

98-99

ANNUAL REPORT



RAJASTHAN PETRO SYNTHETICS LTD.



BOARD OF DIRECTORS

<i>Shri G.S. Poddar</i>	<i>Managing Director</i>
<i>Shri O.P. Kedia</i>	<i>Whole Time Director</i>
<i>Shri A. De</i>	<i>Director</i>
<i>Shri Ashok Kedia</i>	<i>Director</i>
<i>Shri A.K. Mittal</i>	<i>Director</i>
<i>Shri B.R. Goyal</i>	<i>Director</i>
<i>Shri M.D. Dixit</i>	<i>Director (Nominee of IDBI)</i>
<i>Shri V. N. Poddar</i>	<i>Director</i>

AUDITORS

M/s Saluja & Associates
New Delhi

BANKERS

Canara Bank
The Benares State Bank Limited
The Bank of Rajasthan Limited

REGD. OFFICE & WORKS

F-210, 223, Udyog Vihar
RICCO Industrial Area,
Village Sukher, Distt. Udaipur - 313 001

HEAD OFFICE

416-422, Hemkunt Chambers,
89, Nehru Place,
New Delhi

ANNUAL REPORT

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NOTICE

NOTICE is hereby given that Seventeenth Annual General Meeting of the Members of RAJASTHAN PETRO SYNTHETICS LTD. will be held at the Registered Office of the Company at F-210-223, RIICO Industrial Area, Village Sukher, Udaipur - 313001 (Rajasthan) on Wednesday, 29th September, 1999 at 3.00 P.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit & Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint Director in place of Shri O.P.Kedia, Who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To Consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution.
"RESOLVED that Sh. Ashok Kedia be and is hereby appointed as a Director of the Company liable to retire by rotation."
5. To Consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution.
"RESOLVED that Sh. A.De be and is hereby appointed as a Director of the Company liable to retire by rotation."
6. To Consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution.
"RESOLVED that Sh. A.K. Mittal be and is hereby appointed as a Director of the Company liable to retire by rotation."
7. To Consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution.
"RESOLVED that Sh. V.N. Poddar be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. To Consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution.
"RESOLVED that Sh. B.R. Goyal be and is hereby appointed as a Director of the Company liable to retire by rotation."
9. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT in view of the duly audited accounts of the Company for the financial year ended 31st March, 1999 which indicated that the accumulated losses of the Company exceeds its net worth, the Company has become a sick industrial company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985."
"FURTHER RESOLVED THAT in accordance with the provisions of Section 15(1) of the said Act, a reference made / to be made to the Board for Industrial and Financial Reconstruction (BIFR) by and with the authority of the Board of Directors are hereby confirmed and ratified."
10. To Consider and if thought fit, to pass with or without modification(s), the following as a Special Resolution.
"Resolved that consent of the Company be and is hereby accorded under Section 314 (1) of the Companies Act 1956 for availing Technical and Professional services from Sh. A. K. Mittal, Director by himself or through his firm on such remuneration as

the Board of Directors may think fit upto maximum of Rs. 50000/- p.m. and subject to requisite approval from the Central Government "

11. To Consider and if thought fit, to pass with or without modification(s), the following as a Special Resolution .

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

The following new Articles with marginal notes as indicated be inserted as Article 12A and Article 43A after the existing Article 12 and Article 43 respectively :-

12 A Nomination :

1. Every shareholder or debentureholder of the company may at any time nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
2. Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.
4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

43 A Transmission of Securities by nominee :

A nominee nominated under Article 12A, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either :-

- (i) to be registered himself as holder of the share or debenture, as the case may be ; or
- (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made;
- (iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder as the case may be;
- (iv) a nominee shall be entitled to the same dividends or interest and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture respectively except that he shall not, before being registered as a member in



respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

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

By Order of the Board

New Delhi
August 16, 1999.

