

59<sup>th</sup>  
Annual Report  
2004 - 2005



**HARDCASTLE  
& WAUD  
MANUFACTURING  
COMPANY LIMITED**



## HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

### BOARD OF DIRECTORS

B. L. JATIA, *Chairman & Managing Director*  
N.S. KARNAVAT  
HASMUKH GANDHI  
TUSHAR G. AGARWAL

### BANKER

THE UNITED WESTERN BANK LTD

### AUDITORS

MESSRS KHARE & CO.

### LEGAL ADVISORS

KANGA & COMPANY  
ADVOCATES, SOLICITORS & NOTARIES

### REGISTERED OFFICE

NETIVALI BAUG, KALYAN- 421 306

### HEAD OFFICE

BRABOURNE STADIUM  
87, VEER NARIMAN ROAD  
MUMBAI – 400 020

### WORKS

1. NETIVALI BAUG, KALYAN- 421 306  
DIST THANE (MAHARASHTRA)
2. 1904, GIDC, SARIGAM - 396 155  
DIST VALSAD (GUJARAT)

### REGISTRARS & TRANSFER AGENT

SHAREPRO SERVICES (INDIA) PVT. LTD.  
912 RAHEJA CENTRE  
FREE PRESS JOURNAL ROAD  
NARIMAN POINT  
MUMBAI – 400 021



## 59TH ANNUAL REPORT 2004-2005

### NOTICE

Notice is hereby given that the 59<sup>th</sup> Annual General Meeting of Hardcastle & Waud Mfg Co. Ltd will be held at the registered office of the Company at Netivali Baug, Kalyan (East) – 421 306 on Friday, the 30<sup>th</sup> September, 2005 at 10 a.m. to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2005 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr Tushar Agarwal who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

#### SPECIAL BUSINESS :

4. To appoint Mr Has Mukh Gandhi as a director of the Company.
5. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**"RESOLVED THAT** consent of the Company be and is hereby accorded in terms of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company contributing to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of the company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the immediately preceding three financial years, whichever is greater, provided that the maximum amount so contributed shall not exceed the limit of Rs 10,00,000 (Rupees Ten Lacs)."

#### NOTES :

1. A Compliance Certificate obtained from a Secretary in wholetime practice under Rule 3(1) of the Companies (Compliance Certificate) Rules, 2001 required to be laid in the annual general meeting is attached to and forms part of the Directors' Report.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the items of Special Business is annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 29<sup>th</sup> September, 2005 to 30<sup>th</sup> September, 2005 (both days inclusive).

5. Members who have not collected their new share certificates so far are advised to do so by surrendering their old certificates for shares in the Company either in person or by sending through post to the Registrars & Transfer Agent of the Company, in their own interest.

**Registered Office :** By Order of the Board of Directors  
Netivali Baug,  
Kalyan – 421 306  
**B. L. JATIA**  
Managing Director

Date: 22<sup>nd</sup> August, 2005

### ANNEXURE TO THE NOTICE

#### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

##### Items No. 4

Mr Has Mukh Gandhi was appointed as a director of the Company on 17.3.2003 to fill the casual vacancy caused by the resignation of Mr Achal Jatia. He holds office till the date of the forthcoming Annual General Meeting (i.e.) the date on which Mr Achal Jatia would have retired in the usual course.

The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member notifying his intention to propose Mr Has Mukh Gandhi as a candidate for the office of director.

Mr Gandhi is an advocate with several years of experience in the legal field. Your Board considers that the Company would benefit from Mr Gandhi's experience.

None of the directors of the Company except Mr Gandhi is interested in the resolution.

##### Item No. 5

Under Section 293(1)(e) of the Companies Act, 1956, (the Act) the Board of Directors cannot except with the consent of the Company in general meeting contribute to charitable and other funds any amounts aggregate of which will in any financial year exceed Rs 50,000 or 5% of the average net profits of the Company determined in accordance with Sections 349 and 350 of the Act during the immediately preceding three financial years, whichever is greater.

The Company may have to discharge various social and other responsibilities including giving donations and/or contributions to charitable organizations formed for the purpose of providing relief to the victims of natural calamities, etc. The proposed resolution would enable the Company to make such contribution and extend its support to charitable/social organizations.

