

# 12<sup>th</sup> Annual Report 1997-98

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RIPPLE PEACH - WALL TILE

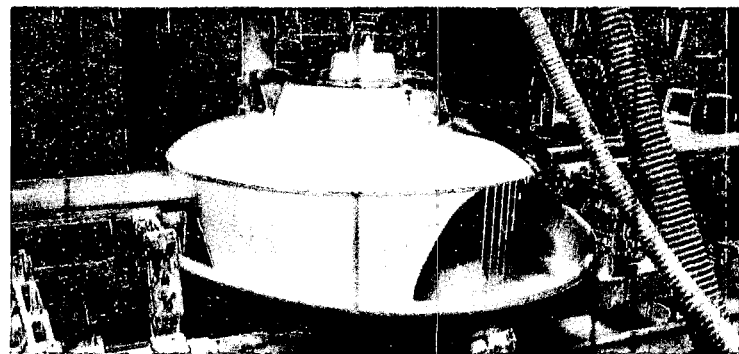
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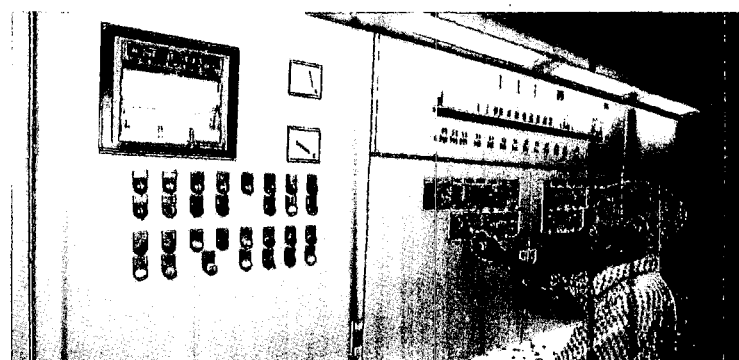
▲ Gujarat Plant - State of the Art Technology — Monoporossa Wall Tile.



Glaze Line



Glaze Application by BELL



Kiln Control Room

**BOARD OF DIRECTORS**

Mr. R. G. N. Swamy	Chairman
Mr. S. K. Jatia	Vice-Chairman
Mr. Ramesh Jatia	Managing Director
Mr. R.K. Jatia	
Mr. S.N. Atreya	
Mr. N. K. Ahuja	
Mr. Lalit Bhasin	
Mrs. Medha Joshi	Nominee Director
Mr. G.R. Divan	

**CHIEF EXECUTIVE OFFICER**

Mr. N.C. Mehta

**GENERAL MANAGER (CORPORATE AFFAIRS)  
& COMPANY SECRETARY**

Mr. S.R. Vyas

**BANKERS**

Bank of India  
The British Bank of the Middle East  
Bank of Bahrain and Kuwait

**AUDITORS**

M/s. R.P. Malhan & Co.  
Chartered Accountants  
IA & C, Vandhana Building,  
11, Tolstoy Marg,  
New Delhi - 110 001

**REGISTERED OFFICE & WORKS**

Village Dora, Taluka Amod,  
Dist. Bharuch, Gujarat

**WORKS :**

1. Village Dora, Taluka Amod,  
Dist. Bharuch, Gujarat
2. Village Chokkahalli,  
Taluk : Hoskote, Rural Bangalore,  
Karnataka

**REGISTRAR & SHARE TRANSFER AGENT**

PCS Industries Ltd.  
'Ashirwad' 18, Ganga Park,  
Race Course, Baroda - 390 015  
Gujarat

**MANAGEMENT TEAM**

Mr. K.M. Pai	- Dy. Chief Executive Officer
Mr. P. N. Jha	- G.M. (Works)
Mr. A.N. Rangaswamy	- G.M. (Mktg.)
Mr. S.K. Rajada	- D.G.M. (HRD)
Mr. S. Vijaykumar	- D.G.M. (Operations)
Mr. C. S. Moorthy	- A.G.M. (Production)
Mr. Ravi Aravamuthan	- A.G.M. (Mktg.)

