

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DEV	NA
TRA	NA		FC	✓
AGM	✓	✓	SEH	✓
YE	✓	✓		✓

INDO KOREA EXPORTS LIMITED



ANNUAL REPORT 1997 - 98

INDO KOREA EXPORTS LTD.

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that the FIFTH ANNUAL GENERAL MEETING of INDO KOREA EXPORTS LIMITED will be held on 26th September 1998, at 11.A.M. at the Registered Office of the Company at Vadamangalam, Pondicherry to transact the following business:

1. To receive, consider and adopt the Balance Sheet of the company as at March 31, 1998 the Profit & Loss Account for the year ended March 31st, 1998 and the reports of the Auditors & Directors thereon.
2. To appoint a Director in place of Miss .S.V. Laukar who retires by rotation, and is eligible for reappointment.
3. To appoint Auditors to the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

By Order of the Board

T.S. KRISHNAMOORTHY
Chairman,

Place : Pondicherry

Dated : 31.08.98

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of himself and proxies to be effective should be lodged with the company's registered office atleast 48 hours before the meeting date.
2. The Register of Members and Share Transfer Books of the Company will remain closed from September 16, 1998 to September 28, 1998 (Both days inclusive)
3. All communications relating to share transfer/transmission are to be addressed only to the Registered office of the Company at Villupuram Main Road, Vadamangalam, Pondicherry.

For INDO KOREA EXPORTS LIMITED

S. S. Sundar

President

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BOARD OF DIRECTORS

Mr. T.S. Krishnamoorthy
Mr. N. Jaishankar
Mr. S.V. Laukar

REGISTERED OFFICE AND FACTORY

5/3 Villupuram Main Road
Vadamangalam,
Pondicherry - 605 102.

AUDITORS

M/s. N. Raja & Associates
Chartered Accountants
B-7, Elcanso
10, Casa Major Road,
Chennai - 600 008.

DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report together with Audited Accounts for the year ended 31st March,1998.

1. TURNOVER

The company has achieved a turnover of Rs.4050.37 lacs for the year ended 31st March,1998 as against Rs.2412.77 lacs for the year ended 31st March,1997.

2. FINANCIAL RESULTS

	Year ended 31.03.1998 (Rs.in Lacs)	Year ended 31.03.1997 (Rs.in Lacs)
a. Turnover	4050.37	2412.77
b. Other Income	42.47	6.36
Total	4092.84	2419.13
c. Manufacturing Exp. & Overheads	3598.47	2110.00
d. Depreciation	62.95	44.12
e. Interest	67.20	42.73
Total	3728.62	2196.85
f. Profit for the Year	364.21	222.28

The Company has made a Net Profit of Rs.364.21 lacs for the year ended 31st March, 1998, as against a Net Profit of Rs.222.28 lacs for the year ended 31st March,1997.

3. OUTLOOK FOR THE CURRENT YEAR

The Company has been getting regular enquiries.

4. EXPORTS

Export Turnover during the year 1997-98 was Rs.165.91 lacs as against Rs.23.62 lacs in the year 1996-97 which is around 7 times of 96-97 Export Turnover.

5. FIXED DEPOSIT

Your Company has not accepted any deposit from the public during the year.

6. HUMAN RELATIONS

The Directors wish to record the good efforts put in by the employees of the Company and all others.

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

Information relating to energy, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure I and forms part of this report.

8. AUDITORS

M/s N. Raja & Associates, Chennai, Auditors of the company will retire at the ensuing Annual General Meeting and are eligible for re-appointment.

9. PARTICULARS OF EMPLOYEES

Statement of particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, and forming part of the Director's Report for the financial year ended 31st March,1998 is not applicable since the gross remuneration of none of the employees attract the provision of Section 217(2A) of the Companies Act,1956.

10. DIVIDEND

With a view to conserve the resources for additional working capital requirements, no dividend has been recommended.

11. ACKNOWLEDGEMENT

The Company wishes to place on record their appreciation of the Co-operation and assistance of the Government, both State and Central. Your Directors thank the Bankers, Customers and Shareholders for their continuous support and co-operation.

