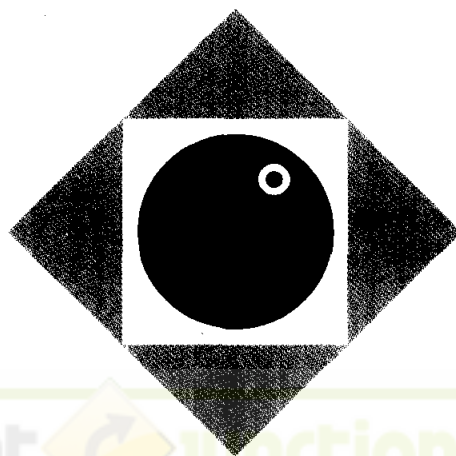


Balmer Lawrie-Van Leer Limited



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41st
Annual Report
2000 - 2001

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REGISTRARS

IIT Corporate Services Ltd.,
2nd Floor, Proto Prima Chambers, Suren Road,
Near Cine Magic Theatre, Andheri (East),
Mumbai - 400 093.
Telefax: 830 6790 / 830 6791

REGISTERED OFFICE

L.U. Gadkari Marg,
Mahul, Chembur,
Mumbai - 400 074.
Tel.: 554 3043, 554 4044-47
Fax: 554 3984
E-mail : bivi@bom2.vsnl.net.in

WORKS

Tri-Sure Division:

L.U. Gadkari Marg,
Mahul, Chembur,
Mumbai - 400 074.
Tel.: 554 3043, 554 4044-47
Fax: 554 3984

Valerex Division:

D-195/9, T.T.C. Indl. Area,
Turbhe, P.O. Box 43,
Navi Mumbai - 400 705.
Tel.: 763 0035-37
Fax: 763 0038

BOARD OF DIRECTORS

J. M. CASPARIE

Chairman

R. L. DHAWAN

Vice-Chairman & Managing Director

S. N. MATHUR

T. J. ARMSTRONG

N. P. SINGH

P. DEV

U. R. KAPADIA

MANAGEMENT TEAM

P. B. ANAND RAO

Sr. Vice-President (Operations & Finance)

M. N. MENON

Sr. Vice-President (Marketing)

AJIT SHAH

General Manager (Operations — Valerex Division)

S. RAMGOPAL

General Manager (Marketing — Valerex Division)

S. K. JATANIA

General Manager (Finance)

SHARATH KUMAR N.

General Manager (Operations - Closure Division)

COMPANY SECRETARY

R. U. LAKHWANI

AUDITORS

M/s. Price Waterhouse

Chartered Accountants

BANKERS

Hongkong Bank

Bank of India

NOTICE

Notice is hereby given that the 41st Annual General Meeting of the Members of Balmer Lawrie - Van Leer Limited, will be held at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Orion House, 6th Floor, 12, K Dubash Marg (Kala Ghoda), Fort, Mumbai 400 001 on Wednesday, 19th September, 2001 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001, the Profit and Loss Account for the year ended on that date together with Report of the Directors & Auditors thereon.
2. To appoint a Director in place of Mr. Prabhakar Dev, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution :

"RESOLVED THAT M/s Price Waterhouse, Chartered Accountants, 1102, Raheja Chambers, Nariman Point, Mumbai 400 021, the retiring Auditors be and are hereby re-appointed Auditors for the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be determined by the Board in consultation with them, plus reimbursement of out-of-pocket expenses incurred by them for the purpose of audit of the Company."