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## NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of Bell Ceramics Limited will be held on Thursday, the 17th December, 1998 at 12.30 PM at the Registered Office of the Company situated at Village Dora, Taluka Amod, District Bharuch, Gujarat to transact the following business:

### ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at 30th June, 1998 and the Profit and Loss Account of the Company for the Financial Year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr.S.K. Jatia who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.G.R. Divan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.Lalit Bhasin who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors and to fix their remunerations.

### SPECIAL BUSINESS :

To consider and if thought fit to pass the following resolutions with or without modifications:

#### Item No. 6. ORDINARY RESOLUTION :

"RESOLVED THAT in accordance with the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and further subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or charge all the immovable and movable properties of the Company, wherever situate, both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company:

- (A) On the first charge basis in favour of
- (i) Industrial Development Bank of India for its Corporate Loan of 1.5 million US \$ equivalent to Rs.500 lacs
  - (ii) Industrial Development Bank of India for its Working Capital Loan of Rs.450 lacs
  - (iii) Industrial Development Bank Of India for its Private placement of Secured Non Convertible Debentures (NCDs) aggregating Rs. 4200 lacs
- together with interest, commission, costs, charges, expenses and any other money payable by the Company to the Banks/Institutions as above towards the financial assistance granted/to be granted by them to the Company.

"FURTHER RESOLVED THAT the mortgage and/or charge so created on the first charge basis shall be pari passu with the existing first charges created in favour of institutions/banks.

"FURTHER RESOLVED THAT for the purpose of giving effect to the above resolution the Board of Directors of the Company be and is hereby authorised to make and/or agree to any modifications in the terms and conditions and to settle or resolve any question or difficulty or matter of interpretation of

whatsoever nature as they consider necessary, expedient, usual or proper or otherwise in the best interest of the Company.

Regd.Office,  
Village Dora, Taluka Amod  
District Bharuch, Gujarat  
Date :29.09.98

By Order of the Board  
**S.R.VYAS**  
General Manager (Corporate  
Affairs) & Company Secretary

### NOTES

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of item No.6 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Register of Members and Share Transfer Books of the Company remained closed from Wednesday, the 16th September, 1998 to Wednesday, the 30th September, 1998.
4. The shareholders are requested to intimate the Company immediately of the change in their address.

### EXPLANATORY STATEMENT :

As required under section 173 of the Companies Act, 1956 the following explanatory statement sets out all the material facts relating to the business mentioned in item No.6 of the accompanying notice.

#### Item No.6

During the year 1997-98, the Company was granted additional financial assistance of US \$ 1.5 Million equivalent to Rs. 500 lacs and Rupee Term Loan of Rs. 450 lacs by IDBI for the purpose of financing capital expenditure and the working capital requirement. The financial assistance of US \$ 1.5 Million was secured by first charge on the assets of the Company both present and future.

During the year IDBI has also considered financial assistance by way of private placement of Secured Non Convertible Debentures (NCDs) aggregating Rs 4200 lacs as part of the restructuring proposal of its long term liabilities. This assistance alongwith the rupee term loan of Rs 450 lacs is required to be secured by a first charge on the assets of the Company both present and future. Details of such charges to be created are enumerated in the resolution mentioned at item No.6 of the accompanied notice. Creation of charge/mortgage requires approval of shareholders under section 293(1)(a) of the Companies Act, 1956.

None of the Directors of the Company are considered to be interested in this resolution.

The Directors recommend to approve the resolution.

Copies of the Loan Agreement in respect of above loans are available for inspection by the members at the Registered Office of the Company during usual office hours.

Regd.Office,  
Village Dora, Taluka Amod  
District Bharuch, Gujarat  
Date :29.09.98

By Order of the Board  
**S.R.VYAS**  
General Manager (Corporate  
Affairs) & Company Secretary



**DIRECTORS' REPORT:**

Your Directors submit herewith the Twelfth Annual Report and the Audited Accounts of the Company for the extended financial year ended on 30th June, 1998.