(N. P. MATHUR)
COMPANY SECRETARY

NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote, on a poll only, instead of himself and the proxy so appointed need not be a member of the Company. Proxies in order to be effective must reach at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 24.09.99 to 29.09.99 (both days inclusive) :
3. Members are requested :
 - (a) to bring their copy of the Annual Report at the Meeting.
 - (b) to notify the change in their address to the Company and always quote their folio numbers in all correspondence with the Company.
4. The Unpaid / Unclaimed dividend for the financial year ended 31.03.95 has been deposited with the Central Government pursuant to the requirement of the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT, (Pursuant to Section 173(2) of the Company Act, 1956)

ITEM NO . 4,5,6,7,8

Shri. Ashok Kedia, Shri A. De, Shri A.K. Mittal, Shri V.N. Poddar and Shri B.R. Goyal were appointed by the Board of Directors of the Company as Additional Directors as per the Provisions of Section 260 of the Companies Act, 1956, they hold office until the conclusion of this Annual General Meeting.

Notices from Members of the Company under Section 257 of the Companies Act, 1956 has been received with deposit of Rs. 500/-

each respectively proposing their candidature. Your Directors recommend the resolution to be passed.

Shri G.S.Poddar is interested in the resolution No. 4 being relative of Shri Ashok Kedia.

None of the other Directors are interested in the resolution.

ITEM NO. 9

In view of the Company's net worth having been completely eroded based on the accounts of the Company for the financial year ended 31st March, 1999, a reference made / to be made to BIFR in pursuance of Section 15 read with Section 3 (1) (f) of the Sick Industrial Companies (Special Provisions) Act, 1985. Hence, this resolution is recommended for approval.

ITEM NO. 10

Sh. A.K. Mittal is a Textile Engineer having long experience of over 25 years in man-made fibre industry and has retired from the services of the Company as Executive Director on 30th June 1999 after serving for 16 years. After retirement he is providing consultancy to man-made Fibre Industry. Looking to his vast experience in the man-made fibre industry and particularly with the Company's plant it is desirable to have his continued services for the benefit of the Company since he has been co-opted as a Additional Director on 16th August, 1999. Approval under section 314 (1) of the Companies Act is necessary and hence this resolution.

Sh. A.K. Mittal is interested Director in this resolution.

ITEM NO. 11

By the Companies (Amendment) ordinance, 1999 the holders of Securities of the Company have been given an option to nominate a person to whom the rights of security holders of the Company shall vest in the event of his death. It would be beneficial if such nomination clause is included in the Articles of Association of the Company.

It has, therefore, become necessary to alter the Articles of Association of the Company as proposed in the Resolution set out at Item No. 11 of the accompanying Notice.

The Directors recommend the Resolution for approval of the Members.

No Director of the Company is concerned or interested in the said Resolution except to the extent of his share or debenture holding.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 11.00 A.M. and 1.00 P.M. on any working day.

By Order of the Board

New Delhi
August 16, 1999.

(N. P. MATHUR)
COMPANY SECRETARY



DIRECTORS' REPORT

Dear Shareholders,

Your Directors present before you their Seventeenth Annual Report together with the Audited Accounts for the year ended March 31st, 1999.

FINANCIAL RESULTS

	Current Year 31.3.1999 (Rs.in lacs)	Previous Year 31.3.1998 (Rs.in lacs)
Profit/(Loss) Before Interest and Depreciation	(1423.37)	(182.57)
Less : Interest & Financial Charges	1698.03	1173.18
Profit Before Depreciation	(3121.40)	(1355.75)
Less : Depreciation	1657.56	(427.62)
Profit/(Loss) Before Taxation	(4778.96)	(1783.37)
Less : Trial run expenditure capitalized (Net)	--	1589.06
: Provision for Diminution in value of Investment	283.04	--
: Provision for Taxation	--	--
Profit/(Loss) After Tax	(5062.00)	(194.31)
Income Tax refund for earlier year	--	26.03
Prior period adjustment(Net)	(303.43)	--
Surplus - As per last Balance Sheet	271.00	439.28
Balance Carried to Balance Sheet	(5094.43)	271.00

The net loss of Rs. 5094.43 lacs at the end of the financial year has resulted in total erosion of the net worth of the Company. Consequently the Board has formed the opinion that the Company has become a Sick Company in terms of Section 3 (1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985 and have decided to comply with the requisite statutory requirements.

