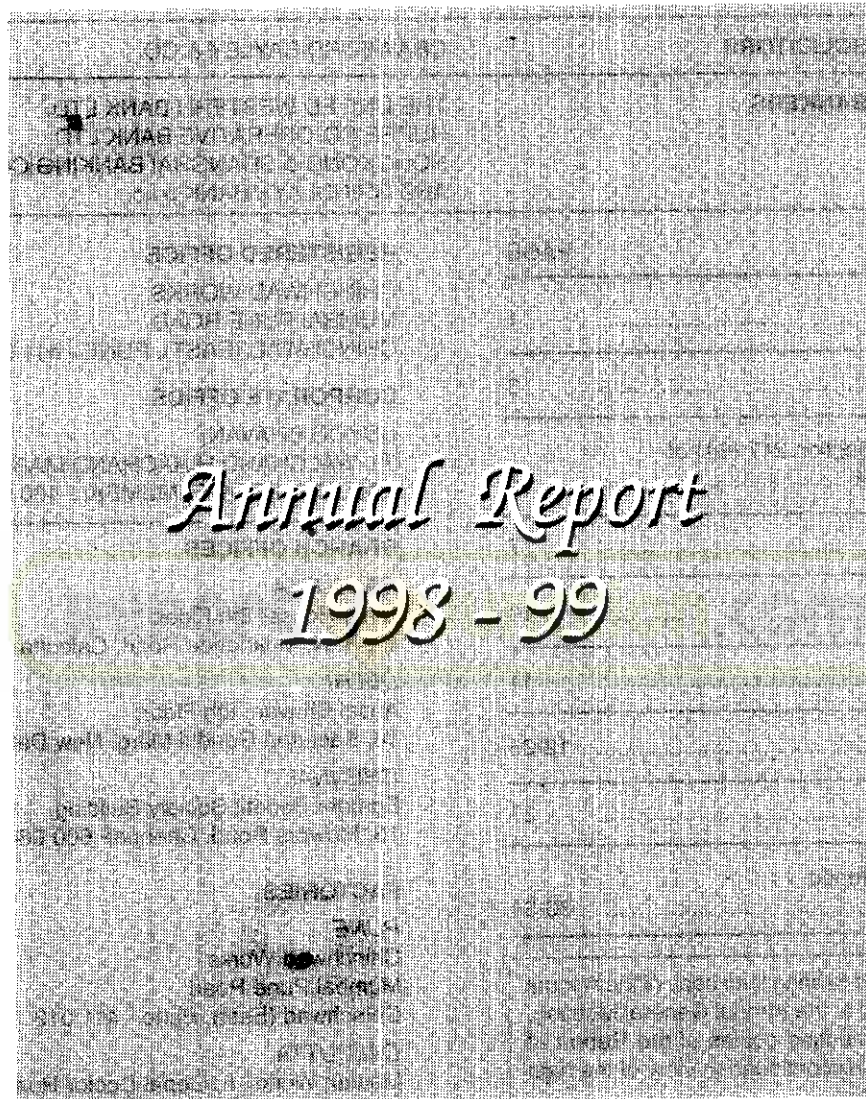




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**MATHER AND PLATT (INDIA) LIMITED**

<b>CHAIRMAN</b>	M. R. CHHABRIA
<b>EXECUTIVE DIRECTOR</b>	Y. C. LUMBA
<b>WHOLE-TIME DIRECTOR</b>	P. U. K. MENON
<b>DIRECTORS</b>	R. A. SHAH MRS. K. C. WAZIR R. K. JAIN
<b>COMPANY SECRETARY</b>	NAVNEET KUMAR
<b>AUDITORS</b>	LODHA & COMPANY
<b>SOLICITORS</b>	CRAWFORD BAYLEY & CO.
<b>BANKERS</b>	THE UNITED WESTERN BANK LTD. RUPEE CO-OPERATIVE BANK LTD. HONGKONG & SHANGHAI BANKING CORPORATION LTD. ANZ GRINDLAYS BANK p.l.c.

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Members are requested to bring their copy of the Annual Report along with them at the Annual General Meeting, as the practice of distributing copies of the Report at the Meeting has been discontinued in view of the high cost of paper and printing.

