

17 TH ANNUAL REPORT 1998-99



MASKARA INDUSTRIES

TED

128, Jolly Maker Chambers 2, Nariman Point, Mumbai - 400 005

MASKARA INDUSTRIES LIMITED



BOARD OF DIRECTORS

Shri Sangramsinh P. Gaekwad (Chairman)
 Shri Santosh Kumar Maskara (Managing Director)
 Shri Subodh Maskara (Executive Director)
 Shri Bimal Kumar Maskara
 Shri Abhay Maskara (Executive Director)
 Shri T. B. Sinha (Executive Director)
 Shri Ashok Goenka
 Shri M.P. Mehrotra
 Shri Vasant B. Gadkari (SICOM Nominee)
 Dr. S. S. Jha (IFCI Nominee)
 Shri Gautam Vashisht (RCTC Nominee)

Bankers

Dena Bank,
 Raviwar Karanja Branch,
 Nashik.

Union Bank of India,
 Princess Street Branch,
 Mumbai - 400 002.

State Bank of Bikaner & Jaipur,
 P.D'Mello Road Branch, Fort
 Mumbai-400 001.

Registered Office:

128, Jolly Maker Chambers 2,
 Nariman Point,
 Mumbai - 400 021.

Factory :

A-5/4, MIDC,
 Murbad,
 Dist. Thane (Maharashtra)
 265/2, 266, Village - Avankhed,
 Taluka - Dindori,
 District - Nashik.

Auditors:

M/s. Lodha & Company
 Chartered Accountants,
 40, Hamam Street,
 Mumbai - 400 023.

MASKARA INDUSTRIES LIMITED**NOTICE**

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Members of Maskara Industries Limited will be held on October 29, 1999 at the registered office of the company at 128, Jolly Maker Chambers II, Nariman Point, Mumbai - 400 021 at 10.00 a.m. to transact the following business:

Ordinary Business: -

1. To consider and adopt the Director's Report and the Audited Profit and loss account for the year ended March 31, 1999 and the balance Sheet as at that date.
2. To appoint Director in place of Mr. Bimal Kumar Maskara, who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint a Director in place of Mr. Subodh Kumar Maskara, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Special Business: -

5. To consider and, if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION.

"RESOLVED that pursuant to the provisions of Sections 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Mr. Santosh Kumar Maskara, as the Managing Director of the Company for the period of 5 years with effect from September 01, 1999 on the terms and conditions including the remuneration as are said out in the draft agreement to be entered into by the Company with him, submitted to the meeting, which agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement, so as not to exceed the limits, if any, specified in schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Directors and Mr. Santosh Kumar Maskara or as may be varied by the General Meeting."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION.

"RESOLVED that pursuant to the provisions of Sections 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Mr. Subodh Kumar Maskara, as a Executive Director of the Company for the period of 5 years with effect from September 01, 1999 on the terms and conditions including the remuneration as are said out in the draft agreement to be entered into by the Company with him, submitted to the meeting, which agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement, so as not to exceed the limits, if any, specified in schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Directors and Mr. Subodh Kumar Maskara or as may be varied by the General Meeting."

7. Additional Director seeking appointment at General Meeting:

To consider and, if thought fit, to pass with or without modification, the following Resolution as a ORDINARY RESOLUTION:-

"RESOLVED that Shri. M. P. Mehrotra, a Director who was appointed as an Additional Director in the meeting of the Board of Directors held on July 30, 1999 and who holds office as such upto the date of Annual General meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 have been received from some members signifying their intention to propose Shri M. P. Mehrotra as a candidate for the office of Director of the Company be and is hereby proposed to be appointed as a Director of the Company."

8. Dematerialization of Shares/ Securities:

To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION:-

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the other statutes as applicable, and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Article of Association of the Company be and are hereby amended or altered or new articles be incorporated in the manner and to the extent as set out herein below:

- i. The following interpretation be added at appropriate places in Article 2:

"Beneficial owner" means beneficial owner as defined in clause (a) of sub-section 1 of Section 2 of the Depositories Act, 1996.

"Depositories Act, 1996" includes any statutory modification or re-enactment thereof for the time being in force.

"Member(s)" or Shareholder(s)"- unless otherwise provided, means the duly registered holder, from time to time of the shares of the Company and also every person holding equity share(s) of the Company and shall also include the beneficial owner of shares as appearing in the records of the Depository.

"Registered Owner" means a depository whose name is entered as such in the register of members of the Company.

