

SEVENTY FIRST ANNUAL REPORT
1999-2000



DAI
LIMITED

IVP LIMITED

71st Annual Report 1999-2000

REGISTERED OFFICE

Shashikant N. Redij Marg,
Ghorupdeo, Mumbai-400 033.

FACTORIES

Shashikant N. Redij Marg,
Ghorupdeo, Mumbai-400 033.

Golmuri, Jamshedpur - 831 003.

37-B, Adityapur Industrial Area,
Jamshedpur - 831 019.

28-B, Kumbalagudu 1st Phase,
KIADB Industrial Area, Bangalore-560 074.

A-7/2, MIDC Area, Chikalthana,
Aurangabad - 431 210.

D-19/D-20, MIDC Area, Tarapur,
Thane - 401 506.

A-27, Assisted Pvt. Industrial Estate,
Balanagar, Hyderabad - 500 037.

DIRECTORS

A.R.J. ALLANA *Chairman*

A.B.K. DUBASH

DR. F.A. MEHTA

GHULAM GHOUSE

J.R. SHAH

T. VIJAYARAGHAVAN

B. MALLIK

Managing Director

M.H.J. ALLANA

S.S. SAYED

Secretary Director

BANKERS

Bank of India, Mumbai.

State Bank of India, Mumbai.

Union Bank of India, Mumbai.

Bombay Mercantile Co-operative
Bank Limited, Mumbai.

AUDITORS

A.F. Ferguson & Co., Mumbai.

1999-2000

The Annual General Meeting will be held at 3.30 p.m. (S.T.) on Wednesday,
the 23rd August, 2000 at M.C. Ghia Hall,
Bhogila Hargovindas Building, 2nd Floor,
18/20 Kaikhushru Dubash Marg,
Mumbai-400 001.

Shareholders are requested to bring their copies of the Annual Report along with them to the Annual General Meeting
as the practice of distributing copies of the Report at the Meeting is discontinued.

IVP LIMITED**IVP LIMITED****NOTICE**

Notice is hereby given that the SEVENTY FIRST ANNUAL GENERAL MEETING of the Members of IVP LIMITED will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai-400 001, on Wednesday, the 23rd August, 2000 at 3.30 p.m. to transact, inter alia, the following business :

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2000, and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2 To confirm the Interim Dividend of Rs. 2.50 per equity share.
- 3 To appoint a Director in place of DR. F. A. MEHTA, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of MR. A. B. K. DUBASH, who retires by rotation, and being eligible, offers himself for re-appointment.
- 5 To appoint a Director in place of MR. M. H. J. ALLANA, who retires by rotation, and being eligible, offers himself for re-appointment.
- 6 To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration.

By order of the Board of Directors

Dated, 29th June, 2000.
Registered Office:
Shashikant N. Redij Marg,
Ghorupdeo,
Mumbai - 400 033.

A.R.J.ALLANA
Chairman

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NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Transfer Books of the Company will remain closed from Thursday, the 17th day of August, 2000 to Wednesday the 23rd day of August, 2000 (both days inclusive).

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting to you the 71st Annual Report of the Company and the Audited Statement of Accounts for the year ended 31st March, 2000.

	(Rupees in lakhs)	(Rupees in lakhs)
I. FINANCIAL RESULTS:	1999-2000	1998-99
Gross Sales and other income	72671	69528
Gross Profit before Depreciation	1438	2125
Less: Depreciation	127	122
Provision for tax for the year	505	720
Profit after Depreciation and Tax	806	1283
Add: Opening balance of Profit and Loss Account	401	204
PROFIT AVAILABLE FOR APPROPRIATIONS	1207	1487
APPROPRIATIONS :		
Dividend	258	258
Dividend tax	28	29
Transfer to General Reserve	500	800
Balance retained in Profit & Loss Account	421	400
	1207	1487

II. PERFORMANCE FOR THE YEAR :

During the year the Company achieved a turnover of Rs. 727 Crores.

Gross Profit before Depreciation and Taxation is Rs. 1438 Lakhs.

Net Profit for the year is Rs. 806 lakhs.

The above results have been achieved by the Company inspite of unfavourable market conditions for your Company's products.

III. DIVIDEND :

Based on the estimated results for the financial year 1999-2000, your directors have paid an interim dividend @ 25% in May, 2000 aggregating to Rs. 2.87 crores, including dividend tax. Keeping in view the long term interest of the shareholders and to conserve the resources for the future business, no final dividend is recommended.

IV. INSURANCE :

All fixed assets of the Company are adequately insured.