SPECIAL BUSINESS :

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

"RESOLVED THAT Mr. S.N. Mathur be and is hereby appointed a Director of the Company, liable to retire by rotation."
5. To consider and, if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as may be applicable and subject to such provisions, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association is hereby altered as follows

 1. Amendment of Article 2 by addition of following sub-clauses at appropriate places.

"Beneficial Owner" means beneficial owner as defined under Clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996;

"Depositories Act, 1996" shall include any statutory modification or re-enactment;

"Depository" means a Depository as defined under Clause (e) of Sub-section (1) of Section 2 of the Depositories Act, 1996;

"Member" means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and the Beneficial Owner(s) as defined in Clause (a) of Sub-section(1) of Section 2 of the Depositories Act, 1996;

"Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act;

"Record" includes the records maintained in the form of books or stored in computer or in such other form as may be determined by regulation made by the SEBI in relation to the Depositories Act, 1996;

"Regulations" means the regulation made by the SEBI;

"Security" means such security as may be specified by the SEBI and

"SEBI" means Securities and Exchange Board of India."

2. Substitution of existing Article 12 by the following :

"Article 12 Register of Transfers"

"The company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Act and the Depositories Act, with details of shares held in material and dematerialised forms in any media as may be permitted by law, including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members resident in that State or Country."

3. Insertion of following new Articles 52A, 52B, 52C, 52D, 52E and 52F after Article 52.

52A Dematerialisation of Shares

Notwithstanding anything contained in these Articles, the Company shall, in accordance with the provisions of the Depositories Act, be entitled to dematerialise any or all its shares held with the Depository and/or offer the shares for subscription in a dematerialised form pursuant to the Depositories Act.

52B Register and Index of Members

The Company shall be required to maintain a Register and Index of Members in accordance with Sections 150 and 151 of the Act and the Depositories Act, with details of shares held in material and dematerialised forms, in any media (including electronic media) as may be permitted by law. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members holding shares in a dematerialised form for the purposes of the Act.

52C Recognition of the Rights of Beneficial Owners

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly the Company shall not (except by an Order of a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equitable, contingent or other interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof. Provided further that the Depository as the registered owner shall not have any voting rights or any other rights in respect of the shares held by the Depository and the beneficial owner shall be entitled to all such voting rights and other rights and benefits in respect of its shares held with a Depository.

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52D Applicability of Depositories Act

Notwithstanding anything provided hereinabove, in the case of transfer of shares, where the Company has not issued any certificates and where such shares, are being held in an electronic and fungible form the provisions of the Depositories Act shall apply and accordingly the Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of shares, on behalf of the beneficial owner. Furthermore, nothing contained in Section 108 of the Act or in these Articles shall apply to a transferor or transferee, both of whom are entered as Beneficial Owners in the records of a Depository.

52E Non-applicability of certain provisions of the Act

In respect of shares, held by the Depository on behalf of beneficial owner, the provisions of Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall not apply.

52F Distinctive Numbers of Shares held with a Depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for shares issued by the Company shall apply to shares held with a Depository.

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 310, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Mr. R. L. Dhawan as the Managing Director of the Company for a period effective from 1st April, 2001 to 31st March, 2002 on the terms and conditions set out in the agreement submitted to this meeting and for identification initialled by the Chairman thereof, which agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, as may be agreed between the Directors and Mr. R. L. Dhawan."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement setting out the material facts concerning the special business mentioned under item No. 4, 5 & 6 of the Notice as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Transfer Books of the Company will be closed from Tuesday, 11th September, 2001 to Wednesday, 19th September, 2001 (both days inclusive).

4. Members are requested to notify immediately any change in their address to the Registrars.
5. Please bring your copy of the Annual Report to the Meeting.
6. Members/Proxies are requested to deposit the enclosed attendance slip duly filled-in and signed, at the entrance of the meeting venue.
7. It may be noted that all dividends unclaimed for a period of seven years are to be transferred by the Company to the Investor Education & Protection Fund (the Fund) to be established by the Central Government, as provided for under Section 205C of the Companies Act, 1956. Accordingly all unclaimed dividends from and including the financial year ended 31st March, 1995, will be transferred by the Company to the Fund in the manner prescribed in the said Section 205C of the Act.
8. Members intending to require information about Accounts to be explained at the meeting are requested to write to the Company at least ten days in advance of the AGM.
9. Members holding shares/debentures in the same name(s) under different folios are requested to apply for consolidation of such folios and send relevant share/debenture certificates.

