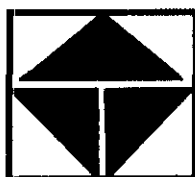


## **Annual Report 1999-2000**



**TEXMACO LIMITED**

**DIRECTORS**

Dr. K. K. Birla, *Chairman*  
 Shri S. K. Poddar, *Vice-Chairman*  
 Shri B. M. Khaitan  
 Shri B. P. Bajoria  
 Shri K. K. Dutt  
 Smt. Shobhana Bhartia  
 Shri G. P. Goenka  
 Shri H. C. Gandhi  
 Shri A. C. Chakrabortti  
 Shri B. C. Bose  
 Shri B. Rai  
 Shri A. K. Nanda  
*(Wholetime Director)*

**PRESIDENT**

Shri Ramesh Maheshwari

**SECRETARY**

Shri O. P. Jhunjhunwala

**AUDITORS**

Messrs. K. N. Gutgutia & Co.

**BANKERS**

State Bank of India

**REGISTERED OFFICE**

Belgharia, Calcutta - 700 056

**CORPORATE OFFICE**

Birla Building  
 9/1, R. N. Mukherjee Road  
 Calcutta - 700 001

**REGIONAL OFFICES**

Mumbai  
 Chennai  
 New Delhi

**ENGINEERING WORKS**

Belgharia (W. Bengal)  
 Agarpara (W. Bengal)  
 Sodepur (W. Bengal)  
 Panihati (W. Bengal)

**REAL ESTATE DIVN****GINNING FACTORIES**

Malout (Punjab)  
 Sangaria (Rajasthan)

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## NOTICE

### TO THE SHAREHOLDERS

NOTICE is hereby given that Sixtieth Annual General Meeting of TEXMACO LIMITED will be held on Saturday, the 29th July, 2000 at 3.00 P.M. at Birla Building, 9/1, R. N. Mukherjee Road, Calcutta - 700 001 to transact the following business :

1. To receive and consider the Report of the Directors and to adopt the Audited Accounts of the Company for the year ended 31st March, 2000.
2. To approve payment of Interim Dividend which should be considered as Final Dividend on 5163378 Equity Shares of Rs. 10/- each @ Rs. 1.50 per share for the year ended 31st March, 2000.
3. To appoint a Director in place of Shri B. M. Khaitan who retires by rotation and is eligible for re-election.
4. To appoint a Director in place of Smt. Shobhana Bhartia who retires by rotation and is eligible for re-election.
5. To appoint a Director in place of Shri H. C. Gandhi who retires by rotation and is eligible for re-election.
6. To appoint a Director in place of Shri B. C. Bose who retires by rotation and is eligible for re-election.
7. To appoint Auditors and to fix their remuneration.

### AS SPECIAL BUSINESS

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

8. RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri A. K. Nanda as Wholetime Director of the Company for a period of two years with effect from 18th November, 1999, not liable to retire by rotation, and on such terms and conditions as approved by the Board of Directors as stated in the Explanatory Statement.

Belgharia,  
Calcutta - 700 056  
Dated : 18th May, 2000



By Order of the Board  
O. P. JHUNJHUNWALA  
Secretary

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 the Proxy need not be a Member.

The instrument appointing Proxy should, however, be deposited at the Registered Office of the Company not less than fortyeight hours before the commencement of the Meeting.

2. The Register of Members of the Company will remain closed from Friday, the 28th July, 2000 to Saturday, the 29th July, 2000, both days inclusive.
3. The Equity Shares of the Company are listed at The Calcutta Stock Exchange Association Ltd., 7 Lyons Range, Calcutta - 700 001, The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, The Delhi Stock Exchange Association Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi - 110 002 and The Hyderabad Stock Exchange Ltd., 3-6-275 Himayatnagar, Hyderabad - 500 029. The annual listing fee has been paid to each of the above Stock Exchanges.

## EXPLANATORY STATEMENT

AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956 :

### ORDINARY RESOLUTION

#### Item No. 8

Pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Shareholders by a Resolution in General Meeting, the Board of Directors of the Company at its meeting held on 25th October, 1999 re-appointed Shri A. K. Nanda as a Wholetime Director of the Company with effect from 18th November, 1999 for a period of 2 years, on the terms and conditions as appearing hereinafter.

