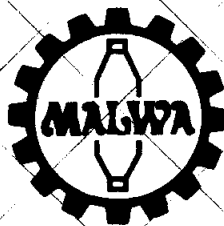


**25th**  
**ANNUAL REPORT**  
**2000-2001**

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**Malwa Cotton Spinning Mills Limited**



## MALWA COTTON SPINNING MILLS LIMITED

### THE MANAGEMENT

<b>BOARD OF DIRECTORS</b>	:	MR. JANGI LAL OSWAL <i>Chairman-Cum-Managing Director</i> MR. RISHI OSWAL MR. RAHUL OSWAL MR. S. P. S. MANN ( <i>Nominee of IFCI</i> ) MR. G. BANSAL MR. RAJDEEP JAIN MR. B. S. MANN
<b>AUDITORS</b>	:	S. C. Vasudeva & Co., New Delhi
<b>BANKERS</b>	:	Punjab National Bank Vijaya Bank State Bank of India American Express Bank Ltd. The Jammu & Kashmir Bank Ltd.
<b>REGISTERED OFFICE</b>	:	Industrial Area - 'A', Ludhiana - 141 003.
<b>WORKS</b>	:	i) Village Harigarh, Raikot Road, Barnala (Punjab)  ii) Village Patlian, Paonta Sahib (Himachal Pradesh)  iii) Village Harian, Kohara-Machhiwara Road, Distt. Ludhiana (Punjab)

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CONTENTS	PAGE
Notice	2
Directors' Report	3-7
Auditors' Report	8-9
Balance Sheet	10
Profit & Loss Account	11
Schedules	12-25
Cash Flow Statement	26
Subsidiary's Statement	27



## MALWA COTTON SPINNING MILLS LIMITED

### FINANCIAL HIGHLIGHTS

(Rs. in Lac)

	2000-2001	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
Share Capital	1558.39	1558.39	1556.04	489.89	489.89	489.89	489.89	489.88	489.88	489.80
Reserves	8515.35	10666.37	10244.22	9561.81	8138.55	7136.03	6844.99	5930.28	4856.23	3955.82
Net Worth	10713.74	12224.76	*11825.91	**10117.85	8628.44	7625.92	7334.88	6420.16	5346.11	4445.62
Fixed Assets										
(Gross)	25950.52	24708.51	23170.15	19915.08	16305.26	13992.24	13227.40	11707.15	8969.30	6599.30
Depreciation	12120.44	10559.11	9063.38	7685.69	6457.37	5305.07	4235.40	3254.82	2461.08	1927.41
Net Block	13830.08	14149.40	14106.77	12229.39	9847.89	8687.17	8992.00	8452.33	6508.22	4671.89
Investments	2718.76	2627.04	2627.04	2279.04	1033.27	1052.76	700.93	469.96	273.35	239.50
Net Current Assets	12696.10	14313.20	14356.70	13218.12	11191.36	9186.87	9986.39	8457.54	6962.37	4679.94
Net Assets Employed	29350.68	31116.71	31293.55	27733.56	22072.52	18926.80	19679.32	17379.83	13743.94	9591.33
Book Value Per Equity Share (Rs.)	191.80	218.84	212.58	206.44	176.05	155.60	149.66	131.00	109.08	90.71
Gross Income	39001.73	37101.60	35176.23	37053.60	31956.50	32529.72	27153.33	21435.98	18622.71	15039.41
Export Sales (FOB)	14671.15	13334.27	11904.82	13197.20	11688.41	5717.52	5576.68	3928.59	2515.48	2366.63
Gross Profit	8.18	2175.00	1735.69	3081.05	2478.80	1571.14	2162.01	2317.89	2162.82	1842.02
Depreciation	1618.86	1522.85	1413.68	1317.87	1166.71	1076.30	992.07	793.58	535.71	423.96
Profit/(Loss) Before Tax	(1610.68)	652.15	322.01	1763.18	1312.09	494.84	1169.94	1524.31	1627.11	1418.06
Profit/(Loss) After Tax	(1611.28)	552.15	286.01	1563.18	1112.09	484.84	1069.94	1264.31	1102.11	923.06
Equity Dividend (%)	—	—	15	40	40	37	37	37	37	35
Earning Per Share (Rs.)	(28.83)	9.89	5.14	31.89	22.69	9.89	21.83	25.80	22.49	18.88
Cash Earning Per Share (Rs.)	0.14	37.14	30.55	58.78	46.50	31.85	42.07	42.00	33.42	27.48

\* Includes Application money for shares and warrants Rs. 25.65 Lac.

