

# **Alan Scott Industries Limited**

***5th Annual Report***  
**1998-99**

**NOTES**



**ALAN SCOTT INDUSTRIES LIMITED**

**SHAREHOLDERS DISCOUNT COUPON**

**30% Discount on Purchase of Socks upto Rs. 1,000/-**

Valid till 31st December, 1999

**Coupon Acceptable at :-**

**K.G. Badlani**

1st Bhajipala Lane

126, Chakla Street

Mumbai - 400 003.

**BOARD OF DIRECTORS**

MR. NATWARLAL M. PATEL (CHAIRMAN)  
MR. SUKETU J. PARIKH (MANAGING DIRECTOR)  
SMT. INDUMATI J. PARIKH  
MR. CHANDRAKANT C. VORA

**REGISTERED OFFICE**

131, A TO Z INDUSTRIAL ESTATE,  
GANPATRAO KADAM MARG,  
LOWER PAREL,  
MUMBAI - 400 013.

**FACTORY**

38, APURVA INDUSTRIAL ESTATE,  
MAKWANA ROAD, MAROL NAKA,  
ANDHERI (EAST),  
MUMBAI - 400 059.

**BANKERS**

STATE BANK OF INDIA

**AUDITORS**

JAIN & JAIN  
CHARTERED ACCOUNTANTS

**REGISTRARS AND TRANSFER AGENTS**

INTIME SPECTRUM REGISTRY PVT. LTD.  
(FORMERLY INTIME SHARE SERVICES PVT. LTD.)  
260-A, SHANTI INDUSTRIAL ESTATE,  
SAROJINI NAIDU ROAD, MULUND (W),  
MUMBAI - 400 080.  
TEL. : 564 7731, 567 2716

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**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ALAN SCOTT INDUSTRIES LIMITED WILL BE HELD ON THURSDAY, THE 30TH SEPTEMBER, 1999 AT BOMBAY PRODUCTIVITY COUNCIL AUDITORIUM, ROHIT CHAMBERS, JANMABHOOMI MARG, MUMBAI-400 001 AT 11.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS :-**

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as on 31st March, 1999 and Profit and Loss Account for the year ended on that date and Report of the Auditors' and Directors thereon.
2. To appoint a Director in place of Mrs. Indumati J. Parikh who retires by rotation and being eligible offer herself for re-appointment.
3. To appoint Auditors and to authorise Board of Directors to fix their remuneration.

**SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

"RESOLVED that Mr. C.C.Vora, who was appointed as an Additional Director, of the Company with effect from 30/10/98 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as Director of the Company, liable to retire by rotation."

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, if required, the consent & approval of the Members be & is hereby accorded to the re-appointment of Mr. Suketu J. Parikh as Managing Director of the Company for a period of 5 years w.e.f. 15/04/99 on the terms and conditions including expressly the remuneration payable to him as Managing Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year, as set out in the draft Agreement between the Company and Mr. Suketu J. Parikh submitted to this meeting and for the purpose of identification initialled by the Chairman.

FURTHER RESOLVED THAT salary, commission and perquisites may be increased, in the light of the provisions of the Companies Act, as may be enacted or amended from time to time and as may be decided by the Board of Directors.

FURTHER RESOLVED THAT the minimum remuneration as may be prescribed and as set out in the Draft Agreement be paid together with perquisites and other benefits in case of absence or inadequacy of profits in any financial year of the Company during his term as the Managing Director of the Company.

FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute the Agreement or such documents, in terms of the said draft, with such alterations, changes and/or variations in the remunerations payable to Mr. Suketu J. Parikh as may be agreed between the Directors and Mr. Suketu J. Parikh.

Provided that the said remuneration as altered, changed or varied shall be in accordance with the limits prescribed thereof under Schedule XIII of the Act for the time being and from time to time in force."