1. Salary Rs. 30,000/- per month with increments as may be further decided by the Board of Directors.
2. Perquisites :
  - CATEGORY-A
    - a) Housing
      - i) The Expenditure by the Company on hiring furnished accommodation for the Wholetime Director will be subject to a ceiling of sixty percent of the salary.
      - ii) The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income-tax Rules, 1962.
    - b) Medical Reimbursement Reimbursement of expenses incurred by the Wholetime Director for self and his family subject to the ceiling of one month's salary in a year or three months' salary over a period of three years.
    - c) Leave Travel Concession For self and his family once in a year in accordance with the Rules of the Company.
    - d) Leave As per the Rules of the Company.
    - e) Club Fees Subject to a maximum of one Club. No admission or life membership will be paid by the Company.
  - CATEGORY-B
    - a) Contribution to Provident Fund and Superannuation Fund Contribution to Provident Fund and Superannuation Fund shall be as per Rules of the Company.
  - CATEGORY-C
    - a) Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. However, long distance calls on telephone and use of Car for private purpose shall be billed by the Company.
3. In the event of the loss or inadequacy of profit in any financial year during his tenure as the Wholetime Director the aforesaid remuneration shall be treated as minimum remuneration.
4. The variation and increase in the remuneration of the Wholetime Director shall not exceed 5% of the profits of the Company and the limits specified in Schedule XIII of the Companies Act, 1956.

Except Shri A. K. Nanda, no other Director of the Company is concerned or interested in the above.

Belgharia,  
Calcutta - 700 056  
Dated : 18th May, 2000

By Order of the Board  
O. P. JHUNJHUNWALA  
Secretary



**TEXMACO  
LIMITED**

## REPORT OF THE DIRECTORS

Your Directors take pleasure in presenting the 60th Annual Report alongwith the Audited Accounts of the Company for the year ended 31st March, 2000.

	Rs. in Lakhs	
	1999-2000	1998-99
<b>FINANCIAL RESULTS</b>		
Profit before		
Interest and Depreciation	875.01	1497.21
Profit on sale of Fixed Assets	149.20	32.56
Gross Profit	1024.21	1529.77
Less : Interest	490.81	474.59
Profit before Depreciation and Taxation	533.40	1055.18
Less : Depreciation	250.41	219.62
Profit before Taxation	282.99	835.56
Less : Provision for Taxation :		
i) For the year (MAT)	10.00	86.00
ii) For the earlier year	—	10.00
Profit after Taxation	272.99	449.56
Less : Extraordinary items :		
a) Payment to workers of Birla Textiles, Delhi as per Order of the Hon'ble Supreme Court	32.27	33.94
b) V R S (Engg. Divn.) (1/3rd of total expenditure of Rs. 293.21 lacs to be written off in 3 years)	97.74	130.01
		—
	142.98	415.62
Add : Balance brought forward from previous year	547.78	547.16
Balance available for appropriation, which the Directors have appropriated as under :	690.76	962.78
a) Dividend without deduction of tax on :		
i) 30,000 5.5% Cumulative Preference Shares of Rs. 100/- each	—	0.34
ii) 51,63,378 Equity Shares of Rs. 10/- each	77.45	77.45
b) Tax on Dividend	8.52	11.39
c) General Reserve	100.00	300.00
Balance Carried Forward to Balance Sheet	504.79	547.78
	690.76	962.78

Your Directors regret to report that owing to the drastic cut and abnormal delay in wagon order placement by Railway Board, the Company's turnover came down to Rs. 137.37 crores during the year under review, as against Rs. 192.42 crores during the previous year. In the ensuing situation, the Company undertook a major restructuring exercise for the sake of maintaining the viability of its operations. The activities carried out at the Company's Sodepur and Panihati Works were relocated at its Agarpura Works to improve capacity utilisation, with reduced overheads through integration of operations in a single Unit. Simultaneously, the Management carried out an extensive manpower planning exercise to help it become trim and cost effective. The Management Information System was also further streamlined to achieve greater cohesion and co-ordination in working and bring sharper focus on critical areas to aid effective monitoring of overall performance.

An intense drive was made to effect an all-round economy, inter-alia, through efficient working capital management and cutting down material costs. The saving would have been reflected in the interest cost on working capital. However, the additional incidence of borrowings for Plant additions and modernisation in Steel Foundry and Heavy Engineering Division has pushed up both interest and depreciation.