The year under review has witnessed a slow down in the corporate performance in almost all the sectors. This is particularly predominant in the Polyester Industry, where out of 36 manufacturers in the country with an installed capacity of around 9.37 lacs tons per annum, seven are reported to have become unviable and have closed down their operations. Besides South East Asian countries which have built up large capacities for Export are dumping their materials in India at unbelievably low prices; this has squeezed the margin to an unremunerative level in the domestic industry.

The Company has approached Financial Institutions for grant of reliefs and restructure of Loans as well as further assistance for debottlenecking. IDBI (Lead Financial Institution) had discussed the said proposal at a joint meeting with ICICI and Bankers of the Company on 12th April, 1999. However, IDBI is yet to communicate us the outcome of their meeting and decisions if any.

In view of the difficult condition in the man-made fibre industry, the Company requires additional working capital. Our Company's request to the bankers has been pending since August, 1998.

Your Directors earnestly hope that Financial Institutions and Banks shall come forward with need based relief, restructuring of debts and additional assistance in reviving the operations of the Company into a viable footing.

OPERATIONAL REVIEW

The Company achieved 7% higher production during the year (6237 Tons against 5828 Tons during previous year). However, due to continued recession in the economy in general and textile industry in particular, on account of overcapacity, margins got eroded completely resulting in heavy losses to the Company.

CURRENT YEAR PROSPECTS

Although there is hardly any sign of improvement in the market conditions, the cost of production would reduce, if expected restructuring of debts and implementation of debottlenecking proposal are accepted by the Institutions. This should help the operations of the Company becoming viable. Further as no major new capacities have come into production during the last 3 years, the excess capacity over the demand is slowly being neutralised. As a result, prices are likely to firm up to have an around improvement in market conditions.

FIXED DEPOSITS

The fixed deposits outstanding as on 31st March, 1999 is Rs. 1.67 lacs.

INSURANCE

All properties of the Company including its building, plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

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

Information pursuant to section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given in Annexure-I forming part of this Report.

DIRECTORS

Shri R. Ganeshan has resigned from the Board. The Board places on record its deep sense of appreciation for the valuable services rendered by Shri Ganeshan.

S/Shri Ashok Kedia, A.De, A.K. Mittal, B.R. Goyal and V.N. Poddar have been appointed as Additional Directors on the Board. Their confirmation for appointment is being sought at the ensuing Annual General Meeting of Shareholders. Notices have been received under Section 257 of the Companies Act, 1956 for their appointment.

IDBI has nominated Shri M.D. Dixit on the Board in place of Shri T.R. Bajalia. The Board extends a warm welcome to the incoming Directors. The Board also places on record its appreciation for the valuable services rendered by Shri T.R. Bajalia.

Shri O.P. Kedia retire by rotation pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company and being eligible, offers himself for re-appointment.

AUDITORS REPORT

Since observations made by the Auditors in their Report are self explanatory and have been dealt with in the Notes to the Accounts, these do not require further clarification.

SUBSIDIARY

The report and accounts of Ceeta Synthetics and Turfs Ltd. and Poddar Petrochem Ltd. for the year ended 31st March, 1999 are enclosed. The accumulated net loss of Ceeta Synthetics & Turfs Ltd. is Rs.283.26 lacs at the end of the financial year against the paid up share capital of Rs. 298.57 lacs. Poddar Petrochem Ltd. has applied to the Registrar of Companies (ROC) Chennai for declaring the Company "Defunct". The Application is being processed by ROC.

Y2K COMPLIANCE

Your company has taken necessary steps for year 2000(Y2K) compliance. The entire process of compliance shall be completed and necessary action would be taken to gear your company for a smooth transition into the next millennium.

AUDITORS

M/s Saluja & Associates, Chartered Accountants, the Auditors of the Company retire at the ensuing annual General Meeting and being eligible, offer themselves for re-appointment.

PERSONNEL

Barring slow down of production in the first quarter of the financial year due to expiry of long term wage settlement on 31.3.98 and signing of fresh long term settlement during July'98 valid till 31.3.2001, Industrial relations, by and large, remained satisfactory throughout the year. The information required under section 217(2A) of the Companies Act, 1956 is set out in Annexure II forming part of this Report.