PLACE : MUMBAI  
DATE : August 30, 1999

**BY ORDER OF THE BOARD OF DIRECTORS**

**Registered Office**  
131, A to Z Industrial  
Estate, G.K. Marg, Lower  
Parel, Mumbai-400 013.

**C. C. VORA**  
(DIRECTOR)

**NOTES :-**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 1999 to 30th September, 1999 (both days inclusive).
3. Members are requested to intimate any change in their address to the Company's Registrars and Share Transfer Agents Intime Spectrum Registry Pvt. Ltd., at the earliest quoting their folio numbers.
4. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their question in writing to the Board of Directors of the Company at least 7 days before the date of the meeting so that the information required may be made available at the meeting.
5. Members should bring their copies of Annual Reports to the Annual General Meeting, copies will not be distributed at the Meeting as a measure of economy.
6. Explanatory Statement u/s 173 (2) of the Companies Act, 1956 in respect of Special Business to be transacted at the Annual General Meeting is annexed herewith & forms part of the notice.
7. The Members who have not yet exchanged their Counter Receipts with Share Certificates are hereby requested to handover/submit the same at the office of Register and Transfer Agents of the Company at the earliest.

**ANNEXURE TO THE NOTICE**

Explanatory Statement u/s 173 (2) of the Companies Act, 1956 in respect of the Special Business.

**Item No.4**

Mr. C.C.Vora was appointed as an Additional Director of Company with effect from 30/10/98.

The Board has received individual notice alongwith the prescribed deposit as required under Section 257 of the Companies Act, 1956 from the member proposing the candidature of aforesaid Director for the office of the Director.

The Board recommends his appointment as Director of the Company. None of the Directors except Mr.C.C.Vora as it relates to his appointment is interested in the Resolution.

**Item No.5**

The Board at their meeting held on 28th April, 1999, re- appointed Shri Suketu J.Parikh as the Managing Director of the Company for a period of five years with effect from 15th April, 1999 subject to the approval of members being obtained. In compliance with the conditions contained in Schedule XIII and subject to the approval of the members being obtained at this Annual General Meeting, the Board of Directors approves and recommends the re-appointment of Shri Suketu J. Parikh as Managing Director on the terms and conditions as to the remuneration and perquisites set out hereunder and more particularly set out in Draft Agreement to be entered into between the Company & the Managing Director, which are as follows & for which an abstract u/s 302 of the Companies Act, 1956 has already been circulated to the members:-

**1. SALARY :**

Rs. 15,000/- per month or such sum as may be prescribed by the Central Government from time to time or as may be authorised by Schedule XIII to the Companies Act, 1956.

**PERQUISITES :**

The perquisites in Category A,B and C will be restricted to an amount equivalent to the annual salary as per para (1) above or Rs. 4,50,000/- per annum whichever is less.

**CATEGORY : A**

**(i) Housing -**

- (a) The expenditure incurred by the company on hiring accommodation for him will be subject to the ceiling of 60% of salary over and above 10% payable by him.

- (b) Where accommodation in the Company-owned house is provided he shall pay to the company by way rent 10% of the salary. Wherever the company does not provide accommodation, House Rent Allowance shall be paid in accordance with (a) above.
  - (c) The expenditure incurred by the company on gas, electricity, water and furnishing will be evaluated as per the Income - tax Rules, 1962. This will however, be subject to a ceiling of 10% of the salary paid to him.
- (ii) Medical benefits for self and family -  
Reimbursement of expenses actually incurred, the total cost of which to the company shall not exceed one month's salary per year or three months salary in the period of three years.
- (iii) Leave Travel Concession -  
for self and family once in a year incurred in accordance with the rules of the company.
- (iv) Club Fees -  
Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (v) Personal Accident Insurance -  
Of an amount the annual premium of which does not exceeds Rs. 4,000/-.

**CATEGORY : B**

- i) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either single or put together are not taxable under the income-tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.
- ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

**CATEGORY : C**

- i) Free use of Company's car with driver for the business of the Company. Use of car for private purpose shall be billed by the Company.
- ii) Free Telephone facility at residence. All personal long distance calls shall be billed by the company.

**COMMISSION**

Remuneration by way of commission may also be allowed in addition to salary and perquisites as decided by Board from time to time. However, the amount of it, based on the net profits of the company in a particular year, shall be subject to the ceilings laid down in the Section 198 and 309.

