

Jai Corp **LIMITED**

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16th ANNUAL REPORT 2000-2001

HIGHLIGHTS

	2000-2001 (Rs. in lacs)	1999-2000 (Rs. in lacs)	1998-99 (Rs. in lacs)	1997-98 (Rs. in lacs)	1996-97 (Rs. in lacs)
Sales, services & other income	27259.12	31726.10	29269.26	42625.79	44846.38
Depreciation	946.39	1030.98	1145.06	1268.26	1345.03
Profit before tax	3132.28	2187.68	2084.26	1214.33	2336.87
Tax for the year	240.00	100.00	424.00	304.00	656.00
Profit after tax	2892.28	2087.68	1660.26	910.33	1680.87
Dividend (including tax thereon)	224.48	226.11	226.13	224.07	225.50
Plough back (including depreciation)	3616.06	2900.24	2580.30	1955.65	2849.76
Shareholders' fund (Net worth)	19849.14	17179.47	15310.21	13874.97	13186.68
Debt/Equity Ratio	0.00/1	0.00/1	0.00/1	0.04/1	0.09/1

JAI CORP LIMITED

16TH ANNUAL REPORT 2000-2001

BOARD OF DIRECTORS

(As on 29th June, 2001)

J. K. Jain
Executive Chairman

S. P. Jain
Managing Director

Anand Jain

Virendra Jain

K. M. Doongaji

S. H. Junnarkar

D. K. Contractor

S. Rajendran

V. S. Pandit
Director-Works

COMPANY SECRETARY

J. M. Pandya

SOLICITORS & ADVOCATES

Kanga & Company

AUDITORS

Chaturvedi & Shah
Chartered Accountants

BANKERS

State Bank of India

Canara Bank

REGISTERED OFFICE :

A-3, M.I.D.C. Indl. Area,
Nanded 431 603,
Maharashtra.

MANUFACTURING FACILITIES AT :

1. Packaging Division:

Plot No.A-2/4
Plot No.A-2/8
Plot No.C-2/1
M.I.D.C., Murbad,
Dist. Thane, Maharashtra.

Plot No.79/1, Amli Village
Plot No.444, Masat Village
Plot No.S.N. 103/1/2, Rakholi Village
Silvassa, [Dadra & Nagar Haveli (U.T.)]

Plot No.481/1-2, Dabhel Village
Daman-396 210 (U.T.)

2. Sipta Coated Steels Division

A-3, M.I.D.C. Indl. Area,
Nanded 431 603, Maharashtra.

3. Comet Steels Division

A-4, M.I.D.C. Indl. Area,
Nanded 431 603, Maharashtra.

REGISTRARS & TRANSFER AGENT

KARVY CONSULTANTS LIMITED

- "KARVY HOUSE"
46, Road No.4, Street No.1,
Banjara Hills, Hyderabad 500 034.
Tel.: 040-3312454/3320251/751/752
Fax: 040-3311968
- 7, Andheri Industrial Estate,
Off Veera Desai Road,
Andheri (West), Mumbai 400 053.
Tel.: 022-6267226/6269044/6271802
Fax: 022-6260882

**NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of JAI CORP LIMITED will be held on Wednesday, the 26th September, 2001 at 2.00 p.m. at the Registered Office of the Company at A-3, MIDC Industrial Area, Nanded - 431 603 (Maharashtra) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2001 and Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2001.
3. To appoint a Director in place of Shri S. P. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S. H. Junnarkar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors who shall hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modifications, the following resolution as a Special Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner:
 (a) The following new Article No.8-A be inserted after the existing Article No. 8 as under:
 8-A "Provided that in respect of shares held in de-materialised form, the Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of shares on behalf of the Beneficial Owner."
 (b) The following new Article No.8 -B be inserted after the new Article No. 8-A as under:
 8-B "Every Depository shall furnish to the Company information regarding the transfer of Securities in the name of the Beneficial Owners at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf".
 (c) The following new Article No.8 -C be inserted after the new Article No. 8-B as under:
 8-C "Notwithstanding anything contained in the Act or these Articles, where securities are held in Depository, the Records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
 (d) The following new Article No.8-D be inserted after the new Article No. 8-C as under:
 8-D "The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/ or to issue its fresh shares, debentures and other securities, in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any."