None of the directors is interested or concerned in this item of the business.

**Registered Office :** By Order of the Board of Directors  
Netivali Baug,  
Kalyan – 421 306  
**B. L. JATIA**  
Managing Director

Date: 22<sup>nd</sup> August, 2005



## HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

### DIRECTORS' REPORT

Your Directors present the 59<sup>th</sup> Annual Report of the Company, together with the audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2005.

#### 1. FINANCIAL RESULTS AND APPROPRIATIONS

	Year ended 31st March, 2005 (Rs Lacs)	Year ended 31st March, 2004 (Rs Lacs)
Profit / (Loss) before interest and depreciation	138.75	397.25
Interest	44.50	27.99
Depreciation	39.10	38.84
	<u>83.60</u>	<u>66.83</u>
Prior year Adjustments	22.83	(2.37)
Profit / (Loss) Before Taxation	32.32	332.79
Provision for Taxation	8.39	25.50
Deferred Tax	17.60	97.70
Net Profit / (Loss) after taxation	6.33	209.59
Balance b/f from Previous Year	209.59	—
Carried forward	<u>215.92</u>	<u>209.59</u>

With a view to strengthen the financial position of the Company, no dividend payout is being recommended.

#### 2. OPERATIONS

The Company's turnover at Rs 3489.30 lacs during the year increased by 18% from Rs 2951.46 lacs in the previous year. The profit after tax was Rs 6.33 lacs as compared to Rs 209.50 lacs for the earlier year which included write back of an amount of Rs 200.24 lacs being ascertained liability earlier provided in respect of sales tax appeals since decided in the Company's favour.

The matter of recomputation of sales tax liability for the years 1993-94, 1997-98 and 1998-99 in respect of the Company's Sarigam Unit is still pending with the assessing officer.

As a part of business re-engineering, the Company has :

- shifted its Synthetic Resin and Insulating Varnish manufacturing activity from Kalyan to Sarigam (Valsad District) in Gujarat ;
- suspended operations in its Coil Coating division; and
- leased out a part of its land at Kalyan.

#### 3. PUBLIC DEPOSITS

No deposits were accepted during the year.

#### 4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr Tushar Agarwal retires by rotation at the ensuing Annual General meeting but being eligible, offers himself for reappointment.

Mr Hasamukh Gandhi was appointed to fill the casual vacancy caused by the resignation of Mr Achal Jatia. In terms of Section 262 (2) of the Companies Act,

1956, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a valid notice and requisite deposit from a member under Section 257 of the said Act proposing the candidature of Mr Gandhi for office of director.

#### 5. AUDITORS

Members are requested to appoint auditors to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### 6. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Details of energy conservation, technology absorption and foreign exchange earnings and outgo as required by Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 appear in the Annexure to this Report.

#### 7. PARTICULARS OF EMPLOYEES

No employee of the Company is covered under the provisions of Section 217 (2 A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### 8. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956 your Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- the accounting policies selected and applied are consistent and the judgements and estimates made 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 of the Company for that period;
- proper and sufficient care has been taken 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 frauds and other irregularities;
- the annual accounts have been prepared on a going concern basis.

#### 9. SECRETARIAL COMPLIANCE REPORT

Copy of a certificate from a Secretary in whole-time practice certifying that the Company has complied with the provisions of the Companies Act, 1956 is annexed to this report.

#### 10. EMPLOYEE RELATIONS

Relations with employees during the year continued to be cordial.

#### 11. ACKNOWLEDGEMENTS

The Board sincerely thanks all stakeholders for their continued support.

On Behalf of the Board

Mumbai,

22<sup>nd</sup> August, 2005

**B. L. Jatia**

Chairman & Managing Director



## 59TH ANNUAL REPORT 2004-2005

**ANNEXURE TO THE DIRECTORS' REPORT**

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2005.

**A. CONSERVATION OF ENERGY**

- a. Appropriate measures to derive optimum benefit of energy-saving equipment and energy-efficient technology for the production processes are part of operational policy of the Company.