PROVIDED that the remuneration aforesaid shall not, in any financial year, exceed :

5(five) per cent of net profits (where the Company has only one managerial personnel).

OR

10(ten) per cent of net profits (where the company has more than one managerial personnel) for all of them put together.

**II. MINIMUM REMUNERATION :**

(payable in case of absence or inadequacy of net profits in any financial year):

The remuneration in I above including perquisites but save and except commission, shall nevertheless, be paid as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year, subject to the condition that such remuneration shall not without the approval of the Central Government, if required, exceed such sum payable per year or per month computed on the basis of the effective capital of the Company as defined in the explanation under para 3 of Section II of Part II to

## **Alan Scott Industries Limited**

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schedule XIII of the Companies Act, 1956 as in force for the time being or as amended in future. PROVIDED that the undermentioned perquisites, namely:

- (a) contribution to Provident Fund, superannuation Fund or Annuity Fund to the extent these, singly or put together, are not taxable under the Income Tax Act, 1961
- (b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service ; and
- (c) encashment of leave, at the end of his tenure of office, shall not be included in the computation of the above mentioned ceiling on remuneration.

### **III. OTHER TERMS :**

- (i) The appointee shall not be entitled to sitting fees for attending meetings of the Board of Directors and / or committee(s) thereof.
- (ii) The appointee shall not, while he continues to hold office as Managing Director, be liable to retire by rotation.
- (iii) The appointee shall be entitled to compensation for loss of office in the event, manner and to the extent provided in Section 318 of the Act.
- (iv) In event the appointee dies during the terms of agreement, the company shall pay to his heirs, his full salary and other emoluments for that month and for the three months thereafter.
- (v) Either party may terminate the Agreement by giving 90 days notice in writing to the other without any cause.
- (vi) He shall be entrusted with substantial powers of management of the business of the Company. He shall faithfully and diligently serve the Company as the Managing Director and exercise such other powers and functions as may be conferred on him.
- (vii) He shall devote his whole time and attention to the business of the company.
- (viii) The company will reimburse him expenses incurred by him for travelling and entertainment in connection with the business of the company.

### **MEMORANDUM OF INTEREST OF DIRECTORS**

None of the Director except Suketu J.Parikh & Mrs. Indumati J.Parikh are interested or concerned in the said Resolution.

The Directors command the Resolution set out at item no. 5 of the accompanying notice for your approval.

This explanation togetherwith the accompanying Notice is to be regarded as an Abstract of Terms and Memorandum of Interest u/s 302 of The Companies Act, 1956.

The said draft Agreement referred to in the resolution at item nos. 5 is available for inspection to the Members at the Registered Office of the Company on working days of the Company between 11:00 A.M. & 1:00 P.M. upto and including the day of the Annual General Meeting.

PLACE : MUMBAI  
DATE : August 30, 1999

**Registered Office**  
131, A to Z Industrial  
Estate, G.K. Marg, Lower  
Parel, Mumbai-400 013.

**BY ORDER OF THE BOARD OF DIRECTORS**

**C. C. VORA**  
*(DIRECTOR)*

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**DIRECTORS' REPORT**

The Members,  
**Alan Scott Industries Ltd.**

The Board of Directors have the pleasure in presenting the Fifth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999.

**FINANCIAL RESULTS**

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|  | <b>(RS. IN LACS)</b><br><b>1998-99</b> | <b>(RS. IN LACS)</b><br><b>1997-98</b> |
|--|--|--|
| Gross Turnover   | 214.73                                 | 339.61                                 |
| Profit/(Loss) before Interest and Depreciation and tax | (17.32)                                | 39.06                                  |
| Less: Financial charges                                | 23.62                                  | 22.37                                  |
| Profit / (Loss) before depreciation & tax              | (40.94)                                | 16.69                                  |
| Less: Depreciation                                     | 9.85                                   | 14.53                                  |
| Profit / (Loss) before tax                             | (50.79)                                | 2.16                                   |
| Less: Provision for Income tax                         | -                                      | -                                      |
| Prior year Exp.  | 1.64                                   | 1.54                                   |
| Profit / (Loss) after tax                              | (52.43)                                | 3.70                                   |
| Profit/(Loss) brought forward from Previous Year       | (1.91)                                 | (5.61)                                 |
| Balance carried to Balance sheet                       | (54.34)                                | (1.91)                                 |

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**DIVIDEND :**

In view of the Loss during the year, your Directors express their inability to recommend dividend for the year 1998-99.

