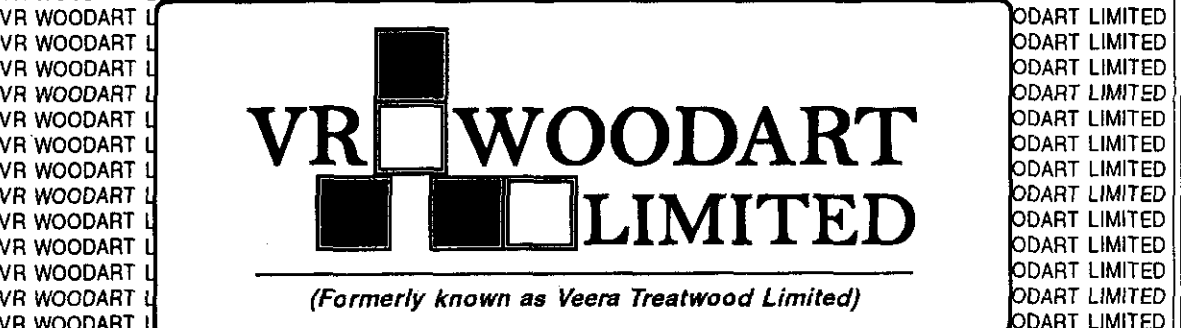


TENTH ANNUAL REPORT
1998 - 99

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Board of Directors : **AJAY ANAND**
G. G. PRABHU
SALIM GOVANI
SANJAY ANAND

Registered Office : Plot No. 42
Cochin Export Processing Zone
Kakkanad, Cochin - 682 030



NOTICE

TENTH ANNUAL REPORT 1998-99

NOTICE OF THE 10th ANNUAL GENERAL MEETING**V R WOODART LIMITED**

(Formerly known as Veera Treatwood Ltd.)

Plot No. 42, CEPZ, Kakkanad, Cochin - 682 030

Tel. 0484-422536, 423345

NOTICE

Notice is hereby given that the 10th Annual General Meeting of the Shareholders of VR WOODART LIMITED will be held on Thursday, the 2nd day of December, 1999 at 11 a.m. at the conference hall of Hotel Hill View, Kakkanad to consider the following business.

1. To consider and adopt the Profit & Loss Account for the period ended 30th June 1999 and Balance Sheet as on that date together with the Schedules and Notes forming part of Accounts as audited by the Auditors of the Company together with the Auditors' Report to the Share holders and also the Director's Report.
2. To appoint a Director in place Mr. G. G. Prabhu, who retires by rotation, and being eligible offers himself for re-appointment.
3. Special Business :
To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution:
RESOLVED THAT M/s. Thakur Vaidyanath Aiyer, Chartered Accountants, Bombay, be appointed as the Statutory Auditors of the Company to hold Office till the conclusion of next Annual General Meeting on a remuneration that may be fixed by the Board of Directors of the Company plus reimbursement of actual travelling and other out of pocket expenses incurred by them during the course of audit in place of M/s. Varma & Varma, Chartered Accountants, Ernakulam, the retiring Auditors.

Explanatory statement pursuant to Section 173 of the Companies Act is annexed herewith.

For V R WOODART LIMITED

Place : COCHIN

Sd/-

Date : 16-10-99

G. G. PRABHU

Director

Notes :

1. A Member entitled to attend and vote at the meeting is also entitled to appoint a proxy and a proxy need not be a member of the Company.
2. The form of Proxy duly stamped and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 29th November 99 to 2nd December 99, both days inclusive.

Explanatory Statement pursuant to Section 173 of the Companies Act relating to Item No.3

M/s. Varma & Varma, Chartered Accountants, Ernakulam, the retiring Auditors, have desired that they be relieved from the post of Auditors from the conclusion of ensuing Annual General Meeting. A shareholder has proposed M/s. Thakur Vaidyanath Aiyer & Company, Chartered Accountants, Bombay, to be the Auditors of the company to hold office till the conclusion of next Annual General Meeting. M/s. Thakur Vaidyanath Aiyer, Chartered Accountants, Bombay, have confirmed that in the event of they being appointed as the Auditors of the Company, their appointment will be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. Hence the Resolution.

