

13TH ANNUAL REPORT 1999 - 2000



WEIZMANN
L I M I T E D

BOARD OF DIRECTORS

Mr.N.N.Pai
Chairman

Mr. D.G. Siraj
Vice Chairman

Dr. P.D. Ojha
 Mr. J.M. Gandhi
 Mr. S.A. Naik
 Mr. Achal A.Bakeri
 Mr. N. V. Siraj

Mr. Chetan D. Mehra
Managing Director

**VICE PRESIDENT &
 COMPANY SECRETARY**
 Mr. Suresh Krishnan

BANKERS

State Bank of Mysore
 Union Bank of India
 Punjab & Sind Bank
 The Federal Bank Ltd.
 The Vysya Bank Ltd.
 State Bank of Travancore
 The South Indian Bank Ltd.

AUDITORS

M/s. U.B.Sura & Co.
 Chartered Accountants

REGISTERED OFFICE

Empire House, 214, Dr.D.N.Road,
 Ent.A.K.Nayak Marg, Mumbai:400001.

PROCESS HOUSE

Vatva Road, Narol, Ahmedabad, Gujarat.

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REGISTRAR AND SHARE TRANSFER AGENT

Bigshare Services Pvt.Ltd.,
 E-2, Ansa Industrial Estate,
 Saki Vihar Road, Saki Naka,
 Andheri (E), Mumbai - 400 072.
 Tel No.856 0652 / 856 0653 / 690 1335
 Fax : 852 3474

13TH ANNUAL GENERAL MEETING

On Saturday, the 30th day of September, 2000
 at 11.30 a.m. at Jade Garden Auditorium,
 3rd Floor, Nehru Centre, Dr. Annie Besant Road,
 Worli, Mumbai - 400 018.



NOTICE

Notice is hereby given that the **THIRTEENTH ANNUAL GENERAL MEETING** of WEIZMANN LIMITED will be held on **SATURDAY, SEPTEMBER 30, 2000** at 11.30 a.m. at Jade Garden Auditorium, 3rd Floor, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the Fifteen months period ended March 31, 2000, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Preference Shares and on Equity Shares.
3. To appoint a Director in place of Mr.N.N.Pai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr.P.D.Ojha, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution** :

RESOLVED THAT pursuant to the provisions of Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) the Company hereby accords its approval to the furnishing of Guarantees to various banks/institutions on behalf of M/s.Weizmann Homes Ltd., for an amount not exceeding Rs.46.94 crores.

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution** :

RESOLVED THAT pursuant to the provisions of Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) the company hereby accords its approval to the furnishing of Guarantees to various banks/institutions on behalf of M/s.Windia Power Ltd., for an amount not exceeding Rs.24.03 crores.

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :

RESOLVED THAT pursuant to section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company to sell, transfer, lease, sub-lease and otherwise dispose of as a going concern, the whole or substantially the whole of the company's finance division including all its assets on lease, stock on hire, investments in securities, loans and advances and all products under the financial division together with such assets and liabilities relating thereto as the Board may decide to any Company including its own subsidiaries formed for the purpose of taking over the said business at a price calculated on the basis of the book value of the assets or such other valuation as may be suggested by an Accredited Valuer appointed for this purpose and upon such terms and conditions as the Board of Directors of the Company in their absolute discretion deem fit, with full powers and authorities to the Board of Directors to do all such acts, deeds and things as may be necessary to put into effect the resolution.

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :

RESOLVED THAT in accordance with the provisions of section 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions as may be necessary, the Company hereby accords its approval to the re-appointment of Mr.Chetan D. Mehra as Managing Director for a period of 5 years with effect from April 1, 2000 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the draft agreement, which agreement is hereby specifically sanctioned, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement so as not to exceed the limits set out in Section 198, 309 read with Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed between the Board of Directors and Mr.Chetan D. Mehra.

