



TINNA OVERSEAS LIMITED

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**TWELFTH
ANNUAL REPORT
1998-99**

TWELFTH ANNUAL REPORT 1998-99 TINNA OVERSEAS LIMITED

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REGISTERED OFFICE
A-151, MAYAPURI, PHASE-II
NEW DELHI-110064.

WORKS
A-151, MAYAPURI, PHASE-II
NEW DELHI-110064.

SUBSIDIARIES

TINNA FINEX LIMITED

TINNA SHIPPING &
WAREHOUSING LIMITED

189, UDYOG VIHAR, PHASE-I
GURGAON (HARYANA)

AUDITORS
RAWLA & COMPANY
Chartered Accountants

C-48/2-3, T.T.C. INDUSTRIAL AREA
MIDC, NAVI MUMBAI

BANKERS
SYNDICATE BANK
PUNJAB NATIONAL BANK
CANARA BANK

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TINNA OVERSEAS LIMITED

NOTICE

NOTICE is hereby given that the **Twelfth Annual General Meeting** of the Shareholders of **TINNA OVERSEAS LIMITED** will be held on Thursday, the 30th December, 1999 at 9.15 A.M. at A-151, Mayapuri Phase II, New Delhi 110064 to transact the following business :

ORDINARY BUSINESS

01. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 1999 and Profit and Loss Account for the period ended on that date, together with the Reports of Directors and Auditors thereon.
02. To appoint a Director in place of Shri Anil kumar Sekhri who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in place of Shri R.K.Dogra who retires by rotation and being eligible, offers himself for re-appointment.
04. To appoint M/s RAWLA & CO., Chartered Accountants, New Delhi, the retiring Auditors as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS

05. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution** :

"Resolved that pursuant to Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be altered by insertion of the following new sub-clause after sub-clause 29 of the Clause III-C.

- 30 "To act as contractor, sub-contractor, job performer, designee/service provider with or without material for goods or services of any nature and description manufactured/produced in India or elsewhere and also to provide consultancy or advisory services thereof".

"Resolved further that the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, proper or expedient for giving effect to the resolution and for matters connected therewith or incidental thereto."

06. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Special Resolution** :

"Resolved that pursuant to Section 149 (2A) of the Companies Act, 1956, approval be and is hereby accorded to the Company for commencement of all or any of the business activities specified in the proposed Clause III-C (30) of the Company's Memorandum of Association."

By Order of the Board of Directors
for **Tinna Overseas Limited**

Place : New Delhi
Dated : 30th Nov., 1999

AJAY BAROOTA
Company Secretary

NOTES

1. The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
3. Proxy in order to be effective must be lodged at the Registered Office of the Company at A-151, Mayapuri Phase II, New Delhi-110064 atleast 48 hours before the commencement of the meeting.
4. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.
5. Members are requested to notify change of their address, if any, quoting folio number.
6. **Nomination Facility :** By virtue of an amendment in the Companies Act, 1956, every shareholders is now entitled to nominate a person to whom his shares in the Company shall vest in the unfortunate event of his death.
 - a) **Nomination by Joint Holders :** Where the shares are held jointly by two persons, the joint holders may together nominate a person to whom all rights in the shares shall vest in the event of death of both the joint holders. It may be noted that nomination of separate persons by the joint holders is not permitted.
 - b) **Nomination of a Minor :** Where the nominee is a minor, the shareholder may appoint any person to become entitled to the securities in the event of his death during minority.

Those shareholders who want to avail of the facility of nomination may send in their nomination in Form 2B prescribed under the Companies Act, 1956.

EXPLANATORY STATEMENT

PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 5-6

Your Company is contemplating to undertake the business as contractor, sub-contractor, job performer etc. with or without material relating to its line of operations. The said activities may be taken up conveniently and advantageously alongwith the business of the Company.

However, the proposed activities are neither properly covered under 'Main Objects' nor in the 'Other Objects' of the Memorandum of Association of the Company. Therefore, the Memorandum of Association of the Company is required to be altered and one new clause is to be inserted after the sub clause 29 of the Clause III-C of the Memeorandum of Association of the Company to enable the Company to undertake the proposed business activity(ies) in the desired manner.

In terms of the Section 17 of the Companies Act, 1956, the objects of the Company may be changed/ altered through a special resolution passed by the members of the Company in a General Meeting.

In order to commence any of the activities mentioned in the aforesaid new object clause, the Board seeks your approval under Section 17 of the Companies Act, 1956 for amendment of Object Clause and under Section 149 (2A) of the Companies Act, 1956 for commencement of new business. Your Directors recommend passing of the resolutions as special resolutions at item No. 5 and 6 of the notice in the best interest of the Company.

