisions of Section 58A of the Companies Act, 1956, to the extent that certain deposits and interest were not paid even after the claims were raised.*
- xiv) *In our opinion, reasonable records have not been maintained for recording the generation and sale of scrap during the year.*
- xv) *The Company does not have an internal audit system.*
- xvi) *To the best of our knowledge the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the products of the company.*
- xvii) *There were no dues of Provident Fund and Employees' State Insurance during the year and consequently clause no. (xvii) of the order is not applicable.*
- xviii) *According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty and Excise Duty which are outstanding as on 31st March, 2001, for a period of more than six month from the date they became payable, other than Tax Deducted at Source relating to the year 98-99, not remitted, amounting to Rs.48,475/- and Sales Tax Payable Rs.172,179.*
- xix) *According to the records of the company and as per the information and explanations given to us, no personal expenses have been charged to the Revenue Accounts other than those payable under contractual obligations or in accordance with the generally accepted business practice.*
- xx) *As explained to us and according to the records of the Company, the company is a registered SSI unit and hence the provisions of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the company.*
- xxi) *In the absence of adequate records, we are unable to comment whether the company has any damaged goods relating to the trading activities of the company, which requires provisioning, in the absence of adequate records.*

For G JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(Firm Reg.No.006310S)

UMESH L BHAT  
PARTNER  
M.No.211364

PLACE : COCHIN - 20  
DATE : 10.07.2010

ARTECH POWER PRODUCTS LIMITED  
Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020

BALANCE SHEET AS AT 31.03.2002

Particulars	Sch.No.	As at 31.03.02	As at 31.03.01
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>Share Holders' Funds</u></b>			
Share Capital	1	37,743,000	37,743,000
Reserves & Surplus	2	2,000,000	2,000,000
<b><u>Loan Funds</u></b>			
Secured Loans	3	73,266,812	73,266,812
Unsecured Loans	4	5,357,168	5,287,668
		<b>118,366,980</b>	<b>118,297,480</b>
<b><u>APPLICATIONS OF FUNDS</u></b>			
<b><u>Fixed Assets</u></b>			
	5		
Gross Block		51,577,985	51,577,985
Less : Depreciation		11,683,199	11,683,199
Net Block		39,894,786	39,894,786
<b><u>Current Assets, Loans &amp; Advances</u></b>			
	6		
a. Inventories		13,171,209	13,171,209
b. Sundry Debtors		4,974,863	4,974,863
c. Cash and bank balances		28,769	27,349
d. Other current assets		1,581,576	1,581,576
		19,756,417	19,754,997
<b><u>Less Current Liabilities &amp; Provisions</u></b>			
	7	5,760,193	5,766,026
<b>Net Current Assets</b>		<b>13,996,224</b>	<b>13,988,971</b>
Miscellaneous Expenditure (to the extent not written off or adjusted) - Preliminary expenses		3,331,697	3,331,697
- Deferred Revenue Exp		5,555,927	5,555,927
<b>Profit &amp; Loss Account</b>		<b>55,588,346</b>	<b>55,526,099</b>
		<b>118,366,980</b>	<b>118,297,480</b>
<b>Notes on Accounts</b>	13		

As per our report of even date attached  
For G. JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006310S

PLACE : Cochin  
DATE : 17.10.2010

VIJAYAN I V  
CHAIRMAN

REPSY VIJAYAN  
MANAGING DIRECTOR

UMESH L.BHAT  
PARTNER  
M.No.211364

ARTECH POWER PRODUCTS LIMITED  
Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2002

Particulars	For the year ended	
	31.03.02	31.03.01
<b>INCOME</b>		
Miscellaneous Income	8	37,271
Stock differential	9	
		<u>37,271</u>
		<u>119,423</u>
<b>EXPENDITURE</b>		
Raw material consumed	10	
Employee Remuneration and Benefits	11	9,000
Administrative Expenses	12	90,158
Financial charges		360
		<u>99,518</u>
		<u>284,428</u>
<b>Net Loss for the year</b>		<b>62,247</b>
Add :Brought forward Losses		55,526,099
<b>Balance Loss transferred to Balance Sheet</b>		<b>55,588,346</b>
Earnings Per equity share of Rs 10 each		
-Basic		
Notes on Accounts	13	

As per our report of even date attached  
For G. JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn.No. 006310S

PLACE : Cochin  
DATE : 17.10.2010

VIJAYAN I V  
CHAIRMAN

REPSY VIJAYAN  
MANAGING DIRECTOR

UMESH L.BHAT  
PARTNER  
M.No.211364

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

	As at 31.03.02	As at 31.03.01
<b>SHARE CAPITAL</b>		
<b>A. Authorised</b>		
40,00,000 equity shares of Rs.10/- each (Previous year 40,00,000 equity shares of Rs.10/- each)	40,000,000	40,000,000
1,00,000 Redeemable Preference shares of Rs. 100/-each (Previous year 1,00,000 redeemable preference shares of Rs.10/- each)	10,000,000	10,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
<b>B. Issued, Subscribed and Paid-up</b>		
37,74,300 Equity shares of Rs. 10/- each fully paid up. (Previous year 37,74,300 equity shares of Rs.10/-each fully paid up).	37,743,000	37,743,000

## Artech Power Products Ltd.

	<u>As at</u> <u>31.03.02</u>	<u>As at</u> <u>31.03.01</u>
<b>Schedule - 2</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b><u>Capital Reserve</u></b>		
Capital Investment Subsidy from State Government	2,000,000	2,000,000
	2,000,000	2,000,000
<b>Schedule - 3</b>		
<b><u>SECURED LOANS</u></b>		
a. Rupee Term Loan from -IDBI	23,241,923	23,241,923
b. Deferred Interest Loan -IDBI	3,862,389	3,862,389
c. Term Loan from KSIDC Ltd	3,528,744	3,528,744
d. Interest accrued and due on IDBI Loans	22,375,255	22,375,255
e. Interest accrued and due on KSIDC Loan	3,365,694	3,365,694
f. Cash credit from State Bank of Travancore	16,892,807	16,892,807
	73,266,812	73,266,812
<b>Schedule - 4</b>		
<b><u>UNSECURED LOANS</u></b>		
a. From Directors	1,308,513	1,239,013
b. Unpaid Fixed Deposits	4,048,655	4,048,655
	5,357,168	5,287,668
<b>Schedule - 6</b>		
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>		
<b><u>Inventories</u></b>		
(As taken, valued and certified by the Management)		
- Finished Goods	6,096,435	6,096,435
- Work In progress	3,073,524	3,073,524
- Raw Materials	4,001,250	4,001,250
	13,171,209	13,171,209
<b><u>Sundry Debtors</u></b>		
[Unsecured, considered good ]		
Outstanding for a period exceeding six months	4,974,863	4,974,863
Other Debts	4,974,863	4,974,863
	4,974,863	4,974,863
<b><u>Cash &amp; Bank Balances</u></b>		
Cash in hand	14,388	14,876
Balance with Scheduled Banks:		
- In current accounts	14,382	12,474
	28,770	27,350
<b><u>Other Current Assets</u></b>		
(Unsecured and considered good)		
Other Advances	5,529	5,529
Other Current Assets	1,244,963	1,244,963
Deposits	331,084	331,084
	1,581,576	1,581,576
<b>Schedule - 7</b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b><u>A. Current Liabilities</u></b>		
Creditors for Raw Materials	2,163,180	2,163,180
Creditors for Expenses	1,443,843	1,449,676
Interest accrued on fixed deposits	1,492,915	1,492,915
Other Current Liabilities	591,025	591,025
<b><u>B Provisions</u></b>		
Provision for Gratuity	69,230	69,230
	5,760,193	5,766,026

## Artech Power Products Ltd.

	As at 31.03.02	As at 31.03.01
<b>Schedule - 8</b>		
<b><u>MISCELLANEOUS INCOME</u></b>		
Other Income	37,271	119,423
	37,271	119,423
<b>Schedule - 9</b>		
<b><u>STOCK DIFFERENTIAL</u></b>		
<b>Finished Goods:</b>		
<u>Opening Stock</u>		
Manufactured Goods	3,145,610	3,145,610
Trading Goods	2,950,825	2,950,825
<u>Closing Stock</u>		
Manufactured Goods	3,145,610	3,145,610
Trading goods	2,950,825	2,950,825
	-	-
<u>Work-in-Progress</u>		
Opening Stock	3,073,524	3,073,524
Closing Stock	3,073,524	3,073,524
	-	-
<b>Schedule - 10</b>		
<b><u>RAW MATERIALS CONSUMED</u></b>		
Opening Stock	4,001,250	4,001,250
Add : Purchases	-	-
Less : Closing Stock	4,001,250	4,001,250
Raw material consumed	-	-
<b>Schedule - 11</b>		
<b><u>EMPLOYEE REMUNERATION &amp; BENEFIT</u></b>		
Salaries & Allowances	9,000	85,313
Staff Welfare expenses	-	1,396
	9,000	86,709
<b>Schedule - 12</b>		
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
Travelling & Conveyance	39,878	16,792
Auditors Remuneration	10,000	10,000
Advertisement	-	7,956
Office expense	13,728	21,057
Repairs & Maintenance Others	-	39,168
Rent	-	7,717
Telephone Charges	11,467	48,136
Electricity Charges	1,348	12,541
Security Charges	-	15,710
Legal charges	8,650	14,000
Printing & Stationery	5,087	1,311
Insurance Charges	-	1,870
	90,158	196,258

## Fixed Assets &amp; Depreciation

Particulars	Gross Block at Cost			DEPRECIATION			Net Block	
	As at 01.04.2001	Addition/ Deletions	As at 31.03.2002	Upto 01.04.2001	For the Year	Upto 31.03.2002	As at 31.03.2002	As at 31.03.2001
Land & Land Development	1,304,584	-	1,304,584	-	-	-	1,304,584	1,304,584
Building	13,699,861	-	13,699,861	2,373,468	-	2,373,468	11,326,393	11,326,393
Plant & Machinery	28,893,502	-	28,893,502	7,113,743	-	7,113,743	21,779,759	21,779,759
Factory Equipments	364,333	-	364,333	110,317	-	110,317	254,016	254,016
Electrification	3,872,690	-	3,872,690	955,376	-	955,376	2,917,314	2,917,314
Furniture & Fixtures	1,830,554	-	1,830,554	651,051	-	651,051	1,179,503	1,179,503
Office Equipments	1,335,136	-	1,335,136	377,019	-	377,019	958,117	958,117
Vehicle	277,325	-	277,325	102,225	-	102,225	175,100	175,100
	<b>51,577,985</b>	-	<b>51,577,985</b>	<b>11,683,199</b>	-	<b>11,683,199</b>	<b>39,894,786</b>	<b>39,894,786</b>
Previous Year	51,577,985	-	51,577,985	11,683,199	-	11,683,199	39,894,786	39,894,786

**SCHEDULE 12: Significant Accounting Policies and Notes to Accounts**

**Background**

Artech Power Products Limited (hereinafter referred to "the Company") was incorporated in the State of Kerala. The Company was in the business of production of Switched Mode Power Supplies. Due to acute financial difficulties, the company had stopped its operations in the first week of April, 2000 and the factory was closed. The operations did not recommence thereafter.

**A. SIGNIFICANT ACCOUNTING POLICIES**

The significant Accounting Policies followed by the company are as stated below:

**1. Basis of Preparation**

The Financial Statements have been prepared on the historical cost convention. These statements have been prepared in accordance with the generally accepted accounting principles and the applicable Mandatory Accounting Standards and relevant requirements of The Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Company. The preparation required adoption of estimates and assumptions that can affect the reported amounts of revenue and expenditure and the assets and liabilities as well as the disclosure of contingent liabilities. Differences between the actual results and estimates are recognised in the year in which they become known or materialises.

**2. Revenue Recognition**

a) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally at the point of despatch to the customer. Sales includes Excise Duty and are net of discount.

b) Interest income is accounted on accrual basis.

**3. Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**4. Depreciation**

Since no operation was carried out during the year and the company is not expecting to commence the operations in the near future, depreciation has not been provided for.

**5. Investments**

Investments are long term and are valued at cost. Provisions for diminution in value of long term investments is made, if the diminution is other than temporary.

**6. Inventories**

Inventories are valued at lower of cost, in the absence of net realisable value which can not be quantified since the company is not operational.

**7. Investment Subsidy**

Investment Subsidy received from Government of Kerala is treated as Capital Reserve.

**8. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on reversing carrying amount of the asset over its remaining useful life.

	<u>Current Year</u>	<u>Previous Year</u>
Provision for impairment of assets	Nil	Nil



**9. Borrowing Costs**

Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalised till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.

**10 Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss account on a straight-line basis over the lease term.

**11. Retirement Benefits**

- a) The company accounts for the gratuity payments to Life Insurance Corporation of India as actuarially determined.
- b) Contribution to Provident Fund and other recognised funds is charged to Profit & Loss account.

**12. Taxes on Income**

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

**B. NOTES TO ACCOUNTS**

1 Previous year's figures are regrouped, rearranged or recast wherever necessary to conform to this year's figures.

2 The books and records of the company were maintained at the registered office located at the factory premises. The factory was closed in April 2000 and the premises were under the custody of the financial institutions. Due to lapse of about 9 years, certain records are damaged. The accounts for the financial year was reconstructed from the records available with the company.

3 Contingent liabilities not provided for in the Accounts: Current Year      Previous year

- a) Guarantees issued by banks
- b) Liability on account of interest on unclaimed deposits, in any, if such deposits were renewed has not been ascertained and not provided for in the accounts.
- c) The Sales tax department has raised demand notices against the company for the Assessment years from 95-96 to 99-00 aggregating to Rs.208.80 lakhs as arrears, penalty and interest on Sales tax. The company had filed appeal with the higher authorities against these demand notices. The appeal is not yet disposed off. The sales tax authorities has proceeded with the Revenue Recovery proceedings, against which the company has obtained a stay order from the High Court of Kerala till the appeal is disposed off. Pending disposal of appeal, no provision has been made in the accounts for the above liability. However, this liability was settled in subsequent years.
- d) The Kerala State Electricity Board and BSNL have initiated revenue recovery proceedings against the company for the recovery of outstanding electricity and telephone charges along with interest. Provision has not been made in the accounts for the interest payable on account of lack of adequate information. This liability was settled in subsequent years.

4 The Term Loans are secured by way of first charge on the immovable and movable fixed assets of the company and second charge on the current assets of the company and further guaranteed by the promoter directors

5 The Cash Credit facility from State Bank of Travancore(SBT) is secured by way of first charge on the current assets of the company and second charge on the immovable and movable fixed assets of the company and further guaranteed by the promoter directors.

6 In the opinion of the management, the current assets, loans, advances and sundry debtors other than those realised since then, are unrealisable and so have been written off. The sundry creditors, which, in the opinion of the management, are not payable are written back as they are time barred under statute.

7 Balance of creditors and loans and advances, certain bank accounts, Kerala State Industrial Development Corporation Limited(KSIDC), Industrial Development Bank of India (IDBI) and SBT loan accounts and fixed deposits are subject to confirmation and reconciliation.

- 8 The company has not made contributions to the Gratuity fund of LIC during the year and the liability on account of the above, was not provided for in the books on account of lack adequate records.
- 9 M/s.Blue Dart Express Ltd had filed a case against the company for courier charges payable amounting to Rs.49328/-. The case had been decreed against the company and the company was ordered to make the payment along with interest. However due to financial constraints the company could not make the payment till date. The provision for the interest payable on the above has not been made in the books of accounts.
- 10 The company has neither accepted nor renewed any of the fixed deposits since 1999. The amount of fixed deposits aggregating to Rs. 4048655.00 includes,
- a) Two deposit holders of the company had filed suit in Civil Court against the company for the repayment of deposits amounting to Rs.200,000/-. The company was ordered to make the repayment. This was settled in the subsequent years.
  - b) Three deposit holders of the company had filed petition with the Company Law Board for the repayment of deposits amounting to Rs.400,000/-. The Company Law Board has ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order and penalty was imposed on the company and the directors which was paid.
  - c) Three deposit holders of the company had filed a petition with the Company Law Board for the refund of deposits amounting to Rs.50,000/-. The Company Law Board had ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order which was dismissed by the court. The Registrar of Companies has filed an appeal in the High Court of Kerala, which is pending disposal. However, these deposits were settled in the subsequent years.
  - d) The amount of fixed deposits outstanding amounting to Rs.33,98,655.00 represents unclaimed deposits.
- 11 IDBI and SBT had recalled the loan given to the company and filed a suit in Debt Recovery Tribunal (DRT) for the recovery of the loan outstanding amounting to Rs.232.42 lakhs and Rs.168.93 lakhs respectively together with accrued interest and further interest. The cases were decreed against the company and the banks have obtained the certificate of recovery from DRT. KSIDC had also recalled the loan and initiated revenue recovery proceedings for the recovery of Rs.32.59 Lakhs together with accrued interest and further interest. The institutions had approved One Time Settlement Scheme to the company with new investors as promoters. However, the schemes could not materialise as the investors were unable to raise the required funds in time. These loans were subsequently settled under One Time Settlement Scheme offered by the financial institutions.
- 12 M/s.BT Solders, Bangalore - a creditor of the company, has filed a suit against the company for dishonour of cheque amounting to Rs.44044/-. The case was dismissed by Magistrate Court in Bangalore. The creditor has filed a condonation petition with the High Court of Karnataka for delayed filing of appeal which was objected by the company. This liability was settled through court proceedings in the subsequent years.

**13 Taxation**

In the absence of overall taxable profit, no provision for Current Tax/ Minimum Alternate Tax has been made in the accounts of the current financial period. Further, as at year end the major components of deferred tax are accumulated losses & unabsorbed depreciation, and the recovery of the same is not virtually certain. In view of the aforesaid, deferred tax asset has not been recognized.

**14 Managerial Remuneration**

- a) No commission is payable to any director and hence the computation of profit u/s 198 / 349 of the Companies Act, 1956 is not required
- b) The computation of Managerial Remuneration u/s 350 of The Companies Act, 1956 have not been enumerated as the managerial remuneration payable to Managing Director are within the limit prescribed under Schedule XIII of the said Act.

## Artech Power Products Ltd.

	<u>Current Year</u>	<u>Previous Year</u>
Salaries	-	-
Sitting Fees	-	-
<b>15 <u>Auditors remuneration includes:-</u></b>		
For Audit	10,000	10,000
For Certification	-	-
For Taxation Matters	-	-
	<b>10,000</b>	<b>10,000</b>

	<u>Current Year</u>	<u>Previous Year</u>
		(Rs. In lakhs)
16 Estimated amount of capital contracts pending execution	Nil	Nil

### 17 Additional Information

- a) Particulars of Annual Installed Capacity and Production
- |                        |                                |
|------------------------|--------------------------------|
| - Installed Capacity - | Not ascertainable as it varies |
|------------------------|--------------------------------|
- (Installed capacity as certified by the management on which reliance is placed by the auditor, being a

- b) Value of imports calculated on CIF basis by the company during

a. Raw Materials & Components

b. Trading Goods

c. Travelling

(Current year figures are as certified by the management)

- c) Expenditure in foreign currency in respect of :-

i) Royalty, knowhow and professional fee

ii) Sponsorship

iii) Travelling

iv) Ocean freight

- d) Earnings in foreign exchange FOB value of exports

- e) Amount remitted during the financial year in foreign currency

### 18 Earnings per share

	<u>Current Year</u>	<u>Previous Year</u>
Net Profit for the year	(62,247)	(165,005)
Weighted Average No. of shares outstanding		
- Basic	3,774,300	3,774,300
Earnings Per equity share of Rs 10 each		
- Basic	(0.02)	(0.04)

### 19 Disclosure in respect of Related Parties pursuant to Accounting Standard 18:

- I List of related parties

Parties where control exists

NIL

- II Other related parties with whom the company has entered into transactions during the year

i) Associates

NIL

ii) Key Managerial Personnel and Enterprises having common Key Management

Personnel or their relatives :

Key Managerial Personnel :

Vijayan I V, Managing Director

Repsy Vljayan, Director

**20 Information on Small Scale Industrial Units**

- a) No claims of suppliers who are covered under the "Interest on Delayed Payments to Small Scale and Ancillary  
b) Amount outstanding for payments to SSI's Nil Nil  
c) Name of SSI's to whom the company owes any sum together with Nil Nil  
interest which is outstanding for more than thirty days
- d) The above information has been compiled to the extent to which the parties could be identified as Small Scale and Ancillary Undertakings, on the basis of information available with the company.
- e) The company has not received any intimation from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.

**For G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 006310S

PLACE : Cochin  
Date: 17.10.2010

Vijayan I V  
Chairman

REPSY VIJAYAN  
Managing Director

Umesh L Bhat  
Partner  
M.No.211364

**AUDITORS' REPORT**

The Members  
Artech Power Products Limited  
'Anitha', 2nd Floor, SA Road,  
Elamkulam, Cochin -20

We have examined the attached Cash Flow statement of M/s Artech Power Products Limited for the period ended 31/03/2002. The statement has been prepared by the company in accordance with the requirements of listing agreements executed with the stock exchanges where the shares of the company are listed and is based on and in agreement with the corresponding Profit and Loss account and Balance sheet of the company covered by our report of 10/07/2010 to the members of the company.

**For G JOSEPH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm Regn. No. 006310S

PLACE : COCHIN - 20  
DATE : 10.07.2010

UMESH L BHAT  
PARTNER  
M.No.211364

**Cash Flow Statement for the Year Ended March 31, 2002**

(In terms of Listing Agreement)

(Amount in Rupees.)

	2001-02	2000-01
<b>Cash Flow From Operating Activities</b>		
<b>A. Net Profit Before Tax and Extraordinary itmes</b>	<b>(62,247)</b>	<b>(165,004)</b>
Adjustment for :		
Finance charges	360	1,461
Depreciation	-	-
Interest received	-	-
Preliminary Expenses written off	-	-
Deferred Revenue expenses written off	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>(61,887)</b>	<b>(165,004)</b>
Movement in Working Capital :		
(Increase)\Decrease in Trade and other receivables	-	33,400
(Increase)\Decrease in Inventories	-	-
Increase\Decrease) in Trade payables	(5,833)	(149,085)
<b>Cash Generated from Operations</b>	<b>(67,720)</b>	<b>(280,690)</b>
<b>Net cash from Operating Activities</b>	<b>(67,720)</b>	<b>(280,690)</b>
<b>B. Cash Flow From Investing Activities</b>		
Sale of Fixed Assets	-	-
Sale of investments	-	-
Interest Received	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Short Term borrowings	69,500	276,813
Interest paid	(360)	(1,461)
<b>Net cash flow from financing activities</b>	<b>69,140</b>	<b>275,352</b>
<b>Increase\decrease) in cash and cash equivalents</b>	<b>1,420</b>	<b>(3,877)</b>
Cash and cash equivalents at the beginning of the year	27,349	31,226
Cash and cash equivalents at the end of the year	28,770	27,349

Notes:

- 1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- 2 Previous year figures have been regrouped or reclassified to confirm to those of the current year.

in our report of even date.

**For G. Joseph & Associates**

Chartered Accountants  
Firm Regn. No. 006310S

**Umesh L. Bhat**  
Partner  
Membership No. 211364

**Vijayan I V**  
Chairman

**REPSY VIJAYAN**  
Managing Director

PLACE : Cochin  
Date : 10.07.2010

**NOTICE**

NOTICE is hereby given that the 14<sup>th</sup> Annual General Meeting of Artech Power Products Ltd., originally held on 19<sup>th</sup> March 2008, adjourned sine die will be held on Monday the 30<sup>th</sup> August 2010 at "KETA Hall", 2<sup>nd</sup> Floor, KETA Center, Chittoor Road South, Cochin 682016 at 11.00 a.m. to transact the following business.

**Ordinary Business**

1. To receive, consider and adopt the audited Annual Accounts of the Company for the year ended 31<sup>st</sup> March 2003 together with the report of the Board of Directors and Auditors thereon.

**Notes:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The register of members and share transfer books of the company will be closed from 23<sup>rd</sup> August 2010 to 30<sup>th</sup> August 2010, both days inclusive.
3. Shareholders desiring any information as regards the Accounts are requested to write to the company at least 5 days in advance so as to enable the management to keep the information ready at the meeting.

By order of the Board  
For Artech Power Products Ltd

Place: Cochin 20  
Date: 10.07.2010

Repsy Vijayan  
Managing Director

**DIRECTOR'S REPORT**

**To the Members,**

The Board of Directors hereby presents the 14<sup>th</sup> annual report on the together with the audited statement of accounts for the year ended 31<sup>st</sup> March 2003. Your Directors apologize for the delay that has happened in preparing the accounts for the year under review, which was beyond the control.

**Financial Results**

Sales: Rs.Nil	Profit before interest, depreciation and extra: Rs.181,317.00
Other income: Rs.252,617.00	Net Profit for the year: Rs.181,317.00

**Dividend**

As the Company has not earned any profit, the directors do not propose any dividend for the accounting year ended 31<sup>st</sup> March 2003.

**Activities during the year and current status**

As reported in the Director's Report for the previous year, the Board of Directors had to take the most unpleasant decision to close down the operations of the factory wef 12<sup>th</sup> April 2000. The management has engaged all possible efforts in consultation with the Financial Institutions for a revival of the company including options to bring in probable investors as joint venture or take over by potential buyers. Many proceedings in this direction progressed to different levels, but none could be crystallized by the Board or by the Institutions who rendered extensive support to our efforts. Meanwhile the Financial Institutions approached the Debt Recovery Tribunal for recovery of their loans and obtained recovery certificate as the assets of the Company are hypothecated to them. Even after this, efforts were continued for a possible revival of the Company and meanwhile the Revenue Recovery Proceedings by Sales tax Dept. worsened our efforts.

Subsequently the Revenue Department pronounced auction of the Company's property. As this would entangle our entire efforts to settle all other liabilities, the Company approached the Hon'ble High Court of Kerala again and obtained stay to the RR proceedings on our contention that the Company could by way of private sale of assets obtain higher realization of value and could settle the sales tax as well as other statutory liabilities, the Financial Institution's dues by way of compromise settlement. This view was supported by the Financial Institutions in the High Court in the interest of all stakeholders. During the year under review, to avoid coercive steps from State Bank of Travancore part payment towards their liabilities were made by the company. As the asset sale requires, as per the provisions of the Companies Act, compulsory Postal Ballot, the required resolution u/s 193(a) of the Companies Act 1956 was put to the members through Postal ballot and the resolution was approved by the share holders of the Company with requisite majority. The results were announced by the Chairman on 19<sup>th</sup> March 2008.

As pressures were mounted from the Financial Institutions, Banks and Revenue Dept. for settling their liabilities, one potential buyer approached IDBI for buying the land and building of the Company. The liabilities to Financial Institutions, Banks and Revenue Dept. were in excess of Rs. 36 Crores as on September 2009. As the valuation of Company's properties was much lower, a One Time Settlement was reached with the Institutions and directly settled by the buyer. They further made direct payment of the One Time Settlement arrived at with KSEB. The expenses incurred by the Company for clearing the statutory liabilities, Sales Tax settlement, BSNL settlement and on account of various litigations and proceedings after closure were also settled. The buyer on tripartite negotiations with the employees union also directly settled the employee's salary arrears, other dues and compensation. On sale of assets, the Company could clear of all the liabilities and have obtained the No Dues certificate from the Financial Institution, Bank, Revenue Dept., KSEB and BSNL.

The Board of Directors are presently looking for identifying any possible opportunity from any potential group who could associate with this Company for a take over or merger or amalgamation so as to be mutually beneficial in the interest of all our share holders. The Board of Directors is putting in all efforts in this direction.

**Shares**

Company's shares have been suspended from trading due to nonpayment of dues by Cochin, Bombay, Delhi and Chennai stock exchanges. The listing fees could not be paid as factory was closed and there was no income generation. The share transfer activities are done in house. Your directors will take all the possible steps to rectify the deficiencies in this matter as soon as the Company becomes operational and the required finances and personnel are available.