2004-2005 2003-2004

**b. Power & Fuel Consumption**

i) Electricity		
(a) Purchased -		
Units(000s)	418	506
Total Amount (Lac Rs)	23.01	28.07
Average Rate(Rs per Unit)	5.51	5.55
(b) Own generation		
(i) Through Diesel Generator		
Units (000s)	NIL	NIL
Units per litre of diesel oil	NIL	NIL
Cost/Unit (Rs)	NIL	NIL
(ii) Through Steam Turbine/Generator		
	NIL	NIL
ii) Coal	NIL	NIL
iii) Furnace Oil		
Quantity (Kilolitres)	113	139
Total Amount (Lac Rs)	15.01	17.32
Average Rate (Rs per kilolitre)	13229	12502
iv) Others		
Quantity (Kilolitres)	2.27	6.30
Total Amount (Lac Rs)	1.23	3.42
Average Rate (Rs per kilolitre)	54250	54320

**c. Consumption per unit of production**

Since the Company has different product lines with several formulations, it is not feasible to compute this figure.

**B. TECHNOLOGY ABSORPTION****Research & Development (R & D)****1. Specific areas in which R & D is carried on by the Company:**

The Company's R & D activities are aimed at developing new products/processes, product upgradation and cost reduction.

**2. Benefits derived as result of R & D**

The R & D activities have helped the Company in streamlining and improving its manufacturing processes and product quality, development of products for wider and newer applications, diversification, optimisation of product costs, rendering of technical services to customers and adoption and absorption of technology.

**3. Future Plan of Action**

The existing R & D activities will continue to be strengthened so as to enable the company to compete in the market place.

**4. Expenditure on R & D**

	2004-2005 Rs Lacs	2003-2004 Rs Lacs
a. Capital	0.03	0.22
b. Recurring	5.36	4.82
Total	5.39	5.04

c. Total R & D Expenditure as percentage of Turnover 0.15% 0.17%

**Technology Absorption, Adaptation & Innovation Efforts made and benefits derived**

- The company has through technological tie-up with a foreign party been successful in pioneering pre-colour (powder) coating of metal coils in the country.
- No new technology was imported during the last five years.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange earned and utilised was Rs 18.35 lacs and Rs 169.78 lacs respectively.

On Behalf of the Board

Mumbai,  
22<sup>nd</sup> August, 2005

**B. L. JATIA**  
CHAIRMAN & MANAGING DIRECTOR

**SECRETARIAL COMPLIANCE REPORT**

To

The Members

Hardcastle &amp; Waud Mfg Co. Ltd.

I have examined the registers, records, books and papers of Hardcastle & Waud Mfg Co. Ltd as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2005. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year :

- The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Maharashtra within the time prescribed under the Act and the rules made thereunder.
- The Company is not a private limited company.
- The Board of Directors duly met 8 times on 12.4.2004, 30.6.2004, 31.7.04, 27.9.04, 30.10.04, 4.1.05, 31.1.05 and 19.2.05 in respect of which meetings proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose.
- The Company closed its Register of Members from 29.09.2004 to 30.09.2004 and necessary compliance of section 154 of the Act has been made.
- The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2004 was held on 30<sup>th</sup> September, 2004 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the minute book maintained for the purpose.
- An extra ordinary general meeting was held during the financial year after giving due notice to the Members of the Company and the resolution passed thereat was duly recorded in the minutes book maintained for the purpose.
- The company has not advanced any loan to its directors and/or persons or firms or companies referred to in section 295 of the Act.
- The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that section.
- The company has made necessary entries in the register maintained under section 301 of the Act.
- No approvals of the nature specified in Section 314 of the Act were required to be obtained by the Company.
- No duplicate share certificates were issued by the company.
- The Company :
  - has not made any allotment of securities during the said year. It has delivered all the certificates on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
  - has not declared and/or paid any dividend;





