

***IFB INDUSTRIES LTD.***

***ANNUAL REPORT  
YEAR ENDED  
2000-2001***

## DIRECTORS' REPORT to the Shareholders

Dear Shareholders,

Your Directors have pleasure in presenting the 25th Annual Report and Accounts for the year ended 31st March, 2001.

### FINANCIAL RESULTS

	(Rs. '000) For the Year ended 31.03.2001	(Rs. '000) 15 months Period ended 31. 03. 2000
Total Income	1961919	2479040
Gross Profit	(53666)	182063
Interest	605344	707846
Depreciation	169307	199688
Profit before Extra-ordinary items and prior period adjustments	(828317)	(725471)
Adjustments for Extra-ordinary items and prior period adjustments	(625148)	(43753)
Profit/(Loss) before tax	(1453465)	(769224)
Provision for taxation	-	-
Profit/(Loss) after tax	(1453465)	(769224)
Debtenture Redemption Reserve	-	-
Balance brought forward	(1244575)	(475351)
Amount available for appropriation	-	-
Dividend	-	-
Transfer (from)/to Reserve(s)	30752	-
Balance carried to Balance Sheet	(2667288)	(1244575)

*The figures for this period are not strictly comparable with that of the last year since the accounts have been made up for twelve months against that for a period of 15 months last year.*

### DIVIDEND

Your Directors regret their inability to propose any dividend in view of the loss for the year under review.

### REVIEW OF OPERATION

The economic slow down continued during the period and depressed the mood of the business. The results for the period under review though on the face of it appears cheerless the

matter has to be viewed from overall economic scenario which is increasingly competitive. In the automotive sector most of the customers, specially scooters and other two wheelers had to reduce their production and off take from the Company was accordingly reduced. This resulted in under utilisation of the plant capacity. The Home Appliance Division in spite of stiff competition and dumping from countries like China and East Europe was able to maintain its leadership in fully automatic washing machine segment. The Company is now on a focussed path with the clear vision of concentrating on its core business. In spite of marginal increase in Proportionate Turnover, the Company has suffered badly during the year under review due to increase in material cost, fuel & power cost, exchange rate variation which could not be passed on to customers.

Additionally to reflect the correct state of affairs the company has adjusted loss on assignment of advances, Loss on sale of investments, diminution of value of investments and receivables. The company has also taken write off action against unrealisable advances & debts and made adequate provision for doubtful debts, advances & diminution in value of receivables.

In early 1999 your Company approached Bankers and Financial Institutions with a proposal for restructuring of its debt portfolio. After vigorous persuasion, State Bank of India the lead Banker and IDBI, ICICI and IIBI granted restructuring package at around late 2000 which was duly accepted by the Company. Restructuring Package although accepted by the Company has been withdrawn by State Bank of India, the lead banker, on the ground of inability of the company to furnish personal guarantee by one of the Directors who joined the Board long after the loans were sanctioned and received by the Company. The withdrawal of the sanction by SBI and consequent demand for payment of outstanding jeopardised the restructuring programme and the Company plunged into deep trouble. However, the company is discussing the issue with SBI for reconsideration.

### PROVISION OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISION) ACT 1985

In view of the accumulated loss of the Company having exceeded its net worth as at 31st March 2000 your Company has become a sick Company in terms of Section 3(1)(O) of SICA and your Directors are referring it in terms of Section 15(I) of SICA to BIFR.

## FUTURE OUTLOOK

The Company is now in the process of developing fully electronic washing machine. This was possible because of creation of strong R&D team during the development of Senator model. The fully electronic washing machine will be comparable with the best of the class in the global market. There has been upgradation in the R&D team in terms of knowledge and capability in adaptation of new materials, new processes, electronic controls etc.

Despite the slow down in the economy resulting in customer pessimism as well as aggressive competition from new MNC Players in the market, the appliances division have been able to maintain its leadership in the fully automatic washing machine segment and have expanded their volume in microwave ovens.

