

# AGRI-MARINE EXPORTS LTD.



**ANNUAL REPORT  
2002 – 2003**

**AGRI MARINE EXPORTS LTD.**

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**BOARD OF DIRECTORS**

EHJAZ ELIAS	Managing Director
R MUTHU	Director
FIROZ ELIAS	Director
S.H. MOHIDEEN	Director

**AUDITORS**

M/S. VIVEKANANDAN ASSOCIATES  
Chartered Accountants  
Chennai.

**REGISTERED OFFICE & FACTORY**

216-B, Ennore Coastal High Road,  
Kaladipet,  
Chennai – 600 019.

**BANKER**  
Indian Bank

**AGRI MARINE EXPORTS LTD.****NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the Eighteenth Annual General Meeting of the members of AGRI-MARINE EXPORTS LIMITED will be held at 11.30 A.M. on Tuesday, the 30th day of September 2003 at the Registered Office of the Company at 216-B, Ennore Coastal High Road, Kaladipet, Chennai - 600 019 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2003 and Profit and Loss account for the year ended 31st March 2003 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. S. H. Mohideen who retires by rotation and being eligible offers himself for re-election.
3. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED that M/s Vivekananthan Associates, Chartered Accountants, Chennai, be and are hereby

appointed as the Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting, on such remuneration as may be decided by the Board of Directors in addition to reimbursement of out of pocket expenses incurred by them."

**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 Sections 198, 309, 310 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956, the approval of the company is be and is hereby accorded to the payment of remuneration of Rs. 15,000/- per month to Mr. S. H. Mohideen, Whole Time Director on the following terms and conditions for the period commencing from 1st April 2002 for a period of 5 years.

By Order of the Board

1st September 2003  
Chennai - 600019

S.H. MOHIDEEN  
DIRECTOR

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on poll, to vote instead of himself/herself and a proxy need not be a member of the company. The instrument appointing the Proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the commencement of the meeting. In default, the instrument of proxy shall not be treated as valid.
2. Members are requested to notify immediately any change in their address to the Company.
3. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
5. Shareholders are requested to bring their copy of Annual Report for the meeting.
6. Explanatory statement required under Sec 173(2) of the Companies Act, 1956 in respect of item 4 under Special Business is annexed.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

Item No. 4: Mr. S. H. Mohideen has been appointed as a Director with effect from 26.12.2000. The Board of Directors

have now decided in their meeting held on 16th May 2002 to appoint him as a Whole Time Director with a remuneration of Rs. 15,000/- per month for a period of 5 years from 1.4.2002. This may be treated as the abstract of the terms of appointment of Mr. S. H. Mohideen, Whole Time Director in terms of Section 302 of the Companies Act, 1956.

The particulars of the Whole Time Director as required under Clause 49 of the Listing Agreement is enclosed. The Board recommends payment of remuneration to the Managing Director. None of the Directors are in any way interested or concerned in the above resolution.

Pursuant to Clause 49 of the Listing Agreement entered into with Madras Stock Exchange and the Stock Exchange, Mumbai, the details of Directors seeking appointment/re-appointment at the Annual General Meeting are as follows:

Name of Director	S.H. Mohideen
Date of birth	08.09.1957
Date of appointment	26.12.2000
Experience in specific functional area	Rich experience in Administration and General Management
Qualification	B.A.
List of Companies in which outside Directorship held	M&M Harvests Ltd. Crescent Marine Ventures Ltd.

**AGRI MARINE EXPORTS LTD.****DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Eighteenth Annual Report along with the Audited Accounts for the year ended 31st March 2003.

**FINANCIAL RESULTS**

Your Company has recorded a total other income Rs. 107.37 Lakhs during the year ended 31st March 2003. The Net Loss of your Company during the year under review is Rs. 101.98 Lakhs.

The financial results of the company for the year ended 31st March 2003 are summarised as follows :

	Rs. in lakhs
Other Income	107.37
Total Expenditure	139.95
Gross Loss before depreciation and taxation	32.58
Depreciation	69.41
Net Loss	101.99
Prior Year Adjustment	1.98
Net Loss carried to Balance Sheet	100.01

**FUTURE PLANS**

Due to versatility of the Factory, your Company is venturing into export of Processed Food Products and Vegetables. The company is able to cut costs and improve on the revenue through processing. The Company has been registered with the Board for Industrial and Financial Reconstruction (BIFR) and the Operating Agency, namely, IDBI is in preparation of a report. The company is hopeful of getting concessions in the BIFR package.