ACKNOWLEDGMENT

We wish to express our grateful appreciation for the continued valuable assistance, co-operation and support received by the company from its Bankers, Financial Institutions, Central and State Government and other agencies.

For and on behalf of the Board

New Delhi
August 16, 1999

(O.P.KEDIA)
Whole time Director

(G.S. PODDAR)
Managing Director

**ANNEXURE - 1 TO THE DIRECTORS REPORT**

[Additional information given as required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988].

I CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO.

In pursuant to energy conservation, following actions were taken in the current year:

- 1 Air-conditioned System has been changed from brine to chilled water system in PP Plant by reducing quench air load thereby reducing power requirement in air-conditioning by 72000 units per month approximately.
- 2 Compressed air header were modified for reducing compressed air generation load thereby reducing power requirement in compressed air generation.

Form-A

i) Power & Fuel consumption :	Current Year	Previous Year
ELECTRICITY.		
a) Purchased Units(In lacs)	66.73	67.80
Total Amount (Rs.in lacs)	225.70	220.83
Rate/Unit(Rs.)	3.38	3.25
b) Own generation :		
Through Diesel Generators		
units (in Lacs)	215.27	213.65
Units per Ltr.of diesel oil	3.36	3.62
cost/Unit (Rs.)	2.39	2.32
ii) Consumption per unit of Production :		
Production of yarn M.T.	6236.78	5828.33
Electricity per M.T. of production (units)	4521.54	4829.00

FORM - B**II. TECHNOLOGY ABSORPTION**

Efforts made in Technology absorption as per Form B of the Annexure to the rules.

A) RESEARCH AND DEVELOPMENT (R & D)

- a) **Specific areas in which R & D was carried out by The Company.**
The Company has well equipped R & D division which continued its activities throughout the year. Specifically, following are the new products developed :

1. New shades are developed as required by market in P.P. filament yarn.
2. Use of indigeneous spin finish oil for P.P. filament yarn is now fully established for POY.
3. Use of indigeneous PP chips for P.P. filament yarn is being established.
4. Production of NSY Yarn is fully established for better value addition.

(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :**a) Efforts in this direction**

The new technology imported from M/s Noy Vallesina is under stage of absorption and the company is planning to market ultra fine 0.5 dpf PFY Yarns in the market.

c) Technology imported during the last five years.

	Knowhow for PP POYYarns	Knowhow for Polyester micro filament Yarns
a) Technology Imported		
b) Year of Import	1995-96	1995-96
c) Has technology been fully absorbed	Yes	under progress

II FOREIGN EXCHANGE EARNINGS AND OUTGO

	Amount (Rs. in Lacs)	
	1998-99	1997-98
(a) Foreign Exchange Earnings		
FOB value of Exports	70.07	171.96
(b) Foreign Exchange Outgo		
(i) CIF value of Imports		
- Raw Material	187.36	1191.30
- Stores & Spares	107.71	159.19
- Capital goods	8.51	68.50
(ii) Others	1.37	1.64

For and on behalf of the Board,

NEW DELHI
August 16, 1999

O. P. Kedia
Whole Time Director

G. S. Poddar
Managing Director

ANNEXURE-II TO THE DIRECTORS REPORT

Information pursuant to the provisions of Sec.217(2A)(b)(ii) read with Companies (Particulars of Employees) Rules, 1975 & forming part of the Directors Report for the year ended on 31st March, 1999.

S. No	Name of the Employees	Designation	Remuneration Rs.	Qualification	Age/ Exp. Yrs.	Date of Commence-ment	Particulars of last Employer	Employment Designation	Duration Yrs.
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(A) Employed throughout the Financial Year & Was in receipt of remuneration of not less than Rs.6,00,000/-

1	G.S Poddar *	Managing Director	8,12,120	B.Com.,LLB	56/33	06-12-84	-	-	-
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1. * Appointment is contractual.

2. Remuneration include Salary, Company's Contribution to P. F, Other Allowances, Leave Encashment, Reimbursement of Medical Expenses, Leave Travel Allowances, etc.

