

13TH ANNUAL REPORT 1997-98

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA			✓
AGM	✓	✓		✓
YE	✓	✓		✓

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JAI PARABOLIC SPRINGS LIMITED

**BOARD OF DIRECTORS**

Mr. B.S. Jauhar
(Chairman)

Mr. K. Ikeda
(NHK nominee)

Mr. K.G. Khosla

Mr. D. Ray
(IFCI Nominee)

Mr. P.S. Jauhar
(Whole-time Director)

Ms. Kiran Chadha
(Director Operations)

TECHNICAL COLLABORATORS

NHK Spring Co. Limited, Japan

AUDITORS

M/s. Vohra, Sahni & Associates
Chartered Accountants,
New Delhi.

BANKERS

State Bank of India
ICICI Banking Corporation Limited.

**REGISTERED OFFICE & WORKS
AND SHARES DEPARTMENT**

A-30(a), Phase VII, Industrial Area
SAS Nagar, Mohali, Distt. Ropar,
Punjab - 160057.

Phone : (0172) 670751, 670577, 670269

Telex : 0395-7583 JPSL-IN

Fax : (0172) 670715

E-mail : jpsl.mohali@smc.sprintpg.ems.vsnl.net.in

DELHI OFFICE

1004, Hemkunt Tower, 98, Nehru Place,
NEW DELHI - 110 019
Phone - 6416294, 6419788.

JAI PARABOLIC SPRINGS LIMITED

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

YEAR ENDING 31ST MARCH	1998	1997	1996	1995	1994	1993	1992	1991
WHAT THE COMPANY OWNED								
Fixed Assets								
Gross Block*	7308.77	5031.56	3287.47	2285.47	1718.50	819.35	670.42	629.86
Less : Depreciation (Cumulative)	1128.39	925.73	676.76	472.62	324.53	250.61	185.82	124.57
Net Block	6180.38	4105.83	2610.71	1812.85	1393.97	568.74	484.60	505.29
Investments	1100.19	1100.93	1100.93	569.16	32.00	32.00	—	—
Current Assets	5138.29	5499.85	4106.54	4287.81	1986.25	1330.50	1100.42	436.81
	12418.86	10706.61	7818.18	6669.82	3412.22	1931.24	1585.02	942.10
WHAT THE COMPANY OWED								
Long Term Funds	3311.68	2489.73	2322.40	1828.90	529.20	186.80	244.40	302.00
Medium/Short Term Funds	262.22	748.05	184.38	—	1571.47 **	297.61	13.86	13.86
Working Capital from Bank	1482.78	983.69	354.13	273.57	275.06	370.18	344.48	164.37
Current Liabilities & Provisions	1822.61	2430.93	1089.96	842.58	503.53	626.27	713.96	295.46
	6879.29	6652.40	3950.87	2945.05	1379.26	1480.86	1316.70	775.69
SHAREHOLDERS' FUND								
Equity Share Capital	1320.94	1122.61	1122.49	674.39	224.84	224.75	224.67	224.47
Reserves & Surplus	4291.34	3027.68	2859.84	1593.00	386.41	269.98	106.12	3.33
Intangibles	-72.71	-96.08	-115.02	-113.71	-78.29	-44.35	-62.47	-61.39
Net Worth of the Company	5539.57	4054.21	3867.31	2153.68	532.96	450.38	268.32	166.41
FCD (Conversion on 1.4.95)	—	—	—	1521.09	—	—	—	—
Preference Shares	—	—	—	50.00	—	—	—	—
	5539.57	4054.21	3867.31	3724.77	532.96	450.38	268.32	166.41
SALES & EARNINGS								
Sales	5337.52	7413.61	5173.67	3152.81	2502.75	2526.20	2421.20	1483.31
Other Income	218.35	230.42	162.36	162.68	2.67	28.53	3.45	2.90
	5555.87	7644.03	5336.03	3315.49	2505.42	2554.73	2424.65	1486.49
Total Expenditure	4648.92	6367.48	4309.17	2614.24	2085.99	2118.56	2085.99	1311.49
Operating Profit	906.95	1276.55	1026.86	701.25	419.43	436.17	338.66	174.72
Interest	591.31	585.64	460.21	349.96	167.80	152.11	121.69	77.60
Gross Profit	315.64	690.91	566.65	351.29	251.63	284.06	216.97	97.12
Depreciation/Write Offs	231.99	263.80	234.46	176.90	99.27	84.24	80.46	75.00
Profit before Tax	83.65	427.11	332.19	174.39	152.36	199.82	136.51	22.12
Provision for Tax	10.00	62.00	—	—	—	—	—	—
Profit after Tax	73.65	365.11	332.19	174.39	152.36	199.82	136.51	22.12
Cash Earnings per Equity Share Rs.	2.65 ⁺	5.58	5.05	6.50 ⁺	11.19	12.64	9.66	4.33
Earnings per Equity Share Rs.	0.64 ⁺	3.25	2.96	3.23 ⁺	6.77	8.90	6.08	0.99
Dividend per Equity Share Rs.	—	1.60	1.60	1.60	1.60	1.50	—	—
Net worth per Equity Share Rs.	47.93 ⁺	36.12	34.45	39.40	23.71	20.04	11.94	7.41
Current Ratio	1.55	1.61	2.84	3.84	2.34	1.27	1.03	0.92
Debt Equity Ratio	0.60	0.61	0.60	0.49	0.99	0.41	0.91	1.81