None of the Directors is concerned or interested in the said resolutions.

TINNA OVERSEAS LIMITED

DIRECTORS' REPORT**The Members**

Your Directors present the **Twelfth Annual Report** and Audited Accounts for the period ending on 30th June, 1999.

FINANCIAL RESULTS

	(Rs. in lacs)	
	1998-99 (15 months)	1997-98 (12 months)
Sales	1767.19	1503.44
Other Income	71.41	70.20
Total Income	1838.60	1573.64
Profit before Interest, depreciation & taxation	77.34	(59.27)
Interest	72.61	155.72
Depreciation	97.67	90.73
Tax	—	0.18
Profit/(Loss) after interest, depreciation & taxation	(92.94)	(305.90)
Reserves & Surplus	3350.38	3468.11

REVIEW OF OPERATIONS

During the period under review, the Company could achieve a level of total income to the tune of Rs. 1838.60 lacs and incurred a net loss of Rs. 92.94 lacs. Due to its sincere efforts the Company has been able to reduce its losses to Rs. 92.94 lacs (in 15 months) from Rs. 305.90 lacs (in 12 months) in the previous year. The Company has been able to steadily improve upon its performance under export of footwears and is expected to perform much better in the coming years.

The recently developed a Bitumen Modifier, trade named "TBM SUPER" which substantially improves the vital properties of Bitumen and in turn quality and life of roads, as evidenced by laboratory reports of the Central Road Research Institute (CRRI), New Delhi, Highway Research Station, Chennai & Indian Institute of Technology, Kharagpur has been test launched and showing very good signals. It is expected that the launch of this product will give a boost to the Company and the Company will be able to offset the losses incurred in the recent past.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

Information in accordance with the provisions of 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, as amended, regarding

conservation of energy and technology absorption & foreign earnings & outgo is given in the Annexure forming part of the Report.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts along with the Reports of the Board of Directors of Tinna Finex Ltd., Tinna Shipping & Warehousing Ltd. and their respective Auditors Reports thereon for the period ended 30th June, 1999 are annexed.

FIXED DEPOSITS

The Company has not accepted deposits from the public. Hence, the provisions of Section 58A of the Companies Act, 1956 and the rules made under the Companies (Acceptance of Deposits) Rules, 1975, as amended, with regard to the deposits accepted from the public are not applicable to the Company.

Y2K (YEAR 2000) COMPLIANCE

No other business except financial accounting/share accounting are operated through computers. However, the Company does not anticipate any risk on account of Y2K issues. Further, the Company has chalked out a detailed contingency plan to ensure continuity of operations.

DISCLOSURE

The Company is listed at Delhi, Mumbai, Calcutta & Ahmedabad stock exchanges. However, except for Delhi stock exchange it could not pay annual listing fee for the year 1999-2000 for other stock exchanges.

AUDITORS

M/s Rawla & Co., Chartered Accountants, New Delhi retire at the conclusion of this Annual General Meeting & being eligible have offered themselves for re-appointment.

AUDITORS' REPORT

With reference to the observations made by the Auditors in their report, the Directors wish to report that the Company is continuing making efforts for further streamlining the internal control, internal audit and other systems.

PARTICULARS OF EMPLOYEES

The Company has not paid any remuneration attracting the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended. Hence, no information is required to be appended to this Report in this regard.

DIRECTORS

Shri Anil Kumar Sekhri and Shri R.K.Dogra retire by rotation and being eligible offer themselves for re-appointment.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the assistance and co operation extended to the Company by the Banks/ Government Authorities and Other Agencies. The Directors also thank all the employees of the Company for their valuable services and continued support during the period.

For and on behalf of the Board

Place : New Delhi
Dated : 30th Nov., 1999

BHUPINDER KUMAR
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the period ended on 30th June, 1999.

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken : The imported and indigenous machinery is of latest technology and conserving energy to the maximum.
- (b) Additional investments & proposals, if any, being implemented for reduction of consumption of energy : During the period the Company has made only marginal additions in the machinery.
- (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 : The machines used by the Company are of latest technology and conserving energy to the maximum. The Company further continues to improve productivity by employing trained manpower for efficient utilization of machinery.
- (d) Not applicable.

B. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT OF TECHNOLOGY ABSORPTION**1. RESEARCH & DEVELOPEMENT (R & D)**

- (a) Specific areas in which R & D is being carried out by the Company : Improvement of samples/

models & convenient shoes for export market is being continuously undertaken in R & D department.