#### **REGISTERED OFFICE**

CHINCHWAD WORKS  
MUMBAI PUNE ROAD  
CHINCHWAD (EAST), PUNE - 411 019

#### **CORPORATE OFFICE**

UDYOG BHAVAN,  
29, WALCHAND HIRACHAND MARG,  
BALLARD ESTATE, MUMBAI - 400 001

#### **BRANCH OFFICES**

**CALCUTTA**  
Nihat House, 8th Floor,  
11, R. N. Mukherjee Road, Calcutta - 700 001

**DELHI**  
Ansal Bhavan, 8th Floor,  
16, Kasturba Gandhi Marg, New Delhi - 110 001

**CHENNAI**  
Egmore Benefit Society Building,  
13, Flowers Road, Chennai- 600 084

#### **FACTORIES**

**PUNE**  
Chinchwad Works  
Mumbai Pune Road  
Chinchwad (East), Pune - 411 019

**CALCUTTA**  
Maidan Works, 5, Gopal Doctor Road,  
Kidderpore, Calcutta - 700 023

Please address all your correspondence regarding Transfers/Change of Address/Dividend and other share matters to our Registrars and Share Transfer Agents :

**TATA CONSULTANCY SERVICES**  
6, LOTUS HOUSE, SIR VITHALDAS THACKERSEY MARG,  
NEW MARINE LINES, MUMBAI - 400 020  
and **NOT** to the Company to avoid delay.

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# MATHER AND PLATT (INDIA) LIMITED

## NOTICE

NOTICE is hereby given that the Fortieth Annual General Meeting of the members of Mather and Platt (India) Limited will be held as under :

DAY : Saturday VENUE : Poonam Hotel  
629/3,  
Deccan Gymkhana,  
Shivaji Nagar,  
Pune - 411 004.

DATE : 18th September, 1999  
TIME : 12.00 Noon

to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 1999, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare equity dividend.
3. To appoint a Director in place of Mr. R.K. Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office upto the conclusion of the next Annual General Meeting, to fix their remuneration and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of The Companies Act, 1956, the retiring Auditors M/s Lodha & Company, Chartered Accountants, be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration as may be determined by the Board of the Directors and reasonable out of pocket expenses actually incurred by them in connection with the audit".

### SPECIAL BUSINESS

5. AS AN ORDINARY RESOLUTION

"RESOLVED THAT, pursuant to the provisions of section 257 of The Companies Act, 1956, Mrs. Komal Chhabria Wazir, be and is hereby appointed as Director

of the Company whose term of appointment would be subject to retirement by rotation.

By Order of the Board  
For Mather and Platt (India) Limited

Navneet Kumar  
Company Secretary

**Registered Office :**  
Mather and Platt (India) Limited  
Chinchwad Works  
Mumbai Pune Road  
Chinchwad (East)  
Pune 411 019

Dated : 31st July, 1999

## NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member. Proxies in order to be effective must be received at the Company's Registered Office at Chinchwad Works, Mumbai Pune Road, Chinchwad East, Pune-411 019, not less than forty eight hours before the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of The Companies Act, 1956 in respect of Special Business under Item No. 5 to the Notice is annexed.
3. The Register of Members of the Company shall remain closed for a period of five days during the period from Tuesday, the 14th September, 1999 to Saturday, the 18th September, 1999 (both days inclusive) and Share transfers received at the Office of the Share Transfer Agents - M/s TATA CONSULTANCY SERVICES until the close of business hours by 13th September, 1999, shall be entitled for the payment of dividend, if declared, to the transferees or to their mandatees.
4. If the dividend on shares as recommended by the Directors, is passed at the meeting, the payment of such dividend will be made to those members of the Company whose names shall appear on the Register of Members of the Company as on 18th September, 1999.
5. Members are requested to notify immediately any change in their address to the Company through their share transfer agents-M/s Tata Consultancy Services.

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## REPORT AND ACCOUNTS - 1999

6. Members are requested to communicate to the Tata Consultancy Services on all matters concerning share transfer at the following address, quoting invariably their folio number in all correspondence :-

**Tata Consultancy Services**

6, Lotus House,  
Sir Vithaldas Thackersey Marg,  
New Marine Lines,  
Mumbai 400 020.

### ANNEXURE TO THE NOTICE

#### EXPLANATORY STATEMENT PURSUANT TO SUB-SECTION(2) OF SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS SET OUT IN THE NOTICE CONVENING THE ANNUAL GENERAL MEETING.

##### Item No. 5

Pursuant to the provisions of section 260 of The Companies Act, 1956 Mrs. Komal Chhabria Wazir was appointed as Additional Director of the Company with effect from 23rd September, 1998, that is the date on which the Board passed a resolution appointing her as Director.