* Including Capital Work-in-Progress, Pre-operative Expenses pending capitalisation.

** Including short term loans of Rs. 1500 lacs availed against the proposed Rights Issue.

+ Annualised



NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the shareholders of Jai Parabolic Springs Limited will be held on **Wednesday, the 30th September, 1998 at 10.00 a.m. at A-30(a), Phase-VII, Industrial Area, S.A.S. Nagar, Mohali 160 057 Distt. Ropar (Punjab)** to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and Profit & Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. B.S. Jauhar who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Vohra, Sahni & Associates, Chartered Accountants, be and are hereby re-appointed Auditors of the Company from the conclusion of this Annual General Meeting of the Company upto the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors, exclusive of travelling and other out-of-pocket expenses.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/ promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buy back, from the existing holders of shares and/ or from the open market and/ or from the lots smaller than market lots of the Securities (odd lots) and/ or by purchasing the securities that may be issued to the employees pursuant to a scheme of stock option, the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake also referred to as "the Securities"), of the Company, from out of its free reserves or out of the share premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time upto an amount not exceeding Rs. 5.00 crores (Rupees Five crores only) and to keep them alive, cancel and/ or re-sell from time to time such numbers of the shares so purchased, at such rate(s) and on such terms as the Board may deem fit and proper.

RESOLVED FURTHER THAT the Board of Directors of the Company shall exercise the powers conferred by this resolution only after necessary provisions for the purpose is incorporated in the Companies Act, 1956 or any statutory modification or re-enactment thereof and in such manner and after complying with the conditions prescribed in such provisions or any other law or regulations and not otherwise."

By order of the Board

Place : Mohali
Date : Aug. 29, 1998

KIRAN CHADHA
Director (Operations)

JAI PARABOLIC SPRINGS LIMITED

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business set out above is annexed hereto :
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
3. Shareholders seeking information with regard to accounts are requested to write to the Company atleast ten days in advance as to enable the Company to keep the information ready.
4. Members/proxies are requested to bring their copy of the Annual Report to the meeting as copies of the Report will not be distributed at the meeting.
5. Members are requested to advise the Company immediately of any change in their address.
6. The Register of Members and Shares transfer Books of the Company will remain closed from September 19, 1998 to September 30, 1998 (both days inclusive) and will reopen on October 1, 1998.
7. The unclaimed dividend which is due for transfer to the Central Government is as follows:

Financial Year ended	Due for transfer on
31.03.1995	10.11.1998

Members who have not encashed their dividend warrants for the aforesaid financial year are requested to approach the Company for obtaining duplicate dividend warrants.

(EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

Item No.4

Buy back of own shares or other securities convertible into equity shares by a Company is presently not allowed under the Companies Act, 1956. It is expected that in due course of time, the law will be amended to allow such buy back.

Yours Board of Directors is of the opinion that may be a need to buy-back the shares and securities of the company for various reasons in the overall interest of the shareholders of the Company. It is, therefore, proposed to enable the company to buy-back shares upto an amount not exceeding Rs. 5.00 crores (Rupees Five crores only) from the existing share holders and/or from the open market and/or from the lots smaller than market lots of securities (odd lots) and/or by purchasing the securities issued to the employees of the company pursuant to the scheme of Stock Option and/or pursuant to directions of the Court/ other regulatory authorities, subject to necessary enactment in this regard.

