

PRABHU STEEL INDUSTRIES LTD. NAGPUR.

// 27TH ANNUAL REPORT 1999 //

BOARD OF DIRECTORS :

SHRI GANGARAM AGARWAL	:	DIRECTOR
SHRI RADHESHYAM AGARWAL	:	DIRECTOR
SHRI KRISHAN AGARWAL	:	DIRECTOR
SHRI R.S. BRIJPURIA	:	DIRECTOR (Nominee P.N.B.)

AUDITORS :

M/S. LOYA BAGRI & CO.,
CHARTERED ACCOUNTANTS,
GANDHIBAGH, NAGPUR.

REGISTERED OFFICE :

OLD MOTOR STAND,
ITWARI,
NAGPUR - 440 008.

WORKS :

159-160, SMALL FACTORY AREA,
BAGADGUNJ,
NAGPUR - 440 008.

AND

KUKATPALLY,
HYDERABAD - (A.P.)

BRANCH OFFICE :

JABBAR BUILDING,
FLAT NO.4, 3rd FLOOR,
BEGUMPETH,
HYDERABAD - 500 015

SALES DEPOT :

170, REAY ROAD,
MUMBAI - 400 010.



PRABHU STEEL INDUSTRIES LTD. NAGPUR.

N O T I C E

Notice is hereby given that the 27th Annual General Meeting of the Company shall be held on 30th September, 1999, at 4.00 P.M. at Company's Registered Office at Old Motor Stand, Itwari, NAGPUR - 440 008, to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Balance Sheet as at 31-03-1999 and Profit and Loss Account together with the Auditors Report thereon.
2. To appoint Director in place of Shri R.L.Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company.

By Order of the Board.

Sd/-

(G.R.AGARWAL)

NAGPUR :

DIRECTOR.

DATED : 2nd SEPTEMBER, 1999.

PRABHU STEEL INDUSTRIES LTD. NAGPUR.DIRECTORS' REPORT

To,
The Shareholders,

Directors of your Company present their 27th Annual Report alongwith the Audited Accounts for the year ended on 31st March, 1999.

FINANCIAL RESULTS :

	As at 31-03-1999	As at 31-03-1998
	(Rs. in Lacs)	
Sales and Other Income ..	425.10	331.43
Loss for the year ..	203.37	176.05
Loss Carried to Balance Sheet ..	905.51	677.42

The Directors submit their clarification on the qualifications in the Auditors' Report as follows :-

As regards Note 11 of Schedule '18', the same is self explanatory.

As regards Note 12(a) of Schedule '18' regarding Gratuity liability the note is self explanatory.

Note 12(b) (i), (ii) & (iii) regarding non-provision of Interest payable on unsecured loans, Interest on working Capital Facilities from Andhra Bank and Interest on Working Capital Facilities from Punjab National Bank, are self explanatory.

Note 12(c) of Schedule '18' regarding non-provision of Labour liability is self explanatory.

Note 12(d) (i) and (ii) regarding non-provision of Taxes. The same are under reconciliation.

Note 13(c) of Schedule '18' regarding non reconciliation of Balance with Punjab National Bank. The Bank has filed a suit against the Company and the details of the Balance-S are not available.

Note 15 of Schedule '18' is self explanatory.

Note 17 of Schedule '18' regarding non reconciliation of Balance with Punjab National Bank. The Bank has filed a Suit against the Company and the details of the Balance are not available.

Note 18 & 19, 20, 25 & 26 of Schedule '18' is self explanatory.

Regarding Note 5(i) (a) & (b) of Auditors Report. The same is self explanatory.

Y2K Compliances :

The Company has taken appropriate/effective steps to secure Y2K compliance of equipment. Data processing systems and main applications, Significant progress has been made in this direction and the company would become Y2K compliant by November, 99. The expenditure for achieving Y2K compliance is not significant.

The Company does not envisage any disruptions of its operations due to Y2K problem. However, company is taking all possible precautions to counter any eventuality.

-: 2 :-

DIRECTORS :

Shri R.L.Agarwal retires by rotation and being eligible be re-appointed.

AUDITORS :

M/s.Loya Bagri & Co., Chartered Accountants, the Auditors of the Company cease to hold the Office from the conclusion of ensuing Annual General Meeting. Being eligible, the Auditors be re-appointed.