**FINANCIAL RESULTS:**

	(Rs. in lakhs)	
	Current Year	Previous Year
	1997-98	1996-97
	(15 Months)	(12 Months)
Sales & Other Income	6514.01	3535.15
Profit before Interest and Depreciation	1468.25	918.27
Interest	1571.25	374.50
Profit (Loss) before Depreciation	(103.01)	543.77
Depreciation	770.11	267.10
Profit (Loss) for the Year	(873.12)	276.67
Add: Extraordinary Items	—	5.32
Less: Prior period Expenses	168.67	6.07
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(1041.79)</b>	275.92
Income-Tax Paid for earlier year	53.25	13.20
<b>PROFIT (LOSS) AFTER TAX</b>	<b>(1095.04)</b>	262.72
Profit B/F from previous year	761.64	529.81
Amount available for appropriation	(333.40)	792.53
Transfer to Debenture Redemption Reserve	30.90	30.90
Profit carried to Balance Sheet	(364.30)	761.63

**DIVIDEND:**

In view of losses incurred during the period, your directors do not recommend any dividend.

**FINANCE:**

During the year, the Company has repaid Rs. 485.55 lakhs towards the outstanding term loans. The liabilities in respect of foreign currency loan has increased considerably on account of depreciation of Indian rupees. This has resulted not only in increase in the debt liability but also the total interest burden of the Company. On account of slow down in the economy and with a view to reduce the finance burden and to ease the cash-flow for the smooth operation of the company a request was made to IDBI to restructure its term liabilities. Considering the difficulties faced by the Company, IDBI has sanctioned the restructuring proposal.

**INDUSTRIAL SCENARIO**

The Financial Year 1997-98 has reported negative industrial growth in the Indian economy. Heavy exchange fluctuations in most of the international currencies resulted into depreciation of rupee value by more than 20%. Similar fall in the value of currencies for most of the South Asian Countries has added fuel in the fire. This has the direct

effect on slow down in the Indian economy resulting into continued recessionary trends. The balance of payment position of the country was affected heavily. Imports in terms of rupee value become more and more costlier whereas the rupee liability in terms of foreign currency borrowings increased to a level not easily manageable. Withdrawal of Foreign Institutional Investors (FIIs) from the Indian capital market made the market more volatile. The cumulative effect of the above factors was sluggishness in the consumer market followed by heavy inventory carrying cost to the manufacturing units. In the present scenario of economic instability it is most unlikely to revive the situation in a big way in the near future. This situation is likely to be further deteriorated in the near future.

Ceramic tile industry being part of the construction industry, is passing through heavy recession. With the belief of continuance of the industry growth of 15% as per the performance of last five years, the major players in the industry have implemented large expansion in their production capacities in last 2 years. However, with the sluggishness in both domestic and international market for ceramic tiles, the expansions resulted into a situation of over capacity.

Ceramic tile manufacturing industry being the capital intensive industry, a cut in production will not resolve the problem as it would lead to a problem of unabsorbed fixed overheads as also the benefits of economies of scale would not be available. In this situation, the big players in the industry are likely to be affected adversely.

In order to bring the Indian economy out of the recession, the Central Government has taken various steps. To give boost in the economic activities, the Government has identified housing as a priority sector. The proposals of repealing of Urban Land (Ceiling & Regulation) Act, and to build about 20 lacs dwelling units by Government every year during next 5 years may help to overcome the recessionary trends in the economy. However, the results of these can be seen only after a period of 12 to 18 months on implementation of the above schemes.

**REVIEW OF OPERATIONS:**

In spite of sluggishness in the Ceramic tile market, your Company could achieve an annualised increase in turnover by 47% over the previous year. However, the profitability of the Company has been heavily affected due to increase in the finance charges. The Company incurred net loss of Rs.1095.03 lakhs for the 15 months period ended 30.06.1998.

**DORA UNIT:**

The working of this Unit was affected as the operation of the plant was closed almost for a period of 3 months for the purpose of implementing modernisation and upgradation as envisaged earlier.



The conversion of the plant from ceramic glazed floor tile to wall tile was completed during the year. The commercial production of the Monoporosa wall tile commenced from 27.03.98. It took another three months to stabilise the quality of the product. Now the product has been launched in the domestic and export market and it is being well accepted on account of the quality of the product and its availability in various sizes, designs, prints, luster etc.