\*\*Includes Application money for warrants Rs. 66.15 Lac.



## **MALWA COTTON SPINNING MILLS LIMITED**

### **NOTICE**

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of Malwa Cotton Spinning Mills Limited will be held in the premises of Mohan Dai Oswal Cancer Treatment & Research Foundation, Sherpur, G. T. Road, Ludhiana on Saturday, the 29th September, 2001 at 9.30 A.M. to transact the following business :

#### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2001 and Profit & Loss Account for the year ended on that date together with Auditors' and Directors' Report thereon.
2. To appoint a director in place of Shri Rishi Oswal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri Rahul Oswal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration.

#### **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT TO BE A MEMBER.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 24th September, 2001 to Saturday, the 29th September, 2001 (both days inclusive).
3. Members are requested to notify the change in their addresses, if any, to the Company immediately quoting their Folio Number(s).
4. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
5. Members desiring any information as regards Accounts are requested to write to the Company at its Registered Office at least 10 days before the date of the Annual General Meeting so as to enable the Management to keep the information ready.
6. Members are requested to bring their copy of Annual Report alongwith them at the Annual General Meeting.

Regd. Office :  
Industrial Area 'A'  
Ludhiana.  
Dated : 31.07.2001

By order of the Board

DINESH GUPTA  
Company Secretary



## MALWA COTTON SPINNING MILLS LIMITED

### DIRECTORS' REPORT

The Directors are pleased to present their Twenty Fifth Annual Report on the business of the Company and the Audited Statement of Accounts of the Company for the year ended 31st March, 2001.

(Rs. in Lac)

2000-2001 1999-2000

### FINANCIAL RESULTS

Profit before financial expenses & depreciation	3482.07	5343.37
Financial expenses	3473.89	3168.37
Depreciation	1618.86	1522.85
(Loss)/Net Profit before tax	(1610.68)	652.15
Provision for taxation	0.60	100.00
Income Tax/(Refund) for earlier year	(31.54)	23.92
(Loss)/Profit after tax	(1579.74)	528.23
Balance brought forward	1287.14	728.79
Provision for diminution in value of investments	(571.28)	---
Amount transferred from General Reserve for diminution in value of investments	571.28	---
<b>Prior period adjustment</b>		
Investment Allowance Reserve written back	---	135.00
Debenture Redemption Reserve written back	60.00	300.00
<b>Profit available for appropriation</b>	---	1692.02
Interim Dividend on Preference Share Capital @ 4.30%	---	43.15
Proposed Dividend - Pref. Dividend @ 6.95%	---	69.35
Corporate Dividend Tax	---	12.38
Capital Redemption Reserve	---	250.00
General Reserve	---	30.00
Balance in Profit & Loss Account carried to Balance Sheet	(232.60)	1287.14

### YEAR IN RETROSPECT

Production of cotton yarn in the country for the year was around 2300 million kgs against around 2185 million kgs in the previous year. The cotton textile industry is emerging as major contributor of about 14% to the country's industrial production. The cotton textiles export showed a marginal growth of 2.20% at \$ 4172.50 million against \$ 4084.10 million in 1999-2000, but the exports of cotton yarn plummeted by 8.10% at \$ 1418.70 million against \$ 1543.20 million due to slowdown and

recession in the international market. The cotton crop for the current season (October, 2000 to September, 2001) is estimated at 13.9 million bales as against 15.7 million bales in the last season. Import of cotton in the current season is estimated at 2.2 million bales as against 1.6 million bales in the last season. Cotton prices in the current season are ruling higher than the last season due to low crop estimates. The pressure on per unit sales realisation due to stiff competition, lower demand, over supply in the international and domestic market and higher raw material prices adversely affected the profitability of textile industry.

During the year, the raw material purchase prices has increased disproportionate to corresponding increase in the sale realisation of the yarn. The raw material consumption prices i.e. cotton increased by 9.70% and acrylic fibre prices increased by 30% but there was negligible increase in the cotton yarn prices and 12% increase in acrylic yarn prices which is not corresponding to increase in raw material prices and could not absorb this impact fully. There was abnormal increase in the prices of raw cotton of about 30% in the second half of the financial year in the current season of the cotton crop (Oct., 2000-Sept., 2001) as against the same period in the previous year. However, the same was temporary and due to slowdown in the international market the raw cotton prices are also going southward.