V. FIXED DEPOSITS :

The amount outstanding under the Fixed Deposit/Loan Scheme as at end of March, 2000 was Rs. 4,87,500/- representing unclaimed deposits.

VI. DIRECTORATE :

In accordance with Articles of Association of the Company, DR. F. A. MEHTA, MR. A. B. K. DUBASH and MR. M. H. J. ALLANA retire by rotation and being eligible, offer themselves for re-appointment.

IVP LIMITED**VII. STAFF :**

The following members of the staff and workers have retired /expired during the year under review after long and loyal service with the Company.

Sr.No.	Name of the Employee	Total Service (No. of years)	Remarks
1.	Mr. R. T. Belvalkar	29	Retired
2.	Mr. Y. S. Sawant	32	Retired
3.	Mr. R. T. Gudekar	40	Expired
4.	Mr. S. D. Pawar	38	Retired
5.	Mr. R. J. Shetty	28	Retired
6.	Mr. A. G. Kamble	33	Retired
7.	Mr. P. D. Ghare	29	Expired

VIII. LABOUR RELATIONS :

Labour Relations continued to be satisfactory during the year.

IX. YEAR 2000 :

The Company has entered into the new millennium without any hassles. All computer systems of the Company have proved to be Y2K Compliant.

X. AUDITOR'S REPORT :

As regards the remarks of the Auditors in their Report, the relevant financial notes appearing in Schedule 'L' to the Accounts are self-explanatory.

XI. AUDITORS :

The Auditors , M/s. A. F. Ferguson & Co., retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

XII. APPOINTMENT OF COST AUDITORS :

The Company is required to maintain Cost records in respect of Vanaspati manufactured. M/s. N. I. Mehta & Co., Cost Auditors have been appointed for the year ended 31st March, 2001.

XIII. ADDITIONAL INFORMATION :

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees), Rules 1975, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 the Report and Accounts is being sent to all shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company at the Registered Office of the Company.

Information setting out the particulars of Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules 1988, is given in the Annexure forming part of the Report.

XIV. ACKNOWLEDGEMENTS :

Your Directors place on record their appreciation of the continuous support received from Financial Institutions/ Banks, Central/State Governments Departments. The Directors would also like to record their appreciation for the devotion shown by the employees of the Company at all levels.

By order of the Board of Directors

Dated, 29th June, 2000.
Registered Office:
Shashikant N. Redij Marg,
Ghorupdeo,
Mumbai - 400 033.

A.R.J. ALLANA
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT
PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE
REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT**

A. CONSERVATION OF ENERGY		1999-2000	1998-99
PARTICULARS WITH RESPECT TO VANASPATI			
A. POWER AND FUEL CONSUMPTION:			
1 Electricity			
(a) Purchased			
Unit	KWH	19,72,766	20,03,938
Total Amount	Rs.	70,98,642	59,14,529
Rate/Unit	Rs.	3.60	2.95
(b) Own Generation		—	—
2 Coal (specify quality and where used)		—	—
3 Furnace Oil			
Quantity	K.Ltrs	1941.956	21,07,815
Total Amount	Rs.	1,85,63,094	1,37,85,965
Average Rate	Rs.	9,559	6,540
4 Others/Internal generation		—	—
B. CONSUMPTION PER UNIT OF PRODUCTION:			
Product - Vanaspati			
Electricity	KWH/Tonnes	125	111
Furnace Oil	Ltrs/Tonnes	123	117
Coal (Specify quality)		—	—
Others (Specify)		—	—

B TECHNOLOGY ABSORPTION:**RESEARCH AND DEVELOPMENT (R&D)**

1 Specific areas in which R&D carried out by the Company.

The Company's R&D Centre is situated at Reay Road, Mumbai and carries out R&D with a focus on improving product quality, import substitution, process modification, waste utilization, raw material cost optimization etc. Our fields for R&D work are Phenolic and Alkyd Resins, Industrial Ceramics, Oil Based Plasticizers and Silicons.

2 Benefits derived:

Improved quality, cost reduction, pollution reduction and import substitution.

3 Future Plan of Action:

Focus will continue on product and process development in existing lines of activities and in the newly identified products in Alkyd and Phenolic Resins, Industrial Ceramics, Oil Based Plasticizers and Silicons. Work will continue in the direction of import substitution.

4 Expenditure on R&D:

The total expenditure during the year was Rs. 6.00 Lakhs.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

1. Developed Phenolic Resin with faster curing properties than regular formulations for shell application.
2. Developed Polybenzylic ether Phenolic Resin with reduced fume level than existing formulations.
3. Improved moisture resistance of Hot Box Resin.
4. Reduced cycle time for processing Novolak type of Phenolic Resin.
5. Modified cold Box formulations to increase Bench life of mixed sand.
6. Developed new products in Ceramic Division.