**AUDITORS' REPORT****TO THE MEMBERS OF RAJASTHAN PETRO SYNTHETICS LIMITED**

We have audited the attached Balance Sheet of Rajasthan Petro Synthetics Limited as at 31st March 1999 and Profit & Loss account of the Company for the year ended on that date annexed thereto and report as under:

1. As required by the manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Central Government Under Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, 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) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from examination of those books.
 - c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
 - d) The Company has complied with the Accounting standards referred to the section 211 (3C) of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to, note II(M) (ii) regarding claim receivable against advance licences and duty drawback mentioned therein in respect of which we are unable to form any opinion as to the extent of realisability, note II (N) regarding non-provision of Interest on Debentures amounting to Rs. 40.30 Lacs resulting decrease in Loss to that extent, note II (P) regarding provision for decline in the market value of quoted Investments by Rs. 124.55 Lacs resulting in increase in Loss to that extent, and read together with Accounting policies and other notes appearing in Schedule 'Q' give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) In the case of Balance Sheet, of State of Affairs of the Company as at 31st March, 1999 and
 - ii) In the case of Profit & Loss Account of the Loss for the year ended on that date.

for Saluja & Associates
Chartered Accountants

V.K. Verma
Partner

Place : New Delhi

Date : August 16, 1999.

ANNEXURE REFERRED TO IN PARAGRAPH (1) OF EVEN DATE :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for additions made during the year which are being updated. The Company has formulated a programme to cover physical verification of all the fixed assets in a phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of assets. In conformity with such programme, a physical verification was carried out by the Management during the year which revealed no significant discrepancies.
2. None of the fixed assets of the Company have been revalued during the year.
3. The stock of finished goods, stores, spare parts and raw materials except in the case of material lying with outside parties and bonded warehouse have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to explanation given to us, the procedures of physical verification of 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 of Raw Material, Stores & Spares, and finished goods, between the physical verification and book records were not significant and the same have been properly dealt with in the books of account having regard to the size of the operations of the Company.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and is in accordance with normally accepted accounting principles.
7. The Company has not taken unsecured loans from Companies, firms or the parties listed in the register maintained under Sec. 301 of the Companies Act, 1956 and or from the Companies under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured to The Companies, Firms and other parties listed in the register maintained under Sec. 301 and 370 (1B) of the Companies Act 1956. However an interest free loan of Rs. 2.25 lacs was given to "Ceeta Synthetics & Turfs Ltd." a fully owned subsidiary Company. As explained to us, there is no Company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
9.
 - i) The Company has given interest free loans to employees, who are repaying principal amount regularly as stipulated.
 - ii) The Company has not granted any loan /advances to other companies during the year.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.
11. According to information and explanations given to us, the transactions of purchase of goods, materials and sale of goods materials and services aggregating during the year to Rs. 50000/- or more in respect of each party made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, have been made at prices, which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transaction for similar goods or services have been made with other parties.
12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores and spares, raw materials and finished goods. However the management has certified that there are no such materials requiring any provisions in the accounts under review.
13. The Company has complied with the provisions of Section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted by it from the public.



14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of waste generated during production. As explained to us, the Company has no by-products.
15. The internal audit of the Company has been conducted by a firm of Chartered Accountants for the year under review. On the basis of the reports submitted by the internal auditors to the management, in our opinion the internal audit system is in commensurate with the size of the Company and nature of its business.
16. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost record U/s 209 (1) (D) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records of the Company.
17. The Company has generally been regular in depositing provident Fund and Employees State Insurance dues with the appropriate authorities during the year. There are no arrears of such dues as at 31st March, 1999.
18. According to information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and on the basis of the records examined by us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under the contractual obligations or in accordance with generally accepted business practices.
20. The Company is a Sick Industrial Company within the meaning of clause (O) of sub-section (1) of section 3 of Sick Industrial Companies (Special) Provisions Act, 1985 and the Management has initiated the requisite statutory and other compliances.

for Saluja & Associates
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : August 16, 1999.

