

# 1999-2000

17<sup>th</sup> ANNUAL REPORT



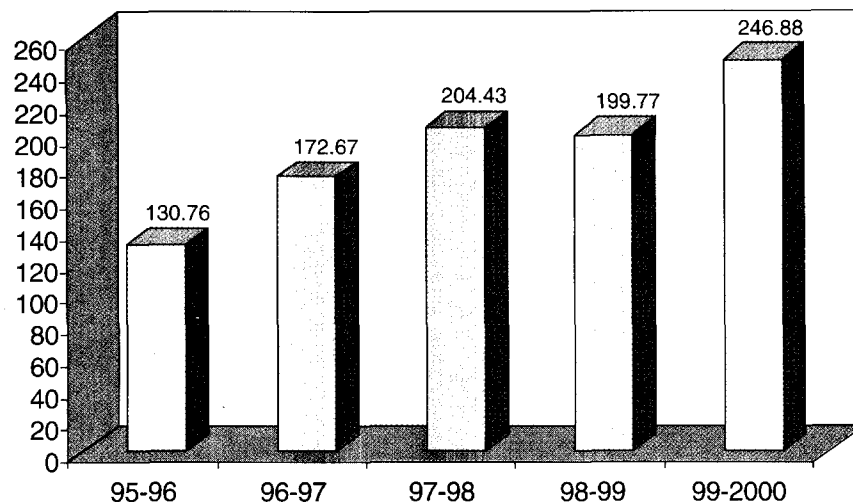
AARTI INDUSTRIES LIMITED

MEMBER AARTI GROUP

## AARTI INDUSTRIES LIMITED

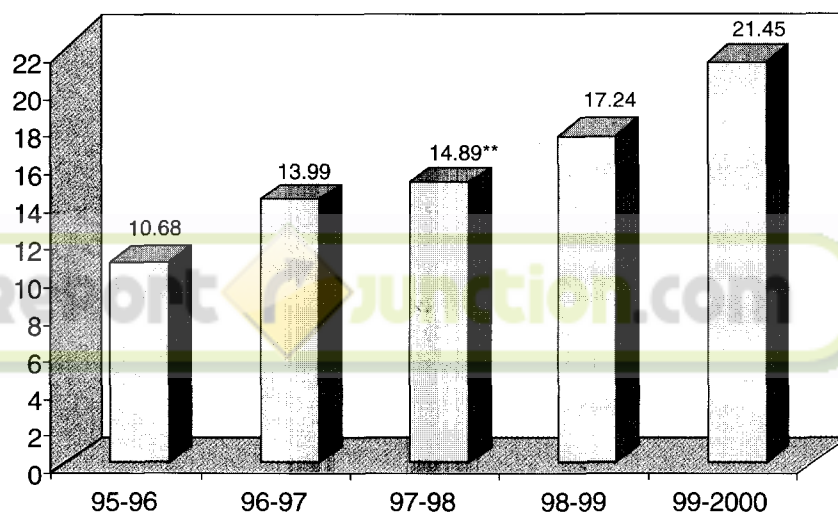
### TURNOVER

(Rs. in crores)



### NET PROFITS

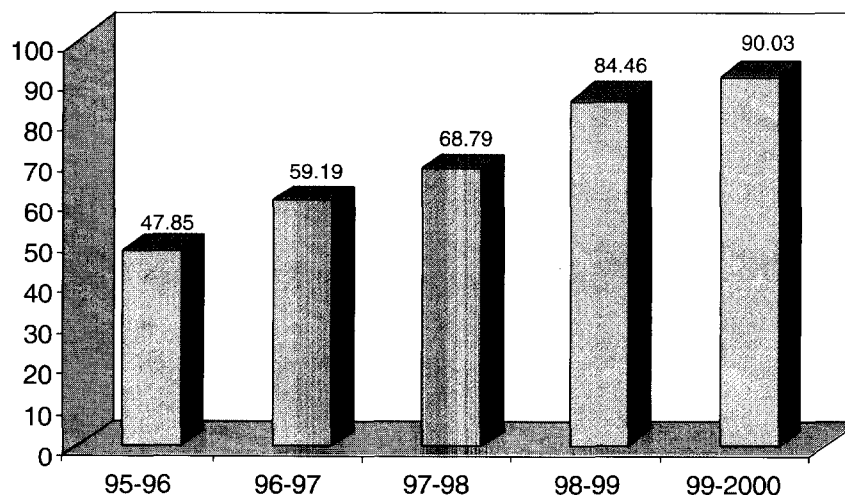
(Rs. in crores)



