



THE NAHAR GROUP

19th



NAHAR SPINNING MILLS LIMITED

ONE OF THE PREMIER RECOGNISED GOLDEN TRADING HOUSE OF INDIA



NAHAR SPINNING MILLS LIMITED — Annual Report 1999

MANAGEMENT

BOARD OF DIRECTORS :	SH. JAWAHAR LAL OSWAL	<i>Chairman</i>
	SH. DINESH OSWAL	<i>Managing Director</i>
	SH. KAMAL OSWAL	<i>Director</i>
	SH. DINESH GOGNA	<i>Director</i>
	SH. VIJAY GUPTA	<i>Director</i>

FINANCIAL CONTROLLER : SH. HANS RAJ KAPOOR

COMPANY SECRETARY : SH. BRIJ SHARMA

AUDITORS : P. S. Vigg & Co.
Accountants
Complex,
Miller Ganj, Ludhiana - 141 003.

BANKERS : Punjab National Bank

REGD. OFFICE : Nahar Tower, 373, Industrial Area - 'A'
Ludhiana - 141 003.

WORKS : Industrial Area - 'A', Ludhiana.
Dhandari Kalan, G. T. Road, Ludhiana.
Village Simrai, Mandideep, Distt. Raisen (M.P.)

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NOTICE

NOTICE is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the Members of Nahar SPINNING MILLS LIMITED will be held on **Friday, the 24th Day of December, 1999 at 10.00 A.M.** at the Premises of M/s. Nahar International Limited, Focal Point, Ludhiana to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date and Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Sh. Kamal Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh. Vijay Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors who shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration, M/s. Gupta Vigg & Co., Chartered Accountants, the retiring Auditors of the company being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of section 314 and all other applicable provisions, if any, of the Companies Act, 1956 consent of the company be and is hereby accorded to the appointment of Ms. Monica Oswal, who is relative of Sh. Jawahar Lal Oswal, Chairman, Sh. Dinesh Oswal, Managing Director and Sh. Kamal Oswal, Director of the Company, to hold an office or place of profit under the company as Manager Exports/Design w.e.f. 1st September, 1999 under a contract of service on the following terms and conditions :

- | | |
|----------------|---|
| 1. Salary | Rs. 10,000/- p.m.
in the pay scale of Rs. 10000-1500-17500 |
| 2. H.R.A. | Fully furnished Rent Free Accommodation |
| 3. Other Perks | As per Company Rules. |

7. To consider and if thought fit, to pass, with or without modification(s), 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 is hereby altered by inserting following New Article No. 9A after the existing Article No. 9 :

'Notwithstanding anything contained in the Articles of Association, all the rules, regulations, provisions, rights etc. as mentioned in the Depositories Act 1996 or the rules made thereunder including any statutory modification(s) and re-enactment thereof for the time being in force shall be applicable to the securities in the Electronic Form.' "

8. To consider and if thought fit, to pass, with or without modification(s) 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 is hereby altered by inserting following new Article No. 9B after the Article No. 9A.

- i) Every holder/joint holder of shares or Debentures of the company may at any time, nominate, in accordance with the provisions of and in the manner provided under Section 109A of the Act, a person whom all rights in the shares or debentures of the Company shall vest in the event of death of the holder/all the joint holders.



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- ii) Subject to the provision of Section 109A of the Act and Clause (i) above, any person who becomes a nominee by virtue of the provisions of Act, upon the production of such evidence as may be required by the Board or any committee thereof, elect either to be registered himself as holder of the shares or debentures as the case may be, or make such transfer of the share or debenture as the case may be, as the deceased shareholder or debenture holder as the case may be, could have made, in accordance with the provisions of and in the manner prescribed by Section 109B of the Act ;

Provided that the Board may, at any time, give notice requiring any such persons to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

- iii) A person, being a nominee, becoming entitled to a share or debenture by reason of death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of it to exercise any right conferred by membership in relation to meetings of the company."