For and on behalf of the Board of Directors

T.S. KRISHNAMOORTHY
Chairman.

Pondicherry
Date:31-08-98

INDO KOREA EXPORTS LTD.

ANNEXURE - I

Information as required under Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

- | | | | |
|----|---|---|-----|
| a) | Energy Conservation measures taken | : | Nil |
| b) | Additional investments and Proposal, if any being implemented for reduction of energy | : | Nil |
| c) | Impact of the measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost | : | Nil |
| d) | Total energy consumption and energy per unit of production are given in Annexure-II-Form A | | |

B. EFFORTS MADE IN TECHNOLOGY ABSORPTION are given in the

Annexure - II -Form B

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current Year	(Rs.lacs) Previous Year
a) Activities relating to exports	165.91	23.62
b) Earnings	Nil	Nil
c) Outgo	1.71	32.49

ANNEXURE II

FORM A (RULE 2)

Form of Disclosure of Particulars with respect of Conservation of Energy

A. Power and fuel consumption

1. Electricity	Current Year	Previous Year
a. Purchase		
Unit	1,13,872	2,13,135
Total Amount	1,70,809	3,19,703
Rate/Unit	1.50	1.50
b. Own generation		
i) Through diesel generator unit		
Units per ltr. of diesel oil Cost/unit	—	—
ii) Through steam turbine/generator Units		
Units per ltr. of fuel oil/gas cost/units	Nil	Nil
2. Coal (specify quality and where used)	Nil	Nil
Quantity (Tonnes)		
Total Cost		
Average rate		
3. Furnace oil		
Quantity (K.ltrs)		
Total amount	Nil	Nil
Average Rate		
4. Others/internal generation (please give details)		
Quantity	Nil	Nil
Total Cost		
Rate/unit		

B. Consumption per unit of production

Products (with details) unit	Standards (if any)
Electricity (Kwh)	Continuous process for all
Furnace Oil (K.ltrs)	Products item - wise details
Coal (Specify quality)(Tonnes)	not available/possible
Others (Specify)	

FORM B

Form for disclosure of particulars with respect to absorption

A Research and Development (R&D)

- | | | |
|----|--|--|
| 1. | Specific areas in which R & D carried out by the Company | Nil |
| 2. | Benefits derived as a result of the above R & D | Nil |
| 3. | Future plan of action | To develop a well laid out design studio for designing as per latest trends. |
| 4. | Expenditure on R & D | Nil |
| | a) Capital | |
| | b) Recurring | |
| | c) Total | |
| | d) Total R & D expenditure as a percentage of total turnover | |

B) Technology absorption, adaption and innovation

- | | | |
|----|---|-----|
| 1. | Efforts, in brief, made towards technology absorption, adaption and innovation | Nil |
| 2. | Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc., | Nil |
| 3. | In case of imported technology (Imported during the last 5 yrs reckoned from the the financial year) following information may be furnished. | |
| | a) Technology imported | |
| | b) Year of import | |
| | c) Has technology been fully absorbed? | |
| | d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. | |



INDO KOREA EXPORTS LTD.

AUDITORS REPORT

We have audited the attached Balance Sheet of INDO KOREA EXPORTS LIMITED, Pondicherry as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies(Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act,1956, we enclose in the Annexure - A Statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph - 1 above, we state that:
 - a) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) In so far as it relates to the Balance Sheet, of the State of affairs of the Company as at 31st March,1998 and
 - ii) In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **M/s. N. RAJA & ASSOCIATES**
Chartered Accountants

Pondicherry
Dated:31-08-98

N. RAJA
Partner.



ANNEXURE TO AUDITORS' REPORT DATED 30TH AUGUST, 1998
(INDO KOREA EXPORTS LIMITED, PONDICHERRY)

Referred to in paragraph 1 of our report of even date.