C FOREIGN EXCHANGE EARNINGS AND OUTGO :

Particulars with regards to foreign exchange earnings and outgo appears in Schedule 'L' item (12,13 and 14) of the Accounts.

IVP LIMITED**FINANCIAL****REVENUE ACCOUNTS**

Year	Gross Revenue	Pay Roll	Depreciation	Development Rebate/ Investment Allowance / Export Profit/ Capital Reserve	Profit Before Tax	Taxation	Profit After Tax	Gross Dividend
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. in Lakhs
1929-30	0.63	0.11	—	—	0.40	—	0.40	—
1934-35	15.46	0.89	0.85	—	0.81	—	0.81	0.55
1939-40	26.55	1.23	0.60	—	2.32	0.71	1.61	1.21
1944-45	113.64	3.10	0.50	—	18.65	14.77	3.88	2.08
1949-50	179.04	4.46	1.50	—	3.14	0.50	2.64	1.82
1954-55	130.37	5.15	0.75	—	2.21	0.20	2.01	1.03
1959-60	293.91	7.58	0.62	0.08	9.09	3.65	5.44	3.60
1960-61	345.32	7.88	0.72	0.08	9.21	4.55	4.66	3.60
1961-62	366.60	8.28	0.71	0.08	12.64	6.80	5.84	3.60
1962-63	393.40	8.26	0.80	0.32	16.86	11.20	5.66	3.63
1963-64	436.82	10.17	1.27	0.46	20.64	14.40	6.24	3.87
1964-65	472.83	11.30	2.18	1.50	29.33	18.00	11.33	4.84
1965-66	602.76	12.77	2.77	0.69	15.87	10.00	5.87	3.87
1966-67	674.78	14.04	2.82	0.60	7.96	4.33	3.63	3.77
1967-68	505.02	14.70	3.06	0.45	13.54	7.40	6.14	4.36
1968-69	586.46	19.27	2.94	0.26	15.88	7.70	8.18	4.65
1969-70	584.46	20.35	3.51	0.81	21.67	11.84	9.83	4.94
1970-71 (15 months)	711.95	27.50	6.89	1.50	11.13	5.30	5.83	4.94
1972	516.34	23.78	5.46	0.57	22.10	12.85	9.25	4.94
1973	624.36	27.41	5.92	0.70	44.85	32.05	12.80	6.91
1974	837.70	36.20	6.91	1.00	27.37	18.18	9.19	6.10
1975	865.00	41.97	6.96	—	37.02	25.50	11.52	8.13
1976	961.95	48.80	16.65	0.30	91.60	63.25	28.35	12.71
1977	1424.42	56.28	10.76	13.00	132.40	62.50	69.90	12.71
1978	1547.07	67.81	22.32	3.50	110.44	66.25	44.19	12.71
1979	1840.12	81.88	16.14	1.75	130.75	83.50	47.25	15.25
1980	2057.36	88.90	18.27	3.00	151.98	94.50	57.48	20.33
1981	2213.32	96.09	19.39	1.25	125.11	68.75	56.36	20.33
1982	2590.56	112.14	20.18	21.00	77.42	21.50	55.92	21.85
1983	2833.72	114.45	35.45	1.32	45.79	20.00	25.79	24.39
1984	3802.10	133.57	51.01	3.00	60.16	15.00	45.16	24.39
1985	4609.55	155.52	43.87	15.75	138.12	20.00	118.12	28.46
1986	5131.28	175.16	39.42	16.00	160.79	35.00	125.79	30.49
1987	4994.38	168.81	62.34	15.00	188.17	37.00	151.17	43.25
1988-89 (15 months)	5765.12	206.90	68.33	40.00	283.77	43.00	240.77	68.84
1989-90	6533.45	221.77	88.07	33.00	258.32	41.00	217.32	68.84
1990-91	8053.65	238.76	107.54	—	323.67	68.00	255.67	68.84
1991-92	9047.78	258.77	127.61	—	468.41	200.00	276.01	103.26
1992-93	8318.95	293.21	133.87	25.00	518.58	225.00	293.58	117.03
1993-94	8432.20	306.76	83.47	—	515.01	169.25	345.76	137.68
1994-95	9649.17	356.70	89.07	—	510.04	210.00	300.04	137.68
1995-96	25566.27	412.66	90.44	—	834.53	368.00	466.53	137.68
1996-97	28852.16	495.38	96.74	—	1211.59	540.00	671.59	165.22
1997-98	29223.73	483.53	106.18	—	1275.07	440.00	835.07	206.53
1998-99	69528.19	553.27	121.73	—	2002.93	720.00	1282.93	258.16
1999-2000	72670.64	555.38	127.19	—	1310.79	505.00	805.79	258.16

