



EXPORTS LIMITED

# Nagreeka

EXPORTS LIMITED



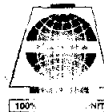
**TWELFTH  
ANNUAL  
REPORT  
2000-2001**



<b>BOARD OF DIRECTORS</b>	:	Shri Ishwar Lal Patwari	- Chairman
		Shri Sushil Patwari	- Vice Chairman & Managing Director
		Shri Dwarka Prasad Agarwal	- Director
		Shri Kashmirilal Agarwal	- Director
		Shri Sunil Patwari	- Managing Director
		Shri K. C. Purohit	- Director
		Shri M. K. Ogra	- Director
<b>COMPANY SECRETARY</b>	:	Shri J. Tiwari	
<b>BANKERS</b>	:	Canara Bank, Overseas Branch, Kolkata	
		The Vysya Bank Limited, Overseas Branch, Mumbai	
<b>AUDITORS</b>	:	M/s. Das & Prasad	
		Chartered Accountants	
		9, Jagmohan Mullick Lane,	
		Kolkata - 700 004.	
<b>TRANSFER AGENT</b>	:	Nagreeka Export Credit Ltd.	
<b>REGISTERED OFFICE</b>	:	18, R. N. Mukherjee Road,	
		Kolkata - 700 004.	
<b>CORPORATE OFFICE</b>	:	3, Sahakar Road,	
		Mumbai - 400 004.	
<b>WORKS</b>	:	Nagreeka Export, P. N. Mahala,	
		Dist. Kolhapur (Maharashtra)	

## CONTENTS

Notice .....	2-4
Directors' Report .....	5-6
Auditors' Report .....	7
Balance Sheet .....	8
Profit & Loss Account .....	9
Schedules - A to O .....	10-22
Balance Sheet Abstract and General Business Profile .....	23
Cash Flow Statement .....	24



## NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of NAGREEKA EXPORTS LIMITED will be held on Friday, the 28th September, 2001 at 11 A.M. at BENGAL NATIONAL CHAMBERS OF COMMERCE & INDUSTRY at 23, R. N. Mukherjee Road, Kolkata 700 001 to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2001, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sunil Patwari who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri K. L. Aggarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution :

**RESOLVED THAT** pursuant to Section 269, 309, 311 and other applicable Provisions, if any, of the Companies Act, 1956 including Schedule XIII to the said Act, the Company hereby approves the re-appointment and the terms of remuneration of Mr. Sushil Patwari as Managing Director of the Company for a period of 5 years with effect from 01.10.2001 upon the terms and conditions set out in the Draft Agreement submitted to this meeting for identification, signed by the Chairman thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement in such manner as may be agreed to between the Directors and Mr. Sushil Patwari.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution :

"In partial modification of the resolution passed by the Members of the Company in the 9th Annual General Meeting held on 23.09.98, it is hereby resolved that pursuant to Sections 269, 309, 311 and other applicable Provisions, if any, of the Companies Act, 1956 including Schedule XIII to the said Act, the Company hereby approves the payment of increased salary of Rs. 50,000 per month with effect from 01.10.2001 upto the remaining period of Agreement executed on 24.09.98 between the Company and Mr. Sunil Patwari i.e. upto 31.08.2003, all other terms of the above Agreement remains un-changed. On the basis of the Draft

Supplementary Agreement submitted to this meeting for identification, signed by the Chairman thereof, which Supplementary Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said Draft Supplementary Agreement in such manner as may be agreed to between the Directors and Mr. Sunil Patwari."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution :

**RESOLVED THAT** Mr. M. K. Ogra be and is hereby appointed as Director of the Company, whose period of Office shall be liable to determination by retirement of Directors by rotation.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution :

**RESOLVED THAT** Mr. K. C. Purohit be and is hereby appointed as Director of the Company whose period of Office will be liable to determination by retirement of Directors by rotation.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution :

**RESOLVED THAT** pursuant to Section 269, 311 and other applicable Provisions, if any, of the Companies Act, 1956 including Schedule XIII to the said Act, the Company hereby approves the appointment and the terms of remuneration of Mr. K. C. Purohit as Wholetime Director of the Company with effect from 01.07.2001 upon the terms and conditions set out in the Draft Agreement submitted to this meeting for identification, signed by the Chairman thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement in such manner as may be agreed to between the Directors and Mr. K. C. Purohit.