By Order of the Board of Directors

J. K. JAIN
Executive Chairman

Mumbai, 29th June, 2001

NOTES :

1. An Explanatory Statement under section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy or the Power of Attorney if any under which it is signed should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting.
3. The Register of Members and Share Transfer books will remain closed from Tuesday, the 18th September 2001 to Wednesday, the 26th September, 2001 (both days inclusive). In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
4. The amount of unclaimed dividend for the financial year ended 31st March, 1995 has already been transferred to the General Revenue Account of The Central Government pursuant to sub-section (5) of section 205A of the Companies Act, 1956. The concerned members may therefore submit their claims in the prescribed form to the Registrar of Companies, Maharashtra at Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Mumbai 400 033.
 Pursuant to the provisions of section 205C inserted by Companies (Amendment) Act, 1999, dividends for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Govt. The Members who have not encashed the dividend warrant(s) of the financial Year ended 31-03-1996, 31-03-1997, 31-03-1998, 31-03-1999 and 31-03- 2000 are requested to make their claim to the Company or its Registrars and Transfer Agent M/s Karvey Consultants Ltd. It may also be noted that once the unpaid dividend is transferred to the Government as above, no claim shall lie with the Company in respect of such amount.
5. The Members who are holding shares in identical order of names in more than one folio are requested to send the Company details of such folios together with the share certificates for consolidating their holding in one folio. The Share certificate will be returned to the member after making requisite changes thereon.
6. Non-resident Indian Shareholders are requested to inform the Company immediately:-
 The Change in the Residential status on return to India for permanent settlement.
 The particulars of NRE bank Account maintained in India.
 Copy of RBI permission.
7. As per the provisions of the amended Companies Act, 1956, facility for making nominations is available to individuals holding shares in the Company.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 6 :**

During the year the Company has entered into agreements with National Securities Depository Ltd.(NSDL) and Central Depository Services (India) Ltd (CSDL) to provide shareholders facility of the holding and transfer of securities in dematerialised mode. The Articles of Association of the Company is silent about holding shares in dematerialised mode. Hence it is considered expedient to alter the Articles of Association of the Company to incorporate the said new Articles concerning dematerialisation of securities.

The Articles of Association of the Company with the draft amendments is open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.

None of the Directors of the Company are, in any way, concerned or interested in the resolution.

By Order of the Board of Directors

J. K. JAIN
Executive Chairman

Mumbai, 29th June, 2001

DIRECTORS' REPORT

The Directors have pleasure to present the Sixteenth Annual Report and Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

	(Rs. In lacs)	
	31-03-2001	31-03-2000
Sale & Services	25964.21	31081.21
Operating Profit	4078.67	3218.46
Less: Finance Charges (Net)	(0.00)	(0.20)
Gross Profit	4078.67	3218.66
Less: Depreciation	(946.39)	(1030.98)
Profit Before Tax	3132.28	2187.68
Less: Provision for Tax	(240.00)	(100.00)
Profit after Tax	2892.28	2087.68
Balance brought forward from last year	739.31	870.05
Transferred from Debenture Redemption Reserve	0.00	0.00
Transferred from Investment Allowance (Utilised) Reserve	35.19	355.00
Prior period Adjustments (Net)	1.87	7.69
Amount available for Appropriations	3668.65	3320.42
Appropriations:		
General Reserve	2500.00	2355.00
Proposed Dividend on Equity Shares	203.70	203.70
Tax on Proposed Dividend	20.78	22.41
Surplus carried to Balance Sheet	944.17	739.31
	3668.65	3320.42

DIVIDEND

Your Directors recommend dividend of Rs. 2.20 per equity share on 92,59,062 equity shares of Rs.10/- each for the financial year ended 31st March, 2001, which if approved at the forthcoming Annual general meeting will be paid to all those Equity Shareholders whose names appear on the Register of Members as on 26th September, 2001.

OPERATIONS

During the year under review, the Sales of the company have been lower compared to previous year due to severe recessionary conditions prevailing in Steel sector. The margins were under heavy pressure due to fierce competition which is result of excess capacity in the galvanising and cold rolling industries. However, the company has been able to improve its bottomline due to stringent cost cutting measures undertaken at all levels. The Company has been able to improve its performance in Packaging Division and expects to achieve further growth in the industry.

PROJECTS AND EXPANSIONS

The Company is considering expansion of its capacity in Packaging Division at Daman (U.T.)

FIXED DEPOSITS

The Company has not accepted any fixed deposits within the meaning of Section 58-A of the Companies Act, 1956, and the rules framed there under. Fixed Deposit of Rs. 6,000/- remained unclaimed of erstwhile Sipta Coated Steels Limited as on 31-03-2001.

LISTING OF EQUITY SHARES

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

The Stock Exchange, Mumbai
The Stock Exchange, Ahmedabad
The National Stock Exchange of India Limited

The Company has paid the Listing fee to all the above Stock Exchanges for the period 01-04-2001 to 31-03-2002.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association Shri S. P. Jain and Shri S. H. Junnarkar retire by

rotation and being eligible offer themselves for reappointment.