**Directors reply to qualifications in the Auditor's Report.**

Due to acute financial difficulties the factory was closed in April 2000. The operations could not commence there after. The books and records of the Company were maintained at the Registered office located at the factory premises. The premises were under the custody of the Financial Institution. During this period there were no maintenance and some of the records were damaged. The accounts for the previous financial year were reconstructed from the records available with the Company. Due to the above Company was unable to produce some of the documents and records for audit.

With respect to the Auditor's Qualification regarding disqualification of Directors for non-filing of Annual Accounts/Annual Returns for 3 years, the Company intends to complete filing all Accounts>Returns that are in arrears over the past years after the Annual General Meeting scheduled to be held on 30th August 2010. Once the Accounts are adopted there at, filing will be done forthwith.

With respect to the Auditors comments on the valuation of the fixed assets and current assets, the Directors are hopeful of realizing at least a value that is reflecting in the books of accounts and hence valued on book value. The auditor's qualifications on non-compliance of the Accounting Standards are due to above reasons. With respect to the auditor's comments on violation for section 58A, the company could not repay the fixed deposit holders and the directors were prosecuted. The Company's fixed deposits were settled on compromise in subsequent years.

**The Status of ESI, PF, TDS and Sales Tax:**

The provisions of ESI Act were not applicable to the Company on account that the area where the factory is situated was exempted. PF contribution had been paid in the previous year whenever salary disbursements have been made. There were delayed salary payments and salary dues in arrears during the previous year. During the year under review, the factory was closed and there were no salary payment to any of the employees and hence there were no PF dues. The Company had remitted penalty for delayed payments of PF in subsequent years. There is an unpaid TDS amounting to Rs. 48,475/- pertaining to the year 1998-99 which could not be paid due to non-availability of proper records. Your directors have initiated steps to make this payment in subsequent years. There were unpaid sales tax dues amounting to Rs. 172,179/- pertaining to the year 1998-99 due to the financial crisis and closure of the factory. This has been settled in subsequent years.

**Personnel and Industrial Relations**

Industrial Relations in the Company were satisfactory during the years. After closure of the Company in April 2000, even though there were some disturbances, the employees were very supportive to the management during the occasions of discussions with probable new investors and finally the buyer for the assets of the Company. All the dues to the employees including salary and PF arrears including compensation for leaving the services are settled on compromise negotiations with the employees union in subsequent years. Your Directors take this opportunity of recording their appreciation of the wholehearted support rendered by the employees and their union during these years.

**Statutory Disclosures**

**Fixed deposits**

Your Company has neither accepted nor renewed any Fixed Deposits since the date of last Annual General Meeting. The amount of deposit outstanding as on 31<sup>st</sup> March 2000 is Rs. 4,048,655/- out of which a sum of Rs. 3,398,655/- represents unclaimed deposits and the balance represents claims of deposit holders, but could not be paid due to financial constraints. These Fixed Deposits were settled on compromise in subsequent years.

**Auditors**

M/s. G Joseph & Associates, Chartered Accountants, with Firm Registration No. 006310S who are the statutory Auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956 up to the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**Disclosure of Particulars of employees**

There are no employees who are in receipt of salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended by and Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.



**Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo**

The information as required under Section 217 (i) (e) of the Companies Act, 1956 read with the Companies (Directors particulars in the Report of the Board of Directors) Rules 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is not applicable for the year under review as the company was closed down and there were no production activities.

**Directors' Responsibility Statement**

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

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures applicable to accounting standards except non compliance of accounting standards 2, 4,6,10 and 15 as the company was closed down and there were no production and commercial activities;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 the profit & loss of the Company for that period;
- iii) As the factory premises, where the registered office of the company was situated, were under the custody of financial institutions, banks etc, the Directors can not comment whether proper and sufficient care were taken 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;
- iv) The annual accounts have not been prepared on a going concern basis.

**Acknowledgement**

The Board of Directors acknowledge with gratitude the support extended by Kerala State Industrial Development Corporation (KSIDC), Industrial Development Bank of India (IDBI) and State Bank of Travancore (SBT) who had been considerate to the Company during these periods of financial crisis. The financial liabilities towards these institutions were settled in subsequent years. Yours Directors also thank M/s. Federal Bank, Ernakulam North Branch and Girinagar Branch with whom the Company maintained the current accounts. Your Directors also thank all the employees and deposit holders for their seamless support during the year under review, which were settled in subsequent years. The moral support given by all our shareholders of the Company during the year under review and all subsequent years without which, the settlement of liabilities would not have been possible in subsequent years and their continued patronage to your Directors in the years ahead.

By order of the Board  
**For Artech Power Products Ltd.**

Place: Cochin 20  
Date: 10.07.2010

Vijayan I V  
**Chairman**

Repsy Vijayan  
**Managing Director**

**AUDITORS' REPORT**

The Members  
Artech Power Products Limited  
'Anitha', 2<sup>nd</sup> Floor, SA Road, Elamkulam  
Cochin - 682020

We have examined the attached Balance Sheet of M/s. Artech Power Products Limited as at 31st March, 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto.

**We report that,**

1. The company had stopped its operations in the first week of April, 2000. The operations did not recommence there after. *The ability of the company to continue as a going concern is severely impaired. The company has prepared the financial statements without making any adjustments in the value of fixed assets that have been necessary, as the company is unable to continue as going concern.*
2. *Subject to Point 2 & 5 in the Notes to Accounts in Schedule 17 regarding the non availability of certain books and records, information on dues to Small Scale Units in Note No.20 of Notes to Accounts in Schedule 17 and non-reconciliation and non-conformation of balances of sundry debtors, sundry creditors, loans and advances, bank accounts, Loans from Kerala State Industrial Development Corporation Limited (KSIDC), Industrial Development Bank of India (IDBI) and State Bank Travancore (SBT) and fixed deposits accepted, we report that:-*
  - i) 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.
  - ii) 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 the books.
  - iii) the Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
3. The Profit & Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956, *subject to;*
  - (i) *non compliance of Accounting Standard 2 on 'Valuation of Inventories' by stating the value of inventory as at the year end at cost, without considering the realizable value. We are unable to quantify the impact of the above, on the loss for the year and on the value of inventories in the absence of stock records.*
  - (ii) *non compliance of Accounting Standard 10 on 'Accounting for Fixed Assets' by stating the fixed assets on historical cost rather than at the net realizable value. The diminution in the value of asset has not been ascertained and we are unable to quantify its impact on the value of assets and on the loss for the year.*
  - (iii) *non compliance with the requirements of Accounting Standard 6 on 'Depreciation Accounting' by not providing adequate depreciation based on the expected useful life and residual life of the asset in view of the non utilization of the asset since April 2000. We are unable to quantify the additional depreciation that was required to be provided and its impact on the losses for the year and on the depreciation reserve.*
  - (iv) *non compliance with the requirements of Accounting Standard 15 on 'Accounting for Retirement Benefits in the Financial Statements of Employers' by not providing for gratuity and leave encashment, the impact of which on the loss for the year and on the provision for gratuity and leave encashment could not be quantified.*
4. *All the Directors have attracted disqualification as on 31st March 2003 as the Company has not filed the Annual Accounts and Returns for last 3 years and non repayment of FDs in terms of Section 274(1)(g) of the Companies Act 1956.*
5. *Due to the significance of the matters discussed in Paragraph 1,2 & 3 above,*
  - i. in the case of Balance Sheet, the state of affairs of the company as at 31st March, 2003, and,
  - ii. in the case of Profit and Loss Account, the Profit for the year ended on that date.

*do not represent a true and fair view.*
6. In terms of Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board, Government of India, under section 227 (4A) of the Companies Act, 1956, we further report, on the matters specified in paragraphs 4 and 5 of the said Order, that:-
  - i.a). The company is having a fixed asset register, *which however needs to be updated.*
  - b). *The company had not carried out any physical verification during the year.*
  - ii) None of the fixed assets have been revalued during the year.
  - iii). *The stocks of finished goods, raw materials and work-in-process have not been physically verified by the management during the year/at year end.*

- iv) *We are unable to comment on clauses (iv) & (v) to the Order since physical verification has not been carried out by the company during the year.*
- (vi) *In the absence of inventory records, we are unable to comment whether the valuation of inventory is fair and proper. The inventory is valued at cost, without considering the realizable value which is not in accordance with the basis of valuation followed in the preceding year. The impact of the deviation in the basis of valuation could not be quantified in the absence of proper records.*
- vii. The Company has taken certain unsecured loans from directors. The terms and conditions of such loans are not prima facie prejudicial to the interests of the Company. As explained to us, there are no other companies under the same management.
- viii. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 and / or to companies under the same management as defined from section 370 (1B) of the Companies Act, 1956, which are prejudicial to the interests of the company.
- ix. Loans of advances in the nature of loan have not been given by the Company.
- x. As the company did not carry on any business during the year, clause no.(x) of the Order on internal control procedures relating to the purchase of stores, raw material, including components, plant and machinery, equipment and other assets, and for the sale of goods, is not applicable.
- xi. As per the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services have been made in pursuance of contracts or arrangements which are to be entered in the registers maintained u/s Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party.
- xii. *In the absence of adequate inventory records, we are unable to comment on whether there were any unserviceable or damaged stores, raw materials and finished goods in the inventory of the company as on 31.03.2003 which were required to be written off.*
- xiii. *The company has violated the provisions of Section 58A of the Companies Act, 1956, to the extent that certain deposits and interest were not paid even after the claim were raised.*
- xiv. *In our opinion, reasonable records have not been maintained for recording the generation and sale of scrap during the year.*
- xv. *The Company does not have an internal audit system.*
- xvi. To the best of our knowledge the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the products of the company.
- xvii. There were no dues of Provident Fund and Employees' State Insurance during the year and consequently clause no. (xvii) of the order is not applicable.
- xviii. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty and Excise Duty which are outstanding as on 31st March, 2003, for a period of more than six month from the date they became payable, other than Tax Deducted at Source relating to the year 98-99, not remitted, amounting to Rs.48,475/- and Sales Tax Payable Rs.172,179.
- xix. According to the records of the company and as per the information and explanations given to us, no personal expenses have been charged to the Revenue Accounts other than those payable under contractual obligations or in accordance with the generally accepted business practice.
- xx. As explained to us and according to the records of the Company, the company is a registered SSI unit and hence the provisions of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the company.
- xxi. *In the absence of adequate records, we are unable to comment whether the company has any damaged goods relating to the trading activities of the company, which requires provisioning, in the absence of adequate records.*

For G JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(Firm Reg.No.006310S)

UMESH L BHAT  
PARTNER  
M.No.211364

PLACE : COCHIN - 20  
DATE : 10.07.2010

**ARTECH POWER PRODUCTS LIMITED**  
**Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020**

**BALANCE SHEET AS AT 31.03.2003**

Particulars	Sch.No.	As at 31.03.03	As at 31.03.02
<b>SOURCES OF FUNDS</b>			
<b>Share Holders' Funds</b>			
Share Capital	1	37,743,000	37,743,000
Reserves & Surplus	2	2,000,000	2,000,000
<b>Loan Funds</b>			
Secured Loans	3	73,266,812	73,266,812
Unsecured Loans	4	5,417,168	5,357,168
		<b>118,426,980</b>	<b>118,366,980</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	51,577,985	51,577,985
Less : Depreciation		11,683,199	11,683,199
Net Block		39,894,786	39,894,786
<b>Current Assets, Loans &amp; Advances</b>			
a. Inventories	6	13,171,209	13,171,209
b. Sundry Debtors		4,974,863	4,974,863
c. Cash and bank balances		32,131	28,769
d. Other current assets		1,581,576	1,581,576
		19,759,779	19,756,417
<b>Less Current Liabilities &amp; Provisions</b>	7	5,522,238	5,760,193
<b>Net Current Assets</b>		14,237,541	13,996,224
Miscellaneous Expenditure (to the extent not written off or adjusted) - Preliminary expenses		3,331,697	3,331,697
- Deferred Revenue Exp		5,555,927	5,555,927
<b>Profit &amp; Loss Account</b>		55,407,029	55,588,346
		<b>118,426,980</b>	<b>118,366,980</b>
<b>Notes on Accounts</b>	13		

As per our report of even date attached  
 For G. JOSEPH & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 Firm Regn. No. 006310S

PLACE : Cochin  
 DATE : 10.07.2010

VIJAYAN I V  
 CHAIRMAN

REPSY VIJAYAN  
 MANAGING DIRECTOR

UMESH L.BHAT  
 PARTNER  
 M.No.211364

# Artech Power Products Ltd.

ARTECH POWER PRODUCTS LIMITED  
Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2003

Particulars	For the year ended	
	31.03.03	31.03.02
<b><u>INCOME</u></b>		
Sales	-	-
Miscellaneous Income	8 252,617	37,271
Stock differential	9 -	-
	<b>252,617</b>	<b>37,271</b>
<b><u>EXPENDITURE</u></b>		
Raw material consumed	10 -	-
Employee Remuneration and Benefits	11 -	9,000
Administrative Expenses	12 71,000	90,158
Financial charges	300	360
	<b>71,300</b>	<b>99,518</b>
<b>Net Profit/(Loss) for the year</b>	<b>181,317</b>	<b>(62,247)</b>
Add: Brought forward Losses	55,588,346	55,526,099
<b>Balance Loss transferred to Balance Sheet</b>	<b>55,407,029</b>	<b>55,588,346</b>
Earnings Per equity share of Rs 10 each		
-Basic	0.05	(0.02)
Notes on Accounts	13	

As per our report of even date attached  
For G. JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006310S

PLACE : Cochin  
Date : 10.07.2010

VIJAYAN I V  
CHAIRMAN

REPSY VIJAYAN  
MANAGING DIRECTOR

UMESH L.BHAT  
PARTNER  
M.No.211364

### SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

	As at	As at
	31.03.03	31.03.02
<b><u>SHARE CAPITAL</u></b>		
<b>Schedule - 1</b>		
<b><u>A. Authorised</u></b>		
40,00,000 equity shares of Rs.10/- each (Previous year 40,00,000 equity shares of Rs.10/- each)	40,000,000	40,000,000
1,00,000 Redeemable Preference shares of Rs. 100/-each (Previous year 1,00,000 redeemable preference shares of Rs.10/- each)	10,000,000	10,000,000
	<b>50,000,000</b>	<b>50,000,000</b>
<b><u>B. Issued, Subscribed and Paid-up</u></b>		
37,74,300 Equity shares of Rs. 10/- each fully paid up. (Previous year 37,74,300 equity shares of Rs.10/-each fully paid up)	37,743,000	37,743,000

## Artech Power Products Ltd.

	As at 31.03.03	As at 31.03.02
		<b>Schedule - 3</b>
<b><u>SECURED LOANS</u></b>		
a. Rupee Term Loan from -IDBI	23,241,923	23,241,923
b. Deferred Interest Loan -IDBI	3,862,389	3,862,389
c. Term Loan from KSIDC Ltd	3,528,744	3,528,744
d. Interest accrued and due on IDBI Loans	22,375,255	22,375,255
e. Interest accrued and due on KSIDC Loan	3,365,694	3,365,694
f. Cash credit from State Bank of Travancore	16,892,807	16,892,807
	73,266,812	73,266,812
		<b>Schedule - 4</b>
<b><u>UNSECURED LOANS-</u></b>		
a. From Directors	1,368,513	1,308,513
b. Unpaid Fixed Deposits	4,048,655	4,048,655
	5,417,168	5,357,168
		<b>Schedule - 6</b>
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>		
<b><u>Inventories</u></b>		
(As taken, valued and certified by the Management)		
- Finished Goods	6,096,435	6,096,435
- Work In progress	3,073,524	3,073,524
- Raw Materials	4,001,250	4,001,250
	13,171,209	13,171,209
<b><u>Sundry Debtors</u></b>		
[Unsecured, considered good ]		
Outstanding for a period exceeding six months	4,974,863	4,974,863
Other Debts		
	4,974,863	4,974,863
<b><u>Cash &amp; Bank Balances</u></b>		
Cash in hand	17,388	14,388
Balance with Scheduled Banks:		
- In current accounts	14,744	14,382
	32,132	28,770
<b><u>Other Current Assets</u></b>		
(Unsecured and considered good)		
Other Advances	5,529	5,529
Other Current Assets	1,244,963	1,244,963
Deposits	331,084	331,084
	1,581,576	1,581,576
		<b>Schedule - 7</b>
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b><u>A. Current Liabilities</u></b>		
Creditors for Raw Materials	2,163,180	2,163,180
Creditors for Expenses	1,386,223	1,443,843
Interest accrued on fixed deposits	1,492,915	1,492,915
Other Current Liabilities	410,690	591,025
<b><u>B Provisions</u></b>		
Provision for Gratuity	69,230	69,230
	5,522,238	5,760,193
		<b>Schedule -10</b>
<b><u>MISCELLANEOUS INCOME</u></b>		
Expenses Payable written back	247,955	-
Other Income	4,662	37,271
	252,617	37,271

## Artech Power Products Ltd.

	As at 31.03.03	As at 31.03.02
<b>Schedule - 8</b>		
<b><u>STOCK DIFFERENTIAL</u></b>		
<b>Finished Goods:</b>		
<u>Opening Stock</u>		
Manufactured Goods	3,145,610	3,145,610
Trading Goods	2,950,825	2,950,825
<u>Closing Stock</u>		
Manufactured Goods	3,145,610	3,145,610
Trading goods	2,950,825	2,950,825
	-	-
<u>Work-in-Progress</u>		
Opening Stock	3,073,524	3,073,524
Closing Stock	3,073,524	3,073,524
	-	-
<b>Schedule - 9</b>		
<b><u>RAW MATERIALS CONSUMED</u></b>		
Opening Stock	4,001,250	4,001,250
Add : Purchases	-	-
Less : Closing Stock	4,001,250	4,001,250
Raw material consumed	-	-
<b>Schedule - 11</b>		
<b><u>EMPLOYEE REMUNERATION &amp; BENEFIT</u></b>		
Salaries & Allowances	-	9,000
	-	9,000
<b>Schedule - 12</b>		
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
Travelling & Conveyance	21,000	39,878
Office expense	6,000	13,728
Electricity Charges	-	1,348
Telephone Charges	3,000	11,467
Legal charges	31,000	8,650
Printing & Stationery	-	5,087
Auditors Remuneration	10,000	10,000
	71,000	90,158

## Fixed Assets &amp; Depreciation

Particulars	Gross Block at Cost			DEPRECIATION			Net Block	
	As at 01.04.2002	Addition/ Deletions	As at 31.03.2003	Upto 01.04.2002	For the Year	Upto 31.03.2003	As at 31.03.2003	As at 31.03.2002
Land & Land Development	1,304,584	-	1,304,584	-	-	-	1,304,584	1,304,584
Building	13,699,861	-	13,699,861	2,373,468	-	2,373,468	11,326,393	11,326,393
Plant & Machinery	28,893,502	-	28,893,502	7,113,743	-	7,113,743	21,779,759	21,779,759
Factory Equipments	364,333	-	364,333	110,317	-	110,317	254,016	254,016
Electrification	3,872,690	-	3,872,690	955,376	-	955,376	2,917,314	2,917,314
Furniture & Fixtures	1,830,554	-	1,830,554	651,051	-	651,051	1,179,503	1,179,503
Office Equipments	1,335,136	-	1,335,136	377,019	-	377,019	958,117	958,117
Vehicle	277,325	-	277,325	102,225	-	102,225	175,100	175,100
	<b>51,577,985</b>	-	<b>51,577,985</b>	<b>11,683,199</b>	-	<b>11,683,199</b>	<b>39,894,786</b>	<b>39,894,786</b>
Previous Year	51,577,985	-	51,577,985	11,683,199	-	11,683,199	39,894,786	39,894,786



**SCHEDULE 13: Significant Accounting Policies and Notes to Accounts**

**Background**

Artech Power Products Limited (hereinafter referred to "the Company") was incorporated in the State of Kerala. The Company was in the business of production of Switched Mode Power Supplies. Due to acute financial difficulties, the company had stopped its operations in the first week of April, 2000 and the factory was closed. The operations did not recommence thereafter.

**A. SIGNIFICANT ACCOUNTING POLICIES**

The significant Accounting Policies followed by the company are as stated below:

**1. Basis of Preparation**

The Financial Statements have been prepared on the historical cost convention. These statements have been prepared in accordance with the generally accepted accounting principles and the applicable Mandatory Accounting Standards and relevant requirements of The Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Company. The preparation required adoption of estimates and assumptions that can affect the reported amounts of revenue and expenditure and the assets and liabilities as well as the disclosure of contingent liabilities. Differences between the actual results and estimates are recognised in the year in which they become known or materialises.

**2. Revenue Recognition**

- a) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally at the point of despatch to the customer. Sales includes Excise Duty and are net of discount.
- b) Interest income is accounted on accrual basis.

**3 Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**4 Depreciation**

Since no operation was carried out during the year and the company is not expecting to commence the operations in the near future, depreciation has not been provided for.

**5 Investments**

Investments are long term and are valued at cost. Provisions for diminution in value of long term investments is made, if the diminution is other than temporary.

**6 Inventories**

Inventories are valued at lower of cost, in the absence of net realisable value which can not be quantified since the company is not operational.

**7 Investment Subsidy**

Investment Subsidy received from Government of Kerala is treated as Capital Reserve.

**8 Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on reversing carrying amount of the asset over its remaining useful life.

	<u>Current Year</u>	<u>Previous Year</u>
Provision for impairment of assets	Nil	Nil

**9 Borrowing Costs**

- \* Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalised till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.

**10 Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss account on a straight-line basis over the lease term.

**11 Retirement Benefits**

- a) The company accounts for the gratuity payments to Life Insurance Corporation of India as actuarially determined.
- b) Contribution to Provident Fund and other recognised funds is charged to Profit & Loss account.

12 Taxes on Income

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

**B. NOTES TO ACCOUNTS**

- 1 Previous year's figures are regrouped, rearranged or recast wherever necessary to conform to this year's figures.
- 2 The books and records of the company were maintained at the registered office located at the factory premises. The factory was closed in April 2000 and the premises were under the custody of the financial institutions. Due to lapse of about 9 years, certain records are damaged. The accounts for the financial year was reconstructed from the records available with the company.
- 3 Contingent liabilities not provided for in the Accounts:
 

	<u>Current Year</u>	<u>Previous year</u>
a) Guarantees issued-by banks		
b) Liability on account of interest on unclaimed deposits, in any, if such deposits were renewed has not been ascertained and not provided for in the accounts.		
c) The Sales tax department has raised demand notices against the company for the Assessment years from 95-96 to 99-00 aggregating to Rs.208.80 lakhs as arrears, penalty and interest on Sales tax. The company had filed appeal with the higher authorities against these demand notices. The appeal is not yet disposed off. The sales tax authorities has proceeded with the Revenue Recovery proceedings, against which the company has obtained a stay order from the High Court of Kerala till the appeal is disposed-off. No provision has been made in the accounts for the above liability. However, this liability was settled in the subsequent years.		
d) The Kerala State Electricity Board and BSNL have initiated revenue recovery proceedings against the company for the recovery of outstanding electricity and telephone charges along with interest. Provision has not been made in the accounts for the interest payable on account of lack of adequate information. This liability was settled in the subsequent years.		
- 4 The Term Loans are secured by way of first charge on the immovable and movable fixed assets of the company and second charge on the current assets of the company and further guaranteed by the promoter directors
- 5 The Cash Credit facility from State Bank of Travancore(SBT) is secured by way of first charge on the current assets of the company and second charge on the immovable and movable fixed assets of the company and further guaranteed by the promoter directors.
- 6 In the opinion of the management, the current assets, loans, advances and sundry debtors other than those realised since then, are unrealisable and so have been written off. The sundry creditors, which, in the opinion of the management, are not payable are written back as they are time barred under statute.
- 7 Balance of creditors and loans and advances, certain bank accounts, Kerala State Industrial Development Corporation Limited(KSIDC), Industrial Development Bank of India (IDBI) and SBT loan accounts and fixed deposits are subject to confirmation and reconciliation.
- 8 The company has not made contributions to the Gratuity fund of LIC during the year and the liability on account of the above, was not provided for in the books on account of lack adequate records.
- 9 M/s.Blue Dart Express Ltd had filed a case against the company for courier charges payable amounting to Rs.49328/-. The case had been decreed against the company and the company was ordered to make the payment along with interest. However due to financial constraints the company could not make the payment till date. The provision for the interest payable on the above has not been made in the books of accounts.
- 10 The company has neither accepted nor renewed any of the fixed deposits since 1999. The amount of fixed deposits aggregating to Rs. 4048655.00 includes,
  - a) Two deposit holders of the company had filed suit in Civil Court against the company for the repayment of deposits amounting to Rs.200,000/-. The company was ordered to make the repayment. This was settled in the subsequent years.
  - b) Three deposit holders of the company had filed petition with the Company Law Board for the repayment of deposits amounting to Rs.400,000/-. The Company Law Board has ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order and penalty was imposed on the company and the directors which was paid.
  - c) Three deposit holders of the company had filed a petition with the Company Law Board for the refund of deposits amounting to Rs.50,000/-. The Company Law Board had ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order which was dismissed by the court. The Registrar of Companies has filed an appeal in the High Court of Kerala, which is pending disposal. However, these deposits were settled in the subsequent years.
  - e) The amount of fixed deposits outstanding amounting to Rs.33,98,655.00 represents unclaimed deposits.

11 IDBI and SBT had recalled the loan given to the company and filed a suit in Debt Recovery Tribunal (DRT) for the recovery of the loan outstanding amounting to Rs.232.42 lakhs and Rs.168.93 lakhs respectively together with accrued interest and further interest. The cases were decreed against the company and the banks have obtained the certificate of recovery from DRT. KSIDC had also recalled the loan and initiated revenue recovery proceedings for the recovery of Rs.32.59 Lakhs together with accrued interest and further interest. The institutions had approved One Time Settlement Scheme to the company with new investors as promoters. However, the schemes could not materialise as the investors were unable to raise the required funds in time. These loans were subsequently settled under One Time Settlement Scheme offered by the financial institutions.

12 M/s.BT Solders, Bangalore - a creditor of the company, has filed a suit against the company for dishonour of cheque amounting to Rs.44044/-. The case was dismissed by Magistrate Court in Bangalore. The creditor has filed a condonation petition with the High Court of Karnataka for delayed filing of appeal which was objected by the company. This liability was settled through court proceedings in the subsequent years.

**13 Taxation**

In the absence of overall taxable profit, no provision for Current Tax/ Minimum Alternate Tax has been made in the accounts of the current financial period. Further, as at year end the major components of deferred tax are accumulated losses & unabsorbed depreciation, and the recovery of the same is not virtually certain. In view of the aforesaid, deferred tax asset has not been recognized.

**14 Managerial Remuneration**

- a) No commission is payable to any director and hence the computation of profit u/s 198 / 349 of the Companies Act, 1956 is not required
- b) The computation of Managerial Remuneration u/s 350 of The Companies Act, 1956 have not been enumerated as the managerial remuneration payable to Managing Director are within the limit prescribed under Schedule XIII of the said Act.

