



Report [www.reportjunction.com](http://www.reportjunction.com)



HERBERTSONS LIMITED

64<sup>TH</sup>

ANNUAL REPORT 2000-2001



THE UB GROUP

64TH ANNUAL REPORT 2000-2001



## HERBERTSONS LIMITED

### DIRECTORS

DR.VIJAY MALLYA.....*Executive Chairman*

K.R.CHHABRIA.....*Vice Chairman and Wholetime Director*

S.D.LALLA.....*Managing Director*

S.K.DIWANJI

S.S.GANDHI

S.R.GUPTA

C.L.JAIN

RITU MALLYA

R.M.PAREKH

V.K.REKHI

N.SRINIVASAN

S.K.BISHWAL

### COMPANY SECRETARY

BHARATH RAGHAVAN



Report Junction.com



#### **REGISTERED OFFICE**

Ewart House, 22, Homi Mody Street,  
Mumbai 400 023.

#### **MANUFACTORY**

201/202, Matsya Industrial Area,  
Alwar 301 030, Rajasthan.

#### **AUDITORS**

Fraser & Ross, Chennai.

#### **REGISTRARS & SHARE TRANSFER AGENTS**

Computech Sharecap Limited  
147, Mahatma Gandhi Road,  
Mumbai 400 023.

#### **BANKERS**

Citibank N.A.  
State Bank of Travancore  
State Bank of Bikaner and Jaipur  
Bank of India



## REPORT OF THE DIRECTORS

To the Members

Your Directors submit their Report and the audited Accounts for the year ended 31st March, 2001 as under :

		(Rupees) Previous Year
The working of your Company for the year under review resulted in an operating profit of	104,878,878	112,751,286
From which has to be deducted:		
for Depreciation	291,12,714	32,325,580
for Taxation	<u>32,000,000</u>	<u>38,000,000</u>
	61,112,714	70,325,580
	<u>43,766,164</u>	<u>42,425,706</u>
and to which is added surplus brought forward from previous year	26,684,536	33,724,372
	<u>70,450,700</u>	<u>76,150,078</u>
from which is appropriated		
Towards General Reserve	20,000,000	20,000,000
Prior years' Tax Adjustments (+)	16,000,000	625,000
Excess Provision for Corporate Dividend tax of earlier years written back	3,370,905	--
Dividends on Equity Shares:		
Proposed final dividend	4,761,161	4,761,161
Corporate Dividend Tax on above	485,639	* 3,666,095
Interim Dividends	19,044,646	19,044,646
Corporate Dividend Tax on above	1,942,554	2,618,640
	<u>43,587,605</u>	<u>26,684,536</u>

(\* Includes Rs. 26,18,639 in respect of earlier years).

### DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so

- as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period.
- that to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

## 64TH ANNUAL REPORT 2000-01



- d) that they have prepared the annual accounts on a going concern basis.

## DIVIDEND

The Board of Directors of your Company declared an interim dividend for the financial year 2000-2001 @ 20% at the Board Meeting held on 31<sup>st</sup> July, 2001, payment of which was duly made.

Your Directors recommend payment of a final dividend @ 5% (previous year 5% though proposed, could not be placed before the shareholders for approval as a result of orders of the Bombay High Court staying holding of Annual Meeting) for the year ended 31<sup>st</sup> March, 2001, on 9,522,323 equity shares of Rs.10/- each.

## OPERATIONS

Your Directors are pleased to inform you that your Company has achieved a volume growth of approximately 7% over last year. This is despite the fact that the Company stayed out of the Andhra Pradesh market in respect of its core brands arising out of the pricing disputes with the Andhra Pradesh State Beverages Corporation Limited for a period of approximately 4 months.

During the year under review, your Company completed the process of refurbishing its entire product range with new international quality packaging to provide a further competitive edge to the brand portfolio.