1. The Company has maintained proper records showing particulars. All the assets have not been physically verified by the management during the year but we have been informed that there is a regular programme of verification and there is no material discrepancies were noticed on verification.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, spare parts and raw materials have been physically verified during the year by the management, at reasonable intervals. In our opinion the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material.
6. We are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year and this being a technical matter, we have not verified them.
7. In our opinion the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the registers maintained under section 301 and from the companies under the same management are not prima facie, prejudicial to the interest of the company.
8. In respect of loans and advances in the nature of loans given by the company, parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest.
9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with size of the company and the nature of the business with regard to purchases of stores, raw materials including components, plant and machinery, equipments and other assets and with regard to the sale of goods.
10. In our opinion and according to the information and explanations given to us, the transactions of purchases of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and aggregating during the year to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
11. As explained to us, the company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. As explained to us by the company, no material unserviceable or damaged stores or finished goods were found during the year.
12. We have been informed that the company has not accepted any deposits from the public.
13. We have been informed that there is no realisable by-products and scrap.
14. The company did not have any formal Internal Audit System under review. However as explained to us its internal control procedures involves reasonable checking of its financial records which under the circumstances is considered adequate.
15. The Central Government has not prescribed the maintenance of stock records under section 209(1)(d) of the Companies Act 1956 for the company's products.
16. We have been informed that steps are being taken for the implementation of Employees State Insurance Scheme and PF.
17. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 1998 for a period of more than six months from the date they become payable.
18. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted practice.
19. The company is not a sick industrial company within the meaning of clause (0) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.

For M/s. N. RAJA & ASSOCIATES
Chartered Accountants

N. RAJA
Partner.

Pondicherry
Dated : 31-08-98

INDO KOREA EXPORTS LTD.

BALANCE SHEET AS AT 31ST MARCH 1998

	Schedule No.	Current Year 1997-98 Rs.	Previous Year 1996-97 Rs.
SOURCE OF FUNDS			
1. Shareholders Funds:			
Share Capital	1	10,60,41,000.00	10,60,41,000.00
Reserves & Surplus	2	7,11,38,019.11	3,47,16,494.33
		<u>17,71,79,019.11</u>	<u>14,07,57,494.33</u>
2. Loan Funds:			
Secured loans	3	5,25,15,683.57	1,99,53,412.00
		<u>5,25,15,683.57</u>	<u>1,99,53,412.00</u>
Total		<u>22,96,94,702.68</u>	<u>16,07,10,906.33</u>
APPLICATION OF FUNDS			
1. Fixed assets:			
Gross Block	4	5,14,73,495.81	4,23,52,448.60
Less: Depreciation		1,08,25,025.81	45,30,092.60
NET BLOCK		<u>4,06,48,470.00</u>	<u>3,78,22,356.00</u>
2. Investments		Nil	Nil
3. Current Assets, Loans & Advances			
a) Inventories	5	12,09,30,440.00	6,92,37,032.00
b) Sundry Debtors	6	3,59,63,843.10	2,74,44,158.80
c) Cash & Bank balances	7	2,48,224.35	2,86,640.63
d) Loans & Advances	8	2,61,45,981.39	2,12,51,431.65
		<u>18,32,88,488.84</u>	<u>11,82,19,263.08</u>
Less : Current Liabilities	9	11,29,112.16	42,63,407.75
		<u>18,21,59,376.68</u>	<u>11,39,55,855.33</u>
4. Miscellaneous Expenditure (To the extent not written off or adjusted)	10	68,86,856.00	89,32,695.00
Total		<u>22,96,94,702.68</u>	<u>16,07,10,906.33</u>
Notes to the accounts	15		

Schedules 1 to 15 annexed hereto form Part of these accounts.