## HARDCASTLE & WAUD MANUFACTURING COMPANY LIMITED

- (iii) has transferred the amounts in unpaid dividend account which have remained unclaimed for a period of seven years to Investor Education and Protection Fund; and
- (iv) has duly complied with the requirements of section 217 of the Act.
- 14. The Board of Directors of the Company is duly constituted and the appointments of directors have been duly made.
- 15. The appointment of Managing Director was made in compliance with the provisions of Sections 269 read with Schedule XIII to the Act. The said appointment did not require approval of Central Government. However approval for payment of managerial remuneration to the Managing Director from the Central Government under Section 198(4) of the Companies Act, 1956 has been duly obtained.
- 16. The Company has not appointed any sole-selling agents.
- 17. The company has applied for and or obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar and or any other prescribed authorities under the various provisions of the Act including approval u/s 198(4) of Central Govt for payment of Managerial Remuneration.
- 18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- 19. The company has not issued any shares/debentures/other securities during the financial year.
- 20. The company has not bought back any shares during the financial year ending 31<sup>st</sup> March, 2005.
- 21. The company has not issued/redeemed any preference shares/debentures during the year.
- 22. Since the Company did not declare any dividend, offered/ issued any rights/ bonus shares during the year, the question of keeping in abeyance, rights thereto pending registration of transfer of shares does not arise.
- 23. The company has not accepted any deposits or taken any loans during the year within the meaning of sections 58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975.
- 24. The amounts borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31.3.2005 are within the borrowing limits of the Company. These borrowings did not exceed the limits prescribed in Section 293(1)(d) of the Act.
- 25. The loans to/investments made in other bodies corporate are in compliance with the provisions of the Act and necessary entries have been made in the register kept for the purpose.
- 26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
- 27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
- 28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

- 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
- 30. The Company has not altered its Articles of Association during the year.
- 31. No prosecution has been initiated against or show cause notices received by the Company under the Act.
- 32. The Company has not received any security from its employees during the year under certification as per provisions of section 417(1) of the Act.
- 33. The Company has deposited both employees' and employer's contribution to Provident Fund with the prescribed authority pursuant to Sec.418 of the Act.

**Shailesh A. Kachalia**

Place : Mumbai

CP: 3888

Date : 19<sup>th</sup> August, 2005

Company Secretaries

### ANNEXURE A

Registers as maintained by the Company

- 1. Register of Charges u/s 143(1).
- 2. Register of Members u/s 150.
- 3. Index of Members u/s 151(1).
- 4. Minutes Book of General Meetings u/s 193(1)
- 5. Minutes Book of Board Meetings u/s 193(1)
- 6. Books of Accounts u/s 209(1) including Register of Fixed Assets
- 7. Register of Contracts u/s 301
- 8. Register of Directors u/s 303
- 9. Register of Directors' Shareholdings u/s 307.
- 10. Register of Investments & Loans u/s 372 A

**Shailesh A. Kachalia**

Place : Mumbai

CP: 3888

Date : 19<sup>th</sup> August, 2005

Company Secretaries

### ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31<sup>st</sup> March, 2005.

- 1. Balance Sheet and Profit & Loss Account for the year ended 31.03.2004 filed u/s 220(1).
- 2. Annual Return made upto 30.09.2004 (AGM) filed u/s 159(1).
- 3. Compliance Certificate under Rule 3(2) of Companies (Compliance Certificate) Rules, 2001.
- 4. Form 1 (Statement of amounts credited to Investor Education and Protection Fund) under the Investor Education & Protection Fund Rules, 2001.
- 5. Form 23 u/s 192 (4) (c) (Reappointment of Chairman and Managing Director).
- 6. Form 23 u/s 192 (1) (Approval of Remuneration payable to Managing Director)
- 7. Form 25C u/s 269(2) and Schedule XIII - (Appointment of Managing Director)
- 8. Form 23 - Authority to the Board of Directors to acquire Securities, making loans, etc. u/s 372(A) read with Section 192A.
- 9. Form 23 u/s 192 (4)(a) and Declaration in Form 20A u/s 149/2A regarding Commencement of new business.