**OPERATIONS :**

During the year under review the Company achieved a turnover of Rs.214.73 lacs as against Rs.339.61 lacs in the last year. The shortfall in the turnover is mainly due to the fact that the Company faced working capital shortage and could not achieve the optimum production.

**PUBLIC DEPOSIT :**

The Company has neither invited nor accepted any deposits in contravention of Section 58A of the Companies Act, 1956 and the rules made thereunder during the year under review.

**OBSERVATION IN THE AUDITORS REPORT :**

The observation made by the Auditors in their Audit Report have been duly clarified/explained in the relevant notes forming part of the Annual Accounts which are self explanatory and do not need any further clarification.

**PERSONNEL :**

Our Company's human resources have been playing a vital role in achieving organisational objectives. The Company's growth and progress is the result of hard work and devotion of all the employees. None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed u/s 217 (2A) of the Companies Act, 1956.

**DIRECTORS :**

Mrs.Indumati J. Parikh a director of the company, retires by rotation and being eligible offers herself for reappointment. Mr. C. C. Vora was appointed as Additional Director of the Company under Section 260 of the Companies Act, 1956 and whose terms of office expires at the conclusion of the ensuing Annual General Meeting. The Company has received a letter from a member proposing his candidature for appointment as a Director of the Company. Your Board recommends his appointment.

**PARTICULARS U/S 217 (1)(e) OF THE COMPANIES ACT, 1956 :**

As required u/s 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988 the relevant information is given below:



## **Alan Scott Industries Limited**

### **A. CONSERVATION OF ENERGY :**

| Power & Fuel Consumption:   | Current Year | Last Year |
|---|--------------|-----------|
| <b>1] ELECTRICITY :</b>   |              |           |
| (a) Purchase units  | 2,24,260     | 2,25,131  |
| Amount (Rs.)  | 12,73,798    | 12,15,709 |
| Rate/Unit   | 5.68         | 5.40      |
| (b) Own Generated Units   |              |           |
| Total Oil consumed  | Nil          | Nil       |
| Total Amount  | Nil          | Nil       |
| Rate/Unit (Rs.)   | Nil          | Nil       |
| <b>2] STEAM GENERATOR :</b>   |              |           |
| (a) Consumed  |              |           |
| Keep  | Nil          | Nil       |
| Total Oil Consumed  | Nil          | Nil       |
| Rate/K/g. (Rs.)   | Nil          | Nil       |
| <b>3] CONSUMPTION PER UNIT OF PRODUCTION</b>                        |              |           |
| Products (with details) unit Socks 5.73 lacs pairs (8.58 lacs pairs |              |           |
| Previous Year)  | Nil          | Nil       |
| Electricity   | Rs.2.22      | Rs. 1.42  |

### **B. RESEARCH & DEVELOPMENT**

The Company has no specific Research and Development Department. However, the Company has well equipped Quality Control Department to check the quality of the product manufactured.

### **C. FOREIGN EXCHANGE EARNING/OUTGO :**

|                               | Current Year | Last Year    |
|-------------------------------|--------------|--------------|
| Total Foreign Exchange earned | Rs.13,49,899 | Rs.39,60,854 |
| Total Foreign Exchange outgo  |              |              |
| for Expenses                  | Rs.1,16,964  | 80,705       |
| for Machinery                 | Nil          | Nil          |

### **AUDITORS :**

M/S Jain & Jain, Chartered Accountants, Mumbai retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. You are requested to appoint Auditors and authorise Board to fix their remuneration.