Thus, as a result of a series of measures taken by the Management, the Company was still able to earn a profit after tax of Rs. 272.99 lakhs during the year under review. Your Directors were, therefore, pleased to announce an interim dividend of 15% on Equity Shares, which remains the final dividend for the year.

### OPERATIONS (ENGG. DIVNS.)

Wagon orders for 1999-2000 were released by the Railway Board on the Industry as late as July '99. Ultimately, even when the orders were released, they were down to only 10,000 FWUs, as against an average of nearly 21,000 FWUs in the preceding 3 years. Your Company's share thereof was a meagre 1447 FWUs, which had a significant impact on its capacity utilisation, as compared to an average order of 3843 FWUs in the preceding 3 years. However, in the current financial year, the Railway Board has placed total orders for 20250 FWUs on the Industry. This is an improvement over the previous year. Your Company expects this trend to continue in future, with resultant better capacity utilisation.

During the year under review, the Company turned out 2192.5 FWUs, including despatches against orders under OYW Scheme, as compared to 4245 FWUs during the previous year. This adversely affected the working results of your Company for the year.

The working of Steel Foundry Division suffered in face of the reduced demand for bogies and couplers owing to the belated placement of wagon orders by Railway Board. Prices of bogies

and couplers also dropped sharply in the prevailing milieu of surplus capacity.

In the Structural and Boiler Divisions, production and despatches were more or less maintained during the year. The execution of export order from M/s. Noell Stahl-und-Maschinenbau GmbH, Germany progressed satisfactorily, and is nearing completion. Efforts are on to build a substantial order book in these Divisions, and the prospects augur well. The turnover in the Sugar Mill Machinery Division improved appreciably during the year, and with revival of the Sugar Industry, the outlook appears to be fair. In the Textile Machinery Division, there was only nominal activity, in keeping with the decision taken earlier to downsize its operations. The Company's exports, including deemed exports, stood at Rs. 2.18 crores, and there is a marketing drive launched to boost exports in the coming years.

### PROSPECTS

With the uneconomic pricing of traditional wagons, the Company is planning to embark on designing and production of more sophisticated types of wagons and other value-added products through appropriate tie-ups with world leaders in the field. Your Company is hopeful of achieving a breakthrough in the near future.

With the major initiatives taken by the Management in business re-structuring of the Company, your Directors expect that the Company's working will show improvement.

### REAL ESTATE

During the year under review, your Company did not receive the anticipated requisite approvals from various Government Authorities and Departments for development of Company's land/properties at Sabjimandi and Sahadra (Delhi). Hopefully, some concrete progress should be possible during the current year.

However, for Worli (Mumbai) property, your Company has received the requisite clearance under the U.L. (C&R) Act. The Commencement Certificate from the Municipal Corporation of Greater Mumbai is expected shortly. The Company intends to take up commercial development of the property as soon as all requisite approvals are obtained.

### BIRLA TEXTILES

As reported earlier, your Company implemented the Hon'ble Supreme Court's Order dated 18.12.98 by giving an opportunity to the workmen, other than those who had already opted not to shift to Baddi, to report at Baddi, and has paid them their wages from 1.12.96, alongwith shifting bonus, etc. The Baddi

Unit was being run by Birla Textile Mills, a Partnership Firm in which your Company was also a Partner. Chambal Fertilizers & Chemicals Limited was subsequently inducted as a Partner from 1.8.1999 in the Partnership Firm. However, subsequently, with the other Partners expressing their inability to continue as such, the Company requested Chambal Fertilizers & Chemicals to take over the Baddi Unit, and all the Partners, including your Company, opted out of the Partnership. The Unit is now being run by Chambal Fertilizers & Chemicals Limited from 1st October, 1999 as one of their Units.

### INDUSTRIAL RELATIONS

The Company's industrial relations continue to be cordial, and your Directors appreciate the co-operation extended by the workmen, staff and officers of the Company in achieving overall economy in the operations of the Company. Voluntary Retirement Scheme was revived in the current year and was well availed of.

### ACCOUNTING

The Company had discontinued the practice of capitalising the interest charges on fixed assets acquired on deferred credit during the previous years. In respect of interest already capitalised during the earlier years, the Notes appended to the Accounts as well as the other Notes in the Auditors' Report will be found self-explanatory.

### PARTICULARS OF EMPLOYEES

A statement containing the required particulars of employees as stipulated under Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975, is enclosed.

