



VULCAN
ENGINEERS LTD.



36th ANNUAL REPORT
APRIL 1999 - MARCH 2000

BOARD OF DIRECTORS

| | | |
|---------------------------|---|--|
| Mr. Mithu S. Malaney | - | Chairman |
| Mrs. Sheila M. Malaney | - | Vice Chairperson & Whole Time Director |
| Mr. Vikram M. Malaney | - | Managing Director |
| Mr. Suvir M. Malaney | - | Joint Managing Director |
| Admiral L. Ramdas (Retd.) | - | Director |
| Mr. Douglas Perks | - | Director |
| Mr. Juergen Mendheim | - | Director |
| Mr. Sanjeev M. Malaney | - | Director |
| Mr. P. M. Kumar | - | Director |
| Mr. A. T. Vaswani | - | Director |

REGISTERED OFFICE

427, Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi,
Mumbai 400 025.

WORKS

Plot No. B-21,
MIDC Industrial Area,
Ahmednagar - 414 001.
Maharashtra.

STATUTORY AUDITORS & TAX CONSULTANTS

M/S. SURESH SURANA & ASSOCIATES
Chartered Accounts
410, Dalamal Chambers,
29, New Marine Lines.
Mumbai 400 020.

REGISTRARS & TRANSFER AGENTS

M/s. K. R. FINANCIAL
& MANAGEMENT SERVICES PVT. LTD.
103, Omex Apartment, 1st Floor,
64, Sahar Road, Koldongri,
Andheri (East), Mumbai 400 069.
Phone : 830 10 45

BANKERS : Canara Bank
Prabhadevi, Mumbai - 400 025.



NOTICE

Notice is hereby given that the Thirty Sixth Annual General Meeting of Vulcan Engineers Limited will be held at "Sunville", 9, Dr. Annie Besant Road, Worli on Tuesday the 21st of November, 2000 at 2.30 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr. Suvir M.Malaney who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjeev M.Malaney who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jeurgen Mendheim who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. APPOINTMENT OF MR. A.T.VASWANI AS A DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution.

"Resolved that Mr. A.T.Vaswani who was appointed as Director in the meeting of the Board of Directors of the Company held on 3rd October, 2000 and holds office upto the next Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. A.T.Vaswani as a candidate for the office of director of the company, be and is hereby appointed as a Director of the Company."

7. APPOINTMENT OF ANIL DESHPANDE AS MANAGER UNDER THE COMPANIES ACT, 1956.

To consider and if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 269, 198 and 387 read with Schedule XIII to the Companies Act, 1956 (the Act) and other applicable provisions, if any, of the Act, Mr. Anil Deshpande be and is hereby appointed as Manager of the Company (designated as President and CEO) as defined under Section 2 (24) of the Act, for a period of Five years effective from 1st November, 2000 upon such terms and conditions specifically mentioned in the draft of the Service Agreement approved by the Board of Directors at its Meeting held on 3rd October, 2000 and tabled before the Meeting."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to revise the terms and conditions of the appointment of Mr. Anil Deshpande as it may deem fit, provided that, such revision shall always be in accordance with the provisions and limits as prescribed in the Act, from time to time."

"FURTHER RESOLVED THAT in the event of loss of inadequacy of profits in any financial year Mr. Anil Deshpande be entitled to receive a total remuneration including all allowances and perquisites not exceeding the limits prescribed by the Central Government under the Act, from time to time, as minimum remuneration."

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the business under items nos. 6 and 7 are annexed hereto.
3. Pursuant to Section 205 (A) 5 of the Companies Act, 1956 all unclaimed/unpaid dividend upto and including the financial year ended on 31st March, 1995 have been transferred to the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Parel, Mumbai 400 033.
4. Shareholders are requested to promptly notify any changes in their address.

By Order of the Board
For VULCAN ENGINEERS LIMITED,

Mrs. Sheila M.Malaney
Vice Chairperson.

Mumbai, Dated: 18th October, 2000.