#### BANGALORE UNIT:

As mentioned in the previous year report, the floor tile production with dry process technology commenced at this plant in March, 1997. The fuel efficient technology imported for the first time in the country had various constraints in its adoption during the infancy period. With the help of foreign technicians these are being resolved and the production has been stabilised during the later part of the year. The Company expects to achieve higher production from this plant during the current financial year. The quality of the product has also been improved by making various modifications in the composition of raw materials and frits. During the year under review, the production of larger tile of 16" x 16" was also undertaken successfully. New designs, prints were introduced to meet with the consumer's taste and demand.

#### PERFORMANCE AND PROJECTIONS:

Details required by Clause 43 of the Listing Agreement with stock exchanges are given as under:

	(Rs. in lakhs)	
	Actual Performance (15 Months)	Projections (12 Months)
Sales (Net of Excise)	6514.01	7892
Net Profit before Interest,	1468.24	3290
Depreciation & Tax		
Profit (Loss) After Tax	(1095.04)	1921

The Company could not achieve the targeted projections mentioned in the Letter of Offer dt.31.08.95 for the Rights Issue due to delay in commissioning of both the plants.

#### SUBSIDIARY COMPANIES:

Reports pursuant to Section 212 of the Companies Act, 1956 in respect of M/s. Zirchem Industries (Bombay) Limited, Bell International Pte. Limited, Singapore and Bell Trachem Ceramics Limited, the subsidiaries of the Company are annexed to this report.

#### PUBLIC DEPOSITS:

As on the 30.06.98, the Company hold 15 deposits amounting to Rs.1.37 lakhs matured but not claimed. Out of this 4 deposits amounting to Rs. .37 lakhs have since been paid/renewed.

#### DIRECTORS:

With effect from 01.08.98, Shri S.P. Sen Gupta has resigned from the Board for his health problems. Shri Sen Gupta was on the board from the very beginning of the Company. The Board with a great sense of appreciation take note of the valuable guidance and support extended by him during his tenure for managing the affairs of the Company effectively.

At the ensuing Annual General Meeting, Mr. S K Jatia, Mr. G.R. Divan, and Mr. Lalit Bhasin, Directors of the Company retire by rotation and they being eligible offer themselves for re-appointment.

#### PARTICULARS OF EMPLOYEES:

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are set out in the Annexure forming part of this Report.

#### PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY ETC.

Information as per Section 217(1) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 and forming part of this report is given as annexure to this report.

#### AUDITORS:

The Auditors M/s. RP Malhan & Company, Chartered Accountants, New Delhi, shall retire at the conclusion of the ensuing Annual General Meeting and confirmation has been received from them that if re-appointed, their re-appointment shall be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

#### INDUSTRIAL RELATIONS:

The Company continued to receive good support from its employees at all levels of the organisation During the year under review, relations between the Management and Workmen remained cordial. Your Directors sincerely thank all the employees for their continued efforts towards achievements of objectives of the Company.

#### ACKNOWLEDGEMENT:

Your Directors place on record their deep appreciation of the continued co-operation and support extended by financial institutions, banks, collaborators, suppliers, customers and various agencies of State and Central Government.

Place: Baroda  
Date : 29.09.98

For and on behalf of the Board  
**RGN SWAMY**  
CHAIRMAN



## ANNEXURE TO THE DIRECTOR'S REPORT:

### ANNEXURE - I

#### Conservation of Energy:

##### A. Energy Conservation measures taken:

The operation of 1 MW Turbo Generation was efficiently managed during the year. The exhaust gasses of the generator are effectively put into use to heat Spray Dryer resulting into conservation of energy.

During the year old kiln was replaced by a new kiln which has reduced consumption of natural gas. Regular preventive maintenance of all capital goods were carried out. This has resulted into considerable energy saving.

##### B. Technology absorption:

Efforts continued to absorb the dry process technology imported from M/s. Ceramica Mirage SPA, Italy. The per unit consumption of LPG at Bangalore Unit could be reduced by effectively managing the process parameter.

#### Research and Development (R&D):

The R&D Division of the Company remained engaged in the following activities:

- development of products with new designs, textures, colours & sizes as per the requirement of the market.

- development of alternative raw materials for reduction in the cost as also flexibility in the input materials.
- development of different screen printing effect.
- development of indigenous spares to reduce dependence on import.