To combat this aggression from international players, during the year IFB has successfully introduced an economy model washing machine — Senorita-Plus and four new models of microwave ovens. Further the company has now developed a "State of the Art" washing machine with fully electronic control comparable to the most advanced machine available in the world. This will be launched shortly. Today a major focus area of the organisation is to upgrade its R&D activities for acquiring and absorbing latest technologies, new materials and processors as well as electronic controls. In the area of dishwashers and clothes dryers, the progress has been slow due to slow adoption of the usage of these products by the customers.

The company has undertaken an extensive drive to improve direct customer contact programmes through product demonstration, mailers and also focussing on institutional customers. During the year an aggressive TV commercial was launched with underlined theme of hygiene which has helped customers orientation towards our products.

IFB Brand has already been well established in the gulf region where regular exports are on going.

In the area of after sales service there has been a significant improvement in achieving customer satisfaction level through intensive training, improving response time as well as offering value added services such as introduction of "Descal" a descaling agent for better maintenance of the machine as well as "FABO" an effective stain remover. Some new products of fabric care are also under development.

The Auto market in the coming year is expected to grow only marginally.

The Company has taken up work relating to export of Tools. The various actions initiated in terms of materials cost reductions, overhead reduction/productivity improvement will make the results healthy.

This year also the company has got contract to supply motors to ASKO worth about Rs. 10 million. The company is interacting with other European Service providers to improve this. The company's operation at bangalore and Kolkata are certified for ISO 9001 & ISO 9002 respectively. The company is confident of getting accredited to QS 9000 by this year-end.

## DIRECTORS' RESPONSIBILITY STATEMENT IN TERMS OF SECTION 217(2AA) OF THE COMPANIES ACT, 1956

To the best of the knowledge and belief and according to the confirmations and explanation obtained by them, your directors make the following statements in terms of Section 217(2AA) of the Companies Act, 1956 :

1. In the preparation of the annual accounts the applicable accounting standards had been followed without any material departure except (i) Note No. 1(b) of Schedule 14 regarding recognition of revenue in respect of insurance claims, annual maintenance contract and certain other income/expenditure, (ii) Note No. 6(a) regarding non-provision of interest on loans pursuant to filing of suit by certain consortium bank, (iii) Note No. 6(b) regarding treatment of loss on exchange fluctuation, (iv) Note No. 11(h) regarding accounting of interest income on certain loans and advances on realisation basis and (v) Note No. 28 regarding accounting of interest on unsecured loans in certain cases on payment basis. Reference is further drawn to Note Nos. 11(a)(iii), 11(c), 11(d) & 11(g) regarding provisioning/write off of inventories, debtors, loans & advances and certain other old and unrealisable debit balances after in-depth analysis and qualitative assessment carried out during the year.
2. The directors have selected such accounting policies as mentioned in Schedule 14 of the annual accounts 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 said affairs of the company at the end of the financial year and the profit and loss of the company for that period.

3. Proper and sufficient care has been taken for maintenance of the adequate accounting records in accordance with the provisions of the aforesaid act for safeguarding the assets of the company and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

### **CORPORATE GOVERNANCE**

The Board has been committed to adopting besides any obligation, relevant under laws or regulations best practices for corporate governance. Accordingly the Company follows a code substantively in line with SEBI code though the formal date for compliance by it is March 2002.

### **SUBSIDIARIES**

Financial results of the subsidiaries of the Company viz. European Fine Blanking Ltd., Elisha Investments Ltd., Crestwood Enterprises Ltd., New Star Traders Ltd., Gate Pacific Pte. Ltd., Sebastopol Corporation N.V., Hanway Stationery Ltd. and Hanway Ltd. are attached to this report along with statement u/s. 212 of the Companies Act, 1956. In line with the directives of the lead banker, the Company has already initiated action towards divesting its investment in unrelated areas. Accordingly the Company has started the process of divesting its investment in Crestwood Enterprises Ltd.

### **FORFEITURE OF SHARES**

During the year due to non-payment of calls, the company has forfeited 30,50,000 partly paid shares of Rs. 2.50 each.