Registered Office :
427, Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi,
Mumbai 400 025.

Annexure to the Notice

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

Item No. 6.

The Board of Directors at its meeting held on 3rd October, 2000, appointed Mr. A.T.Vaswani as an Additional Director.

The Directors with the view to further broad base the board with professional and independent Directors has at its meeting held on 3rd October, 2000 appointed Mr. A.T.Vaswani as an additional Director. Pursuant to section 260 of the Companies Act, 1956. Mr. Vaswani holds office up to the date of forthcoming Annual General Meeting. As required under the Companies Act, 1956, a notice has been received from a member signifying his intention to propose Mr. Vaswani's candidature for the office of a Director.

None of the Directors except Mr. A.T.Vaswani is interested or concerned in this resolution.

Item No. 7

The Board of Directors of the Company have appointed Mr. Anil Deshpande as 'Manager' of the Company (designated as President and CEO) as defined under Section 2 (24) of the Act, for the period of Five years effective 1st November, 2000 on the terms and conditions as stated hereunder :

Remuneration

- | | |
|------------------------------|--|
| i. Salary | Rs. 30,000.00 per month |
| ii. Performance linked bonus | Linked to individual performance and Company's performance as may be decided by the Directors for each financial year but not exceeding Rs. 3,00,000.00 per annum. |

Perquisites :

- Housing : Unfurnished Apartment at Pune. The Company will meet all maintenance expenses relating to the apartment including gas and electricity.
 - Medical Reimbursement : Expenses incurred for the President and CEO and his family in accordance with rules of the Company.
 - Leave Travel Concession : For the President and CEO and his family in accordance with the rules of the Company.
 - Credit Card Fees: Fees of one Credit Card
 - Club Fees : Fees of one club in Pune. This will not include admission and life membership fees.
 - Hospitalisation and Personal Accident Insurance : As per rules of the Company applicable to Senior Executives.
- Explanation : 'Family' shall mean the President and CEO his wife and dependent children.

Retirement Benefits :

Contribution of Provident Fund, Superannuation Fund and Gratuity Fund Schemes of the Company.

Conveyance :

Provision of car and driver for use on the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the President and CEO.

Leave:

The President and CEO shall be entitled to privilege leave on full salary and allowances in accordance with the rules of the Company for Senior Executives.

Leave Encashment :

Encashment of leave at the end of the tenure will be permitted as per the rules of the Company for Senior Executives.

Travel and Entertainment Expenses :

The Company will reimburse the President and CEO expenses incurred by him for travelling and entertainment in connection with the Company's business.

Employees Stock Option Scheme :

The President and CEO will be entitled to participate in the Employees Stock Option Plan (ESOP) of the Company, as and when introduced.

The total remuneration payable to the Manager by way of salary, allowances, performance linked bonus and perquisites is subject to the ceiling limits laid down in Section 198, 269 and 387 read with Schedule XIII to the Companies Act, 1956.

Where in any financial year, the Company has no profit or its profits are inadequate the Company will pay to the Manager minimum remuneration as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956 as notified from time to time.

This may be treated as an abstract of the terms and conditions of the appointment and payment of remuneration to the Manager.

None of the Directors is concerned or interested in this resolution.

By Order of the Board of Directors,
For VULCAN ENGINEERS LIMITED,

Mrs. Sheila M.Malaney
Vice Chairperson.

Mumbai, Dated: 18th October, 2000.

Registered Office :

427, Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi,
Mumbai 400 025.



DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000

Your Directors' are pleased to present the Thirty Sixth Annual Report of your Company together with the audited statement of accounts for the year ended 31st March, 2000.