PAT\*

### NETWORTH

(Rs. in crores)



\* Profit after Tax

\*\* Profit after Tax but before adjustment of extra-ordinary loss of Rs. 2.53 crores due to accident

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**Attention Members**

**Secretarial Department of the Company has been shifted to Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, L.B.S. Marg, Mulund (W), Mumbai - 400 080.**

**Working Days : Monday to Saturday  
(Except Fourth Saturday)**

**Visiting Hours : 9.30 a.m. to 12.30 p.m.  
2.00 p.m. to 4.00 p.m.**

**DIRECTORS**

CHANDRAKANT V. GOGRI, Chairman  
 RAJENDRA V. GOGRI, Managing Director  
 SHANTILAL T. SHAH, Joint Managing Director  
 PARIMAL H. DESAI, Wholetime Director  
 RAMDAS M. GANDHI  
 VIJAY H. PATIL  
 LAXMICHAND K. JAIN  
 MANOJ M. CHHEDA, Wholetime Director  
 RASHESH C. GOGRI, Wholetime Director  
 RAVINDRA P. GOKHALE, Nominee Director – ICICI

**COMPANY SECRETARY**

MOHAN P. SONAR

**AUDITORS**

MESSRS. PARIKH JOSHI & KOTHARE  
 49/2341, SHRI SAI KRIPA CO-OP. HSG. SOC.  
 M.H.B. COLONY, GANDHI NAGAR,  
 BANDRA (EAST), MUMBAI-400 051.

**BANKERS**

BANK OF BARODA  
 UNION BANK OF INDIA  
 STATE BANK OF INDIA

**REGISTERED OFFICE**

PLOT NOS. 801, 801/23,  
 GIDC ESTATE, PHASE III,  
 VAPI-396 195, DIST. VALSAD  
 GUJARAT

**ADMINISTRATIVE / SECRETARIAL OFFICE**

UDYOG KSHETRA  
 IIND FLOOR, L.B.S. MARG,  
 MULUND-GOREGAON LINK ROAD  
 MULUND (W), MUMBAI 400 080

**NOTE:**

Shareholders are requested to bring their copy of the Annual Report along with them as the same will not be distributed at the Meeting.



## NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of AARTI INDUSTRIES LIMITED will be held at the Registered Office of the Company at Plot Nos. 801, 801/23, GIDC Estate, Phase - III, Vapi - 396 195, Dist. Valsad, Gujarat, on Friday, 16th June, 2000 at 9.30 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive consider and adopt the Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri. Shantilal T. Shah, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. Manoj M. Chheda, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Ramdas M. Gandhi, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered and extended by inserting the following sub clauses as new sub-clauses (94) to (97) immediately after the existing sub-clause 93 of Clause IIIC of the Memorandum of Association of the Company:

94. To carry on the business of developers, designers, manufacturers, assemblers, repairers, servicers, researchers, discoverers, maintenance engineers, buyers, sellers, publishers, importers, exporters, agents, licensors, hirers, consultants/ advisors and dealers in all types of Information Technology (IT) and IT related, hardware and hardware related, software and software related research and development, consultations, publication, education, training and services, intellectual capital i.e. man power development, training and deployment in the field of Information Technology (IT) products or related services; software tools and application or turnkey convergent technologies, integration software services/products, telecommunications and telecommunications related, communication systems, satellite and satellite related, network and networking related, Internet and Internet related activities including Internet Service Providers (ISP), internet strategies and consulting related software development either as products or on turnkey basis Web designing/hosting on net and web related, use and development of convergent technologies for IT/Internet/entertainment, telecommunications, multimedia, Graphics/CAD/CAM/GIS; local/international vendor representation/ franchisee business/commerce and E-business/commerce related including, in particular, developing

E-commerce platform, data processors and developing dynamic database driven electronic commerce sites and systems for sales, fulfillment, financial and customer services and products over the internet, building e-commerce portal, sell and promote products and business of clients, building portals which feature online shopping malls, business to customer services, business to business and complements of news, information, intermediation in selling products/services online, research in such products/services, consultancy and dealing/manufacturing/ buying /selling /importing / exporting etc. in computer hardware and software and generally to carry on the business related to computers, computing, IT both in India and overseas.