PARTICULARS OF FOREIGN EXCHANGE EARNINGS AND OUTGO, CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :

During the year there were no earnings in Foreign Currency and the expenses in Foreign currency were Nil. The Consumption of Energy is continuously monitored and effective measures are adopted to achieve Economic consumption. As regards Technology absorption, efforts are taken to upgrade the production process and increase productivity by adopting best possible product mix. Form - A and Form - B are annexed.

PARTICULARS OF EMPLOYEES :

Pursuant to provisions of Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rule, 1956, there were no employee whose particulars have to be given.

ACKNOWLEDGEMENT :

The Directors wish to thank for co-operation and Support received from the Government Auditors and other Agencies. The Directors also wish to place on record their appreciation for the services rendered by the workers and staff at all level and look forward to receive their continued co-operation.

On behalf of the Board
of Directors.

NAGPUR :

DATED THE

2nd SEPTEMBER, 1999.

Sd/-
(R.L.AGARWAL)
DIRECTOR.

Sd/-
(KRISHAN AGARWAL)
DIRECTOR.

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PRABHU STEEL INDUSTRIES LTD. NAGPUR.

F O R M - B

(See Rule - 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

RESEARCH AND DEVELOPMENT (R & D) :

1. Specify areas in which R&D Carried out by the Company : Research and Development concentrated on cost reduction and production Development resulting in value addition and better margin.
2. Benefit derived as a result of above R & D.
3. Future plan of action : NIL
4. Expenditure on R & D. : NIL
 - (a) Capital
 - (b) Recurring
 - (c) Total
 - (d) Total R & D expenditure as a Percentage of total turnover.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

1. Efforts, in brief, made towards Technology Absorption Adoption and Innovation. : The Company is using the latest available Technology in manufacturing products of the Company.
2. Benefit derived as result on above efforts e.g. Product Improvement, cost reduction, Product Development, Import Substitution, etc. :
3. In case of imported Technology (Imported during the last 5 Yrs. reckmoned from the begining of the financial year), following information may be furnished. :-
(a) Technology Imported.
(b) Year of Import.
(c) Has Technology been fully absorbed ?
(d) If not fully absorbed, areas where this has not taken place, reason therefore and future plans of action.

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LOYA BAGRI & CO.
CHARTERED ACCOUNTANTS

V. D. LOYA, B.COM., F.C.A.
G. D. BAGRI, B.COM., F.C.A.

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Office : 4 2 4 0 8
Telephone Resl. : 5 2 4 3 5 9
: 5 3 1 8 9 4

Popular Market, Gandhibagh,
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AUDITORS' REPORT

We have audited the attached Balance Sheet of "PRABHU STEEL INDUSTRIES LIMITED", Nagpur, as on 31st March, 1999 and also the annexed Profit & Loss Account of the Company, for the year ended on that date and report that :-

- 1) 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.
- 2) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the books.
- 3) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Account.
- 4) In our opinion, subject to Note 11 of Schedule 18 regarding Accounting Standards - 13 [Accounting for Investments] and Note No. 12[a] regarding Accounting Standards -15 [Accounting for Retirement Benefits in the Financial Statement of Employers], the Profit & Loss Account and the Balance sheet comply with the accounting standards referred to in sub section [3C] of Section 211 of the Companies Act, 1956.
- 5) Subject to following :-
 - [i] [a] The amount of loan was recalled by the Banker at Nagpur of the Company by filing a suit for recovery for which balance in account is Rs. 787.54 lakhs excluding interest for the period 1.4.94 to 31.3.99, and
 - [b] The amount of loan was recalled by the Banker at Secunderabad of the Company by filing a suit for recovery for which balance in account is Rs. 162.27 lakhs excluding interest for the period 1.4.90 to 31.3.99.

The Management has explained to us that the aforesaid amounts and interest thereon have been disputed before Hon'ble Court at Nagpur and Secunderabad respectively. Under these circumstances, we are unable to express our opinion on the ultimate payability of the aforesaid amounts and interest there on.

- [ii] Note No. 12 (a) of Schedule '18' regarding Gratuity liability which has neither been provided nor quantified.