#### Benefits derived as a result of the above R&D :

- The Company has developed local substitutes for some of the imported components required for the equipments.
- Established quality assurance by adopting procedures to ensure international quality.
- Due to wide range of product, presence of Company's product in the international market has been maintained.

#### Future Plan of Action :

- Continuous efforts will be made to increase the production and to concentrate on quality products.

#### Expenditure on R&D :

During the year, Company has spent nominal amount on R&D.

#### Foreign Exchange Earnings & Outgo:

The information of foreign exchange earnings & outgo are contained in the notes to accounts in Schedule 15.

### ANNEXURE II

Particulars of Employees as per Section 217 (2A) (6) (ii) read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 30th June, 1998.

Sr. No.	Name	Designation	Qualification and experience	Date of Joining	Remuneration (Rs.)	Age (years)	Details of previous employment
<b>A) EMPLOYED THROUGHOUT THE YEAR :</b>							
1)	Mr. Ramesh Jatia	Managing Director	B.Com 11 years.	01.02.87	1,445,711	38	—
2)	Mr. N.C. Mehta	Chief Executive Officer	B.E. Mech. With Hons. 26 Yrs.	20.02.95	976,744	46	General Manager Bajaj Tempo Ltd Pithampur, Indore
3)	Mr. K.M. Pai	Dy. C.E.O.	M.Sc. M.B.A.(Finance) IIM, Bangalore AICWA, ACS, 23 Yrs.	28.10.96	538,545	46	Vice President - Fin. Murudeshwar Ceramics Limited, Hubli
4)	Mr. S.R. Vyas (Corp.Aff.) &	G.M. LLB Com. Secr.	B.Com. FCS 27 Yrs.	21.02.88	510,870	46	Senior Secretarial Executive ASE Ltd., Baroda
5)	Mr. P.N. Jha	G.M. (Works)	BE (Mech.) Chartered Engr. 28 Yrs.	17.01.96	463,443	49	Senior Manager International Glass Industries, Nigeria
6)	Mr. A.N. Rangaswamy	G.M.(Mktg.)	M.A. 19 Yrs.	24.11.94	421,877	41	Chief Mktg. Manager Morgan Industries Ltd., Madras
<b>B) EMPLOYED FOR PART OF THE YEAR:</b>							
1)	Mr. A.S. Rao	G.M. (Works)	Dip. in Ceramics 35 Years	29.09.95	315,732	55	Gen. Manager (Plant), Stiles India Ltd., Tirupati

#### Notes :

- (1) The remuneration shown above includes Salary, Commission, HRA, Leave Travel Allowance, Medical Reimbursement, Leave Encashment, Company's contribution to Provident Fund, Superannuation Fund, Gratuity and monetary value of other benefits.
- (2) Nature of employment of employees except Sr.No. A (1) is non-contractual.
- (3) Mr. Ramesh Jatia is related to Mr. S.K. Jatia and Mr. R.K. Jatia, the Directors of the Company. No other employee is related to any Directors of the Company.



## AUDITORS' REPORT

TO  
THE MEMBERS OF BELL CERAMICS LIMITED  
GUJARAT

We have audited the attached Balance Sheet of BELL CERAMICS LIMITED as at 30th June, 1998 and the Profit & Loss Account of the Company for the period ended on that date annexed thereto, which are in agreement with the books of account.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such examination of the books and records of the Company as we consider proper and the information and explanations given to us during the course of our audit, we report that :