The buy-back of securities as aforesaid would entail investing of an amount which would not be less than the market value of the shares or other securities given right to subscribe for shares of the company and shall be met out of the free reserves and/or the share premium account and/or out of the proceeds of an issue specially made for the purpose or from such other sources as may be permitted by law.

The shares so bought back shall be dealt with as per the then prevailing law/regulations.

The resolution as set out in this Notice is being proposed as the special resolution to be valid in terms of the provisions of the Companies Bill, 1997.

The resolution is an enabling provision aimed at facilitating the Company to buy back its shares at appropriate times when made legally permissible.

The Directors recommend the resolution set out at item no.4 for your approval.

None of the Directors of the Company is concerned or interested in the resolution except in their capacity as any other shareholder of the company.



DIRECTORS' REPORT

To the Members,

The Directors of your Company present herewith 13th Annual Report and the Audited Statements of Accounts for the financial year ended March 31, 1998

FINANCIAL RESULTS

(Rs in lacs)

Particulars Year ended March 31,	1998	1997
Sales & Other Income	5555.87	7644.04
Gross Operating Profit	906.95	1276.55
Financial Expenses	591.31	585.64
Depreciation & Write Offs	231.99	263.80
Profit before taxation	83.65	427.11
Provision for taxation	10.00	62.00
Profit after taxation	73.65	365.11
Appropriation:		
Proposed Dividend	—	179.61
Corporate Tax on Dividend	—	17.96
General Reserve	—	40.00
Balance brought forward	522.09	394.55
Surplus carried to Balance Sheet	595.74	522.09

DISTRIBUTABLE PROFITS :- DIVIDEND

As a measure of prudence your Directors are not recommending dividend in the present condition of acute recession.

OPERATIONS

The heavy recession in the Automobile sector caused general decline in the turnover and profits of your company. However despite recession your company continued to maintain a leadership position in the Automobile Springs Industry. During the year under review your company was selected as BEST PERFORMING VENDOR for 1995-96 for the suspension system components group by Maruti Udyog Limited. Your company has been awarded with an order for supply of Leaf Springs to Volvo India Limited.

During the year under review trial production has started at the new plant at Chennai set up by your Company. The commercial production of the same is likely to commence during the current financial year 1998-99.

PREFERENTIAL ISSUE TO NHK SPRING CO. LTD., JAPAN

During the year under review your company's collaborator NHK Spring Co., Ltd., Japan reposed their trust and confidence in the operations of your company by acquiring 15% equity stake equivalent to 1983347 equity shares in your company through a preferential issue at a premium of Rs.60/- per share. Consequently, the paid up equity of your company stands enhanced to Rs.1388.34 lacs.

TOTAL QUALITY MANAGEMENT

Your directors are pleased to report that during the year under review Mohali Unit of your company has been awarded with ISO-9001 certification for design, manufacture and supply of leaf springs for Automotive Industry. This is the first in the leaf manufacturing industry.

The company is now working in the directions to obtain QS-9000 certification which is the quality system certification recognised globally in the Automobile Sector.

BUSINESS PROSPECTS

Accordingly to the present indicators the short term domestic market conditions in the Automobile Sector are likely to remain sluggish. Your company prepared to counter the domestic market adversities by making a direct foray in the replacement and the export segment.

JAI PARABOLIC SPRINGS LIMITED

In this context your company has recently acquired goodwill of an established running business in the replacement segment as part of the strategy to initiate and establish a business stronghold in the replacement market which characteristically remains immune to the recession.

As regards overseas markets, your company is vigorously developing dedicated manpower and machines to enter into this segment. In fact your company is already negotiating with a few overseas customers to commence export to them in financial year 1998-99.

INFORMATION PURSUANT TO LISTING AGREEMENT.

The projections stipulated in the prospectus of the company viz-a-viz its comparative actuals follow as under:

	(Rs in lacs)	
	1997-98	
	Projectons	Actuals
Sales & Other Income	8547.00	5555.87
Profit after tax	1151.00	73.65
EPS (Rs./Share)	8.8	0.64

Variation is duly explained as above.

SUBSIDIARY COMPANY

During the year under review, name of the subsidiary company has been changed from Jai Parabolic Engineering Limited to JPSP Marketing Limited.