	<u>Current Year</u>	<u>Previous Year</u>
Salaries	-	-
Sitting Fees	-	-
<b>15 <u>Auditors remuneration includes:-</u></b>		
For Audit	10,000	10,000
For Certification	-	-
For Taxation Matters	-	-
	<u>10,000</u>	<u>10,000</u>

	<u>Current Year</u>	<u>Previous Year</u>
		(Rs. In lakhs)
16 Estimated amount of capital contracts pending execution	Nil	Nil
<b>17 <u>Earnings per share</u></b>	<u>Current Year</u>	<u>Previous Year</u>
Net Profit for the year	181,317	(62,247)
Weighted Average No. of shares outstanding		
- Basic	3,774,300	3,774,300
Earnings Per equity share of Rs 10 each		
- Basic	0.05	(0.02)

**18 Disclosure in respect of Related Parties pursuant to Accounting Standard 18:**

- I List of related parties
  - Parties where control exists NIL
- II Other related parties with whom the company has entered into transactions during the year
  - j) Associates NIL
  - ii) Key Managerial Personnel and Enterprises having common Key Management Personnel or their relatives :
    - Key Managerial Personnel : Vijayan I V, Managing Director  
Repsy VJayan, Director

**a) Particulars of Annual Installed Capacity and Production**

- Installed Capacity - Not ascertainable as it varies  
(Installed capacity as certified by the management on which reliance is placed by the auditor, being a technical matter)

Value of imports calculated on CIF basis by the company during the financial year .

a. Raw Materials &amp; Components

b. Trading Goods

c. Travelling

(Current year figures are as certified by the management)

c) Expenditure in foreign currency in respect of :-

i) Royalty, knowhow and professional fee	Nil	Nil
ii) Sponsorship	Nil	Nil
iii) Travelling	Nil	Nil
iv) Ocean freight	Nil	Nil

d) Earnings in foreign exchange FOB value of exports Nil Nil

e) Amount remitted during the financial year in foreign currency on account of dividends Nil Nil

**19 Information on Small Scale Industrial Units**

a) No claims of suppliers who are covered under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993" has come to the notice of the company

b) Amount outstanding for payments to SSI's Nil Nil

c) Name of SSI's to whom the company owes any sum together with interest which is outstanding for more than thirty days Nil Nil

d) The above information has been compiled to the extent to which the parties could be identified as Small Scale and Ancillary Undertakings, on the basis of information available with the company.

For **G. Joseph & Associates**

Chartered Accountants

Firm Regn. No. 006310S

**Vijayan I V**  
Chairman**REPSY VIJAYAN**  
Managing Director**Umesh L Bhat**  
PartnerDate : 10.07.2010  
PLACE : Cochin**AUDITORS' REPORT**The Members  
Artech Power Products Limited  
'Anitha', 2<sup>nd</sup> Floor, SA Road,  
Elamkulam, Cochin -20

We have examined the attached Cash Flow statement of M/s Artech Power Products Limited for the period ended 31/03/2003. The statement has been prepared by the company in accordance with the requirements of listing agreements executed with the stock exchanges where the shares of the company are listed and is based on and in agreement with the corresponding Profit and Loss account and Balance sheet of the company covered by our report of 10.07.2010 to the members of the company.

For **G JOSEPH & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006310S**UMESH L BHAT**  
PARTNER  
M.No.211364PLACE : COCHIN - 20  
DATE : 10.07.2010

**Cash Flow Statement for the Year Ended March 31, 2003**

(In terms of Listing Agreement)

(Amount in Rupees.)

Sch.	2002-03	2001-02
<b><u>Cash Flow From Operating Activities</u></b>		
<b>A. Net Profit Before Tax and Extraordinary itmes</b>	(181,317)	(62,247)
Adjustment for :		
Finance charges	300	360
Depreciation	-	-
Interest received	-	-
Preliminary Expenses written off	-	-
Deferred Revenue expenses written off	-	-
<b>Operating Profit Before Working Capital Changes</b>	(181,017)	(62,247)
Movement in Working Capital :		
(Increase)\Decrease in Trade and other receivables	-	-
(Increase)\Decrease in Inventories	-	-
Increase\Decrease) in Trade payables	(237,955)	(5,833)
<b>Cash Generated from Operations</b>	(418,972)	(68,080)
<b>Net cash from Operating Activities</b>	(418,972)	(68,080)
<b><u>B. Cash Flow From Investing Activities</u></b>		
Sale of Fixed Assets	-	-
Sale of investments	-	-
Interest Received	-	-
<b>Net cash used in investing activities</b>	-	-
<b><u>C. Cash Flow From Financing Activities</u></b>		
Proceeds from Short Term borrowings	60,000	69,500
Interest paid	(300)	(360)
<b>Net cash flow from financing activities</b>	59,700	69,500
<b>Increase\decrease) in cash and cash equivalents</b>	(359,272)	1,420
Cash and cash equivalents at the beginning of the year	28,770	27,349
Cash and cash equivalents at the end of the year	(330,502)	28,770

Notes:

- 1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants
- 2 Previous year figures have been regrouped or reclassified to confirm to those of the current year.

This is the Cash Flow Statement referred to in our report of even date.

**For G. Joseph & Associates**

Chartered Accountants  
Firm Regn. No. 006310S

**Umesh L. Bhat**  
Partner  
Membership No. 211364

**Vijayan I V**  
Chairman

**REPSY VIJAYAN**  
Managing Director

PLACE : Cochin  
Date : 10.07.2010

**NOTICE**

NOTICE is hereby given that the 15<sup>th</sup> Annual General Meeting of Artech Power Products Ltd., originally held on 19th March 2008, adjourned sine die will be held on Monday the 30th August 2010 at "KETA Hall", 2nd Floor, KETA Center, Chittoor Road South, Cochin 682016 at 11.15 a.m. to transact the following business.

**Ordinary Business**

1. To receive, consider and adopt the audited Annual Accounts of the Company for the year ended 31st March 2004 together with the report of the Board of Directors and Auditors thereon.

**Notes:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The register of members and share transfer books of the company will be closed from 23<sup>rd</sup> August 2010 to 30<sup>th</sup> August 2010, both days inclusive.
3. Shareholders desiring any information as regards the Accounts are requested to write to the company at least 5 days in advance so as to enable the management to keep the information ready at the meeting.

By order of the Board  
For Artech Power Products Ltd

Place: Cochin 20  
Date: 10.07.2010

Repsy Vijayan  
Managing Director

**DIRECTOR'S REPORT****To the Members,**

The Board of Directors hereby presents the 15<sup>th</sup> annual report on the together with the audited statement of accounts for the year ended 31<sup>st</sup> March 2004. Your Directors apologize for the delay that has happened in preparing the accounts for the year under review, which was beyond the control.

**Financial Results**

Sales: Rs.Nil	Loss before interest, depreciation and extra: Rs.65,497.00
Other income: Rs.22,699.00	Net loss for the year: Rs.65,497.00

**Dividend**

As the Company has not earned any profit, the directors do not propose any dividend for the accounting year ended 31<sup>st</sup> March 2004.

**Activities during the year and current status**

As reported in the Director's Report for the previous year, the Board of Directors had to take the most unpleasant decision to close down the operations of the factory wef 12<sup>th</sup> April 2000. The management has engaged all possible efforts in consultation with the Financial Institutions for a revival of the company including options to bring in probable investors as joint venture or take over by potential buyers. Many proceedings in this direction progressed to different levels, but none could be crystallized by the Board or by the Institutions who rendered extensive support to our efforts. Meanwhile the Financial Institutions approached the Debt Recovery Tribunal for recovery of their loans and obtained recovery certificate as the assets of the Company are hypothecated to them. Even after this, efforts were continued for a possible revival of the Company and meanwhile the Revenue Recovery Proceedings by Sales tax Dept. worsened our efforts.

Subsequently the Revenue Department pronounced auction of the Company's property. As this would entangle our entire efforts to settle all other liabilities, the Company approached the Hon'ble High Court of Kerala again and obtained stay to the RR proceedings on our contention that the Company could by way of private sale of assets obtain higher realization of value and could settle the sales tax as well as other statutory liabilities, the Financial Institution's dues by way of compromise settlement. This view was supported by the Financial Institutions in the High Court in the interest of all stakeholders. As the asset sale requires, as per the provisions of the Companies Act, compulsory Postal Ballot, the required resolution u/s 193(a) of the Companies Act 1956 was put to the members through Postal ballot and the resolution was approved by the share holders of the Company with requisite majority. The results were announced by the Chairman on 19<sup>th</sup> March 2008.

As pressures were mounted from the Financial Institutions, Banks and Revenue Dept. for settling their liabilities, one potential buyer approached IDBI for buying the land and building of the Company. The liabilities to Financial Institutions, Banks and Revenue Dept. were in excess of Rs. 36 Crores as on September 2009. As the valuation of Company's properties was much lower, a One Time Settlement was reached with the Institutions and directly settled by the buyer. They further made direct payment of the One Time Settlement arrived at with KSEB. The expenses incurred by the Company for clearing the statutory liabilities, Sales Tax settlement, BSNL settlement and on account of various litigations and proceedings after closure were also settled. The buyer on tripartite negotiations with the employees union also directly settled the employee's salary arrears, other dues and compensation. On sale of assets, the Company could clear of all the liabilities and have obtained the No Dues certificate from the Financial Institution, Bank, Revenue Dept., KSEB and BSNL.

The Board of Directors are presently looking for identifying any possible opportunity from any potential group who could associate with this Company for a take over or merger or amalgamation so as to be mutually beneficial in the interest of all our share holders. The Board of Directors is putting in all efforts in this direction.

**Shares**

Company's shares have been suspended from trading due to nonpayment of dues by Cochin, Bombay, Delhi and Chennai stock exchanges. The listing fees could not be paid as factory was closed and there was no income generation. The share transfer activities are done in house. Your directors will take all the possible steps to rectify the deficiencies in this matter as soon as the Company becomes operational and the required finances and personnel are available.

**Directors reply to qualifications in the Auditor's Report.**

Due to acute financial difficulties the factory was closed in April 2000. The operations could not commence there after. The books and records of the Company were maintained at the Registered office located at the factory premises. The premises were under the custody of the Financial Institution. During this period there were no maintenance and some of the records were damaged. The accounts for the previous financial year were reconstructed from the records available with the Company. Due to the above Company was unable to produce some of the documents and records for audit.

With respect to the Auditor's Qualification regarding disqualification of Directors for non-filing of Annual Accounts/Annual Returns for 3 years, the Company intends to complete filing all Accounts>Returns that are in arrears over the past years after the Annual General Meeting scheduled to be held on 30th August 2010. Once the Accounts are adopted there at, filing will be done forthwith.

With respect to the Auditors comments on the valuation of the fixed assets and current assets, the Directors are hopeful of realizing at least a value that is reflecting in the books of accounts and hence valued on book value. The auditor's qualifications on non-compliance of the Accounting Standards are due to above reasons. With respect to the auditor's comments on violation for section 58A, the company could not repay the fixed deposit holders and the directors were prosecuted. The Company's fixed deposits were settled on compromise in subsequent years.

**The Status of ESI, PF, TDS and Sales Tax:**

The provisions of ESI Act were not applicable to the Company on account that the area where the factory is situated was exempted. PF contribution had been paid in the previous year whenever salary disbursements have been made. There were delayed salary payments and salary dues in arrears during the previous year. During the year under review, the factory was closed and there were no salary payment to any of the employees and hence there were no PF dues. The Company had remitted penalty for delayed payments of PF in subsequent years. There is an unpaid TDS amounting to Rs. 48475/- pertaining to the year 1998-99 which could not be paid due to non-availability of proper records. Your directors have initiated steps to make this payment in subsequent years. There were unpaid sales tax dues amounting to Rs. 172,179/- pertaining to the year 1998-99 due to the financial crisis and closure of the factory. This has been settled in subsequent years.

**Personnel and Industrial Relations**

Industrial Relations in the Company were satisfactory during the years. After closure of the Company in April 2000, even though there were some disturbances, the employees were very supportive to the management during the occasions of discussions with probable new investors and finally the buyer for the assets of the Company. All the dues to the employees including salary and PF arrears including compensation for leaving the services are settled on compromise negotiations with the employees union in subsequent years. Your Directors take this opportunity of recording their appreciation of the wholehearted support rendered by the employees and their union during these years.

**Statutory Disclosures**

**Fixed deposits**

Your Company has neither accepted nor renewed any Fixed Deposits since the date of last Annual General Meeting. The amount of deposit outstanding as on 31<sup>st</sup> March 2000 is Rs. 4,048,655/- out of which a sum of Rs. 3,398,655/- represents unclaimed deposits and the balance represents claims of deposit holders, but could not be paid due to financial constraints. These Fixed Deposits were settled on compromise in subsequent years.

**Auditors**

M/s. G Joseph & Associates, Chartered Accountants, with Firm Registration No. 006310S who are the statutory Auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956 up to the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**Disclosure of Particulars of employees**

There are no employees who are in receipt of salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended by and Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.



**Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo**

The information as required under Section 217 (i) (e) of the Companies Act, 1956 read with the Companies (Directors particulars in the Report of the Board of Directors) Rules 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is not applicable for the year under review as the company was closed down and there were no production activities.

**Directors' Responsibility Statement**

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

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures applicable to accounting standards except non compliance of accounting standards 2, 4,6,10 and 15 as the company was closed down and there were no production and commercial activities;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 the profit & loss of the Company for that period;
- iii) As the factory premises, where the registered office of the company was situated, were under the custody of financial institutions, banks etc, the Directors can not comment whether proper and sufficient care were taken 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;
- iv) The annual accounts have not been prepared on a going concern basis.

**Acknowledgement**

The Board of Directors acknowledge with gratitude the support extended by Kerala State Industrial Development Corporation (KSIDC), Industrial Development Bank of India (IDBI) and State Bank of Travancore (SBT) who had been considerate to the Company during these periods of financial crisis. The financial liabilities towards these institutions were settled in subsequent years. Yours Directors also thank M/s. Federal Bank, Ernakulam North Branch and Girinagar Branch with whom the Company maintained the current accounts. Your Directors also thank all the employees and deposit holders for their seamless support during the year under review, which were settled in subsequent years. The moral support given by all our shareholders of the Company during the year under review and all subsequent years without which, the settlement of liabilities would not have been possible in subsequent years and their continued patronage to your Directors in the years ahead.

By order of the Board  
**For Artech Power Products Ltd.**

Place: Cochin 20  
Date: 10.07.2010

Vijayan I V  
Chairman

Repsy Vijayan  
Managing Director

AUDITORS' REPORT

To

Members  
ARTECH POWER PRODUCTS LIMITED  
Anitha, 2nd Floor  
SA Road, Elamkulam  
Kadavanthra, Cochin-682020

- 1 We have audited the attached Balance Sheet of M/s.ARTECH POWER PRODUCTS LIMITED ("The company") as at 31st March, 2004, the Profit & Loss Account and Cash Flow statement of the company for the year ended that date annexed thereto. 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.
- 2 We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Statement on the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 4 The company had stopped its operations in the first week of April, 2000. The operations did not recommence there after. *The ability of the company to continue as a going concern is severely impaired. The company has prepared the financial statements without making any adjustments in the value of fixed assets that have been necessary, as the company is unable to continue as going concern.*
- 5 *Subject to Point 2 & 5 in the Notes to Accounts in Schedule 17 regarding the non availability of certain books and records, information on dues to Small Scale Units in Note No.20 of Notes to Accounts in Schedule 17 and non-reconciliation and non-conformation of balances of sundry debtors, sundry creditors, loans and advances, bank accounts, Loans from Kerala State Industrial Development Corporation Limited (KSIDC), Industrial Development Bank of India (IDBI) and State Bank Travancore (SBT) and fixed deposits accepted, we report that:-*
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
  - ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of these books, *subject to those mentioned in para(5) above*
  - iii. The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts.
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, **subject to**

- (i) non compliance of Accounting Standard 2 on 'Valuation of Inventories' by stating the value of inventory as at the year end at cost, without considering the realizable value. We are unable to quantify the impact of the above, on the loss for the year and on the value of inventories in the absence of adequate information.
  - (ii) non compliance of Accounting Standard 10 on 'Accounting for Fixed Assets' by stating the fixed assets on historical cost at rather than the net realizable value. The diminution in the value of asset has not been ascertained and we are unable to quantify its impact on the value of assets and on the loss for the year.
  - (iii) non compliance with the requirements of Accounting Standard 6 on 'Depreciation Accounting' by not providing adequate depreciation based on the expected useful life and residual life of the asset in view of the non utilization of the asset since April 2000. We are unable to quantify the additional depreciation that was required to be provided and its impact on the losses for the year and on the depreciation reserve.
  - (iv) non compliance with the requirements of Accounting Standard 15 on 'Accounting for Retirement Benefits in the Financial Statements of Employers' by not providing for gratuity and leave encashment, the impact of which on the loss for the year and on the provision for gratuity and leave encashment could not be quantified.
- v. All the Directors have attracted disqualification as on 31st March 2004 as the Company has not filed the Annual Accounts and Returns for last 3 years and non repayment of FDs in terms of Section 274(1)(g) of the Companies Act 1956.
- vi. Due to the significance of the matters discussed in Paragraph 4 & 5 above, we report that;
- a) in the case of the Balance Sheet, the state of affairs of the company as at 31st March, 2004; and
  - b) In the case of the Profit & Loss Account, the Loss for the year ended on that date.
  - c) In the case of Cash Flow statement, the cash flows for the year ended on that date.
- do not represent a true and fair view.

For G Joseph & Associates  
Chartered Accountants  
(Firm Reg.No.006310S)

Umesh L Bhat  
Partner  
Membership No.211364

Place : Cochin  
Date : 10.07.2010

**ANNEXURE TO THE AUDITORS REPORT**

Statement referred to in our report of even date to the members of ARTECH POWER PRODUCTS LIMITED on the accounts for the year ended 31st March, 2005.

- (i) a The company has maintained records showing particulars including quantitative details and situation of fixed assets, but the same requires to be updated.
- b As per the information and explanations given to us the fixed assets have not been physically verified by the management.
- c The company has not disposed off substantial part of its fixed assets during the year.
- (ii) a The stocks of finished goods, raw materials and work-in-process have not been physically verified by the management during the year/at year end.
- b We are unable to comment on clauses (ii) (b) & (c) of the Order, since physical verification has not been carried out by the company during the year.
- (iii) 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 Act. Clauses (iii)(b) to (iii)(d) of paragraph 4 of the said Order are not applicable to the company.
- e) The company has taken unsecured loans from 3 parties. At the year end, the outstanding balance of such loans taken aggregated to Rs.14,72,878 and the maximum amount involved during the year was Rs.14,72,878.00.
- f) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the company.
- g) The terms of repayment for the above loans have not been stipulated, but the same are stated to be repayable on demand. Since the company is stated to have received no demand for repayment of the above loans, there has been no default on the part of the company.

## Artech Power Products Ltd.

- (iv) As the company did not carry on any business during the year, clause no.(iv) of the Order on internal control procedures relating to the purchase of stores, raw material, including components, plant and machinery, equipment and other assets, and for the sale of goods, is not applicable.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, Clause (v) (b) of the paragraph 4 of the Order is not applicable to the company for the current year.
- (vi) The company has violated the provisions of Section 58A of the Companies Act, 1956, to the extent that certain deposits and interest were not paid even after the claim was raised.
- (vii) In our opinion, the company's internal audit system is not commensurate with the size and nature of its activities
- (vii) The provisions regarding maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to the company
- (x) a) According to the information and explanations provided to us, the company was not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, applicable to it. The following were outstanding for a period of more than six months on the last day of the financial year:-

Name of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates
Income Tax Act, 1961	Tax Deducted at source	48,475	1998-99
Kerala General Sales Tax Act	Sales Tax	172,179	1999-2000

- b) As per the information given to us, the following statutory dues have not been deposited on account of any disputes:-

Nature of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Dep	Sales Tax	20,880,000	1999-2000	High Court of Kerala

- (x) The accumulated losses of the company at the end of the financial year is more than fifty percent of the net worth and the company has incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xi) As per the information and explanations given to us the company has defaulted in repayment of dues to IDBI amounting to Rs.494.80 lakhs, to SBT amounting to Rs.168.93 lakhs and to KSIDC amounting to Rs.68.95 lakhs
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund or Nidhi or Mutual Fund Society are not applicable to the company.
- (xiv) In our opinion and according to the explanations given to us, the company is not a dealer or trader in securities.
- (xv) As explained to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, are prejudicial to the interest of the company.
- (xvi) According to the information and explanations given to us, the term loans taken by the company were applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
- xviii) The company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year
- (xix) In our opinion, the company has not issued any debentures during the year.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, during the year, no fraud on or by the company has been noticed or reported.

**For G Joseph & Associates**  
Chartered Accountants  
(Firm Reg.No.0063105)

**Umesh L Bhat**  
Partner

Membership No.211364

Place : Cochin  
Date : 10.07.2010

**ARTECH POWER PRODUCTS LIMITED**

Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020

**BALANCE SHEET AS AT 31.03.2004**

<b>Particulars</b>	<b>Sch.No.</b>	<b>As at 31.03.04</b>	<b>As at 31.03.03</b>
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>Share Holders' Funds</u></b>			
Share Capital	1	37,743,000	37,743,000
Reserves & Surplus	2	2,000,000	2,000,000
<b><u>Loan Funds</u></b>			
Secured Loans	3	73,266,812	73,266,812
Unsecured Loans	4	5,521,533	5,417,168
		<b>118,531,345</b>	<b>118,426,980</b>
<b><u>APPLICATIONS OF FUNDS</u></b>			
<b><u>Fixed Assets</u></b>			
Gross Block	5	51,577,985	51,577,985
Less : Depreciation		11,683,199	11,683,199
Net Block		39,894,786	39,894,786
<b><u>Current Assets, Loans &amp; Advances</u></b>			
a. Inventories	6	13,171,209	13,171,209
b. Sundry Debtors		4,974,863	4,974,863
c. Cash and bank balances		68,747	32,131
d. Other current assets		1,581,576	1,581,576
		19,796,395	19,759,779
<b><u>Less Current Liabilities &amp; Provisions</u></b>			
Net Current Assets	7	5,519,986	5,522,238
		14,276,409	14,237,541
Miscellaneous Expenditure (to the extent not written off or adjusted) - Preliminary expenses		3,331,697	3,331,697
- Deferred Revenue Exp		5,555,927	5,555,927
<b>Profit &amp; Loss Account</b>		55,472,526	55,407,029
		<b>118,531,345</b>	<b>118,426,980</b>
<b>Notes on Accounts</b>	12		

As per our report of even date attached  
For G. JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006310S

PLACE : Cochin  
DATE : 10.07.2010

VIJAYAN I V  
CHAIRMAN

REPSY VIJAYAN  
MANAGING DIRECTOR

UMESH L. BHAT  
PARTNER  
M.No.211364

**ARTECH POWER PRODUCTS LIMITED**

Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2004**

Particulars	For the year ended	
	31.03.04	31.03.03
<b><u>INCOME</u></b>		
Sales		
Miscellaneous Income	8	22,699
Stock differential	9	252,617
		<u>22,699</u>
		<u>252,617</u>
<b><u>EXPENDITURE</u></b>		
Raw material consumed	10	
Administrative Expenses	11	87,956
Financial charges		71,000
		240
		300
		<u>88,196</u>
		<u>71,300</u>
<b>Net Profit/(Loss) for the year</b>		<b>(65,497)</b>
<b>Add :Brought forward Losses</b>		<b>55,407,029</b>
<b>Balance Loss transferred to Balance Sheet</b>		<b>55,588,346</b>
<b>Earnings Per equity share of Rs 10 each</b>		<b>55,472,526</b>
-Basic		(0.02)
		0.05
Notes on Accounts	12	

As per our report of even date attached  
For G. JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006310S

PLACE: Cochin VIJAYAN I V REPSY VIJAYAN UMESH L.BHAT  
DATE: 10.07.2010 CHAIRMAN MANAGING DIRECTOR PARTNER  
M.No.211364

**SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS**

	As at 31.03.04	As at 31.03.03
<b><u>SHARE CAPITAL</u></b>		
<b>A. Authorised</b>		
40,00,000 equity shares of Rs.10/- each (Previous year 40,00,000 equity shares of Rs.10/- each)	40,000,000	40,000,000
1,00,000 Redeemable Preference shares of Rs. 100/-each (Previous year 1,00,000 redeemable preference shares of Rs.10/- each)	10,000,000	10,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
<b>B. Issued, Subscribed and Paid-up</b>		
37,74,300 Equity shares of Rs. 10/- each fully paid up. (Previous year 37,74,300 equity shares of Rs.10/-each fully paid up)	37,743,000	37,743,000

**Artech Power Products Ltd.**

**RESERVES & SURPLUS**

**Capital Reserve**

Capital Investment Subsidy from State Government

As at 31.03.04	As at 31.03.03
<b>Schedule - 2</b>	
2,000,000	2,000,000
<u>2,000,000</u>	<u>2,000,000</u>

**SECURED LOANS**

- a. Rupee Term Loan from -IDBI  
 b. Deferred Interest Loan -IDBI  
 c. Term Loan from KSIDC Ltd  
 d. Interest accrued and due on IDBI Loans  
 e. Interest accrued and due on KSIDC Loan  
 f. Cash credit from State Bank of Travancore

<b>Schedule - 3</b>	
23,241,923	23,241,923
3,862,389	3,862,389
3,528,744	3,528,744
22,375,255	22,375,255
3,365,694	3,365,694
16,892,807	16,892,807
<u>73,266,812</u>	<u>73,266,812</u>

**UNSECURED LOANS**

- a. From Directors  
 b. Unpaid Fixed Deposits

<b>Schedule - 4</b>	
1,472,878	1,368,513
4,048,655	4,048,655
<u>5,521,533</u>	<u>5,417,168</u>

**CURRENT ASSETS, LOANS & ADVANCES**

**Inventories**

(As taken, valued and certified by the Management)

- Finished Goods  
 - Work In progress  
 - Raw Materials

6,096,435	6,096,435
3,073,524	3,073,524
4,001,250	4,001,250
<u>13,171,209</u>	<u>13,171,209</u>

**Sundry Debtors**

[Unsecured, considered good ]

Outstanding for a period exceeding six months  
 Other Debts

4,974,863	4,974,863
<u>4,974,863</u>	<u>4,974,863</u>

**Cash & Bank Balances**

- Cash in hand  
 Balance with Scheduled Banks:  
 - In current accounts

53,897	17,388
14,851	14,744
<u>68,748</u>	<u>32,132</u>

**Other Current Assets**

(Unsecured and considered good)

- Other Advances  
 Other Current Assets  
 Deposits

5,529	5,529
1,244,963	1,244,963
331,084	331,084
<u>1,581,576</u>	<u>1,581,576</u>

**CURRENT LIABILITIES & PROVISIONS**

**A. Current Liabilities**

- Creditors for Raw Materials  
 Creditors for Expenses  
 Interest accrued on fixed deposits  
 Other Current Liabilities

<b>Schedule - 7</b>	
2,153,680	2,163,180
1,396,223	1,386,223
1,492,915	1,492,915
407,938	410,690

**Artech Power Products Ltd.**

**B Provisions**

Provision for Gratuity

	As at 31.03.04	As at 31.03.03
	69,230	69,230
	<u>5,519,986</u>	<u>5,522,238</u>

**MISCELLANEOUS INCOME**

Expenses Payable written back

Other Income

	Schedule - 8	
	2,752	247,955
	19,947	4,662
	<u>22,699</u>	<u>252,617</u>

**STOCK DIFFERENTIAL**

**Finished Goods:**

Opening Stock

Manufactured Goods

Trading Goods

Closing Stock

Manufactured Goods

Trading goods

	Schedule - 9	
	3,145,610	3,145,610
	2,950,825	2,950,825
	3,145,610	3,145,610
	<u>2,950,825</u>	<u>2,950,825</u>

Work-in-Progress

Opening Stock

Closing Stock

	3,073,524	3,073,524
	<u>3,073,524</u>	<u>3,073,524</u>

**RAW MATERIALS CONSUMED**

Opening Stock

Add : Purchases

Less : Closing Stock

Raw material consumed

	Schedule - 10	
	4,001,250	4,001,250
	-	-
	<u>4,001,250</u>	<u>4,001,250</u>

**ADMINISTRATIVE EXPENSES**

Travelling & Conveyance

Office expense

Telephone Charges

Legal charges

P F Penalty

Auditors Remuneration

	Schedule - 11	
	35,505	21,000
	9,400	6,000
	3,600	3,000
	22,200	31,000
	7,251	-
	<u>10,000</u>	<u>10,000</u>
	<u>87,956</u>	<u>71,000</u>



## Fixed Assets &amp; Depreciation

Particulars	Gross Block at Cost			DEPRECIATION			Net Block	
	As at 01.04.2003	Addition/ Deletions	As at 31.03.2004	Upto 01.04.2003	For the Year	Upto 31.03.2004	As at 31.03.2004	As at 31.03.2003
Land & Land Development	1,304,584	-	1,304,584	-	-	-	1,304,584	1,304,584
Building	13,699,861	-	13,699,861	2,373,468	-	2,373,468	11,326,393	11,326,393
Plant & Machinery	28,893,502	-	28,893,502	7,113,743	-	7,113,743	21,779,759	21,779,759
Factory Equipments	364,333	-	364,333	110,317	-	110,317	254,016	254,016
Electrification	3,872,690	-	3,872,690	955,376	-	955,376	2,917,314	2,917,314
Furniture & Fixtures	1,830,554	-	1,830,554	651,051	-	651,051	1,179,503	1,179,503
Office Equipments	1,335,136	-	1,335,136	377,019	-	377,019	958,117	958,117
Vehicle	277,325	-	277,325	102,225	-	102,225	175,100	175,100
	<b>51,577,985</b>	-	<b>51,577,985</b>	<b>11,683,199</b>	-	<b>11,683,199</b>	<b>39,894,786</b>	<b>39,894,786</b>
Previous Year	51,577,985	-	51,577,985	11,683,199	-	11,683,199	39,894,786	39,894,786

**SCHEDULE 12: Significant Accounting Policies and Notes to Accounts**

**Background**

Artech Power Products Limited (hereinafter referred to "the Company") was incorporated in the State of Kerala. The Company was in the business of production of Switched Mode Power Supplies. Due to acute financial difficulties, the company had stopped its operations in the first week of April, 2000 and the factory was closed. The operations did not recommence thereafter.