- (b) Benefits derived as a result of above R & D.
 - New models developed are of better quality.
 - This has resulted in reduction in cost.
- (c) Future plan of action : Continuous efforts are being made to improve the quality and reduce the cost so as to expand our export market.
- (d) Expenditure on R & D : The Company incurred Rs. 55.76 lacs on R & D during the period.

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- (a) The Company is using latest technology/ machinery. Further the Company interacts with its foreign buyers for product/model improvement.
- (b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, produce development, import substitution etc : The results are encouraging. Use of latest developed techniques has enabled the Company to improve quality of shoes/shoes upper and productivity of factory staff.
- (c) Not applicable.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

1. Activities relating to export, initiatives taken to increase exports, development of new export markets for products and services, and export plan : The Company is mainly exporting to European countries, Middle east & far east countries. The Company has also been making serious efforts to expand and diversity the export market in view of the liberalised policies of the Government.
2. Total Foreign Exchange Used and Earned (Rs. in lacs)

(a) Total Foreign Exchange Used	261.47
(b) Total Foreign Exchange Earned	1395.83

For & on Behalf of the Board of Directors
for **Tinna Overseas Limited**

Place : New Delhi
Dated : 30th Nov., 1999

BHUPINDER KUMAR
Chairman

TINNA OVERSEAS LIMITED

AUDITORS' REPORT

To
The Members of
M/s. TINNA OVERSEAS LIMITED.

We have audited the attached Balance Sheet of Messers Tinna Overseas Ltd., A-151, Mayapuri Phase-II, New Delhi-110 064 as at 30th June, 1999 and the Profit and Loss Account for the period ended on that date annexed thereto 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 we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state 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 the audit.
 - (b) in our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.
 - (c) the Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
 - (d) (i) balances of Debtors/Creditors, Loans & Advances etc. are subject to confirmation and reconciliation.
 - (ii) calls in arrears are subject to reconciliation and confirmations.
 - (e) In our opinion, the said Balance Sheet and Profit & Loss Account subject to non-provision for Gratuity & Retirement benefits and non-provision of Rs. 3,25,19,047/- for permanent diminution in the value of long term investment as required by AS 15 & AS 13 respectively, comply with the accounting standards referred to in Section 211 (3C) 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 said Balance Sheet and Profit & Loss

Account read together with notes and subject to our comments in para 2(d), (e) above and 12(B) (ii) (iii) of Schedule 'P', give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;

- (i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 30th June, 1999; and,
- (ii) in so far as it relates to the Profit & Loss Account of the loss of the Company for the period ended on that date.

for **RAWLA & COMPANY**
Chartered Accountants

Place : New Delhi
Dated : 30th Nov., 1999

(Y. P. Rawla)
Partner

ANNEXURE TO THE AUDITOR'S 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. All the assets have been physically verified by the management during the year with a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, 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 procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the books records were not material.
6. On the basis of our examination of stocks records, we are of the opinion that the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in previous year.

-
7. The Company has not taken any loans from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, where the rate of interest and terms and conditions are prejudicial to the interest of the Company.
8. The Company has not granted any loans to the companies, firms or other companies listed in the Register maintained under Section 301 and to the companies under the same management, except to M/s Vedant Overseas Pvt. Ltd. (ceased to be under the same management, since 26.03.99), where the rate of interest and terms and conditions are prejudicial to the interest of the Company.
9. Employees and parties to whom loans and advances in the nature of loan have been given, wherever stipulations have been made are repaying the principal amounts stipulated and are also regular in payment of interest, wherever applicable, except doubtful loans and advances and M/s Vedant Overseas Pvt. Ltd.
10. In our opinion and according to the information and explanations given to us, there are reasonable internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials including components, plants and machinery, equipment and other assets and with regard to the sale of goods, however, it further needs to be strengthened.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and material 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. The Company has not accepted any deposit from public under the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
14. In our opinion reasonable records have been maintained by the Company for the sales and disposal of scrap. The Company does not have any by-product.
15. The Company has internal audit system which requires further to be strengthened to make it commensurate with nature of its business.
16. We have broadly reviewed the cost records of the Company and are of the opinion that, prima facie, the accounts and records prescribed under Section 209(1)(d) of the Companies Act, 1956 have been maintained. We have not, however, made a detailed examination of the same.
17. According to the information and explanations given to us, no undisputed amounts payable in respect of Sales Tax, Custom Duty and Excise Duty were outstanding as on 30th June, 1999 for a period of more than six months from the date they become payable.
18. According to the records of the Company, Employees State Insurance and Provident Fund dues have been regularly deposited during the year with the appropriate authorities, except on certain occasions.
19. According to the information and explanations given to 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. According to information and explanations given to us there are no damaged goods during the period in relation to the trading activities.
- for **RAWLA & COMPANY**
Chartered Accountants
- Place : New Delhi
Dated : 30th Nov., 1999
- (Y. P. Rawla)
Partner
-