Place Mumbai

By order of the Board

Dated : August 30, 2000

Registered Office:
Empire House, 214, Dr. D. N. Road,
Ent. A, K. Nayak Marg, Fort,
Mumbai 400 001.

Suresh Krishnan
Vice President &
Company Secretary

NOTES :

- a) Explanatory statement, pursuant to section 173(2) of the Companies Act, 1956, in respect of special business mentioned above is annexed hereto.
- b) A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote at the meeting instead of himself and the Proxy need not be a member. The instrument appointing the Proxy(s) should be deposited at the Registered office of the Company not less than 48 hours before the time of holding the aforesaid meeting.
- c) The Register of Members and Share Transfer books of the Company will be closed from September 23, 2000 to September 30, 2000 (both days inclusive).
- d) Dividend on preference and equity shares will be payable to those members whose names appear on the Company's Register of members on September 30, 2000.
- e) Shareholders are requested to bring copies of the Annual Report to the Meeting.
- f) Shareholders are requested to notify change in address, if any, to the Registered Office of the Company quoting their Folio Numbers, on or before September 23, 2000.
- g) All documents referred to in the notice and explanatory statement are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Sundays and holidays upto the date of meeting.

ANNEXURE TO NOTICE EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated August 30, 2000.

Item No. 6

Weizmann Homes Limited is a company co-promoted by your Company, in which your Company holds substantial interest by virtue of its investment therein. Weizmann Homes Limited is engaged in the business of providing Long term housing finance.

For meeting the working capital and long term funds requirements of Weizmann Homes Limited and for expansion of existing/new business opportunities, your company being the Promoter company has given corporate guarantee to various banks in the previous year as per details given below :-

| Sr. No. | NAME OF THE COMPANY | NAME OF THE BANK/ FINANCIAL INSTITUTION | AMT (Rs. in Crores) |
|---------|---------------------|--|------------------------|
| 1. | Weizmann Homes Ltd. | Canara Bank | 7.00 |
| 2. | — do — | State Bank of Mysore | 5.00 |
| 3. | — do — | State Bank of Bikaner & Jaipur | 5.00 |
| 4. | — do — | National Housing Bank | 16.50 |
| 5. | — do — | State Bank of Hyderabad | 2.00 |
| 6. | — do — | Bank of Madura Ltd. | 4.00 |
| 7. | — do — | State Bank of India | 3.00 |
| 8. | — do — | Indian Overseas Bank | 3.00 |
| 9. | — do — | Lakshmi Vilas Bank | 1.44 |
| | | | 46.94 |
| | | | ===== |

Section 372A of the Companies Act, 1956 permits the Company to invest in the Capital of other bodies corporate or make loans or provide guarantees or securities exceeding 60% of its paid-up capital and free reserves or 100% of its free reserves whichever is more to other bodies corporate only with the authority of the shareholders of the Company by a Special Resolution.

Shri D. G. Siraj, Shri Chetan D. Mehra, Dr.P. D. Ojha and Shri J. M. Gandhi also being directors of Weizmann Homes Ltd. and Shri N. V. Siraj a relative of a director of Weizmann Homes Ltd. may be deemed to be concerned or interested in the resolution as set out under item no.6 of the accompanying notice.

The Board of Directors of your Company recommend passing of the resolution set out under item no.6 as a Special Resolution.

Item No.7

Windia Power Limited is a company promoted by your Company, in which your Company holds substantial interest by virtue of its investment therein. Windia Power Limited is engaged in the business of manufacturing, marketing, operating and maintenance of Wind electric generators.