**A. SIGNIFICANT ACCOUNTING POLICIES**

The significant Accounting Policies followed by the company are as stated below:

**1. Basis of Preparation**

The Financial Statements have been prepared on the historical cost convention. These statements have been prepared in accordance with the generally accepted accounting principles and the applicable Mandatory Accounting Standards and relevant requirements of The Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Company. The preparation required adoption of estimates and assumptions that can affect the reported amounts of revenue and expenditure and the assets and liabilities as well as the disclosure of contingent liabilities. Differences between the actual results and estimates are recognised in the year in which they become known or materialises.

**2. Revenue Recognition**

- a) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally at the point of despatch to the customer. Sales includes Excise Duty and are net of discount.
- b) Interest income is accounted on accrual basis.

**3. Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**4. Depreciation**

Since no operation was carried out during the year and the company is not expecting to commence the operations in the near future, depreciation has not been provided for.

**5. Investments**

Investments are long term and are valued at cost. Provisions for diminution in value of long term investments is made, if the diminution is other than temporary.

**6. Inventories**

Inventories are valued at lower of cost, in the absence of net realisable value which can not be quantified since the company is not operational.

**7. Investment Subsidy**

Investment Subsidy received from Government of Kerala is treated as Capital Reserve.

**8. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on reversing carrying amount of the asset over its remaining useful life.

	<u>Current Year</u>	<u>Previous Year</u>
Provision for impairment of assets	Nil	Nil

**9 Borrowing Costs**

Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalised till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.

**10 Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss account on a straight-line basis over the lease term.

**11 Retirement Benefits**

- a) In respect of gratuity, the company's contribution to the Group Insurance Scheme of Life Insurance Corporation of India are charged against the revenue.
- b) Contribution to Provident Fund and other recognised funds is charged to Profit & Loss account.

**12 Taxes on Income**

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

**B. NOTES TO ACCOUNTS**

1 Previous year's figures are regrouped, rearranged or recast wherever necessary to conform to this year's figures.

2 The books and records of the company were maintained at the registered office located at the factory premises. The factory was closed in April 2000 and the premises were under the custody of the financial institutions. Due to lapse of about 9 years, certain records are damaged. The accounts for the financial year was reconstructed from the records available with the company.

3 Contingent liabilities not provided for in the Accounts:                      Current Year                      Previous year

- a) Guarantees issued by banks
- b) Liability on account of interest on unclaimed deposits, in any, if such deposits were renewed has not been ascertained and not provided for in the accounts.
- c) The Sales tax department has raised demand notices against the company for the Assessment years from 95-96 to 99-00 aggregating to Rs.208.80 lakhs as arrears, penalty and interest on Sales tax. The company had filed appeal with the higher authorities against these demand notices. The appeal is not yet disposed off. The sales tax authorities has proceeded with the Revenue Recovery proceedings, against which the company has obtained a stay order from the High Court of Kerala till the appeal is disposed off. No provision has been made in the accounts for the above liability. However, this liability was settled in the subsequent years.
- d) The Kerala State Electricity Board and BSNL have initiated revenue recovery proceedings against the company for the recovery of outstanding electricity and telephone charges along with interest. Provision has not been made in the accounts for the interest payable on account of lack of adequate information. This liability was settled in the subsequent years.

4 The Term Loans are secured by way of first charge on the immovable and movable fixed assets of the company and second charge on the current assets of the company and further guaranteed by the promoter directors

5 The Cash Credit facility from State Bank of Travancore(SBT) is secured by way of first charge on the current assets of the company and second charge on the immovable and movable fixed assets of the company and further guaranteed by the promoter directors.

6 In the opinion of the management, the current assets, loans, advances and sundry debtors other than those realised since then, are unrealisable and so have been written off. The sundry creditors, which, in the opinion of the management, are not payable are written back as they are time barred under statute.

- 7 Balance of creditors and loans and advances, certain bank accounts, Kerala State Industrial Development Corporation Limited(KSIDC), Industrial Development Bank of India (IDBI) and SBT loan accounts and fixed deposits are subject to confirmation and reconciliation.
- 8 The company has not made contributions to the Gratuity fund of LIC during the year and the liability on account of the above, was not provided for in the books on account of lack adequate records.
- 9 M/s.Blue Dart Express Ltd had filed a case against the company for courier charges payable amounting to Rs.49328/-. The case had been decreed against the company and the company was ordered to make the payment along with interest. However due to financial constraints the company could not make the payment till date. The provision for the interest payable on the above has not been made in the books of accounts.
- 10 The company has neither accepted nor renewed any of the fixed deposits since 1999. The amount of fixed deposits aggregating to Rs. 4048655.00 includes,
- a) Two deposit holders of the company had filed suit in Civil Court against the company for the repayment of deposits amounting to Rs.200,000/-. The company was ordered to make the repayment. This was settled in the subsequent years.
  - b) Three deposit holders of the company had filed petition with the Company Law Board for the repayment of deposits amounting to Rs.400,000/-. The Company Law Board has ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order and penalty was imposed on the company and the directors which was paid.
  - c) Three deposit holders of the company had filed a petition with the Company Law Board for the refund of deposits amounting to Rs.50,000/-. The Company Law Board had ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order which was dismissed by the court. The Registrar of Companies has filed an appeal in the High Court of Kerala, which is pending disposal. However, these deposits were settled in the subsequent years.
  - d) The amount of fixed deposits outstanding amounting to Rs.33,98,655.00 represents unclaimed deposits.
- 11 IDBI and SBT had recalled the loan given to the company and filed a suit in Debt Recovery Tribunal (DRT) for the recovery of the loan, outstanding amounting to Rs.232.42 lakhs and Rs.168.93 lakhs respectively together with accrued interest and further interest. The cases were decreed against the company and the banks have obtained the certificate of recovery from DRT. KSIDC had also recalled the loan and initiated revenue recovery proceedings for the recovery of Rs.32.59 Lakhs together with accrued interest and further interest. The institutions had approved One Time Settlement Scheme to the company with new investors as promoters. However, the schemes could not materialise as the investors were unable to raise the required funds in time. These loans were subsequently settled under One Time Settlement Scheme offered by the financial institutions.
- 12 M/s.BT Solders, Bangalore - a creditor of the company, has filed a suit against the company for dishonour of cheque amounting to Rs.44044/-. The case was dismissed by Magistrate Court in Bangalore. The creditor has filed a condonation petition with the High Court of Karnataka for delayed filing of appeal which was objected by the company. This liability was settled through court proceedings in the subsequent years.
- 13 In the absence of overall taxable profit, no provision for Current Tax/ Minimum Alternate Tax has been made in the accounts of the current financial period. Further, as at year end the major components of deferred tax are accumulated losses & unabsorbed depreciation, and the recovery of the same is not virtually certain. In view of the aforesaid, deferred tax asset has not been recognized.

14 **Managerial Remuneration**

- a) No commission is payable to any director and hence the computation of profit u/s 198 / 349 of the Companies Act, 1956 is not required
- b) The computation of Managerial Remuneration u/s 350 of The Companies Act, 1956 have not been enumerated as the managerial remuneration payable to Managing Director are within the limit prescribed under Schedule XIII of the said Act.

c) Approval in the General Meeting of the company of remuneration payable to managing director from the period from September 1999 to March 2000 amounting to Rs.135, 000 is pending.

	<u>Current Year</u>	<u>Previous Year</u>
Salaries	-	-
Sitting Fees	-	-
<b>15 Auditors remuneration includes:-</b>		
For Audit	10,000	10,000
For Certification	-	-
For Taxation Matters	-	-
	<u>10,000</u>	<u>10,000</u>
	<u>Current Year</u>	<u>Previous Year</u>
		<u>(Rs. In lakhs)</u>
16 Estimated amount of capital contracts pending execution	Nil	Nil
<b>17 Earnings per share</b>	<u>Current Year</u>	<u>Previous Year</u>
Net Profit for the year	(65,497)	181,317
Weighted Average No. of shares outstanding		
- Basic	3,774,300	3,774,300
Earnings Per equity share of Rs 10 each		
- Basic	(0.02)	0.05

**18 Disclosure in respect of Related Parties pursuant to Accounting Standard 18:**

- I List of related parties
  - Parties where control exists NIL
- II Other related parties with whom the company has entered into transactions during the year
  - i) Associates NIL
  - ii) Key Managerial Personnel and Enterprises having common Key Management Personnel or their relatives :
    - Key Managerial Personnel : Vijayan I V, Managing Director  
Repsy Vljayan, Director

**19 Additional Information**

- a) Particulars of Annual Installed Capacity and Production
  - Installed Capacity - Not ascertainable as it varies  
(Installed capacity as certified by the management on which reliance is placed by the auditor, being
- b) Value of imports calculated on CIF basis by the company
  - a.Raw Materials & Components - -
  - b.Trading Goods - -
  - c.Travelling - -
  - (Current year figures are as certified by the mangement)
- c) Expenditure in foreign currency in respect of :-
  - i) Royalty, knowhow and professional Nil Nil
  - ii) Sponsorship Nil Nil
  - iii) Travelling Nil Nil
  - iv) Ocean freight Nil Nil
- d) Earnings in foreign exchange FOB value of exports Nil Nil
- e) Amount remitted during the financial year in foreign Nil Nil

20 **Information on Small Scale Industrial Units**

- a) No claims of suppliers who are covered under the "Interest on Delayed Payments to Small Scale and  
b) Amount outstanding for payments to SSI's Nil Nil  
c) Name of SSI's to whom the company owes any sum Nil Nil  
together with interest which is outstanding for more than  
thirty days  
d) The above information has been compiled to the extent to which the parties could be identified as Small  
Scale and Ancillary Undertakings, on the basis of information available with the company.

For **G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 006310S

PLACE : Cochin  
Date : 10.07.2010

**Vijayan I V**  
Chairman

**REPSY VIJAYAN**  
Managing Director

**Umesh L Bhat**  
Partner  
M.No.211364

**Cash Flow Statement for the Year Ended March 31, 2004**

(In terms of Listing Agreement)

(Amount in Rupees.)

Sch.	2003-04	2002-03
<b><u>Cash Flow From Operating Activities</u></b>		
<b>A. Net Profit Before Tax and Extraordinary itmes</b>	65,497	181,317
Adjustment for :		
Finance charges	240	300
Depreciation	-	-
Interest received	-	-
Preliminary Expenses written off	-	-
Deferred Revenue expenses written off	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>65,737</b>	<b>181,617</b>
Movement in Working Capital :		
(Increase)\Decrease in Trade and other receivables	-	-
(Increase)\Decrease in Inventories	-	-
Increase\Decrease in Trade payables	(2,252)	(237,955)
<b>Cash Generated from Operations</b>	<b>63,485</b>	<b>(56,338)</b>
<b>Net cash from Operating Activities</b>	<b>63,485</b>	<b>(56,338)</b>
<b><u>B. Cash Flow From Investing Activities</u></b>		
Sale of Fixed Assets	-	-
Sale of investments	-	-
Interest Received	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b><u>C. Cash Flow From Financing Activities</u></b>		
Proceeds from Short Term borrowings	104,365	60,000
Interest paid	(240)	(300)
<b>Net cash flow from financing activities</b>	<b>104,125</b>	<b>60,000</b>
<b>Increase\decrease) in cash and cash equivalents</b>	<b>167,610</b>	<b>3,362</b>
Cash and cash equivalents at the beginning of the year	32,132	28,770
Cash and cash equivalents at the end of the year	199,742	32,132

Notes:

- 1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- 2 Previous year figures have been regrouped or reclassified to confirm to those of the current year.

This is the Cash Flow Statement referred to in our report of even date.

**For G. Joseph & Associates**

Chartered Accountants

Firm Regn. No. 006310S

**Umesh L. Bhat**

Partner

Membership No. 211364

**Vijayan I V**

Chairman

**REPSY VIJAYAN**

Managing Director

PLACE : Cochin

Date : 10.07.2010

**NOTICE**

NOTICE is hereby given that the 16<sup>th</sup> Annual General Meeting of Artech Power Products Ltd., originally held on 19th March 2008, adjourned sine die will be held on Monday the 30th August 2010 at "KETA Hall", 2nd Floor, KETA Center, Chittoor Road South, Cochin 682016 at 11.30 a.m. to transact the following business.

**Ordinary Business**

1. To receive, consider and adopt the audited Annual Accounts of the Company for the year ended 31st March 2005 together with the report of the Board of Directors and Auditors thereon.

**Notes:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The register of members and share transfer books of the company will be closed from 23<sup>rd</sup> August 2010 to 30<sup>th</sup> August 2010, both days inclusive.
3. Shareholders desiring any information as regards the Accounts are requested to write to the company at least 5 days in advance so as to enable the management to keep the information ready at the meeting.

By order of the Board  
For Artech Power Products Ltd

Place: Cochin 20  
Date: 10.07.2010

Repsy Vijayan  
Managing Director



**DIRECTOR'S REPORT**

**To the Members,**

The Board of Directors hereby presents the 16<sup>th</sup> annual report on the together with the audited statement of accounts for the year ended 31<sup>st</sup> March 2005. Your Directors apologize for the delay that has happened in preparing the accounts for the year under review, which was beyond the control.

**Financial Results**

Sales: Rs.Nil	Loss before interest, depreciation and extra: Rs.155,001.00
Other income: Rs.Nil	Net loss for the year: Rs.155,001.00

**Dividend**

As the Company has not earned any profit, the directors do not propose any dividend for the accounting year ended 31<sup>st</sup> March 2005.

**Activities during the year and current status**

As reported in the Director's Report for the previous year, the Board of Directors had to take the most unpleasant decision to close down the operations of the factory wef 12<sup>th</sup> April 2000. The management has engaged all possible efforts in consultation with the Financial Institutions for a revival of the company including options to bring in probable investors as joint venture or take over by potential buyers. Many proceedings in this direction progressed to different levels, but none could be crystallized by the Board or by the Institutions who rendered extensive support to our efforts. Meanwhile the Financial Institutions approached the Debt Recovery Tribunal for recovery of their loans and obtained recovery certificate as the assets of the Company are hypothecated to them. Even after this, efforts were continued for a possible revival of the Company and meanwhile the Revenue Recovery Proceedings by Sales tax Dept. worsened our efforts.

Subsequently the Revenue Department pronounced auction of the Company's property. As this would entangle our entire efforts to settle all other liabilities, the Company approached the Hon'ble High Court of Kerala again and obtained stay to the RR proceedings on our contention that the Company could by way of private sale of assets obtain higher realization of value and could settle the sales tax as well as other statutory liabilities, the Financial Institution's dues by way of compromise settlement. This view was supported by the Financial Institutions in the High Court in the interest of all stakeholders. As the asset sale requires, as per the provisions of the Companies Act, compulsory Postal Ballot, the required resolution u/s 193(a) of the Companies Act 1956 was put to the members through Postal ballot and the resolution was approved by the share holders of the Company with requisite majority. The results were announced by the Chairman on 19<sup>th</sup> March 2008.

As pressures were mounted from the Financial Institutions, Banks and Revenue Dept. for settling their liabilities, one potential buyer approached IDBI for buying the land and building of the Company. The liabilities to Financial Institutions, Banks and Revenue Dept. were in excess of Rs. 36 Crores as on September 2009. As the valuation of Company's properties was much lower, a One Time Settlement was reached with the Institutions and directly settled by the buyer. They further made direct payment of the One Time Settlement arrived at with KSEB. The expenses incurred by the Company for clearing the statutory liabilities, Sales Tax settlement, BSNL settlement and on account of various litigations and proceedings after closure were also settled. The buyer on tripartite negotiations with the employees union also directly settled the employee's salary arrears, other dues and compensation. On sale of assets, the Company could clear of all the liabilities and have obtained the No Dues certificate from the Financial Institution, Bank, Revenue Dept., KSEB and BSNL.

The Board of Directors are presently looking for identifying any possible opportunity from any potential group who could associate with this Company for a take over or merger or amalgamation so as to be mutually beneficial in the interest of all our share holders. The Board of Directors is putting in all efforts in this direction.

**Shares**

Company's shares have been suspended from trading due to nonpayment of dues by Cochin, Bombay, Delhi and Chennai stock exchanges. The listing fees could not be paid as factory was closed and there was no income generation. The share transfer activities are done in house. Your directors will take all the possible steps to rectify the deficiencies in this matter as soon as the Company becomes operational and the required finances and personnel are available.

**Directors reply to qualifications in the Auditor's Report.**

Due to acute financial difficulties the factory was closed in April 2000. The operations could not commence there after. The books and records of the Company were maintained at the Registered office located at the factory premises. The premises were under the custody of the Financial Institution. During this period there were no maintenance and some of the records were damaged. The accounts for the previous financial year were reconstructed from the records available with the Company. Due to the above Company was unable to produce some of the documents and records for audit.

With respect to the Auditor's Qualification regarding disqualification of Directors for non-filing of Annual Accounts/Annual Returns for 3 years, the Company intends to complete filing all Accounts>Returns that are in arrears over the past years after the Annual General Meeting scheduled to be held on 30th August 2010. Once the Accounts are adopted there at, filing will be done forthwith.

With respect to the Auditors comments on the valuation of the fixed assets and current assets, the Directors are hopeful of realizing at least a value that is reflecting in the books of accounts and hence valued on book value. The auditor's qualifications on non-compliance of the Accounting Standards are due to above reasons. With respect to the auditor's comments on violation for section 58A, the company could not repay the fixed deposit holders and the directors were prosecuted. The Company's fixed deposits were settled on compromise in subsequent years.

**The Status of ESI, PF, TDS and Sales Tax:**

The provisions of ESI Act were not applicable to the Company on account that the area where the factory is situated was exempted. PF contribution had been paid in the previous year whenever salary disbursements have been made. There were delayed salary payments and salary dues in arrears during the previous year. During the year under review, the factory was closed and there were no salary payment to any of the employees and hence there were no PF dues. The Company had remitted penalty for delayed payments of PF in subsequent years. There is an unpaid TDS amounting to Rs. 48,475/- pertaining to the year 1998-99 which could not be paid due to non-availability of proper records. Your directors have initiated steps to make this payment in subsequent years. There were unpaid sales tax dues amounting to Rs. 172,179/- pertaining to the year 1998-99 due to the financial crisis and closure of the factory. This has been settled in subsequent years.

**Personnel and Industrial Relations**

Industrial Relations in the Company were satisfactory during the years. After closure of the Company in April 2000, even though there were some disturbances, the employees were very supportive to the management during the occasions of discussions with probable new investors and finally the buyer for the assets of the Company. All the dues to the employees including salary and PF arrears including compensation for leaving the services are settled on compromise negotiations with the employees union in subsequent years. Your Directors take this opportunity of recording their appreciation of the wholehearted support rendered by the employees and their union during these years.

**Statutory Disclosures**

**Fixed deposits**

Your Company has neither accepted nor renewed any Fixed Deposits since the date of last Annual General Meeting. The amount of deposit outstanding as on 31<sup>st</sup> March 2000 is Rs. 4,048,655/- out of which a sum of Rs. 3,398,655/- represents unclaimed deposits and the balance represents claims of deposit holders, but could not be paid due to financial constraints. These Fixed Deposits were settled on compromise in subsequent years.

**Auditors**

M/s. G Joseph & Associates, Chartered Accountants, with Firm Registration No. 006310S who are the statutory Auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956 up to the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**Disclosure of Particulars of employees**

There are no employees who are in receipt of salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended by and Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.

**Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo**

The information as required under Section 217 (i) (e) of the Companies Act, 1956 read with the Companies (Directors particulars in the Report of the Board of Directors) Rules 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is not applicable for the year under review as the company was closed down and there were no production activities.

**Directors' Responsibility Statement**

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

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures applicable to accounting standards except non compliance of accounting standards 2, 4,6,10 and 15 as the company was closed down and there were no production and commercial activities;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 the profit & loss of the Company for that period;
- iii) *As the factory premises, where the registered office of the company was situated, were under the custody of financial institutions, banks etc, the Directors can not comment whether proper and sufficient care were taken 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;*
- iv) The annual accounts have not been prepared on a going concern basis.

**Acknowledgement**

The Board of Directors acknowledge with gratitude the support extended by Kerala State Industrial Development Corporation (KSIDC), Industrial Development Bank of India (IDBI) and State Bank of Travancore (SBT) who had been considerate to the Company during these periods of financial crisis. The financial liabilities towards these institutions were settled in subsequent years. Yours Directors also thank M/s. Federal Bank, Ernakulam North Branch and Girinagar Branch with whom the Company maintained the current accounts. Your Directors also thank all the employees and deposit holders for their seamless support during the year under review, which were settled in subsequent years. The moral support given by all our shareholders of the Company during the year under review and all subsequent years without which, the settlement of liabilities would not have been possible in subsequent years and their continued patronage to your Directors in the years ahead.

By order of the Board  
**For Artech Power Products Ltd.**

Place: Cochin 20  
Date: 10.07.2010

Vijayan I V  
Chairman

Repsy Vijayan  
Managing Director

## AUDITORS' REPORT

To

Members  
 ARTECH POWER PRODUCTS LIMITED  
 Anitha, 2nd Floor  
 SA Road, Elamkulam  
 Kadavanthra, Cochin-682020

- 1 We have audited the attached Balance Sheet of M/s.ARTECH POWER PRODUCTS LIMITED ("The company") as at 31st March, 2005, the Profit & Loss Account and Cash Flow statement of the company for the year ended that date annexed thereto. 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.
- 2 We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Statement on the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 4 The company had stopped its operations in the first week of April, 2000. The operations did not recommence there after. *The ability of the company to continue as a going concern is severely impaired. The company has prepared the financial statements without making any adjustments in the value of fixed assets that have been necessary, as the company is unable to continue as going concern.*
- 5 *Subject to Point 2 & 5 in the Notes to Accounts in Schedule 17 regarding the non availability of certain books and records, information on dues to Small Scale Units in Note No.21 of Notes to Accounts in Schedule 17 and non-reconciliation and non-conformation of balances of sundry debtors, sundry creditors, loans and advances, bank accounts, Loans from Kerala State Industrial Development Corporation Limited (KSIDC), Industrial Development Bank of India(IDBI) and State Bank Travancore (SBT) and fixed deposits accepted, we report that:-*
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit
  - ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of these books, *subject to those mentioned in para(5) above*
  - iii. The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts.
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *subject to*

**Artech Power Products Ltd.**

- (i) non compliance of Accounting Standard 2 on 'Valuation of Inventories' by stating the value of inventory as at the year end at cost, without considering the realizable value. We are unable to quantify the impact of the above, on the loss for the year and on the value of-inventories in the absence of adequate information.
- (ii) non compliance of Accounting Standard 10 on 'Accounting for Fixed Assets' by stating the fixed assets on historical cost at rather than the net realizable value. The diminution in the value of asset has not been ascertained and we are unable to quantify its impact on the value of assets and on the loss for the year.
- (iii) non compliance with the requirements of Accounting Standard 6 on 'Depreciation Accounting' by not providing adequate depreciation based on the expected useful life and residual life of the asset in view of the non utilization of the asset since April 2000. We are unable to quantify the additional depreciation that was required to be provided and its impact on the losses for the year and on the depreciation reserve.
- (iv) non compliance with the requirements of Accounting Standard 15 on 'Accounting for Retirement Benefits in the Financial Statements of Employers' by not providing for gratuity and leave encashment, the impact of which on the loss for the year and on the provision for gratuity and leave encashment could not be quantified.
- v. All the Directors have attracted disqualification as on 31st March 2005 as the Company has not filed the Annual Accounts and Returns for last 3 years and non repayment of FDs in terms of Section 274(1)(g) of the Companies Act 1956.
- vi. Due to the significance of the matters discussed in Paragraph 4 & 5 above, we report that
- in the case of the Balance Sheet, the state of affairs of the company as at 31st March, 2005; and
  - in the case of the Profit & Loss Account, the Loss for the year ended on that date; and
  - In the case of Cash Flow statement, the cash flows for the year ended on that date.
- do not represent a true and fair view.

For G Joseph & Associates  
Chartered Accountants

Umesh L Bhat  
Partner

Membership No.211364

Place : Cochin  
Date : 10.07.2010

ANNEXURE TO THE AUDITORS REPORT

Statement referred to in our report of even date to the members of ARTECH POWER PRODUCTS LIMITED on the accounts for the year ended 31st March, 2005.

- The company has maintained records showing particulars including quantitative details and situation of fixed assets ~~but~~ the same requires to be updated.
  - As per the information and explanations given to us ~~the~~ fixed assets have not been physically verified by the management.
  - The company has not disposed off substantial part of its fixed assets during the year.
- The stocks of finished goods, raw materials and work-in-process have not been physically verified by the management during the year/at year end.
  - We are unable to comment on clauses (ii) (b) & (c) of the Order, since physical verification has not been carried out by the company during the year.
- 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 Act. Clauses (iii)(b) to (iii)(d) of paragraph 4 of the said Order are not applicable to the company.
  - The company has taken unsecured loans from 3 parties. At the year end, the outstanding balance of such loans taken aggregated to Rs.16,01,576.00 and the maximum amount involved during the year was Rs.16,01,576.00.
  - The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the company.
  - The terms of repayment for the above loans have not been stipulated, but the same are stated to be repayable on demand. Since the company is stated to have received no demand for repayment of the above loans, there has been no default on the part of the company.

## Artech Power Products Ltd.

- (iv) As the company did not carry on any business during the year, clause no:(iv) of the Order on internal control procedures relating to the purchase of stores, raw material, including components, plant and machinery, equipment and other assets, and for the sale of goods, is not applicable.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, Clause (v) (b) of the paragraph 4 of the Order is not applicable to the company for the current year.
- (vi) *The company has violated the provisions of Section 58A of the Companies Act, 1956, to the extent that certain deposits and interest were not paid even after the claim was raised.*
- (vii) *In our opinion, the company's internal audit system is not commensurate with the size and nature of its activities*
- (viii) The provisions regarding maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to the company.
- (ix) a) *According to the information and explanations provided to us, the company was not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, applicable to it. The following were outstanding for a period of more than six months on the last day of the financial year:-*

Name of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates
Income Tax Act, 1961	Tax Deducted at source	48,475	1998-99
Kerala General Sales Tax Act	Sales Tax	172,179	1999-2000

- b) *As per the information given to us, the following statutory dues have not been deposited on account of any disputes:-*

Nature of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Dep	Sales Tax	20,880,000	1999-2000	High Court of Kerala

- (x) The accumulated losses of the company at the end of the financial year is more than fifty percent of the net worth and the company has incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xi) *As per the information and explanations given to us the company has defaulted in repayment of dues to IDBI amounting to Rs.494.80 lakhs, to SBT amounting to Rs.168.93 lakhs and to KSIDC amounting to Rs.68.95 lakhs*
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund or Nidhi or Mutual Fund Society are not applicable to the company.
- (xiv) In our opinion and according to the explanations given to us, the company is not a dealer or trader in securities.
- (xv) As explained to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, are prejudicial to the interest of the company.
- (xvi) *According to the information and explanations given to us, the term loans taken by the company were applied for the purpose for which they were obtained.*
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) The company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) In our opinion, the company has not issued any debentures during the year.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, during the year, no fraud on or by the company has been noticed or reported.