By order of the Board of Directors
For Baimer Lawrie - Van Leer Limited

R.U. Lakhwani
Company Secretary

Mumbai,
Dated : 9th August, 2001
Registered Office:
L.U. Gadkari Marg, Mahul,
Chembur, MUMBAI 400 074.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 3 : In terms of Section 224 A of the Companies Act, 1956, if not less than 25% of the subscribed capital is held either singly or jointly or in combination by public financial institutions, government companies, etc., then the appointment or re-appointment of the auditors of that Company has to be made by a special resolution.

In the case of the Company, the combined holding of the aforesaid categories of shareholders exceeds 25% of the subscribed capital. Hence, it is necessary to pass a special resolution to re-appoint Messrs Price Waterhouse, as the Auditors of the Company.

The Shareholders approval is also being sought to authorise the Board of Directors to determine the remuneration payable to the Auditors in consultation with them.

As required under Section 224 of the Act, certificates have been received from the Auditors to the effect that their re-appointments, if made, will be in accordance with limits specified in Section 224 of the Act.

None of the Directors are interested in the resolution. The Directors recommend their re-appointment.

Item No. 4 : Mr. S.N. Mathur was appointed as an Additional Director on 7th February, 2001. As such, pursuant to Section 260 of the Companies Act, 1956, Mr. S.N. Mathur holds office of a Director upto the date of this Annual General Meeting. It is proposed to appoint Mr. S.N. Mathur as a Director liable to retire by rotation. A Notice in writing, pursuant to Section 257 of the Companies Act, 1956, has been received from a member intending to propose Mr. S.N. Mathur as a candidate for the office of Director, at the Annual General Meeting, along with the requisite deposit as required under that Section. Requisite consent has been filed by Mr. S.N. Mathur pursuant to the provisions of Section 264(1) of the Companies Act, 1956, to act as such Director, if appointed.

Mr. S.N. Mathur is Chairman & Managing Director of IBP Company Limited and also Chairman of Balmer Lawrie & Company Limited and has vast experience in industry of over 30 years. It would be in the interest of the Company to appoint him as a Director retiring by rotation. The Directors therefore, recommend his appointment at the Meeting.

Mr. S.N. Mathur may be considered to be interested in the Resolution for his appointment. No other Directors are interested in the Resolution.

Item No. 5 : Consequent upon the passing of the Depositories Act, 1996, certain provisions in the Articles of Association of the Company pertaining the issue, holding transfer and other dealings in shares and securities and also issue of certificate hereof which were framed on the basis of the relevant provisions of the Companies Act, 1956, are being amended so as to facilitate the functioning of the Depository System. The Board has proposed a resolution making alterations in the Articles of Association of the Company pertaining to issue, holding and dealing in scripless share and securities so as to bring them in line with the relevant provisions of the Depository Act and to give effect thereto.

None of the Directors of the Company, is in any way, concerned or interested in the said resolution. Directors recommend the resolution under item No. 5 for approval of members.

Item No. 6 : Board of Directors of the Company at its meeting held on 9th February, 2000 had re-appointed Mr. R. L. Dhawan as Vice Chairman & Managing Director from 1st April, 2000 to 31st March, 2001 on the terms and conditions finalised in the Meetings held on 9th February, 2000 and 30th May, 2000. The said re-appointment was approved by the shareholders at the Annual General Meeting held on 29th September, 2000. The Board of Directors of the Company have at its meeting held on 7th February, 2001 re-appointed Mr. R. L. Dhawan as Vice Chairman & Managing Director from 1st April, 2001 to 31st March, 2002 on the terms and conditions finalised in the Meetings held on 7th February, 2001 and 29th May, 2001. The main terms and conditions are as set out below: (The same may be treated as an abstract under Section 302 of the Companies Act, 1956)