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

As required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed.

### DIRECTORS

Shri B. M. Khaitan, Smt. Shobhana Bhartia, Shri H. C. Gandhi and Shri B. C. Bose, Directors of the Company, retire by rotation and are eligible for re-election.

### AUDITORS

The Auditors, M/s. K. N. Gutgutia & Co., retire and are eligible for re-appointment.

For and on behalf of the Board

K. K. BIRLA  
Chairman

Calcutta  
Dated : 18th May, 2000



**ENCLOSURE TO THE REPORT OF THE DIRECTORS  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2000**

Particulars of Employees under Section 217 (2A) of the Companies Act, 1956 and forming part of the Directors' Report

Name	Designation	Age (Years)	Remune- ration (Rs.)	Qualifications	Experience (Years)	Date of commence- ment of employment	Previous Employment
1	2	3	4	5	6	7	8
<b>Employed throughout the year and in receipt of remuneration aggregating Rs. 6,00,000/- or more</b>							
Chopra R. C.	Vice President (Engg. & Marketing) RS & Strls.	65	6,67,967	B.E., M.I.E., M.I.C.E. (London) M.I., INST.W. (Chartered Civil Engineer)	45	01-04-64	M/s. Dorman Long (B+E) Ltd. Middlesborough, U.K., Designer
Jain N. C.	Advisor (CP&D)	65	6,02,236	B.E. (Hons.) Mech. M.I.I.W., ASME	44	09-07-56	—
Jhunjhunwala O. P.	Sr. Vice President (Comml.) & Secretary	69	6,14,271	B.Com., LL.B.	49	01-10-60	M/s. Cotton Agents (P) Limited, Taxation Officer
Maheshwari Ramesh	President	67	20,14,010	M.Com., LL.B.	44	01-02-62	M/s. F & C Osler (India) Limited & Sister Concerns

- NOTES :
1. Remuneration as shown above includes Salary, Allowances, Bonus, Contribution to Provident Fund, Superannuation Fund and other perquisites.
  2. None of the employees named above is a relative of any Director of the Company.
  3. All appointments are non-contractual.
  4. Other terms and conditions as per Company's rules.

**ANNEXURE TO THE REPORT OF THE DIRECTORS**

**INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AS PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.**

**I. CONSERVATION OF ENERGY**

- a) Energy conservation measures taken :

**Engineering Works**

- i) Installation & commissioning of Power Factor Improvement System.
- ii) Load management for reducing Max. Demand.
- iii) Regulation of Water Pumps to reduce Power consumption.

**Steel Foundry**

Recirculation of Cooling Water after Spray Cooling.

- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.

**Steel Foundry**

Introduction of Carbon injection and foaming slag technology.

**Engineering Works**

Nil.

**ANNEXURE TO THE REPORT OF THE DIRECTORS (Contd.)**

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AS PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.

- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :
- i) **Impact of measures under (a)**  
**Engineering Works & Steel Foundry**  
 i) Power Factor has been raised to over 0.95 from earlier 0.80, resulting in 3% lower energy Cost.  
 ii) Energy consumption in some specific areas has been reduced by about 30%.
- ii) **Impact of measures under (b)**  
**Engineering Works & Steel Foundry**  
 Impact of measures listed at (b) not yet due, as these are under planning stage only.
- d) Total energy consumption and energy consumption per unit production as per Form A of the Annexure to the Rules in respect of Industries specified in the Schedule thereto : (Steel Foundry)

		1999-2000	1998-99
		Arc	Arc
		Furnace	Furnace
i) <b>Power &amp; Fuel Consumption :</b>			
Electricity			
Purchased			
Units (in thousands)		4567	5380
Total Amount (Rs. in lakhs)		187.25	204.44
Rate/Unit (Rs.)		4.10	3.80
ii) <b>Consumption per Units of Production :</b>			
Electricity	Units	825	797
Furnace Oil	Ltrs	—	—
Coal (Steam)	Kgs	—	—

**II. TECHNOLOGY ABSORPTION**
**Benefits**
**Expenditure on R&D (Rs. in lakhs)**

i) Capital	—
ii) Recurring	10.00
iii) Total	10.00
iv) Total R&D Expenditure as percentage of total turnover	—

**IIA. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

Not Applicable

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services :

Continued drive is being made to increase exports and to develop new export markets.