**For G Joseph & Associates**  
Chartered Accountants  
(Firm Reg.No.006310S)

**Umesh L Bhat**  
Partner

Membership No.211364

Place : Cochin  
Date : 10.07.2010

**ARTECH POWER PRODUCTS LIMITED**  
**Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020**  
**Muppathadam P.O., Alwaye 683 110**  
**BALANCE SHEET AS AT 31.03.2005**

Particulars	Sch.No.	As at 31.03.05	As at 31.03.04
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>Share Holders' Funds</u></b>			
Share Capital	1	37,743,000	37,743,000
Reserves & Surplus	2	2,000,000	2,000,000
<b><u>Loan Funds</u></b>			
Secured Loans	3	73,266,812	73,266,812
Unsecured Loans	4	5,650,231	5,521,533
		<b>118,660,043</b>	<b>118,531,345</b>
<b><u>APPLICATIONS OF FUNDS</u></b>			
<b><u>Fixed Assets</u></b>			
	5		
Gross Block		51,577,985	51,577,985
Less : Depreciation		11,683,199	11,683,199
Net Block		39,894,786	39,894,786
<b><u>Current Assets, Loans &amp; Advances</u></b>			
	6		
a. Inventories		13,171,209	13,171,209
b. Sundry Debtors		4,974,863	4,974,863
c. Cash and bank balances		52,443	68,746
d. Other current assets		1,581,576	1,581,576
		19,780,091	19,796,394
<b><u>Less Current Liabilities &amp; Provisions</u></b>			
	7	5,529,986	5,519,986
<b>Net Current Assets</b>		<b>14,250,105</b>	<b>14,276,408</b>
Miscellaneous Expenditure (to the extent not written off or adjusted) - Preliminary expenses		3,331,697	3,331,697
- Deferred Revenue Exp		5,555,927	5,555,927
<b>Profit &amp; Loss Account</b>		<b>55,627,528</b>	<b>55,472,527</b>
		<b>118,660,043</b>	<b>118,531,345</b>
<b>Notes on Accounts</b>	12		

As per our report of even date attached  
For G. JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006310S

PLACE : Cochin  
DATE : 10.07.2010

VIJAYAN I.V.  
CHAIRMAN

REPSY VIJAYAN  
MANAGING DIRECTOR

UMESH L.BHAT  
PARTNER  
M.No.211364

**Artech Power Products Ltd.**

**ARTECH POWER PRODUCTS LIMITED**  
Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2005**

Particulars	For the year ended	
	31.03.05	31.03.04
<b>INCOME</b>		
Sales	-	-
Miscellaneous Income	8	22,699
Stock differential	9	-
		<b>22,699</b>
<b>EXPENDITURE</b>		
Raw material consumed	10	-
Administrative Expenses	11	154,888
Financial charges		113
		<b>155,001</b>
<b>Net Loss for the year</b>		<b>155,001</b>
Add :Brought forward Losses		65,498
		<b>55,472,527</b>
<b>Balance Loss transferred to Balance Sheet</b>		<b>55,627,528</b>
Earnings Per equity share of Rs 10 each		
-Basic		(0.04)
		(0.02)
Notes on Accounts	12	

As per our report of even date attached  
For G. JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006310S

PLACE : Cochin  
DATE : 10.07.2010

VIJAYAN IV  
CHAIRMAN

REPSY VIJAYAN  
MANAGING DIRECTOR

UMESH L.BHAT  
PARTNER  
M.No.211364

**SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS**

	As at	As at
	31.03.05	31.03.04
<b>SHARE CAPITAL</b>		
<b>A. Authorised</b>		
40,00,000 equity shares of Rs.10/- each (Previous year 40,00,000 equity shares of Rs.10/- each)	40,000,000	40,000,000
1,00,000 Redeemable Preference shares of Rs. 100/-each (Previous year 1,00,000 redeemable preference shares of Rs.10/- each)	10,000,000	10,000,000
	<b>50,000,000</b>	<b>50,000,000</b>
<b>B. Issued, Subscribed and Paid-up</b>		
37,74,300 Equity shares of Rs. 10/- each fully paid up. (Previous year 37,74,300equity shares of Rs.10/-each fully paid up)	37,743,000	37,743,000
		<b>Schedule - 2</b>
<b>RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
Capital Investment Subsidy from State Government	2,000,000	2,000,000
	<b>2,000,000</b>	<b>2,000,000</b>



## Artech Power Products Ltd.

	<b>As at 31.03.05</b>	<b>As at 31.03.04</b>
		<b>Schedule - 3</b>
<b><u>SECURED LOANS</u></b>		
a. Rupee Term Loan from -IDBI	23,241,923	23,241,923
b. Deferred Interest Loan -IDBI	3,862,389	3,862,389
c. Term Loan from KSIDC Ltd	3,528,744	3,528,744
d. Interest accrued and due on IDBI Loans	22,375,255	22,375,255
e. Interest accrued and due on KSIDC Loan	3,365,694	3,365,694
f. Cash credit from State Bank of Travancore	16,892,807	16,892,807
	73,266,812	73,266,812
		<b>Schedule - 4</b>
<b><u>UNSECURED LOANS</u></b>		
a. From Directors	1,601,576	1,472,878
b. Unpaid Fixed Deposits	4,048,655	4,048,655
	5,650,231	5,521,533
		<b>Schedule - 6</b>
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>		
<b><u>Inventories</u></b>		
(As taken, valued and certified by the Management)		
- Finished Goods	6,096,435	6,096,435
- Work In progress	3,073,524	3,073,524
- Raw Materials	4,001,250	4,001,250
	13,171,209	13,171,209
<b><u>Sundry Debtors</u></b>		
[Unsecured, considered good ]		
Outstanding for a period exceeding six months	4,974,863	4,974,863
Other Debts		
	4,974,863	4,974,863
	<b>As at 31.03.05</b>	<b>As at 31.03.04</b>
<b><u>Cash &amp; Bank Balances</u></b>		
Cash in hand	37,707	53,897
Balance with Scheduled Banks:		
- In current accounts	14,738	14,851
	52,445	68,748
<b><u>Other Current Assets</u></b>		
(Unsecured and considered good)		
Other Advances	5,529	5,529
Other Current Assets	1,244,963	1,244,963
Deposits	331,084	331,084
	1,581,576	1,581,576
		<b>Schedule - 7</b>
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b><u>A. Current Liabilities</u></b>		
Creditors for Raw Materials	2,153,680	2,153,680
Creditors for Expenses	1,406,223	1,396,223
Interest accrued on fixed deposits	1,492,915	1,492,915
Other Current Liabilities	407,938	407,938
<b><u>B Provisions</u></b>		
Provision for Gratuity	69,230	69,230
	5,529,986	5,519,986

**Artech Power Products Ltd.****MISCELLANEOUS INCOME**

Expenses Payable written back  
Other Income

As at  
31.03.05

As at  
31.03.04

**Schedule - 8**

- 2,752  
- 19,947  
- 22,699

**STOCK DIFFERENTIAL****Finished Goods:**

Opening Stock  
Manufactured Goods  
Trading Goods  
Closing Stock  
Manufactured Goods  
Trading goods

3,145,610 3,145,610  
2,950,825 2,950,825  
3,145,610 3,145,610  
2,950,825 2,950,825

**Schedule -9****Work-in-Progress**

Opening Stock  
Closing Stock

3,073,524 3,073,524  
3,073,524 3,073,524

**RAW MATERIALS CONSUMED**

Opening Stock  
Add : Purchases  
Less : Closing Stock  
Raw material consumed

4,001,250 4,001,250  
- -  
4,001,250 4,001,250

**Schedule - 10****ADMINISTRATIVE EXPENSES**

Travelling & Conveyance  
Advertisement  
Auditors Remuneration  
Office expense  
Telephone Charges  
Legal charges  
Rates & Taxes

21,880 35,505  
43,733 -  
10,000 10,000  
35,175 9,400  
2,400 3,600  
38,700 22,200  
3,000 7,251  
154,888 87,956

**Schedule - 11**

## Fixed Assets &amp; Depreciation

Particulars	Gross Block at Cost			DEPRECIATION			Net Block	
	As at 01.04.2004	Addition/ Deletions	As at 31.03.2005	Upto 01.04.2004	For the Year	Upto 31.03.2005	As at 31.03.2005	As at 31.03.2004
Land & Land Development ..	1,304,584	-	1,304,584	-	-	-	1,304,584	1,304,584
Building	13,699,861	-	13,699,861	2,373,468	-	2,373,468	11,326,393	11,326,393
Plant & Machinery	28,893,502	-	28,893,502	7,113,743	-	7,113,743	21,779,759	21,779,759
Factory Equipments'	364,333	-	364,333	110,317	-	110,317	254,016	254,016
Electrification	3,872,690	-	3,872,690	955,376	-	955,376	2,917,314	2,917,314
Furniture & Fixtures	1,830,554	-	1,830,554	651,051	-	651,051	1,179,503	1,179,503
Office Equipments	1,335,136	-	1,335,136	377,019	-	377,019	958,117	958,117
Vehicle	277,325	-	277,325	102,225	-	102,225	175,100	175,100
	<b>51,577,985</b>	-	<b>51,577,985</b>	<b>11,683,199</b>	-	<b>11,683,199</b>	<b>39,894,786</b>	<b>39,894,786</b>
Previous Year	51,577,985	-	51,577,985	11,683,199	-	11,683,199	39,894,786	39,894,786

**SCHEDULE 12: Significant Accounting Policies and Notes to Accounts**

**Background**

Artech Power Products Limited (hereinafter referred to "the Company") was incorporated in the State of Kerala. The Company was in the business of production of Switched Mode Power Supplies. Due to acute financial difficulties, the company had stopped its operations in the first week of April, 2000 and the factory was closed. The operations did not recommence thereafter.

**A. SIGNIFICANT ACCOUNTING POLICIES**

The significant Accounting Policies followed by the company are as stated below:

**1. Basis of Preparation**

The Financial Statements have been prepared on the historical cost convention. These statements have been prepared in accordance with the generally accepted accounting principles and the applicable Mandatory Accounting Standards and relevant requirements of The Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Company. The preparation required adoption of estimates and assumptions that can affect the reported amounts of revenue and expenditure and the assets and liabilities as well as the disclosure of contingent liabilities. Differences between the actual results and estimates are recognised in the year in which they become known or materialises.

**2. Revenue Recognition**

a) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally at the point of despatch to the customer. Sales includes Excise Duty and are net of discount.

b) Interest income is accounted on accrual basis.

**3 Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**4 Depreciation**

Since no operation was carried out during the year and the company is not expecting to commence the operations in the near future, depreciation has not been provided for.

**5 Investments**

Investments are long term and are valued at cost. Provisions for diminution in value of long term investments is made, if the diminution is other than temporary.

**6 Inventories**

Inventories are valued at lower of cost, in the absence of net realisable value which can not be quantified since the company is not operational.

**7 Investment Subsidy**

Investment Subsidy received from Government of Kerala is treated as Capital Reserve.

**8 Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on reversing carrying amount of the asset over its remaining useful life.

	<u>Current Year</u>	<u>Previous Year</u>
Provision for impairment of assets	Nil	Nil

**9 Borrowing Costs**

Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalised till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.

**10 Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss account on a straight-line basis over the lease term.

**11 Taxation**

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

**12 Retirement Benefits**

a) In respect of gratuity, the company's contribution to the Group Insurance Scheme of Life Insurance Corporation of India are charged against the revenue.

b) Contribution to Provident Fund and other recognised funds is charged to Profit & Loss account.

**B. NOTES TO ACCOUNTS**

- 1 Previous year's figures are regrouped, rearranged or recast wherever necessary to conform to this year's figures.
- 2 The books and records of the company were maintained at the registered office located at the factory premises. The factory was closed in April 2000 and the premises were under the custody of the financial institutions. Due to lapse of about 9 years, certain records are damaged. The accounts for the financial year was reconstructed from the records available with the company.
- 3 Contingent liabilities not provided for in the Accounts:
 

	<u>Current Year</u>	<u>Previous year</u>
a) Guarantees issued by banks		
b) Liability on account of interest on unclaimed deposits, in any, if such deposits were renewed has not been ascertained and not provided for in the accounts.		
- c) The Sales tax department has raised demand notices against the company for the Assessment years from 95-96 to 99-00 aggregating to Rs.208.80 lakhs as arrears, penalty and interest on Sales tax. The company had filed appeal with the higher authorities against these demand notices. The appeal is not yet disposed off. The sales tax authorities has proceeded with the Revenue Recovery proceedings, against which the company has obtained a stay order from the High Court of Kerala till the appeal is disposed off. Pending disposal of appeal, no provision has been made in the accounts for the above liability. However, this liability was settled in subsequent years.
- d) The Kerala State Electricity Board and BSNL have initiated revenue recovery proceedings against the company for the recovery of outstanding electricity and telephone charges along with interest. However provision has not been made in the accounts for the interest payable on account of lack of adequate information. This liability was settled in the subsequent years.
- 4 The Term Loans are secured by way of first charge on the immovable and movable fixed assets of the company and second charge on the current assets of the company and further guaranteed by the promoter directors
- 5 The Cash Credit facility from State Bank of Travancore(SBT) is secured by way of first charge on the current assets of the company and second charge on the immovable and movable fixed assets of the company and further guaranteed by the promoter directors.
- 6 In the opinion of the management, the current assets, loans, advances and sundry debtors other than those realised since then, are unrealisable and so have been written off. The sundry creditors, which, in the opinion of the management, are not payable are written back as they are time barred under statute.
- 7 Balance of creditors and loans and advances, certain bank accounts, Kerala State Industrial Development Corporation Limited(KSIDC), Industrial Development Bank of India (IDBI) and SBT loan accounts and fixed deposits are subject to confirmation and reconciliation.
- 8 The company has not made contributions to the Gratuity fund of LIC during the year and the liability on account of the above, was not provided for in the books on account of lack adequate records.
- 9 M/s.Blue Dart Express Ltd had filed a case against the company for courier charges payable amounting to Rs.49328/-. The case had been decreed against the company and the company was ordered to make the payment along with interest. However due to financial constraints the company could not make the payment till date. The provision for the interest payable on the above has not been made in the books of accounts.
- 10 The company has neither accepted nor renewed any of the fixed deposits since 1999. The amount of fixed deposits aggregating to Rs. 4048655.00 includes,
  - a) Two deposit holders of the company had filed suit in Civil Court against the company for the repayment of deposits amounting to Rs.200,000/-. The company was ordered to make the repayment. This was settled in the subsequent years.
  - b) Three deposit holders of the company had filed petition with the Company Law Board for the repayment of deposits amounting to Rs.400,000/-. The Company Law Board has ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order and penalty was imposed on the company and the directors which was paid.
  - c) Three deposit holders of the company had filed a petition with the Company Law Board for the refund of deposits amounting to Rs.50,000/-. The Company Law Board had ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order which was dismissed by the court. The Registrar of Companies has filed an appeal in the High Court of Kerala, which is pending disposal. However, these deposits were settled in the subsequent years.

## Artech Power Products Ltd.

- d) The amount of fixed deposits outstanding amounting to Rs.33,98,655.00 represents unclaimed deposits.
- 11 IDBI and SBT had recalled the loan given to the company and filed a suit in Debt Recovery Tribunal (DRT) for the recovery of the loan outstanding amounting to Rs.232.42 lakhs and Rs.168.93 lakhs respectively together with accrued interest and further interest. The cases were decreed against the company and the banks have obtained the certificate of recovery from DRT. KSIDC had also recalled the loan and initiated revenue recovery proceedings for the recovery of Rs.32.59 Lakhs together with accrued interest and further interest. The institutions had approved One Time Settlement Scheme to the company with new investors as promoters. However, the schemes could not materialise as the investors were unable to raise the required funds in time. These loans were subsequently settled under One Time Settlement Scheme offered by the financial institutions.
- 12 M/s.BT Solders, Bangalore - a creditor of the company, has filed a suit against the company for dishonour of cheque amounting to Rs.44044/-. The case was dismissed by Magistrate Court in Bangalore. The creditor has filed a condonation petition with the High Court of Karnataka for delayed filing of appeal which was objected by the company. This liability was settled through court proceedings in the subsequent years.
- 13 In the absence of overall taxable profit, no provision for Current Tax/ Minimum Alternate Tax has been made in the accounts of the current financial period. Further, as at year end the major components of deferred tax are accumulated losses & unabsorbed depreciation, and the recovery of the same is not virtually certain. In view of the aforesaid, deferred tax asset has not been recognized.

#### 14 Managerial Remuneration

- a) No commission is payable to any director and hence the computation of profit u/s 198 / 349 of the Companies Act, 1956 is not required
- b) The computation of Managerial Remuneration u/s 350 of The Companies Act, 1956 have not been enumerated as the managerial remuneration payable to Managing Director are within the limit prescribed under Schedule XIII of the said Act.
- c) Approval in the General Meeting of the company of remuneration payable to managing director from the period from September 1999 to March 2000 amounting to Rs.135, 000 is pending.

	<u>Current Year</u>	<u>Previous Year</u>
Salaries	-	-
Sitting Fees	-	-
<b>15 <u>Auditors remuneration includes:-</u></b>		
For Audit	10,000	10,000
For Certification	-	-
For Taxation Matters	-	-
	<b>10,000</b>	<b>10,000</b>

	<u>Current Year</u>	<u>Previous Year</u>
		(Rs. In lakhs)
16 Estimated amount of capital contracts pending execution	Nil	Nil

	<u>Current Year</u>	<u>Previous Year</u>
<b>17 <u>Earnings per share</u></b>		
Net Profit for the year	(155,001)	(65,498)
Weighted Average No. of shares outstanding		
- Basic	3,774,300	3,774,300
Earnings Per equity share of Rs 10 each		
- Basic	(0.04)	(0.02)

#### 18 Disclosure in respect of Related Parties pursuant to Accounting Standard 18:

- I List of related parties
- Parties where control exists NIL
- II Other related parties with whom the company has entered into transactions during the year
- i) Associates NIL
- ii) Key Managerial Personnel and Enterprises having common Key Management Personnel or their relatives :
- Key Managerial Personnel : Vijayan I V, Managing Director  
Repsy, Vijayan, Director.

19 **Additional Information**

a) Particulars of Annual Installed Capacity and Production

- Installed Capacity -

Not ascertainable as it varies

(Installed capacity as certified by the management on which reliance is placed by the auditor, being a technical matter)

b) Value of imports calculated on CIF basis by the company during the

a. Raw Materials & Components

b. Trading Goods

c. Travelling

(Current year figures are as certified by the management)

c) Expenditure in foreign currency in respect of :-

i) Royalty, knowhow and professional fee

Nil

Nil

ii) Sponsorship

Nil

Nil

iii) Travelling

Nil

Nil

iv) Ocean freight

Nil

Nil

d) Earnings in foreign exchange FOB value of exports

Nil

Nil

e) Amount remitted during the financial year in foreign currency on account of dividends

Nil

Nil

20 **Segment Reporting**

The company did not carry out any operations during the year, and hence reporting as required under Accounting Standard-17 issued by ICAI on Segment Reporting is not given.

21 **Information on Small Scale Industrial Units**

a) No claims of suppliers who are covered under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993" has come to the notice of the company

b) Amount outstanding for payments to SSI's

Nil

Nil

c) Name of SSI's to whom the company owes any sum together with interest which is outstanding for more than thirty days

Nil

Nil

d) The above information has been compiled to the extent to which the parties could be identified as Small Scale and Ancillary Undertakings, on the basis of information available with the company.

For **G. Joseph & Associates**

Chartered Accountants

Firm Regn. No. 006310S

PLACE : Cochin  
Date : 10.07.2010

**Vijayan I V**  
Chairman

**REPSY VIJAYAN**  
Managing Director

**Umesh L Bhat**  
Partner  
M.No.211364

**Cash Flow Statement for the Year Ended March 31, 2005**

(In terms of Listing Agreement)

(Amount in Rupees.)

	2004 - 05	2003 - 04
<b>Cash Flow From Operating Activities</b>		
<b>A. Net Profit Before Tax and Extraordinary itmes</b>	<b>(155,001)</b>	<b>(65,497)</b>
Adjustment for :		
Finance charges	113	240
Depreciation	-	-
Interest received	-	-
Preliminary Expenses written off	-	-
Deferred Revenue expenses written off	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>(154,888)</b>	<b>(65,497)</b>
Movement in Working Capital :		
(Increase)\Decrease in Trade and other receivables	-	-
(Increase)\Decrease in Inventories	-	-
Increase\Decrease) in Trade payables	10,000	(2,252)
<b>Cash Generated from Operations</b>	<b>(144,888)</b>	<b>(67,749)</b>
<b>Net cash from Operating Activities</b>	<b>(144,888)</b>	<b>(67,749)</b>
<b>B. Cash Flow From Investing Activities</b>		
Sale of Fixed Assets	-	-
Sale of investments	-	-
Interest Received	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Short Term borrowings	128,698	104,365
Interest paid	(113)	(240)
<b>Net cash flow from financing activities</b>	<b>128,585</b>	<b>104,365</b>
<b>Increase\decrease) in cash and cash equivalents</b>	<b>(16,303)</b>	<b>36,616</b>
Cash and cash equivalents at the beginning of the year	68,748	32,132
Cash and cash equivalents at the end of the year	52,445	68,748

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants
2. Previous year figures have been regrouped or reclassified to confirm to those of the current year.

This is the Cash Flow Statement referred to in our report of even date.

**For G. Joseph & Associates**

Chartered Accountants  
(Firm Regn. No. 006310S)

**Umesh L. Bhat**  
Partner  
Membership No. 211364

**Vijayan I V**  
Chairman

**REPSY VIJAYAN**  
Managing Director

PLACE : Cochin  
Date : 10.07.2010



**NOTICE**

NOTICE is hereby given that the 17<sup>th</sup> Annual General Meeting of Artech Power Products Ltd., originally held on 19th March 2008, adjourned sine die will be held on Monday the 30th August 2010 at "KETA Hall", 2nd Floor, KETA Center, Chittoor Road South, Cochin 682016 at 11.45 a.m. to transact the following business.

**Ordinary Business**

1. To receive, consider and adopt the audited Annual Accounts of the Company for the year ended 31st March 2006 together with the report of the Board of Directors and Auditors thereon.

**Notes:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The register of members and share transfer books of the company will be closed from 23<sup>rd</sup> August 2010 to 30<sup>th</sup> August 2010, both days inclusive.
3. Shareholders desiring any information as regards the Accounts are requested to write to the company at least 5 days in advance so as to enable the management to keep the information ready at the meeting.

By order of the Board  
For Artech Power Products Ltd

Repsy Vijayan  
Managing Director

Place: Cochin 20  
Date: 10.07.2010

**DIRECTOR'S REPORT**

**To the Members,**

The Board of Directors hereby presents the 17<sup>th</sup> annual report on the together with the audited statement of accounts for the year ended 31<sup>st</sup> March 2003. Your Directors apologize for the delay that has happened in preparing the accounts for the year under review, which was beyond the control.

**Financial Results**

Sales: Rs.Nil	Loss before interest, depreciation and extra: Rs.110,484.00
Other income: Rs.900.00	Net loss for the year: Rs.110,484.00

**Dividend**

As the Company has not earned any profit, the directors do not propose any dividend for the accounting year ended 31<sup>st</sup> March 2006.

**Activities during the year and current status**

As reported in the Director's Report for the previous year, the Board of Directors had to take the most unpleasant decision to close down the operations of the factory wef 12<sup>th</sup> April 2000. The management has engaged all possible efforts in consultation with the Financial Institutions for a revival of the company including options to bring in probable investors as joint venture or take over by potential buyers. Many proceedings in this direction progressed to different levels, but none could be crystallized by the Board or by the Institutions who rendered extensive support to our efforts. Meanwhile the Financial Institutions approached the Debt Recovery Tribunal for recovery of their loans and obtained recovery certificate as the assets of the Company are hypothecated to them. Even after this, efforts were continued for a possible revival of the Company and meanwhile the Revenue Recovery Proceedings by Sales tax Dept. worsened our efforts.

Subsequently the Revenue Department pronounced auction of the Company's property. As this would entangle our entire efforts to settle all other liabilities, the Company approached the Hon'ble High Court of Kerala again and obtained stay to the RR proceedings on our contention that the Company could by way of private sale of assets obtain higher realization of value and could settle the sales tax as well as other statutory liabilities, the Financial Institution's dues by way of compromise settlement. This view was supported by the Financial Institutions in the High Court in the interest of all stakeholders. As the asset sale requires, as per the provisions of the Companies Act, compulsory Postal Ballot, the required resolution u/s 193(a) of the Companies Act 1956 was put to the members through Postal ballot and the resolution was approved by the share holders of the Company with requisite majority. The results were announced by the Chairman on 19<sup>th</sup> March 2008.

As pressures were mounted from the Financial Institutions, Banks and Revenue Dept. for settling their liabilities, one potential buyer approached IDBI for buying the land and building of the Company. The liabilities to Financial Institutions, Banks and Revenue Dept. were in excess of Rs. 36 Crores as on September 2009. As the valuation of Company's properties was much lower, a One Time Settlement was reached with the Institutions and directly settled by the buyer. They further made direct payment of the One Time Settlement arrived at with KSEB. The expenses incurred by the Company for clearing the statutory liabilities, Sales Tax settlement, BSNL settlement and on account of various litigations and proceedings after closure were also settled. The buyer on tripartite negotiations with the employees union also directly settled the employee's salary arrears, other dues and compensation. On sale of assets, the Company could clear of all the liabilities and have obtained the No Dues certificate from the Financial Institution, Bank, Revenue Dept., KSEB and BSNL.

The Board of Directors are presently looking for identifying any possible opportunity from any potential group who could associate with this Company for a take over or merger or amalgamation so as to be mutually beneficial in the interest of all our share holders. The Board of Directors is putting in all efforts in this direction.

**Shares**

Company's shares have been suspended from trading due to nonpayment of dues by Cochin, Bombay, Delhi and Chennai stock exchanges. The listing fees could not be paid as factory was closed and there was no income generation. The share transfer activities are done in house. Your directors will take all the possible steps to rectify the deficiencies in this matter as soon as the Company becomes operational and the required finances and personnel are available.

**Directors reply to qualifications in the Auditor's Report.**

Due to acute financial difficulties the factory was closed in April 2000. The operations could not commence there after. The books and records of the Company were maintained at the Registered office located at the factory premises. The premises were under the custody of the Financial Institution. During this period there were no maintenance and some of the records were damaged. The accounts for the previous financial year were reconstructed from the records available with the Company. Due to the above Company was unable to produce some of the documents and records for audit.

With respect to the Auditor's Qualification regarding disqualification of Directors for non-filing of Annual Accounts/Annual Returns for 3 years, the Company intends to complete filing all Accounts/Returns that are in arrears over the past years after the Annual General Meeting scheduled to be held on 30th August 2010. Once the Accounts are adopted there at, filing will be done forthwith.

With respect to the Auditors comments on the valuation of the fixed assets and current assets, the Directors are hopeful of realizing at least a value that is reflecting in the books of accounts and hence valued on book value. The auditor's qualifications on non-compliance of the Accounting Standards are due to above reasons. With respect to the auditor's comments on violation for section 58A, the company could not repay the fixed deposit holders and the directors were prosecuted. The Company's fixed deposits were settled on compromise in subsequent years.