- ii. In Article 19 of the Articles of Association of the Company, in the end of sub-clause (a), the following proviso shall be inserted.

"Provided however that no share certificate(s) shall be issued for Shares held with a Depository"

- iii. The following Article and Margin Note should be read as Article 53 of the Articles of Association.

53 "The Company shall maintain a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of every share held in a material form."

- iv. The following Title, Articles and Margin Notes be inserted after Article 65 and be numbered as Article 65 (A) to 65(F).

MASKARA INDUSTRIES LIMITED**DEMATERIALIZATION OF SHARES**

65(A) Notwithstanding anything contained in these Articles, the company shall, in accordance with the provisions of the Depositories Act, be entitled to dematerialize any or all its Shares or rematerialize any or all its Shares held with a Depository and/or offer its Shares for subscription in a dematerialized form pursuant to the Depositories Act.

65(B) The Company shall be required to maintain a Register and Index of Members in accordance with Sections 150 and 151 of the Act and the Depositories Act, with details of shares held in material and dematerialized forms, in any media (including electronic media) as may be permitted by law. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members holding shares in a dematerialized form for the purpose of the Act.

65(C) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly the Company shall not (except by an order of a Court of competent jurisdiction or as required by law) be bound to recognize any benami trust or equitable, contingent or other interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof.

Provided further that the Depository as the registered owner shall not have any voting rights or any other rights in respect of the shares held by the Depository and the beneficial owner shall be entitled to all such voting rights and other rights and benefits in respect of its shares held with a Depository.

65(D) "Notwithstanding anything provided hereinabove, in the case of transfer of Shares, where the Company has not issued any certificates and where such Shares, are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply and accordingly the Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Shares, on behalf of the beneficial owner. Furthermore, nothing contained in Section 108 of the Act or in these Articles shall apply to a transfer of shares effected by a transferor and transferee, both of whom are entered as Beneficial Owners in the records of a Depository."

65(E) In respect of Shares, held by the Depository on behalf of a beneficial owner, the provisions of Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall not apply.

65(F) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for shares issued by the Company shall apply to shares held with a Depository."

BY ORDER OF THE BOARD

Mumbai

(S. K. Maskara)

Date: 15th September, 1999

Managing Director

NOTES:

1. Explanatory statements as required under Section 173 (2) of the Companies Act, 1956 are annexed.
2. A Member Entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
3. Members are requested to notify immediately any change in their addresses.
4. Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date, so as to enable the management to keep the information ready.
5. The Register of Members will remain closed from **September 27, 1999 to October 16, 1999** both days inclusive.

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

1. **Item No. 5:** It is proposed to appoint Mr. Santosh Kumar Maskara, as Managing Director of the Company. The terms and conditions including remuneration payable to him is set out in the draft of the Agreement to be entered into by the Company with him, which *inter-alia*, contain the following terms and conditions:-
 - a) The Managing Director shall, subject to the supervision and control of the Board of Directors of the Company, manage the business and affairs of the Company.
 - b) Period of Agreement :
August 01, 1999 to July 31, 2004
 - c) Remuneration payable to him:
 - i) Salary: Rs. 15,000/- per month.
In the scale of Rs. 15,000 - 30,000
with an annual increase of Rs. 4,000 due on August 01 every year.
 - ii) Commission: 0.10 %
 - iii) Perquisites :
 - a. He shall be entitled to perquisites including furnished accommodation or house rent in lieu thereof, gas, electricity, water and furnishings, medical reimbursements and leave travel concessions for self and family, club fees, medical and personal accident insurance, Children's education etc in accordance with the rules of the Company. The perquisites will be restricted to Rs. 150,000/- per annum.
 - b. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund upto the tax exempt limit, Gratuity as per the rules of the company, earned leave and encashment of earned leave at the end of the tenure shall not be included in the computation of the perquisites.
 - c. Car for use on Company's business and telephone and other communications facilities at residence will not be considered as perquisites.
 - iv) In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as the specified above.

MASKARA INDUSTRIES LIMITED



- v) The Managing Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

Apart from the above, the aforesaid agreements contain further terms and conditions as to the tenure of the office, the powers and duties of Managing Director, reimbursement of entertainment, travelling and other all expenses incurred by him for the business of the Company, provision for earlier termination of the appointment by either party by giving six month's notice in writing to the other party, non-participation in any selling agency of the Company etc.

Mr. Santosh Kumar Maskara, being Managing Director of the Company is interested in the respective resolution to the extent of the remuneration payable to him. Mr. Bimal Kumar Maskara, Mr. Subodh Kumar Maskara and Mr. Abhay Kumar Maskara are concerned as his relatives. No other Director is concerned or interested in the proposal.

