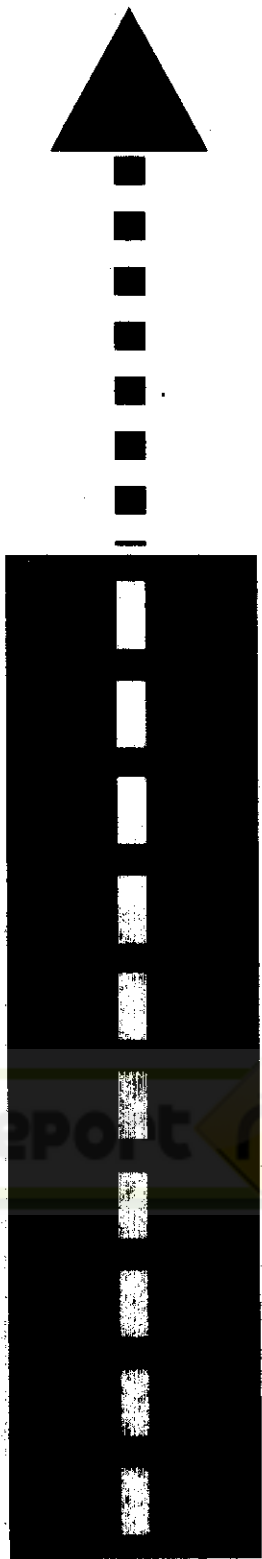


4th Annual Report 1998-99



**BOARD OF DIRECTORS**

S N Agarwal	Chairman
D P Agarwal	Vice Chairman & Managing Director
Dr. Ram S Varneja	
O Swaminatha Reddy	
K S Mehta	
M P Sarawagi	Wholetime Director
Vincent Agarwal	Executive Director

**Company Secretary**

D C Agarwal

**Auditors**

R S Agarwala &amp; Co

Chartered Accountants

**Bankers**

State Bank of India

Citibank

Bank of India

Canara Bank

State Bank of Mysore

**Registered Office**

Flat No.306 &amp; 307, 1-8-271 to 273,

3<sup>rd</sup> Floor, Ashoka Bhoopal Chambers,

S.P. Road, Secunderabad - 500 003

**Corporate Office :**

TCI House, 69, Institutional Area

Sector-32, Gurgaon-122 001, Haryana

Phone : (0124) (from Delhi 91) 381603 to 607

Fax : (0124) (from Delhi 91) 381611

Internet: <http://www.tcil.com>E-mail : [tcicrpo@tcil.sprintpg.ams.vsnl.net.in](mailto:tcicrpo@tcil.sprintpg.ams.vsnl.net.in)**Contents**

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## Notice for Annual General Meeting

Notice is hereby given that the 4th Annual General Meeting of the Company will be held on Thursday, the 29th July, 1999 at 12:00 Noon at Harihara Kala Bhavan, S. P. Road, Secunderabad-500 003 to transact the following business :

### Ordinary Business :

1. To receive, consider and adopt the Directors' Report, Audited Profit & Loss A/c for the Financial Year 1998-99 and the Balance Sheet as on 31.03.1999 together with the report of auditors thereon.
2. To declare a dividend.
3. To appoint a director in place of Mr. S. N. Agarwal who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Dr. Ram S. Tarneja who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint auditors in place of retiring auditors and to fix their remuneration.

### Special Business :

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

"RESOLVED THAT M/s K.B. Chitracar & Co., Chartered Accountants, Kathmandu, be and are hereby re-appointed as Branch Auditors for auditing the accounts of all the branches of the Company situated in Royal Kingdom of Nepal for the year 1999-2000 and to hold office till the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company."

7. To consider and if thought fit to pass with or without modification(s), the following resolution as a special resolution.