By order of Board of Directors  
For **NAGREEKA EXPORTS LIMITED**

Place: Kolkata  
Date : 30th June, 2001

**J. TIWARI**  
Company Secretary

## 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 AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing Proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the time of the meeting.
3. Members are requested to notify immediately any change in their addresses, if any, to the Registrar and share transfer agent M/s. **NICCO UCO ALLIANCE CREDIT LTD.**, 11 Lake Avenue, Kolkata 700 026, quoting their Folio Numbers.
4. Members are requested to bring their copy of Annual Report at the meeting and produce attendance slip at the entrance.
5. The Register of Members and Share Transfer Books will remain closed from 22nd September, 2001 to 28th September, 2001 (both days inclusive)
6. Members intending to require any information about accounts to be explained at the meeting are requested to write to the Company at least ten days in advance of the Annual General Meeting.
7. Those members who have so far not encashed their dividend warrants for the below mentioned financial years may claim or approach the Company for the payment as the same will be transferred to the Investor Education and Protection Fund of the Central Government pursuant to the introduction of Section 205 C by the Companies (Amendment) Act, 1999 on the respective dates mentioned there against.

Financial Year ended	Due for transfer on
31.03.1995	14.11.2002
31.03.1996	10.11.2003
31.03.1997	02.11.2004

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

### ITEM NO. 5

Mr. Sushil Patwari was appointed as Managing Director of the Company for a period of 5 years with effect from 01.10.96. The Board of Directors of the Company at its meeting held on 30.06.2001, again re-appointed him as Managing Director of the Company for a period of 5 years with effect from 01.10.2001. Subject, however, to the approval of the Members. The Draft Agreement between the Company and Mr. Sushil Patwari contains the following terms and conditions :

#### (1) Period of Agreement

5 years with effect from 01.10.2001.

#### (2) Remuneration

##### (a) Salary :

Rs. 50,000 - 10,000 - 90,000/- per annum

The annual increments in the aforesaid scale will be decide by the Board.

##### (b) Perquisites :

- In addition to the salary payable, Mr. Sushil Patwari shall also be entitled perquisites and allowances like accomodation (furnished or otherwise), or house rent allowance in lieu thereof, house maintenance allowances together with the reimbursement of expenditure or allowances for utilities such as gas, electricity, water furnishings and repairs, medical reimbursement, club fees and leave travel concession for himself and his family including dependents, premium for medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors and Mr. Sushil Patwari such allowances and perquisites will be subject to a maximum of 100% of his annual salary.

- For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax

Rules wherever applicable. In the absence of any such Rules perquisites shall be evaluated at actual cost.

For use of the Company's Car for official duty and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the Computation of perquisites for the purpose of calculating the ceiling.

Company's contribution to Provident Fund, Gratuity or Annuity Fund to the extent, these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites aforesaid.

#### 3. Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of the tenure of Mr. Sushil Patwari, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowance as specified above.

#### 4. Alteration of Terms & Conditions of Re-appointment

The terms & conditions of the said re-appointment and/or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing Director, in accordance with Schedule XIII to the Companies Act, 1956 or any amendment made hereafter in this regard.

#### 5. Termination of Agreement

The Agreement may be terminated by either party giving to the other Party three months' Notice or three months' salary in lieu thereof.

The above may be treated as Extract of the Draft

Agreement proposed to be entered into between the Company and Mr. Sushil Patwari pursuant to section 302 of the Companies Act, 1956.

The Draft Agreement to be entered into between the Company and Mr. Sushil Patwari is available for inspection to the Members of the Company at its Registered Office on any working day excluding Saturday upto the date of Annual General Meeting between 10 A.M. and 1 P.M.