For meeting the working capital and funds requirements of Windia Power Limited and for expansion of existing/new business opportunities, your company being the Promoter company has given corporate guarantee to various banks in the previous year as per details given below :-



| Sr. No | NAME OF THE COMPANY | NAME OF THE BANK/ FINANCIAL INSTITUTIONS | AMT (Rs. in Crores) |
|--------|---------------------|---|------------------------|
| 1 | Windia Power Ltd. | Bank of Madura Ltd. | 7.50 |
| 2 | — do — | Indian Renewable Energy Development Agency Ltd. (IREDA) | |
| | | | 16.53 |
| | | | 24.03 |
| | | | ===== |

Section 372A of the Companies Act, 1956 permits the Company to invest in the Equity Capital of other bodies corporate or make loans or provide guarantees or securities exceeding 60% of its paid-up capital and free reserves or 100% of its free reserves whichever is more to other bodies corporate only with the authority of the shareholders of the Company by a Special Resolution.

Shri D. G. Siraj and Shri Chetan D. Mehra also being directors of Windia Power Ltd may be deemed to be concerned or interested in the resolution as set out under item no.7 of the accompanying notice.

The Board of Directors of your Company recommend passing of the resolution set out under item no.7 as a Special Resolution.

Item No. 8

The resolution relates to authorising the Board of Directors of the Company to sell/lease or otherwise dispose of as a going concern, the whole or substantially the whole of the company's finance division to any company including a subsidiary or associate company. The giving off of this activity is a step towards focussing on core area of activities.

None of the Directors is concerned or interested in the Resolution set out at Item No.8.

The Board of Directors of your Company recommend passing of the resolution set out under item no.8 as an Ordinary Resolution.

Item No. 9

The term of appointment of Mr.Chetan D. Mehra has expired on March 31, 2000. The Board of Directors at their meeting held on January 29, 2000 re-appointed Mr.Chetan D. Mehra as Managing Director for a fresh term of 5 years from April 1, 2000. His appointment and remuneration are subject to the approval of shareholders of the Company at the ensuing Annual General Meeting. The remuneration payable to him on his re-appointment is as detailed below :

Period of Agreement :

Five years with effect from April 1, 2000.

Remuneration payable

a) Salary :

Rs.55,000/- per month or such sums as may be determined by the Board from time to time within the overall limits as prescribed in the Companies Act, 1956.

b) Commission :

A commission based on the net profits of the Company as may be determined by the Board within the limits set forth in the Companies Act, 1956.

c) Perquisites :

Classified under the categories A, B and C as follows :

CATEGORY A

i) Housing :

Furnished accommodation : 60% of salary over and above 10% payable by the Managing Director.

Where the Company does not provide accommodation, House Rent Allowance may be paid to the Managing Director, subject to the ceiling as above. Where accommodation in a Company owned house is provided, the Managing Director shall pay to the Company by way of rent 10% of his salary.

Electricity, Gas etc : The expenditure on gas, electricity, water and furnishing will be evaluated as per the Income Tax Rules, 1962, subject to a ceiling of 10% of the salary.

ii) Medical Expenditure :

Expenses incurred for self and his family subject to a maximum of one month's salary in a year or three month's salary in a block of three years.

iii) Leave Travel Assistance :

For self and his family once in a year, in accordance with the rules of the Company. (Not exceeding three months salary).

iv) Personal Accident Insurance :

For an amount, the annual premium of which does not exceed Rs.4,000/-

v) Club Fees :

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

CATEGORY B

i) Company's Contribution towards Provident Fund :

In accordance with the rules of the Company and subject to a ceiling of 12% of salary or such other percentage as may be permitted by various laws.

ii) Company's Contribution towards pension/superannuation Fund :

As per the rules of the Company, but so, however, that it shall together with the Company's contribution to Provident Fund be limited to such amounts as are not taxable under the Income Tax Act. Contribution to Provident Fund and Superannuation Fund will not be considered or included for the computation of ceiling on perquisites.

iii) Gratuity :

Shall not exceed one-half month's salary for each completed year of service.

iv) Encashment of Leave :

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY C

i) Company's Car with Driver :

The Managing Director shall be entitled to use of Company's car with driver on the business of the Company. Any personal use of the car by the Managing Director shall be billed by the Company.

ii) Telephone & Fax at residence :

The cost of personal long distance calls made by the Managing director shall be billed by the Company.

iii) Leave :

The Managing Director shall be entitled to leave as per the applicable rules of the Company but not more than one month's leave for every eleven months of service.