"RESOLVED THAT subject to the requisite approvals, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company u/s 372 A of the Companies Act, 1956 to give Corporate Guarantee or provide security in connection with a loan to be made by M/s ICICI Ltd. and/or any bank/financial institutions/seller of such ship to M/s TCI Seaways Ltd. upto Rs. 500 lakhs (Rs. Five Hundred Lakhs only) notwithstanding that the aggregate of the intercorporate loans and investments so far made alongwith Guarantees so far provided may exceed the prescribed limits as specified under the Companies Act, 1956 from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters & things as may be necessary or expedient to give effect to this resolution."

8. To consider and if thought fit to pass with or without modification(s), the following resolution as a special resolution.

"RESOLVED THAT the Company do invest upto Rs. 196 lakhs in the shares of M/s Transystem Logistics International Pvt. Ltd., subject to the provisions of Section 372 A of the Companies Act, 1956 and such other approvals as may be required in this regard."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters & things as may be necessary or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles 2(h) and 132 be deleted and consequently the numbering of the existing articles be accordingly amended/rectified."

10. To consider and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution :

"RESOLVED THAT in accordance with Schedule XIII and provisions of Sections 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals, as may be necessary, the Company hereby approves the payment of commission to Mr. D. P. Agarwal, Vice Chairman & Managing Director w.e.f. 01.04.99 as per the details set out in the explanatory statement annexed hereto."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters & things as may be necessary or expedient to give effect to this resolution."

### Registered Office :

Flat No. 306 & 307,  
1-8-271 to 273  
3<sup>rd</sup> Floor, Ashoka Bhoopal Chambers  
S. P. Road, Secunderabad - 500 003  
Dated : 28th May, 1999

### BY ORDER OF THE BOARD

For Transport Corporation of India Ltd.

**D. C. AGARWAL**  
Company Secretary

### Notes :

1. a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member.  
b) Proxy form is enclosed which should be deposited at the Registered Office of the Company duly completed and signed not less than 48 hours before the commencement of the meeting.



2. The Share Transfer Books and the Register of Members will remain closed from 16th June to 30th June, 1999 (both days inclusive) to determine eligibility for payment of dividend, if any.
3. The Dividend, if declared, will be paid to those shareholders whose names appear on the Register of Members on 30th June, 1999 subject to the provisions of Section 206A of the Companies Act, 1956.
4. The name of the Company has been changed from TCI Industries Ltd. to Transport Corporation of India Ltd. vide fresh Certificate of Incorporation dated 29.01.99, issued by the Registrar of Companies, Andhra Pradesh, Hyderabad.
5. The members are requested to intimate any change in their address with pincode, if any, immediately and Quote Folio Number in all correspondence. They are also requested to bring their copy of Annual Report while coming to the meeting.
6. Non-Resident Indian shareholders are requested to inform the Company immediately about :
  - a) The change in the residential status on return to India for permanent settlement.
  - b) The particulars of NRO Bank Account in India, if not furnished earlier.
7. Members are requested to intimate under the signature of the sole/First Joint Holder of their Bank Account Number, Type of Account, Saving (SB) or Current (CA), name and address of the bank, in which they intend to deposit the Dividend Warrants, so that the same can be printed on Dividend Warrants, to avoid the incidence of fraudulent encashment of the instrument.
8. With effect from 01.04.99, Share Transfer Work and other related jobs are being handled in-house by the Company at its Corporate Office at Gurgaon which has recently been shifted from Okhla, New Delhi. Therefore, the members are requested to address all their communications regarding share/debenture related matters to Corporate Office of the Company for expeditious handling.
9. The members may also note that Shweta Computers Ltd. were appointed as Trustees for disposal of fractional shares and for remitting the proceeds to the respective shareholders. They have already disposed off the shares and the proceeds will be remitted by them shortly.
10. **The members are requested to surrender their old certificates issued by the then Transport Corporation of India Ltd. (Now known as TCI Industries Ltd.) - the transferor Company under the Scheme of Arrangement to M/s Shweta Computers Ltd., Secunderabad as requested by the said Company**

**vide their letter dated 25.10.98 and reminder letter of 13.04.99 and obtain their new share certificates of 4 companies including this Company.**

11. With a view to bring about operational efficiency and minimising the related administrative cost in servicing multiple folios of the same shareholders which are otherwise identical in all respects, Company has decided to consolidate such folios with immediate effect. Accordingly, in future, you will receive only one consolidated dividend warrant and one Annual Report in respect of your entire holding. There is no need on your part to send your certificates for this purpose nor it is necessary for you to make any corrections of folio nos. on the share certificates.
12. The shares of the Company are at present listed on following Stock Exchanges viz. Bangalore, Calcutta, Cochin, Delhi, Hyderabad & Madras. The Company has made payments of listing fees to all these Stock Exchanges in time.