We regret that the Annual General Meeting was delayed due to circumstances beyond our control. The company has received approval for extension of time from Registrar of Companies, Mumbai for holding the Annual General Meeting on or before 30th November, 2000.

| | (Rs. in lacs) | |
|--------------------------|---------------|---------------|
| FINANCIAL HIGHLIGHT | Current Year | Previous Year |
| Total Sales and income | 1,667.90 | 1,347.32 |
| Profit before taxation | 53.94 | (32.69) |
| Taxation | (6.03) | (0.03) |
| Profit after taxation | 47.91 | (32.72) |
| Prior years' expenditure | (48.62) | - |
| Net Loss | (0.71) | (32.72) |

A good order book at the start of the year enabled the company to achieve a turnover of Rs. 16.67 crores. After charging prior year expenses of Rs. 48.62 lakhs, the year has resulted in a small Loss of Rs. 0.71 lakhs.

2. DIVIDEND

Due to the loss incurred during the year, your Directors regret their inability to recommend a Dividend.

3. REVIEW OF OPERATIONS

During the course of the year although the company was restructured to better address the prevailing demand slump and increased competition it was not possible to appreciably reverse the trend. The actual performance of the engineering and core sector industries especially the steel industry fell far below the expectations of a sustained revival leave alone growth. Efforts to enter the international market have met with limited success largely because of the Company's inability to commit marketing expenditure due to paucity of funds. Some export orders were obtained, however in South East Asia, these could not be executed because of the customers' inability to fund these orders.

The Company's IT (Systems Integration) business also saw a sharp decline in demand due to competition and consequent erosion of margins which affected business volumes and profitability. The company was not able to raise the finance necessary to effectively expand or diversify this business. As a consequence, the Company was not able to book any significant revenue in respect of this activity. In the current financial year, the company has virtually discontinued the business.

4. PROSPECTS FOR 2000-2001.

Considering the continued recession in the Engineering industry the prospects for the current year are not promising. However, every effort is being made to control costs, trim the organisation and increase efficiency so that the company can tide over this difficult period. The focus will be on further restructuring the organisation to achieve these objectives, at the same time marketing efforts, upgradation of technology etc. would also be pursued vigorously. Given the inherent technical expertise available in the company, it should be possible to take full advantage of an upswing in demand in the future.

5. SUBSIDIARY COMPANY

The Company's Subsidiary Vulcan Exports Ltd. was not able to generate any export business during the major part of the year and incurred a loss of Rs. 7,17,870.00

Please refer to the attached Directors' Report of Vulcan Exports Ltd. for further details.

6. PRESIDENT & CEO.

In line with the process of giving increased responsibilities to Executives in the Company, the Board decided to appoint Mr. Anil Deshpande as President & CEO and also Manager under Section 387 of the Companies Act, 1956 subject to the approval of the shareholders. Mr. Deshpande will be responsible for day to day operations of the company.



7. DIRECTORS

- As an extension of the above process, Mr. Vikram Malaney has resigned as Managing Director of the Company with effect from 1st November, 2000 but will continue to serve as a Director. Mr. Suvir Malaney has also resigned as Jt. Managing Director with effect from 1st November, 2000 but continues to remain as a Director on the Board and devote his time to assist and guide the company as and when required, without any remuneration. Mrs. Sheila Malaney, Vice Chairperson and whole time Director has also resigned as a whole time Director but will continue as Vice Chairperson of the Company with effect from 1st November, 2000.

With a view to further broad base the Board and induct independent Directors, the Board at its meeting held on 3rd October, 2000 appointed Mr. A.T. Vaswani as an additional Director pursuant to section 260 of the Companies Act, 1956. Mr. Vaswani holds office up to the date of forth coming Annual General Meeting. As required under the Companies Act, 1956, a notice has been received from a member signifying his intention to propose Mr. Vaswani's candidature for the office of a Director.

8. AUDITORS

The Company's Auditors M/s. Suresh Surana & Associates, Chartered Accountants will retire at the ensuing Annual General Meeting but are eligible for re-appointment. A letter has been received from them stating that if appointed, the appointment will be in accordance with the provision of Section 224 (1B) of the Companies Act, 1956.

9. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the support received from the Company's American, German, French, Italian and Austrian Collaborators and would also like to pay a special tribute to all the employees of the Company who have worked hard to address the challenges faced by the company.