Shri. R. N. Bansal had resigned from the Board. Your Directors place on record their appreciation of the valuable services rendered by Shri. R. N. Bansal.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- that in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies 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 state of affairs of the Company at the end of the year and of the profit of the Company for the year under review;
- That the directors had 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 the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

AUDITORS AND AUDITORS' REPORT

M/s Chaturvedi & Shah, Chartered Accountants, Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. The Company had received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. The notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure A forming part of this report.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are given in the Annexure B forming part of this report.

INDUSTRIAL RELATIONS

A section of employees of the Company at its Steel Plant at Nanded has gone on illegal strike from 16th June, 2001. The situation is being properly handled and company expects to resolve the same shortly. The relations with the employees at other units continued to be cordial and satisfactory.

CORPORATE GOVERNANCE

The Securities And Exchange Board of India has introduced a Code of Corporate Governance (Code) by way of amendment to Clause 49 of the listing agreements with the Stock Exchanges. The Company is required to comply with its requirements by 31st March, 2002. The Company is taking necessary steps to comply with the requirements under the said clause and the applicable requirements shall be complied before the said date.

DEMATERIALIZATION

During the year the company has entered into agreements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CSDL) to provide Shareholders facility of the holding and transfer of Securities in dematerialised mode. As per the directions issued by SEBI, the equity shares of your Company are traded on the Bombay Stock Exchange only in demat from 25th June, 2001 & on NSE from 20th June, 2001.

ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks and Institutions during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company.

By Order of the Board of Directors

Mumbai, 29th June, 2001

J. K. JAIN
Executive Chairman



ANNEXURE "A" TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken :

1. The Company has established technical services & development cell to optimise process energy consumption & machine development.
2. Due to integration the suction units, the company has been able to reduce the energy consumption of the tape plants.
3. The Company has Fuzzy logic temperature controllers which has resulted in improvement in energy efficiency of the extruders in the plastic division.

(b) Additional investments and proposals if any, being implemented for reduction of consumption of energy :

1. The Company plans to fix A.C. drives in place of D. C. VARIABLE speed drives to reduce energy consumption.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

All the above measures helped in reducing per unit cost of energy for tape plant from about 0.62 to 0.57 units/kg.

(d) FORM-A

Form for Disclosure of Particulars with respect to Conservation of Energy.

	Current Year Ended 31.03.2001	Pervious Year Ended 31.03.2000
a) Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units	23205862	26646588
Total Amount (Rs.)	88209721	98542442
Average Rate/Unit (Rs.)	3.80	3.70
(b) Own generation through Diesel Generator		
Units	2512748	3640305
Unit per ltr. of Diesel Oil	3.37	3.33
Average Rate/Unit (Rs.)	4.35	3.55
2. Others		
a) HSD		
Quantity (KL)	2134.17	2893.78
Total Amount (Rs.)	32938773	34377563
Average Rate/KL (Rs.)	15434.03	11879.81
b) LPG		
Qty(KL)	344.44	390.6
Total Amount (Rs.)	6724926	4881747
Average Rate (Rs.per KL)	19524.06	12498.07

b. Consumption per unit of production

Product	Year ended 31.03.2001			Year ended 31-03-2000		
	GP/GC Coils/ Sheets	CR Coil/ Sheets	Woven sacks/ Fabrics/ Bags	GP/GC Coils/ Sheets	CR Coil/ Sheets	Woven Sacks/ Fabrics/ Bags
Production (MT)	50419	49264	8780	84246	80968	10777
Electricity	84.94	249.41	1042.03	76.69	186.69	806.25
Others						
a) HSD (KL)	0.021	0.006	0.003	0.022	0.004	0.060
b) LPG (KL)	0.007	—	—	0.005	—	—

B. RESEARCH & DEVELOPMENT (R & D)

In house research & development to achieve Zero defect fabric was carried out. This resulted in development through Company's vendors the concept of loom controllers which reduces fabric defects by manipulating haul off speed of fabric in case of missing wefts. The Company has also started computerisation of tape plant controls to optimise plant performance & eliminating errors. No significant expenditure is incurred.

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The Company had imported most modern Dry Process Galvanising Technology in 1986, from Cockerill Mechanical Industries, Belgium and Stein Heurtey of France. The technology has been fully absorbed.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has exported its products during the year under review and has imported raw materials, store items and capital items, the details of which are as follows:

1) FOB Value of Exports	Rs.1642.82
2) CIF Value of Import	Rs.954.63
3) Expenditure in Foreign Currency	Rs.55.19

By Order of the Board of Directors

J. K. JAIN
Executive Chairman

Mumbai, 29th June, 2001

ANNEXURE "B" TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

A) Employed throughout the year and in receipt of remuneration aggregating not less than Rs.12,00,000/- per year.