for and on behalf of Board of Directors

T.S. Krishnamoorthy

N. Jaishankar

S.V. Laukar

Place : Pondicherry

Date : 31.08.98

As per our attached report of even date

for **M/s. N. Raja & Associates**
Chartered Accountants

N. Raja
Partner

ANNUAL REPORT 1997-98

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1998**

	Schedule No.	Current Year 1997-98 Rs.	Previous Year 1996-97 Rs.
INCOME			
Sales	11	40,50,36,500.57	24,12,77,405.30
Other Income	12	42,47,492.81	6,36,130.00
Total		<u>40,92,83,993.38</u>	<u>24,19,13,535.30</u>
EXPENDITURE			
Manufacturing and other expenses	13	35,98,46,833.05	21,09,99,661.70
Interest and other charges	15	67,20,702.34	42,73,385.73
Depreciation	4	62,94,933.21	44,11,766.55
Total		<u>37,28,62,468.60</u>	<u>21,96,84,813.98</u>
PROFIT FOR THE YEAR		3,64,21,524.78	2,22,28,721.32
Add : Balance brought forward		<u>3,27,16,494.33</u>	<u>1,04,87,773.01</u>
Total		<u>6,91,38,019.11</u>	<u>3,27,16,494.33</u>
Appropriations:			
Balance to Balance Sheet		6,91,38,019.11	3,27,16,494.33
Total		<u>6,91,38,019.11</u>	<u>3,27,16,494.33</u>
Notes to the Accounts	15		

for and on behalf of Board of Directors

T.S. Krishnamoorthy

N. Jaishankar

S.V. Laukar

Place : Pondicherry
Date : 31.08.98

As per our attached report of even date

for **M/s. N. Raja & Associates**
Chartered Accountants

N. Raja
Partner

INDO KOREA EXPORTS LTD.

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT - 1997-98

	Current year 1997-98 Rs.	Previous year 1996-97 Rs.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
120,00,000-Lakhs Equity Shares of Rs. 10/- each	12,00,00,000.00	12,00,00,000.00
Issued, Subscribed and Paid-up:		
36,50,000 Equity Shares of Rs.10/- each	3,65,00,000.00	3,65,00,000.00
69,54,100 Equity Shares of Rs.10/- each	6,95,41,000.00	6,95,41,000.00
Total	10,60,41,000.00	10,60,41,000.00

SCHEDULE - 2		
RESERVES AND SURPLUS		
General Reserves	20,00,000.00	20,00,000.00
Profit and Loss account	6,91,38,019.11	3,27,16,494.33
Total	7,11,38,019.11	3,47,16,494.33

SCHEDULE - 3		
SECURED LOANS		
Packing Credit A/c B.O.I.	2,33,47,317.00	—
Cash Credit (B.O.I.)	1,01,06,101.57	—
Term loan from Bank,		
Principal	1,52,90,812.00	
Int. Accrued & Due	37,71,453.00	
Total	1,90,62,265.00	1,99,53,412.00
	5,25,15,683.57	1,99,53,412.00

Notes:

Secured by hypothecation of movables, Plant and Machinery and Equitable Mortgage of Land & Buildings and guaranteed by Directors and Promoters in their personal capacities. Interest accrued and due is since paid.

SCHEDULE - 4
FIXED ASSETS

S. No.	Particulars	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
		Original Cost as at 1.4.97	Additions during 1997-98	Original Cost upto 31.3.98	Accumulated upto 31.3.97	Provisions during the year	Accumulated upto 31.3.98	As at 31.3.97	As at 31.3.98
1.	Land	15,68,000.00	8,500.00	15,76,500.00	0.00	0.00	0.00	15,68,000.00	15,76,500.00
2.	Buildings 10.00%	97,64,227.35	32,390.00	97,96,617.35	9,66,805.35	8,82,081.00	18,48,886.35	87,97,422.00	79,47,731.00
3.	Furniture & Fittings 18.10%	31,28,178.50	13,272.00	31,41,450.00	4,60,625.50	4,85,029.00	9,45,654.40	26,67,553.00	21,95,796.00
4.	Plant & Machinery								
4.1.	Machineries 13.91%	1,82,72,327.00	79,60,000.00	2,62,32,327.00	22,15,515.00	35,34,043.00	57,49,558.00	1,60,56,812.00	2,04,82,769.00
4.2.	Misc.Assets 13.91%	61,13,650.00	7,88,000.00	69,01,650.00	3,83,044.00	8,88,469.00	12,71,513.00	57,30,606.00	56,30,137.00
4.3.	Electrical Fittings 13.91%	28,65,658.05	3,18,885.21	31,84,543.26	2,82,345.05	3,96,923.21	6,79,268.26	25,83,313.00	25,05,275.00
4.4.	Vehicles 25.89%	6,40,407.70	0.00	6,40,407.70	2,21,757.70	1,08,388.00	3,30,145.70	4,18,650.00	3,10,262.00
	Total	4,23,52,448.60	91,21,047.21	5,14,73,495.81	45,30,092.60	62,94,933.21	1,08,25,025.81	3,78,22,356.00	4,06,48,470.00