BY ORDER OF THE BOARD

PLACE : LUDHIANA
DATED : 22ND NOVEMBER, 1999

BRIJ SHARMA
(COMPANY SECRETARY)

NOTES

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business under items 6 to 8 are annexed hereto and form part of the notice.
2. 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 TO BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING.
3. **The Register of Members and Share Transfer Register of the company shall remain closed on 24th December, 1999.**
4. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the Financial Year 1993-94 have been transferred to General Revenue Account of the Central Government. Shareholders who have not encashed their Dividend Warrants relating to the said period are requested to claim the amount from the Registrar of Companies, 286, Defence Colony, Jalandhar. In case of any assistance required, please write to the attention of Company Secretary of the company.
5. Members are hereby informed that Dividend which remain unclaimed/unencashed over a period of Seven Years, has to be transferred by the company to Investor Education and Protection Fund which shall be constituted by the Central Govt. under section 205-A & 205-C of the Companies Act, 1956.
6. The dividend on equity shares as recommended by the Board of Directors, if approved at the Annual General Meeting, will be paid to the members, whose names appear in the Register of Members as on 24th December, 1999 or Register of beneficial owner, maintained by the Depositories at the close of 23rd December, 1999.
7. Members are requested to :
 - (i) Quote their Folio Number(s) in all correspondence with the company.
 - (ii) Notify/send immediately to the Company's Regd. Office at Nahar Tower, 373, Industrial Area-A, Ludhiana-141 003.
 - a) Change, if any, in their registered address alongwith Pin Code Number.
 - b) For consolidation of their share holding, if registered in identical name(s) in more than one folio, a request letter alongwith relative share certificates.
8. The document referred to in the accompanying Explanatory Statement are open for inspection at the Registered Office of the company on any working day (except Sunday & Holiday) between 10.00 AM to 12.00 Noon up to the date of Annual General Meeting.



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9. Members seeking any information with regard Annual Accounts at the time of meeting are requested to send their queries to the company at least 7 days before the date of meeting so as to enable the management to keep the relevant information ready.
10. Members are requested to bring the copy of the Annual Report along with them, at the meeting.

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

ITEM NO. 6

Ms. Monica Oswal was appointed as Manager Exports/Design w.e.f. 1st September, 1999 by the Board. Ms. Monica Oswal is Commerce Graduate and has done Diploma in Fashion Designing. She is a relative of Sh. Jawahar Lal Oswal, Chairman, Sh. Dinesh Oswal, Managing Director and Sh. Kamal Oswal, Director of the Company within the meaning of the Companies Act, 1956 and therefore approval of the members U/S 314 of the Companies Act, 1956 is required. The draft contract of the service of Ms. Monica Oswal is available for inspection at the Regd. office of the company.

Members are requested to accord their approval to the resolution.

Sh. J. L. Oswal, Chairman, Sh. Dinesh Oswal, Managing Director, and Sh. Kamal Oswal, Director of the company are concerned or interested in the resolution.

ITEM NO. 7

After the passing of Depositories Act, 1996 Depository system has been introduced in the country. To facilitate holding & trading of the company's equity shares in the electronic form, your Company has joined hands with National Securities Depository Ltd. (NSDL). Further your company proposes to enter into agreement with Central Depository Services (India) Limited also.

To make Articles of Association of the Company in consonance with the new provisions of the Act, Articles of Association of the Company need to be amended. Accordingly the resolution is proposed for your approval.

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

ITEM NO. 8

The Companies (Amendment) Act, 1999 has given the facility of nomination to the share and debenture holder consequent to which it becomes necessary to incorporate a specific Article (Article No. 9 B) in Articles of Association of the Company as specified in the resolution.

Your Directors recommend the resolution for your approval.

None of the Directors is, in any way, concerned or interested in the said resolution.

BY ORDER OF THE BOARD

PLACE : LUDHIANA
DATED : 22ND NOVEMBER, 1999

BRIJ SHARMA
(COMPANY SECRETARY)



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DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the NINETEENTH ANNUAL REPORT on the affairs of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

(Rs. In Lakhs)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Profit for the year before Tax & Depreciation	4681.00	5600.39
Less: Depreciation	1854.98	1425.57
Provision for Taxation	350.00	300.00
	2204.98	1725.57
	2476.02	3874.82
Income Tax Adjustment/ Excess prov. for earlier years including interest written back (-)	203.00	160.75
	2273.02	4035.57

APPROPRIATION

Proposed Dividend	806.19	764.84
Tax on Dividend	88.68	76.48
Transfer to Bond Redemption Reserve	200.00	100.00
Transfer to General Reserve	1178.15	3094.25
	2273.02	4035.57

COMPANY'S PERFORMANCE

Before reviewing the overall performance of the company, we would like to brief you about the working of each divisions separately.

Spinning Division

During the period under report, the company has installed 2160 spindles thereby increasing its installed capacity to 66288 spindles. The company produced 13077.614 Metric ton of Cotton/Synthetic yarn as against 12566.851 Metric Ton in the previous year. The spinning division contributed Rs. 163.90 crores towards the turnover of the company out of which Rs. 109.05 crore was export turnover.

Though, the performance of the spinning division has shown upward trend vis-a-viz production and sale but the profitability continued to be under strain in Cotton as well as Synthetic yarn.