As required under section 212 of the Companies Act, 1956 the audited statement of accounts, the report of the Board of Directors of Jai Parabolic Engineering Limited and the Auditors thereon for the year ended 31st March, 1998 are annexed.

DIRECTORS

In accordance with the applicable provisions Mr.B.S.Jauhar retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with provisions of Sec. 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 with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the annexure-1 to the Directors Report.

FIXED DEPOSITS

There are no overdue or unclaimed deposits as on March 31st,1998.

PERSONNEL

The industrial relations remained cordial throughout the year.

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975, as amended, the required particulars of employees are set out in Annexure-II to the Directors Report.

AUDITORS & AUDITORS' REPORT

The Auditors, M/s. Vohra Sahni & Associates, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A certificate under Section 224(1B) of the Companies Act, 1956 has been received from them. The notes to the accounts referred to in the Auditors Report are self explanatory and, therefore do not call for any further comments. Further in regard to comment in para 2 of their report, the Company has full documentation including Valuation Report from an independent and reputed firm of Chartered Accountants, supporting the transaction and its treatment in the Books of Accounts.

APPRECIATION

The Directors wish to acknowledge employee contributions at all levels and the support lent to your company by its customers investors, depositors, dealers, suppliers, bankers, financial institutions and the Central and State Government.

The Directors also place on record their sincere gratitude for the valuable technical and financial assistance granted by your company's foreign collaborators M/s.NHK Spring Co. Ltd., Japan.

For and on behalf of the Board

Place : Mohali
Date : August 29, 1998.

B.S. JAUHAR
Chairman



ANNEXTURE 'I' TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange outgo and earning as required under Companies [Disclosure of Particulars in the Report of Board of Director(s)] Rules, 1988.

A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken.
 - i) The Company is optimising the production processes to reduce energy cost.
 - ii) Control equipment has been installed in the furnaces to measure and monitor the fuel consumption.
 - iii) Over rated motors replaced with optimum rating motors.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.
The company is engaged in energy conservation on a continuous basis.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact of the cost of production of goods.
 - i) Impact of above measures will lead to lower energy consumption, less maintenance etc. It is however, difficult to determine their impact on the cost of production.
 - ii) The power factor of the factory has been improved to 0.92.
- d) Total energy consumption & energy consumption per unit of production as per Form A of the Annexure in respect of Industries specified in the schedule thereto.
Not applicable.

B. RESEARCH & DEVELOPMENT (R&D)

- (a) Specific Areas in which R & D carried out by the Company
 - i) Redesign of existing springs leading to weight reduction.
 - ii) Conversion of existing conventional springs to parabolic springs.
 - iii) Development of value engineering springs for Mahindra & Mahindra, Telco, Eicher, Maruti & Volvo.
- (b) Benefits derived as a result of R & D.
 - i) Redesign of existing springs give direct saving due to weight reduction and better spring life.
 - ii) Conversion of conventional springs is a new technology and give better ride comfort due to less vehicle weight leading to fuel saving and weight reduction of about 25 to 35%
- (c) Future plan of Action.
 - i) Redesign of Volvo Springs to suit Indian Road Conditions.
 - ii) To generate SN diagram for different raw materials and stress levels.
 - iii) Development is on for new models to be Launched by Mahindra & Mahindra and some export models including General Motors, USA.
- (d) Expenditure on R&D (Rs.in Lacs)

a) Capital	:	9.61
b) Recurring	:	22.73
c) Total	:	32.34
d) % of total turnover	:	0.61%

C. TECHNOLOGY ABSORPTION.

- (a) Technology Absorption, Adaptation and Innovation :
 - i) Technology imported from NHK for manufacture of Leaf Springs has already been absorbed at Mohali Units.
 - ii) Technical help of NHK has yielded high improvement in the quality & productivity for the new product range developed for overseas customers.
 - iii) The company is engaged in adaptation of indigenous raw material & components for exports to General Motors, USA and the same is likely to be over by end of 1998-99.
 - iv) The company is also engaged in various other initiations related to improvements in the process.
- (b) Benefits derived as a result of the above efforts.
The company enjoys a distinct technological edge over its competitors due to a superior and continuously improvised technology employed in its manufacturing process.

JAI PARABOLIC SPRINGS LIMITED

(c) Technology Imported (For the manufacture of Leaf Springs).

i) Year of Import -	Unit I, Mohali	(1987-90)
	Unit II, Mohali	(1992-97)
	Chennai	(1996-2006)

ii) Has technology been fully absorbed.