### **AUDITORS' OBSERVATIONS**

1. As regards Auditors' Observation in para 2, the management is of the opinion that the company will be able to continue as a going concern as most of the operations of the company are yielding positive cash flow and the company is regularly meeting all its obligations in respect of payment of operational dues, salary, wages and all other statutory dues like PF, ESI, Sales Tax, Excise, etc.
2. As regards Auditors' Observation in para 4, significant portion of the assets taken over by the company have already been realised and no possible loss/claim/demand is envisaged at this stage with regard to the balance.

3. As regards Auditors' Observation in point nos. 3, 5, 6 & 9 read in conjunction with respective notes referred to therein are self explanatory.
4. As regards Auditors' Observation in point 11, the accounting treatments are followed consistently and in the opinion of the management these are most reasonable and prudent under the circumstances as explained in the corresponding Notes on Accounts.

### **AUDITORS**

M/s. Bhadra & Bhadra, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. Your Directors recommend appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants as statutory auditor of the Company for the year 2001-2002.

### **DIRECTORS**

Mr. Prabir Chakraborty has resigned from the office of Director of the Company. Dr. T.K. Mukherjee was inducted as Nominee Director of IDBI on the withdrawal of nomination of Mr. M.V. Subaraman as Nominee Director of IDBI. Similarly Mr. Ranee Chakraborty was inducted as Nominee Director of IIBI on the withdrawal of nomination of Mr. B.K. Dutta as nominee Director of IIBI. The Directors wish to place on record their appreciation of the valuable guidance given by Mr. Prabir Chakraborty, Mr. M.V. Subaraman & Mr. B. K. Dutta.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Dipak Mitra & Mr. Gautam Dasgupta retire by rotation and being eligible offer themselves for reappointment.

### **PERSONNEL**

The Directors wish to place on record their appreciation of the dedication and hard work put in by employees at all levels.

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the annual report and accounts are being sent to all shareholders of the Company excluding the aforesaid particular. Any shareholder interested in obtaining such particulars may write to the Company.

**ENVIRONMENT, CONSERVATION OF ENERGY,  
TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE  
EARNINGS AND OUTGO**

Your Company is committed to ensure a green and pollution free environment as well as clean and safe workplace at all plant locations and worksites and has in place a system for controlling and monitoring pollutants in all the factories which has resulted in all the units complying with the environmental standards and legislations.

As required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant data are given in the Annexure to this Report.

**ACKNOWLEDGMENTS**

Your Directors wish to place on record their appreciation of the continuous support provided by the shareholders, debentureholders, deposit holders, foreign collaborators and also by the Financial Institutions, Banks, Customers, Central & State Government Offices and all others.

On behalf of the Board

Place : Calcutta  
Dated : 22nd June, 2001

**BIJON NAG**  
*Chairman*



**STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956**

Name of the Subsidiary	Financial Year Ended on	Holding Company's Interest	Net Aggregate amount of the Subsidiary Companies' profit/(loss) not dealt within the Company's account		Net aggregate amount of the Subsidiary Companies' profit/(loss) dealt within the Company's account	
			For the Subsidiary's Financial Year Amount ('000)	For its Previous Financial Year Amount ('000)	For the Subsidiary's Financial Year Amount ('000)	For its Previous Financial Year Amount ('000)
Elisha Investments Ltd., India	31/03/2001	3899803 Equity Shares of Rs. 10 each out of 3900003 Equity Shares fully paid.	INR (2346)	INR (34488)	Nil	Nil
European Fine Blanking Limited U.K. (18 months)	31/12/2000	656750 Equity Shares of Pound Sterling 1 each out of 925000 Equity Shares fully paid.	GBP (147)	GBP 332	Nil	Nil
Crestwood Enterprises Ltd., Mauritius	31/12/2000	3876037 Equity Shares of US Dollar 1 each out of 3876037 Equity Shares fully paid.	USD (172)	USD (2016)	Nil	Nil
Gate Pacific Pte Ltd., Singapore	31/12/2000	199998 Equity Shares of Singapore \$ 1 each out of 200000 Equity Shares fully paid held by Crestwood Enterprises Ltd.	SGD (2059)	SGD (473)	Nil	Nil
Sebastopol Corporation N.V., Netherland Antilles	31/12/2000	60 Equity Shares of USD 100 each out of 60 Equity Shares fully paid held by Crestwood Enterprises Ltd.	USD (9)	USD 1	Nil	Nil
New Star Traders Ltd., U.K.	31/12/2000	324000 Equity Shares of GBP 1 each out of 324000 Equity Shares held by Crestwood Enterprises Ltd.	GBP (114)	GBP (1681)	Nil	Nil
Hanway Ltd., U.K. (formerly Hanway Stationary Ltd.)	31/12/2000	76 & 5000 Equity Shares of GBP 1 each out of 5076 Equity Shares held by New Star Traders Ltd. and C. E. L. respectively.	GBP (65)	GBP 162	Nil	Nil
Hanway Stationery Ltd., U.K. (formerly Straun & Company Ltd.)	31/12/2000	2 Equity Shares of GBP 1 each out of 2 Equity Shares held by New Star Traders Ltd.	GBP Nil	GBP 118	Nil	Nil

