

Annual Report 2000-2001



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
 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, Kolkata - 700 056

CORPORATE OFFICE

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

REGIONAL OFFICES

New Delhi
 Mumbai
 Chennai

ENGINEERING WORKS

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

REAL ESTATE DIVN
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NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that Sixty-first Annual General Meeting of TEXMACO LIMITED will be held on Wednesday, the 29th August, 2001 at 3.00 P.M. at Birla Building, 9/1, R. N. Mukherjee Road, Kolkata - 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, 2001.
2. To declare dividend on Equity Shares for the year ended 31st March, 2001.
3. To appoint a Director in place of Shri S. K. Poddar, who retires by rotation and is eligible for re-election.
4. To appoint a Director in place of Shri B. P. Bajoria, who retires by rotation and is eligible for re-election.
5. To appoint a Director in place of Shri K. K. Dutt, who retires by rotation and is eligible for re-election.
6. To appoint a Director in place of Shri A. C. Chakrabortti, who retires by rotation and is eligible for re-election.
7. To appoint Auditors and to fix their remuneration.

AS SPECIAL RESOLUTION

Item No. 8

"RESOLVED THAT in terms of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended in the manner given hereunder :-

- A. Following definitions be inserted in Article 2 :

"**Depositories Act**" shall mean the Depositories Act, 1996 including any statutory modification or re-enactment thereof.

"**Depository**" shall have the meaning assigned thereto in Clause (e) of sub-section (2) of the Depositories Act, 1996.

"**Beneficial Owner**" shall have the meaning assigned thereto in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

- B. Following new Articles be inserted with their Headings in the Margin of the Articles of Association :

Article 12A- Securities in de-materialised form

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. The beneficial owner of any security can at any time opt out of a depository, if permitted by law and not prohibited under the Listing Agreement in the manner provided by the Depositories Act, 1996.

Article 42A - Transfer of Securities in de-materialised form

Notwithstanding anything contained in the Act or these Articles, transfer of securities effected by a transferor and transferee, both of whom are entered as beneficial owners in the records of the Depository, will be governed by the provisions of the Depositories Act, 1996.

Belgharia,
Kolkata - 700 056
Dated : 16th May, 2001

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 17th August, 2001 to Wednesday, the 29th August, 2001, both days inclusive.
3. Pursuant to the directions of the Securities and Exchange Board of India (SEBI), trading in the shares of your Company is in compulsory de-materialised form for all Investors. Members who have not yet got their shares de-materialised, are requested to opt for the same in their own interest and send their share certificates through Depository Participant(s) with whom they have opened the de-materialisation account, to the Company's Registered Office.
4. The Equity Shares of the Company are listed at The Calcutta Stock Exchange Association Ltd., 7 Lyons Range, Kolkata - 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

PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

SPECIAL RESOLUTION

Item No. 8

Effective December 26, 2000, the trading in the Company's shares has been made compulsory in dematerialised form for all investors as per directions of the Securities and Exchange Board of India (SEBI). As such, it is felt desirable to amend the Articles of Association of the Company incorporating the provisions relating to transfers of securities in dematerialised form also. Accordingly, the definitions of 'Depositories Act', 'Depository' and 'Beneficial owner' have been incorporated as appearing in the Depositories Act, 1996. Pursuant to the proposed Article 12A, every person subscribing to or holding securities of the Company shall have the option to receive the security certificates in the physical form or to hold the same in dematerialised form. Shares held in dematerialised form can also be re-materialised (i.e. in physical form) at any time. Such re-materialisation of securities shall be governed by the prevailing provisions of law such as Depositories Act, 1996 and listing agreement with the Stock Exchanges etc. Pursuant to the proposed Article 42A, transfer of securities between the transferor and transferee, both of whom are entered as the beneficial owners in the records of the Depository, will be governed by the provisions of the Depositories Act, 1996.

In terms of Section 31 of the Companies Act, 1956, the alteration in the Articles of Association as set out in the resolution requires the approval of members by special resolution. Hence, the above resolution.

None of the Directors is interested/concerned in said resolution.

Belgharia,
Kolkata - 700 056
Dated : 16th May, 2001

By Order of the Board
O. P. JHUNJHUNWALA
Secretary



REPORT OF THE DIRECTORS

Your Directors take pleasure in presenting the 61st Annual Report alongwith the Audited Accounts of the Company for the year ended 31st March, 2001.