95. To produce, manufacture, buy, sell, import, export, stock, distribute and deal in all kinds of pharmaceutical products including bulk drugs and formulation chemicals, medicinal preparation, intravenous fluids, infusion and transfusion solutions, vitamin and non vitamin tablets, capsules, liquids and also medical equipments/instruments such as disposable plastic bottles, surgical sets, infusion and transfusion sets, disposable syringes, diagnostic kits.

96. To carry on either as manufacturers, processors, traders, dealers, exporters, importers, consignees, consignors, principals, warehousing agents, commission agents, owners, agents, conductors, loan licensors, loan licensees, repackers, or factors, and either wholesale or retail, of chemicals, bulk drugs, chemical intermediaries, and other pharmaceutical and veterinary products including allopathic, ayurvedic, homeopathic and/or Unani or Combinations thereof, patent medicines, scientific, chemical, organic, inorganic, biological, immunological, and therapeutic and surgical preparations, antibiotics, herbal and veterinary medicines, surgical equipments.

97. To establish, erect, construct, purchase, self, manage, run upgrade and/or modernise hospitals, nursing homes, health centers, research and/or diagnostic centers, laboratories in and out of India. To install, develop, invent, import, export, buy, sell, manufacture, assemble all equipments, tools etc, in the said hospitals or otherwise in any center or hospitals. And to act and work as consultants in medical profession in India or in any part of the world".

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

"RESOLVED THAT pursuant to the provisions of Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for commencing and undertaking all or any of the business specified in the newly introduced sub-clauses (94) to (97) of Clause IIIC of the Memorandum of Association of the Company as and when deemed fit by the Board of Directors upon the aforesaid sub-clauses becoming effective."

#### Registered Office:

Plot Nos. 801, 801/23,  
GIDC Estate, Phase-III,  
Vapi - 396 195,  
Dist. Valsad, Gujarat.

Place: Mumbai  
Dated: 18th April, 2000.

#### BY ORDER OF THE BOARD OF DIRECTORS

Sd/-  
**MOHAN P. SONAR**  
COMPANY SECRETARY



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## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business at items Nos. 6 and 7 above is annexed hereto.
3. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of the Annual General Meeting.
4. Members are requested to notify immediately any change in their address to the Company's Secretarial Department at Udyog

Kshetra, 2nd Floor, L.B.S. Marg, Mulund-Goregaon Link Road, Mulund (West), Mumbai - 400 080.

5. The Register of member and Share Transfer Books of the Company will remain closed on Monday, 29th May, 2000.
6. Members/Proxies should bring the admission slip duly filled in for attending the meeting.

**Registered Office:**

Plot Nos. 801, 801/23,  
GIDC Estate, Phase-III,  
Vapi - 396 195,  
Dist. Valsad, Gujarat.

Place: Mumbai

Dated: 18th April, 2000.

**BY ORDER OF THE BOARD  
OF DIRECTORS**

Sd/-  
**MOHAN P. SONAR**  
COMPANY SECRETARY

## ANNEXURE TO NOTICE

**Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.**

**ITEM NO. 6**

In order to diversify into certain new business ventures, your Directors have been always considering various proposals. The Directors have considered to enter at right times in to fields of information technology bulk drugs, pharmaceuticals, formulations and medical equipments, etc. having regard to vast growth opportunities in these field.

In view of these and to enable the Board of Directors to venture into the said new areas of operations as and when deemed fit by it, amendments are proposed by way of additions to the Object Clause in the Memorandum of Association as set out in the draft resolution at Item No.6 of the accompanying Notice.

Your Directors are of the view that it will be beneficial for the Company and the Shareholders that the Company should diversify its activities. Your Directors are also of the view that the proposed additional objects may conveniently and advantageously be combined with the existing business of the Company.