Acrylic yarn industry in India has been passing through severe recession and is slowly heading towards sickness as a result of Indo-Nepal treaty which governs the trade of goods between India and Nepal. There is practically no custom duty on import of acrylic fibre in Nepal whereas in India there is heavy custom duty and anti-dumping duty on import of acrylic fibre. The Nepal's export of acrylic yarn into India has increased from 160 tonnes in 1996 to 14000 tonnes in 2000 due to iniquitous benefit given to Nepalese spinners under Indo-Nepal treaty. Ministry of Commerce and Industry will be initiating anti-dumping investigations into the import of acrylic yarn from Nepal.

Due to late and short winter, the market for acrylic yarn was very dull having adverse impact on the dispatches as well as per unit sales realisation affecting bottom line of the Company.

Your Company has decided to go in for higher value addition of its existing product line and to introduce new products like sewing threads and mercerised yarns by converting its existing capacity for synthetic and cotton yarn partly to improve the bottom line. Test marketing is already started and commercial production is expected to start by December, 2001.



## MALWA COTTON SPINNING MILLS LIMITED

### PRODUCTION

The total production of all types of yarn during the year was recorded 279.58 Lac Kgs. against 268.96 Lac Kgs. in the previous year which shows increase of 3.95%. The production of cotton yarn was 167.95 Lac Kgs. against 155.80 Lac Kgs. in the previous year. The production of other yarns during the year was 111.63 Lac Kgs. against 113.16 Lac Kgs. in the previous year.

### TURNOVER

During the year, your Company recorded a turnover of Rs. 39001.73 Lac against Rs. 37101.60 Lac in the previous year. The total income increased by 5.12% in the current year.

### EXPORTS

Export of cotton yarn from the country shows a drastic decrease as against the previous year export. Cotton yarn export registered a negative growth of 8.10% at USD 1418.70 million as against USD 1543.20 million in the previous year. Your Company registered Export Turnover of Rs. 149.19 crores (CIF) against Rs. 136.12 Crores (CIF) in the previous year which shows increase by 9.60% over the previous year but per unit export realisation has not increased due to recessionary trend in the international market and increase in raw material prices could not be passed on.

#### Barnala Unit

The Barnala Unit is doing well so far efficiencies and production are concerned. Some Plant & Machinery is replaced/added to optimize efficiency of plant and increase in production.

The EOU unit is also operating at optimum capacity utilisation.

#### Paonta Sahib Unit

The Paonta Sahib unit is also operating at optimum capacity utilisation. Some Plant & Machinery like Draw Frame, Speed Frame & Ring Doubling Frame are replaced/added to have the better efficiencies from the operations and manufacturing of new products like sewing threads.

#### Machhiwara Unit

The Company has to widen its products portfolio with in-built flexibility to change over between high-value added cotton yarn and polyester yarn like sewing thread, mercerising yarn by replacing its existing capacity for synthetic & cotton yarn partly. Machines viz. Gas Singeing, Reeling, Hank Yarn Mercerising Machine, Soft Cone Winder, Dyeing Machine, Dryer and Tube Winding Machine have been installed at Dye House, Machhiwara. The change over is under progress and is expected to be completed by December, 2001.

The Company is also putting up Worsted Unit with a complement of 10,000 spindles with project cost of Rs. 27.25 Crores. 5040 spindles have already been installed and operating. Due to slowdown and recessionary market conditions in the acrylic yarn market the balance spindleage has been put on hold for the time being.

### SUBSIDIARY COMPANIES

As required under section 212 of the Companies Act, 1956 the audited statement of accounts, alongwith the report of Board of Directors of M/s Malwa Industries Limited and report of their Auditors for the year ended 31st March, 2001 are annexed. We have not received the audited accounts of M/s Oswal Chartak, Uzbekistan. However, there were no operations in the Company during the year. Therefore, the same are not annexed. However, statement under section 212 of the Companies Act, 1956 is annexed.

### FIXED DEPOSITS

The Company has not accepted/renewed any deposits from the public during the year under review under section 58A of the Companies Act, 1956.

### INDUSTRIAL RELATIONS

The Company continued to receive good support from its employees at all levels of the organisation, which helped in achieving optimum level of efficiency in production of all products.