### **SHIFT FROM COUNTER RECEIPT TO SHARE CERTIFICATE :**

All the necessary acts, deeds, steps as suggested by the OTC Exchange has been taken by the Company towards exchange of Share Certificates against Counter Receipts and despatch of same to the members. The members who have not yet exchanged their counter receipts with share certificates are hereby requested to handover/submit the same at the office of Registrar and Transfer Agents of the Company at the earliest.

### **Y2K COMPLIANCE :**

The Company's operations are Y2K compliant. Effective steps have been taken for meeting any contingencies.

### **ACKNOWLEDGEMENT :**

The Directors take this opportunity to thank all the employees for their contribution to the Company's performance during the year under review. The Directors place on record their appreciation for assistance and support from various Government Agencies, Bankers and Financial Institutions.

The Directors also express their gratitude to the shareholders of the Company for their continued support to the Management.

**BY ORDER OF THE BOARD OF DIRECTORS**

PLACE : MUMBAI  
DATE : August 30, 1999

**N.M. PATEL**  
(CHAIRMAN)

**AUDITORS' REPORT**

**TO THE MEMBERS OF ALAN SCOTT INDUSTRIES LIMITED.**

We have audited the attached Balance Sheet of ALAN SCOTT INDUSTRIES LIMITED as at 31st March, 1999 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report that:-

- I. 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 of the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our Comments in the Annexure referred to in paragraph (I) above:-
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (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) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the profit and loss account and balance sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) In our opinion and to the best of our information and according to the explanations given to us, and subject to note no. I(c) and II(3) of notes to accounts given in schedule 23 the said accounts read together with the notes thereon, 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 31st March, 1999.  
and
    - (ii) in the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date.

**For JAIN & JAIN**  
Chartered Accountants

PLACE : Mumbai  
DATE: 30-8-1999

**(NIRANJAN JAIN)**  
Partner

**ANNEXURE TO THE AUDITOR'S REPORT**

**(Referred to in Paragraph (i) of our report of even date.)**

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. We are informed that all the fixed assets have been physically verified by the management during the year and that no material discrepancies were noticed on verification.
2. None of the fixed assets have been revalued during the year.
3. We are informed that the stock of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures and method of physical verification of stocks followed by the management are in our opinion reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

## **Alan Scott Industries Limited**

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7. According to the information and explanations give to us, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from the Companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956, except interest Free Loans from Directors of the Company.
8. The Company has not granted any loans secured or unsecured to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to the Companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956.
9. In respect of loans given by the Company to its employees the loan instalment and the interest thereon, wherever applicable, have been generally recovered as stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant & machinery, equipment and other assets and for 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 contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at price which are reasonable having regard to prevailing market prices for such goods, materials and 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 regular procedure for the determination of unserviceable or damaged stores, raw materials & finished goods, Adequate provision has been made in the books of accounts of the Company for the loss arising on the items so determined.
13. The Company does not have any deposit falling within the definition of 'Deposit' under section 58A of the Companies Act, 1956.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company does not have any realisable by-product.
15. In our opinion the internal Audit System is commensurate with the size & nature of business of the Company.
16. To the best of our knowledge & according to the information given to us , the Central Government has not prescribed the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956, in respect of the product of the Company.
17. Provident Fund dues and Employees' state Insurance dues have been regularly deposited with appropriate authorities.
18. 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.
19. According to the information and explanations given to us and the records examined by us no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of Clause (O) of Sub Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act. 1985.
21. In respect of the trading activity, it has been explained to us that there are no damaged goods.