- | | | |
|---------------------------|---|---|
| (1) Tenure | : | Upto 31st March, 2002. |
| (2) Salary | : | Rs. 60,000/- per month. |
| (3) Commission | : | 0.5% of the net profits of the Company as determined under the Companies Act, 1956. |
| (4) Performance Incentive | : | Rs. 75,000/- for the financial year 2000 -2001 |
| Perquisites | | |
| (a) Housing | : | (i) Unfurnished Company accommodation.
(ii) Gas/electricity expenses will be borne by the Company. |
| (b) Conveyance | : | Air conditioned chauffeur driven car with total expenses of running and maintenance met by the Company. |

- A monthly recovery of Rs. 450/- shall be made towards personal use of the car.
- (c) Medical Expenses : Reimbursement of medical expenses for self, spouse and dependent children at actuals as per rules of the Company and within the overall limit under the Act.
- (d) Leave & Leave Travel Assistance : Leave and leave encashment subject to the rules of the Company and one month's salary as Leave Travel Assistance per annum.
- (e) Club Fees : Corporate membership of two clubs and entrance fee/subscription to be met by the Company.
- (f) Accident Insurance : Subject to a premium limit of Rs. 6,000/- p.a.
- (g) Separation Benefits :
(i) Contribution @ 12% of Salary towards Provident Fund with matching contribution by the Company.
(ii) Eligibility to superannuation benefits and contribution @ 15% of Salary to be made by the Company on this account.
(iii) Gratuity @ 4.8% of Salary for every completed year of service
(iv) Entitlement to encash privilege and sick leave lying to his credit at end of his tenure as per rules of the Company.
- (h) Other Post Retirement Benefits : Post Retirement Benefits such as re-settlement allowance, housing accommodation for specific period and other facilities as approved by the Board of Directors.
- (i) Miscellaneous : Eligibility of various allowances/benefits and perquisites that may be applicable to him as per rules of the Company from time to time.
- (j) Overall ceiling of Salary, Commission and Perquisites will be subject to provisions of Sections 198, 309 and Schedule XIII of the Act.

(Copy of agreement with Mr. R. L. Dhawan is available for inspection by any member at the Registered Office of the Company between 10.00 a.m. and 12 noon on any working day and will also be available for inspection at the Meeting.)

The Directors recommend the above resolution for your approval. Apart from Mr. R. L. Dhawan no other director is interested or concerned with this resolution.

By order of the Board of Directors
For Balmer Lawrie - Van Leer Limited

R.U. Lakhwani
Company Secretary

Mumbai,
Dated: 9th August, 2001
Registered Office:
L.U. Gadkari Marg, Mahul,
Chembur, MUMBAI 400 074.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Forty First Annual Report, together with Audited Accounts of the Company, for the year ended 31st March, 2001.

FINANCIAL RESULTS

	Rs./Lakhs	
	2000-2001	1999-2000
Profit before Interest, Financial Charges, Depreciation and Tax	1168.04	1034.58
Profit before Depreciation & Tax	595.98	508.89
Less : Depreciation on Fixed Assets	417.61	397.25
Profit before Tax	178.37	111.64
Provision for Taxation	15.22	13.55
Profit after Tax	163.15	98.09
Appropriations : Transfer to Debenture Redemption Reserve	163.15	98.09
Balance of (Loss) carried forward	(582.30)	(582.30)

The above Financial Results show that Company has recorded a profit before tax of Rs.178.37 lacs compared to Rs.111.64 lacs in the previous year. The improvement has been due to good all round performance particularly in the Closure, Valerex 200 and Blow Moulding Divisions.

OPERATIONS

CLOSURE DIVISION

Closure Division performed well by achieving much improved profitability. Export accounted for 59% of sales. An important development was success in use of indigenous HR & CR steel which will reduce/eliminate imports in future year(s).

VALEREX DIVISIONS

V-20

There has been a substantial drop in sales compared to previous year on account of shift of Oil Companies from Valerex Containers to Pails. However, your Company has now put up a state of art pail plant which is under commissioning.

V-200

This division has recorded good increase in sales and profits over the previous year and expect the growth to continue in the current year.