As you are aware your Company has pioneered the concept of the look-alike pints & nips of Bagpiper Whisky in the regular whisky segment. Apart from delivering greater value for money to the consumers, this also set a trend in the industry that competition was forced to follow. The brand continues to scale the 5 million mark year after year, thereby maintaining its undisputed position of "The Largest Selling Whisky in India".

Premium Romanov Vodka with its stylish new look and the new packaging received a thunderous response from the market and the brand continues to extend its dominance across the country selling over 1.5 lakh cases, and also registering a whopping 22% growth over last year.

Honey Bee Brandy was also made available in an attractive new quart bottle. The pack graphics were made contemporary to improve the value for money equation to the consumer. The new pack received a good response from key markets and for the second year the brand retained its millionaire crown.

The highlight of the year however was the launch of two

new brands from your Company – Bagpiper XXX Rum & Joie De Franc' Premium Brandy, in select markets where the response has been encouraging.

## PROSPECTS FOR THE CURRENT YEAR

Your Company has consistently recognized the role of the consumer in determining market leadership and has therefore consistently outperformed competition to retain brand leadership. The new packaging for Honey Bee Brandy and Premium Romanov Vodka has met with tremendous response and its success is reflected in gains in market share in spite of the current competitive environment.

Your Company's focus on the consumer is now being sharpened by consistently investing in research thereby making your Company quickly adaptable to the changing needs of the consumer.

In view of the various initiatives taken by your Company, your Company is confident that its growth in the current year will be far more than the industry, thereby giving better value to the customers and stakeholders, despite unfriendly and hostile market conditions in the Northern Region of the country.

## SUBSIDIARY COMPANY

The Accounts of BDA Limited for the year ended 31<sup>st</sup> March, 2001 are not received by your Company from BDA Ltd. and are therefore not annexed. Relevant application under Section 212 (8) of the Companies Act, 1956 to the Central Government is being made.

## DIRECTORATE

As members will recall, at the Annual General Meeting of your Company on 30/12/1998, the votes cast in respect of the resolutions pertaining to re-appointment of Directors retiring by rotation, resolutions under Section 257 of the Companies Act, 1956 pertaining to appointment of Directors and resolutions under section 284 of the Companies Act, 1956 for removal of Directors and appointment of other Directors in their place were placed in sealed covers without counting and were handed over to the Officer of the Court pursuant to the Orders of the Bombay High Court. The said votes have not been counted on account of stay orders of the Bombay High Court.

Unless these boxes are ordered by the Court to be opened and the results declared, it is not possible for the Company to ascertain the Directors who are liable to retire by rotation



at subsequent Annual General Meetings.

Pursuant to the stay orders of the Bombay High Court the Company has been restrained from convening/holding any Annual General Meeting.

#### AUDIT COMMITTEE:

The Board of the Company has constituted an Audit Committee to meet the requirements of the provisions of Section 292A of the Companies Act, 1956. The Committee is chaired by Mr. N. Srinivasan, a fellow of the Institute of Chartered Accountants of India with over 30 years of rich experience in the finance and accounting profession. The other members of the Committee are:

Mr. S. D. Lalla  
Mr. C. L. Jain  
Mr. R. M. Parekh.

#### STATUS OF LITIGATION:

The following legal proceedings are pending where your Company is a party:

- 1) Suit No. 3910 of 1997 M.Sreenivasulu Reddy & Ors. Versus Kishore R Chhabria and Ors. and Suit No. 297 of 1999 Imfa Holdings Pvt. Ltd. & Ors. versus Herbertsons Limited & Ors. in the Bombay High Court.

Interlocutory applications in these suits were disposed of by the Single Judge. Appeals from the Single Judge's judgment and order have been disposed of by the Division Bench of the Bombay High Court by its Judgment and order dated 28<sup>th</sup> September, 2001. By the same Order the Company is restrained from holding Annual Meetings till 31<sup>st</sup> December, 2001.

- 2) Suit No. 6826 of 1999 Herbertsons Limited vs. Kishore R Chhabria & Ors. and Suit No. 307 of 2000 Herbertsons Limited & Ors. versus Kishore R Chhabria & Ors. in the Bombay High Court.