**The Status of ESI, PF, TDS and Sales Tax:**

The provisions of ESI Act were not applicable to the Company on account that the area where the factory is situated was exempted. PF contribution had been paid in the previous year whenever salary disbursements have been made. There were delayed salary payments and salary dues in arrears during the previous year. During the year under review, the factory was closed and there were no salary payment to any of the employees and hence there were no PF dues. The Company had remitted penalty for delayed payments of PF in subsequent years. There is an unpaid TDS amounting to Rs. 48,475/- pertaining to the year 1998-99 which could not be paid due to non-availability of proper records. Your directors have initiated steps to make this payment in subsequent years. There were unpaid sales tax dues amounting to Rs. 172,179/- pertaining to the year 1998-99 due to the financial crisis and closure of the factory. This has been settled in subsequent years.

**Personnel and Industrial Relations**

Industrial Relations in the Company were satisfactory during the years. After closure of the Company in April 2000, even though there were some disturbances, the employees were very supportive to the management during the occasions of discussions with probable new investors and finally the buyer for the assets of the Company. All the dues to the employees including salary and PF arrears including compensation for leaving the services are settled on compromise negotiations with the employees union in subsequent years. Your Directors take this opportunity of recording their appreciation of the wholehearted support rendered by the employees and their union during these years.

**Statutory Disclosures**

**Fixed deposits**

Your Company has neither accepted nor renewed any Fixed Deposits since the date of last Annual General Meeting. The amount of deposit outstanding as on 31<sup>st</sup> March 2000 is Rs. 4,048,655/- out of which a sum of Rs. 3,398,655/- represents unclaimed deposits and the balance represents claims of deposit holders, but could not be paid due to financial constraints. These Fixed Deposits were settled on compromise in subsequent years.

**Auditors**

M/s. G Joseph & Associates, Chartered Accountants, with Firm Registration No. 006310S who are the statutory Auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956 up to the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**Disclosure of Particulars of employees**

There are no employees who are in receipt of salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended by and Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.

**Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo**

The information as required under Section 217 (i) (e) of the Companies Act, 1956 read with the Companies (Directors particulars in the Report of the Board of Directors) Rules 1988; with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is not applicable for the year under review as the company was closed down and there were no production activities.

**Directors' Responsibility Statement**

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

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures applicable to accounting standards except non compliance of accounting standards 2, 4,6,10 and 15 as the company was closed down and there were no production and commercial activities;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 the profit & loss of the Company for that period;
- iii) As the factory premises, where the registered office of the company was situated, were under the custody of financial institutions, banks etc, the Directors can not comment whether proper and sufficient care were taken 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;
- iv) The annual accounts have not been prepared on a going concern basis.

**Acknowledgement**

The Board of Directors acknowledge with gratitude the support extended by Kerala State Industrial Development Corporation (KSIDC), Industrial Development Bank of India (IDBI) and State Bank of Travancore (SBT) who had been considerate to the Company during these periods of financial crisis. The financial liabilities towards these institutions were settled in subsequent years. Yours Directors also thank M/s. Federal Bank, Ernakulam North Branch and Girinagar Branch with whom the Company maintained the current accounts. Your Directors also thank all the employees and deposit holders for their seamless support during the year under review, which were settled in subsequent years. The moral support given by all our shareholders of the Company during the year under review and all subsequent years without which, the settlement of liabilities would not have been possible in subsequent years and their continued patronage to your Directors in the years ahead.

By order of the Board  
**For Artech Power Products Ltd.**

Place: Cochin 20  
Date: 10.07.2010

Vijayan I V  
Chairman

Repsy Vijayan  
Managing Director

To

Members  
 ARTECH POWER PRODUCTS LIMITED  
 Anitha, 2nd Floor  
 SA Road, Elamkulam  
 Kadavanthra, Cochin-682020

- 1 We have audited the attached Balance Sheet of M/s.ARTECH POWER PRODUCTS LIMITED ("The company") as at 31st March, 2006, the Profit & Loss Account and Cash Flow statement of the company for the year ended that date annexed thereto. 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.
- 2 We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Statement on the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 4 The company had stopped its operations in the first week of April, 2000. The operations did not recommence there after. *The ability of the company to continue as a going concern is severely impaired. The company has prepared the financial statements without making any adjustments in the value of fixed assets that have been necessary, as the company is unable to continue as going concern.*
- 5 Subject to Point 2 & 5 in the Notes to Accounts in Schedule 17 regarding the non availability of certain books and records, information on dues to Small Scale Units in Note No.21 of Notes to Accounts in Schedule 17 and non-reconciliation and non-conformation of balances of sundry debtors, sundry creditors, loans and advances, bank accounts, Loans from Kerala State Industrial Development Corporation Limited (KSIDC), Industrial Development Bank of India (IDBI) and State Bank Travancore (SBT) and fixed deposits accepted, we report that:-
- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit
  - ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of these books *subject to those mentioned in para(5) above*
  - iii. The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts.
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *subject to*
    - (i) *non compliance of Accounting Standard 2 on 'Valuation of Inventories' by stating the value of inventory as at the year end at cost, without considering the realizable value. We are unable to quantify the impact of the above, on the loss for the year and on the value of inventories in the absence of adequate information.*
    - (ii) *non compliance of Accounting Standard 10 on 'Accounting for Fixed Assets' by stating the fixed assets on historical cost at rather than the net realizable value. The diminution in the value of asset has not been ascertained and we are unable to quantify its impact on the value of assets and on the loss for the year.*
    - (iii) *non compliance with the requirements of Accounting Standard 5 on 'Depreciation Accounting' by not providing adequate depreciation based on the expected useful life and residual life of the asset in view of the non utilization of the asset since April 2000. We are unable to quantify the additional depreciation that was required to be provided and its impact on the losses for the year and on the depreciation reserve.*

## Artech Power Products Ltd.

(iv) non compliance with the requirements of Accounting Standard 15 on 'Accounting for Retirement Benefits in the Financial Statements of Employers' by not providing for gratuity and leave encashment, the impact of which on the loss for the year and on the provision for gratuity and leave encashment could not be quantified.

- v. All the Directors have attracted disqualification as on 31st March 2006 as the Company has not filed the Annual Accounts and Returns for last 3 years and non repayment of FDs in terms of Section 274(1)(g) of the Companies Act 1956.
- vi. Due to the significance of the matters discussed in Paragraph 4 & 5 above, we report that
- a) in the case of the Balance Sheet, the state of affairs of the company as at 31st March, 2006; and
  - b) in the case of the Profit & Loss Account, the Loss for the year ended on that date; and
  - c) In the case of Cash Flow statement, the cash flows for the year ended on that date.
- do not represent a true and fair view.

For G Joseph & Associates  
Chartered Accountants  
(Firm Reg.No.006310S)

Umesh L. Bhat  
Partner  
Membership No.211364

Place : Cochin  
Date : 10.07.2010

### ANNEXURE TO THE AUDITOR'S REPORT

Statement referred to in our report of even date to the members of ARTECH POWER PRODUCTS LIMITED on the accounts for the year ended 31st March, 2006.

- (i) a The company has maintained records showing particulars including quantitative details and situation of fixed assets *but the same requires to be updated.*
- b As per the information and explanations given to us, *the fixed assets have not been physically verified by the management.*
- c The company has not disposed off substantial part of its fixed assets during the year.
- (ii) a *The stocks of finished goods, raw materials and work-in-process have not been physically verified by the management during the year/at year end.*
- b *We are unable to comment on clauses (ii) (b) & (c) of the Order, since physical verification has not been carried out by the company during the year.*
- (iii) 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 Act. Clauses (iii)(b) to (iii)(d) of paragraph 4 of the said Order are not applicable to the company.
- e) The company has taken unsecured loans from 3 parties. At the year end, the outstanding balance of such loans taken aggregated to Rs.16,93,576.00 and the maximum amount involved during the year was Rs.16,93,576.00.
- f) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the company.
- g) The terms of repayment for the above loans have not been stipulated, but the same are stated to be repayable on demand. Since the company is stated to have received no demand for repayment of the above loans, there has been no default on the part of the company.
- (iv) As the company did not carry on any business during the year, clause no.(iv) of the Order on internal control procedures relating to the purchase of stores, raw material, including components, plant and machinery, equipment and other assets, and for the sale of goods, is not applicable.

## Artech Power Products Ltd.

- (v) In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, Clause (v) (b) of the paragraph 4 of the Order is not applicable to the company for the current year.
- (vi) The company has violated the provisions of Section 58A of the Companies Act, 1956, to the extent that certain deposits and interest were not paid even after the claim was raised.
- (vii) In our opinion, the company's internal audit system is not commensurate with the size and nature of its activities.
- (viii) The provisions regarding maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to the company.
- (ix) a) According to the information and explanations provided to us, the company was not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, applicable to it. The following were outstanding for a period of more than six months on the last day of the financial year:-

Name of statute	Nature of dues	Amount	Period to which
		(Rs.)	the amount relates
Income Tax Act, 1961	Tax Deducted at source	48,475	1998-1999
Kerala General Sales Tax Act	Sales Tax	172,179	1999-2000

- b) As per the information given to us, the following statutory dues have not been deposited on account of any disputes:-

Nature of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Dept	Sales Tax	20,880,000	1999-2000	High Court of Kerala

- (x) The accumulated losses of the company at the end of the financial year is more than fifty percent of the net worth and the company has incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xi) As per the information and explanations given to us, the company has defaulted in repayment of dues to IDBI amounting to Rs.494.80 lakhs, to SBT amounting to Rs.168.93 lakhs and to KSIDC amounting to Rs.68.95 lakhs.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund or Nidhi or Mutual Fund Society are not applicable to the company.
- (xiv) In our opinion and according to the explanations given to us, the company is not a dealer or trader in securities.
- (xv) As explained to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, are prejudicial to the interest of the company.
- (xvi) According to the information and explanations given to us, the term loans taken by the company were applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) The company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) In our opinion, the company has not issued any debentures during the year.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, during the year, no fraud on or by the company has been noticed or reported.

**For G Joseph & Associates**  
Chartered Accountants  
(Firm Reg.No.006310S)

Place : Cochin  
Date : 10.07.2010

**Umesh L Bhat**  
Partner  
Membership No.211364

ARTECH POWER PRODUCTS LIMITED  
Anitha', 2nd Floor, S-A Road, Elamkulam, Cochin - 682020

BALANCE SHEET AS AT 31.03.2006

Particulars	Sch.No.	As at 31.03.06	As at 31.03.05
<b>SOURCES OF FUNDS</b>			
<b>Share Holders' Funds</b>			
Share Capital	1	37,743,000	37,743,000
Reserves & Surplus	2	2,000,000	2,000,000
<b>Loan Funds</b>			
Secured Loans	3	73,266,812	73,266,812
Unsecured Loans	4	5,742,231	5,650,231
		<b>118,752,043</b>	<b>118,660,043</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	51,577,985	51,577,985
Less : Depreciation		11,683,199	11,683,199
Net Block		39,894,786	39,894,786
<b>Current Assets, Loans &amp; Advances</b>			
a. Inventories	6	13,171,209	13,171,209
b. Sundry Debtors		4,974,863	4,974,863
c. Cash and bank balances		43,961	52,443
d. Other current assets		1,581,576	1,581,576
		19,771,609	19,780,091
<b>Less Current Liabilities &amp; Provisions</b>	7	5,539,986	5,529,986
<b>Net Current Assets</b>		14,231,623	14,250,105
Miscellaneous Expenditure (to the extent not written off or adjusted)			
- Preliminary expenses		3,331,697	3,331,697
- Deferred Revenue Exp		5,555,927	5,555,927
<b>Profit &amp; Loss Account</b>		55,738,010	55,627,528
		<b>118,752,043</b>	<b>118,660,043</b>
<b>Notes on Accounts</b>	12		

As per our report of even date attached  
For G. JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(Firm Regn. No. 006310S)

PLACE : Cochin  
DATE : 10.07.2010

VIJAYAN I V  
CHAIRMAN

REPSY VIJAYAN  
MANAGING DIRECTOR

UMESH L. BHAT  
PARTNER  
M.No.211364



**ARTECH POWER PRODUCTS LIMITED**  
**Anitha, 2nd Floor, S A Road, Elamkulam, Cochin - 682020**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2006**

Particulars.	For the year ended	
	31.03.06	31.03.05
<b><u>INCOME</u></b>		
Miscellaneous Income	8	900
Stock differential	9	-
		<b>900</b>
<b><u>EXPENDITURE</u></b>		
Raw material consumed	10	-
Administrative Expenses	11	154,888
Financial charges		216
		<b>111,382</b>
		<b>155,001</b>
<b>Net Loss for the year</b>		<b>110,482</b>
Add: Brought forward Losses		55,627,528
<b>Balance Loss transferred to Balance Sheet</b>		<b>55,738,010</b>
Earnings Per equity share of Rs 10 each		
-Basic		(0.03)
		(0.04)
Notes on Accounts	12	

As per our report of even date attached  
 For G. JOSEPH & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 (Firm Regn. No. 006310S)

PLACE : Cochin  
 DATE : 10.07.2010

VIJAYAN V  
 CHAIRMAN

REPSY VIJAYAN  
 MANAGING DIRECTOR

UMESH L.BHAT  
 PARTNER  
 M.No.211364

**SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS**

	As at 31.03.06	As at 31.03.05
<b><u>SHARE CAPITAL</u></b>		
<b><u>A. Authorised</u></b>		
40,00,000 equity shares of Rs.10/- each (Previous year 40,00,000 equity shares of Rs.10/- each)	40,000,000	40,000,000
1,00,000 Redeemable Preference shares of Rs. 100/-each (Previous year 1,00,000 redeemable preference shares of Rs.10/- each)	10,000,000	10,000,000
	<b>50,000,000</b>	<b>50,000,000</b>
<b><u>B. Issued, Subscribed and Paid-up</u></b>		
37,74,300 Equity shares of Rs. 10/- each fully paid up. (Previous year 37,74,300 equity shares of Rs.10/-each fully paid up)	37,743,000	37,743,000

## Artech Power Products Ltd.

	As at 31.03.06	As at 31.03.05
<b>Schedule - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
Capital Investment Subsidy from State Government	2,000,000	2,000,000
	2,000,000	2,000,000
<b>Schedule - 3</b>		
<b>SECURED LOANS</b>		
a. Rupee Term Loan from -IDBI	23,241,923	23,241,923
b. Deferred Interest Loan -IDBI	3,862,389	3,862,389
c. Term Loan from KSIDC Ltd	3,528,744	3,528,744
d. Interest accrued and due on IDBI Loans	22,375,255	22,375,255
e. Interest accrued and due on KSIDC Loan	3,365,694	3,365,694
f. Cash credit from State Bank of Travancore	16,892,807	16,892,807
	73,266,812	73,266,812
<b>Schedule - 4</b>		
<b>UNSECURED LOANS</b>		
a. From Directors	1,693,576	1,601,576
b. Unpaid Fixed Deposits	4,048,655	4,048,655
	5,742,231	5,650,231
<b>Schedule - 6</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>Inventories</b>		
(As taken, valued and certified by the Management)		
- Finished Goods	6,096,435	6,096,435
- Work In progress	3,073,524	3,073,524
- Raw Materials	4,001,250	4,001,250
	13,171,209	13,171,209
<b>Sundry Debtors</b>		
[Unsecured, considered good ]		
Outstanding for a period exceeding six months	4,974,863	4,974,863
Other Debts		
	4,974,863	4,974,863
<b>Cash &amp; Bank Balances</b>		
Cash in hand	29,442	37,707
Balance with Scheduled Banks:		
- In current accounts	14,522	14,738
	43,964	52,445
<b>Other Current Assets</b>		
(Unsecured and considered good)		
Other Advances	5,529	5,529
Other Current Assets	1,244,963	1,244,963
Deposits	331,084	331,084
	1,581,576	1,581,576
<b>Schedule - 7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. Current Liabilities</b>		
Creditors for Raw Materials	2,153,680	2,153,680
Creditors for Expenses	1,416,223	1,406,223
Interest accrued on fixed deposits	1,492,915	1,492,915
Other Current Liabilities	407,938	407,938
<b>B Provisions</b>		
Provision for Gratuity	69,230	69,230
	5,539,986	5,529,986
<b>Schedule - 8</b>		
<b>MISCELLANEOUS INCOME</b>		
Other Income	900	-
	900	-

**Artech Power Products Ltd.**

	As at 31.03.06	As at 31.03.05
		<b>Schedule - 9</b>
<b><u>STOCK DIFFERENTIAL</u></b>		
<b>Finished Goods:</b>		
<u>Opening Stock</u>		
Manufactured Goods		
Trading Goods	3,145,610	3,145,610
<u>Closing Stock</u>		
Manufactured Goods	2,950,825	2,950,825
Trading goods	3,145,610	3,145,610
	2,950,825	2,950,825
	-	-
<u>Work-in-Progress</u>		
Opening Stock		
Closing Stock	3,073,524	3,073,524
	3,073,524	3,073,524
	-	-
		<b>Schedule - 10</b>
<b><u>RAW MATERIALS CONSUMED</u></b>		
Opening Stock		
Add : Purchases	4,001,250	4,001,250
Less : Closing Stock	-	-
Raw material consumed	4,001,250	4,001,250
	-	-
		<b>Schedule - 11</b>
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
Travelling & Conveyance	26,945	21,880
Advertisement	-	43,733
Office expense	48,330	35,175
Postage & Courier Charges	750	-
Telephone Charges	4,800	2,400
Legal charges	8,340	38,700
Auditors Remuneration	10,000	10,000
Rates & Taxes	12,000	3,000
	111,165	154,888

## Schedule - 5

## Fixed Assets &amp; Depreciation

Particulars	Gross Block at Cost			DEPRECIATION			Net Block	
	As at 01.04.2005	Addition/ Deletions	As at 31.03.2006	Upto 01.04.2005	For the Year	Upto 31.03.2006	As at 31.03.2006	As at 31.03.2005
Land & Land Development	1,304,584	-	1,304,584	-	-	-	1,304,584	1,304,584
Building	13,699,861	-	13,699,861	2,373,468	-	2,373,468	11,326,393	11,326,393
Plant & Machinery	28,893,502	-	28,893,502	7,113,743	-	7,113,743	21,779,759	21,779,759
Factory Equipments	364,333	-	364,333	110,317	-	110,317	254,017	254,017
Electrification	3,872,690	-	3,872,690	955,376	-	955,376	2,917,314	2,917,314
Furniture & Fixtures	1,830,554	-	1,830,554	651,051	-	651,051	1,179,503	1,179,503
Office Equipments	1,335,136	-	1,335,136	377,019	-	377,019	958,117	958,117
Vehicle	277,325	-	277,325	102,225	-	102,225	175,099	175,099
	<b>51,577,985</b>	-	<b>51,577,985</b>	<b>11,683,199</b>	-	<b>11,683,199</b>	<b>39,894,786</b>	<b>39,894,786</b>
Previous Year	51,577,985	-	51,577,985	11,683,199	-	11,683,199	39,894,786	39,894,786

**SCHEDULE 12: Significant Accounting Policies and Notes to Accounts**

**Background**

Artech Power Products Limited (hereinafter referred to "the Company") was incorporated in the State of Kerala. The Company was in the business of production of Switched Mode Power Supplies. Due to acute financial difficulties, the company had stopped its operations in the first week of April, 2000 and the factory was closed. The operations did not recommence thereafter.

**A. SIGNIFICANT ACCOUNTING POLICIES**

The significant Accounting Policies followed by the company are as stated below:

**1. Basis of Preparation**

The Financial Statements have been prepared on the historical cost convention. These statements have been prepared in accordance with the generally accepted accounting principles and the applicable Mandatory Accounting Standards and relevant requirements of The Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Company. The preparation required adoption of estimates and assumptions that can affect the reported amounts of revenue and expenditure and the assets and liabilities as well as the disclosure of contingent liabilities. Differences between the actual results and estimates are recognised in the year in which they become known or materialises.

**2. Revenue Recognition**

a) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally at the point of despatch to the customer. Sales includes Excise Duty and are net of discount.

b) Interest income is accounted on accrual basis.

**3 Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**4 Depreciation**

Since no operation was carried out during the year and the company is not expecting to commence the operations in the near future, depreciation has not been provided for.

**5 Investments**

Investments are long term and are valued at cost. Provisions for diminution in value of long term investments is made, if the diminution is other than temporary.

**6 Inventories**

Inventories are valued at lower of cost, in the absence of net realisable value which can not be quantified since the company is not operational.

**7 Investment Subsidy**

Investment Subsidy received from Government of Kerala is treated as Capital Reserve.

**8 Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on reversing carrying amount of the asset over its remaining useful life.

	<u>Current Year</u>	<u>Previous Year</u>
Provision for impairment of assets	Nil	Nil

**9 Borrowing Costs**

Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalised till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.

**10 Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss account on a straight-line basis over the lease term.

**11 Taxation**

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

**12 Retirement Benefits**

- a) In respect of gratuity, the company's contribution to the Group Insurance Scheme of Life Insurance Corporation of India are charged against the revenue.
- b) Contribution to Provident Fund and other recognised funds is charged to Profit & Loss account.

**B. NOTES TO ACCOUNTS**

1 Previous year's figures are regrouped, rearranged or recast wherever necessary to conform to this year's figures.

2 The books and records of the company were maintained at the registered office located at the factory premises. The factory was closed in April 2000 and the premises were under the custody of the financial institutions. Due to lapse of about 9 years, certain records are damaged. The accounts for the financial year was reconstructed from the records available with the company.

3 Contingent liabilities not provided for in the Accounts:

<u>Current Year</u>	<u>Previous year</u>
---------------------	----------------------

- a) Guarantees issued by banks
- b) Liability on account of interest on unclaimed deposits, in any, if such deposits were renewed has not been ascertained and not provided for in the accounts.
- c) The Sales tax department has raised demand notices against the company for the Assessment years from 95-96 to 99-00 aggregating to Rs.208.80 lakhs as arrears, penalty and interest on Sales tax. The company had filed appeal with the higher authorities against these demand notices. The appeal is not yet disposed off. The sales tax authorities has proceeded with the Revenue Recovery proceedings, against which the company has obtained a stay order from the High Court of Kerala till the appeal is disposed off. No provision has been made in the accounts for the above liability. This liability was settled in subsequent years.
- d) The Kerala State Electricity Board and BSNL have initiated revenue recovery proceedings against the company for the recovery of outstanding electricity and telephone charges along with interest. However provision has not been made in the accounts for the interest payable on account of lack of adequate information. This case was settled in subsequent years.
- 4 The Term Loans are secured by way of first charge on the immovable and movable fixed assets of the company and second charge on the current assets of the company and further guaranteed by the promoter directors.
- 5 The Cash Credit facility from State Bank of Travancore(SBT) is secured by way of first charge on the current assets of the company and second charge on the immovable and movable fixed assets of the company and further guaranteed by the promoter directors.
- 6 In the opinion of the management, the current assets, loans, advances and sundry debtors other than those realised since then, are unrealisable and so have been written off. The sundry creditors, which, in the opinion of the management, are not payable are written back as they are time barred under statute.
- 7 Balance of creditors and loans and advances, certain bank accounts, Kerala State Industrial Development Corporation Limited(KSIDC), Industrial Development Bank of India (IDBI) and SBT loan accounts and fixed deposits are subject to confirmation and reconciliation.
- 8 The company has not made contributions to the Gratuity fund of LIC during the year and the liability on account of the above, was not provided for in the books on account of lack adequate records.
- 9 M/s.Blue Dart Express Ltd had filed a case against the company for courier charges payable amounting to Rs.49328/-. The case had been decreed against the company and the company was ordered to make the payment along with interest. However due to financial constraints the company could not make the payment till date. The provision for the interest payable on the above has not been made in the books of accounts.
- 10 The company has neither accepted nor renewed any of the fixed deposits since 1999. The amount of fixed deposits aggregating to Rs. 4048655.00 includes,
  - a) Two deposit holders of the company had filed suit in Civil Court against the company for the repayment of deposits amounting to Rs.200,000/-. The company was ordered to make the repayment. This was settled in the subsequent years.

## Artech Power Products Ltd.

- b) Three deposit holders of the company had filed petition with the Company Law Board for the repayment of deposits amounting to Rs.400,000/-. The Company Law Board has ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order and penalty was imposed on the company and the directors which was paid.
- c) Three deposit holders of the company had filed a petition with the Company Law Board for the refund of deposits amounting to Rs.50,000/-. The Company Law Board had ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order which was dismissed by the court. The Registrar of Companies has filed an appeal in the High-Court of Kerala, which is pending disposal. However, these deposits were settled in the subsequent years.
- d) The amount of fixed deposits outstanding amounting to Rs.33,98,655.00 represents unclaimed deposits.
- 11 IDBI and SBT had recalled the loan given to the company and filed a suit in Debt Recovery Tribunal (DRT) for the recovery of the loan outstanding amounting to Rs.232.42 lakhs and Rs.168.93 lakhs respectively together with accrued interest and further interest. The cases were decreed against the company and the banks have obtained the certificate of recovery from DRT. KSIDC had also recalled the loan and initiated revenue recovery proceedings for the recovery of Rs.32.59 Lakhs together with accrued interest and further interest. The institutions had approved One Time Settlement Scheme to the company with new investors as promoters. However, the schemes could not materialise as the investors, were unable to raise the required funds in time. These loans were subsequently settled under One Time Settlement Scheme offered by the financial institutions.
- 12 M/s.BT Solders, Bangalore - a creditor of the company, has filed a suit against the company for dishonour of cheque amounting to Rs.44044/-. The case was dismissed by Magistrate Court in Bangalore. The creditor has filed a condonation petition with the High Court of Karnataka for delayed filing of appeal which was objected by the company. This liability was settled through court proceedings in the subsequent years.
- 13 In the absence of overall taxable profit, no provision for Current Tax/ Minimum Alternate Tax has been made in the accounts of the current financial period. Further, as at year end the major components of deferred tax are accumulated losses & unabsorbed depreciation, and the recovery of the same is not virtually certain. In view of the aforesaid, deferred tax asset has not been recognized.

#### 14 Managerial Remuneration

- a) No commission is payable to any director and hence the computation of profit u/s 198 / 349 of the Companies Act, 1956 is not required
- b) The computation of Managerial Remuneration u/s 350 of The Companies Act, 1956 have not been enumerated as the managerial remuneration payable to Managing Director are within the limit prescribed under Schedule XIII of the said Act.
- c) Approval in the General Meeting of the company of remuneration payable to managing director from the period from September 1999 to March 2000 amounting to Rs.135, 000 is pending.

	<u>Current Year</u>	<u>Previous Year</u>
Salaries		
Sitting Fees		
<b>15 <u>Auditors remuneration includes:-</u></b>		
For Audit	10,000	10,000
For Certification		
For Taxation Matters		
	10,000	10,000

	<u>Current Year</u>	<u>Previous Year</u>
		<u>(Rs. In lakhs)</u>
16 Estimated amount of capital contracts pending execution	Nil	Nil
<b>17 <u>Earnings per share</u></b>	<u>Current Year</u>	<u>Previous Year</u>
Net Profit for the year	(110,482)	(155,001)
Weighted Average No. of shares outstanding		
- Basic	3,774,300	3,774,300
Earnings Per equity share of Rs 10 each		
- Basic	(0.03)	(0.04)

**18 Disclosure in respect of Related Parties pursuant to Accounting Standard 18:**

- I List of related parties
  - Parties where control exists NIL
- II Other related parties with whom the company has entered into transactions during the year
  - i) Associates NIL
  - ii) Key Managerial Personnel and Enterprises having common Key Management Personnel or their relatives :
    - Key Managerial Personnel : Vijayan I V, Managing Director  
Repsy Vijayan, Director

**19 Additional Information**

- a) Particulars of Annual Installed Capacity and Production
  - Installed Capacity - Not ascertainable as it varies  
(Installed capacity as certified by the management on which reliance is placed by the auditor, being a technical matter)
- b) Value of imports calculated on CIF basis by the company during the financial year .
  - a.Raw Materials & Components
  - b.Trading Goods
  - c.Travelling
  - (Current year figures are as certified by the mangement)
- c) Expenditure in foreign currency in respect of :-
 

i) Royalty, knowhow and professional fee	Nil	Nil
ii) Sponsorship	Nil	Nil
iii) Travelling	Nil	Nil
iv) Ocean freight	Nil	Nil
- d) Earnings in foreign exchange FOB value of exports Nil Nil
- e) Amount remitted during the financial year in foreign currency Nil Nil

**20 Segment Reporting**

The company did not carry out any operations during the year, and hence reporting as required under Accounting Standard-17 issued by ICAI on Segment Reporting is not given.