TINNA OVERSEAS LIMITED

BALANCE SHEET AS AT 30th JUNE, 1999

DESCRIPTION	SCHEDULES	As At 30.06.99 (in Rupees) (15 Months)	As At 31.03.98 (in Rupees) (12 Months)
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	A	8,62,34,389	8,62,34,389
(b) Reserves & Surplus	B	33,50,38,265	34,68,10,908
		<u>42,12,72,654</u>	<u>43,30,45,297</u>
2. LOAN FUNDS			
Secured Loans	C(i)	4,75,15,623	5,03,92,938
Un-secured Loans	C(ii)	30,53,557	8,09,974
		<u>5,05,69,180</u>	<u>5,12,02,912</u>
		<u>47,18,41,834</u>	<u>48,42,48,209</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS (AT COST)			
(a) Gross Block	D	20,63,42,691	20,03,04,906
(b) Less: Depreciation		4,79,61,855	3,86,99,890
(c) Net Block		<u>15,83,80,836</u>	<u>16,16,05,016</u>
(d) Capital work in progress		—	(39,13,870)
		<u>15,83,80,836</u>	<u>15,76,91,146</u>
2. INVESTMENTS	E	12,32,93,540	11,61,93,540
3. CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	F	7,76,06,479	8,67,03,743
(b) Sundry Debtors		3,58,69,185	98,80,310
(c) Cash and Bank Balances		2,19,06,403	1,95,07,620
(d) Other Current Assets		5,44,60,531	5,79,90,998
(e) Loans and Advances		2,32,82,591	3,34,54,551
		<u>21,31,25,189</u>	<u>20,75,37,222</u>
(f) Less: Current Liabilities and Provisions	G	3,44,69,769	1,11,95,517
		<u>17,86,55,420</u>	<u>19,63,41,705</u>
4. MISCELLANEOUS EXPENDITURE	H	1,15,12,038	1,40,21,818
		<u>47,18,41,834</u>	<u>48,42,48,209</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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As per our report of even date
For **RAWLA & COMPANY**
Chartered Accountants

(Bhupinder Kumar)
Director

(Anil Kumar Sekhri)
Director

Place : New Delhi
Dated : 30th Nov., 1999

(Y. P. Rawla)
Partner

(Ajay Baroota)
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 1999

DESCRIPTION	SCHEDULES	1998-99 (in Rupees) (15 Months)	1997-98 (in Rupees) (12 Months)
I. INCOME			
Sale	I	17,67,18,887	15,03,43,873
Other Income	J	71,40,773	70,19,827
Variation in Stock	K	(1,72,63,364)	(1,39,59,645)
		16,65,96,296	14,34,04,055
II. EXPENDITURE			
Manufacturing/Trading Expenses	L	11,29,43,194	10,62,54,313
Office & Administrative Expenses	M	1,43,94,033	1,30,27,953
Selling & Distribution Expenses	N	2,72,06,251	2,58,88,392
Financial Charges	O	1,04,58,245	1,85,66,758
Miscellaneous Expenditure Written Off		30,929	28,425
Depreciation		97,67,260	90,73,304
Loss on Sale of Fixed Assets		10,90,176	6,77,643
Compensation		—	4,58,630
Income Tax		—	18,678
		17,58,90,088	17,39,94,096
III. PROFIT/(LOSS) BEFORE TAXATION (I-II)		(92,93,792)	(3,05,90,041)
Provision for Taxation		—	—
IV. PROFIT/(LOSS) AFTER TAXATION		(92,93,792)	(3,05,90,041)
Add : Balance Brought forward from last years		14,44,66,114	17,50,56,155
Balance carried to Balance Sheet		13,51,72,322	14,44,66,114
SIGNIFICANT ACCOUNTING POLICIES P AND NOTES ON ACCOUNTS			

As per our report of even date
For **RAWLA & COMPANY**
Chartered Accountants

(Bhupinder Kumar)
Director

(Anil Kumar Sekhri)
Director

Place : New Delhi
Dated : 30th Nov., 1999

(Y. P. Rawla)
Partner

(Ajay Baroota)
Company Secretary