These suits are pending. In proceedings in Suit no. 307 of 2000, interim orders have been passed staying the holding of Board Meetings of BDA Limited. Your Company filed a contempt petition being Contempt Petition No. 4 of 2000 against Kishore Rajaram Chhabria & Ors. arising out of an interlocutory order in Suit No. 6826 of 1999 which is also pending.

- 3) Suit Nos. 5908 of 1998, 5909 of 1998, 5910 of 1998, 5911 of 1998 and 69 of 1999 United Breweries Limited v/s Herbertsons Limited & Anr. in the Bombay High Court.

These suits are pending.

- 4) Suit No. 124 of 2000 BDA Limited & Ors. Versus Herbertsons Limited & Ors. in the Bombay City Civil Court.

This suit is also pending and an application has been made by the plaintiffs for transfer of this Suit to the Bombay High Court to be clubbed along with the Suits mentioned at Serial No. (2) above.

- 5) Suit No. 7948 of 1999 Herbertsons Limited & Anr. versus Ashok Kumar Jain & Ors. in the Bombay City Civil Court.

This suit is also pending.

- 6) Appeal No. 21 of 1998 filed by Shirish Finance & Investment Pvt. Ltd., Appeal No. 22 of 1998 filed by Imfa Holdings Pvt. Ltd., Appeal No. 52 of 2000 filed by Darrel Traders Private Limited and Appeal No. 51 of 2000 filed by Beethoven Traders Private Limited and Appeal No. 7 of 2001 filed by Firestorm Finance & Trading Limited against your Company before the Company Law Board, Western Region Bench u/s 111A of the Companies Act, 1956.

These appeals are also pending.

- 7) Company Petition No. 17 of 1999 filed by Airedale Investment & Trading Pvt. Ltd. & Ors. u/s 397/398 of the Companies Act, 1956 against Herbertsons Limited & Ors. before the Company Law Board, Principal Bench, New Delhi.

This petition is also pending. Some interlocutory applications have been heard and disposed off.

- 8) Company Petition No. 67 of 1998 filed by Herbertsons Limited against K.R.Chhabria & Ors. u/s 397/398 of the Companies Act, 1956 before the Company Law Board, Principal Bench, New Delhi, in respect of BDA Ltd.

This petition is also pending. Some interlocutory applications have been heard and disposed off.

- 9) Appeal No. 4 of 1999 filed by Herbertsons Limited in the Bombay High Court from an interlocutory order of the Company Law Board, Principal Bench, New Delhi in proceedings in Company Petition No. 67 of 1998.

This appeal is also pending.

- 10) Writ Petition No. 629 of 1999 in the Delhi High Court filed by Airedale Investment & Trading Pvt. Ltd. & Ors. challenging the appointment of Dr.Vijay Mallya as Managing Director of your Company.

## 64TH ANNUAL REPORT 2000-01



This petition is also pending.

- 11) Suit No., 1 of 2000 filed by Ashok Kumar Jain and Ors. versus M.D.Chhabria & Ors. in the Tis Hazari Court, New Delhi.

This suit is also pending. Interlocutory order has been passed in the suit from which appeal has been preferred which is also pending.

- 12) Shaw Wallace & Co. Ltd. and another have filed Suit no. 373 of 1992 against Kishore Rajaram Chhabria & Ors.

Your Company has made an application for being impleaded as a party defendant to the said suit. The said application is pending.

- 13) Show Cause Notices dated 8/1/1999 issued by SEBI to Mr. K. R. Chhabria, Mr. M.D. Chhabria and Dr. Vijay Mallia for alleged violation of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations and the Listing Agreement with the Stock Exchanges.

Hearings of the Show Cause Notices have been completed and the orders of SEBI are awaited.

**Note:** Any shareholder desiring any further information about any of the above proceedings is requested to contact the Company Secretary at the Registered Office during business hours.