**SUBSIDIARY COMPANIES**

The Turnover of the subsidiaries, namely, Agri-marine (Europe) Limited amounted to 283779 UK Pounds while M&M Harvests achieved a total income of Rs 187.05 Lacs.

**PUBLIC DEPOSIT**

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

**RESPONSIBILITY STATEMENTS****The Directors Confirm:**

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they have 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 of the profit or loss of the Company for that period;

- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis.

**DIRECTORS**

Under Article 79 of the Articles of Association of the Company Mr. S. H. Mohideen, Director of the Company is retiring by rotation and being eligible offers himself for reappointment.

**PARTICULARS OF EMPLOYEES**

With regard to information relating to employees covered under Section 217(2)(A) of the Companies Act, we wish to report that no employee of the Company is in receipt of remuneration during the year under review in excess of the prescribed limits.

**AUDITORS**

M/s Vivekanandan Associates, the auditors of the company retire at the conclusion of the Annual General Meeting and are eligible for re-appointment.

**CLARIFICATION ON THE AUDITORS' COMMENTS**

Note No.6: The company is following the practice of accounting of export revenue receipts at the rates prevailing on the date of negotiation. The net effect would be the same for the revenue would be increased/decreased and the effect would be shown separately as exchange fluctuation. As the net effect is the same the company is following this method.

Note No. 4 & 5: The company is optimistic over the realisation of the Debtors and hence did not warrant any provision for bad and doubtful debtors.

Note No. 7: The working capital loan has become an non performing asset with respect to the bank and hence no provision has been made on the said loans. The company felt that the rate of interest charged by the bank could be negotiated and hence no provision has been made.

Note No.8: Regarding capitalisation of interest pertaining to term loan from IDBI, it is clarified that the interest on the loan from IDBI, form part of the fixed assets for which the said loan is raised and hence the company capitalised the interest.

**ASH MARINE EXPORTS LTD.**

Disclosure of particulars with respect to conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the report of the Board of Directors for the year ended 31st March 2003.

(Rs.in Lakhs)

Total Foreign Exchange Earnings during the year NIL

Total Foreign Exchange used during the year NIL

The particulars regarding conservation of Energy, Technology Absorption and R & D are not applicable during the year.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****a. Industry structure and development**

The European Union has set standards for marine products and your company has got the certification of its factory approved. Even after that the demand for the products abroad has not taken off.

**b. Opportunities and threats**

The company has ventured into providing the factory on job work basis due to stiff competition in the international market as well as domestic market.

**c. Segment wise performance**

The company is into only one segment of marine products and the performance is given in the main directors report.

**d. Outlook**

The outlook for the company is encouraging with more and more enquiries for job work by non certified clients.

**e. Risks and concerns**

In the absence of any positive trigger for increased marine products consumption, the strategy would have to contend with severe competition and focus on demonstrating tangible value through job work.

**f. Internal control systems and their adequacy**

Your company continues to place considerable emphasis and effort on the internal control systems.

The matters required to be set in the Corporate Governance is enclosed alongwith this report.

**ACKNOWLEDGEMENTS**

The Board of Directors thanks its Shareholders, Bankers and Financial Institutions for their continued support and wishes to place on record its sincere appreciation and gratitude to all its employees for their contribution.

For and on behalf of the Board

1st September 2003  
Chennai - 600 019

EHJAZ ELIAS  
Managing Director

S.H. MOHIDEEN  
Director

**CORPORATE GOVERNANCE****a. Company philosophy**

The Company firmly believes in and continues to practice good Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company continuously endeavours to improve on these aspects on an ongoing basis.