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	Current year 1997-98 Rs.	Previous year 1996-97 Rs.		Current year 1997-98 Rs.	Previous year 1996-97 Rs.
SCHEDULE - 5 INVENTORIES			SCHEDULE - 12 OTHER INCOME		
Raw Materials	7,90,88,508.00	4,22,66,130.00	Job Work Receipt	38,80,283.81	--
Work-in-progress	2,21,30,271.00	1,08,51,250.00	Duty drawback received	3,67,209.00	6,36,130.00
Finished Goods	1,97,11,661.00	83,96,170.00	Total	42,47,492.81	6,36,130.00
Marktg. Dev. and R&D samples	---	77,23,482.00	SCHEDULE - 13 MANUFACTURING AND OTHER EXPENSES		
Total	12,09,30,440.00	6,92,37,032.00	Rawmaterials consumed	35,95,49,418.94	20,29,05,673.40
All materials are valued at average cost and cost wherever applicable.			Jobwork charges paid	19,206.39	--
SCHEDULE - 6 SUNDRY DEBTORS			Power and Fuel	7,55,720.00	6,04,575.00
(i) Secured - Considered good	--	--	Advertisement	10,701.00	2,90,642.40
(ii) Unsecured Considered good for which the Company holds no security other than debtors personal security:			Business promotion	21,43,974.61	28,76,652.90
Over six months	--	--	Electricity charges	1,70,809.00	3,19,703.00
Less than six months	3,59,63,843.10	2,74,44,158.80	Insurance charges	1,10,031.00	1,12,528.00
(iii) Bad or doubtful debts	--	--	Postage and Telegrams	1,22,082.35	1,04,056.75
Total	3,59,63,843.10	2,74,44,158.80	Printing and Stationery	1,87,463.70	83,200.15
SCHEDULE - 7 CASH AND BANK BALANCES			Professional and Consultancy	--	18,898.00
Cash on hand	1,08,952.82	98,265.14	Rent	3,96,075.00	2,03,250.00
Balance with Scheduled Banks	1,39,271.53	1,88,375.49	Repairs and Maintenance		
Total	2,48,224.35	2,86,640.63	- Building	65,450.00	87,280.20
SCHEDULE - 8 LOANS AND ADVANCES			- Machinery	2,38,266.00	2,56,967.30
Advances - Deposits :			- Electrical items	34,550.00	99,967.70
Advances to Suppliers	2,51,40,040.57	2,04,73,589.65	- Others	2,47,946.58	1,22,990.75
Electricity Deposit	55,165.00	55,165.00	Audit Fees	19,000.00	7,000.00
Bank Deposit BOI	7,21,800.00	--	Carriage outward	94,612.00	--
TDS	1,03,445.82	2,147.00	Salaries and Wages	61,19,550.00	56,99,550.65
Security Deposit	25,530.00	25,530.00	Security Service charges	1,70,167.00	1,00,000.00
Security Deposit-MSE Ltd.	1,00,000.00	6,95,000.00	Staff Welfare expenses	9,01,695.00	8,58,758.40
Total	2,61,45,981.39	2,12,51,431.65	Sundry expenses	28,666.25	95,516.70
Above deposits and advances are Unsecured - considered good - Recoverable in cash or in kind or value to be received.			Telephone and trunkcalls	1,48,118.91	2,65,029.50
SCHEDULE - 9 CURRENT LIABILITIES			Travelling and conveyance	9,38,080.00	8,52,800.80
Sundry creditors	7,93,790.91	29,26,872.75	Service charges	20,190.32	1,08,000.00
Outstanding Liabilities	3,35,321.25	13,36,535.00	Share Transfer Fees	97,500.00	54,093.00
Total	11,29,112.16	42,63,407.75	Annual Listing Fees	82,750.00	--
SCHEDULE - 10 MISCELLANEOUS EXPENDITURE			Total	37,26,72,024.05	21,61,27,134.60
Share issue expenses	42,52,827.00	47,38,710.10	Increase/Decrease in stock of		
Less: Written off @ 10%	4,85,883.00	4,85,883.10	WIP and Finished Goods :		
Total	37,66,944.00	42,52,827.00	Opening WIP	1,08,51,250.00	
Revenue Expenses on :			Opening FG	83,96,170.00	
Market development and samples	35,63,292.00	47,51,056.00	Markg. Devt. & R&D Samples	77,23,482.00	
Research and development	11,16,576.00	14,88,768.00		<u>2,69,70,902.00</u>	
	46,79,868.00	62,39,824.00	Less: Closing WIP	2,21,30,271.00	
Less: Written off @ 10%	15,59,956.00	15,59,956.00	Closing FG	1,97,11,661.00	
	31,19,912.00	46,79,868.00	Markg. Devt. & R&D samples	--	
Total	68,86,856.00	89,32,695.00		4,18,41,932.00	(1,48,71,030.00) (71,73,312.00)
SCHEDULE - 11 SALES			Miscellaneous expenses written off	20,45,839.10	20,45,839.10
Export Sales	1,65,91,294.00	23,62,140.00	Total	35,98,46,833.05	21,09,99,661.70
Local Sales	38,84,45,206.57	23,89,15,265.30	SCHEDULE - 14 INTEREST AND OTHER CHARGES :		
Total	40,50,36,500.57	24,12,77,405.30	Bank Charges	2,03,368.00	1,04,863.73
			Bank Interest	65,17,334.34	41,68,522.00
			Total	67,20,702.34	42,73,385.73