If during the term of the Managing Director, the Company has no profits or its profits are inadequate in any financial year, the Managing Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above.

FOLLOWING ARE THE OTHER TERMS OF APPOINTMENT :

The Managing Director shall :

a) exercise such powers and carry out such duties and responsibilities from time to time as may be entrusted to him by the Board and subject to supervision, control and directions of the Board, shall have substantial powers of management.

b) promote the interest and welfare of the Company to the best of his ability and conform and comply with the practices and requirements of the Company and also all such orders and directions as may be given by the Board from time to time.

c) not become interested or otherwise concerned, directly or indirectly through his wife and minor children, in any selling agency of the company without prior approval of the Central Government so long as he functions as Managing Director.

None of the Directors of the Company except Shri D. G. Siraj as relative under section 6(c) of the Companies Act, 1956 and Shri Chetan Mehra himself are concerned or interested in the said Resolution.

The Board of Directors of your Company recommend passing of the resolution set out under item no.9 as an Ordinary Resolution.

Place : Mumbai

By order of the Board

Dated : August 30, 2000

Registered Office:
Empire House, 214, Dr. D. N. Road,
Ent. A. K. Nayak Marg, Fort,
Mumbai 400 001.

Surash Krishnan
Vice President &
Company Secretary



DIRECTORS' REPORT

The Members,

The Directors have pleasure in presenting their Thirteenth Annual Report together with Audited Accounts for the fifteen months period ended March 31, 2000 :

1. FINANCIAL RESULTS

| | For the Period ended 31st March, 2000 (15 months) (Rs. in Lakhs) | For the Period ended 31st Dec, 1998 (18 months) (Rs. in Lakhs) |
|--|--|--|
| Total Income | 7226.35 | 8896.45 |
| Profit before depreciation & tax | 708.10 | 1292.35 |
| Less : Depreciation | 507.07 | 815.55 |
| Profit before tax | 201.03 | 476.80 |
| (Less): Income Tax | 45.05 | 148.20 |
| Profit after tax | 155.98 | 328.60 |
| (Add/Less) Prior year adjustment | (6.24) | (73.79) |
| Available Surplus | 149.74 | 254.81 |
| Add : Balance carried over from previous year | 734.57 | 583.89 |
| | 884.31 | 838.70 |
| Directors recommendation for appropriation : | | |
| Transfer to General Reserve | - | 12.74 |
| Transfer to Reserve Fund | 29.96 | - |
| Proposed dividend: | | |
| on Preference Shares | 66.36 | 27.08 |
| @ 13%(1997-98:13%) | | |
| on Equity Shares | 64.31 | 64.31 |
| @ 5%(1997-98:5%) | | |
| Surplus carried to Balance Sheet | 720.68 | 734.57 |
| | 884.31 | 838.70 |

2. DIVIDEND

A. On Preference Shares

Your Directors recommend a Dividend @ 13% (previous year - 13%) on preference shares as per the terms of the issue of the said Preference Shares.

B. On Equity Shares

Your Directors recommend for consideration by the shareholders dividend of 5% (previous year - 5%) on the Equity Shares to be declared and paid for the period ended March 31, 2000.

3. PERFORMANCE

The total income for the year comprising of 15 months period was Rs.7226.35 lakhs as against Rs. 8896.45 lakhs in the previous period. The Profit before depreciation stood at Rs.708.10 lakhs. After provision for depreciation and prior year adjustments, the Net Profit stood at Rs.149 lakhs as against Rs.254.81 lakhs in the previous year.

The Textile manufacturing and Exports Division of the Company performed well achieving exports turnover of around Rs.44.00 crores, an increase of around 20% over the previous period on an annualised basis. The income from Financial Services reduced by 42% over the previous period resulting from a very conservative and cautious approach as a prudent measure. The Company in view of its substantial exports continues to enjoy the status of "Trading House" awarded by the Government of India.