## AUDITORS

Messrs. Fraser & Ross were appointed as Statutory Auditors at the Annual General Meeting held on 30<sup>th</sup> December, 1998 to hold office till the conclusion of the next Annual General Meeting. No Annual General Meeting has been held subsequently and as such they continue in office.

Messrs. Nayyar Malik & Co. were appointed as Auditors for auditing the accounts of the Sona Distilleries for the financial year 1998-1999 at the Annual General Meeting held on 30.12.98. In absence of any Annual General Meetings subsequently they continue to audit the accounts of Sona Distilleries for subsequent years.

Approval of members for the said appointments will be sought at the relevant Annual General Meetings when convened consequent upon orders of the Bombay High Court.

## PUBLIC DEPOSITS

The amount of fixed deposits due and not claimed by 110 claimants as at 31st March, 2001 was Rs.10,83,000/-. Out of this, deposits in respect of 52 claimants amounting to

Rs. 5.35 lacs have either been renewed or repaid subsequent to 31st March, 2001.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to 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 is given in Annexure 1, forming part of this Report.

## PERSONNEL

Relations between the Management and the Employees continued to be cordial.

Particulars of employees required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure II, forming part of this Report.

## LISTING AGREEMENT

As required by the amended Listing Agreement with the Stock Exchanges, a cash flow statement is appended.

Your Company's equity shares are listed on the following Stock Exchanges:

The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 023

The Stock Exchange, Ahmedabad  
Kamadhenu Complex,  
Near Polytechnic, Panjara Pole,  
Ahmedabad 380 015

The Delhi Stock Exchange Association Ltd. 3 & 4/4B,  
Asaf Ali Road,  
New Delhi 110 002

Bangalore Stock Exchange Ltd.  
Stock Exchange Towers,  
51, 1<sup>st</sup> Cross, J C Road,  
Bangalore 560 027

The Annual Listing Fees for the year 2001-2002 have been paid to the above Stock Exchanges.

Your Company has made an application for listing its shares on the National Stock Exchange Ltd. which application is pending.



As per the mandate of the Securities and Exchange Board of India (SEBI) your Company's name was included in the list of companies for compulsory dematerialization of their shares by June 26, 2000. Your Company filed an application with SEBI for exemption from dematerializing your Company's shares in view of ongoing litigation in the Bombay High Court as well as pending SEBI investigation on substantial acquisition of shares in your Company. The said application is still pending. Meanwhile SEBI has directed the Stock Exchanges to permit trading of your Company's shares only on "trade for trade settlement" window of Stock Exchange.

### AUDITORS' REPORT

With regard to the observations of the auditors in the Auditor's Report the explanations are as follows:

- 1) As regards para II(2)(e)(i) of the auditors report regarding capital work-in-progress pending adjustment, the relevant financial note no. 8 of Schedule 16 (Notes to Accounts) is self-explanatory.
- 2) As regards para II(2)(e)(ii) regarding non-availability of the accounts of the wholly owned Subsidiary for the years ended 31<sup>st</sup> March, 2000 & 31<sup>st</sup> March, 2001, non-consideration of expenses incurred by the wholly owned subsidiary, non-consideration of diminution in value of investment in the wholly owned subsidiary and considering advance to wholly owned subsidiary as good and recoverable in spite of erosion of its net worth, the relevant financial note nos. 2(a), 3(c) and 10(a) of Schedule 16 (Notes to Accounts) are self-

explanatory.

- 3) As regards para II(2)(e)(iii) regarding non-availability of the share certificates of the wholly owned subsidiary for verification, the relevant note no. 2(b) of Schedule 16 (Notes to Accounts) is self-explanatory.
- 4) As regards para II(2)(e)(iv) regarding non consideration of the diminution in the value of quoted and unquoted investments, in the opinion of the Management the diminution in the value of these investments being temporary in nature, the same need not be taken into account.
- 5) As regards para II(2)(e)(v) regarding treatment of overdue debtors, the Management is confident that it can recover the same.