INDO KOREA EXPORTS LTD.

SCHEDULE - 15

NOTES ON ACCOUNTS:

1. Capacity, Production, Stocks, Sales and Consumption

a) Quantitative information in respect of goods produced. (in lacs)

Item	Unit	Capacity per Annum				Production	
		Licenced		Installed		97-98	96-97
Leather Garments	Pieces	97-98	96-97	97-98	96-97	97-98	96-97
		1.44	1.44	1.44	1.44	1.15	1.01
Leather Purses	Pieces	3.00	3.00	3.00	3.00	2.56	2.10
Leather Handbags	Pieces	0.90	0.90	0.90	0.90	0.81	0.63

b) Stock of Finished Goods/Sales

Stock of Finished Goods						Sales			
Items	Units	31.03.1998		31.03.1997		31.03.1998		31.03.1997	
		Qty. in lacs	Rs. in Lacs	Qty. in lacs	Rs. in Lacs	Quantity	Rs. in Lacs	Quantity	Rs. in Lacs
Garments	Pieces	0.16	157.75	0.05	67.17	1.13	3045.91	1.00	2101.00
Purses	Pieces	0.11	22.20	0.12	12.30	2.56	511.50	2.11	209.33
Handbags	Pieces	0.03	17.17	0.02	4.49	0.82	412.95	0.36	107.27
			197.12		83.96		4050.36		2417.60

c) Raw Materials consumed:

Item	Unit	1997-98		1996-97	
		Qty in lacs	Rs. in lacs	Qty in lacs	Rs. in lacs
Leather	Sft	85.61	3595.49	49.48	2029.05

Above details are as certified by the management not verified by the Auditors being technical matters.