No director is directly or indirectly interested in the above resolution.

DIRECTORS' REPORT**TENTH ANNUAL REPORT 1998-99****DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting before you, the 10th Annual Report of the company, the Profit & Loss a/c for the period ended 30-06-99 and Balance Sheet as on that date together with the schedules and notes forming part of accounts as audited and reported by the auditors of the company are attached herewith. The accounts of your company represents 15 months transactions for the period from 01-04-98 to 30-06-99. The accounting year of the company was extended by 3 months primarily to complete the formalities as prescribed under SEBI (Substantial Acquisition of Shares and Take Over) Regulations. As has been informed to you in our last report, the Management of the affairs of the Company was takenover by Mr. Ajay Anand and his associates from Mumbai. And since the equity shares of your company are listed in Stock Exchanges, the acquirers have to comply with the statutory provisions of SEBI (Substantial Acquisition of Shares and Take Over) Regulations before the company affects transfer of shares to the new acquirers. Your Directors are happy to report that all the provisions related to the said regulations and rules framed there under have since been complied with.

THE PRESENT SCENARIO AND FUTURE PLANS

Your Directors are happy to report that upon complying the legal formalities of Management changeover, the

new Management have taken all possible steps to revive the company. As you are aware, the activities of the company was in a closed condition and the factory at CEPZ was under laid off condition when the new Management tookover. Even the power allocation to the factory was cancelled due to non payment of minimum fixed charges by the earlier Management. Substantial funds have been intused to the company to restart the operations. A full scale maintenance and upkeep of various machinery which were laying idle for the last several months and in some cases even years, were taken up on priority basis and was completed by March / April 1999. Substantial repairs have also been carried out at the factory's registered office building at Plot No. 42, Cochin Export Processing Zone, Kakkanad, Cochin - 682 030.

Serious efforts have been made by the new Management to establish both export and domestic market for the various products that can be produced by the company. We are glad to report that because of the concerted efforts, though the company had already had a bad name in the international market, the new Management succeeded in getting many trial orders. All are supported either by advance payment or by irrevocable Letter of Credits. As on date, your company has obtained confirmed order / enquiries for Rs. 62 lacs.

Your Directors are confident that, with the untiring efforts of the Management and the support of Mr. Ajay Anand and associates, the company will be able to obtain further valuable orders

DIRECTORS' REPORT Cont.**TENTH ANNUAL REPORT 1998-99**

during the current year.

Your Directors are also happy to report that your company have obtained special permission to market the products in the domestic market also subject to the terms and conditions specified by the Central Government in this respect.

During the period under report, your company had made a nominal sales of Rs. 7.86 lacs representing mainly the cost of samples supplied to the prospective customers. The loss before depreciation was Rs. 71.40 lacs compared to Rs. 84.59 lacs in the previous year.

Establishment of Treatment and Seasoning Facilities

As you will appreciate, the main raw material for the manufacture of the products of the company is the seasoned and treated rubberwood and your Directors are convinced that the company will be able to firmly establish only, if necessary facilities are established by the company for treating and seasoning rubberwood which will ensure adequate, timely availability of quality products.

With these objects in view, steps are being taken to establish a separate facility for the treatment and seasoning activities so that your company will be a fully integrated and technically and self supporting unit. The total project cost of the proposed scheme will be around Rs. 200 lacs out of which your Directors proposes to avail term loan from institutions and the balance requirement will be brought in by the new

Management.

Share Capital and Debentures

The paid up share capital of the company stands increased from Rs. 628,58,163 as at 31-03-98 to Rs. 773,19,472 as at 30-06-99 mainly because of the conversion of partly paid up shares into fully paid up shares and also conversion of detachable warrants issued at the time of last right offer which was acquired by the new Management from the erstwhile promoters.