For and on behalf of the Board of Directors

Managing Director

Executive Director

Vice President (Finance &amp; Accounts)

Company Secretary

D. K. Bhattacharyya

V. Raghu

A. Mukhopadhyay

G. Raychowdhury

Calcutta

22nd June, 2001

## 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 the Board of Directors) Rules, 1988

### A. CONSERVATION OF ENERGY

The Company's operations involve low energy consumption. The Company took continuous efforts in reducing energy consumption by eliminating non-productive usage of power driven machinery and equipment.

### B. TECHNOLOGY ABSORPTION

All the units of the Company started with technical collaboration with following foreign collaborators :

Fine Blanking Unit	—	Heinrich Schmid, Switzerland.
Home Appliances Divn.	—	Bosch, Germany (Washing Machine)
		Asko, Sweden (Dishwasher)
		Siemens, Germany (Motor-Appliances)
		Email, Australia (Clothes Dryer)
		Sampo, Taiwan (Microwave Oven)

Today, we have License Agreement only for dishwasher with Asko, Sweden and for Clothes Dryer with Email, Australia.

The Company is a leader in its respective product category and this has become possible due to absorption of technology in the quickest possible time.

Apart from the absorption of the foreign technology in the quickest possible time, the company carried out further development activity to make the products suitable for Indian conditions, e.g. quality of water, fluctuating power supply and environmental pollution.

The Company's R&D activity focuses mainly on application of new material, new process, latest electronic system and metal processing technology. The Company's R&D capability has been established by launching of new washing machine model "Senator" with advanced electronic control and this model is a leader in its category. The Company is now actively involved in development of further model of washing machine and dishwasher with the latest technology to remain ahead of MNCs.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company earned foreign exchange equivalent to Rs. 36101 thousand. Details of Foreign exchange outgo on account of imports, expenditure on travelling, knowhow etc and Export earnings are shown in note no. 23, 24 and 25 respectively of Schedule 14 forming part of the Balance sheet and Profit & Loss Account.

**10 Years' Highlights**

(Rs. million)