#### **Explanatory Statement u/s 173(2) of the Companies Act, 1956**

#### **Special Business :**

##### **Item No. 6**

M/s K. B. Chitracar & Co., Chartered Accountants, Kathmandu have been the Branch Auditors for auditing the accounts of all the branches of the Company situated in royal kingdom of Nepal.

The Board recommends their re-appointment as Branch Auditors for the year 1999-2000 too.

None of the directors is interested or concerned in the resolution.

##### **Item No. 7**

The newly inserted Section 372A of the Companies Act, 1956 prescribes the combined limits for intercorporate loans & investments made and corporate guarantees/securities given/provided to a person on behalf of any body corporate.

With the insertion of new Section 372A in place of Sections 370 & 372 of the Companies Act 1956, as per amendment by virtue of the Companies (Amendment) Act, 1999, the corporate guarantees are also to be reckoned alongwith intercorporate loans and investments while computing the prescribed limits. In view of this, the combined amount of intercorporate loans, investments and corporate guarantees provided may alongwith subject proposal, cross the prescribed limits as provided u/s 372A.

TCI Seaways Ltd. (TCISL), an associate Company of TCI, is operating with two vessels namely TCI-Vijay & TCI-Shakti on the Chennai-Portblair sector. The Company

has been making profits and also paying dividends in spite of tough competition and adverse market conditions.

TCI Seaways Ltd. (TCISL) is now envisaging acquisition of one more vessel. The said TCISL has approached M/s ICICI and other banks/Financial Institutions/willing person(s) for seeking financial assistance in this regard. The lender while financing such acquisition of the vessel by TCISL may insist upon furnishing a Corporate Guarantee by your Company to secure the same. Hence, the resolution as contained in Item No. 7 has been proposed in order to comply with the law.

The Board recommends the resolution for your approval.

Except Mr. S. N. Agarwal, Mr. D. P. Agarwal & Mr. Vineet Agarwal, none of the directors of the Company is in any way concerned or interested in this resolution.

#### Item No. 8

The Company has entered into a Joint Venture with M/s Mitsui & Co., Ltd., (Mitsui), Japan, a world renowned General Trading Company, for providing logistics solutions. For this purpose, a separate company i.e. M/s Transystem Logistics International Pvt. Ltd. (TLIPL) has been incorporated in which the equity participation by Mitsui and TCI will be in the ratio of 51:49 respectively.

In accordance with Joint Venture Agreement executed with Mitsui, the Company has to make an investment upto Rs. 196 lacs towards acquiring 19,60,000 equity shares of Rs. 10/- each for cash at par out of the proposed paid up equity of Rs. 400 lacs in the said Joint Venture Company i.e. TLIPL. This investment will be made in phases and the funds will be provided out of internal accruals.

The requisite foreign collaboration approval from Foreign Investment Promotion Board (FIPB), Ministry of Industry has also since been obtained for the above Joint Venture.

The Board recommends the resolution for your approval.

Except Mr. Vineet Agarwal by virtue of his being on the Board of the said TLIPL and Mr. S.N. Agarwal & Mr. D. P. Agarwal, being related to Mr. Vineet Agarwal, none of the Directors is interested in this resolution.

#### Item No. 9

Article 2 (h) of Article of Association of the Company dealing with Chief Promoter is rendered redundant with the implementation of Scheme of Arrangement, duly approved by the Hon'ble High Court of Andhra Pradesh vide its order dated 13.07.98.