**Shailesh A. Kachalia**

Place : Mumbai

CP: 3888

Date : 19<sup>th</sup> August, 2005

Company Secretaries



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### REPORT OF THE AUDITORS TO THE SHAREHOLDERS

1. We have examined the attached Balance Sheet of Hardcastle & Waud Mfg. Co. Ltd as at 31<sup>st</sup> March 2005 and also the Profit & Loss Account and the Cash Flow Statement annexed thereto for the year ended on that date. 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These 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 management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 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.
4. Further to our comments in the aforesaid Annexure we report that :
  - a) 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;
  - 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 those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches;
  - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of our review of the confirmations made available to us from the companies in which the directors of the Company are directors and the information and explanations given to us, none of the directors of the Company is prima facie as at 31<sup>st</sup> March 2005 disqualified from being appointed as director of the Company under 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 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2005;
    - ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date;
    - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Khare & Co.**  
Chartered Accountants  
**Y. P. Shukla**

Place : Mumbai  
Date : 22<sup>nd</sup> August, 2005

Proprietor  
Membership no 16203

### ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT TO THE MEMBERS OF HARDCASTLE & WAUD MFG CO. LTD ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2005.

#### We state that :-

- i) a) The Company has maintained proper records showing particulars including quantitative details and situation of fixed assets acquired subsequent to 1<sup>st</sup> January 1973. Records prior to that date are reported to be destroyed by fire;
- b) As explained to us, the aforesaid fixed assets have been physically verified by the Management at the end of the year and it has been reported to us that no material discrepancies have been noticed on such verification;
- c) In our opinion, the Company has not disposed of substantial part of its fixed assets during the year;
- ii) a) It is reported that the inventory has been physically verified by the management at the end of the year;
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- c) The Company has maintained proper records of inventory and as explained to us, the discrepancies noticed on physical verification of the inventory were not material;
- iii) a) The Company has not granted any loans secured or unsecured to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956;
- b) The Company has taken unsecured loans aggregating to Rs.1490.52 lacs from seven companies covered in the register maintained under Section 301 of the Companies Act, 1956.

- c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company;
- d) The payments of the principal amounts and interest thereon are regular;
- iv) 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 inventory and fixed assets and for the sale of goods and services. In our opinion, there is no continuing failure to correct major weaknesses in the internal control system;
- v) a) According to the information and explanations given to us, all transactions during the year that needed to be entered in the register maintained U/s 301 of the Companies Act, 1956 have been so entered;
- b) According to the information and explanations given to us, these transactions have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available;
- vi) The Company has not accepted any deposits from the public;
- vii) In our opinion the internal audit system of the Company is commensurate with its size and nature of its business;
- viii) We have broadly reviewed the books of accounts and other records maintained by the Company in respect of resins where pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete;
- ix) a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other statutory dues have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2005 for a period of more than six months from the date of becoming payable;
- b) Disputed Statutory dues aggregating to Rs. 1271.47 lacs that have not been deposited on account of disputes and matters pending before appropriate authorities are as under :-

Nature of Dues	Forum where dispute is Pending	Amount Involved Rs. In Lacs
Central Excise	Commissioner of Central Excise (Appeals), Mumbai	10.42
Sales Tax	Deputy Comm of ST (Appeals-I), Mumbai	11.26
Sales Tax	Sales Tax Officer, Vapi	1246.82
Sales Tax	Asst. Comm. (Appeals), Chennai	1.05
Sales Tax	Asst. Comm of Comm Tax, Kolkata	1.92

- x) The Company has no accumulated losses and has not incurred cash loss during the financial year under report or the immediately preceding financial year;
- xi) According to the information and explanations given to us, the Company has not made any default in repayment of dues to banks. There are no borrowings from financial institutions and through debentures;
- xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans on the basis of security by way of pledge of shares, debentures or other securities;
- xiii) The Company is not a nidhi/ mutual benefit fund/society;
- xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments;
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions;
- xvi) According to the information and explanations given to us, no term loans were obtained by the company during the year;
- xvii) In our opinion, according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment;
- xviii) According to the information and explanations given to us, the Company has not made any allotment of shares during the year;
- xix) According to the information and explanations given to us, the Company has not issued any debentures and hence the question of creating security or charge therefor does not arise;
- xx) During the year under report, no public issue has been made by the Company;
- xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Khare & Co.**  
Chartered Accountants

**Y. P. Shukla**  
Proprietor

Place : Mumbai  
Date : 22<sup>nd</sup> August, 2005

Membership no 16203