Your Directors recommend the resolution set out at Item No.6 for your consideration and approval .

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

A copy of the Memorandum of Association together with all the proposed amendments is available for inspection at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on any

working day except Saturdays upto the date of the Annual General Meeting.

**Item No.7**

As per provisions of Section 149 (2A) of the Companies Act, 1956, approval of the Shareholders in General Meeting is required for commencement of any business as set out in the Other Objects under Clause IIIC of the Memorandum of Association.

As a matter of expediency approval of the shareholders is sought to enable the Directors at such time or times as they may consider appropriate and in the interest of the Company to commence and undertake all or any of the business specified in the newly introduced sub-clauses (94) to (97) of the Objects Clause IIIC of the Memorandum of Association of the Company upon the aforesaid sub clauses becoming effective.

Your Directors recommend the resolution at Item No. 7 for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

**Registered Office:**

Plot Nos. 801, 801/23,  
GIDC Estate, Phase-III,  
Vapi - 396 195,  
Dist. Valsad, Gujarat.

Place: Mumbai

Dated: 18th April, 2000.

**BY ORDER OF THE BOARD  
OF DIRECTORS**

Sd/-  
**MOHAN P. SONAR**  
COMPANY SECRETARY

## THE EQUITY SHARES OF THE COMPANY ARE LISTED ON:

1. The Stock Exchange, Mumbai, Phiroze Jeebhoy Towers, Dalal Street, Fort, MUMBAI - 400 023.
2. National Stock Exchange of India Ltd., Capital Market - Listing, Trade World, Senapati Bapat Marg, Lower Parel, MUMBAI - 400 013.

3. The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahjanand College, Near Polytechnic, Panjarapole, AHMEDABAD - 380 015.
4. The Vadodara Stock Exchange Ltd., Fortune Tower, P.O. Box - 2547, Sayaji Ganj, BARODA - 390 005.
5. The Delhi Stock Exchange Assocn. Ltd., West Plaza, I.G. Stadium, NEW DELHI - 110 002.

The Company has paid the Annual Listing fees to all the above Stock Exchange within the prescribed time.



## DIRECTORS' REPORT

### TO THE MEMBERS OF AARTI INDUSTRIES LIMITED

The Directors are pleased to present this Seventeenth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2000.

#### 1. FINANCIAL RESULTS

	(Rupees in Lakhs)	
	1999-2000	1998-99
Gross Profit before Depreciation, Interest and Tax	4940	3868
Less : Depreciation	1008	672
Interest	1137	1194
<b>Profit before Tax</b>	<b>2795</b>	<b>2002</b>
Provision for taxation	650	255
<b>Profit after tax</b>	<b>2145</b>	<b>1747</b>
<b>Appropriations :</b>		
Transfer to General Reserve	250	150
Proposed Dividend		
1st Interim Dividend	174	—
2nd Interim Dividend	232	—
Final Dividend	—	314
Tax on Proposed Dividend	45	35
Profit & Loss A/c balance carried to Balance Sheet	5364	5320

#### 2. DIVIDEND

Your Company had declared a first interim dividend of 15% and second interim dividend of 20%. In view of the dividends already declared by the Company, the Board does not recommend any further dividend for the year under review.

#### 3. OPERATIONS

##### Organic Division

The Company's Organic Chemical Division achieved aggregate sales of Rs.191.31 crores (previous year Rs. 152.79 crores). During the year Company has increased its capacity of Para Nitro Chloro Benzene/ Ortho Nitro Chloro Benzene (PNCB/ ONCB) from 22,000 TPA to 30,000 TPA. This increase in capacity was due to the expansion and debottlenecking exercises carried out by the Company at its unit at Vapi Gujarat. This has increased the production of PNCB/ONCB to 24032 MT from 16084 MT last year. The Company has also increased its production of downstream products from 12,276 MT to 18347 MT.

##### Acid Division

During the year, your Company manufactured 1,19,795 tons of Sulphuric Acid & Allied products (previous year 99,927 tons). The Company's Acid Division made aggregate sales of Rs.52.12 crores (previous year Rs. 40.78 crores).