As reported above, the technology at Mohali has been fully absorbed. The benefit for Chennai is yet to come.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of foreign exchange earning and outgo follow as under :-

		(Rs.in lacs)
Foreign exchange used	:	48.25
Foreign Exchange Earned	:	97.52

ANNEXURE 'II' TO DIRECTORS' REPORT

Statement under section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 attached to the Directors' Report for the period ended 31st March, 1998.

Name of the Employee	Age (Yrs)	Designation	Date of commencement of employment	Gross Remuneration (Rs.)	Qualifications	Experience (Years)	Particulars of previous Employment & Post held
Employed for the whole year							
P.S.JAUHAR	32	Whole time Director	1.8.89	12,91,380	B.Com	15	Jamna Auto Inds.Ltd. Dy.Manager (Commercial)
Kiran Chadha	40	Director (Operations)	30.5.95	4,60,200	B.A	10	Jamna Auto Inds.Ltd. Chief Executive
P.S.Randhwa	40	General Manager(Export)	26.4.88	3,39,074	B.E Hons MBA	17	DCM Engg.Products Asstt.Mgr (Production)
G.S.Bajwa	39	General Mgr(Operation)	04.06.90	3,45,710	B.Com.Hons MBA	15	N.D.D.B Asstt.Manager(Matl.)
Hemant H Jadhav	39	Facilitator (Operations)	28.08.95	3,72,600	B.Tech	16	EID Parry(I) Ltd. Genworks Manager
J.S.Bawa	33	Facilitator (Commercial)	01.07.89	3,42,120	B.A LLB	12	Jamna Auto Ind.Ltd Purchase Officer

Notes

1. Remuneration includes Basic Salary, Allowances, Perquisites, Employer's contribution to provident and other funds.
2. Designation denotes nature of duties also.
3. All employments are contractual and as per the terms & conditions of the service rules of the Company.



AUDITORS' REPORT

TO
THE MEMBERS OF
JAI PARABOLIC SPRINGS LIMITED

We have audited the attached Balance Sheet of **JAI PARABOLIC SPRINGS LIMITED**, as at March 31, 1998 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto.

We report as follows:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annexe hereto, to the extent applicable, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Reference is made to Note No. 6 pertaining to the expenditure of Rs. 448 Lacs incurred by the Company as being in the nature of Capital and treated as consideration towards acquisition of goodwill of a trading Company. In the absence of full transaction details and contemporaneous evidence facilitating the propriety, the nature and determination of value and its treatment in the Accounts, we are unable to express an opinion in this regard.
3. Further to our comments in the Annexure referred to in paragraph 1 above we report that:
 - a. subject to our comments in para 2 above, 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 are in agreement with the books of account;
 - d. subject to our comments in para 2 above, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i. in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 1998 and;
 - ii. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For VOHRA SAHNI & ASSOCIATES
Chartered Accountants

Place : New Delhi
Date : August 29, 1998

RAKESH VOHRA
Partner

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF JAI PARABOLIC SPRINGS LIMITED FOR THE YEAR ENDED ON MARCH 31, 1998

1. The Company has maintained records showing particulars including quantitative details and situation of fixed assets which are currently under updation by the Company which we are informed is expected to be completed during the financial year ending March 31, 1999. The Company had decided to conduct the physical verification of all of its fixed assets once in every three years, which frequency] in our opinion, was reasonable having regard to the size of the Company and the nature of its fixed assets. No physical verification of the fixed assets has been carried out in pursuance to this programme. We have been informed that the Company shall undertake the physical verification, upon updation of the said records, of all its fixed assets, in a phased manner during the financial year ending March 31, 1999.
2. None of the Fixed Assets have been revalued during the year.
3. The Company has been following the practice of verifying its stocks every year. During the year under consideration, however, some of the items of stocks of finished goods and raw materials, other than those lying with third parties, have only been physically verified by the Management at the year end. In our opinion, the frequency of verification otherwise is reasonable and adequate in relation to the size of the Company and the nature of its business.
4. In our opinion and according to the information and explanations provided to us, the procedures of the said 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 to the extent noticed between the physical stocks as verified and book records were not material.
6. In our opinion, the Company, except in the case of Work in Progress, maintains stock records. On the basis of our examination