**b. Board of Directors**

The Board of Directors comprises a Managing Director and 3 Non-executive Directors. During the year, 6 Board Meetings were held on 16th May 2002, 1st July 2002, 30th July 2002, 6th September 2002, 31st October 2002 and 31st January 2003. The composition of the Board of Directors and their attendance at the Meetings during the year and at the last Annual General Meeting as also number of other directorships/memberships of committees are as follows:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	Committee Membership	
					Member	Chairman
Mr. R. Muthu	Director	6	Yes	4	3	Nil
Mr. Ehjaz Elias	MD	6	Yes	2	1	Nil
Mr. S.H.Mohideen	NED	6	Yes	2	4	3
Mr. Firoz Elias	NED	4	Yes	1	3	1

MD - Managing Director NED - Non-Executive Director

**AGRI MARINE EXPORTS LTD.****c. Audit Committee:**

The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors, and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of Audit including the observations of the Auditors, adequacy of the internal audit / control system, major accounting policies, practices and entries, compliances with accounting standards and Listing Agreement entered into with the Stock exchange and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's financial and risk management policies and discuss with the internal Auditors any significant findings for follow-up thereon, to review the Quarterly, Half Yearly and Annual financial statements before they are submitted to the Board of Directors.

The Committee also meets the operating management personnel and reviews the operations, new initiatives and performance of the business units. Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken note of.

**Composition:**

Name of Member	Status	No. of Meetings attended
Mr. S.H. Mohideen	Chairman	6
Mr. R. Muthu	Member	6
Mr. Firoz Elias	Member	6

The Financial Manager is permanent invitee.

**d. Remuneration Committee:****1. Terms of reference:**

To review, assess and recommend the appointment of Executive and Non-Executive Directors and, to review their remuneration package; to recommend compensation to the Non-Executive Directors in accordance with the provisions of the Companies Act, 1956.

**2. Composition & Remuneration Policy:**

The Committee comprises Managing Director and one Non-Executive Director. The Committee did not meet during the year since there was no revision of remuneration.

**e. Shareholders' Grievance Committee:****1. Terms of reference:**

To look into the investors' complaints, if any, and to redress the same expeditiously. The committee approves requests for issue of Duplicate Share Certificates and requests for issue of new certificates on split/consolidation/renewal, etc., as also requests for transmission of shares and Bonds, as may be referred to it by the Share Transfer committee.

**2. Composition:**

The Shareholders' Grievance Committee comprises two Non-Executive Directors and the Managing Director.

During the year, the Committee held 3 meetings and the attendance of members was as follows:

Name of Member	Status	No. of Meetings attended
Mr. S.H. Mohideen	Chairman	3
Mr. R. Muthu	Member	3
Mr. Firoz Elias	Member	3

The Secretarial Officer is the Compliance Officer.

During the year, 5 letters/complaints were received from the investors, out of which 5 letters/complaints were replied/resolved to their satisfaction.

**f. The Board has delegated the powers to approve transfer of the Securities allotted by the company to a Share Transfer Committee. The Committee held 4 meetings during the year and approved the transfer of the shares lodged with the company.**



**AGRI MARINE EXPORTS LTD.****g. General Body Meetings:**

The last three Annual General Meetings were held as under:

Financial Year	Type of Resolution passed	Location
1999-2000	Special	216-B, Ennore Coastal High Road, Kaladipet, Chennai
2000-2001	Special	216-B, Ennore Coastal High Road, Kaladipet, Chennai
2001-2002	Ordinary	216-B, Ennore Coastal High Road, Kaladipet, Chennai

No special resolutions were required to be put through postal ballot last year.

No special resolutions on matters requiring postal ballot are placed for shareholders' approval at this meeting.

**h. Disclosures:**

- During the year, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the company.
- There were no instances of non-compliance on any matter related to the capital markets, during the last three years. However, the Company's shares were suspended from trading in the Stock Exchanges.

**i. Means of communication:**

Quarterly results are published in Makkal Kural and Trinity Mirror. Management's Discussion & Analysis forms part of the Annual Report, which is mailed to the shareholders of the company.