BLOW MOULDED

This division has performed exceedingly well during the first full year of operations and has also contributed significantly to the profit.

All the above divisions are now mostly using indigenous HMHDPE material. This would go to reduce the exchange risk which used to be borne by the Company in the earlier years. Also, the Company can maintain better control on stock levels.

NEW PROJECTS

PAIL (BUCKET)

To counter the threat the Company has undergone during the last two years on account of shift of demand from Valerex 20 containers to Pails, the Company has set up state of the art plant which is now under commissioning.

ACQUISITION OF PROSEAL CLOSURES PVT. LTD.

As a policy of synergy and consolidation, your Company has acquired 51% equity in Proseal Closures Pvt. Ltd., a steel drum closure manufacturing unit at Bangalore. Proseal Closures has a track record of good profitability and the acquisition is expected to improve the operating results.

DIRECTORS

Mr. J.H.C. Koek resigned from the Board of the Company effective 29th May, 2001 consequent to change in his assignment in Van Leer Group. Mr. J. M. Casparie presently Managing Director, SBU Manager, Closures, Netherland B.V., took over from Mr. J.H.C. Koek and was appointed as Director and Chairman of the Company effective 29th May, 2001.

Dr. C.V. Chandrasekharan, Managing Director of Balmer Lawrie & Co. Ltd., consequent to his superannuating from the services of Balmer Lawrie & Co. Ltd. resigned from the Board of Balmer Lawrie-Van Leer Limited, with effect from 1st December, 2000.

The Directors wish to place on record their sense of appreciation for the invaluable services rendered by Mr. J.H.C. Koek and Dr. C.V. Chandrasekharan.

Mr. S.N. Mathur, Chairman and Managing Director of IBP Co. Ltd. and also Chairman of Balmer Lawrie & Co. Ltd., was appointed as additional Director effective 7th February, 2001 in place of Dr. C.V. Chandrasekharan. Mr. S.N. Mathur holds office upto the forthcoming Annual General Meeting of the Company. Notice has been received from one of the members of the Company proposing the candidature of Mr. S.N. Mathur as Director of the Company.

Mr. P. Dev retires by rotation and being eligible offers himself for re-appointment.

The Board of Directors have approved the re-appointment of Mr. R.L. Dhawan as Vice Chairman and Managing Director for the period 1st April, 2001 to 31st March, 2002 subject to approval of the shareholders. His re-appointment is recommended to members for their approval.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) which was introduced by the Companies (Amendment) Act, 2000 your Directors' confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2001 and of the profit of the Company for the year ended 31st March, 2001
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

Audit committee consisting of Mr. R.L. Dhawan, N.P. Singh and U.R. Kapadia has been set up in compliance of Section 292A of the Companies Act, 1956 by the Board on 7th February, 2001.

CONSERVATION OF ENERGY

1. Energy Conservation Measures Taken:
 - i) The incoming main analog meter was replaced by Digital Meter to achieve more accurate recording of actual consumption and is expected to save overall energy cost.
 - ii) Additional capacitors installed in certain areas resulting in improvement of power factor.
 - iii) The lighting needs at various locations have been reviewed and in specific areas, tube lights have been replaced by energy efficient lamps.
 - iv) Auto stoppage introduced in specific presses to ensure that the Press does not idle for more than three minutes.
 - v) Motor capacity ratings for specific machines were reviewed and wherever possible, higher capacity rated motor replaced with a lower capacity motor.
 - vi) Energy-efficient PLC controlled chillers have been procured and installed in the utilities for new projects to economise overall consumption.
2. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
 - i) It is being planned to extend the measures taken during the current year and which have yielded good results, to other areas/equipment.

- ii) Electromizer equipment is being planned to be installed in office and factory to optimise energy consumption in lighting loads.
- iii) The Company is planning to undertake energy Audit through external competent authorities.