Further, as Article 132 is linked with Article 2 (h), it has also become redundant and therefore it is proposed to delete the same and accordingly amend the SI No. of other articles in the Articles of Association.

The Board recommends the resolution for your approval.

None of the directors of the Company is in any way concerned or interested in this resolution.

#### Item No. 10

The members may be aware that Mr. D. P. Agarwal was appointed as Vice Chairman & Managing Director for a period of five years w.e.f. 01.08.98, as per the terms and conditions set out in the resolution passed in the AGM held on 14th Oct., 1998.

The said terms envisaged payment of salary and other usual perquisites subject to the provisions of Schedule XIII and Sections 198, 269 & 309 of the Companies Act, 1956.

Keeping in view the wide spectrum of activities being looked after by Mr. D. P. Agarwal, it is proposed to pay him commission @ 2% of the net profits of the Company, in addition to the salary and other perquisites presently being paid to him. The overall remuneration, however, payable to Mr. D. P. Agarwal will be subject to the limits as specified in Schedule XIII read with Sections 198, 269 & 309 of the Companies Act, 1956 from time to time.

Besides Mr. D. P. Agarwal himself, Mr. S. N. Agarwal and Mr. Vineet Agarwal, Directors being related to Mr. D. P. Agarwal are interested in this resolution. However, they have no pecuniary interest.

The Board of Directors of your Company recommends this resolution for your approval.

This may also be treated as an abstract of the variations in the terms and conditions of the appointment of Mr. D.P. Agarwal pursuant to Section 302 of the Companies Act, 1956. The relevant documents regarding his appointment are available for inspection upto the date of the Annual General Meeting at the Regd. Office of the Company on any working day between 11 a.m. to 1 p.m.

#### Registered Office :

Flat No. 306 & 307,  
1-8-271 to 273  
3<sup>rd</sup> Floor, Ashoka Bhoopal Chambers  
S. P. Road, Secunderabad - 500 003.  
Dated : 28th May, 1999

#### BY ORDER OF THE BOARD

For Transport Corporation of India Ltd.

**D. C. AGARWAL**  
Company Secretary



## DIRECTORS' REPORT

Your directors have pleasure in presenting their 4th Annual Report together with audited Statement of Accounts for the Financial Year ended 31.03.1999.

Financial Results :	1998-99 (Rs. in lacs)	1997-98 (Rs. in lacs)
<b>Income</b>	<b>37788</b>	<b>33651</b>
Profit before Interest, Depreciation and Taxation	2042	1966
Less : Interest (Net)	1005	861
Depreciation (Net)	510	491
<b>Profit before Tax</b>	<b>527</b>	<b>614</b>
Less : Provision for Tax	60	70
<b>Profit after Tax</b>	<b>467</b>	<b>544</b>
Add : Balance brought forward	173	145
Profit available for appropriation	640	689
<b>Appropriations</b>		
Proposed Dividend	109	109
Dividend Tax	11	11
Debenture Redemption Reserve	96	96
Transfer to General Reserve	300	300
Balance carried forward	124	173
	<b>640</b>	<b>689</b>

### Dividend

Your directors are pleased to maintain a dividend of 15% amounting to Rs. 120 lakhs inclusive of tax thereon/

### Performance

The year 1998-99 continued to remain recessionary for the Indian Economy. Your company experienced severe pressure on its operations due to the liquidity crunch in the economy and fall in industrial production. The overall growth over last year has been 12.16% (previous year 16.6%) however, profits have been lower at Rs. 4.66 crores (previous year - Rs. 5.44 crores).

**Transport Operations:** The division recorded a modest growth of 8% (previous year 13%) over last year due to the economic slowdown. Customer service was the corporate focus for the year and a customer service cell was established at the Corporate Office. A survey of 40,000 customers has also been initiated.

**XPS Cargo Services Division:** The division has recorded phenomenal growth of three times over last year by achieving a turnover of Rs. 21 crores. XPS has expanded to over 150 offices serving 700 locations nationwide. **Air cargo operations** have also been started and have received an excellent response. XPS is now regarded as the fastest growing brand in the express cargo industry.