Hosiery Garment Division

The performance of the Garment Division also remained satisfactory during the year. The division contributed Rs. 145.50 crores towards the turnover of the company, out of which Rs. 71.46 crores was export turnover as against Rs. 157.86 crores and Rs. 74.97 crores respectively in the previous year. Though the turnover is marginally lower than the previous year but the company has been able to maintain its export performance. In the years to come we expect to achieve better results.

Overall Performance

Thus from the above results it is amply clear that technically and financially the company has performed reasonably well inspite of continued recession in the spinning industry.

The Company achieved an operating income of Rs. 309.40 Crores out of which Rs. 180.51 crores was export turnover. It is worthwhile to mention that your company has been conferred with status of 'GOLDEN TRADING HOUSE' in recognition of its continued outstanding contribution to exports. The gross and net profit has declined to Rs. 46.81 cores and R. 22.73 crores respectively because of lower margins in the end products in the domestic as well as export markets. After appropriation of profits as per detail given above, the reserves of the company has risen to Rs. 434.62 crores as on 31st March, 1999.

With the good cotton crop and favourable prices in the current year, your management expects that the performance of the company will improve in the current year.

DIVIDEND :

Your Directors are pleased to recommend a dividend @ 60% (i.e. Rs. 6/-per share) on equity share capital for the year ended 31st March, 1999.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid out of the profits of the company for the under reference year to all those shareholders whose names shall appear in the Register of Members on 24th December, 1999 or Register of beneficial owner, maintained by the Depositories as on the close of 23rd December, 1999.



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EXPANSION PLANS

Mercerising cum Dyeing Plant

Having regard to expanding demand for Mercerised dyed Yarn from sophisticated markets and as a measure of backward integration, your company has decided to put up a Mercerising cum Dyeing Plant of 2040 Tons capacity at a capital outlay of Rs. 45 crores, at village Lalru, Ambala Chandigarh Road, Distt. Patiala, (Punjab). Currently there are only few Units operating in India. The expansion will result into higher value addition in the end products of the Company.

The orders for the imported machinery have already been placed. The civil construction work is in full swing. The company expect to complete the project by June/July, 2000.

100% E.O.U. Spinning Unit

Your Company is also putting up a 100% E.O.U. Spinning Unit of 28224 spindles for super fine qualities at a capital outlay of Rs. 70 Crores at Village Jalalpur, Distt. Patiala, Punjab.

The orders for the imported as well as indigenous machinery have already been placed. The civil construction work is near completion. Machinery has started arriving at the site. The trial production on part of the spindles is likely to commence by January, 2000. The complete project will be in operation by July, 2000. On its completion the spindle capacity of the company will increase to 94512 spindles and thus the company will be able to reap the benefits of economies of scale.

The expansions mentioned above have been financed through Loan from Financial Institutions, balance Bond Issue Amount and Internal accruals of the company. On completion of the said projects the company's turnover as well as profitability will increase substantially, in the coming years.

DEMATERIALISATION OF SECURITIES

We are pleased to report that your company has joined hands with the National Securities Depository Limited (NSDL) to facilitate holding and trading of securities in electronic form. Your company also intends to join Central Depository Services (India) Ltd. (C.D.S.L.) shortly. The code number allotted to the company's securities is INE '290A01019'. As on date 58% of the company's shares have been dematerialised. By joining Depository mode of trading, you can not only avoid the problems of Bad deliveries, loss or theft of share certificate and other hassles related with the

share certificates but can also enjoy the benefits in the form of reduced paper work, no stamp duty on transfer of shares etc. We hope that you will avail this opportunity and get your holding in securities dematerialised.

LISTING OF SECURITIES

The securities of the company are listed on the Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana, The Delhi Stock Exchange Association Limited, West Plaza, I G Stadium, Indraprastha Estate, New Delhi, The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Bombay and The National Stock Exchange of India Limited, Mahindra Towers, A Wing, 1st Floor, RBC Worly Mumbai. Further, The Company has paid listing fee to all the aforesaid stock exchanges for the financial year 1999-2000.

Y2K PREPAREDNESS

As the members must be aware that the computer system world over is facing the Y2K problem. Your company has taken appropriate and effective steps for making all hardware and software system compatible with Y2K compliance and all the systems have been found to be Y2K compatible. The expenditure incurred for the above said purpose is not expected to have any material financial impact.

FUNDS UTILISATION

Out of Rs. 94.39 Crores (net of refund to bondholders) collected through the Right Issue of Bond/Warrant, the company has already utilised the amount towards objects specified in the Letter of Offer dated 19.12.95, as modified by the Bondholders/Shareholders in their General Meeting held on 29th September, 1997.