### ACKNOWLEDGMENTS

Your Directors place on record their appreciation for the continued support from shareholders, customers, suppliers, investors, banks and financial institutions. Your Directors would also like to express their appreciation for the significant contribution by all the employees of your Company during the year.

By Authority of the Board

Sd/-

**VIJAY MALLYA**  
Executive Chairman

Mumbai, 30<sup>th</sup> October, 2001

## ANNEXURE I

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, 2001

### A. CONSERVATION OF ENERGY

- a) Installation of Energy Conservation Turbine in March 2001 for the co-generation of electricity by utilization of steam used for the re-distillation process without using any additional fuel will result in savings in the cost of electricity in the current years.
- b) Installation of higher capacity ENA plant has resulted in increase in yield and quality thereby saving coal consumption.

- c) Effective running of Cooling Tower by re-circulation of used water has resulted in conservation of Water & Power. Recycling of hot water as feed water in boiler has further added to saving in coal consumption.
- d) Installation of the energy meters in all the electrical panels of the Plant & Machinery has resulted in effective monitoring and maintaining the efficiency of the Plant & Machinery.

### B. TECHNOLOGY ABSORPTION

#### (1) Research & Development:

With modification in the malt spirit production plant and ENA plants, the quality of spirit produced has improved significantly and consistently in sensory evaluation. There has also been an increase in the yield resulting in increased production and reduction in overall cost.

## 64TH ANNUAL REPORT 2000-01

**(2) Technology Absorption:**

The Company has an on-going system of upgrading its technology keeping in view the latest development in the industry. During the year upgradation of the existing Auto Nip Line into Auto Pints Line and installation of Auto Nip Line with increased capacity has resulted in increased production capacity & efficiency and improvement in quality of finished product and thereby overall reduction in cost. To improve further the quality and production, the upgradation in Auto Quarts Line has been planned.

Installation of Inkjet on line printers for printing of Batch Numbers on line has resulted in savings in the cost of label overprinting.

There has been no import of technology during last 5 years.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information regarding total foreign exchange used and earned is contained in Note Nos. 24-27 of Schedule 16 to the accounts.

By Authority of the Board

Sd/-

**VIJAY MALLYA**  
Executive Chairman

Mumbai, 30<sup>th</sup> October, 2001

**ANNEXURE II**

STATEMENT UNDER SECTION 217(2A) READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2001.

Sr. No.	Name of Employee	Designation & nature of duties	Remuneration received (Rs.)	Qualifications	Experience	Date of commencement of employment	Age (Yrs)	Last Employment
<b>(A) Employed for the whole year and in receipt of remuneration of not less than Rs.12,00,000.</b>								
1	Mr. Arora V K	Divisional Vice President - Sales	1,756,966	B.A. (Hons)	29	15-Apr- 74	49	Sales Representative Cheml Kleen (India) Pvt. Ltd.
2	Mr. Capoor Ashok	Executive Vice President - Marketing & Sales	2,137,209	B.A.(Hons), M.B.A.	26	12-May- 92	48	Marketing Manager Godfrey Phillips India Ltd.
3	Mr. Chhabria K R	Vice Chairman & Wholetime Director	1,606,200	B. Com.	27	01-Apr- 95	46	Chairman C M L
4	Mr. Lalla S D	Managing Director	3,698,175	L.C. & S.E., AMIE (Civil)	39	07-Apr- 94	57	President Raychem RPG Ltd.
5	Cmdr Mongia S K	Divisional Vice President - Business Promotion	1,659,437	M.Sc. (Def.Sc)	43	01- Aug- 93	60	Commodore Indian Navy
6	Mr. Raghunathan A	Divisional Vice President - Finance	1,627,221	B.Com., A.C.A	26	01- Aug-93	49	G M - Finance & Accounts McDowell & Co.Limited
7	Capt. Sharma V K	Exe Director - Chairman's Off.	2,476,825	B.Com., M.A., L.L.B	27	01-Oct-93	58	V P - Administration United Breweries Ltd.