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97*	1998	1999-00**	2000-01
<b>SALES AND EARNINGS</b>										
Sales & other income	408	578	730	1017	2061	2732	3808	2090	2479	1962
Profit/loss (-) before tax	45	56	76	146	274	276	-616	-552	-769	-1453
Profit/loss (-) after tax	45	55	73	139	261	266	-616	-552	-769	-1453
Depreciation	24	31	39	55	83	112	201	159	200	169
Cash profit/loss (-)	69	86	112	194	344	378	-415	-393	-569	-1284
Dividends	9	11	17	25	38	39	-	-	-	-
Retained earnings	36	44	56	114	223	227	-	-	-	-
<b>ASSETS &amp; LIABILITIES</b>										
Fixed assets (Gross)	485	678	1046	1300	1797	2519	3602	3689	3709	3673
Fixed assets (Net)	419	582	911	1110	1524	2135	3017	2945	2764	2572
Total assets (Net)	741	956	1406	2027	2670	3671	4363	4266	4014	3007
<i>Represented by</i>										
Net worth	300	375	870	1529	1754	2095	1479	943	193	-1245
Long term borrowings	255	303	261	358	562	929	1857	2199	2554	2952
Short term borrowings	186	278	275	140	354	647	1026	1124	1266	1299
Total borrowings	441	581	536	498	916	1576	2883	3323	3820	4251
<b>RATIOS</b>										
Earnings per share (Rs.)	11.2	12.6	11.0	10.9	20.5	20.7	-45.7	-41.0	-57.1	-114.4
Cash earnings per share (Rs.)	17.1	19.6	16.9	15.2	27.0	29.4	-30.8	-29.1	-42.3	-101.0
Net worth per share (Rs.)	76.0	85.9	132.6	121.5	138.0	163.3	109.8	70.0	14.3	-98.0
Debt equity ratio (long term)	0.85	0.81	0.30	0.23	0.32	0.44	1.26	2.33	13.23	-
<b>OTHERS</b>										
Number of employees	408	492	592	629	712	789	776	631	653	548
Rate of dividend (%)	22.5	25.0	25.0	27.5	30.0	30.0	-	-	-	-

\* 18 months' period

\*\* 15 months' period



**AUDITORS' REPORT to the Members of IFB Industries Limited**

1. We have audited the attached Balance Sheet of IFB Industries Limited as at 31st March, 2001 and the annexed Profit & Loss Account for the year ended on that date which are in agreement with the books of account.
2. The accounts of the company have been prepared on the basis of "going concern" assumption. However, in view of the fact that the company has been incurring losses repeatedly and its accumulated losses have exceeded the net worth together with the fact that the company is not in a position to honour its commitment towards various secured and unsecured liabilities including its borrowings from the various financial and banking institutions and that the proposal for restructuring of its debts in respect of some major institutions is not in a position of being implemented, we are unable to express our opinion on the ability of the company to continue as a "going concern". In the event, the same not being held to be a "going concern" and various assets and liabilities being consequently adjusted with respect to their realisable value, the impact thereof has not been ascertained and therefore cannot be commented upon by us, reference may however be drawn to Note No. 9(d) of Schedule 14 as regards realisable value of fixed assets as on 31st March, 2000.
3. Attention is invited to Note 19 of Schedule 14, regarding non renewal of relevant leave and licence agreement and consequential relinquishment of various fixed assets. Having regard to the situation as referred to in the said Note, we are unable to comment on the writing off of the fixed assets amounting to Rs. 62696 thousands.
4. Attention is invited to Note 13 of Schedule 14 regarding the decision of the Company to carry on the home appliances business of IFB Agro Industries Limited (IFBAIL), erstwhile dealer of its home appliances products and consequential taking over of related assets and liabilities. Considering the fact that, pending certain formalities, transactions are still being continued at the transferor Company (IFBAIL) itself and in absence of any undertaking from the transferor for any possible losses/claim/demands in respect of assets and liabilities taken over by the company, we are unable to comment on the transfer together with the impact thereof.
5. Attention is further invited to Note 17 of Schedule-14 regarding acceptance of certain claim made by the erstwhile dealer (IFBAIL) towards the advertisement and promotional expenses incurred by them during the year. Having regard to the policy/practice hitherto followed by the company, we are unable to comment upon the commercial exigency of the claim so accepted by the company to the tune of Rs. 85380 thousands.
6. Attention is invited to Note 11 (d) of the Schedule 14 as regards the decision of the management to write off certain receivables in the form of loans and advances to the tune of Rs. 375334 thousands as these are in the opinion of the management, not recoverable from certain associate companies including one subsidiary.
7. Attention is invited to Note 4 of Schedule 14 as regards assignment of certain loan liability to Nurpur Gases Limited for an amount of Rs. 72771 thousands and the resultant loss of Rs. 27962 thousands arising out of the said assignment made in contemplation of one time settlement with the lender.
8. Attention is invited to Note 11 (e) of Schedule 14 as regards the loss worth Rs. 43273 thousands arising out of the assignment of certain receivables of the company to Nurpur Gases Limited.
9. Further attention is invited to :
  - 9.1 Note 6 (a) being non provision of interest to the tune of Rs. 51857 thousands for the year and Rs. 97298 thousands on cumulative basis.
  - 9.2 Note 6 (b) regarding treatment of exchange fluctuation to the tune of Rs. 15350 thousands.
  - 9.3 Note 8 as regards non availability of balance confirmations in respect of loans received from financial Institutions in certain ceases.
  - 9.4 Note 10 (a) regarding non provision in respect of debtors proposed to be taken over as a part of the disinvestment consideration pending qualitative assessment thereof.
  - 9.5 Note 11 (b)(i) regarding non provisions in respect of a sum of Rs. 347 thousands, towards possible non-realisation/non-repatriation of the same from an overseas country;
  - 9.6 Note 11 (h) regarding accounting of interest income on certain loans and advances on realisation basis and