**Logistics Division :** The division has recorded higher growth by winning additional contracts over the year.

**Information Technology :** Your company's thrust to computerise operations continued with investments of more

than Rs. 2 crores in hardware and software. The company will also be Year 2000 (Y2K) compliant by August, 1999.

**Human Resources :** More than 1200 personnel underwent training and development registering a growth of 200% over last year.

Your company has signed a joint venture with Mitsui & Co. in the field of automotive logistics. The new company, Transystem Logistics International (P) Ltd. will be the sole logistics partner of M/s Toyota Kirloskar Motors (P) Ltd. at Bangalore to handle the planning and movement of supplier parts, finished cars and spare parts. The new venture shall put your company in the global league of high quality service providers in the coming years.

### Future Projections

For the coming fiscal year, your company is projecting higher growth rate over last year. With sustained liberalization and expected upturn in the economy, the coming year is expected to yield higher growth and profitability.

XPS has targeted a growth rate of 200% over this year's performance and is expected to contribute to the bottom line of your company in the new financial year.

The Logistics Division is in the process of acquiring additional contracts which will complement the existing infrastructure for higher profitability in the coming year.

Extensive computerisation is expected to continue by the implementation of a new Oracle based user-friendly software as well as additional investments in a dedicated communications network and hardware systems.

### Fixed Deposits :

At the end of Financial Year, the balance on account of fixed deposits accepted from public and members stood at Rs. 1039.05 lakhs which includes unclaimed deposits worth Rs. 26.72 lakhs.

### Directors :

Mr. S. N. Agarwal and Dr. Ram S. Tarneja retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### Auditors :

M/s R. S. Agarwala & Co., Chartered Accountants retire at the ensuing AGM and being eligible, offer themselves for reappointment.

With regard to the observations made by the auditors in their report, the notes to the accounts are self-explanatory.

### Subsidiaries :

The audited Statement of Accounts for the year ended 31.03.99 relating to two subsidiaries namely TCI Infrastructure Finance Ltd. and Chandrapal Investments Ltd. together with the reports of their auditors and directors alongwith the Statement of the Company's interest in its subsidiaries pursuant to Section 212 of the Companies Act, 1956 are annexed with the accounts.



**Additional Information :**

The additional information required under the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 are given hereunder :

**Research & Development :** The company being a service provider does not engage in any research and development, however the following steps were taken:

- Driver training programs to increase awareness for greater engine life and lower fuel consumption.
- Study of international bench marking standards in the transport industry.
- Procurement of additional Volvo trucks for aerodynamic, fuel efficient and pollution reducing (conforming to Euro-II emission norms) trucks.

The Company has not imported any technology on account of its nature of operation.

The particulars of foreign exchange earned/utilised during the year are given in additional information in Schedule 21 to the notes on accounts.

**Personnel :**

The particulars of employees as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are set out in the statement annexed hereto and form part of this report.

**Acknowledgements :**

The directors wish to thank the financial institutions and company's Consortium of Banks for all the help and encouragement extended to the Company. Your directors deeply acknowledge the continued trust reposed by customers, shareholders and depositors in this Company. Your directors also wish to place on record their appreciation of the dedicated services rendered by the executives, staff and workers of the Company at all levels.