V.K. VERMA
Partner

Report  junction.com

**BALANCE SHEET AS AT 31st MARCH, 1999**

	SCHEDULE	As at 31.3.1999 Rs.	As at 31.3.1998 Rs.
I. SOURCES OF FUNDS			
1. Share Holders Funds			
a) Share Capital	A	167,977,055	160,842,219
b) Reserves and Surplus	B	204,853,033	217,018,559
		372,830,088	377,860,778
2. Loan Funds			
a) Secured Loans	C	1,013,600,452	836,209,184
b) Unsecured Loans	D	8,656,763	6,291,368
		1,022,257,215	842,500,552
TOTAL		1,395,087,303	1,220,361,330
II. APPLICATION OF FUNDS			
1. Fixed Assets	E		
(a) Gross Block		1,286,256,352	575,637,068
(b) Less: Depreciation		436,407,745	267,080,670
Net Block		849,848,607	308,556,398
(c) Capital Work in Progress		---	717,164,457
		849,848,607	1,025,720,855
2. Investments	F	11,925,581	64,190,750
3. Current Assets, Loans and Advances	G		
(a) Inventories		86,927,625	160,086,342
(b) Sundry Debtors		63,954,175	100,176,463
(c) Cash and Bank Balances		24,180,847	24,338,188
(d) Loans and Advances		27,422,217	45,277,072
		202,484,864	329,878,065
Less : - Current Liabilities and Provisions	H		
(a) Current Liabilities		182,702,737	176,652,042
(b) Provisions		3,372,824	2,593,883
		186,075,561	179,245,925
Net Current Assets		16,409,303	150,632,140
4. Miscellaneous Expenditure	I	7,460,143	6,916,996
5. Profit & Loss Account		509,443,669	(27,099,411)
TOTAL		1,395,087,303	1,220,361,330
Notes to Accounts	Q		

In terms of our attached report of even date

For Saluja & Associates
Chartered AccountantsNEW DELHI
August 16, 1999V.K.VERMA
PartnerN.P.MATHUR
Company SecretaryO. P. KEDIA
Whole Time DirectorG.S.PODDAR
Managing Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1999**

	SCHEDULE	Current Year Rs.	Previous Year Rs.
INCOME			
Sales		539,038,247	600,694,414
Other Income	J	2,470,317	5,591,105
Increase /(Decrease) in Stock	K	(46,628,841)	(11,436,346)
		494,879,723	594,849,173
EXPENDITURE			
Manufacturing Expenses	L	422,512,286	432,677,441
Purchases		283,041	63,405
Payments to and Provision for Employees	M	34,804,087	30,165,796
Administrative & Other Expenses	N	23,698,523	23,769,097
Selling Expenses	O	9,689,919	8,930,099
Debenture / Capital Issue Expenses Written off		961,017	961,017
Excise Duty		105,946,124	116,539,432
Loss on Sale of Investments		6,840,000	---
Provision for diminution in the value of Investments		12,455,733	---
(Refer Note II P in Schedule 'Q') Claim written off		20,026,492	---
(Refer Note II G in Schedule 'Q')			
		637,217,222	613,106,287
Profit/(Loss) before Interest and Depreciation		(142,337,499)	(18,257,114)
Interest and Finance Charges	P	169,802,815	117,318,413
Profit/(Loss) before Depreciation		(312,140,314)	(135,575,527)
Depreciation (Refer Note II D in Schedule 'Q')		165,755,817	42,762,323
Profit/(Loss) before Tax		(477,896,131)	(178,337,850)
Less: Trial run expenditure capitalised			337,260,886
Less : Cost of Trial Run Production transfer from Schedule 'L'		---	178,354,192
(Refer Note II C-ii of Schedule 'Q')			158,906,694
Provision for diminution in the value of Investments with Subsidiary Company (Refer Note II F (i) of Schedule 'Q')		28,304,436	---
Provision for Tax		---	---
Profit/(Loss) after Tax		(506,200,567)	(19,431,156)
Prior period adjustments (Net)		30,342,513	---
Income Tax refund for earlier years		---	2,602,807
Surplus as per last Balance Sheet		27,099,411	43,927,760
Surplus/(Loss) Carried to Balance Sheet		(509,443,669)	27,099,411
Notes to Accounts	Q		

In terms of our attached report of even date

For Saluja & Associates
Chartered AccountantsNEW DELHI
August 16, 1999V.K.VERMA
PartnerN.P.MATHUR
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Whole Time DirectorG.S.PODDAR
Managing Director