4. RESOURCES

During the period under review the Company raised funds through Private Placement of Fully Secured Bonds aggregating to Rs.373.98 lacs.

5. RECLASSIFICATION OF THE COMPANY BY RESERVE BANK OF INDIA

The Company, as per intimation from Reserve Bank of India, ceased to be a Non-Banking Financial Company pursuant to the activity mix of your Company and having Industrial activity code no.849.

6. FUTURE PROSPECTS

Your Company proposes to enhance its presence in the areas of Textile Manufacturing/Exports and Renewable Energy Developments through Joint Ventures and Strategic alliances. These activities are recognised Government thrust areas and your company sees bright prospects in this chosen area of operations. The Company proposes to continue its cautious approach in Financial Services Sector.

7. DEPOSITORY SERVICES

During the period under review your Company entered into an agreement with Central Depository Services (India) Ltd. (CDSL) to dematerialise its securities. Dealings in the company's securities on the depository system at CDSL commenced from 07.02.2000. Members now have an option to hold the shares in the Company in demat form through CDSL in addition to National Securities Depository Ltd (NSDL). The Securities and Exchange Board of India has notified your Company's shares for compulsory trading in electronic form for all investors effective from June 26, 2000.

8. Y2K COMPLIANCE

Your Directors are pleased to inform that with the various initiatives taken towards Y2K compliance your company managed flawless transition to the new millennium without any disruption of its business operations.

9. CORPORATE GOVERNANCE

The Stock Exchange has amended the listing agreement by incorporating new clause 49 covering Corporate Governance which is an important instrument to investor protection. Your Company has already commenced the process of implementation of the required provisions of Corporate Governance and will ensure that all mandatory provisions are fully complied with as prescribed by the Stock Exchange from time to time.

10. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the foreign exchange earnings were Rs.4095.40 lakhs and the foreign exchange outgo was Rs.41.26 lakhs. The details have been given in Notes 2 and 3 in Schedule "R" of the accounts.

11. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Particulars required under section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption is given in Annexure 'A' to this report. The company has installed and commissioned an effluent treatment plant in the Textile Process Unit at Ahmedabad.

12. FIXED DEPOSITS

During the year the Company stopped accepting/renewing Fixed Deposits and also decided to prepay the existing Fixed Deposits before maturity and accordingly intimated the existing Fixed Deposit holders. The total unclaimed deposits as on the date of this Report is Rs.0.97 lacs comprising of 8 Fixed Deposit holders as against outstanding deposits of Rs.290.99 lacs as on 31.12.1998. The company accordingly informed the Credit Rating Agency viz. CARE for withdrawing the rating and accordingly the rating of "AA-" stands withdrawn by CARE.

13. SUBSIDIARY

During the year the Company acquired 100% Equity Share Capital of Weizmann Forex Limited. As required under section 212 of the Companies Act, 1956 the Audited Statement of Accounts, Report of Board of Directors and Auditors' Report of Weizmann Forex Limited are annexed. The Company transferred as of 31/3/2000 its Forex business to its 100% subsidiary.

14. DIRECTORS

In accordance with the Companies Act, 1956 and Articles of Association of the company Shri N. N. Pai and Dr.P.D.Ojha, Directors of the company retire by rotation and are eligible for re-appointment.

15. AUDITORS

The Auditors M/s.U.B.Sura & Co, retire at the ensuing Annual General Meeting and being eligible they have given their consent for re-appointment.

16. AUDITORS' REPORT

The observations of the Auditors in their report, read with notes annexed to the accounts, are self explanatory.

17. PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure 'B' to the Directors Report.

18. ACKNOWLEDGEMENT

Your Directors record with gratitude the continuous support of the members of the company, now in the thirteenth year of its operations. Your Directors are pleased to place on record their appreciation for the continuous support of Reserve Bank of India, Securities & Exchange Board of India & other regulatory bodies, Banks, Financial Institutions, Government Organisations and most of all our valued clients for their continued support.