You will kindly recollect that, at the time of right issue by the earlier Management, the company had issued 17% non convertible debentures and paid up value of such debentures as on 31-03-99 where Rs. 113,59,238/-. The company was not able to issue debenture certificates pending compliance of certain formalities.

Your Directors are happy to report that the total debenture outstanding have since been repaid in full together with the interest due thereon in compliance with the decision taken at the debenture holders meeting held on 24th March 1999.

Directors

During the year under report and on completion of legal formalities connected in the Management change over, Shri. T. G. Veeraraghavan the original core promoter, Shri. K. P. Narasimhan, Shri. S. N. Sundaresan, Shri. Sandeep Ghate, Directors, resigned from the Board. Your Directors wish to place on record the wholehearted co-operation extended by the

DIRECTORS' REPORT Cont.**TENTH ANNUAL REPORT 1998-99**

above Directors in facilitating the smooth changeover of the Management.

Mr. G. G. Prabhu, Director, retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Conservation of energy and technology upgradation

During the year under report, your company have just restarted the commercial operation. The electrical energy is mainly drawn from Kerala State Electricity Board and the total units consumed upto 30-06-99 is given below :

Units	Cost
89,142	4,18,975

Many of the machinery installed by the company are technologically superior. Steps are being taken by the Management for further improving the technology employed by the company.

During the year under report, there was no Foreign Exchange earnings for the company. The total Foreign Exchange outflow during the year under report are given below :

1. Raw material Rs. 65,083.27
2. Travel Expense Rs. 87,275.00

Personnel

There were no employees drawing either monthly or yearly remuneration in excess of the limits specified under Sec.217 (2A) of the Companies Act 1956. The equity shares of the company are listed in Cochin (Regional) and Bombay Stock Exchanges. The company is upto date in remitting the

annual listing fee to the exchanges.

Auditors & Auditors' Comments

Notes to accounts referred to in the Auditors' Report are self explanatory and, therefore, do not call for any further comments.

M/s. Varma & Varma, Chartered Accountants, Ernakulam, the retiring Auditors have desired that they may be relieved from the post of Auditors. Notice have been received from a shareholder of the Company proposing the name of M/s. Thakur Vaidyanath Aiyer & Co. Chartered Accountants, Bombay for appointment as Statutory Auditors of the Company.

Y2 K Compliance

Company's hardware / software systems are Y2 K compliant.

Acknowledgements

Your Directors wishes to place on record the valuable guidance and assistance extended by the officials of CEPZ, KSIDC and all others connected with the activities of the Company. Our thanks are also due to the employees of the company without whose wholehearted support, it would not have been possible to attain the improvement mentioned above.

For and on behalf of the Board

Place: MUMBAI	Sd/- AJAY ANAND Director	Sd/- G. G. PRABHU Director
Date: 16-10-1999		



AUDITORS' REPORT

TENTH ANNUAL REPORT 1998-99

AUDITORS' REPORT

The Members of V R Woodart Ltd.
Cochin - 30

We have audited the attached Balance Sheet of V R Woodart Ltd. as at 30th June 1999 and the annexed Profit and Loss Account together with the Schedules for the period ended on that date and report as under :