The Drafts of the Agreements entered into by the Company with Mr. Santosh Kumar Maskara, are available for inspection of members of the Company at the Registered Office of the Company on all its working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.

This explanation together with the accompanying notice is and should be treated as an abstract of the terms of appointment of Managing Director under Section 302 of the Companies Act, 1956.

2. **Item No. 6:** It is proposed to appoint Mr. Subodh Kumar Maskara, as Executive Director of the Company. The terms and conditions including remuneration payable to him is set out in the draft of the Agreement to be entered into by the Company with him, which *inter-alia*, contain the following terms and conditions:-

- a) The Executive Director shall, subject to the supervision and control of the Board of Directors of the Company, manage the business and affairs of the Company.
- b) Period of Agreement:
August 01, 1999 to July 31, 2004
- c) Remuneration payable to him:
 - i) Salary: Rs. 10,000/- per month. In the scale of Rs. 10,000 - 30,000 with an annual increase of Rs. 4,000 due on August 01 every year.
 - ii) Commission: 0.10 %
 - iii) Perquisites :
 - a. He shall be entitled to perquisites including furnished accommodation or house rent in lieu thereof, gas, electricity, water and furnishings, medical reimbursements and leave travel concessions for self and family, club fees, medical and personal accident insurance, Children's education etc in accordance with the rules of the Company. The perquisites will be restricted to Rs. 150,000/- per annum.
 - b. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund upto the tax exempt limit, Gratuity as per the rules of the company, earned leave and encashment of earned leave at the end of the tenure shall not be included in the computation of the perquisites.

- c. Car for use on Company's business and telephone and other communications facilities at residence will not be considered as perquisites.

- iv) In the event of loss or inadequacy of profits in any financial year, the Executive Director shall be paid remuneration by way of salary and perquisites as the specified above.

- v) The Executive Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

Apart from the above, the aforesaid agreements contain further terms and conditions as to the tenure of the office, the powers and duties of Executive Director, reimbursement of entertainment, travelling and other all expenses incurred by him for the business of the Company, provision for earlier termination of the appointment by either party by giving six month's notice in writing to the other party, non-participation in any selling agency of the Company etc.

Mr. Subodh Kumar Maskara, being Executive Director of the Company is interested in the respective resolution to the extent of the remuneration payable to him. Mr. Santosh Kumar Maskara, Mr. Bimal Kumar Maskara and Mr. Abhay Kumar Maskara are concerned as his relatives. No other Director is concerned or interested in the proposal.

The Drafts of the Agreements entered into by the Company with Mr. Subodh Kumar Maskara, are available for inspection of members of the Company at the Registered Office of the Company on all its working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.

This explanation together with the accompanying notice is and should be treated as an abstract of the terms of appointment of Executive Director under Section 302 of the Companies Act, 1956.

3. **Item No. 7:** Shri. M. P. Mehrotra was appointed as an Additional Director of the Company in the meeting of the Board of Directors held on July 30, 1999 and who holds office as such upto the date of Annual General meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 have been received from some members signifying their intention to propose Shri M. P. Mehrotra as a candidate for the office of Director. The Board of Directors commends the passing of the said resolution.

None of the Directors except Shri. M. P. Mehrotra is concerned or interested in the said resolution "

4. **Item No. 8:** Consequent to the passing of the Depositories Act, 1996 and with the introduction of the Depository System (the System), certain provisions of the Companies Act, 1956 (the Act) and the Securities Contracts (Regulation) Act have been amended to facilitate the implementation of the System. Suitable modifications accordingly require to be made in the Articles of Association of the Company pertaining to the issue, holding, transfer and transmission of Shares and other relate matters. It is therefore, proposed to pass a Special Resolution to give effect to the changes in Articles of Association as referred in item no. 7.

The Board of Directors, therefore, recommend the shareholders approval of this item of the accompanying Notice. None of the Directors is concerned or interested in passing of this Resolution.

MASKARA INDUSTRIES LIMITED**DIRECTOR'S REPORT**

Your Directors have pleasure in presenting the 17th Annual Report and Audited Accounts of the Company for the financial year ended March 31, 1999.