Pursuant to the provisions of section 257 of The Companies Act, 1956 and article 133 of the Articles of Association of the Company, a notice along with a deposit of Rs. 500/- has been received from a member for proposing the name of Mrs. Komal Chhabria Wazir as a Director of the Company at the ensuing Annual General Meeting. The Board recommends her appointment as a Director of the Company.

Mrs. Komal Chhabria Wazir and Mr. M.R. Chhabria shall be deemed to be interested in the passing of the said resolution as Mrs. Wazir is related to Mr. M.R. Chhabria.

By Order of the Board  
**For Mather and Platt (India) Limited**

**Navneet Kumar**  
Company Secretary

##### Registered Office :

Mather and Platt (India) Limited  
Chinchwad Works  
Mumbai Pune Road  
Chinchwad (East)  
Pune 411 019

Dated : 31st July, 1999

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# MATHER AND PLATT (INDIA) LIMITED

## DIRECTORS' REPORT

The Directors are pleased to present the 40th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 1999.

### SUMMARISED FINANCIAL RESULTS

	Rs. in Lacs	
	Year ended 31.3.99	Year ended 31.3.98
Profit before Interest and Depreciation.	388	635
Less : Interest	181	181
Depreciation	100	97
Profit before Tax	107	357
Tax Provision	65	69
Profit after Tax	42	288
Balance brought forward from previous year.	248	169
Profit available for appropriation	290	457
Proposed Dividend	189	163
Tax on Dividend	21	16
Transfer to General Reserve	1	30
Balance in Profit & Loss Account	79	248

### THE YEAR UNDER REVIEW

An overall economic slow down together with a severe liquidity crisis that prevailed throughout the year resulted in the company having to face unprecedented difficulties. Major projects especially in the Steel, Power and the Coal sector did not take off, those tendered were not finalised. The situation was further aggravated due to the political uncertainty that prevailed throughout the year.

Due to difficult market conditions, the order booking for all the Divisions of the company was much lower than the previous year. Consequently, the Company recorded a lower sales volume with consequent reduction in profits.

The total income was Rs. 6904 Lacs as compared to previous year Rs. 8337 Lacs, which was lower due to stiff competition and other factors as stated above. The net profit after depreciation and provision for tax for the year ended 31st March, 1999 was Rs. 42 Lacs as compared to Rs. 288 Lacs in the previous year.

During the year under review, the Company once again announced a Voluntary Retirement Scheme for eligible employees.

### EXTRAORDINARY GENERAL MEETING

The Company convened an Extraordinary General Meeting in May 1999 to fill the vacancy caused by the resignation of

M/s S.R. Batliboi & Associates. M/s Lodha & Company, Chartered Accountants were appointed as the statutory Auditors on account of vacancy created by M/s S.R. Batliboi & Associates.

### DIVIDEND

The Directors are pleased to recommend a dividend of 10%, i.e. Re 1 per share (previous year Re. 1 per share).

### OPERATIONS REVIEW

#### Fluid Engineering Group

During the year the Fluid Engineering Group saw a reduction in sales volume as execution of certain major orders had to be deferred due to paucity of funds with the customers. Major orders have been received for CMWSSA and Oswal Chemicals & Fertilizers Limited. The Division has been awarded an order for 30 nos. of large pumps for Bangalore Water Supply and Sewerage Board.

The first lot of large Butterfly Valves for Periyapatnam Irrigation Project, Karnataka have been successfully manufactured, tested and supplied. These valves were manufactured in technical collaboration with Bopp & Reuther, Germany with whom the Company has entered into a know-how tie-up. The Division can now confidently market Butterfly Valves of international quality which is expected to substantially improve the Division's order book during the current year.

The Division has had a profitable operation during the year although sales were lower due to shortfall in orders for Standard Pumps especially from the Steel, Coal and Power Sectors. These sectors continue to be suffering due to the prevailing recessionary trend. Water Supply / Irrigation and Sewerage sectors, however, promise to be the main areas for business in the current year 1999-2000.

The Division has during the year successfully executed export orders over Rs 9 Crores to Iraq, South East Asian countries and South Africa. Further, major export orders are already under negotiations and substantial growth in export orders is expected during the current year.

Operating expenses have been substantially reduced through cost cutting measures and efforts are on to bring about further reduction in overhead expenses.