The Board of Directors recommends the resolution for approval of Members. Save and except Mr. Sushil Patwari, Mr. I. L. Patwari and Mr. Sunil Patwari, no Director of the Company is concerned or interested in the resolution.

#### ITEM NO. 6

The Board of Directors of the Company at its meeting held on 30th June, 2001 passed necessary resolution for payment of increased salary of Rs. 50,000 per month to Mr. Sunil Patwari with effect from 01.10.2001 subject, however, to the approval of the Members of the Company.

The above may be treated as extract of the Draft Supplementary Agreement to be entered into between the Company and Mr. Sunil Patwari pursuant to Section 302 of the Companies Act, 1956.

The Draft Supplementary Agreement to be entered into between the Company and Mr. Sunil Patwari is available for inspection to the Members of the Company at its Registered Office on any working day excluding Saturday upto the date of Annual General Meeting between 10 A.M. and 1 P.M.

The Ordinary Resolution being Item No. 6 in the Notice is intended for the purpose.

The Board of Directors recommends the resolution for approval of Members. Save and except Mr. Sushil Patwari, Mr. I. L. Patwari and Mr. Sunil Patwari, no Director of the Company is concerned or interested in the resolution.

#### ITEM NO. 7

Mr. M. K. Ogra was appointed as an Additional Director on the Board at its meeting held on 30.06.2001 pursuant to Section 260 of the Companies Act, 1956. Mr. M. K. Ogra holds the office of the Director upto the date of ensuing Annual General Meeting. A Notice was received by the Company from a member with a deposit of Rs. 500/- pursuant to Section 257 of the Companies Act, 1956 proposing Mr. M. K. Ogra's candidature as Director liable to retire by rotation. Except Mr. M. K. Ogra, none of the Directors of the Company are interested in the resolution.

#### ITEM NO. 8

Mr. K. C. Purohit was appointed as an Additional Director on the Board at its meeting held on 30.06.2001 pursuant to Section 260 of the Companies Act, 1956. Mr. K. C. Purohit holds the office of the Director upto the date of ensuing Annual General Meeting. A Notice was received by the Company from a member with a deposit of Rs. 500/- pursuant to Section 257 of the Companies Act, 1956 proposing Mr. K. C. Purohit's candidature as Director liable to retire by rotation. Except Mr. K. C.

Purohit, none of the Directors of the Company are interested in the resolution.

#### ITEM NO. 9

Mr. K. C. Purohit was appointed as Wholtime Director of the Company for a period of 5 years with effect from 01.07.2001 at the meeting of the Board of Directors held on 30.06.2001. Subject, however, to the approval of the Members.

The Draft Agreement between the Company and Mr. K. C. Purohit contains mainly the following terms and conditions :

##### (1) Period of Agreement

5 years with effect from 01.07.2001.

##### (2) Remuneration

Salary : Rs. 50,000/-

Provision of use of the Company's Car for official duty and telephone at residence (including payment for local calls and long distance official calls) shall not be treated as Perquisites.

Company's contribution to Provident Fund, Superannuation or Annuity Fund to the extent, these either singly or together are not taxable under the Income Tax Act, gratuity payable as per Rules of the Company and release of leave at the end of the tenure shall not be included in the Computation of limits for remuneration as mentioned above.

##### (3) Minimum Remuneration

Notwithstanding anything to the contrary herein contained, if in any financial year, during the currency of the tenure of Mr. K. C. Purohit the Company has no profit or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowance as specified above.

##### (4) Termination of Agreement

The Agreement may be terminated by either Party giving to the other Party three months' Notice or three months' termination thereof.

The above may be treated as Extract of the Draft Agreement proposed to be entered into between the Company and Mr. K. C. Purohit pursuant to Section 302 of the Companies Act, 1956.