**For JAIN & JAIN**  
*Chartered Accountants*

PLACE: MUMBAI  
DATE: August 30, 1999

**(NIRANJAN JAIN)**  
*Partner*

**BALANCE SHEET AS AT 31ST MARCH 1999**

|   | SCHEDULE | AS AT 31ST<br>MARCH, 1999<br>(IN RUPEES) | AS AT 31ST<br>MARCH, 1998<br>(IN RUPEES) |
|---|----------|--|--|
| <b>I SOURCES OF FUNDS</b>   |          |  |  |
| 1. Shareholders' Funds :  |          |  |  |
| a) Share Capital  | 1        | 3,26,37,000                              | 3,26,37,000                              |
| b) Reserves & Surplus   | 2        | -  | -  |
| 2. Loan Funds   |          |  |  |
| a) Secured Loans  | 3        | 1,77,88,112                              | 1,62,74,697                              |
| b) Unsecured Loans  | 4        | 17,05,499                                | 27,46,006                                |
| <b>TOTAL</b>  |          | <u>5,21,30,611</u>                       | <u>5,16,57,703</u>                       |
| <b>II APPLICATION OF FUNDS</b>  |          |  |  |
| 1. Fixed Assets   |          |  |  |
| a) Gross Block  | 5        | 3,40,96,012                              | 3,38,36,806                              |
| b) Less :- Depreciation   |          | 48,10,408                                | 38,25,591                                |
| c) Net Block  |          | 2,92,85,604                              | 3,00,11,215                              |
| 2. Investments  | 6        | 83,803                                   | 98,802                                   |
| 3. Current Assets, Loans & Advances   |          |  |  |
| a) Inventories  | 7        | 99,19,284                                | 93,92,296                                |
| b) Sundry Debtors   | 8        | 62,75,785                                | 1,25,43,086                              |
| c) Cash & Bank Balances   | 9        | 5,71,080                                 | 4,10,384                                 |
| d) Loans & Advances   | 10       | 26,02,985                                | 23,91,919                                |
| e) Other Assets   | 11       | 17,33,358                                | 10,91,650                                |
|   |          | 2,11,02,492                              | 2,58,29,335                              |
| Less : Current Liabilities & Provisions                                     | 12       | 54,76,099                                | 65,12,444                                |
| Net Current Assets  |          | 1,56,26,393                              | 1,93,16,891                              |
| 4. Miscellaneous Expenditure<br>(To the extent not written off or adjusted) | 13       | 17,00,932                                | 20,39,854                                |
| 5. Profit & Loss A/c.   |          | 54,33,879                                | 1,90,941                                 |
| <b>TOTAL</b>  |          | <u>5,21,30,611</u>                       | <u>5,16,57,703</u>                       |
| NOTES FORMING PART OF THE ACCOUNTS  | 23       |  |  |

As per our report attached of even date

**For JAIN & JAIN**  
Chartered Accountants

**For ALAN SCOTT INDUSTRIES LTD.**

(Niranjan Jain)  
Partner

(Suketu Parikh)  
Managing Director

(N.M. Patel)  
Chairman

PLACE : MUMBAI  
DATE : August 30, 1999.

**Alan Scott Industries Limited**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1999**

|   | SCHEDULE | FOR THE<br>YEAR ENDED<br>31-3-1999<br>(IN RUPEES) | FOR THE<br>YEAR ENDED<br>31-3-1998<br>(IN RUPEES) |
|---|----------|---|---|
| <b>I INCOME</b>   |          |   |   |
| (a) Sales   | 14       | 2,16,48,071                                       | 3,42,04,308                                       |
| (b) Other Income  | 15       | 2,85,931  | 7,97,478  |
| (c) Increase/(Decrease) in stock                          | 16       | (4,61,174)  | (10,40,417)                                       |
| <b>TOTAL</b>  |          | <u>2,14,72,828</u>                                | <u>3,39,61,369</u>                                |
| <b>II EXPENDITURE</b>                                     |          |   |   |
| (a) Material Cost   | 17       | 1,48,92,073                                       | 2,27,58,472                                       |
| (b) Manufacturing & Other Direct Cost                     | 18       | 12,73,798   | 14,87,709   |
| (c) Employees' Remuneration & Benefits                    | 19       | 27,29,335   | 16,55,355   |
| (d) Selling, Distn & Admn. Exp                            | 20       | 42,94,524   | 41,53,136   |
| (e) Fall in value of Investment                           |          | 14,999  | —   |
| <b>TOTAL</b>  |          | <u>2,32,04,729</u>                                | <u>3,00,54,672</u>                                |
| <b>III Profit/Loss Before Interest &amp; Depreciation</b> |          | (17,31,901)                                       | 39,06,697   |
| Interest & Financial Charges                              | 21       | 23,62,496   | 22,37,351   |
| DEPRECIATION  |          | <u>9,84,817</u>                                   | <u>14,52,981</u>                                  |
|   |          | (50,79,214)                                       | 2,16,365  |
| <b>IV PROFIT BEFORE TAX</b>                               |          | —   | —   |
| PROVISION FOR INCOME TAX                                  |          | —   | —   |
| <b>V Profit/(Loss) After tax</b>                          |          | <u>(50,79,214)</u>                                | <u>2,16,365</u>                                   |
| Prior Year Income / (Exp.)                                | 22       | (1,63,724)  | 1,53,405  |
| <b>VI Profit/(Loss) Brought Forward</b>                   |          | (1,90,941)  | (5,60,711)  |
| From Previous Year  |          |   |   |
| <b>VII Appropriation</b>                                  |          | —   | —   |
| Balance carried to Balance Sheet                          |          | <u>(54,33,879)</u>                                | <u>(1,90,941)</u>                                 |
| <b>NOTES FORMING PART OF THE ACCOUNTS</b>                 | 23       |   |   |