#### Process Machinery Division

The Division has performed poorly due to the severe recession prevailing in the Food Processing and Textile Processing Industry. This trend has continued for three years in succession. The order intake has been considerably below budget and has, therefore, resulted in operating losses for the Division. However, the losses have been reduced over previous years by substantial reduction in overhead expenses and down sizing of the operations to match the reduced order intake.

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# REPORT AND ACCOUNTS - 1999

Despite strong marketing efforts there are no signs of any improvement in order position, although the Government has declared Food Processing Industry as a 'Priority Sector'. The effect of this change in the Government Policy is expected to be seen at the end of the year.

Further reduction in workforce in this Division is contemplated.

## Fire and Security Engineering Division

The Division is now on the verge of a turnaround with number of old turnkey orders having been successfully completed. Also, the Division has now been pruned to a size to commensurate with its business level and the expenses have been reduced substantially. The Division has received good orders, notable ones being - Procter & Gamble, ITC, BPCL and Numaligarh Refinery.

During the coming year the Division will focus on further reduction of overheads and efficient execution of orders and is, therefore, poised to make operational profits.

## INDUSTRIAL RELATIONS

Industrial relations continue to be cordial. The Union has put up a Charter of Demands as the previous Agreement has expired on 31st March, 1998.

## ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure "A" to this Report.

## FIXED DEPOSITS

The total amount held by the Company as on 31st March, 1999 was Rs. 385.42 Lacs from 3023 depositors and 36 deposits aggregating to Rs. 5,03,200 which had matured during the year remained unclaimed pending instructions from the depositors. Out of above 24 deposits aggregating to Rs. 3,47,700 have been paid or renewed by the date of this report.

## DIRECTORS

In accordance with the provisions of The Companies Act, 1956 and the Articles of Association of the Company, Mr. R.K.Jain, Director, retires by rotation and being eligible offers himself for re-appointment.

During the year under review, Mrs. Komal Chhabria Wazir was appointed as Additional Director. The Board recommends her appointment as a Director of the Company.

## GILBERT INVESTMENTS

The Accounts of Gilbert Investments Limited, which is a subsidiary of your Company, are attached.

**Y2K COMPLIANCE FOR MATHER AND PLATT (INDIA) LTD.**  
The Company has already taken adequate steps to ensure Y2K compliance of all its computer systems, including software and hardware, by November 1999.  
The Company has sufficient internal skills and resources to overcome any Y2K problems that may arise in future.

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## AUDITORS' REPORT

Relevant notes on accounts are self explanatory and are as per Annexure to the Auditors' Report.

## PERSONNEL

A statement containing the particulars of employees as required by Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder is given in as Annexure "B" to this Report.

## AUDITORS

M/s. S.R. Batliboi & Associates expressed their inability to continue in office as Auditors. Your Directors wish to record their appreciation for their services. M/s. Lodha & Company, Chartered Accountants were appointed as the Auditors for the remaining period of the financial year 1998-99 vide EGM resolution dated 5th May, 1999.

On behalf of Board of Directors

**Y. C. Lumba      P. U. K. MENON**  
Directors

Place : Mumbai

Dated : 31st May, 1999

## ANNEXURE "A" TO THE DIRECTORS' REPORT

Particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 1999.

### A. CONSERVATION OF ENERGY

Energy Conservation being an ongoing process, following measures have been undertaken during the year :-

- An Energy "Conservation Awareness Programme" has been launched among the employees.
- Increased use of natural lighting has been adopted.
- Continuous improvement in design of the products is being achieved through in-house R&D to make them more energy efficient.
- Manufacturing processes have been reviewed and modified to bring about reduced energy consumption.
- Energy audits have been undertaken to identify areas of high energy consumption and energy saving devices have been installed wherever required.

# MATHER AND PLATT (INDIA) LIMITED

## B. TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT

### 1. Activities

Continuous efforts are being made to improve product reliability and quality through in-house R & D efforts.

Some of the major efforts have been in the following specific areas :

- (a) Manufacturing Technology of large sized Butterfly Valves, Pump Discharge Valves and Non Return Valves have been absorbed based on Know-how License with Bopp & Reuther of Germany.
- (b) Product range augmentation in the End-Suction range of pumps have been effected through in-house development.
- (c) Performance enhancement of Split Case and Sewage handling models of pump have been achieved.
- (d) Computerised Data Acquisition System for pump performance assessment has been installed on the Pump Test Bed, enabling online and speedy completion of pump performance tests.
- (e) The food processing machinery has developed a Spice Irradiation Machine for Dept. of Atomic Energy, being the first of its kind in the country.