The Draft Agreement to be entered into between the Company and Mr. K. C. Purohit is available for inspection to the Members at its Registered Office on any Working day Except Saturday upto the date of the Annual General Meeting between 10.00 A.M. and 1.00 P.M.

The Board of Directors recommends the resolution for approval of the Members.

Save and except Mr. K. C. Purohit, no Director of the Company is concerned or interested in the resolution.

By order of the Board

For **NAGREEKA EXPORTS LIMITED**

Place : Kolkata

Date : 30th June, 2001

**J. TIWARI**

Company Secretary



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors' have pleasure in presenting the **Twelfth Annual Report** on the affairs of the Company together with the Audited Statements of Accounts for the year ended **31st March, 2001**.

### FINANCIAL RESULTS :

	2000-2001 (Rs. in Lacs)	1999-2000 (Rs. in Lacs)
<b>GROSS PROFIT</b>	<b>1113.52</b>	1073.84
Interest	<b>435.06</b>	387.55
Depreciation	<b>269.50</b>	263.55
<b>PROFIT BEFORE TAXATION</b>	<b>408.96</b>	422.74
Provision for taxation	<b>17.36</b>	—
Depreciation written back	—	0.59
<b>PROFIT AFTER TAXATION</b>	<b>391.60</b>	423.33
Profit Brought Forward from Previous year	<b>286.16</b>	487.83
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>	<b>677.76</b>	911.16
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	<b>600.00</b>	625.00
Balance carried to Balance Sheet	<b>77.76</b>	286.16
	<b>677.76</b>	911.16

### DIVIDEND

Your Directors do not recommend payment of Dividend in respect of the year ended 31st March, 2001 keeping in mind present sluggishness in the economy and particularly in the Textile Sector. As such your Directors intend to plough back the entire profits available.

### REVIEW OF OPERATIONS

During the year under review, the hopes of improvement in the Textile Industry were belied and the industry was caught in a recessionary trend. It is an acknowledged fact that despite the closure of large number of units, there is still excess supply in the Indian Textile Industry. The situation is further compounded by the cost advantages available to competing countries such as Pakistan, Indonesia etc on account of weaker power and lower power and wage costs. Bangladesh, one of the major markets for Indian Cotton Yarns have now developed a huge spinning industry, riding on the back of above advantages and further helped by the Government subsidy.

Raw Cotton is the major cost component for the spinning industry, and now with the integration of the World Markets the traditional advantage on cotton enjoyed by the Indian Textile Industry has evaporated. Power is second largest cost for a spinning unit and in the absence of permission from the Maharashtra Government, your company is not able to set up a heavy fuel based captive power generation capacity. Many of the EOU spinning units have this facility, where by they get power at a cost less than that of MSEB.

Despite the above disadvantages, your company has performed at par with the best EOU spinning units in the country. This has been achieved through maintaining of high standards of efficiency in all sectors of operations.

The Company achieved a turnover of Rs. 111.94 Crores as against Rs. 96.19 Crores in the previous year. Profit after tax amounted to Rs. 3.92 Crores as against Rs. 4.23 Crores in the previous year.

### FUTURE PROSPECTS

Your company is in the process of developing specialised products to achieve better value additions. Efforts are also being made to

obtain permission for installation of CPP. The company also proposes to augment spinning capacity to achieve economy of scale together with more value added production, in the process also taking advantages of the benefits under the Technology Upgradation Fund Scheme (TUFS).

### PUBLIC DEPOSIT

Your Company has not accepted any deposits during the year under review within the meaning of Section 58(A) of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules 1975.

### DEBENTURE REDEMPTION RESERVE

Out of total sum of Rs. 200 lacs, a sum of Rs. 100 lacs is proposed to be transferred from Debenture Redemption Reserve to General Reserve.

As such, the Board of Directors recommend transfer of Rs. 100 lacs to General Reserve from the Debenture Redemption Reserve.

This is mainly because by now total Debenture of Rs. 5 Crores, have already been redeemed.

### AUDITORS' REPORT

The observation made by the Auditors in their Report are self explanatory and, therefore, do not call for any comment.