#### 4. CREDIT POLICY

Your Company is making conscious efforts to reduce level of debtors. As a result during the year debtors has reduced from 68.78 Crores to 63.72 Crores inspite of increase of 25% in sales.

#### 5. EXPORTS

During the year your Company achieved export sales of Rs. 81.64 crores (previous year Rs. 68.95 crores) registering a

growth of 18%. Efforts are being made to further boost export sales of the Company.

#### 6. FUTURE PLANS

The Company is implementing an expansion project for the manufacture of Nitroaromatics at a new location at GIDC Industrial Estate, Jhagadia, Dist. Bharuch, Gujarat. The Company proposes to set up new capacities in its range of nitroaromatic product. As a part of this project the Company proposes to set up hydrogenation facilities using the latest technology. The project is proposed to be implemented phase wise and commercial production is also expected to commence phase wise ranging from August, 2000 to September, 2001.

The Company also envisages foray into new areas of bulk pharmaceuticals, branded and OTC formulations through its Subsidiary Company Alchemie Drugs Ltd. (ADL). Further to reflect the core business activity of this subsidiary, it has been decided to change its name to "Aarti Healthcare Limited". The Company proposes to make investments to the tune of about 5 Crores, during the year 2000-2001, in ADL, to set facilities to manufacture bulk drugs and pharmaceutical formulations.

#### 7. RESEARCH AND DEVELOPMENT

Your Company is setting up research and development centers at two different locations. Work pertaining to civil construction and procurement of equipments and building team of qualified technical personnel is in its well advanced stage. Research and development aimed towards development of Novel drugs delivery systems, bulk pharmaceuticals and speciality chemicals are the areas where in the Company envisages opportunities for its future growth.

#### 8. DEPOSITORY SYSTEM

The Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for admission of securities into CDSL. The SEBI vide its press release No. PR.35/2000 dated February 8, 2000 has decided to add the name of the Company for compulsory dematerialisation trading of the shares by institutional investors with effect from 15.5.2000. The Shares of the Company are already available for trading in dematerialisation form on the National Securities Depository Services Limited (NSDL) to investors.

#### 9. BUYBACK OF SHARES

The paid up capital of the Company has been reduced to Rs. 11,62,23,790/- on account of buy back of 11,954 Equity Shares of Rs. 10/- each at the price of Rs. 42/- (including premium) per share on 12th November, 1999.

#### 10. SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts alongwith the reports of the Board of Directors of Alchemie Drugs Limited, and Avinash Drugs Limited and the respective Auditors' Reports thereon for the year ended 31st March, 2000 and that of Alchemie Europe Limited for the period ended 30th November, 1999 and Aarti Corporate Services Limited for the period ended 31st December, 1999 are annexed.

#### 11. DISCLOSURE OF PARTICULARS

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure 'A' forming part of this report.

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**12. PARTICULARS OF EMPLOYEES**

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure 'B' to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the secretary at the Registered Office of the Company.

**13. DIRECTORS**

Shri. R.P. Gokhale has been appointed as Nominee Director of ICICI Ltd. in place of Mrs. Neela T. Javeri w.e.f. 2/03/2000. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. Shantilal T. Shah, Shri. Manoj M. Chheda and Shri. Ramdas M. Gandhi retire by rotation and are eligible for reappointment.

**14. AUDITORS**

Messrs Parikh Joshi & Kothare, Auditors of the Company retire and are eligible for reappointment. You are requested to appoint Auditors and fix their remuneration.

**15. INDUSTRIAL RELATIONS**

Cordial industrial relations continued to prevail throughout the year under review.

**16. ACKNOWLEDGEMENT**

The Directors would like to place on record their appreciation for the valuable co-operation extended to the Company by the employees of the Company, Government Departments, Lending Institutions, Bankers, Suppliers and Customers for the smooth operation of the Company.

**FOR AND ON BEHALF OF THE BOARD**

PLACE : MUMBAI  
DATED : 18TH APRIL, 2000

Sd/-  
**CHANDRAKANT V. GOGRI**  
CHAIRMAN

**ANNEXURE 'A' TO DIRECTORS' REPORT****ADDITIONAL INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****1. CONSERVATION OF ENERGY****a. ENERGY CONSERVATION MEASURES TAKEN**

- Utility heat from condensate water.
- Reducing the HP of motors wherever possible.
- Improvements in low temperature insulation.
- Periodic deaeration of Boiler.