**j. General Shareholders' information:**

- Annual General Meeting is to be held on Tuesday, the 30th September 2003 at 216-B, Ennore Coastal High Road, Kaladipet, Chennai 600019.
- Financial Calendar:**

Annual results of previous year	End September
Mailing of annual reports	First week of September
First quarter results	30th July 2002
Annual General Meeting	30th September 2002
Second quarter results	31st October 2002
Third quarter results	31st January 2003
Fourth Quarter results	1st July 2003
- Listing of equity shares/debentures on stock exchanges at Chennai, Mumbai.
- Stock market price data for the year 2002-2003:

	BSE		SENSEX	
	HIGH (Rs.)	LOW (Rs.)	HIGH	LOW
Apr 2002	Not traded	Not traded	3538.49	3296.88
May 2002	Not traded	Not traded	3478.02	3097.73
June 2002	Not traded	Not traded	3377.88	3148.57
July 2002	Not traded	Not traded	3388.74	2932.35
Aug 2002	Not traded	Not traded	3185.08	2931.78
Sept 2002	Not traded	Not traded	3227.62	2973.97
Oct 2002	Not traded	Not traded	3038.92	2828.48
Nov 2002	Not traded	Not traded	3245.98	2928.63
Dec 2002	Not traded	Not traded	3413.33	3186.62
Jan 2003	Not traded	Not traded	3416.92	3199.18
Feb 2003	Not traded	Not traded	3341.81	3218.37
Mar 2003	Not traded	Not traded	3311.57	3039.83

**AGRI MARINE EXPORTS LTD.****5. Share Transfer system:**

Shares in physical mode that are lodged for transfer are processed and returned to the shareholders within the stipulated time. The share related information is computerized and is available at any time.

**6. Distribution of shareholding as on 31st March 2003**

No. of Shares	Shareholders		Shareholding	
	Numbers	Percentage	Numbers	Percentage
Up to 5000	13835	95.95	19422000	39.37
5001-10000	312	2.16	2546000	5.16
10001-20000	124	0.86	1887000	3.82
20001-30000	36	0.25	892000	1.81
30001-40000	37	0.26	1418000	2.87
40001-50000	15	0.10	710000	1.44
50001-100000	29	0.20	2016000	4.08
Above 100001	31	0.21	20457000	41.44
<b>TOTAL</b>	<b>14419</b>	<b>100.00</b>	<b>49348000</b>	<b>100.00</b>

**7. Categories of Shareholders as on 31st March 2003:**

Category	No. of Shares held	% Shareholding
Non resident Indians	4400	0.09
Bodies Corporate	132600	2.69
Directors & their relatives	1687200	34.18

**8. Plant Locations:**

The Company's plants are located at 216-B, Ennore Coastal High Road, Kaladipet, Chennai: 600 019.

**9. Address for correspondence:**

The Company's Registered Office is situated at 216-B, Ennore Coastal High Road, Kaladipet, Chennai: 600 019. Tel No. 25952315. Fax: 25951217  
Shareholder correspondence should be addressed to the above address.

## **AUDITOR'S CERTIFICATE**

**(under Clause 49 of the Listing Agreement)**

### **TO THE MEMBERS OF AGRI MARINE EXPORTS LIMITED**

We have examined the compliance of conditions of corporate governance by Agrimarine Exports Limited (the Company) for the year ended on 31st March, 2003 as stipulated in clause 49 of the Listing Agreements of the Company with the stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that

the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, subject to the following:

1. The Company has no independent directors on Board.
2. The member of the Audit Committee is a director of the company.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievance Committee.

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

For Vivekanandan Associates  
Chartered Accountants

1st September 2003  
Chennai

S. DEHALEESAN  
Partner  
Mem No. 27312



**AGRI MARINE EXPORTS LTD.****AUDITOR'S REPORT****TO THE MEMBERS OF AGRI MARINE EXPORTS LIMITED**

We have audited the attached Balance Sheet of Agri Marine Exports Limited as at 31st March 2003 and also the Profit and Loss Account of the Company for the year ended on 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1998 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
  - a) We have obtained all the information and explanation 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 the books;

- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the Directors as on 31st March 2003 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon subject to:

Note No. 6 regarding accounting policy for foreign currency transactions

Note No. 4&5 regarding non-provision for bad and doubtful debts & confirmation of balances

Note No. 7 regarding non-provision of interest on loans from banks

Note No. 8 regarding capitalization of interest pertaining to Term Loan from financial institution.