### 2. Benefits derived

The above referred R & D activities have resulted in :

- (a) Addition of indigenous products to the existing range.
- (b) Increase in share of export market.
- (c) Development of state-of-the-art products in-house thereby saving valuable foreign exchange.

### 3. Future plan of action

R&D Activities in the Pump Division is a continuous activity with constant efforts to improve product performance and addition to product range without having to rely on any foreign technology.

The Food and Textile Machinery Divisions of the Company continue to be in the forefront in producing custom-built tailor-made products, utilising its own experienced manpower to Research and Develop machines to suit customers' needs.

### 4. Expenditure on research and development

(Rs in Lacs)

- |                                                         |       |
|---------------------------------------------------------|-------|
| (a) Capital                                             | 6.70  |
| (b) Recurring                                           | 6.17  |
| (c) Total                                               | 12.87 |
| (d) Total R & D Expenditure as a percentage of turnover | 0.19% |

### 5. Technology absorption, adoption and innovation

As already outlined above assimilation and adoption of technology for the products in all divisions is an ongoing process.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports, initiatives taken to increase export, development of new export markets for products and services and export plans:

The Company has effected exports worth Rs. 1027.51 Lacs to various countries.

To promote exports, the Company participated in an international pumps exhibition at Singapore, that evoked good response and enquiries.

New markets in Iraq, Laos, Vietnam and many other countries are being vigorously pursued.

- (b) Total foreign exchange used and earned:

(Rs. In Lacs)

	Year ended 31.3.99	Year ended 31.3.98
1. Imports - C.I.F. Value, Raw Materials, Components & Spare Parts and Capital Goods.	448.06	199.82
2. (a) Technical know-how Fees	17.62	—
(b) Others	20.92	19.49
3. Dividend remitted to Non-Resident Shareholders	70.34	61.44
4. Earnings in Foreign Exchange Exports - 'F.O.B.' Value	1027.51	1257.14
5. Other Income being Service Charges, Recovery of Freight and Insurance.	63.45	34.56

On behalf of Board of Directors

Y. C. Lumba      P. U. K. MENON  
Directors

Place : Mumbai  
Dated : 31st May, 1999

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# REPORT AND ACCOUNTS - 1999

## ANNEXURE "B" TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED MARCH 31, 1999

S.No	Name	Designation/ Nature Of Duties	Remuneration Received Gross (Rs.)	Remuneration Receivable Net (Rs.)	Qualification	Age (Years)	Experience (Years)	Date of Employ- ment	Last Employment
1.	Lumba Yogesh Chandra	Executive Director	1,155,300	717,034	M.Tech [Elect.]	61	40	10/08/94	Chief Executive Rotating Machine Div. GEC Alsthom (India) Ltd.
2.	Menon P.U.K.	Whole-time Director	1,060,912	607,705	Licentiate in Mech. Engg. (VJTI)	52	31	01/02/68	-

- NOTES :
1. Gross Remuneration includes salary, house rent allowance, other allowances, contribution to Provident Fund, Employees Pension Scheme and value of perquisites computed as per Income Tax Rules. Net Remuneration includes salary, house rent allowance & other allowances less income tax, employees contributions to Provident Fund, Employees Pension Scheme and Profession Tax.
  2. The nature of employment is contractual and as per agreement. Other terms and conditions are as per Company's Rules.
  3. In compiling the above data, no account has been taken of the contributions made as per actuarial valuation to Gratuity Fund, as separate figures are not available for individual employee.

On behalf of the Board of Directors

**Y. C. LUMBA**      **P. U. K. MENON**  
Directors

Place : Mumbai  
Dated : 31st May, 1999.

## FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	1998-99	1997-98	1996-97	1995-96	1994-95
SHARE CAPITAL	1890	1890	1540	1540	1540
RESERVES & SURPLUS	4578	5264	5594	6155	4515
NET WORTH	6468	7154	7134	7695	6055
BORROWINGS	601	715	740	1066	964
GROSS BLOCK	5181	5533	5834	5757	4193
ACCUMULATED DEPRECIATION	2223	2068	1881	1648	1432
NET BLOCK	2958	3465	3953	4139	2761
SALES & OTHER INCOME	6904	8337	8519	8585	8104
EXPORTS	1028	1292	547	511	644
PROFIT BEFORE TAX	106	357	150	658	435
PROFIT AFTER TAX	41	288	10	419	337
DIVIDENDS	189	163	154	231	231

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# MATHER AND PLATT (INDIA) LIMITED

## AUDITORS' REPORT

TO THE MEMBERS OF  
**MATHER AND PLATT (INDIA) LIMITED**

We have audited the attached Balance Sheet of **MATHER AND PLATT (INDIA) LIMITED** as at March 31, 1999 and also 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 (hereinafter referred to as the "Act"), we annexed thereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - (d) The Balance Sheet and Profit and Loss Account comply with the Accounting Standards as prescribed under the provisions of Section 211 (3C) of the Act.
  - (e) Attention is drawn to Note No. 8 (ii) of Schedule K regarding advances of Rs. 19,490,948 to a company formed for the purpose of implementation of a project, which has been abandoned and Note No. 9 regarding investments of Rs. 22,700,000 in a company having negative networth. We are unable to express an opinion regarding the extent of recoverability of such advances and diminution in the values of such investments requiring provision, if any, in this regard.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to what is stated in paragraph (e) above having consequential impact (presently not ascertainable) on the profit for the year, reserves and surplus, assets and year end net worth of the Company and read together with Significant Accounting Policies and other notes appearing in Schedule K, particularly, Note no. 14 regarding extraordinary items vis-a-vis profit for the year and Note no. 12 regarding information about small scale and ancillary industrial undertaking, give the information required by the Act, in the manner so required and give a true and fair view :
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 1999; and
    - ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

**For LODHA & COMPANY**  
Chartered Accountants

**N. KISHORE BAFNA**  
Partner

Place : Mumbai  
Date : 31st May, 1999.

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# REPORT AND ACCOUNTS - 1999

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (1) of our report of even date to the Members of **MATHER AND PLATT (INDIA) LIMITED** on the accounts for the year ended March 31, 1999.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us, we state that :

1. The Company has maintained proper records of fixed assets showing full particulars including quantitative details and location of its assets except for certain patterns lying with third parties in respect of which confirmations have been received in most of the cases. The assets are being verified in accordance with a phased programme designed to cover all assets once in three years. This frequency of verification is considered reasonable, having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a physical verification was conducted and no material discrepancies between the book records and physical assets have been noticed.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, stores and spares, raw materials and packing materials have been physically verified by the management at reasonable intervals during the year. Stocks in possession and custody of third parties have been verified with reference to confirmations or statements of account or correspondence with third parties and subsequent receipt of goods.
4. In our opinion, the procedures of physical verification of above referred stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. There were no material discrepancies noticed on physical verification of above referred stocks as compared to book records 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 the stock records, the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. In our opinion, the rate of interest, wherever applicable, and other terms and conditions, where specified of unsecured loans taken from companies listed in the register maintained under Section 301 of the Act and/or from companies under the same management as defined under Section 370 (1B) of the Act, are, prima facie, not prejudicial to the interest of the Company.
8. In our opinion, the rate of interest, wherever applicable, and other terms and conditions, wherever specified of loans, secured or unsecured, given to companies, firms or other parties listed in the register maintained under Section 301 of the Act and/or to the companies under the same management as defined under Section 370 (1B) of the Act, are, prima facie, not prejudicial to the interests of the Company.
9. The parties to whom loans and advances in the nature of loans have been given by the Company are generally repaying the principal amounts as stipulated from time to time and are also regular in payment of interest, wherever applicable, except in the case of loan referred to in Note 8 (iii) of Schedule K, where interest is not being paid as stipulated, for which reasonable steps are being taken for the recovery. There are, however, certain cases of loans and advances in the nature of loans, where no interest is chargeable, according to the terms of the loans and advances concerned (Refer Note 8 (i) and 8 (ii) of Schedule K) :
10. In our opinion and according to the information and explanations given to us, having regard to the explanations that in certain cases of purchases where the items are of special nature and hence, quotations are not invited, there is an adequate internal control procedure commensurate with the size of the Company and nature of its business for purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act 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 prevailing market prices of such goods, materials, or services or the prices at which transactions for similar goods or services have been made with other parties, wherever applicable. There are no transactions of purchases of goods and materials with such parties during the year.
12. In our opinion and according to the information and explanations given to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods and adequate provisions have been made in the accounts for the loss arising on the items so determined.

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