10. PARTICULARS OF THE EMPLOYEES

In the compliance with the provisions of Section 217(2A) of the Companies Act, 1956, the particulars of the employees have been furnished in the Annexure I which forms part of this Report.

11. CONSERVATION OF ENERGY, ETC.

Information required under Section 217 (1) (e) of the Companies Act, 1956 read with the relevant rules, with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure II which forms part of this report.

Mumbai, Dated: 18th October, 2000

(VIKRAM MALANEY)
MANAGING DIRECTOR

(SUVIR MALANEY)
JT. MANAGING DIRECTOR

ANNEXURE I TO THE DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULE 1975, AS AMENDED UPTO DATE AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.

List of employees who were in receipt of remuneration aggregating to Rs. 6,00,000/- or more per annum.

| Sr.No. | Name and Age (Years) | Designation | Qualification | Remuneration (Gross) Rs. | Experience | Date of joining | Previously Employed |
|-----------------------|----------------------------|------------------------------------|---|-----------------------------|--|--------------------|------------------------------|
| For part of the year. | | | | | | | |
| 1. | Mr. Anil Deshpande (52) | Vice President Thermal Division | B.Tech (Hons.) in Chemical Technology. (IIT Mumbai) PGDMIIM Calcutta | 365,612 | 28 years experience in Business development, marketing and Project implementation of capital goods | 9-8-1999 | Praj Industries Ltd. Pune |

NOTE : Gross remuneration includes salary, commission, bonus, H.R.A., L.T.A., children education allowance, uniform expenses, and monetary value of perquisites as calculated under Income Tax Act. It also includes company's contribution to annuity, provident fund, superannuation and medical benefits in accordance with the company's rules.



ANNEXURE II TO THE DIRECTORS' REPORT

(Additional information given in terms of notification issued by the Department of Company Affairs)

FORM A:

CONSERVATION OF ENERGY :

Since the company's engineering and manufacturing activities are not energy intensive the consumption of energy by the company is quite low. The measures already undertaken for energy conservation are still in place. The focus on improved manufacturing schedules may further improve energy conservation. Details of energy consumption are as follows:

Disclosure of particulars with respect to conservation of energy

POWER AND FUEL CONSUMPTION

1999-2000

1. Electricity :
 - (a) Purchased

| | |
|---------------------|-------------|
| Unit (kwh) | 114914 |
| Total Amount (Rs.) | 3,61,449.00 |
| Rate/Unit kwh (Rs.) | 3.15 |
 - (b) Own generation
 - (i) Through diesel generator

| | |
|----------------------------------|-----|
| Unit ('000kwh) | NIL |
| Units (kwh) per ltr. of fuel oil | |
| Cost/Unit | |

FORM B:

1. RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company :

- (a) Development of detailed engineering /processes/methods/materials.
- (b) Improvement of system in existing processes.

2. Benefits derived as a result of above R & D:

Cost reduction/ Improved utilisation of machinery & energy, Technological upgradation and Development of detailed engineering.

3. Future Plan of Action :

Improvement in the existing products and processes in various areas in which the company is operating.

4. Expenditure on R & D

- | | |
|---|-----|
| (a) Capital | NIL |
| (b) Recurring | NIL |
| (c) Total | NIL |
| (d) Total R & D Expenditure as a percentage of total turnover | NIL |

2. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|------------------------------|----------------|
| Earnings in foreign exchange | Rs.1,57,68,542 |
| Outgo of foreign currency | Rs. 8,22,801 |

3. ABSORPTION OF FOREIGN TECHNOLOGY

Your Company has always emphasized on absorption and further enhancement of Foreign Technology for process equipment for mini galvanising lines and has been successfully supplying such equipment independently.

(VIKRAM MALANEY)
MANAGING DIRECTOR

(SUVIR MALANEY)
JT. MANAGING DIRECTOR

Mumbai, 18th October, 2000



AUDITORS' REPORT

To,

The Members of
VULCAN ENGINEERS LIMITED

We have audited the attached balance sheet of **Vulcan Engineers Limited** as at 31st March, 2000 and the profit and loss account of the Company for the year ended on that date annexed thereto.