	Rs. in Lakhs	
	2000-2001	1999-2000
FINANCIAL RESULTS		
Profit before		
Interest and Depreciation	917.59	816.21
Profit on sale of Fixed Assets	174.68	149.20
Gross Profit	1092.27	965.41
Less : Interest (net)	440.69	432.01
Profit before Depreciation and Taxation	651.58	533.40
Less : Depreciation	229.30	250.41
Profit before Taxation	422.28	282.99
Less : Provision for Taxation (MAT)	15.00	10.00
Profit after Taxation	407.28	272.99
Less : Extraordinary items :		
a) Payment to workers of Birla Textiles, Delhi as per Order of the Hon'ble Supreme Court	22.75	32.27
b) V R S (Engg. Divn.) (1/3rd of total expenditure of Rs. 293.21 lacs incurred in 1999-2000 being written off in 3 years)	97.74	120.49
	286.79	142.98
Add : Balance brought forward from previous year	504.79	547.78
Balance available for appropriation, which the Directors have appropriated as under :	791.58	690.76
a) Proposed Dividend without deduction of tax on 51,63,378 Equity shares of Rs. 10/- each	77.45	77.45
b) Tax on Dividend	7.90	8.52
c) General Reserve	200.00	100.00
Balance Carried Forward to Balance Sheet	506.23	504.79
	791.58	690.76

Your Directors are pleased to report that during the year under review, the Company's turnover increased to Rs. 15010 lacs, as against Rs. 14052 lacs of the previous year, and Profit after Tax to Rs.407.28 lacs, as against Rs.272.99 lacs of the previous year. Your Directors are happy to recommend a dividend of 15% on equity shares for the year.

Your Directors, in their last report, had apprised you of a major ongoing re-structuring exercise undertaken by the Company,

including the relocation at Agarpara Works of the activities earlier carried out at the Company's Sodepur and Panihati Works. Now they are able to report with satisfaction that this integration of operations has resulted in substantial savings in overheads, and rise in operational efficiency and capacity utilisation. The drive to render the operations further cost-effective is continuing unabated.

OPERATIONS (ENGG. DIVNS.)

During the year under review, the Railway Board had ordered 20,250 FWUs on the Industry, which was substantially higher, compared to only 10,000 FWUs ordered in the previous year. Notwithstanding such increase in the order level, your Company's share thereof was only 1857 FWUs, as against 1447 FWUs in the previous year. In spite of the Company admittedly being the best performer in the Industry over the past decades, it lost out on receiving its fair share of the wagon orders from the Railway Board, owing to unfair competition by some new entrants in their desperate bid to secure more orders. Unfortunately, proper weightage does not appear to have been given to performance and past track record of the wagon manufacturing units by the Railway Board while scrutinizing the Tenders. This is borne out by the fact that whereas your Company entirely fulfilled its contractual delivery schedule within 31st March, 2001, the other wagon-builders were left with substantial backlogs as on 31st March, 2001. Your Company has accordingly made appropriate representation to the Railway Board for equitable distribution of orders relative to individual performance of the manufacturers.

However, it is gratifying to note that the Company's outstanding credentials in the field of wagon-building and observance of delivery schedule have stood it in good stead in respect of direct tenders by end-users for specialised wagons. This enabled the Company to turn out an aggregate of 2657 FWUs, as compared to 2192 FWUs during the previous year.

For the current year, there is a Budgetary provision for procurement of 23,000 FWUs by Indian Railways. Unfortunately, there is delay in the Railway Board releasing the orders, as it is reportedly engaged in re-assessing its actual requirements.

The Company has received an order for 100 VUs (250 FWUs) Bogie Flat Container Wagons from Bangladesh Railway valued at Rs. 1400 lacs, which will be delivered during the current year.

In the Steel Foundry Division, the production increased from 3468 tonnes to 4843 tonnes, and the despatches from 3748 tonnes to 4624 tonnes. The Foundry capacity was largely utilised for captive requirement of the Company's Wagon Division. The production of Couplers has been successfully established. Since there has been substantial expansion of the Steel Foundry, it has started catering to the requirements of other wagon builders too. Thus, the Company, as the largest wagon builder, is fully self-reliant to meet its requirements of major inputs, viz Bogies and Couplers, for its wagon production programme.

In the Structural Divn., as indicated in the previous Report of your Directors, the Company bagged significant orders for hydro-mechanical equipment during the year – an area of operation where it is the acknowledged leader in the country. There is a spurt in indigenous demand thereof, following the Govt. of India's thrust for development of hydroelectric projects. Your Company expects to secure further sizeable orders in the near


**TEXMACO
LIMITED**

future in this area. The Structural Division is expected to emerge as a major Division of the Company and contribute significantly to its working results in the coming years.

The activity in Water Tube Boiler/Pressure Vessel Division was maintained during the year. The Sugar Machinery Division, however, registered a substantial deceleration in the face of stiff competition owing to excess capacity. The outlook for this Division is likely to improve with the revival of the Sugar Industry which is expected to materialize soon.

PROSPECTS

In keeping with the market leadership enjoyed by the Company in wagon building, it is planning to take up manufacture of modern and specialised freight cars, as against conventional ones, for petroleum products and chemicals, powdery and granular products in bulk, as also automobiles and steel coils. In this endeavour, the Company proposes to forge alliance with leading manufacturers of the world to access the best and proven designs and technology. In furtherance of its diversification programme, the Company has taken up the production of Power Tillers under the brand name 'DHANWAN', and the initial reports on field trials are fairly encouraging. Besides, the Company has set up a modern composite printing press at its Panihati premises, which is being run under a working arrangement with The Hindustan Times Ltd. to print local edition of their English daily newspaper and periodicals, journals, etc. It must be highlighted, however, that despite all efforts towards diversification, the Company's fortunes in immediate future still continue to be substantially linked with the wagon orders' quantum and pricing aspects, which are totally under the control of the Railway Board.