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STATISTICS								
CAPITAL ACCOUNTS								
Share Capital	Reserves and Surplus	Borrowing	Gross Block	Cumulative Depreciation	Net Block	Earnings	Gross Dividend	Net Worth Per Equity Share
Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	%	%	%
9.87	—	—	6.19	—	6.19	—	—	96
11.00	1.78	—	9.08	2.20	6.88	7.4	5.0	103
12.10	1.16	—	11.31	5.30	6.01	13.3	10.00	110
12.10	6.44	—	12.54	8.50	4.04	32.1	17.0	153
18.15	7.46	8.94	22.13	16.50	5.63	14.5	10.0	141
21.17	3.95	—	25.37	20.00	5.37	9.5	5.0	119
21.17	7.77	—	27.91	21.27	6.64	25.7	17.0	137
21.17	8.85	—	28.47	21.90	6.57	22.0	17.0	142
21.17	10.08	—	28.97	22.59	6.38	27.5	17.0	152
24.20	10.08	—	31.87	23.37	8.50	23.3	15.0	142
24.20	12.45	—	32.94	24.63	8.31	25.8	16.0	151
24.20	18.94	—	41.07	26.60	14.47	46.8	20.0	178
29.04	18.09	5.15	44.60	29.38	15.22	20.2	16.0	163
29.04	17.95	10.48	48.93	32.20	16.73	12.5	13.0	162
29.04	19.72	25.08	58.80	35.01	23.79	21.1	15.0	168
29.04	23.26	13.13	62.33	37.95	24.38	28.1	16.0	180
29.04	28.16	35.73	72.52	41.35	31.17	33.8	17.0	197
29.04	29.06	70.74	86.83	48.14	38.69	20.0	17.0	200
29.04	33.41	82.00	91.04	53.08	37.96	31.8	17.0	215
40.66	27.71	92.14	102.62	58.82	43.80	31.6	17.0	168
40.66	30.80	72.96	110.65	65.54	45.11	22.6	15.0	176
40.66	34.19	51.39	115.70	72.41	43.29	28.3	20.0	184
50.82	39.67	125.75	146.12	86.92	59.20	55.8	25.0	178
50.82	96.86	136.41	213.84	75.86	137.98	137.5	25.0	291
50.82	128.32	294.69	278.14	97.76	180.38	87.1	25.0	353
101.64	109.01	302.51	311.82	112.26	199.56	46.5	15.0	207
101.64	146.14	374.61	352.88	130.00	222.88	56.6	20.0	244
101.64	182.16	468.69	433.89	144.87	289.02	55.5	20.0	279
135.52	233.17	544.55	520.87	150.48	370.39	46.1	18.0	272
135.52	234.56	564.22	545.96	182.84	363.12	19.0	18.0	273
135.52	561.54	674.74	873.42	233.40	640.02	33.3	18.0	514
203.28	570.62	1001.16	1031.90	288.61	743.29	58.1	14.0	381
203.28	635.84	1176.84	1103.84	339.16	764.68	61.9	15.0	413
229.47	758.69	1285.99	1266.19	412.99	853.20	66.0	20.0	431
229.47	1356.12	2104.67	2137.30	493.50	1643.80	104.9	30.0	692
458.95	1257.56	2083.91	2342.87	607.68	1735.19	49.30	15.0	374
458.95	1417.81	2178.46	2532.12	741.78	1790.34	55.71	15.0	409
688.42	1334.52	2325.87	2709.73	895.11	1814.62	40.09	15.0	294
688.42	1472.87	2551.36	2664.10	1002.74	1661.36	42.65	17.0	314
688.42	1654.57	2641.02	2766.67	941.65	1825.02	50.22	20.0	340
688.42	1790.72	3383.80	2805.59	1034.96	1770.63	43.58	20.0	360
688.42	2093.02	4075.60	2928.93	1148.45	1780.48	67.77	20.0	404
1032.63	2212.54	2986.59	3148.37	1270.85	1877.52	65.04	16.0	314
1032.63	2794.22	4058.44	3528.65	1395.88	2132.77	80.87	20.00	371
1032.63	3764.58	2740.95	3842.88	1543.72	2299.16	124.23	25.00	465
1032.63	4259.95	3277.45	4256.44	1686.36	2570.08	78.03	25.00	513