Give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view-

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003 and
- ii. In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

For Vivekanandan Associates  
Chartered Accountants

1st September 2003  
Chennai

S. DEHALEESAN  
Partner  
Mem No. 27312

**ANNEXURE TO AUDITOR'S REPORT****ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF AGRI MARINE EXPORTS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31ST 2003.****Internal Controls**

1. In our opinion and according to the information and explanation given to us the internal control procedures are not commensurate with the size of the company and nature of its business for purchase of raw material

including components, plant and machinery, equipment and other assets and for the sale of goods and services.

2. Although the company has no formal internal audit system as such, its internal control procedures ensures reasonable internal checking for financial and other records and this needs to be strengthened.

**Fixed Assets**

3. The Fixed Assets register maintained by the company has to be updated to show full particulars including quantitative details and situation of fixed assets. We

**AGRI MARINE EXPORTS LTD.**

were informed that the Fixed Assets have been physically verified by the management at reasonable intervals and discrepancies noticed on such verification have been given effect in accounts.

4. None of the fixed assets have been re-valued during the year.

**Inventories**

5. As explained by the Company, no stock or finished goods or consumables were handled during the year and hence the question of physical verification by the management does not arise.
6. Since no stock was handled during the year, commenting on the procedure of physical verification of stocks followed by the management does not arise.
7. The company as stated by the management handled no stock during the year under review and hence no discrepancies arose.
8. The company has not shown any closing inventory and hence NIL valuation of closing stock given by the management has been adopted.
9. As explained to us there were no serviceable or damaged stores (or) raw material to be determined at the end of the year.
10. As explained to us the companies operations do not generate any significant scrap or by-products.

**Loans and Advances**

11. The Company has not taken any secured/unsecured loans from companies, firms or other parties listed in the register maintained under section 301 or from companies under the same management as defined in section 370(1B) of the Companies Act, 1956.
12. The Company has granted unsecured loans of Rs. 32,52,046/- to firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 being a company under the same management as per section 370 (1B) of the Companies Act, 1956 and the terms and conditions are not prima facie prejudicial to the interest of the company.
13. The employees, to whom loans interest free advances in the nature of loans respectively were given, are repaying the principal amount as stipulated.

**Related Parties**

14. During the year there were purchase of goods or material and sale of goods, material or services exceeding Rs. 50,000/- in value from/to firms, companies and other parties in which directors are interested in pursuance of contracts entered into with them as maintained under section 301 of the Companies Act, 1956 at prices which are reasonable

having regard to prevailing market prices for such goods and materials or the prices at which transactions for similar goods have been made with other parties.

**Fixed Deposits**

15. The Company has not accepted any deposits from public during the year and therefore the question of compliance of the directives issued by the Reserve Bank of India and the provisions of section 58A of the Companies Act, 1956 does not arise.

**Staff Welfare**

16. The company has not been regular in depositing Provident Fund (PF) and Employees State Insurance (ESI) dues with the respective authorities. As estimated by the Company, PF dues aggregating to Rs. 1,26,386/- and ESI dues aggregating to Rs. 5,550/- were remaining unpaid as on the date of the report.

**Taxation**

17. There has been no undisputed amounts payable in respect of Customs Duty and Excise Duty as at 31st March 2003 outstanding for a period more than six months from the date on which they become payable. The Company is yet to remit Rs. 1,26,587/- towards Wealth Tax for the Assessment years 1996-97 to 2001-02 and Income tax Rs. 10,71,361/- (including Rs. 9,09,241 towards interest) for the Assessment year 1996-97.

**Others**

18. We are informed that maintenance of cost records has not been prescribed by the Central Government under Section 209 (1), (d) of the Companies Act, 1956.
19. According to the information and explanations given to us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
20. The company is a sick industrial company within the meaning of section 2(1)(g) of the Sick Industrial companies (Special Provisions) Act, 1985. The company's case has been heard by the Bench at Board For Industrial Finance and Reconstruction and declared the company as sick on date subsequent to balance sheet date.

For Vivekanandan Associates  
Chartered Accountants

1st September 2003  
Chennai - 600 019.

S. DEHALEESAN  
Partner  
Mem No. 27312