### COMPLIANCE OF LISTING AGREEMENT

The equity shares of the Company are listed at Ludhiana, Delhi, Mumbai and National Stock Exchange. The Company has paid annual listing fee for the year 2001-2002 to all these Stock Exchanges in time.

### CORPORATE GOVERNANCE

The Company believes that a good corporate practice enables the Board to direct and control the affairs of the Company in an efficient manner and to achieve its ultimate goal of maximising shareholder value. Steps are being taken to implement the corporate governance as per amendment made by the stock exchanges in their listing agreements. The Company has constituted an Audit Committee, consisting of the following four independent and non executive directors including a nominee of financial institution as one of its members :

1. Shri G. Bansal
2. Shri S.P.S. Mann
3. Shri B.S. Mann
4. Shri Rajdeep Jain



## MALWA COTTON SPINNING MILLS LIMITED

### AUDITORS

M/s S. C. Vasudeva & Co., auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### AUDITORS' REPORT

The Auditors' Report on the Accounts is self-explanatory and requires no comments.

### DIRECTORS' RESPONSIBILITY STATEMENT

Directors' Responsibility Statement pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 is attached as per Annexure 'C' and forms part of the report.

### DIRECTORS

S/Shri Rishi Oswal and Rahul Oswal retire at the ensuing Annual General Meeting and are eligible for appointment as Directors subject to retirement by rotation. They offer themselves for the re-appointment.

Shri M.M. Badiani has resigned from the Board. Your Directors wish to place on record their appreciation for valuable guidance & services rendered by him during his tenure as Director of the Company.

### ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the assistance and co-operation extended by Financial Institutions, Banks and PSIDC. Your Directors also place on record their appreciation for the continuous co-operation of the workers, staff and the executives of the Company. The Board desires to place on record its appreciation for the support and co-operation that Company has received from dealers, retailers & agents for promoting various products of the Company.

### DISCLOSURE OF PARTICULARS

Statement of particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 is attached as per Annexure 'A'. Information as per the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earning and outgo is given in Annexure 'B' forming part of this report.

For and on behalf of the Board

Place : Ludhiana  
Dated : 29.06.2001

JANGI LAL OSWAL  
Chairman-cum-Managing Director

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

### PARTICULARS OF EMPLOYEES

Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and Forming Part of Directors' Report for the year ended 31.03.2001

Name	Age	Date of Employment	Qualification	No. of years Experience	Designation & Nature of Duties	Remuneration (Rs. in Lac)	Last Employment held	Designation with last employer	Period of Service with last employer (Years)
Sh. Jangi Lal Oswal	50	09.04.1980	B.A.II Year	30	Chairman-cum-Managing Director	25.80	Oswal Woollen Mills Limited	Commercial Manager	9

1. The appointment of Sh. Jangi Lal Oswal is on contractual basis.
2. Sh. Jangi Lal Oswal is related to Sh. Rishi Oswal and Sh. Rahul Oswal, Directors of the Company.
3. The remuneration includes salary, cash allowances/and perquisite value of other non cash perquisites.

For and on behalf of the Board

Place : Ludhiana  
Dated : 29.06.2001

JANGI LAL OSWAL  
Chairman-cum-Managing Director





## MALWA COTTON SPINNING MILLS LIMITED

### DIRECTORS' REPORT

#### ANNEXURE 'B' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

#### I. CONSERVATION OF ENERGY

- a) Energy conservation measures taken
  - Technical upgradation and modernisation of various machines.
  - Power capacitor banks further strengthened on different load centres to reduce power losses.
  - Electronic Soft starters units with power saving features installed in Simplex machines to get power saving.
  - Machines Motors having load upto 60% are connected in Star thereby effecting power saving.
  - In the Humidification system, Supply Air and Return Air fans are being updated with energy efficient FRP Fans.
- b) Further proposed and investment for reduction of energy consumption.
  - Modernisation/replacement of old plant & machinery.
- c) Overall impact of measures of above resulting in energy saving.
  - Not ascertainable precisely.
  - Reduction in Cost of production.
- d) Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the schedule.