As per our report attached of even date

**For JAIN & JAIN**  
Chartered Accountants

**For ALAN SCOTT INDUSTRIES LTD.**

**(Niranjan Jain)**  
Partner

**(Suketu Parikh)**  
Managing Director

**(N.M. Patel)**  
Chairman

PLACE : MUMBAI  
DATE : August 30, 1999.

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st March, 1999**

|   | AS AT<br>31ST MARCH, 1999<br>(IN RUPEES) | AS AT<br>31ST MARCH, 1998<br>(IN RUPEES) |
|---|--|--|
| <b>SCHEDULE 1</b>   |  |  |
| <b>Share Capital</b>  |  |  |
| Authorised Capital<br>5000000 Equity Shares of Rs. 10/- each  | 5,00,00,000                              | 5,00,00,000                              |
| Issued, Subscribed & Paid Up Capital.<br>3263700 Equity Shares of Rs. 10/- each fully paid up   | 3,26,37,000                              | 3,26,37,000                              |
| <b>TOTAL</b>  | <b>3,26,37,000</b>                       | <b>3,26,37,000</b>                       |
| <b>SCHEDULE 2</b>   |  |  |
| <b>RESERVES &amp; SURPLUS</b>   |  |  |
| Profit & Loss Account   | —  | —  |
| <b>TOTAL</b>  | <b>NIL</b>                               | <b>NIL</b>                               |
| <b>SCHEDULE 3</b>   |  |  |
| <b>SECURED LOANS</b>  |  |  |
| (i) Term Loan from State Bank of India<br>( Secured against Equitable/Registered Mortgage of the<br>Company's office situated at Lower Parel<br>& hypothecation of Company's Plant & Machinery<br>at Andheri and Personal<br>Guarantees of Directors ).<br>Interest Accrued   | 73,38,737<br><br>28,94,627               | 73,38,737<br><br>1738870                 |
| (ii) State Bank of India (Cash Credit A/c)<br>(Secured against Hypothecation of the Mortgage of<br>the Company's Stock of raw materials, stock-in-process,<br>finished goods, consumable stores & spares and<br>book debts and extension of mortgage charged on<br>fixed assets of the company which form security for<br>term loan and personal guarantees of Directors)<br>Interest Accrued | 50,62,149<br><br>1868672                 | 53,59,677<br><br>918687                  |
| (iii) State Bank of India (Packing Credit)<br>(Secured against L/C & Stock of Finished<br>Goods & Raw Material)   | 5,00,000                                 | 6,00,000                                 |
| (iv) 20th Century Finance<br>(Secured by hypothecation of car)<br>amount falling due within the<br>period of one year Rs. 1,23,927/-  | 1,23,927                                 | 3,18,726                                 |
| <b>TOTAL</b>  | <b>1,77,88,112</b>                       | <b>1,62,74,697</b>                       |
| <b>SCHEDULE 4</b>   |  |  |
| <b>UNSECURED LOANS</b>  |  |  |
| (i) Unsecured Loans From Others   | 9,88,745                                 | 15,85,743                                |
| (iii) Unsecured Loan from Directors   | 7,16,754                                 | 11,60,263                                |
| <b>TOTAL</b>  | <b>17,05,499</b>                         | <b>27,46,006</b>                         |