At this point, Your Directors' would like to place on record the appreciation of the contribution of all the employees of the Company.

For and on behalf of the Board

Place : Mumbai
 Dated : August 30, 2000

N.N.PAI
 CHAIRMAN

ANNEXURE 'A' TO DIRECTORS' REPORT**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :**

| | 15 Months Ended 31-03-2000 | 18 Months Ended 31-12-1998 |
|---|-------------------------------|-------------------------------|
| A. POWER AND FUEL CONSUMPTION : | | |
| 1. Electricity | | |
| (a) Purchased Units | 1318415 | 1209470 |
| Total Amount | Rs. 55.40 Lacs | Rs. 52.05 Lacs |
| Rate / Unit | Rs. 4.20 | Rs. 4.30 |
| (b) Own Generation | | |
| i) Through diesel generator | 893178 Units | 1386940 Units |
| (Rate per unit Rs. 3.37-Only Diesel Cost) | Rs. 30.14 Lacs | Rs. 45.26 Lacs |
| ii) Through steam (turbine / generator) | NIL | NIL |
| 2. Coal | NIL | NIL |
| 3. Furnace Oil | NIL | NIL |
| 4. Other / Internal generation | NIL | NIL |

B. CONSUMPTION PER UNIT OF PRODUCTION :

| | Standards (if any) | Current Period | Previous Period |
|------------------------|-----------------------|-------------------|--------------------|
| Fabrics (per mtr) | - | - | - |
| Electricity (KWH) | - | 0.14 | 0.16 |
| Diesel Oil | NIL | 0.19 | 0.28 |
| Coal (specify quality) | NIL | NIL | NIL |
| Others (specify) | NIL | NIL | NIL |

ANNEXURE 'B' TO DIRECTORS' REPORT

| NAME OF THE EMPLOYEE AGE (Yrs) | QUALIFICATION EXPERIENCE (Yrs) | DESIGNATION | DATE OF JOINING | REMUNERATION RECD (GROSS) (RS.) | PARTICULARS OF LAST EMPLOYMENT HELD DESIGNATION & ORGANISATION |
|---|-----------------------------------|----------------------|--------------------|---------------------------------------|--|
| EMPLOYED FOR THE ENTIRE YEAR | | | | | |
| MR. CHETAN MEHRA (34) | B.SC. (14) | MANAGING DIRECTOR | 01/04/89 | 15,29,666/- | DIRECTOR - WEIZMANN LTD |
| "EMPLOYED FOR PART OF THE YEAR WHOSE REMUNERATION WAS NOT LESS THAN RS. 50,000/- PER MONTH." | | | | | |
| N I L | | | | | |

NOTES:

1. Remuneration received as shown above includes Salary, allowance, leave salary, company's contribution to Provident Fund, Group gratuity contribution paid which are valued at cost to the company.
2. Mr. Chetan Mehra is related to Mr. D. G. Siraj - Vice Chairman & Director of the Company.
3. Designation represent nature of duties of the employees.

**AUDITORS' REPORT****TO THE MEMBERS OF
WEIZMANN LIMITED**

We have audited the attached Balance Sheet of WEIZMANN LIMITED as at March 31, 2000 together with the statement of Profit and Loss Account of the company for the period ended on that date annexed thereto. We report as follows:

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 annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - i. We have obtained all the informations and explanation which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as it appears from our examination of the books;
 - iii. The Balance Sheet and the statement of Profit and Loss Account are in agreement with the books of accounts as submitted to us;
 - iv. Attention is invited to Note No. 12 of Schedule "R" (Notes to Accounts) on Revaluation of certain fixed assets, resulting in consequential increase in the value of gross block of fixed assets to the extent of Rs.1202.45 Lacs with equivalent increase in Reserves & Surplus.
3. In our opinion, and to the best of our informations and according to the explanations given to us the said statement of accounts subject to Note No. 13 of Schedule "R" on transfer from General Reserves an amount of Rs.1201 Lacs to the credit of Profit & Loss Account for set-off against bad debts written off during the period having an equivalent effect on profits for the period together with the other notes thereon and annexed thereto comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956 and also gives respectively information required by 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 March 31, 2000 and
 - b. In the case of the Profit and Loss Account of the Profit of the Company for the period ended on that date.