We report as follows:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we annex hereto 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 :
 - 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 appears from our examination of the 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 profit and loss account and balance sheet comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, except in following cases:
 - i. Accounting Standard AS 2 (revised) 'Valuation of Inventories' for reasons mentioned in note 6 (ii) of Schedule - '20', impact of which on the profit is not ascertainable.
 - ii. Accounting Standard AS 15 'Accounting for Retirement Benefits in the Financial Statements of Employers' for reasons mentioned in note 3 read with note 1(g) of Schedule - '20'.
 - e) In our opinion and to the best of our information and according to the explanations given to us, subject to our comment in 2(d) above and following notes in Schedule - '20' :
 - i. note 1 (a) (ii) regarding accounting for certain items on cash basis,
 - ii. note 7 regarding non - provision of debtors amounting to Rs. 3,180,874/- and
 - iii. note 11 (a) regarding non-feasibility of furnishing the quantitative details regarding finished goods of Engineering and software/hardware Division,

the said accounts read together with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required except that as explained in note no. 17 regarding non - availability of details of dues to Small Scale Industries (SSI) creditors, 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, 2000 and
- b) in the case of the profit and loss account, of the profit for the year ended on that date.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

(Suresh Surana)
PROPRIETOR

Mumbai, Dated : 10th July, 2000



ANNEXURE TO THE AUDITORS' REPORT
REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets. As explained to us, the management has physically verified during the year certain fixed assets belonging to the Company in accordance with a phased programme of verification which in our opinion, is reasonable. The discrepancies noticed by the management on such verification were not material and have been properly dealt with in the books of account.
2. None of the fixed assets have been revalued during the year.
3. In our opinion and according to the information and explanations given to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials.
4. In our opinion and according to information and explanations 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. According to the information and explanations given to us, the discrepancies noticed on physical verification of stocks as compared to book records were not material and the same have been properly dealt with by the Company in the books of account.
6. The Company has changed the method of valuation of inventories in view of the accounting standard issued by the Institute of Chartered Accountants of India in this regard. In our opinion, subject to note 6 (ii) of Schedule - '20', the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles.
7. In our opinion and according to the information and explanations given to us the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, wherein the rate of interest and other terms and conditions of such loans are prima facie prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, the provisions of the section are not applicable to companies on and after the commencement of the Companies (Amendment) Act, 1999.
8. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, wherein the rate of interest and other terms and conditions of such loans are prima facie prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, the provisions of the section are not applicable to companies on and after the commencement of the Companies (Amendment) Act, 1999.
9. The parties to whom loans or advances in the nature of loans have been given by the Company are generally repaying the principal amounts as stipulated and are also generally regular in payment of interest.
10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The Company has purchased and sold goods and materials in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000 or more in respect of each party. As explained to us by the management, the purchases of goods and materials are of specialised nature and manufactured according to the specific requirements of the Company in respect of which it is not feasible to ascertain the prevailing market prices. The Company has supplied steel and castings to contractors / suppliers at cost which have to be used by the contractors / suppliers exclusively for manufacture and fabrication of Company's goods. As such, the prices at which such steel and castings supplied are not comparable with the prevailing market prices. In respect of sales of other goods and materials, in our opinion, the prices are reasonable having regard to the prevailing market prices for such goods and materials. Subject to foregoing, there are no sales of services in pursuance of contracts or arrangements as aforesaid.
12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods and adequate provision for loss has been made in the accounts.
13. Since the Company has not accepted any deposits within the meaning of the Companies (Acceptance of Deposits) Rules 1975; the directives issued by the Reserve Bank of India, the provisions of Section 58A and the rules framed thereunder are not applicable to it.
14. As explained to us, the Company does not generate any realisable by-products. In our opinion, the Company has maintained reasonable records for sale and disposal of scrap.
15. In our opinion and according to information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
16. As explained to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in the case of the Company.
17. According to the records of the Company, it has regularly deposited provident fund and employees state insurance dues with the appropriate authorities during the year.
18. According to the information and explanations given to us and records produced for our verification, there are no undisputed amounts payable as at the last date of the year in respect of income-tax, wealth tax, sales-tax, customs duty and excise duty outstanding for a period of more than six months from the date they became payable.
19. In our opinion and according to information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a sick industrial company within the meaning of Section 3(1) (i) of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of service activities of the Company, in our opinion and according to information and explanations given to us, and considering the nature and magnitude of services rendered, we have to state as under :
 - a) The Company has a reasonable system of recording receipts, issues and consumption of materials and stores, commensurate with its size and the nature of its business. As explained to us, it is not feasible to have a system of allocation of materials to relative jobs.
 - b) As explained to us, it is not feasible to have a system of allocating man hours utilised to the relative jobs.
 - c) There is a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business with regard to the issue of stores although allocation of stores is not made to relative jobs.