### DIRECTORS' RESPONSIBILITY STATEMENT

As per Section 217 (2AA) of the Companies Act, 1956, Your Directors state that

1. In the preparation of the Annual Accounts, the applicable accounting standard have been followed.
2. They have selected such accounting policies and applied them consistently and made judgments 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 of the Company for that period.
3. They have 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.
4. The annual accounts have been prepared on a going concern basis.

### DIRECTORS

Shri Sunil Patwari and Shri Kashmirilal Agarwal retire by rotation at the ensuing Annual General Meeting and both being eligible, have offered themselves for re-appointment.

Mr. M. K. Ogra and Mr. K. C. Purohit were appointed as Additional Directors in the meeting of the Board of Directors held on 30.06.2001. They will hold office till the conclusion of the forthcoming Annual General Meeting. However, the Company has received Notice from two members of the Company expressing their intention to propose the names Mr. M. K. Ogra and Mr. K. C. Purohit respectively for the office of the Directorship in the forthcoming Annual General Meeting.

Further, Mr. K. C. Purohit was also appointed as Wholetime Director of the Company with effect from 01.07.2001 in the meeting of the Board of Directors held on 30.06.2001.

### AUDIT COMMITTEE

In accordance with Section 292 A of the Companies Act, 1956, the Board of Directors in the Board Meeting held on 30th January, 2001 constituted our Audit Committee comprising of the following:

- 1) Mr. I. L. Patwari - Chairman
- 2) Mr. K. L. Agarwal - Member
- 3) Mr. D. P. Agarwal - Member



## LISTING ON STOCK EXCHANGES

Your Company's Equity Shares are listed on the following Stock Exchanges.

1. The Stock Exchange, Mumbai.
2. The Stock Exchange, Ahmedabad.
3. The Delhi Stock Exchange Association Ltd.
4. The Calcutta Stock Exchange Association Ltd.

The listing fee for the year 2000-2001 have been paid on time to all the above stock exchanges and trading of shares was not suspended any time during the year under review on any of the above stock exchanges.

## PARTICULARS OF EMPLOYEES

None of the employees are drawing remuneration exceeding Rs. 1,00,000/- per month or Rs. 12,00,000/- per year. Hence, details required to be furnished in accordance with Sub Section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable.

## PARTICULARS OF TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT GO

As required Under Section 217(1)(e) of the Companies Act,

1956 and Rules made therein, the Particulars of Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure I to this report.

## INDUSTRIAL RELATIONS

The Industrial relations were cordial and harmonious in your company throughout the year.

## ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the Financial Institutions, Banks, Central & State Government for their co-operation and support to the Company.

Your Directors also thank all the employees for their unwavering commitment and support.

By Order Of the Board

Place : Kolkata  
Date : 30th June, 2001

I. L. PATWARI  
Chairman

## ANNEXURE - 1 TO THE DIRECTORS' REPORT

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report.

### A) ENERGY CONSERVATION

The Company is making all round efforts for the conservation of energy. To reduce the energy cost, energy efficient equipment were used and the effect of the same has been felt.

Total energy consumption and energy consumption per unit of production prescribed in form 'A'.

	Year ended 31.03.2001	Year ended 31.03.2000
<b>(i) Power Consumption :</b>		
(1) Electricity		
(a) Purchased units (in lacs)	96.43	79.13
Total Amount (Rs. in lacs)	363.15	318.43
Rate per Unit (Rs.)	3.77	4.02
(b) Own generation		
Through Diesel generator		
Total unit generated (in lacs)	77.93	98.07
Unit per liter of Diesel oil	3.50	3.41
Cost Per unit (Rs.)	3.57	2.80
(2) Coal	Nil	Nil
(3) Furnance Oil	Nil	Nil
(4) Other Internal generation	Nil	Nil
<b>(ii) Consumption per unit of Production</b>		
(1) Electricity unit per kg of yarn	4.36	4.31
(2) Furnance Oil (kg/unit)	Nil	Nil

### B) TECHNOLOGY ABSORPTION

Efforts made in technology Absorption as per Form 'B'.