1. Financial Results:

	1998-99 (Rs.)	1997-98 (Rs.)
Sales & Other Income	12,59,89,724	17,55,28,937
Gross Profit	61,55,293	1,63,47,255
Less: Depreciation	38,36,876	37,69,949
Profit before Taxation	23,18,417	1,25,77,307
Less: Provision for Taxation	2,75,000	14,25,000
Add: Excess Provision of Taxation written back	(1,23,591)	1,62,312
Add: Balance from earlier year b/f	23,54,536	10,39,917
	<u>42,74,362</u>	<u>1,23,54,536</u>
Appropriations:		
Proposed Dividend	-	-
Corporate Dividend Tax	-	-
Transfer to General Reserve	-	1,00,00,000
Transfer to Bal. Sheet	<u>42,74,362</u>	<u>23,54,536</u>
	<u>42,74,362</u>	<u>1,23,54,536</u>

2. Dividends:

In view of the non-commencement of commercial production of Nashik unit during the year, your Directors do not recommend declaration of dividend for the year ended March 31, 1999.

3. Operations:

During the year, the Murbad unit produced 928 MT of texturised and twisted yarn as compared to 1185 MT in the previous year showing a decline of 22 %. The reasons for this performance can be attributed to the general downtrend in the Polyester industry. The average unit-selling price has come down from Rs. 92 per Kg. in the previous year to Rs. 80 per Kg. in the current year. The margins have squeezed substantially as the costs have also gone up as compared to previous year.

The trial production of PET Chips at Nashik was 1690 MT for the period from July 1998 to March 1999 and that of POY was 427 MT.

4. Polyester (PET) Chips Project:

During the implementation stage, the scope of the project was enhanced to include manufacture of POY with a capacity of 1250 TPA with a primary objective of in-house testing and trials. In addition, the company arranged to install an additional filter to improve the quality of PET chips and POY. A provision was also made in the plant to manufacture a much value-added product of making black POY. The company incurred an additional capital expenditure of Rs. 900 Lakhs for setting of these facilities.

The quality of the POY manufactured in the plant under direct spinning route has been well accepted. I am happy to inform that the chemical properties of the black POY produced in the plant were found to be better

than yarn produced under conventional route of PET/MEG. However, the performance of the PET chips was not found to be at the levels expected by the spinners resulting in poor off take and sales.

Our collaborators are ceased of the matter and are working towards a solution. In order to achieve optimum performance and value addition, the company is contemplating to extend the POY capacity under direct spinning route.

5. Directors:

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Bimal Kumar Maskara and Mr. Subodh Kumar Maskara retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mr. Santosh Kumar Maskara was appointed Managing Director of the Company with effect from September 01, 1999.

Mr. Subodh Kumar Maskara was appointed Executive Director with effect from September 01, 1999.

Mr. M. P. Mehrotra was appointed as an Additional Director of the Company in the meeting of the Board of Directors held on July 30, 1999. He holds office upto the date of ensuing Annual General meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 have been received from some members signifying their intention to propose Shri M. P. Mehrotra as a candidate for the office of Director at the ensuing Annual General Meeting.

6. Insurance:

Plant and Machinery, raw materials and finished goods of the company have been adequately insured.

7. Energy, Technology & Foreign Exchange:

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

8. Personnel:

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees, are set out in the Directors Report.

Your Company has a highly dedicated technical and professional team to manage various operations. Industrial relations remained cordial throughout the year. The Directors wish to place on record their appreciation of the valuable services rendered by the workmen, staff and officers at all levels.

9. Auditors

M/s. Lodha & Company, Chartered Accountants, Mumbai, the Auditors of the Company, will retire from the office of the Auditors and being eligible, offer themselves for reappointment. Their remuneration for the current year is to be fixed by you.

MASKARA INDUSTRIES LIMITED

**10. Auditors' Report:**

The notes to the accounts referred to in the Auditors Report are self-explanatory and, therefore do not call for any further comments.

11. Fixed Deposits:

The Company has not accepted/renewed any deposits from the Public during this year.

12. Year 2000 readiness:

Your Company has taken effective steps to meet the risks associated with Y2K. This includes the implementation of ERP package, upgrading software & hardware and restructuring the network for commercial/accounts/inventory/process control are in progress and are in different stages of completion. The work is expected to be completed by November 1999. The estimated expenditure would be about 22 Lakhs.

13. Acknowledgement:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions and the Banks, during the year under review.

For and on behalf of the Board

Place: Mumbai

(S.K. Maskara)

Date: September 15, 1999

Managing Director

ANNEXURE TO DIRECTORS REPORT

Information under section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of board of Directors) Rules, 1988 and forming part of Directors Report.