- I. In terms of the Manufacturing and other Companies (Auditors' Report) Order, 1988 made by the Government of India, under Section 227 (4A) of the Companies Act, 1956, we give below a statement on the matters specified in paragraphs 4 and 5 of the said order :
 1. As stated in Note No. 3 attached to the accounts, the register of fixed assets showing the quantity, value and location of the assets is being written up and updated to reflect the correct position as on 30-06-99. The Management has explained to us that, an overall physical verification of fixed assets have been conducted during the period and that no discrepancies have been noted on such verification. This is reasonable for the nature and size of the company, as of now.
 2. None of the fixed assets have been revalued during the period.
 3. As explained to us, stock of finished goods, work-in-process, stores, spare parts and raw materials have been physically verified by the Management at the end of the period, which in our opinion, is reasonable having regard to the size and nature of its business.
 4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of the 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 on verification between the physical stock and the book stock which are 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 stock is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 7. The company has accepted unsecured loans from a director and from a company falling within the ambit of Sec.301 of the Companies Act, 1956 (the relative register is to be completed / updated), the terms and conditions of which are not prima facie prejudicial to the interest of the company. The company has not taken any loans from companies under the same management, as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
 8. As explained to us, no loans have been granted to Companies, firms or other parties falling within the ambit of Section 301 of the Act and / or to Companies under the same Management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
 9. The Company had not given any loans or advances in the nature of loans except interest free loans and advances to its employees and advances in the normal course of business of the company, the recovery of principal and interest of which have been as stipulated by the Management.
 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 nature of its business, with regard to the purchase of stores, raw material including components, plant and machinery, equipment and other assets and with regard to sale of goods.
 11. According to the information and explanations given to us, the transactions of purchase of goods and sale of goods, materials and services in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the period to Rs. 50000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market price.
 12. As explained to us, due provision has been made for loss on unserviceable or damaged stores, raw material and finished goods to the extent determined by the Management.
 13. According to the information and explanations given to us, the company has not accepted any deposits within the meaning of Section 58 A of the Companies Act, 1956 and the Companies (Acceptance of deposit)

AUDITORS' REPORT Cont.

TENTH ANNUAL REPORT 1998-99

Rules 1975.

14. There is no sale of scrap during the period.
15. The Company has no formal internal audit system in vogue.
16. To the best of our information and belief the maintenance of cost records has not been prescribed under Section 209 (1) (d) of the Companies Act, 1956 for the products of the Company.
17. According to the records of the Company, there has not been delay in remitting Provident Fund and Employees State Insurance amounts with the appropriate authorities. There are no arrears outstanding as on 30-06-99.
18. As per the information and explanations given to us by the Management, no undisputed amounts outstanding in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than 6 months from the date they became payable as on 30-06-99. The position of old balances if any prior to change in Management in March '98 could not be verified by us.
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. As on 30-06-99, the accumulated losses do not exceed the paid up capital and free reserves including share premium account and on that basis, the company is not a sick industrial undertaking within the meaning of clause (0) of sub-sec. (1) of Section (3) of the Sick Industrial Companies (Special Provisions) Act, 1985.

II. Further to the above, we report that :

1. a) 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. We have relied on the Management in respect of the information furnished on disclosure of balances due to Small Scale Industrial undertakings as stated in Note No. 12 of Schedule 21.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.

- c) We wish to state here that our audit is not intended, designed nor performed to provide and accordingly does not provide any assurance that the Company's internal systems or those of its external dependencies, are or will be year 2000 (Y2K) compliant. However, in the opinion of the Management, the continuity of business of the company as a going concern will not be an issue on this account.
- d) The Profit and Loss Account and the Balance Sheet referred to in this report are in compliance with the Accounting Standards referred to in sub-section (3c) of Section 211 of the Act; and
- e) The Balance Sheet and profit and Loss Account referred to in this report are in agreement with the books of account.
2. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to non provision of disputed sales tax demands aggregating to Rs. 194069/- as mentioned in Note No.9 the exact liability in respect of which could not be ascertained at this stage, Note No. 10 regarding cost of new electricity connection treated as deferred revenue expenses, and read with the other notes attached to the accounts, 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 the Balance Sheet, of the state of affairs of the company as at 30-06-1999; and
 - ii) in the case of the Profit and Loss Account, of the loss for the period ended on that date.

For VARMA & VARMA
Sd/-
(V. Sathyanarayanan)
Partner
Chartered Accountants

COCHIN - 16
Date : 15-10-99