- b) Total foreign exchange used and earned :

Used :	Rs. 11.27 Lakhs
Earned :	Rs. 214.32 Lakhs





## AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of TEXMACO LIMITED as at 31st March, 2000 and also the annexed Profit & Loss Account of the Company for the year ended on that date and report that :

1. As required by the Manufacturing and Other Companies (Auditor's 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 consider appropriate, we give 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 :
  - (a) We have, subject to Note No. 11 of Schedule 'N' regarding transactions with small scale and ancillary undertakings, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) Certain Accounts are not maintained on accrual basis as stated in Note Nos. 3 & 4 of Schedule 'N' subject to above, 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, and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
  - (c) The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of accounts.
  - (d) In our opinion, the Profit & Loss Account and the Balance Sheet are drawn up in compliance with the Accounting

Standards specified by the Institute of Chartered Accountants of India, except in respect of Note Nos. 3,5 & 13 of Schedule 'N' regarding non-provision of gratuity and leave encashment benefit of Birla Textiles (Amount unascertained) (AS 15), regarding diminution in market value/book value of Long Term quoted investment (AS 13) and valuation of Inventories (AS 2) respectively.

- (e) In our opinion and to the best of our information and according to the explanations given to us, the Accounts together with the Accounting Policies and Notes thereon and Schedules annexed thereto and subject to Note Nos. 3, 4, 5, 6, 13, 14 & 18 of Schedule 'N' regarding non-provision of gratuity etc. in respect of Birla Textiles, non-provision against possible loss in respect of Loans and Advances to a Body Corporate under liquidation, non-provision in respect of diminution in value of investments, regarding capitalisation of expenses of Birla Textiles to land, regarding valuation of Inventories, regarding basis of accounting of VRS and earlier years Interest Capitalisation which is not in accordance with the recommendation of the Institute of Chartered Accountants of India to the extent indicated therein and with corresponding effects on Profit for the year and year-end net assets respectively 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 the state of affairs of the Company as at 31st March, 2000 and
  - (ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date.

6C, Middleton Street  
Calcutta-700 071  
Dated : 18th May, 2000

For K. N. GUTGUTIA & CO.

P. K. GUTGUTIA  
Partner  
Chartered Accountants

## 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 Fixed Assets. As explained to us, the Company has a system of verifying all its fixed assets over a period of three years. The Fixed Assets so scheduled for verification during this year has been physically verified and reconciliation is going on and therefore discrepancies if any will be adjusted in next year's account.
2. None of the Fixed Assets have been revalued during the year.
3. The stocks of finished goods, stores and spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. 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 between the physical stock and the book records which were not material, have been properly dealt with in the books of account.

6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and the valuation is on the same basis as in the preceding year. However, the same is not in accordance with accounting standard AS 2 as stated in Note No. 13 of Schedule 'N'.
7. The Company has taken advances in the nature of loans (unsecured) from Companies listed in the Register maintained under Section 301 of the Companies Act, 1956 against sale of land. The rate of interest wherever applicable and other terms and conditions of such loans are *prima facie* not prejudicial to the interest of the Company.
8. The Company has not granted any secured/unsecured loans to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 except advances in the nature of loan to its subsidiary company free of interest.
9. The Company has given (a) loan of Rs. 37.43 lakhs (secured) to a Body Corporate which is under liquidation and Management is hopeful of part recovery of the same; (b) loans and advances of Rs. 99.65 lakhs (unsecured) to a Body Corporate which is under liquidation, recovery of which will be known only after the liquidation proceedings are over. In respect of loans given to other Bodies Corporate, they are repaying the principal amounts as stipulated and are also regular in payment of interest. Further, the Company has given interest free advances in the nature of loans to its employees and others who are generally repaying the same as stipulated.
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 the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party 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 transactions for similar goods, materials or services have been made with other parties.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted in earlier years from the Public and remained unclaimed.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. We are informed that the Company has no by-products.
15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
16. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
17. According to the records of the Company it has generally been regular in depositing Provident Fund and Employees' State Insurance dues with appropriate authorities. As on the date of the Balance Sheet there were no arrears.
18. According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 2000 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 records examined by us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. There are no stocks of trading goods at the close of the year.

6C, Middleton Street  
Calcutta-700 071  
Dated : 18th May, 2000

For K. N. GUTGUTIA & CO.

P. K. GUTGUTIA  
Partner  
Chartered Accountants