**b. Additional Investments & Proposals, if any, being implemented for Reduction of Consumption of Energy: Nil.****c. The adoption of energy conservation measures indicated above result in savings in the cost of production.****d. Total energy consumption and energy consumption per unit of Production.****I POWER AND FUEL CONSUMPTION**

	Current Year	Previous Year
<b>1. Electricity</b>		
a) Purchased Units (KWH)	1,97,23,009	1,64,25,855
Total Amount (Rs.)	9,21,94,011	7,02,11,329
Rate/Unit (Rs.)	4.67	4.27
b) Own Generation Through Diesel Generator Units	2,19,688	3,34,848
Total Amount (Rs.)	12,53,896	13,74,258
Rate/Unit (Rs.)	5.71	4.10
OR		
Through Steam Turbine Generator Units	Nil	Nil
<b>2. Coal</b>	Nil	Nil
<b>3. Furnace Oil/L.D.O.</b>		
Qty. (Ltrs.)	1,05,10,290	85,32,815
Total Amount (Rs.)	9,82,74,862	5,17,07,355
Avg. Rate (Rs.) (per Ltrs.)	9.350	6.0598

**II CONSUMPTION PER UNIT OF PRODUCTION**

	Current Year	Previous Year
Units of Production	kg	kg
Electricity (Units/kg)	0.122*	0.128*
Furnace Oil/L.D.O. (Ltrs./kg)	0.065*	0.067*

\* There is no specified standard.

**2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION****(A) Efforts in brief made towards technology absorption, adaptation and innovation.****(I) Completion of PNCB/ONCB expansion project with Company's inhouse indigenous technology.**

Forward Integration for downstream products expansion also with inhouse technology.

Continuous endeavour to improve product quality and process yields.

**(B) Benefits derived as a result of above efforts.**

Lower project costs for expansion.

Value addition

Exports of higher value added products resulting in increased foreign exchange earning.

**(C) Information regarding technology imported during the last 5 years : Nil.****3. TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO**

	Current Year	Previous Year
(Rs.in Lakhs)		
Total Foreign Exchange used	1210.17	1200.39
Total Foreign Exchange earned	7688.83	6390.59
CIF Value of Imports:		
Raw Material	946.66	858.18
Consumables Stores & Spares	2.50	16.45
Capital Goods	2.95	Nil
Commission on Export Sales	98.08	87.08
Import of goods for resale	5.94	167.11
Expenses in foreign Currency	154.04	71.57

**FOR AND ON BEHALF OF THE BOARD**

PLACE : MUMBAI  
DATED : 18TH APRIL, 2000

Sd/-  
**CHANDRAKANT V. GOGRI**  
CHAIRMAN



## AUDITORS' REPORT

The Members,  
Aarti Industries Limited  
Vapi

We have audited the attached Balance Sheet of AARTI INDUSTRIES LIMITED as at 31st March, 2000 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report as under :

I. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and explanations given to us and on the basis of such checks as we considered appropriate, we have to state that :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that the assets have been physically verified by the management at reasonable intervals having regard to the size of the Company and the nature of its assets. We are also informed that no material discrepancies were noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. The stocks of raw materials, finished goods, stores and spare parts have been physically verified by the management at reasonable intervals during the year.
4. In our opinion and according to the information and explanations given to us, the procedures for 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 physical verification of stocks as compared with book records were not material and have been properly dealt with in the books of account.
6. In our opinion and on the basis of our examination of stock records, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles.
7. The Company has taken unsecured loans from a company, listed in the register maintained under Section 301 of Companies Act, 1956. In our opinion the terms and

condition of the loan are not prima facie prejudicial to the interest of the company. We are informed that there are no companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.