**(B) Employed for part of the year and in receipt of remuneration of not less than Rs.10,00,000. per month - Nil**

**NOTES :**

1. The appointment of all the employees is contractual.
2. None of the employees is related to any Director of the Company.
3. Remuneration includes salary and allowances, medical expenses, leave travel assistance, commission, bonus, Company's contribution to provident and superannuation funds and also the monetary value of perquisites calculated in accordance with the provisions of the Income-tax Act, 1961, and the Rules framed thereunder.

By authority of the Board

Sd/-

**VIJAY MALLYA**  
Executive Chairman

Mumbai, 30<sup>th</sup> October, 2001.



## REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Herbertsons Limited as at 31<sup>st</sup> March 2001 and the annexed Profit and Loss Account for the year ended on that date and report that:

- I. 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, we enclose in the Annexure on the basis of such checks as we consider appropriate, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our comments in the Annexure referred to in Para I above, we state:

1. The accounts of the Sona Distilleries Division have been audited by M/s Nayyar Malik & Co., Chartered Accountants, and their Report has been considered by us. (Note No.13b)
2. a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been maintained by the Company, so far as appears from our examination of those books.
- c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion the Profit and Loss Account and Balance Sheet referred to in this report comply with the Accounting Standards referred to in sub-section (3c) of Section 211 of the Companies Act 1956 with the exception of non recognition of diminution in value of the carrying costs of investments which is not in accordance with Accounting Standard 13.
- e) Attention is invited to:
  - i) Note No.8 regarding certain Capital Work-in-Progress of Rs.40.59 mio. remaining unadjusted for a considerable period of time.
  - ii) Note No.2(a) regarding the non-availability of the accounts of BDA Limited, the wholly owned Subsidiary company, for the year ended 31<sup>st</sup> March 2000 and 31<sup>st</sup> March 2001, and non consideration of the expenses incurred by the subsidiary as per their audited accounts for want of information, Note No. 3(c) regarding non-consideration of the diminution in the value of investment in the subsidiary and Note No.10(a) regarding considering advance of Rs.140.52 mio. to the subsidiary (including interest arrears of Rs.35.36 mio) as good and recoverable in spite of erosion of its net worth as per the audited accounts for the year ended 31<sup>st</sup> March, 1999. The auditors of the subsidiary

company, on the accounts so far audited by them, have made a disclaimer in regard to the true and fair view of the state of affairs.

- iii) Note No.2(b) regarding the non-availability with the company of the share certificates of the wholly-owned subsidiary, BDA Limited, for our verification.
- iv) Note No.3 (a) and (b) regarding not considering the diminution in the value of Rs.10.33 mio. of quoted investments and Rs.3.90 mio of unquoted investments, considering the same as temporary in nature.
- v) Note Nos.9(a) & (b) and 10(b) regarding overdue Debtors amounting to Rs.15.89 mio. and Overdue Advances amounting to Rs.0.86 mio. considering as good and recoverable by the Management.

We are unable to form an opinion regarding the quantum, of the ultimate shortfall in the realisability of the value of capital work-in-progress, investments, debtors and advances referred to above.

3. The reappointment of and remuneration of the Managing Director from 7<sup>th</sup> April 2000 and the Whole-time Director from 1<sup>st</sup> April 2000 are subject to the approval of the Shareholders.
4. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the Accounting Policies and notes thereon give the information required by the Companies Act 1956, in the manner so required, subject to paragraph 2(e) above, the effect of which could not be determined, and the cumulative consequential effect thereof on the profit for the year, assets, liabilities and reserves of the company, give a true and fair view:
  - i) in so far it relates to the Balance Sheet, the state of affairs as at 31<sup>st</sup> March 2001 and
  - ii) in so far it relates to the Profit and Loss Account, of the profit for the year ended on that date.
5. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified from being reappointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies act 1956.

FOR FRASER & ROSS

K.N.RAMASUBRAMANIAN  
Partner  
Chartered Accountants

Date: 30<sup>th</sup> October 2001  
Place: Mumbai