For and on behalf of the Board

Place : Gurgaon  
Date : 28<sup>th</sup> May, 1999

(S.N. Agarwal)  
Chairman

**ANNEXURE TO DIRECTORS' REPORT : STATEMENT UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.**

Sl. No.	Name and Qualification	Age	Designation	Remuneration in Rupees	Experience in years	Date of Commencement of Employment	Previous Employment/ Position held
1	2	3	4	5	6	7	8
<b>Employed for full year</b>							
1	Agarwal D.P.*	50	Vice Chairman & Managing Director	1755540	34	10-04-65	Executive, Transport Corporation of India Ltd.
2	Agarwal M.L.	52	Vice President Bombay Region	700879	33	10-04-65	Executive, Transport Corporation of India Ltd.
3	Jain O.P. B.Com., L.L.B.(G), FCA	46	Sr. Vice President Finance	847066	20	23-08-91	General Manager- Finance Bhoruka Steels Limited
4	Karanjit Singh PGMS (U.K.)	51	Vice President Co-ordination	679286	32	15-03-91	G.M., Kuwait Iraq Maritime Corp.
5	Neelavar Prakash	51	Vice President Delhi Region	614026	32	01-11-65	—
6	Prabhakar K B.A.	46	Vice President XPS Cargo Services	635221	23	01-05-92	Divisional Manager ABC India Limited
7	Sarawagi M.P. B.Com., L.L.B.	55	Whole Time Director	735188	33	10-04-65	Executive Transport Corporation of India

**NOTES :**

Remuneration stated above include *inter alia*, money value of perquisites and other benefits as per provisions of Income Tax, 1961 and Rules made thereunder and Company's contribution to Provident Fund and Superannuation Fund but does not include Gratuity paid or contribution made to Gratuity Fund.

\* Nature of employment contractual, for others it is non-contractual.

Mr. D. P. Agarwal is also related to Mr. S.N. Agarwal, Chairman.

None of the other employees are related to any Director of the Company.

None of the employees holds by himself or along with his spouse and dependent children 2% or more of the Equity Shares of the Company.



# AUDITORS' REPORT

TO THE MEMBERS OF TRANSPORT CORPORATION OF INDIA LTD

We have audited the attached Balance Sheet of Transport Corporation of India Ltd (formerly known as TCI Industries Ltd) as at 31st March, 1999 and the annexed Profit and Loss Account of the Company for the year ended on that date in which are incorporated the audited accounts of the branches in Nepal as audited by other auditors whose reports have been appropriately dealt with in framing this report and report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In terms of and read with the accounting policies 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 purpose of our audit have been received from branches not visited by us.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion the Profit and Loss Account and the Balance-sheet comply with the accounting standards referred to in Sub section (3C) of section 211 of the Companies Act, 1956.
5. Loans and Advances include Rs.200 lacs due from Bhorka Aluminium Limited which is a sick industrial company and in respect of which a scheme of rehabilitation has been sanctioned by the Board for Industrial and Financial Reconstruction (BIFR). No Provision has been made for the possible loss, if any which may arise on this account. We are unable to express an opinion in the matter (note 4 on Schedule 21).
6. Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes and accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
  - a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 1999 and
  - b) In the case of Profit and Loss Account of the profit of the Company for the year ended on that date.

As required by the Manufacturing and Other Companies(Auditors' Report) Order, 1988 and on the basis of such checks as were considered appropriate and the information and explanations given to us during the course of audit, we state that in our opinion:

1. The Company has maintained records showing quantitative details and situation of fixed assets like land, buildings, motor trucks, motor cars, scooters, plant and machinery etc. We are informed that a test physical verification of these assets was carried out by the management during the year and no material discrepancies were noticed.  
The management has informed us that in respect of other fixed assets, having regard to their numbers and the numerous locations where these exist, maintenance of detailed records and reconciliation of their value in general ledgers is not feasible.
2. The Company has revalued certain fixed assets during the year as indicated in note(a) on schedule 5.
3. Physical verification was conducted by the management in respect of finished goods at reasonable intervals. The discrepancies between physical stocks and book records were not material and have been properly dealt with in the books of account. The procedures followed by the management for such physical verification are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business. On the basis of our examination, we are of the opinion that the valuation of the above mentioned stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
4. The rate of interest and the terms and conditions on which loans have been taken from companies, firms or other parties listed in registers maintained under Section 301 of the Companies Act, 1956 or from companies under the same management are not prima-facie prejudicial to the interests of the Company.