2. SIGNIFICANT ACCOUNTING POLICIES

- Fixed Assets
Cost comprises the purchase price and any other attributable cost of bringing the assets to its working condition for the intended use. Depreciation has been calculated on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956. Fixed Assets are stated at cost less accumulated Depreciation.
- Contingent Liabilities :
In the opinion of the Board of Directors there are no contingent liabilities.
- Income from operation:
Income is accounted for on accrual basis except in certain cases where cash system followed.
- Foreign Currency transactions :
All Payments/Receipts in foreign currency are translated into Rupees at the rate at which they are accounted for by the banks.

3. NOTES TO THE ACCOUNTS

	Current Year 1997-98	Previous Year 1996-97
i) Expenditure in Foreign Currency (C.I.F.)		
Capital Goods	—	32,48,659.00
Revenue Expenses	1,71,330.00	—
ii) Earnings in Foreign Exchange - Exports (F.O.B.)	1,65,91,294.00	23,62,140.00
iii) Payment to Auditors		
Audit Fees	7,000.00	7,000.00
Tax Audits	7,000.00	—
Taxation Service	5,000.00	—
iv) In the opinion of the Board and to the best of its knowledge the value of realisation of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.		
v) No Provision for Taxation has been considered necessary in view of the deductions under chapter VIA of the Income Tax Act, 1961.		
vi) Previous figures have been given wherever available and regrouped wherever necessary to confirm to this year's classifications.		

for and on behalf of Board of Directors.

T.S. Krishnamoorthy

for M/s. N. Raja & Associates
Chartered Accountants

N. Jaishankar

S.V. Laukar

Place : Pondicherry
Date : 31.08.98

N. Raja
Partner

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

(Information furnished as per part IV, Schedule VI of the Companies Act, 1956)

I. Registration:

Registration Number	922/1993
Balance Sheet Date	31.03.98
State Code	59

II. Capital Raised during the year (Amount Rs. in thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	2,29,695	Total Assets	2,29,695
Sources of Funds:			
Paid up Capital	1,06,041	Reserves & Surplus	71,138
Secured Loans	52,516	Unsecured Loans	NIL
Application of Funds:			
Net Fixed Assets	40,649	Investments	NIL
Net Current Assets	1,82,159	Misc. Expenditure	6,887
Accumulated Losses	NIL		

IV. Performance of Company (Amounts in Rs. Thousands)

Turnover	4,09,284	Total Expenditure	3,72,862
Profit before Tax	36,422	Profit after Tax	36,442
Earnings per share (Not Annualised)	3.43	Dividend rate	NIL

V. Generic Names of Four principal Products/Services of Company (As per monetary terms)

Item Code No. (ITC Code)	42 03 10 01
Product Description	Leather Articles of Apparel - Jackets
Item Code No. (ITC Code)	42 02 21 01
Product Description	Handbags of Leather
Item Code No. (ITC Code)	42 02 31 02
Product Description	Wallets and Purses of Leather

for and on behalf of Board of Directors

T.S. Krishnamoorthy**N. Jaishankar****S.V. Laukar**Place : Pondicherry
Date : 31.08.98for M/s. N. Raja & Associates
Chartered Accountants**N. Raja**
Partner