FOR SURESH SURANA & ASSOCIATES
 Chartered Accountants

(Suresh Surana)
 PROPRIETOR
 Mumbai, Dated : 10th July, 2000



BALANCE SHEET AS AT 31ST MARCH, 2000

| | Schedule | Rs. | As at 31.03.2000 Rs. | Rs. | As at 31.03.1999 Rs. |
|---|----------|--------------------|---|--------------------|----------------------------|
| I. SOURCES OF FUNDS | | | | | |
| 1. Shareholders' funds | | | | | |
| a) Share capital | 1 | 48,400,000 | | 48,400,000 | |
| b) Reserves and surplus | 2 | 33,490,725 | 81,890,725 | 33,789,495 | 82,189,495 |
| 2. Loan funds | | | | | |
| a) Secured loans | 3 | 45,245,975 | | 13,253,809 | |
| b) Unsecured loans | 4 | - | 45,245,975 | 600,000 | 13,853,809 |
| Total funds employed | | | 127,136,700 | | 96,043,304 |
| II. APPLICATION OF FUNDS | | | | | |
| 1. Fixed assets | 5 | | | | |
| a) Gross block | | 53,106,915 | | 54,219,330 | |
| b) Less: Depreciation | | 21,592,191 | | 19,365,638 | |
| c) Net block | | | 31,514,724 | | 34,853,692 |
| 2. Investments | 6 | | 996,000 | | 996,000 |
| 3. Current assets, loans and advances | | | | | |
| a) Inventories | 7 | 25,715,141 | | 14,818,997 | |
| b) Sundry debtors | 8 | 67,424,208 | | 56,511,522 | |
| c) Cash and bank balances | 9 | 42,786,100 | | 27,073,702 | |
| d) Other current assets | 10 | 289,246 | | 227,092 | |
| e) Loans and advances | 11 | 13,841,833 | | 12,479,637 | |
| Total 'A' | | 150,056,528 | | 111,110,950 | |
| Less: | | | | | |
| Current liabilities and provisions | | | | | |
| a) Current liabilities | 12 | 49,749,852 | | 48,783,844 | |
| b) Provisions | 13 | 5,680,700 | | 2,133,494 | |
| Total 'B' | | 55,430,552 | | 50,917,338 | |
| Net current assets (A-B) | | | 94,625,976 | | 60,193,612 |
| Total funds utilised | | | 127,136,700 | | 96,043,304 |
| Accounting policies and notes forming part of accounts | 20 | | | | |
| As per our report of even date attached | | | For and on Behalf of the Board of Directors | | |
| FOR SURESH SURANA & ASSOCIATES | | | MRS. SHEILA M. MALANEY | | |
| Chartered Accountants | | | MR. VIKRAM M. MALANEY | | |
| (Suresh Surana) | | | ADMIRAL L. RAMDAS (RETD.) | | |
| PROPRIETOR | | | Director | | |
| Mumbai, Dated : 10th July, 2000 | | | Mumbai, Dated : 10th July, 2000 | | |