[Contd. 2]

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V. D. LOYA, B.COM., F.C.A.
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- (iii) Note No. 12 (b)(i) of Schedule '18' regarding non-provision of interest payable on unsecured loans.
- (iv) Note No. 12 (b)(ii) of Schedule '18' regarding liability of interest on working capital facilities from Andhra Bank, Secunderabad which has not been provided and quantified.
- (v) Note 12 (b)(iii) of Schedule '18' regarding liability of interest on working capital facilities from Punjab National Bank, Nagpur which has not been provided and quantified.
- (vi) Note No. 12 (c), of Schedule '18' regarding non-provision of labour liability at Secunderabad.
- (vii) Note No. 12 (d)(i) & (ii) of Schedule '18' regarding non-provision of Municipal Taxes and NALA Revenue Taxes.
- (viii) Note No. 13(C) of Schedule '18' regarding non-reconciliation and/or confirmations of Balances for working capital facilities with Bankers of the Company at Nagpur and Secunderabad.
- (ix) Note No. 15 of Schedule '18' regarding acceptance of liability (if any arises) for the trading unit taken over by the company on 30-9-1994.
- (x) Note No. 17 of Schedule '18' regarding non-reconciliation and/or confirmations of fixed deposit receipts with Punjab National Bank including interest receivable thereon.
- (xi) Note No. 18 of Schedule '18' regarding non-provision for debtors which were considered doubtful by the management.
- (xii) Note No. 19 of Schedule '18' relating to non-availability of Balance Confirmations.
- [xiii] Note No.20 of Schedule '18' regarding investments, Sundry debtors and Advance written off.
- [xiv] Note No. 25 of Schedule '18' regarding Non-disclosure of certain information relating to Small Scale Industrial undertakings.
- (xv) Note No. 26 of Schedule '18' regarding remuneration to the Managing Director.

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LOYA BAGRI & CO.
CHARTERED ACCOUNTANTS

V. D. LOYA, B.COM., F.C.A.
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In our opinion and to the best of our information and according to the explanations given to us, the said accounts alongwith Schedules but subject to notes thereon give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view :-

- (1) In the case of Balance Sheet of the State of Affairs of the Company, as at 31st March, 1999.
 - (2) In the case of Profit & Loss Account of the Loss for the year ended on 31st March, 1999.
- 5) 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 Companies Act, 1956, we have to report on the matter specified in paragraphs '4' & '5' of the said order as under :-
- (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. These assets have been physically verified by the Management at reasonable intervals, during the year and no material discrepancies have been noticed on such verification except in case of Secunderabad Unit, where the fixed assets have not been physically verified by the management as the factory is closed.
 - (ii) None of the Fixed Assets of the Company have been revalued during the year.
 - (iii) As explained to us, the Stocks of Finished Goods, Raw Materials, Stores and Spare Parts have been physically verified by the Management at reasonable intervals during the year except in respect of Secunderabad Unit, the physical verification could not be conducted by the management as the factory is not functioning since March, 1994.
 - (iv) In our opinion, and according to the information and explanations given to us, the procedures of the physical verification adopted by the Company needs to be further strengthened in view of the nature of its business and size of the Company.

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- (v) The discrepancies which were not material between the physical stocks and book records, have been properly dealt with in the books of accounts.
- (vi) In our opinion and on the basis of our examination of the valuation of stocks, such valuation is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as for the previous year except in case of Secunderabad Unit, the stocks may have partially become obsolete or/damaged/deteriorated. The extent of loss due to physical loss has not been ascertained by the company and value of Rs. 19,24,177/- as appearing in the books of accounts has been incorporated in the Balance Sheet.
- (vii) In our opinion, the terms and conditions on which Interest Free Unsecured Loans have been obtained from parties listed in the register maintained U/s.301 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company. As explained to us, there is no Company under the same Management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956.
- (viii) According to the information and explanations given to us, the Company has granted various unsecured advances which appears to us to be in nature of loans to the Companies, Firms or other parties listed in the register maintained u/s.301, and there is no stipulation of interest and repayment of such advances. As explained to us, there is no Company under the same Management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956.
- (ix) The Company has granted :-
 - a) Loans (Advances) Free of Interest to the Employees and they are repaying the amounts as stipulated or as restipulated.
 - b) Interest free advances to various companies without stipulation of repayment thereof.

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