5. The rate of interest, where applicable, and other terms and conditions on which loans have been granted to companies, firms and other parties listed in the registers maintained under section 301 are not prima-facie prejudicial to the interests of the Company. No loans have been granted to companies under the same management. Loans and advances in the nature of interest free loans given to employees have generally been recovered as stipulated or as rescheduled. With regard to loans given to other parties there are no stipulations regarding dates for repayment of principal and interest. However, interest, where applicable, is being charged thereon.
6. There are generally adequate internal control procedures commensurate with the size and nature of the Company's business for the purchase of assets and for sale of goods.
7. 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 registers 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.
8. The Company has a regular procedure for the determination of unserviceable or damaged finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
9. According to the information and explanations given to us, the Company has generally complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public.
10. The Company has no realisable scraps and by-products.
11. The Company has appointed firms of Chartered Accountants at certain places to do the internal audit regularly. At other places internal controls exist and are being strengthened to commensurate with the size and nature of Company's business.
12. According to the records of the Company it has generally been regular in depositing provident fund and Employees' State Insurance dues during the year with the appropriate authorities.
13. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
14. According to the 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 practice.
15. The Company is not a sick industrial company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.
16. In respect of service activities of the Company:
  - (a) The Company has a reasonable system of recording receipts, issues and consumption of materials commensurate with the size and nature of its business. The system does not provide for allocation of materials and manhours consumed to the relative jobs as in the Company's view the same is impracticable.
  - (b) There is a reasonable system of authorisations at proper levels with necessary controls on issues of materials. The Company has a system of internal control generally commensurate with the size and nature of its business.
17. In respect of limited trading activities of the Company, there were no damaged goods.

for R.S. Agarwala & Co.  
Chartered Accountants

Place : Calcutta  
Date : 29<sup>th</sup> May, 1999

R.S. Agarwala  
Partner





# BALANCE SHEET

AS AT 31ST MARCH, 1999

	Schedule	Rupees	31st March 1999 Rupees	31st March 1998 Rupees
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Capital	1	7,28,94,390		7,28,94,390
Reserves and Surplus	2	86,56,84,319		68,50,78,632
			93,85,78,709	75,79,73,022
<b>LOAN FUNDS</b>				
Secured Loans	3	55,13,45,856		39,18,18,961
Unsecured Loans	4	16,51,13,470		25,25,01,976
			71,64,59,326	64,43,20,937
<b>TOTAL FUNDS EMPLOYED</b>			<b>1,65,50,38,035</b>	<b>1,40,22,93,959</b>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	5	1,12,13,96,145		88,31,47,223
Less : Depreciation		11,81,83,253		8,04,62,174
Net Block		1,00,32,12,892		80,26,85,049
Capital Work-in-Progress		2,05,23,042	1,02,37,35,934	1,09,97,603
				81,36,82,652
<b>INVESTMENTS</b>	6		4,03,49,997	4,23,51,597
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
Inventories	7	31,84,718		34,23,611
Sundry Debtors	8	47,15,43,010		37,38,32,790
Cash and Bank Balances	9	4,27,50,740		2,55,89,515
Loans and Advances	10	22,26,22,070		31,66,75,700
		74,01,00,538		71,95,21,616
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>				
Liabilities	11	11,34,69,520		13,17,57,890
Provisions	12	3,56,78,914		4,15,04,016
		14,91,48,434		17,32,61,906
<b>NET CURRENT ASSETS</b>			<b>59,09,52,104</b>	<b>54,62,59,710</b>
<b>TOTAL ASSETS (NET)</b>			<b>1,65,50,38,035</b>	<b>1,40,22,93,959</b>
Notes on Accounts	21			

Schedules 1 to 12 and Schedule 21 referred to above form part of the Balance Sheet.

In terms of our Report of even date

For R S Agarwala & Co.  
Chartered Accountants

R.S. Agarwala  
Partner

For and on behalf of the Board

S.N. Agarwal

D.P. Agarwal

Dr. Ram S. Tarneja

M P Sarawagi

Vineet Agarwal

Chairman

Vice Chairman & Managing Director

Director

Wholetime Director

Executive Director

O.P. Jain

D.C. Agarwal

Sr. Vice President - Finance

Company Secretary

Place : Calcutta  
Date : 29<sup>th</sup> May, 1999

Place : Gurgaon  
Date : 28<sup>th</sup> May, 1999