TECHNOLOGY ABSORPTION

The Plants were audited by technical personnel of collaborator for process and quality. This has further helped in balancing of production cycle time and will result in economising energy consumption per unit of production.

SAFETY AND ENVIRONMENT PROTECTION

Closure Division continued to use an integrated effluent treatment and reverse osmosis plant for generating demineralised water. Scrap generated in Valerex Division was recycled.

HUMAN RESOURCES

The Board wishes to place on record their sincere appreciation for the efforts put in by all the employees for achieving good results. Industrial relations remained cordial and harmonious during the year.

AUDITORS

Price Waterhouse holds office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment.

FOREIGN EXCHANGE EARNINGS & OUTGO

The Company earned Rs.16.42 crores in foreign exchange through exports during the year and the Outgo was Rs.10.97 crores.

PARTICULARS OF EMPLOYEES

There are no employees covered under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, hence no particulars are required to be furnished.

ACKNOWLEDGEMENT

The Board of Directors of your Company place on record their gratitude and would like to thank Shareholders, Bankers, Customers, Suppliers for their support and co-operation.

For and on behalf of the Board

R. L. Dhawan – Vice Chairman & Managing Director

N. P. Singh – Director

Mumbai,

Dated : 9th August, 2001

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AUDITORS' REPORT

TO THE MEMBERS OF BALMER LAWRIE-VAN LEER LIMITED

1. We report that we have audited the Balance Sheet of Balmer Lawrie-Van Leer Limited as at March 31, 2001 and the relative Profit and Loss Account for the year ended on that date both of which we have signed under reference to this report and the above mentioned accounts are in agreement with the books of account.
2. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, together with the notes thereon/attached thereto, give in the prescribed manner, the information required by the Companies Act, 1956, of India (the Act) and also give respectively, a true and fair view of the state of the Company's affairs as at March 31, 2001 and its profit for the year ended on that date.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books.
4. In our opinion, these accounts have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act.
5. Based on representations made by all the Directors of the Company and the information and explanations as made available, Directors of the Company do not prima-facie have any disqualification as referred to in clause (g) of Sub-section (1) to Section 274 of the Act.
6. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, dated September 7, 1988 and issued by the Central Government of India and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
 - (i)
 - (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets of the Company are physically verified by the Management according to a phased programme, designed to cover all the items over a period of three years. Pursuant to the programme, physical verification of Plant and Machinery was carried out during the year and this revealed no material discrepancies.
 - (ii) The fixed assets of the Company have not been revalued during the year.
 - (iii) The stocks of finished goods, work-in-progress, stores and spare parts, raw materials and packing materials of the Company at all the locations have been physically verified by the Management during the year.
 - (iv) In our opinion, the procedures of physical verification of stocks, followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (v) The discrepancies between the physical stocks and the book stocks which have been properly dealt with in the books of account were not material.
 - (vi) In our opinion, the valuation of stocks of finished goods, work-in-progress, stores and spare parts, raw materials and packing materials has been fair and proper in accordance with the normally accepted accounting principles in India and is on the same basis as in the preceding year.
 - (vii) In our opinion, the rates of interest and the terms and conditions of unsecured loan that were taken by the Company during the year from Company listed in the register maintained under Section 301 of the Act, is not prima-facie prejudicial to the interests of the Company. In terms of Sub-section (6) of Section 370 of the Act, the provisions of Section 370 are not applicable to a Company after the commencement of the Companies (Amendment) Act, 1999, of India.
 - (viii) The Company has not granted any loans, secured and unsecured, to Companies, firms or other parties listed in the register maintained under Section 301 of the Act. In terms of Sub-section (6) of Section 370 of the Act, the provisions of Section 370 are not applicable to a Company after the commencement of the Companies (Amendment) Act, 1999, of India.
 - (ix) The parties (including employees) to whom loans or advances in the nature of loans have been given by the Company, are repaying the principal amounts as stipulated, and are also regular in the payment of interest, where applicable.
 - (x) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials, components, plant and machinery, equipment and other similar assets and for the sale of goods.