DIRECTORS

Pursuant to article 91 of the Articles of Association of the company Sh. Kamal Oswal and Sh. Vijay Gupta shall be retiring by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

COST AUDITORS

The company appointed M/s. Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditors for the year 1998-99 and their report would be submitted to the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, in accordance with the requirements of Law.



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AUDITORS

M/s. Gupta Vigg & Co., the auditors of your company shall be retiring at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has obtained from auditors a certificate as required under Section 224(I-B) of the Companies Act, 1956 to the effect that their re-appointment, if made, would be within the limits specified in the said section.

FIXED DEPOSITS

During the year the company has not accepted any fixed deposit within the meaning of Section 58-A of the Companies Act, 1956 and the rules made there under.

PARTICULARS OF EMPLOYEES

The information as required under 217(2A) of the Companies Act, 1956 read with the rules framed there under, is enclosed as per Annexure-I.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.

The detailed information as required under 217(I)(e)

of the Companies Act, 1956 read with the Companies (disclosure of Particulars in report of the Board of Directors) Rules 1988, is enclosed as per Annexure-II)

INDUSTRIAL RELATIONS

The industrial relations remained cordial throughout the year and the excellent results were achieved with the whole hearted co-operation of employees at all levels.

ACKNOWLEDGEMENT

The Board of Directors of the company wish to place on record their thanks and appreciation to all workers, staff members and executives for their contribution to the operations of the company. The Directors are thankful to the Bankers, Financial Institutions for their continued support to the company. The Directors also place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the management of the company.

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA

JAWAHAR LAL OSWAL

DATED : 22 NOVEMBER 1999

(CHAIRMAN)

ANNEXURE - I

PARTICULARS OF EMPLOYEES TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 1999

Sr. Name No.	Designation/ Nature of Duties	Remuneration (in Rs.)	Nature of Employment	Qualification	Experience in Years	Date of Employment	Age (Years)	Last Employment
1. Sh. Dinesh Oswal	Managing Director	3886963	Contractual	B. Com	14	01.01.87	34	Oswal Woollen Mills Limited

NOTE :

1. Remuneration includes salary, ex-gratia, Leave encashment, monetary value of perquisites as per Income Tax Rules, employers contribution to Provident Fund and commission, where applicable.
2. Sh. Dinesh Oswal is related to Sh. Jawahar Lal Oswal and Sh. Kamal Oswal, Directors of the company.



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ANNEXURE - II

INFORMATION AS PER SECTION 217(1)(e) READ WITH (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1999.

I. CONSERVATION OF ENERGY

a) Measures taken for conservation of energy :

Energy conservation is an ongoing process in our organisation. The company has taken following measures for energy conservation :-

- For producing at the maximum productivity, latest indigenous as well as imported plant and machinery have been installed.
 - As an energy saving measure, the Aluminium impellers of Humidification plant has been replaced by F.R.P. impellers which has resulted in the energy saving upto 20%.
 - Trial undertaken for energy efficient motors has resulted in energy saving upto 4.5% and in future for all our requirement/ expansion company will use/replace with such energy efficient motors.
 - To achieve further saving of energy in lighting, replacement of existing Copper Ballast by Electronic Ballast is in process in Unit No. I.
 - Company has recently installed state of art Furnace Oil based new Power Plant which has resulted higher power units generated per unit of Furnace Oil and also healthy power supply generated has resulted in fewer break downs in Electronic/ Electric components of machines.
 - Company has provided gravity ventilators at the roof level in new power plant building of Unit No. II, the louvres of which get adjusted according to the pressure with-in hall. It has resulted non-installation of exhaust fans in D.B. set and thus continuous energy saving is achieved.
- b) Additional investment & proposals for reduction of consumption of energy : Conservation of energy is an ongoing process.
- c) Impact of measures, consequent to (a) and (b) above By optimising the use of capacitors for maximum demand, company has achieved power factor of up to 98 to 99%.
- d) Total energy consumption and energy consumption per unit of production per Form-A, of the Annexure in the rules in respect of industries specified in the schedule thereto.