#### FORM - A

(Disclosure of particulars with respect to conservation of energy)

#### A. POWER AND FUEL CONSUMPTION

		2000-2001	1999-2000
1. Electricity			
a) Purchased			
Unit	Lac Units	828.80	791.98
Total Amount	Rs. in Lac	2453.76	2203.06
Rate/Unit	Rs.	2.96	2.78
b) Own Generation			
Through Diesel Generator			
Unit	Lac Units	156.15	138.99
Unit/Litre		3.45	3.95
Rate/Unit	Rs.	4.16	2.94
2. Coal (B&C grade)/Husk			
Quantity	Tonnes	12212.61	11554.98
Total Cost	Rs. in Lac	160.37	132.19
Average Rate	Rs./Tonne	1313.18	1144.00

#### B. CONSUMPTION PER UNIT OF PRODUCTION

Electricity	Per Tonne in Unit	3534.53	3468.68
Coal/Husk (In Tonnes)	Per Tonne of Fibre Dyed	3.25	3.24

#### II. TECHNOLOGY ABSORPTION

- e) Efforts are being made in Technology Absorption as per Form B.





## MALWA COTTON SPINNING MILLS LIMITED

### FORM - B

#### RESEARCH AND DEVELOPMENT (R&D)

- Continuous efforts being made for developing new products and processes and to bring about improvement in existing products and processes in Research and Development wing.
- With the ongoing efforts by R&D, benefits derived are :
  - Improvement in yarn quality and productivity.
  - Development of new products.
  - Consistency in work performance and reduction in waste.
- Future plan of action  
New products and processes and improvement in the existing products on continuous basis.
- Expenditure on R&D

	2000-2001	(Rs. in Lac)	1999-2000
a) Capital	4.13		2.57
b) Recurring	46.07		48.72
c) Total	50.20		51.29
d) Total R&D expenditure as a percentage of total turnover	0.13%		0.14%

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts in brief, made towards technology absorption, adaptation and innovation.
  - Absorption and adaptation of new indigenous technology are being made.
- Benefit derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.
  - Not ascertainable.
- Information regarding technology imported during the last 5 years : Nil

#### III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Activities relating to exports; initiatives taken to increase exports; development of new export market for products and services; and export plans.  
The Company had made efforts to increase the exports & the response of the market was very good. The future strategy of the Company is to increase the share of value added products.
- Total Foreign Exchange earned and used :

	2000-2001	(Rs. in Lac)	1999-2000
Foreign Exchange Earned (FOB)	14671.15		13334.27
Foreign Exchange Used (CIF)	2919.20		1760.49

#### ANNEXURE 'C' TO THE DIRECTORS' REPORT

##### Directors' Responsibility Statement

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 it is hereby confirmed :

- That in preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- That the Directors have 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 financial year and of the profit or loss of the Company for that period.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the annual accounts on a going concern basis.

For and on behalf of the Board

Place : Ludhiana  
Dated : 29.06.2001

JANGI LAL OSWAL  
Chairman-cum-Managing Director



## MALWA COTTON SPINNING MILLS LIMITED

### AUDITORS' REPORT

The Members,  
Malwa Cotton Spinning Mills Limited

We have audited the attached Balance Sheet of Malwa Cotton Spinning Mills Limited as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date annexed thereto and report that :

ii) in the case of Profit and Loss Account of the Loss for the year ended on that date.

For S. C. VASUDEVA & CO.  
Chartered Accountants

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, and on the basis of such checks of the books and records of the Company, as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Place : Ludhiana  
Dated : 29.06.2001

(SANJIV MOHAN)  
Partner

### ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (1) of our report of even date.

2. Further to our comments in 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 purpose 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 such 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 the sub-section (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of written representation received from the directors as on 31st March, 2001 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 the explanations given to us, the said accounts read with the Accounting Policies and Notes on Accounts (Schedule 23) give the information required by the Companies Act, 1956 in the manner so required and give a true & fair view :
  - i) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2001 and

1. The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. As per information and explanations given to us, the fixed assets have been physically verified by the Management during the year and we are informed that no discrepancies between the book records and physical verification were noticed. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and nature of its business.
2. None of the fixed assets of the Company have been revalued during the year.
3. The stock of finished goods, stores and spare parts and raw materials have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management as evidenced by the written procedures and instructions 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 physical stocks and book records were not material and have been suitably adjusted.
6. On the basis of our examination of the stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year except for the changes made in the basis of valuation of finished goods and work in process in order to conform to the mandatory Accounting Standard-2 (Revised) on "Valuation of Inventories" issued by the Institute of Chartered Accountants of India (Note No. 13 of Schedule 23). As a result of these changes the inventories