1. Conservation of Energy:

(A) Energy Conservation measures taken by the Company:

(1) Electrical Energy:

- Reducing the maximum demand by evenly distributing the loads throughout the day and increasing the efficiency of plant and equipment.
 - Capacitor banks have been provided as a result of which, the power factor has gone up from 0.85 to 0.98;
 - Setting the compressor loading and unloading time resulting in reduced motor running;
 - Scheduled furnace oil transfer pump running and setting in TPA - 10 for better efficiency;
 - Utilized bafflé in dryer and made proper adjustments of valve connected to radiator to achieve lower energy consumption;
 - Implementation of sequential start-up of various air compressors.
- (B) Total energy consumption and energy consumption per unit of production as per Form 'A'

Form 'A'

Form for disclosure of particulars with respect to Conservation of Energy.

Part 'A'**Power & Fuel Consumption**

	1998-99	1997-98
1. Electricity		
a) Purchased Units (Lakhs)	32.27	14.37
Total Amount (Rs. in Lakhs)	158.71	54.89
Rate/Unit (Rs.)	4.26	3.82
b) Own Generation		
Through Diesel Generator		
Units (Lakhs)	12.71	17.58
Units per unit of fuel	3.29	3.29
Cost/Units (Rs.)	3.40	3.20
2. Diesel Oil		
Quantity (K.Ltrs.)	385.96	534.69
Total Cost (Rs. in Lakhs)	43.18	56.17
Average Rate per Ltr. (Rs.)	11.19	10.51
3. Furnace Oil		
Quantity (K.Ltrs.)	238.29	-
Total Cost		
(Rs. in Lakhs)	14.71	-
Cost/Unit (Rs.)	6.17	-

Part 'B'**Consumption per unit of Production:**

	1998-99	1997-98
Electricity (KWH)		
Texturising/Twisting	2.47	2.69
PET Chips/POY	1.28	-

NOTE: The Company Manufactures different product mix and separate power meter are not installed for each product. Actual consumption for each product is not available.

Foreign Exchange Earnings and Outgo:

Total Foreign Exchange earned (Rs.)	NIL	NIL
Total Foreign Exchange used (Rs.)	4,95,33,952	7,71,87,742

Personnel:

Information required by the Provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended and forming part of the Directors Report for the year ended 31st March, 1999.

Names and other particulars of the Employees who were employed throughout/part of the Financial Year and were in receipt of remuneration for the year which in the aggregate was not less than Rs. 6 Lakhs.

Sr. No.	Name of the Employees	Age (Yrs)	Designation	Remuneration (In Rupees)	Qualification & Experience (Years)	Date of Commencement of Employment	Last Employment held
1.	Mr. Tuhin B. Sinha	49	Executive Director	6,77,340	M. Tech(27)	09/12/96	Reliance Industries Ltd

For and on behalf of the Board

(S.K. MASKARA)
MANAGING DIRECTOR

MASKARA INDUSTRIES LIMITED**AUDITORS' REPORT**

To
**The Members of
 MASKARA INDUSTRIES LIMITED
 MUMBAI**

We have audited the attached Balance Sheet of **MASKARA INDUSTRIES LIMITED** as at 31st March, 1999 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and 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) In our opinion, the Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 (hereinafter referred to as "the Act");
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with Significant Accounting Policies and notes on accounts appearing in Schedule '17' particularly note no.13 regarding information to be furnished in respect of dues / overdues to small scale / ancillary units and elsewhere in the accounts, give the information required by the Act, 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, 1999 and
 - ii) In case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4-A) of the Act, in our opinion and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state on the matters specified in paragraphs 4 and 5 of the said Order.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, the fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, stores and spares, packing materials and raw materials have been physically verified by the management at the end of the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business. Stocks lying with third parties have been verified by the management with reference to the confirmations received / subsequent receipt of goods.
4. The procedures of physical verification of the 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. The discrepancies noticed on physical verification of stocks as compared to book records were not material considering the operations of the Company and the same have been properly dealt with in the books.
6. On the basis of our examination of stock records, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The rate of interest and other terms and conditions of unsecured loans taken from companies, firms and other parties listed in the register maintained under Section 301 of the Act, are prima facie, not prejudicial to the interest of the Company. As informed to us, there is no company under the same management as defined under Section 370 (1B) of the Act.
8. The Company has not given any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act. As informed to us, there is no company under the same management as defined under Section 370 (1B) of the Act.
9. The parties, including employees, to whom loans or advances in the nature of loans have been given are generally repaying the principal amounts wherever stipulated and are also generally regular in payment