IVP LIMITED**REPORT OF THE AUDITORS TO THE MEMBERS OF IVP LIMITED
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2000**

We have audited the attached Balance Sheet of IVP Limited as at 31st March, 2000 together with the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and report as under:

1. 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 annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. We are unable to express an opinion on the provision that may be necessary with regard to (a) recovery of overdue debts of Rs.29,647,682 (see note 5) and (b) recovery of Rs. 1,258,766 due from, and the recovery of inventory valued at Rs.5,355,072 loaned to, Mercury Paints & Varnishes Limited (see note 15), and the consequential loss that may arise on these accounts.
3. The reserves and surplus having being stated higher by Rs. 5,704,097 as at the end of the previous year, the profit for this year has decreased by an equal amount of Rs. 5,704,097 as a result of the change in accounting policy for valuation of closing inventories referred in note 16 (i).
4. Subject to the matters referred in paragraph 2 above and our comments in the annexure referred to in paragraph 1 above:
 - (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 kept by the Company so far as appears from our examination of the books;
 - (c) the balance sheet and 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 comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and
 - (i) in the case of the Balance Sheet gives a true and fair view of the state of affairs of the Company as at 31st March, 2000;
 - and
 - (ii) in the case of the Profit and Loss Account, also subject to the matter referred in paragraph 3 above, gives a true and fair view of the profit for the year ended on that date.

For A.F. Ferguson & Co.,
Chartered Accountants,

R. K. Hiranandani
Partner

Mumbai: 29th June, 2000

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF THE AUDITORS TO
THE MEMBERS OF IVP LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2000**

1. The Company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials of the Company have been physically verified by the management during the year, except for stocks valued at Rs.20,061,686 lying with consignment agents and stocks valued at Rs.158,309,735 lying with other third parties were confirmations have been obtained by the Company, and for stocks valued at Rs. 6,221,551 loaned to a Company, which loan has been confirmed by that Company. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are 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 the book records were not material.
6. In our opinion and on the basis of our examination of stock records, the valuation of stocks is fair and proper in accordance with generally accepted accounting principles, and is on the same basis as in the previous year, except in respect of exclusion of MODVAT credit as stated in note 16(i), and in respect of provision made for excise duty payable on finished goods lying in bonded warehouse as stated in note 16(ii).
7. The Company has not taken any loans, secured or unsecured, from, or granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We are informed that there are no companies under the same management.

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8. The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in the payment of interest, except in case of interest free advances to two sub-contractors, aggregating Rs.11,895,398 made in excess of orders placed, for which no date of repayment is stipulated, but are projected to be recovered by future supplies from them.
9. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods, except that in respect of sale of goods, the Company needs to effectively strengthen: (i) the system of accounting for, and invoicing of, dispatches/transfer of goods at the southern zone; and (ii) the system of accounting for, and recovering of, the book debts of Foundry Chemicals and Industrial Ceramics divisions.
10. According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating Rs.50,000/- or more in respect of each party, during the year.
11. 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 out of the items so determined.
12. In our opinion and according to the explanation given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956, and rules made thereunder with regard to the deposits accepted from the public.
13. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by-products and scrap.
14. Except for the southern zone where the internal audit system is inadequate, in our opinion the Company has generally an adequate internal audit system wherein the scope and coverage of internal audit with regard to outstation factories and sales depots need to be enhanced.
15. According to the information and explanations given to us, maintenance of cost records has been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956, in respect of vanaspati. We have broadly reviewed, without carrying out a detailed examination, the books of account in respect of cost records maintained by the Company and are of the opinion that prima facie the prescribed accounts and records have been maintained. We are informed that the cost statements as at the end of the financial year are under preparation.
16. The Company has been regular in depositing the provident fund and generally regular in depositing Employees' State Insurance dues, except for delays in respect of the southern zone, during the year, with the appropriate authorities.
17. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty outstanding for a period of more than six months as at 31st March, 2000 from the date they became payable.
18. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to the revenue account, other than those payable under contractual obligations and in accordance with generally accepted business practice.
19. 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.

In respect of service activities:

20. (a) The Company's service activity is such that the question of recording receipts, issues and consumption of materials and stores and the allocation of materials and manhours consumed to the relative jobs does not arise. Consequently, the authorisation and control on the issue of stores and allocation of stores and labour to jobs is not applicable.
- (b) As explained to us, in respect of its service activity, the Company has a system of internal control commensurate with the size of the Company and the nature of its business.

In respect of trading activities;

21. There were no damaged goods determined during the year.

For A.F. Ferguson & Co.,
Chartered Accountants,

R. K. Hiranandani
Partner

Mumbai: 29th June, 2000