1. In our opinion, the Company is in the process of updating records to show full particulars including quantitative details and situation of its Fixed Assets. A part of the fixed assets have been physically verified by the management during the year, however there exists a programme of verification of the assets over a period. In our opinion the frequency of verification of the fixed assets by the management is at reasonable intervals having regard to the size of the Company and nature of the assets and no material discrepancies were noticed between the book records and the physical inventory in respect of the assets physically verified.
2. None of the Fixed Assets have been revalued during the year.
3. The stock of finished goods, stores, spare parts and raw materials except for clay owing to its nature have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
4. In our opinion and according to the information and explanations given to us the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
6. In our opinion the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. In our opinion the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and / or to companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956 except an interest free loan to a wholly owned subsidiary company and other costs recoverable from the subsidiaries, the terms and conditions of which are not prima facie prejudicial to the interest of the Company in view of over all involvement of the the Company in such bodies corporate.
9. Besides the loans as referred to in para (8) above, no loans and advances in the nature of loans except for loans/advances to staff have been given by the Company, recovery of principal amounts and interest, wherever applicable have been as stipulated.
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 nature of its business with regard to the purchases of stores, raw materials including components, plant and machinery, equipment and other assets and for sale of goods.
11. There were no transactions of sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register (s) maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party. In respect of purchase of materials from a subsidiary company, prices are reasonable having regard to the prevailing market prices for such goods.
12. As explained to us the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and rules framed thereunder to the extent applicable.
14. In our opinion reasonable records have been maintained by the Company for the sale of scrap. As explained to us, the Company's operation do not generate any realisable by - products.
15. Internal Audit has been conducted by an independent firm of Chartered Accountants during the year and is commensurate with the size of the Company and the nature of its business.
16. The Central Government has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 for the Company.
17. The Company has generally been regular in the deposits of Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. There are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty outstanding at the last day of the financial year concerned, for a period of more than six months from the day they became payable.
19. The Company has a policy of authorising expenditure based on reasonable checks and controls. This policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the trading activities of the Company provision has been made for the loss arising out of damaged goods if any, to the extent determined.
22. The Company has maintained proper records of the transactions and contracts of dealings in investments during the year and timely entries have been made therein. All the investments were held in the name of the Company.

We further report that, 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. In our opinion proper books of account have been kept by the Company as required by law so far as appears from our examination of those books. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information in the manner required by the Companies Act, 1956 and we report that subject to Note 6 regarding non provision for doubtful advances; Note 7 regarding non provision for doubtful debts; and Note 8 regarding non confirmation of balances the Balance Sheet shows a true and fair view of the state of the Company's affairs as at 30th June, 1998 and the Profit and Loss Account shows a true and fair view of the loss for the year ended on that date.

(Vikas Vig)  
Partner

For & on Behalf of  
**R.P. MALHAN & COMPANY**  
Chartered Accountants

Place : New Delhi  
Date : 29.9.1998





## BALANCE SHEET AS AT JUNE 30, 1998

	SCHEDULE	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
<b>SOURCE OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	2152.14	2152.14
Reserves & Surplus	2	2728.04	3823.08
		<u>4880.18</u>	<u>5975.22</u>
<b>LOAN FUNDS</b>			
Secured Loans	3	10031.79	8165.68
Unsecured Loans	4	801.60	565.48
		<u>10833.39</u>	<u>8731.16</u>
		<u>15713.57</u>	<u>14706.38</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	5		
Gross Block		15321.59	12035.75
Less: Depreciation		2536.04	1716.52
Net Block		<u>12785.55</u>	<u>10319.23</u>
Capital Work in Progress		31.60	1285.22
		<u>12817.15</u>	<u>11604.45</u>
<b>INVESTMENTS</b>	6	444.33	444.33
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	7		
Inventories		2467.49	973.51
Sundry Debtors		829.56	819.74
Cash and Bank Balances		72.74	58.52
Loans and Advances		<u>858.68</u>	<u>1626.35</u>
		<u>4228.47</u>	<u>3478.12</u>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	8		
Current Liabilities		2551.59	1320.87
Provisions		102.66	67.00
		<u>2654.25</u>	<u>1387.87</u>
<b>NET CURRENT ASSETS</b>		<u>1574.22</u>	<u>2090.25</u>
<b>MISCELLANEOUS EXPENDITURE</b>	9	877.87	567.35
		<u>15713.57</u>	<u>14706.38</u>
<b>SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES</b>	15		

"As per our Report of even date"

**Vikas Vig**  
Partner  
For & on behalf of  
**R.P. MALHAN & CO.**  
Chartered Accountants  
Place : Baroda  
Date : 29.09.98

**RAMESH JATIA**  
Managing Director

ON BEHALF OF THE BOARD OF DIRECTORS

**R.G.N. SWAMY**  
Chairman

**S.K. JATIA**  
Vice-Chairman

**S.R. VYAS**  
General Manager(Corporate Affairs)  
& Company Secretary