8. The Company has not granted loans to companies, and other parties listed in the register maintained under Section 301 of Companies Act, 1956. We are informed there are no companies under the same management as defined in Section 370 (1B) of the Companies Act, 1956.
9. The Company has given loans including advances in the nature of loans to companies, firms and other parties without stipulation of period for repayment of principal and loans in the normal course of business of the Company to employees. In the absence of any stipulation, we are unable to comment on the recovery of the principal amounts. However, the recovery from employees is effected out of their remuneration.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of raw materials, components, stores, plant and machinery, equipment and other assets and with regard to the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase 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 or materials or the prices at which transactions for similar goods or materials have been made with other parties.
12. As explained to us, there were no unserviceable or damaged stores, raw materials or finished goods during the year.
13. The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 as amended.
14. The Company has maintained reasonable records for sale and disposal of realisable by-products and scrap.



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15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
16. The Company has maintained cost records as required under Section 209(1)(d) of the Companies Act, 1956. We have not, however, carried out a detailed examination of such records.
17. According to the information and explanations given to us and according to the records of the Company, provident fund and Employees' State Insurance dues, where applicable, have generally been regularly deposited during the year with the appropriate authorities.
18. We are informed that there were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty outstanding as at 31st March, 2000 for a period of more than six months from the date they become payable.
19. As appears from our examination of the records, no personal expenses other than those payable on account of contractual obligations or in accordance with generally accepted business practice, have been charged to revenue account.
20. The Company is not a sick industrial company within the meaning of Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In relation to trading activity of the Company, since the Company does not have any damaged goods lying with it at the end of the year, no provision for any such loss is required.
- II. Further to our comments in paragraph I above, we have to state 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 appears from our examination of these books;
- (iii) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) in our opinion and to the best of our information and according to the explanations given to us the said accounts 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 :
- (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2000, and
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For **PARIKH JOSHI & KOTHARE**  
**CHARTERED ACCOUNTANTS**

Sd/-

**(BHALCHANDRA R. RANADE)**  
**PARTNER**

Place : MUMBAI  
Date : 18th April, 2000.


**BALANCE SHEET AS AT 31ST MARCH, 2000**

(Figures In Rupees)

	Schedule	As At 31st March, 2000	As At 31st March, 1999
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	116,223,790	116,343,330
Reserves & Surplus	B	784,092,405	728,328,758
		<b>900,316,195</b>	<b>900,316,195</b>
<b>LOAN FUNDS</b>			
Secured Loans	C	803,577,391	771,900,009
Unsecured Loans	D	80,975,457	13,250,460
		<b>884,552,848</b>	<b>884,552,848</b>
<b>TOTAL</b>		<b>1,784,869,043</b>	<b>1,629,822,557</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	E		
Gross Block		1,156,640,303	977,319,346
Less: Depreciation		417,881,114	248,239,698
Net Block			729,079,648
Capital Work In Progress		32,074,656	9,893,620
<b>INVESTMENTS</b>	F	63,031,920	68,629,203
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	G	1,335,061,258	1,237,292,282
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	H	385,354,299	416,539,169
Net Working Capital		949,706,959	820,753,113
<b>MISCELLANEOUS EXPENDITURE</b>			
(to the extent not written off or adjusted)			
Pre-Operative Expenses		1,296,319	1,466,973
<b>TOTAL</b>		<b>1,784,869,043</b>	<b>1,629,822,557</b>
<b>Notes on Accounts</b>	O		

As per our report of even date

 For **PARIKH JOSHI & KOTHARE**  
 CHARTERED ACCOUNTANTS

 Sd/-  
**(BHALCHANDRA R. RANADE)**  
 PARTNER

Place: Mumbai

Date : 18th April, 2000

FOR AND ON BEHALF OF THE BOARD

<b>CHANDRAKANT V. GOGRI</b>	CHAIRMAN
<b>RAJENDRA V. GOGRI</b>	MANAGING DIRECTOR
<b>SHANTILAL T. SHAH</b>	JOINT MANAGING DIRECTOR
<b>PARIMAL H. DESAI</b>	WHOLETIME DIRECTOR
<b>RASHESH C. GOGRI</b>	WHOLETIME DIRECTOR
<b>MANOJ M. CHHEDA</b>	WHOLETIME DIRECTOR
<b>MOHAN P. SONAR</b>	COMPANY SECRETARY