REAL ESTATE

The Company has not yet received requisite approvals from the various Govt. Authorities and Departments for the development of the Company's land/properties at Sabjimandi and Sahadra in Delhi. There are certain issues still pending before the Hon'ble Supreme Court for review and final decision. It is hoped that all the attendant problems/matters will be sorted out in near future.

The Commencement Certificate from the Municipal Corporation of Greater Mumbai regarding Worli land is yet to be received. The same is shortly expected whereafter the development of the property will be taken up.

INDUSTRIAL RELATIONS

The Company's cordial Industrial Relations continued to be the hallmark of its operations, and your Directors appreciate the sustained support and co-operation of the workmen, staff and officers to improve the Company's working in the face of growing competition.

DEMATERIALISATION OF SHARES

Pursuant to the directions of the Securities & Exchange Board of India, trading in the Company's scrips in dematerialised form has been made compulsory for all investors, effective 26.12.2000. However, members are free to keep the shares in physical form or to hold the shares with a 'Depository Participant' in demat form. The shares once dematerialised can also be re-materialised at any time.

DIRECTORS' RESPONSIBILITY STATEMENT U/S 217 (2AA) OF THE COMPANIES ACT, 1956

Your Directors state:

- (i) that in the preparation of the annual accounts, applicable accounting standards have been followed, along with proper explanations relating to material departures, and the Notes in the Auditors' Report in this regard are self-explanatory;
- (ii) that such accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit of the Company for that period;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;
- (iv) that annual accounts have been prepared on a 'going concern' basis.

The SEBI's guidelines regarding corporate governance are under implementation by the Company. An Audit Committee of the Board is already constituted and functioning in keeping with the guidelines. Shareholders'/Investors' Grievance and Share Transfer Committee has also been formed.

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

Smt. Shobhana Bhartia resigned from the Board of Directors of the Company. The Directors place on record their deep appreciation of the valuable advice and guidance received from her during her tenure as Director of the Company.

Shri S K Poddar, Shri B P Bajoria, Shri K K Dutt, and Shri A C Chakraborti, 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

Kolkata

Dated : 16th May, 2001



**ENCLOSURE TO THE REPORT OF THE DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2001**

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
Employed throughout the year and in receipt of remuneration aggregating Rs. 12,00,000/- or more							
Maheshwari Ramesh	President	68	2,237,615	M.Com., LL.B.	45	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. The above employee is not a relative of any of the Director of the Company.
 3. His appointment is 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, 2001.

I. CONSERVATION OF ENERGY

- a) Energy conservation measures taken :

Engineering Works

- i) Installation & commissioning of Power Factor Improvement System continued during the year.
- ii) Load management for reducing Max. demand continued during the year.

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

- 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)

- 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)

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, 2001.

- 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)

		2000-2001 Arc Furnace	1999-2000 Arc Furnace
i) Power & Fuel Consumption :			
Electricity			
Purchased			
Units (in thousands)		6129	4567
Total Amount (Rs. in lakhs)		239.03	187.25
Rate/Unit (Rs.)		3.90	4.10
ii) Consumption per Unit of Production :			
Electricity	Units	796	825
Furnace Oil	Ltrs	—	—
Coal (Steam)	Kgs	—	—
II. TECHNOLOGY ABSORPTION	—		
Benefits	—		
Expenditure on R&D (Rs. in lakhs)			
i) Capital		—	—
ii) Recurring		—	12.00
iii) Total		—	12.00
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. 3.69 Lakhs
Earned :	Rs. 334.31 Lakhs



AUDITORS' REPORT

TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of TEXMACO LIMITED as at 31st March, 2001 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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, subject to Note No. 10 of Schedule 'N' regarding transactions with small scale and ancillary undertakings.
 - (b) Certain Accounts are not maintained on accrual basis as stated in Note Nos. 3, 4 & 13 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 on compliance with the Accounting Standards specified by the Institute of Chartered Accountants of India, except in respect of Note Nos. 3, 5 & 12 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) On the basis of the written representation received from the Directors as on 31st March, 2001 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2001 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) 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, 12 & 13 of Schedule 'N' regarding non-provision of gratuity & leave 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 and regarding accounting on cash basis of State Capital Investment Subsidy 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, 2001 and
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

6C, Middleton Street
Kolkata-700 071
Dated : 16th May, 2001

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. The discrepancies noticed 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. 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. 12 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, 2001 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
Kolkata-700 071
Dated : 16th May, 2001

For K. N. GUTGUTIA & CO.

P. K. GUTGUTIA
Partner
Chartered Accountants