INDO KOREA EXPORTS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 1998

	1997-98	1996-97
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax, Appropriations and Extra-ordinary items	3,64,21,524.78	2,22,28,721.32
Adjustments for non-cash items:		
Depreciation	62,94,933.21	44,11,766.55
Miscellaneous expenses written off	20,45,839.00	20,45,839.10
	<u>4,47,62,296.99</u>	<u>2,86,86,326.97</u>
Operating Profit before Working Capital changes		
Adjustments for Working Capital Changes:		
Trade payables and other	(31,34,295.59)	39,44,427.50
Inventories	(5,16,93,408.00)	3,83,61,032.00
Trade and Other receivables	(1,34,14,234.04)	4,09,21,493.45
	<u>(6,82,41,973.63)</u>	<u>7,53,38,097.95</u>
Cash generated from operations	(2,34,79,640.64)	4,66,51,770.98
Taxation	—	—
Cash flow before adjustments relating to earlier years	(2,34,79,640.64)	4,66,51,770.98
Adjustment relating to earlier year	—	—
Net Cash From Operating Activities	<u>(2,34,79,640.64)</u>	<u>4,66,51,770.98</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(91,21,047.21)	(1,34,99,512.65)
Share Issue Expenses Capitalised	—	(36,57,648.10)
Marketing Development	—	—
	<u>(91,21,047.21)</u>	<u>(1,71,57,160.75)</u>
Loans and Advances	Nil	Nil
Dividend received	Nil	Nil
Interest received	Nil	Nil
Net Cash Used in Investing Activities	<u>(91,21,047.21)</u>	<u>(1,71,57,160.75)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of Share Capital Equity	Nil	6,06,36,000.00
Proceeds from Long Term Borrowings		
- Secured Borrowings	3,25,62,271.57	12,09,313.00
- Unsecured Borrowings	Nil	Nil
Repayment of Long Term Borrowings		
- Secured Borrowings	Nil	Nil
- Unsecured Borrowings	Nil	(11,24,791.06)
Dividends Paid	Nil	Nil
NET CASH USED IN FINANCING ACTIVITIES	<u>3,25,62,271.57</u>	<u>6,07,20,521.94</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(38,416.28)	30,88,409.79
CASH AND CASH EQUIVALENTS OPENING BALANCE	2,86,640.63	33,75,050.42
CASH AND CASH EQUIVALENTS CLOSING BALANCE	2,48,224.35	2,86,640.63

for and on behalf of Board of Directors

As per our attached report of even date
for **M/s. N. Raja & Associates**
Chartered Accountants

T.S. Krishnamoorthy
Dated: 31-08-98

N. Jaishankar

S.V. Laukar

N. Raja
Partner

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement of Indo Korea Exports Limited derived from the audited financial statements for the year ended 31st March, 1998 and found the same to be drawn in accordance therewith and also with requirements of clause 32 of the listing agreements.

For **INDO KOREA EXPORTS LIMITED**

for **M/s. N. Raja & Associates**
Chartered Accountants

Place : Pondicherry
Dated: 31-08-98

T. S. Krishna
President

N. Raja
Partner

INDO KOREA EXPORTS LIMITED

Regd. Office : 5/3, Villupuram Main Road, Vadamangalam, Pondicherry - 605 102

ATTENDANCE SLIP

No. of Shares held :	
----------------------	--

Regd. Folio No :	
------------------	--

Name and Address of the Shareholder :

I hereby record my presence at the **5th Annual General Meeting** of the Company.

Venue : 5/3, Villupuram Main Road, Vadamangalam, Pondicherry.

Date : Saturday, the 26th September 1998 at 11.00 A.M.

Note :

1. This slip may please be handed over at the entrance of the Meeting Hall.
2. Only Shareholders/Proxies will be allowed to attend the meeting.

Signature of Member/Proxy

----- (Tear here) -----

INDO KOREA EXPORTS LIMITED

Regd. Office : 5/3, Villupuram Main Road, Vadamangalam, Pondicherry - 605 102

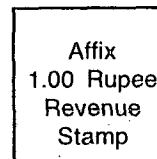
PROXY FORM

No. of Shares held :	
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Regd. Folio No :	
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I/We of
 being a member/member(s) of Indo Korea Exports Limited hereby appoint
 of or failing him / her
 of as my/
 our Proxy to attend and vote for me/us on my/our behalf at the **5th Annual General Meeting** of the Company to be held
 on Saturday the 26th September 1998 at 11.00 A.M. or at any adjournment thereof.

Signed this day of 1998.



No. of shares held :

Signature of Member

Notes : Completed Proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting

BOOK - POST

To



If Undelivered please return to :

INDO KOREA EXPORTS LIMITED

5/3, Villupuram Main Road, Vadamangalam,
Pondicherry - 605 102