FORM - A

A. POWER & FUEL CONSUMPTION

	Current Year 1998-99	Previous Year 1997-98
1. ELECTRICITY		
a) Purchased Unit (KWH)	44978446	53140910
Total amount (Rs)	127326756	153556709
Rate per unit (Rs)	2.83	2.89
	---	---
b) Own generation through diesel generator set		
Units (KWH)	Not Workable	Not Workable
Total amount (Rs)	72014640	33450043
Cost per unit (Rs)	---	---
2. STEAM COAL		
Quantity (in Tons)	Used in boiler	Used in boiler
Total cost (Rs)	Nil	Nil
Average Rate per Ton (Rs)	---	---
3. FURNACE OIL		
4. Others/Internal Generation		
Rice Husk		
(Quantity in tonnes)	20459.723	10415.450
Total Cost (Rs.)	20564519	21330133
Rate/Tonne (Rs.)	1005.12	1158.27

B. CONSUMPTION PER UNIT OF PRODUCTION MAIN EXPORT UNIT

1. Coal used per Kg. of dyed cloth	---	---
2. Rice husk used per Kg. of dyed cloth	4.00	3.87
3. Electricity consumed per unit of Hosiery Garments manufactured	3.83	3.09

SPINNING UNIT (MANDIDEEP)

Product Cotton/Synthetic Yarn		
Electricity (Unit/Kg)	2.14	2.97

II. TECHNOLOGY ABSORPTION

FORM - B

A) Research & Development (R&D)

- Specific areas in which Research and Development carried out by the company :** The company has latest state-of-arts technology and equipments in R&D for on line process monitoring from raw-material to the finished product. The company has installed on line Data Control for the finished products.
- Benefits derived as a result of above R&D :** These facilities enable the company to manufacture quality products meeting international standards and which have found ready acceptance in the international markets.
- Future plans :** The company is committed to continuously upgrade its R&D facilities to meet the quality requirements of its overseas customers
- Expenditure on R&D**

a) Capital	207323
b) Recurring	---
c) Total	207323

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

- Efforts in brief made towards technology absorption, adoption and innovation :** Continuous efforts are made to secure and utilise the latest available technology both indigenously as well as from abroad to keep pace with the latest manufacturing trends, keeping in mind the quality, cost reduction and the capacity utilisation. The services of trained and experienced technicians are also availed to get the maximum benefits out of the latest machinery.
- Benefits derived as a result of above efforts :** The company is hopeful that with the adoption of latest technology there will be reduction in wastage and improvement in quality.
- Information regarding Technology imported during the last five years.** Nil

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current Year	Previous Year
a) Foreign Exchange earned (Rs.)	1765712947	1842952065
b) Foreign Exchange outgo (Rs.)	207781757	436067695

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA

DATED : 22 NOVEMBER, 1999

JAWAHAR LAL OSWAL
(CHAIRMAN)



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AUDITORS' REPORT THE MEMBERS OF NAHAR SPINNING MILLS LIMITED LUDHIANA

We have audited the attached Balance Sheet of NAHAR SPINNING MILLS LIMITED, LUDHIANA, as at 31st March, 1999 and the Profit & Loss Account of the Company for the year ended on that date annexed of the Company for the year ended on that date annexed thereto and 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 purpose of our audit.
 - b) Proper books of accounts 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 & Loss Account referred to in this report are in agreement with the books of accounts.
 - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub Section (3C) of the section 211 of companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the account subject to notes contained in Schedule No. 22 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - A) In the case of the Balance Sheet of the state of affairs of the company as at 31st March, 1999.
 - B) In the case of the Profit & Loss Account of the Company for the year ended 31st March, 1999.
- As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Department of Company Affairs in terms of Section 227 (4A) of the Companies Act, 1956, we report on the matters specified in paragraph 4 & 5 of the said order as under :
1. The Company has maintained proper records showing full particulars including quantitative details and the situation of its fixed assets other than furniture and fixtures and office equipments. The management has confirmed that whatever Practicable physical verification of all major items of fixed assets except furniture and fixtures and office equipments has been carried out at the end of the financial year and no material discrepancies have been noticed on such verification.
 2. None of the fixed assets have been revalued during the financial year.
 3. According to the information and explanations given to us, the physical verification of finished goods, stores, spare parts and raw materials was conducted by the management wherever practicable at the end of the financial year.
 4. In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to size the company and nature of its business.
 5. According to the information and explanations given to us, discrepancies noticed on physical verification of stocks as compared to book records which were not material have been dealt with in the books of accounts.
 6. On the basis of the examination of the stocks sheet/stock ledgers, we are satisfied that the valuation of stocks is fair and proper in according with the normally accepted accounting principles. The basis of valuation is same as in the preceding year.
 7. According to the information and explanations given to us, the company has not taken any loans from companies, firms or other parties listed in the register maintain under section 301 of the Companies Act, 1956 and/or from companies under the same management with in the meaning of section 370 (1-B) of the Companies Act, 1956.