Indigenous technology alone is used and Research and Development are carried out by separate Textile Research Associations for Textile Units, SITRA and BITRA and the Company is a member of these associations.

### (C) FOREIGN EXCHANGE EARNINGS AND OUT GO

(i) Foreign Exchange Earned - (Rs.)	90,09,04,033/-	73,49,68,082/-
(ii) Foreign Exchange out Go - (Rs.)	6,40,78,321/-	4,53,52,437/-

By Order of the Board

Place : Kolkata  
DATE : 30th June, 2001

I. L. PATWARI  
Chairman

## AUDITORS' REPORT

TO

### THE MEMBERS OF NAGREEKA EXPORTS LIMITED

We have audited the attached Balance sheet of **NAGREEKA EXPORTS LIMITED, KOLKATA** as at 31st March, 2001 and the Profit & Loss Account annexed thereto, for the year ended on that date and we report that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
2. No revaluation of the Fixed Assets of the company was made during the year.
3. The stock of finished goods, stores, spare parts and raw material have been physically verified by the management at reasonable intervals during the year including at the year end.
4. As explained to us the procedures of physical verification of the above referred stock followed by the management are, in our opinion reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on physical verification of stock as compared to book records were not material and have been properly dealt with in the books of account.
6. In our opinion and on the basis of our examination the valuation of the stock is fair and proper in accordance with normally accepted accounting principles.
7. The Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained Under Section 301 of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained Under Section 301 of the Companies Act, 1956.
9. The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest where applicable.
10. Having regard to the greater degree of personal supervision exercised by the directors, in our opinion and according to the information and explanations given to us during the course of the audit, the internal control procedures of the Company relating to purchase of stores, raw materials and fixed assets and also for the sale of goods are commensurate with the size and the nature of the business of the Company.
11. According to the information and explanations given to us, the transactions of purchase and sales of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, 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 for such goods and materials or the prices at which transactions for similar goods have been made with other parties.
12. The Company has not accepted any deposit from the public within the meaning of section 58A of the Companies Act, 1956 and the rules framed thereunder.
13. In our opinion the reasonable records have been maintained by the Company for sale and disposal of realisable scrap and residual materials. The Company has no by-products.

14. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
15. During the year, the Company has regularly deposited with the appropriate authorities the dues relating to Employees' Provident Fund where applicable.
16. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, outstanding for a period of more than 6 months as at 31st March, 2001 from the date they become payable.
17. During the course of our examination of the books of account carried out in accordance with generally accepted auditing practices we have not come across any personal expenses other than expenses under contractual obligation and/or generally accepted business practices which have been charged to Profit & Loss Account.
18. The Company is not a sick industrial Company within the meaning of clause (O) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
19. In respect of trading activities, we are informed that the Company does not have damaged goods lying with it at the end of the year. Therefore, no provision for any loss is required to be made in the accounts.
20. All other provisions of the order are either do not apply or there is nothing to be reported therein.

### Subject to the above we further report that:

- 2.1 We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 2.2 In our opinion proper books of accounts as required by laws, have been kept by the Company so far as appears from our examination of those books.
- 2.3 In our opinion, Balance Sheet & Profit & Loss Account comply with requirement of Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956.
- 2.4 On the basis of the written representations 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.
- 2.5 The Balance Sheet and Profit & Loss Account referred to in this Report are in agreement with the books of accounts.
- 2.6 In our opinion and to the best of our information and according to the explanations given to us, the said statements of Account, read together with significant accounting policies and notes on accounts in Schedule "O", give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-
  - i) In case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2001 and
  - ii) In case of Profit and Loss Account of the PROFIT for the year ended on that date.

For **DAS & PRASAD**  
Chartered Accountants

Place : 9, JAGMOHAN MULLICK LANE,  
KOLKATA - 700 007.  
Dated : 30th June, 2001

**B.N. AGARWALA**  
Partner