FOR U. B. SURA & CO.,
Chartered Accountants

Place: Mumbai
Dated: 30th August, 2000.

U. B. SURA
Proprietor

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of the Auditors' Report of even date to the Shareholders of WEIZMANN LIMITED on the accounts for the period ended on March 31, 2000)

1. The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets. The fixed assets of the Company, as informed to us, were physically verified by the management during the period under audit and no discrepancies have been noticed on such verification.
2. During the period, revaluation of the Freehold Land, Factory Building and Plant and Machinery at Textiles Processing House has been carried out.
3. The Management has, at reasonable periods, conducted physical verification in respect of raw materials, finished goods and consumables.
4. In our opinion 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 on such physical verification, as compared to stock records, were not material and the same have been properly dealt with in the books of accounts.
6. In our opinion and on the basis of examination of stock, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles.
7. In respect of loans, secured or unsecured taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the rate of interest and other terms and conditions are, in our opinion, *prima facie* not prejudicial to the interest of the company.

- In terms of sub-section 6 of Section 370 of the Act, provisions of Section 370 are not applicable to a company on or after 31st October, 1998.
8. The company has granted loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As per the information and explanation provided to us, the terms and conditions of such loans are *prima facie* not prejudicial to the interest of the company. In terms of sub-section 6 of Section 370 of the Act, provisions of Section 370 are not applicable to a company on or after 31st October, 1998.
 9. In our opinion and as per records furnished to us the parties to whom loans or advances in the nature of loans have been given by the Company, have generally repaid principal amounts as stipulated and are also regular in payment of interest in accordance with the stipulations.
 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 the business with regard to purchase of stores, raw materials including components, plant & machineries, equipments 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 transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the period to Rs.50,000/- or more have been made at the prices which are reasonable having regard to the prevailing market price for such goods, materials or services or the prices at which transaction for similar goods, materials or services have been made with other parties.
 12. As explained to us, the company has determined unserviceable or damaged stores or raw materials and finished goods. The loss arising on the items so determined have been properly dealt with in the accounts.
 13. In the cases of public deposits received by the company, the directives issued by Reserve Bank of India and the provision of Section 58A of the Companies Act 1956 and the rules framed thereunder, where applicable, have been complied with.
 14. The company has maintained reasonable records for the sale and disposal of scrap. The company has no by-product.
 15. In our opinion the Company's present internal audit system is commensurate with its size and nature of business.
 16. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of certain processing activities of the Company. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
 17. The company is regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
 18. As explained to us there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and which were outstanding as at 31st March, 2000 for a period of more than six months from the date they become payable.
 19. Based on our examination of the Books of accounts of the company, in accordance with the generally accepted auditing practices, we have not come across any personal expenses of employees or directors which have been charged to profit & loss account nor we have been informed of such a case by the Management.
 20. The company is not a Sick Industrial Company within the meaning of Clause (c) of sub section 1 of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
 21. In respect of service activities of the Company there is no consumption of stocks and materials. As per the explanations and informations given to us, owing to the nature of business specific allocation of man-hours to service activities is not practicable.
 22. In our opinion there is a reasonable system of internal control, commensurate with the size of the Company and nature of its service activities.
 23. In respect of Company's trading activity, we are informed that there are no damaged stocks.
 24. In our opinion the Company has maintained proper records of the transaction and control in respect of trading in shares, securities, debentures and other investments.

FOR U.B.SURA & CO.,
Chartered Accountants

Place: Mumbai.
Dated: 30th August, 2000

U.B.SURA
Proprietor