**21 Information on Small Scale Industrial Units**

- a) No claims of suppliers who are covered under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993" has come to the notice of the company
- b) Amount outstanding for payments to SSI's Nil Nil
- c) Name of SSI's to whom the company owes any sum together with interest which is outstanding for more than thirty days Nil Nil
- d) The above information has been compiled to the extent to which the parties could be identified as Small Scale and Ancillary Undertakings, on the basis of information available with the company.

For **G. Joseph & Associates**  
Chartered Accountants  
(Firm Regn. No. 006310S)

PLACE : Cochin  
Date: 10.07.2010

Vijayan I V  
Chairman

Repsy Vijayan  
Managing Director

**Umesh L Bhat**  
Partner  
M.No.211364



**Cash Flow Statement for the Year Ended March 31, 2006**

(In terms of Listing Agreement)

(Amount in Rupees.)

	2005-06	2004-05
<b><u>Cash Flow From Operating Activities</u></b>		
<b>A. Net Profit Before Tax and Extraordinary itmes</b>	<b>(110,482)</b>	<b>(155,001)</b>
Adjustment for :		
Finance charges	216	113
Depreciation	-	-
Interest received	-	-
Preliminary Expenses written off	-	-
Deferred Revenue expenses written off	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>(110,266)</b>	<b>(155,001)</b>
Movement in Working Capital :		
(Increase)\Decrease in Trade and other receivables	-	-
(Increase)\Decrease in Inventories	-	-
Increase\Decrease in Trade payables	10,000	10,000
<b>Cash Generated from Operations</b>	<b>(100,266)</b>	<b>(145,001)</b>
<b>Net cash from Operating Activities</b>	<b>(100,266)</b>	<b>(145,001)</b>
<b><u>B. Cash Flow From Investing Activities</u></b>		
Sale of Fixed Assets	-	-
Sale of investments	-	-
Interest Received.	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b><u>C. Cash Flow From Financing Activities</u></b>		
Proceeds from Short Term borrowings	92,000	128,698
Interest paid	(216)	(113)
<b>Net cash flow from financing activities</b>	<b>91,784</b>	<b>128,698</b>
<b>Increase(decrease) in cash and cash equivalents</b>	<b>(8,482)</b>	<b>(16,303)</b>
Cash and cash-equivalents at the beginning of the year	52,445	68,748
Cash and cash equivalents at the end of the year	43,963	52,445

Notes:

- 1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants.
- 2 Previous year figures have been regrouped or reclassified to confirm to those of the current year.

This is the Cash Flow Statement referred to in our report of even date.

**For G. Joseph & Associates**

Chartered Accountants  
(Firm Regn. No. 006310S)

**Umesh L.Bhat**  
Partner  
Membership No.211364

**Vijayan I V**  
Chairman

**REPSY VIJAYAN**  
Managing Director

PLACE : Cochin  
Date : 10.07.2010

**NOTICE**

NOTICE is hereby given that the 18<sup>th</sup> Annual General Meeting of Artech Power Products Ltd., originally held on 19th March 2008, adjourned sine die will be held on Monday the 30th August 2010 at "KETA Hall", 2nd Floor, KETA Center, Chittoor Road South, Cochin 682016, at 12.00 noon, to transact the following business.

**Ordinary Business**

1. To receive, consider and adopt the audited Annual Accounts of the Company for the year ended 31st March 2007 together with the report of the Board of Directors and Auditors thereon.

**Notes:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The register of members and share transfer books of the company will be closed from 23<sup>rd</sup> August 2010 to 30<sup>th</sup> August 2010, both days inclusive.
3. Shareholders desiring any information as regards the Accounts are requested to write to the company at least 5 days in advance so as to enable the management to keep the information ready at the meeting.

By order of the Board  
For Artech Power Products Ltd

Place: Cochin 20  
Date: 10.07.2010

Repsy Vijayan  
Managing Director

**DIRECTOR'S REPORT****To the Members,**

The Board of Directors hereby presents the 18<sup>th</sup> annual report on the together with the audited statement of accounts for the year ended 31<sup>st</sup> March 2007. Your Directors apologize for the delay that has happened in preparing the accounts for the year under review, which was beyond the control.

**Financial Results**

Sales: Rs. Nil	Loss before interest, depreciation and extra: Rs.85,523.00
Other income: Rs. Nil	Net loss for the year: Rs.85,523.00

**Dividend**

As the Company has not earned any profit, the directors do not propose any dividend for the accounting year ended 31<sup>st</sup> March 2007.

**Activities during the year and current status**

As reported in the Director's Report for the previous year, the Board of Directors had to take the most unpleasant decision to close down the operations of the factory wef 12<sup>th</sup> April 2000. The management has engaged all possible efforts in consultation with the Financial Institutions for a revival of the company including options to bring in probable investors as joint venture or take over by potential buyers. Many proceedings in this direction progressed to different levels, but none could be crystallized by the Board or by the Institutions who rendered extensive support to our efforts. Meanwhile the Financial Institutions approached the Debt Recovery Tribunal for recovery of their loans and obtained recovery certificate as the assets of the Company are hypothecated to them. Even after this, efforts were continued for a possible revival of the Company and meanwhile the Revenue Recovery Proceedings by Sales tax Dept. worsened our efforts.

Subsequently the Revenue Department pronounced auction of the Company's property. As this would entangle our entire efforts to settle all other liabilities, the Company approached the Hon'ble High Court of Kerala again and obtained stay to the RR proceedings on our contention that the Company could by way of private sale of assets obtain higher realization of value and could settle the sales tax as well as other statutory liabilities, the Financial Institution's dues by way of compromise settlement. This view was supported by the Financial Institutions in the High Court in the interest of all stakeholders. As the asset sale requires, as per the provisions of the Companies Act, compulsory Postal Ballot, the required resolution u/s 193(a) of the Companies Act 1956 was put to the members through Postal ballot and the resolution was approved by the share holders of the Company with requisite majority. The results were announced by the Chairman on 19<sup>th</sup> March 2008.

As pressures were mounted from the Financial Institutions, Banks and Revenue Dept. for settling their liabilities, one potential buyer approached IDBI for buying the land and building of the Company. The liabilities to Financial Institutions, Banks and Revenue Dept. were in excess of Rs. 36 Crores as on September 2009. As the valuation of Company's properties was much lower, a One Time Settlement was reached with the Institutions and directly settled by the buyer. They further made direct payment of the One Time Settlement arrived at with KSEB. The expenses incurred by the Company for clearing the statutory liabilities, Sales Tax settlement, BSNL settlement and on account of various litigations and proceedings after closure were also settled. The buyer on tripartite negotiations with the employees union also directly settled the employee's salary arrears, other dues and compensation. On sale of assets, the Company could clear of all the liabilities and have obtained the No Dues certificate from the Financial Institution, Bank, Revenue Dept., KSEB and BSNL.

The Board of Directors are presently looking for identifying any possible opportunity from any potential group who could associate with this Company for a take over or merger or amalgamation so as to be mutually beneficial in the interest of all our share holders. The Board of Directors is putting in all efforts in this direction.

**Shares**

Company's shares have been suspended from trading due to nonpayment of dues by Cochin, Bombay, Delhi and Chennai stock exchanges. The listing fees could not be paid as factory was closed and there was no income generation. The share transfer activities are done in house. Your directors will take all the possible steps to rectify the deficiencies in this matter as soon as the Company becomes operational and the required finances and personnel are available.

**Directors reply to qualifications in the Auditor's Report.**

Due to acute financial difficulties the factory was closed in April 2000. The operations could not commence there after. The books and records of the Company were maintained at the Registered office located at the factory premises. The premises were under the custody of the Financial Institution. During this period there were no maintenance and some of the records were damaged. The accounts for the previous financial year were reconstructed from the records available with the Company. Due to the above Company was unable to produce some of the documents and records for audit.

With respect to the Auditor's Qualification regarding disqualification of Directors for non-filing of Annual Accounts/Annual Returns for 3 years, the Company intends to complete filing all Accounts/Returns that are in arrears over the past years after the Annual General Meeting scheduled to be held on 30th August 2010. Once the Accounts are adopted there at, filing will be done forthwith.

With respect to the Auditors comments on the valuation of the fixed assets and current assets, the Directors are hopeful of realizing at least a value that is reflecting in the books of accounts and hence valued on book value. The auditor's qualifications on non-compliance of the Accounting Standards are due to above reasons. With respect to the auditor's comments on violation for section 58A, the company could not repay the fixed deposit holders and the directors were prosecuted. The Company's fixed deposits were settled on compromise in subsequent years.

**The Status of ESI, PF, TDS and Sales Tax:**

The provisions of ESI Act were not applicable to the Company on account that the area where the factory is situated was exempted. PF contribution had been paid in the previous year whenever salary disbursements have been made. There were delayed salary payments and salary dues in arrears during the previous year. During the year under review, the factory was closed and there were no salary payment to any of the employees and hence there were no PF dues. The Company had remitted penalty for delayed payments of PF in subsequent years. There is an unpaid TDS amounting to Rs. 48,475/- pertaining to the year 1998-99 which could not be paid due to non-availability of proper records. Your directors have initiated steps to make this payment in subsequent years. There were unpaid sales tax dues amounting to Rs. 1,72,179/- pertaining to the year 1998-99 due to the financial crisis and closure of the factory. This has been settled in subsequent years.

**Personnel and Industrial Relations**

Industrial Relations in the Company were satisfactory during the years. After closure of the Company in April 2000, even though there were some disturbances, the employees were very supportive to the management during the occasions of discussions with probable new investors and finally the buyer for the assets of the Company. All the dues to the employees including salary and PF arrears including compensation for leaving the services are settled on compromise negotiations with the employees union in subsequent years. Your Directors take this opportunity of recording their appreciation of the wholehearted support rendered by the employees and their union during these years.

**Statutory Disclosures**

**Fixed deposits**

Your Company has neither accepted nor renewed any Fixed Deposits since the date of last Annual General Meeting. The amount of deposit outstanding as on 31<sup>st</sup> March 2000 is Rs. 4,048,655/- out of which a sum of Rs. 3,398,655/- represents unclaimed deposits and the balance represents claims of deposit holders, but could not be paid due to financial constraints. These Fixed Deposits were settled on compromise in subsequent years.

**Auditors**

M/s. G Joseph & Associates, Chartered Accountants, with Firm Registration No. 006310S who are the statutory Auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956 up to the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**Disclosure of Particulars of employees**

There are no employees who are in receipt of salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended by and Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.

**Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo**

The information as required under Section 217 (i) (e) of the Companies Act, 1956 read with the Companies (Directors particulars in the Report of the Board of Directors) Rules 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is not applicable for the year under review as the company was closed down and there were no production activities.

**Directors' Responsibility Statement**

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

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures applicable to accounting standards except non compliance of accounting standards 2, 4,6,10 and 15 as the company was closed down and there were no production and commercial activities;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 the profit & loss of the Company for that period;
- iii) As the factory premises, where the registered office of the company was situated, were under the custody of financial institutions, banks etc, the Directors can not comment whether proper and sufficient care were taken 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;
- iv) The annual accounts have not been prepared on a going concern basis.

**Acknowledgement**

The Board of Directors acknowledge with gratitude the support extended by Kerala State Industrial Development Corporation (KSIDC), Industrial Development Bank of India (IDBI) and State Bank of Travancore (SBT) who had been considerate to the Company during these periods of financial crisis. The financial liabilities towards these institutions were settled in subsequent years. Yours Directors also thank M/s. Federal Bank, Ernakulam North Branch and Girinagar Branch with whom the Company maintained the current accounts. Your Directors also thank all the employees and deposit holders for their seamless support during the year under review, which were settled in subsequent years. The moral support given by all our shareholders of the Company during the year under review and all subsequent years without which, the settlement of liabilities would not have been possible in subsequent years and their continued patronage to your Directors in the years ahead.

By order of the Board  
**For Artech Power Products Ltd.**

Place: Cochin 20  
Date: 10.07.2010

Vijayan I V  
**Chairman**

Repsy Vijayan  
**Managing Director**

**AUDITORS' REPORT****Artech Power Products Ltd.**

To

Members  
ARTECH POWER PRODUCTS LIMITED  
Anitha', 2nd Floor  
SA Road, Elamkulam  
Kadavanthra, Cochin-682020

- 1 We have audited the attached Balance Sheet of M/s.ARTECH POWER PRODUCTS LIMITED ("The company") as at 31st March, 2007, the Profit & Loss Account and Cash Flow statement of the company for the year ended that date annexed thereto. 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.
- 2 We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Statement on the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 4 The company had stopped its operations in the first week of April, 2000. The operations did not recommence there after. *The ability of the company to continue as a going concern is severely impaired. The company has prepared the financial statements without making any adjustments in the value of fixed assets that have been necessary, as the company is unable to continue as going concern.*
- 5 *Subject to Point 2 & 5 in the Notes to Accounts in Schedule 17 regarding the non availability of certain books and records, information on dues to Small Scale Units in Note No.21 of Notes to Accounts in Schedule 17 and non-reconciliation and non-conformation of balances of sundry debtors, sundry creditors, loans and advances, bank accounts, Loans from Kerala State Industrial Development Corporation Limited (KSIDC), Industrial Development Bank of India (IDBI) and State Bank Travancore (SBT) and fixed deposits accepted, we report that:-*
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit
  - ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of these books, *subject to those mentioned in para(5) above*
  - iii. The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts.
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *subject to*
    - (i) *non compliance of Accounting Standard 2 on 'Valuation of Inventories' by stating the value of inventory as at the year end at cost, without considering the realizable value. We are unable to quantify the impact of the above, on the loss for the year and on the value of inventories in the absence of adequate information.*
    - (ii) *non compliance of Accounting Standard 10 on 'Accounting for Fixed Assets' by stating the fixed assets on historical cost at rather than the net realizable value. The diminution in the value of asset has not been ascertained and we are unable to quantify its impact on the value of assets and on the loss for the year.*

(iii) non compliance with the requirements of Accounting Standard 6 on 'Depreciation Accounting' by not providing adequate depreciation based on the expected useful life and residual life of the asset in view of the non utilization of the asset since April 2000. We are unable to quantify the additional depreciation that was required to be provided and its impact on the losses for the year and on the depreciation reserve.

(iv) non compliance with the requirements of Accounting Standard 15 on 'Accounting for Retirement Benefits in the Financial Statements of Employers' by not providing for gratuity and leave encashment, the impact of which on the loss for the year and on the provision for gratuity and leave encashment could not be quantified.

- v. All the Directors have attracted disqualification as on 31st March 2007 as the Company has not filed the Annual Accounts and Returns for last 3 years and non repayment of FDs in terms of Section 274(1)(g) of the Companies Act 1956.
- vi. Due to the significance of the matters discussed in Paragraph 4 & 5 above, we report that
- a) in the case of the Balance Sheet, the state of affairs of the company as at 31st March, 2007; and
  - b) in the case of the Profit & Loss Account, the Loss for the year ended on that date; and
  - c) In the case of Cash Flow statement, the cash flows for the year ended on that date.

do not represent a true and fair view.

For G Joseph & Associates  
**Chartered Accountants**  
(Firm Reg.No.006310S)

**Umesh L Bhat**  
Partner  
Membership No.211364

Place : Cochin  
Date : 10.07.2010

**ANNEXURE TO THE AUDITORS REPORT**

Statement referred to in our report of even date to the members of ARTECH POWER PRODUCTS LIMITED on the accounts for the year ended 31st March, 2007.

- (i) a The company has maintained records showing particulars including quantitative details and situation of fixed assets *but the same requires to be updated.*
- b As per the information and explanations given to us, *the fixed assets have not been physically verified by the management.*
- c The company has not disposed off substantial part of its fixed assets during the year.
- (ii) a *The stocks of finished goods, raw materials and work-in-process have not been physically verified by the management during the year/at year end.*
- b *We are unable to comment on clauses (ii) (b) & (c) of the Order, since physical verification has not been carried out by the company during the year.*
- (iii) 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 Act. Clauses (iii)(b) to (iii)(d) of paragraph 4 of the said Order are not applicable to the company.
- e) The company has taken unsecured loans from 3 parties. At the year end, the outstanding balance of such loans taken aggregated to Rs.60,30,476 and the maximum amount involved during the year was Rs.60,30,476.00.
- f) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the company.
- g) The terms of repayment for the above loans have not been stipulated, but the same are stated to be repayable on demand. Since the company is stated to have received no demand for repayment of the above loans, there has been no default on the part of the company.
- (iv) As the company did not carry on any business during the year, clause no.(iv) of the Order on internal control procedures relating to the purchase of stores, raw material, including components, plant and machinery, equipment and other assets, and for the sale of goods, is not applicable.

## Artech Power Products Ltd.

- (v) In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, Clause (v) (b) of the paragraph 4 of the Order is not applicable to the company for the current year.
- (vi) The company has violated the provisions of Section 58A of the Companies Act, 1956, to the extent that certain deposits and interest were not paid even after the claim was raised.
- (vii) In our opinion, the company's internal audit system is not commensurate with the size and nature of its activities
- (viii) The provisions regarding maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to the company.
- (ix) a) According to the information and explanations provided to us, the company was not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, applicable to it. The following were outstanding for a period of more than six months on the last day of the financial year:-

Name of statute	Nature of dues	Amount	Period to which
		(Rs.)	the amount relates
Income Tax Act, 1961	Tax Deducted at source	48,475	1998-1999
Kerala General Sales Tax Act	Sales Tax	172,179	1999-2000

- b) As per the information given to us, the following statutory dues have not been deposited on account of any disputes:-

Nature of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Dept.	Sales Tax	20,880,000	1999-2000	High Court of Kerala

- (x) The accumulated losses of the company at the end of the financial year is more than fifty percent of the net worth and the company has incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xi) As per the information and explanations given to us, the company has defaulted in repayment of dues to IDBI amounting to Rs.494.80 lakhs, to SBT amounting to Rs.126.28 lakhs and to KSIDC amounting to Rs.68.95 lakhs
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund or Nidhi or Mutual Fund Society are not applicable to the company.
- (xiv) In our opinion and according to the explanations given to us, the company is not a dealer or trader in securities.
- (xv) As explained to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, are prejudicial to the interest of the company.
- (xvi) According to the information and explanations given to us, the term loans taken by the company were applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) The company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year
- (xix) In our opinion, the company has not issued any debentures during the year.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, during the year, no fraud on or by the company has been noticed or reported.

**For G Joseph & Associates**  
Chartered Accountants  
(Firm Reg.No.006310S)

Place : Cochin  
Date : 10.07.2010

**Umesh L Bhat**  
Partner  
Membership No.211364



ARTECH POWER PRODUCTS LIMITED  
Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020

BALANCE SHEET AS AT 31.03.2007

Particulars	Sch.No.	As at 31.03.07	As at 31.03.06
<b>SOURCES OF FUNDS</b>			
<b>Share Holders' Funds</b>			
Share Capital	1	37,743,000	37,743,000
Reserves & Surplus	2	2,000,000	2,000,000
<b>Loan Funds</b>			
Secured Loans	3	69,001,712	73,266,812
Unsecured Loans	4	10,079,131	5,742,231
		<b>118,823,843</b>	<b>118,752,043</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	51,577,985	51,577,985
Less : Depreciation		11,683,199	11,683,199
Net Block		39,894,786	39,894,786
<b>Current Assets, Loans &amp; Advances</b>			
a. Inventories	6	13,171,209	13,171,209
b. Sundry Debtors		4,974,863	4,974,863
c. Cash and bank balances		40,239	43,962
d. Other current assets		1,581,576	1,581,576
		19,767,887	19,771,610
<b>Less Current Liabilities &amp; Provisions</b>	7	5,549,986	5,539,986
<b>Net Current Assets</b>		14,217,901	14,231,624
Miscellaneous Expenditure (to the extent not written off or adjusted) - Preliminary expenses		3,331,697	3,331,697
- Deferred Revenue Exp		5,555,927	5,555,927
<b>Profit &amp; Loss Account</b>		55,823,532	55,738,009
		<b>118,823,843</b>	<b>118,752,043</b>
<b>Notes on Accounts</b>	12		

As per our report of even date attached  
For G. JOSEPH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(Firm Regn. No. 006310S)

PLACE : Cochin  
DATE : 10.07.2010

VIJAYAN I V  
CHAIRMAN

REPSY VIJAYAN  
MANAGING DIRECTOR

UMESH L.BHAT  
PARTNER  
M.No.211364

**ARTECH POWER PRODUCTS LIMITED**  
**Anitha', 2nd Floor, S A Road, Elamkulam, Cochin - 682020**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2007**

Particulars	For the year ended	
	31.03.07	31.03.06
<b><u>INCOME</u></b>		
Sales	-	-
Miscellaneous Income	8	900
Stock Differential	9	-
		<b>900</b>
<b><u>EXPENDITURE</u></b>		
Raw material consumed	10	-
Administrative Expenses	11	111,165
Financial charges		216
		<b>111,381</b>
<b>Net Loss for the year</b>	<b>85,523</b>	<b>110,481</b>
Add :Brought forward Losses	55,738,009	55,627,528
<b>Balance Loss transferred to Balance Sheet</b>	<b>55,823,532</b>	<b>55,738,009</b>
Earnings Per equity share of Rs 10 each		
-Basic	(0.02)	(0.03)
Notes on Accounts	12	

As per our report of even date attached  
 For G. JOSEPH & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 Firm Regn. No. 006310S

PLACE : Cochin  
 DATE : 10.07.2010

VIJAYAN .IV  
 CHAIRMAN

REPSY VIJAYAN  
 MANAGING DIRECTOR

UMESH L.BHAT  
 PARTNER  
 M.No.211364

**SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS**

	As at 31.03.07	As at 31.03.06
<b><u>SHARE CAPITAL</u></b>		
<b>Schedule - 1</b>		
<b><u>A. Authorised</u></b>		
40,00,000 equity shares of Rs.10/- each (Previous year 40,00,000 equity shares of Rs.10/- each)	40,000,000	40,000,000
1,00,000 Redeemable Preference shares of Rs. 100/-each (Previous year 1,00,000 redeemable preference shares of Rs.10/- each)	10,000,000	10,000,000
	<b>50,000,000</b>	<b>50,000,000</b>
<b><u>B. Issued, Subscribed and Paid-up</u></b>		
37,74,300 Equity shares of Rs. 10/- each fully paid up.. (Previous year 37,74,300equity shares of Rs.10/-each fully paid up)	37,743,000	37,743,000

## Artech Power Products Ltd.

	<u>As at</u> <u>31.03.07</u>	<u>As at</u> <u>31.03.06</u>
	<b>Schedule - 2</b>	
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b><u>Capital Reserve</u></b>		
Capital Investment Subsidy from State Government	2,000,000	2,000,000
Capital Reserve	<u>2,000,000</u>	<u>2,000,000</u>
	<b>Schedule - 3</b>	
<b><u>SECURED LOANS</u></b>		
a. Rupee Term Loan from -IDBI	23,241,923	23,241,923
b. Deferred Interest Loan -IDBI	3,862,389	3,862,389
c. Term Loan from KSIDC Ltd	3,528,744	3,528,744
d. Interest accrued and due on IDBI Loans	22,375,255	22,375,255
e. Interest accrued and due on KSIDC Loan	3,365,694	3,365,694
f. Cash credit from State Bank of Travancore	12,627,707	16,892,807
	<u>69,001,712</u>	<u>73,266,812</u>
	<b>Schedule - 4</b>	
<b><u>UNSECURED LOANS</u></b>		
a. From Directors	6,030,476	1,693,576
b. Unpaid Fixed Deposits	4,048,655	4,048,655
	<u>10,079,131</u>	<u>5,742,231</u>
	<b>Schedule - 6</b>	
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>		
<b><u>Inventories</u></b>		
(As taken, valued and certified by the Management)		
- Finished Goods	6,096,435	6,096,435
- Work In progress	3,073,524	3,073,524
- Raw Materials	4,001,250	4,001,250
	<u>13,171,209</u>	<u>13,171,209</u>
<b><u>Sundry Debtors</u></b>		
[Unsecured, considered good ]		
Outstanding for a period exceeding six months	4,974,863	4,974,863
Other Debts	<u>4,974,863</u>	<u>4,974,863</u>
<b><u>Cash &amp; Bank Balances</u></b>		
Cash in hand	25,827	29,442
Balance with Scheduled Banks:		
- In current accounts	14,414	14,522
	<u>40,241</u>	<u>43,964</u>
<b><u>Other Current Assets</u></b>		
(Unsecured and considered good)		
Other Advances	5,529	5,529
Other Current Assets	1,244,963	1,244,963
Deposits	331,084	331,084
	<u>1,581,576</u>	<u>1,581,576</u>
	<b>Schedule - 7</b>	
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b><u>A. Current Liabilities</u></b>		
Creditors for Raw Materials	2,153,680	2,153,680
Creditors for Expenses	1,426,223	1,416,223
Interest accrued on fixed deposits	1,492,915	1,492,915
Other Current Liabilities	407,938	407,938
<b><u>B Provisions</u></b>		
Provision for Gratuity	69,230	69,230
	<u>5,549,986</u>	<u>5,539,986</u>

**Artech Power Products Ltd.**

**MISCELLANEOUS INCOME**

Other Income

As at  
31.03.07

As at  
31.03.06

**Schedule - 8**

	-	900
	-	900

**STOCK DIFFERENTIAL**

**Finished Goods:**

Opening Stock

Manufactured Goods

Trading Goods

Closing Stock

Manufactured Goods

Trading goods

3,145,610

3,145,610

2,950,825

2,950,825

3,145,610

3,145,610

2,950,825

2,950,825

Work-in-Progress

Opening Stock

Closing Stock

3,073,524

3,073,524

3,073,524

3,073,524

**RAW MATERIALS CONSUMED**

Opening Stock

Add : Purchases

Less : Closing Stock

Raw material consumed

4,001,250

4,001,250

4,001,250

4,001,250

**Schedule - 10**

**ADMINISTRATIVE EXPENSES**

Travelling & Conveyance

Cleaning Charges

Office expense

Postage & Courier Charges

Telephone Charges

Legal charges

Printing & Stationery

Auditors Remuneration

Rates & Taxes

39,840

26,945

-

37,930

5,325

8,000

-

750

4,250

4,800

17,000

8,340

-

2,400

10,000

10,000

9,000

12,000

85,415

111,165

**Schedule - 11**

## Fixed Assets &amp; Depreciation

Particulars	Gross Block at Cost			DEPRECIATION			Net Block	
	As at 01.04.2006	Addition/ Deletions	As at 31.03.2007	Upto 01.04.2006	For the Year	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
Land & Land Development	1,304,584	-	1,304,584	-	-	-	1,304,584	1,304,584
Building	13,699,861	-	13,699,861	2,373,468	-	2,373,468	11,326,393	11,326,393
Plant & Machinery	28,893,502	-	28,893,502	7,113,743	-	7,113,743	21,779,759	21,779,759
Factory Equipments	364,333	-	364,333	110,317	-	110,317	254,016	254,016
Electrification	3,872,690	-	3,872,690	955,376	-	955,376	2,917,314	2,917,314
Furniture & Fixtures	1,830,554	-	1,830,554	651,051	-	651,051	1,179,503	1,179,503
Office Equipments	1,335,136	-	1,335,136	377,019	-	377,019	958,117	958,117
Vehicle	277,325	-	277,325	102,225	-	102,225	175,100	175,100
	<b>51,577,985</b>	-	<b>51,577,985</b>	<b>11,683,199</b>	-	<b>11,683,199</b>	<b>39,894,786</b>	<b>39,894,786</b>
Previous Year	51,577,985	-	51,577,985	11,683,199	-	11,683,199	39,894,786	39,894,786

**SCHEDULE 12: Significant Accounting Policies and Notes to Accounts**

**Background**

Artech Power Products Limited (hereinafter referred to "the Company") was incorporated in the State of Kerala. The Company was in the business of production of Switched Mode Power Supplies. Due to acute financial difficulties, the company had stopped its operations in the first week of April, 2000 and the factory was closed. The operations did not recommence thereafter.