Name	Age (Years)	Designation/ Nature of Duties	Remune- ration (Rs.)	Qualification	Total Experience (years)	Date of employ- ment	Last Employment held Designation-Period for which post held
J. K. Jain	69	Executive Chairman	2,811,271	Matric	50	01.10.95	Business
S. P. Jain	46	Managing Director	2,667,818	B.Com	25	01.10.95	Comet Steels Ltd. Managing Director (10 years)

B) Employed for part of the year and in receipt of remuneration not less than Rs.1,00,000/- per month.

Ashok Tawde	44	President	519,348	M.M.S. with P.S.	20	04.04.2000	Royal Cushion Viny Prod. Ltd. Vice President (Operations)
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Notes: 1. Remuneration as above includes Salary, Allowance, bonus, ex-gratia, leave travel assistance, reimbursement of medical expenses, Company's contribution to Provident Fund and monetary value of other perquisites calculated in accordance with provisions of the Income-tax Act, 1961 and rules thereunder.

2. The nature of employment in all cases is contractual.

3. No employee mentioned above is related to any director of the Company except Shri J. K. Jain and Shri S. P. Jain, who are related to each other and they are also related to Shri Anand Jain and Shri Virendra Jain, directors of the Company.

Mumbai, 29th June, 2001

By Order of the Board of Directors
J. K. JAIN
Executive Chairman

AUDITORS' REPORT**TO THE MEMBERS OF JAI CORP LIMITED**

We have audited the attached Balance sheet of Jai Corp Limited as at 31st March 2001 and the Profit and Loss Account of the company for the year ended on that date annexed thereto and report that:

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 give in the Annexure hereto a statement on the matters specified in the paragraphs 4 and 5 of the said order.
2. Attention is invited to Note 4 in the Schedule 'P' to Accounts regarding Company's inability to segregate outstandings of the Small Scale Industries (SSI) from total creditors.
3. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - 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 accounts, as required by law, have been kept by the company, so far as appears from our examinations of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet and the Profit and Loss Account complies with the mandatory Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors as on 31st March, 2001, or confirmation received by the Company based on the notice by the Directors pursuant to Section 299 of the Companies Act, 1956, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so require and give a true and fair view :
 - i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2001 and
 - ii) in so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date

For **CHATURVEDI & SHAH**
 Chartered Accountants

R. KORIA
 Partner

Mumbai, 29-06-2001

ANNEXURE TO AUDITORS' REPORT (Referred to in paragraph 1 of our report of even date)

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets were physically verified by the management during the year. In our opinion the frequency of such verification is reasonable and no material discrepancies were noticed on such verification as compared to the book records.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, the stock of finished goods, stores spare parts and raw materials have been physically verified during the year by the Management. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
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. As explained to us, there were no material discrepancies noticed on physical verification of the stocks having regard to the size of the operations of the Company and the same have been properly dealt with in the books of account.
6. In our opinion, and on the basis of our examination of stock records, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has taken unsecured loans from parties listed in register maintained under Section 301 of the Companies Act, 1956. In our opinion the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company. The Company has not taken any loan from the Companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
8. The Company has granted unsecured loans to parties listed in register maintained under Section 301 of the Companies Act, 1956. In our opinion the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company. The Company has not granted any loan to the Companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
9. In respect of loans and advances in the nature of loans given by the company to parties and employees, they are generally repaying the principle amounts as stipulated and are also regular in the payment of interest wherever applicable.
10. In our opinion and according to the information and explanations given to us there are adequate internal control procedure 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 with regard to the sale of goods.
11. In our opinion and according to the information and explanations given to us, the 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 u/s.301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services.
12. As explained to us, the company has regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provisions have been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted any deposit from the public, therefore the provision of section 58A of the Companies Act, 1956 and rules framed thereunder are not applicable to the Company.
14. In our opinion, reasonable records have been maintained for the sale and disposal of the realisable scrap. The Company has no by-product.
15. In our opinion, the Company has adequate internal audit system commensurate with the size and nature of its business.
16. We are informed by the management that Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, in respect of only one product of the company. The Company has not produced the product during the year and hence no cost records have been maintained.
17. According to the records of the Company, Provident fund and Employees State Insurance dues have generally been regularly deposited with the appropriate authorities except in few cases.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a sick industrial company with in the meaning of clause (i) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of trading activities we are informed that the Company does not have any damaged goods lying with it at the end of the year. Therefore, no provisions for any loss are required to be made in the accounts.

For **CHATURVEDI & SHAH**
 Chartered Accountants

R. KORIA
 Partner

Mumbai, 29-06-2001