- non-ascertainment of impact thereof for the current year.*
- 9.7 Note 22 regarding enhancement of remuneration payable to Managing Director and other directors which is subject to the approval of the shareholders.
- 9.8 Note 27 regarding non-availability of balance confirmation/reconciliation and consequential adjustments arising therefrom;
- 9.9 Note 28 regarding accounting of interest on unsecured loans from others in certain cases mainly on payment basis and non-ascertainment of liability for the year as well as accumulated liability.
10. Further to the above, we report that :
- 10.1 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;
- 10.2 In our opinion, proper books of account as required by law, have been kept by the company so far as it appears from the examination of those books.
- 10.3 In our opinion and to the best of our information and according to the explanations given to us, the said account together with the schedules and notes thereon give the information required by the Companies Act, 1956 in the manner so required;
- 10.4 The said accounts, *subject to our observations given in para 2 to 6 & 9 above and read together with para 7 and 8 above and also the notes on accounts vide Schedule 14* give a true and fair view :
- i) In so far as it relates to the Balance Sheet, of the state-of-affairs of the Company as at 31st March, 2001;
- ii) In so far as it relates to the Profit & Loss Account, of the loss of the Company for the year ended on that date.
11. In our opinion, the Profit and Loss Account and the Balance Sheet have been prepared in compliance with the applicable Accounting Standards as referred to in Section 211(3c) of the Companies Act, 1956 except (i) Note No. 1(b) of Schedule-14 regarding, recognition of revenue in respect of annual maintenance contract, (ii) Note No. 6(a) regarding non-provision of interest on loans pursuant to filing of suit by certain consortium banks, (iii) Note No. 11(h) regarding accounting of interest income on certain loans and advances on realisation basis and (iv) Note No. 28 regarding accounting of interest on unsecured loans in certain cases on payment basis, (v) Note No. 6(b) regarding treatment of loss on exchange fluctuation, so far as they relate to Accounting Standards (AS) AS-9 and AS-11.
12. On the basis of the legal opinion made available to us, the provisions of Section 274(1)(g) will have prospective effect and does not apply to the company as at 31st March, 2001.
13. As required by the Manufacturing and other Companies (Auditors' Report) Order 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 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 :
- 13.1 The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets which are usually physically verified according to a phased programme, however no material discrepancies is stated to have been found on such verification.
- 13.2 None of the fixed assets have been revalued during the year.
- 13.3 As regards physical verification of stock of finished goods, raw materials, stores and spares except goods in transit and those under bond refer para 11(a)(iii) of the Notes on Accounts vide Schedule 14.
- 13.4 In our opinion and according to the information and explanations given to us, the procedure for physical verification of stocks followed by the management read with para 11(a)(iii) of the Notes on Accounts vide Schedule 14 is reasonable and adequate in relation to the size of the Company and the nature of its business.
- 13.5 Discrepancies noticed on such physical verification of stocks as compared to book stock wherever ascertained, have been dealt with in the books of account as referred to in Note 11(a)(iii) of Schedule 14.
- 13.6 In our opinion the valuation of stock read with the