**A. SIGNIFICANT ACCOUNTING POLICIES**

The significant Accounting Policies followed by the company are as stated below:

**1. Basis of Preparation**

The Financial Statements have been prepared on the historical cost convention. These statements have been prepared in accordance with the generally accepted accounting principles and the applicable Mandatory Accounting Standards and relevant requirements of The Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Company. The preparation required adoption of estimates and assumptions that can affect the reported amounts of revenue and expenditure and the assets and liabilities as well as the disclosure of contingent liabilities. Differences between the actual results and estimates are recognised in the year in which they become known or materialises.

**2. Revenue Recognition**

- a) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally at the point of despatch to the customer. Sales includes Excise Duty and are net of discount.
- b) Interest income is accounted on accrual basis.

**3 Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**4 Depreciation**

Since no operation was carried out during the year and the company is not expecting to commence the operations in the near future, depreciation has not been provided for.

**5 Investments**

Investments are long term and are valued at cost. Provisions for diminution in value of long term investments is made, if the diminution is other than temporary.

**6 Inventories**

Inventories are valued at lower of cost, in the absence of net realisable value which can not be quantified since the company is not operational.

**7 Investment Subsidy**

Investment Subsidy received from Government of Kerala is treated as Capital Reserve.

**8 Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

*After impairment, depreciation is provided on reversing carrying amount of the asset over its remaining useful life.*

	<u>Current Year</u>	<u>Previous Year</u>
Provision for impairment of assets	Nil	Nil

**9 Borrowing Costs**

Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalised till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.

**10 Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss account on a straight-line basis over the lease term.

**11 Taxation**

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

**12 Retirement Benefits**

- a) In respect of gratuity, the company's contribution to the Group Insurance Scheme of Life Insurance Corporation of India are charged against the revenue.
- b) Contribution to Provident Fund and other recognised funds is charged to Profit & Loss account.

**B. NOTES TO ACCOUNTS**

- 1 Previous year's figures are regrouped, rearranged or recast wherever necessary to conform to this year's figures.
- 2 The books and records of the company were maintained at the registered office located at the factory premises. The factory was closed in April 2000 and the premises were under the custody of the financial institutions. Due to lapse of about 9 years, certain records are damaged. The accounts for the financial year was reconstructed from the records available with the company.
- 3 Contingent liabilities not provided for in the Accounts:
 

	<u>Current Year</u>	<u>Previous year</u>
a) Guarantees issued by banks		
b) Liability on account of interest on unclaimed deposits, in any, if such deposits were renewed has not been ascertained and not provided for in the accounts.		
c) The Sales tax department has raised demand notices against the company for the Assessment years from 95-96 to 99-00 aggregating to Rs.208.80 lakhs as arrears, penalty and interest on Sales tax. The company had filed appeal with the higher authorities against these demand notices. The appeal is not yet disposed off. The sales tax authorities has proceeded with the Revenue Recovery proceedings, against which the company has obtained a stay order from the High Court of Kerala till the appeal is disposed off. No provision has been made in the accounts for the above liability. This liability was settled in subsequent years.		
d) The Kerala State Electricity Board and BSNL have initiated revenue recovery proceedings against the company for the recovery of outstanding electricity and telephone charges along with interest. However provision has not been made in the accounts for the interest payable on account of lack of adequate information. This liability was settled in subsequent years		
- 4 The Term Loans are secured by way of first charge on the immovable and movable fixed assets of the company and second charge on the current assets of the company and further guaranteed by the promoter directors
- 5 The Cash Credit facility from State Bank of Travancore(SBT) is secured by way of first charge on the current assets of the company and second charge on the immovable and movable fixed assets of the company and further guaranteed by the promoter directors.
- 6 In the opinion of the management, the current assets, loans, advances and sundry debtors other than those realised since then, are unrealisable and so have been written off. The sundry creditors, which, in the opinion of the management, are not payable are written back as they are time barred under statute.
- 7 Balance of creditors and loans and advances, certain bank accounts, Kerala State Industrial Development Corporation Limited(KSIDC), Industrial Development Bank of India (IDBI) and SBT loan accounts and fixed deposits are subject to confirmation and reconciliation.
- 8 The company has not made contributions to the Gratuity fund of LIC during the year and the liability on account of the above, was not provided for in the books on account of lack adequate records.
- 9 M/s.Blue Dart Express Ltd had filed a case against the company for courier charges payable amounting to Rs.49328/-. The case had been decreed against the company and the company was ordered to make the payment along with interest. However due to financial constraints the company could not make the payment till date. The provision for the interest payable on the above has not been made in the books of accounts.
- 10 The company has neither accepted nor renewed any of the fixed deposits since 1999. The amount of fixed deposits aggregating to Rs. 4,048,655.00 includes,
  - a) Two deposit holders of the company had filed suit in Civil Court against the company for the repayment of deposits amounting to Rs.200,000/-. The company was ordered to make the repayment. This was settled in the subsequent years.
  - b) Three deposit holders of the company had filed petition with the Company Law Board for the repayment of deposits amounting to Rs.400,000/-. The Company Law Board has ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order and penalty was imposed on the company and the directors which was paid.

- c) Three deposit holders of the company had filed a petition with the Company Law Board for the refund of deposits amounting to Rs.50,000/-. The Company Law Board had ordered the company to pay the amounts in installments. The company could not pay the amount due to financial constraints. Registrar of Companies, Kerala has proceeded against the company in the Economic Offence Court for non compliance of Company Law Board (CLB) Order which was dismissed by the court. The Registrar of Companies has filed an appeal in the High Court of Kerala, which is pending disposal. However, these deposits were settled in the subsequent years.
- d) The amount of fixed deposits outstanding amounting to Rs.33,98,655.00 represents unclaimed deposits.
- 11 IDBI and SBT had recalled the loan given to the company and filed a suit in Debt Recovery Tribunal (DRT) for the recovery of the loan outstanding amounting to Rs.232.42 lakhs and Rs.168.93 lakhs respectively together with accrued interest and further interest. The cases were decreed against the company and the banks have obtained the certificate of recovery from DRT. KSIDC had also recalled the loan and initiated revenue recovery proceedings for the recovery of Rs.32.59 Lakhs together with accrued interest and further interest. The institutions had approved One Time Settlement Scheme to the company with new investors as promoters. However, the schemes could not materialise as the investors were unable to raise the required funds in time. These loans were subsequently settled under One Time Settlement Scheme offered by the financial institutions.
- 12 M/s.BT Solders, Bangalore - a creditor of the company, has filed a suit against the company for dishonour of cheque amounting to Rs.44,044/-. The case was dismissed by Magistrate Court in Bangalore. The creditor has filed a condonation petition with the High Court of Karnataka for delayed filing of appeal which was objected by the company. This liability was settled through court proceedings in the subsequent years.
- 13 In the absence of overall taxable profit, no provision for Current Tax/ Minimum Alternate Tax has been made in the accounts of the current financial period. Further, as at year end the major components of deferred tax are accumulated losses & unabsorbed depreciation, and the recovery of the same is not virtually certain. In view of the aforesaid, deferred tax asset has not been recognized.

**14 Managerial Remuneration**

- a) No commission is payable to any director and hence the computation of profit u/s 198 / 349 of the Companies Act, 1956 is not required
- b) The computation of Managerial Remuneration u/s 350 of The Companies Act, 1956 have not been enumerated as the managerial remuneration payable to Managing Director are within the limit prescribed under Schedule XIII of the said Act.
- c) Approval in the General Meeting of the company of remuneration payable to managing director from the period from September 1999 to March 2000 amounting to Rs.135, 000 is pending.

	<u>Current Year</u>	<u>Previous Year</u>
Salaries	-	-
Sitting Fees	-	-
<b>15 Auditors remuneration includes:-</b>		
For Audit	10,000	10,000
For Certification	-	-
For Taxation Matters	-	-
	<b>10,000</b>	<b>10,000</b>
	<u>Current Year</u>	<u>Previous Year</u>
		(Rs. In lakhs)
16 Estimated amount of capital contracts pending execution	Nil	Nil
<b>17 Earnings per share</b>	<u>Current Year</u>	<u>Previous Year</u>
Net Profit for the year	(85,523)	(110,481)
Weighted Average No. of shares outstanding		
- Basic	3,774,300	3,774,300
Earnings Per equity share of Rs 10 each		
- Basic	(0.02)	(0.03)



**18 Disclosure in respect of Related Parties pursuant to Accounting Standard 18:**

- I List of related parties
  - Parties where control exists NIL
- II Other related parties with whom the company has entered into transactions during the year
  - i) Associates NIL
  - ii) Key Managerial Personnel and Enterprises having common Key Management Personnel or their relatives :
    - Key Managerial Personnel : Vijayan I V, Managing Director  
Repsy Vijayan, Director

**19 Additional Information**

a) Particulars of Annual Installed Capacity and Production

- Installed Capacity - Not ascertainable as it varies  
(Installed capacity as certified by the management on which reliance is placed by the auditor, being a technical matter)

b) Value of imports calculated on CIF basis by the company during the financial year

a. Raw Materials & Components

b. Trading Goods

c. Travelling

(Current year figures are as certified by the management)

c) Expenditure in foreign currency in respect of :-

i) Royalty, knowhow and professional fee	Nil	Nil
ii) Sponsorship	Nil	Nil
iii) Travelling	Nil	Nil
iv) Ocean freight	Nil	Nil

d) Earnings in foreign exchange FOB value of exports

Nil Nil

e) Amount remitted during the financial year in foreign currency on account of dividends

Nil Nil

**20 Segment Reporting**

The company did not carry out any operations during the year, and hence reporting as required under Accounting Standard-17 issued by ICAI on Segment Reporting is not given.

**21 Information on Small Scale Industrial Units**

a) No claims of suppliers who are covered under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993" has come to the notice of the company

b) Amount outstanding for payments to SSI's Nil Nil

c) Name of SSI's to whom the company owes any sum together with interest which is outstanding for more than thirty days Nil Nil

d) The above information has been compiled to the extent to which the parties could be identified as Small Scale and Ancillary Undertakings, on the basis of information available with the company.

e) The company has not received any intimation from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.

For **G. Joseph & Associates**  
Chartered Accountants  
(Firm Regn. No. 006310S)

Place : Cochin  
Date : 10.07.2010

**Vijayan I V**  
Chairman

**Repsy Vijayan**  
Managing Director

**Umesh L Bhat**  
Partner  
M.No.211364

**Cash Flow Statement for the Year Ended March 31, 2007**

(In terms of Listing Agreement)

(Amount in Rupees.)

	2006-07	2005-06
<b>Cash Flow From Operating Activities</b>		
<b>A. Net Profit Before Tax and Extraordinary itmes</b>	(85,523)	(110,482)
Adjustment for :		
Finance charges	108	216
Depreciation	-	-
Interest received	-	-
Preliminary Expenses written off	-	-
Deferred Revenue expenses written off	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>(85,415)</b>	<b>(110,482)</b>
Movement in Working Capital :		
(Increase)\Decrease in Trade and other receivables	-	-
(Increase)\Decrease in Inventories	-	-
Increase\Decrease) in Trade payables	10,000	10,000
<b>Cash Generated from Operations</b>	<b>(75,415)</b>	<b>(100,481)</b>
<b>Net cash from Operating Activities</b>	<b>(75,415)</b>	<b>(100,481)</b>
<b>B. Cash Flow From Investing Activities</b>		
Sale of Fixed Assets	-	-
Sale of investments	-	-
Interest Received	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Short Term borrowings	71,800	92,000
Interest paid	(108)	(216)
<b>Net cash flow from financing activities</b>	<b>71,692</b>	<b>92,000</b>
<b>Increase\decrease) in cash and cash equivalents</b>	<b>(3,723)</b>	<b>(8,481)</b>
Cash and cash equivalents at the beginning of the year	43,964	52,445
Cash and cash equivalents at the end of the year	40,241	43,964

Notes:

- 1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- 2 Previous year figures have been regrouped or reclassified to confirm to those of the current year.

This is the Cash Flow Statement referred to in our report of even date.

**For G. Joseph & Associates**

Chartered Accountants

(Firm Regn. No. 006310S)

**Umesh L. Bhat**

Partner

Membership No. 211364

PLACE : Cochin

Date : 10.07.2010

**Vijayan I V**

Chairman

**REPSY VIJAYAN**

Managing Director

**NOTICE**

NOTICE is hereby given that the 19th Annual General Meeting of Artech Power Products Ltd. will be held at "KETA Hall", 2nd Floor, KETA Center, Chittoor Road South, Cochin 682016 on Monday, the 30th August 2010 at 12.15 p.m. to transact the following business.

**Ordinary Business**

1. To consider the adjournment of the matter relating to adoption of Annual Accounts of the Company since the audit for the year ended 31.03.2008 is yet to be completed. The Directors Report to be attached to the Balance Sheet shall also be presented at the adjourned Annual General Meeting to be held on a future date.
2. To appoint a Director in place of Mr. Sudhir Menon who retires by rotation and being eligible offers himself for reappointment.
3. To appoint the Auditors to hold office from the conclusion of this Annual General meeting till the conclusion of next Annual General Meeting and in this connection pass, with or without modification, the following resolution as an Ordinary Resolution.

**"RESOLVED**

-THAT pursuant to provisions under Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. G Joseph & Associates, Chartered Accountants be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting with such remuneration as shall be fixed by the Board of Directors, exclusive of traveling and other out of pocket expenses."

**Notes:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The register of members and share transfer books of the company will be closed from 21st August 2010 to 28th August 2010, both days inclusive.
3. Shareholders desiring any information as regards the Accounts are requested to write to the company at least 5 days in advance so as to enable the management to keep the information ready at the meeting.

By order of the Board  
**For Artech Power Products Ltd**

Place: Cochin 20  
Date: 10.07.2010

Repsy Vijayan  
**Managing Director**

**NOTICE**

NOTICE is hereby given that the 20th Annual General Meeting of Artech Power Products Ltd. will be held at "KETA Hall", 2nd Floor, KETA Center, Chittoor Road South, Cochin 682016 on Monday, the 30th August 2010 at 12.30 p.m. to transact the following business:

**Ordinary Business**

1. To consider the adjournment of the matter relating to adoption of Annual Accounts of the Company since the audit for the year ended 31.03.2009 is yet to be completed. The Directors Report to be attached to the Balance Sheet shall also be presented at the adjourned Annual General Meeting to be held on a future date.
2. To appoint a Director in place of Ms. Repsy Vijayan who retires by rotation and being eligible offers herself for reappointment.
3. To appoint the Auditors to hold office from the conclusion of this Annual General meeting and in this connection pass, with or without modification, the following resolution as an Ordinary Resolution.

**"RESOLVED**

-THAT pursuant to provisions under Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. G Joseph & Associates, Chartered Accountants be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting with such remuneration as shall be fixed by the Board of Directors; exclusive of traveling and other out of pocket expenses."

**Notes:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The register of members and share transfer books of the company will be closed from 21st August 2010 to 28th August 2010, both days inclusive.
3. Shareholders desiring any information as regards the Accounts are requested to write to the company at least 5 days in advance so as to enable the management to keep the information ready at the meeting.

By order of the Board  
**For Artech Power Products Ltd**

Place: Cochin 20  
Date: 10.07.2010

Repsy Vijayan  
**Managing Director**

**NOTICE**

NOTICE is hereby given that the 21<sup>st</sup> Annual General Meeting of Artech Power Products Ltd. will be held at "KETA Hall", 2nd Floor, KETA Center, Chittoor Road South, Cochin 682016 on Monday, the 30th August 2010 at 12.45 p.m. to transact the following business.

**Ordinary Business**

1. To consider the adjournment of the matter relating to adoption of Annual Accounts of the Company since the audit for the year ended 31.03.2010 is yet to be completed. The Directors' Report to be attached to the Balance Sheet shall also be presented at the adjourned Annual General Meeting to be held on a future date.
2. To appoint a Director in place of Mr. Pathrose Pankappally who retires by rotation and being eligible offers himself for reappointment.
3. To appoint the Auditors to hold office from the conclusion of this Annual General meeting till the conclusion of next Annual General Meeting and in this connection pass, with or without modification, the following resolution as an Ordinary Resolution.

**"RESOLVED**

-THAT pursuant to provisions under Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. G Joseph & Associates, Chartered Accountants be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting with such remuneration as shall be fixed by the Board of Directors, exclusive of traveling and other out of pocket expenses."

**Special Business**

4. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution.

**'RESOLVED**

-THAT pursuant to the provisions of Section 198, 269 and 309 and other applicable provisions if any of the Companies Act read with Schedule XIII thereto (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the reappointment of Shri. Vijayan I V as Managing Director for a period of 5 years with effect from 28.09.2009 on a remuneration, perquisites and other benefits and amenities as set out in the explanatory statement with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government.

**FURTHER RESOLVED**

-THAT where in any financial year closing on or after 1st April 2009, the Company has no profits or its profits are inadequate the Company shall pay Shri. Vijayan I V remuneration by way of salary and perquisites as specified above and shall be subject to an overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956.

**FURTHER RESOLVED**

-THAT in the event of any statutory amendment or modification or relaxation by the Central Government to the Schedule XIII of the Companies Act 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including salary, perquisites, allowances etc. within such prescribed limit of ceiling and terms of appointment be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in general meeting.

**FURTEHR RESOLVED**

-THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to the resolution."

5. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution.

**RESOLVED**

-THAT consequent to the resignation of Shri. Vijayan I V from the position as the Managing Director of the Company and pursuant to the provisions of Section 198, 269 and 309 and other applicable provisions, if any, of the Companies Act read with Schedule XIII thereto (including any statutory modification or re-enactment thereof for the time being in force) and subject to the Articles of Association of the Company and subject to such approvals and sanctions as may be necessary, the consent and approval of the Company be and is hereby accorded to the appointment of Smt. Repsy Vijayan as Managing Director of the Company for a period of 5 years with effect from the close of working hours on 31.03.2010 on a remuneration, perquisites and other benefits and amenities as set out in the explanatory statement, which have been approved by the Board of Directors at its meeting held on 30.03.2010, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government.

**FURTHER RESOLVED**

-THAT where in any financial year closing on or after 1st April 2010, the Company has no profits or its profits are inadequate the Company shall pay Smt. Repsy Vijayan remuneration by way of salary and perquisites as specified above and shall be subject to an overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956.

**FURTHER RESOLVED**

-THAT in the event of any statutory amendment or modification or relaxation by the Central Government to the Schedule XIII of the Companies Act 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including salary, perquisites, allowances etc. within such prescribed limit of ceiling and terms of appointment be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in general meeting.

**FURTHER RESOLVED**

-THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to the resolution."

**Notes:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The register of members and share transfer books of the company will be closed from 21st August 2010 to 28th August 2010, both days inclusive.
3. Shareholders desiring any information as regards the operations of the Company are requested to write to the Company at least 5 days in advance so as to enable the management to keep the information ready at the meeting.

By order of the Board  
**For Artech Power Products Ltd**

Repsy Vijayan  
**Managing Director**

Place: Cochin 20  
Date: 10.07.2010

Explanatory statement under Section 173(2) of the Companies Act, 1956

**Item No. 4.**

The term of appointment of Shri. Vijayan I V, Managing Director expired on 27.09.2009. The Board of Directors at its meeting held on 26.09.2009 re-appointed him for a further period of five years from 28.09.2009 to 27.09.2014.

Shri. Vijayan I V is the main promoter associated with the Company since its incorporation. He has been actively pursuing with various probable investors and financial institutions for tiding over the coercive steps initiated from various institutions and revenue authorities as the liabilities has mounted up to large amounts over the period. His personal assets were attached for the liabilities of the company. The efforts put in by him for moving ahead towards a settlement with financial institutions and to find a solution to the financial crisis was considered by the Board of Directors and the Board considered it expedient to reappoint him for a further period of five years in the existing pay scale at the current basic salary as applicable in the previous appointment, but without any further increment in salary, in consideration of the financial constraints. In terms of schedule XIII to the Companies Act, 1956, Shri. Vijayan I V is eligible for appointment as Managing Director. The remuneration proposed is as under:

Salary of Rs.23,000/- per month including dearness allowance in the scale of pay Rs. 18000 - 1000 - 25000, but not exceeding the limits specified under the schedule XIII of the Companies Act, 1956 as amended from time to time.

Perquisites: In addition to salary, Mr. Vijayan I V shall be entitled to following allowance and perquisites.

Category A: Accomodation furnished or otherwise or house rent allowance at 50% of salary in lieu thereof. Reimbursement of expenses at actuals for utilities such as gas, electricity, water, repair and house maintenance; premia for personal accident insurance and mediclaim insurance not covered under the medical scheme and leave travel concession for himself and family, club membership fees limited to two clubs excluding life membership etc. the total of such allowances and perquisites in this section restricted to the annual salary. For the purpose of calculating the above ceiling, allowances and perquisites shall be valued as per the income tax rules wherever applicable. In the absence of any such rules, perquisites shall be valued at actual cost.

Category B: Company's contribution to Provident Fund, superannuation scheme or Annuity Fund, if applicable and paid, shall not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity payable at half month's salary for each completed year of service and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C: Provision of car for use on Company business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed to the Managing Director.

Minimum Remuneration: Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above and shall be subject to an overall ceiling as laid down in Section 198 and 309 of the Companies Act, 1956.

The Board of Directors recommends the resolution for approval. None of the directors except Mr. Vijayan I V and Ms. Repsy Vijayan are, in any way, concerned or interested in the above resolution.

**Item No. 5.**

Shri. Vijayan I V, Managing Director has tendered his resignation on 30.03.2010, requesting to relieve him with effect from the close of working hours on 31.03.2010. Having settled the financial liabilities and statutory liabilities and come out of the financial crisis faced over the last one decade, he has urged the necessity to be retired from the executive responsibilities with the consent to continue to act as a non-executive director in the Board. The Board of directors at its urgent meeting called on 30.03.2010 to consider the matter have accepted the resignation and requested him to continue in office till alternate arrangement is worked out. The Board considered the various options and requested Ms. Repsy Vijayan, Director and co-promoter of the Company to take up the mantle of the Managing Director. Smt. Repsy Vijayan is a graduate in Mathematics from Kerala University, aged 56 years and is in financial advisory service with Life Insurance Corporation of India and New India Assurance Co. Ltd. for the last 30 years and was involved as promoter director since inception of the Company. Smt. Repsy Vijayan had executed the personal guarantees for the loans availed by the Company from Financial Institutions. In terms of schedule XIII to the Companies Act, 1956, Smt. Repsy Vijayan is eligible to be appointed as Managing Director. The terms and conditions of the appointment are set out below:

**Terms and Conditions:**

1. Subject to the superintendence, control and directions of the Board of Directors, the Managing Director is entrusted with the management of the whole of the affairs of the Company and she shall also carry out such duties and services as may be entrusted to her by the Board of Directors from time to time.
2. Period of appointment: From 31.03.2010 to 30.03.2015.
3. Remuneration:  
Salary: A basic salary of Rs. 10,000.00 per month with annual increment to be suitably fixed by the Board of Directors depending on the activities of the company, but not exceeding the limits specified under Schedule XIII of the Companies Act 1956 as amended from time to time.  
Commission: Nil  
Perquisites: In addition to salary, Ms. Repsy Vijayan shall be entitled to the following allowances and perquisites:  
House rent allowance @ 50% of the basic salary, reimbursement of expenses at actual for utilities such as gas, electricity, water, furnishings and house maintenance, premia for personal accident insurance, medical health insurance premium etc., the total of all such allowances and perquisites in this section restricted to 100% of the annual salary.  
For the purpose of calculating the above ceilings, allowances and perquisites shall be values as per the income tax rules wherever applicable. In the absence of any such rules, perquisites shall be valued at actual.  
Provision for use of car for company's business and telephone at residence shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.  
Company's contribution to Provident Fund, and to the Superannuation Fund, if applicable, shall not be taxable under the income tax act. Gratuity payable at the rate not exceeding half month salary for each year of service and encashment of leave as per rules of the company, at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites aforesaid.  
Minimum remuneration: Notwithstanding anything herein, where in any financial year, during the currency of the tenure of the Managing Director, the Company has no profit or its profits are inadequate, the Company will pay the remuneration by way of salary and perquisites as specified above and shall be subject to an overall ceiling laid down in the section 198 and section 309 of the Companies Act, 1956.
4. The terms and conditions of the appointment and/or the agreement may be altered and varied from time to time by the Board of Directors as it may at its discretion deem fit, within the maximum amount payable to the Managing Director pursuant to the provisions of section 269 read with schedule XIII of the Companies Act, 1956 or any amendments made thereto.
5. The agreement may be terminated by either party giving the other party three months notice or by paying three months salary in lieu thereof.
6. If at any time, Ms. Repsy Vijayan ceases to be a director of the Company, for any cause what so ever, she shall cease to be the Managing Director.
7. Ms. Repsy Vijayan shall not, while she continues to be the Managing Director, be subject to retirement by rotation pursuant to provisions of section 255 of the Companies Act, 1956.
8. So long as Ms. Repsy Vijayan acts as the Managing Director of the Company, she shall not be entitled to sitting fees for attending such meetings of the Board or Committee thereof.

The appointment of Smt. Repsy Vijayan as Managing Director with effect from 31.03.2010 and the remuneration payable to her for the period of appointment requires approval of the shareholders in General Meeting as per Schedule XIII to the Companies Act, 1956. Accordingly Special Resolution set out under Item No. 5 of the Notice is submitted to the meeting for approval of the shareholders.

The Board of Directors recommends the resolution for approval. None of the directors except Mr. Vijayan I V and Ms. Repsy Vijayan are, in any way, concerned or interested in the above resolution.

By order of the Board  
**For Artech Power Products Ltd**

Place: Cochin 20  
Date: 10.07.2010

Repsy Vijayan  
**Managing Director**



# ARTECH POWER PRODUCTS LTD.

Regd. Office: Anitha Second Floor, S.A Road, Elamkulam, Cochin – 682020, Kerala.

## ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

12<sup>th</sup> to 18<sup>th</sup> Adjourned Annual General Meeting and 19<sup>th</sup> to 21<sup>st</sup> Annual General Meeting

Monday, 30<sup>th</sup> August 2010 from 10.00 a.m

Regd. Folio No.

No. of Shares held :

I.....hereby record my presence at the Annual General Meeting of the members of the company being held at KETA Hall, IInd Floor, KETA Centre, Chittoor Road South, Cochin - 682 016, Kerala.

Member's / Proxy's Signature

(To be signed at the time of handing over this slip)

Note : Shareholders are requested to bring the Annual Report as fresh Annual Reports will not be distributed in the meeting hall.

# ARTECH POWER PRODUCTS LTD.

Regd. Office: Anitha Second Floor, S A Road, Elamkulam, Cochin – 682020, Kerala.

## PROXY FORM

I/We.....of.....in the district of .....being a Members(s) of the above named Company, hereby appoint Shri.....of.....in the district of.....or failing him Shri.....of.....in the district of.....as my / our proxy to vote for me/us, on my/our behalf at the 12<sup>th</sup> to 18<sup>th</sup> Adjourned Annual General Meeting and 19<sup>th</sup> to 21<sup>st</sup> Annual General Meeting of the members of the Company to be held on Monday, the 30<sup>th</sup> day of August 2010 from 10 a.m at KETA Hall, IInd Floor, KETA Centre, Chittoor Road South, Cochin - 682 016, Kerala and at any adjournment thereof.

Signed at .....this.....day of .....2008

Regd. Folio No.

No. of Shares held :



- Notes :
1. The Proxy form should be signed across the stamp by the member as per specimen signature registered with the Company.
  2. The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered office of the Company not less than 48 hours before the time of holding the Meeting.
  3. A Proxy need not be a Member.

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