**SCHEDULE "5"**  
**FIXED ASSETS SCHEDULE**

| NAME                 | GROSS BLOCK      |               |                     |                  | DEPRECIATION     |                          |                     |                  | NET BLOCK        |                  |
|----------------------|------------------|---------------|---------------------|------------------|------------------|--------------------------|---------------------|------------------|------------------|------------------|
|                      | As at<br>31/3/98 | Additions     | Dedu'n/<br>Transfer | As at<br>31/3/99 | As at<br>31/3/98 | For the<br>Year<br>98-99 | Dedu'n/<br>Transfer | As at<br>31/3/99 | As at<br>31/3/99 | As at<br>31/3/98 |
|                      | Rupees           | Rupees        | Rupees              | Rupees           | Rupees           | Rupees                   | Rupees              | Rupees           | Rupees           | Rupees           |
| GOODWILL & BRAND     | 1350000          | --            | --                  | 1350000          | --               | --                       | --                  | --               | 1350000          | 1350000          |
| INDUSTRIAL PREMISES  | 6464717          | --            | --                  | 6464717          | 824522           | 215922                   | --                  | 1040444          | 5424273          | 5640195          |
| PLANT & MACHINERY    | 24048692         | --            | --                  | 24048692         | 2752099          | 619905                   | --                  | 3372004          | 20676688         | 21296593         |
| MOTOR CAR            | 577587           | --            | --                  | 577587           | 24354            | 54871                    | --                  | 79225            | 498362           | 553233           |
| ELEC. FIT. & FIXTURE | 393271           | --            | --                  | 393271           | 56217            | 18680                    | --                  | 74897            | 318374           | 337054           |
| FURNITURE & FIXTURE  | 807491           | --            | --                  | 807491           | 152119           | 51114                    | --                  | 203233           | 604258           | 655372           |
| OFFICE EQUIPMENTS    | 147348           | 111806        | --                  | 259154           | 15242            | 8502                     | --                  | 23744            | 235410           | 132106           |
| COMPUTER             | 47700            | 147400        | --                  | 195100           | 1038             | 15823                    | --                  | 16861            | 178239           | 46662            |
| <b>TOTAL</b>         | <b>33836806</b>  | <b>259206</b> | <b>--</b>           | <b>34096012</b>  | <b>3825591</b>   | <b>984817</b>            | <b>--</b>           | <b>4810408</b>   | <b>29285604</b>  | <b>30011215</b>  |
| PREVIOUS YEAR        | 31693218         | 2143588       | --                  | 33836806         | 237261           | 1452981                  | --                  | 3825591          | 30011215         | 29320608         |

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|  | AS AT<br>31ST MARCH, 1999<br>(IN RUPEES) | AS AT<br>31ST MARCH, 1998<br>( IN RUPEES ) |
|--|--|--|
| <b>SCHEDULE 6</b>  |  |  |
| <b>INVESTMENTS (AT COST)</b>   |  |  |
| (Refer Note No.: 1(e) of Sch.23)   |  |  |
| <b>QUOTED</b>  |  |  |
| In Fully paid Equity Shares of:  |  |  |
| Narmada Cement Company Ltd.  | 83,802                                   | 83,802                                     |
| 2500(Previous year 2,500) Equity shares of Rs.10/-each<br>(Market Value Rs.70,000/-) (Previous year Rs.25000/-)  |  |  |
| In partly paid Equity Shares of:   |  |  |
| Parasarampuria Synthetics Ltd.   | 1  | 15,000                                     |
| 3000(Previous year 3000)Equity Shares of Rs.10/- each,<br>(Rs.5/- paid up). Market Value of Partly.<br>Paid up share Rs.NIL (Previous year 6750/-)   |  |  |
| <b>TOTAL</b>   | 83,803                                   | 98,802                                     |
| <b>SCHEDULE 7</b>  |  |  |
| <b>INVENTORIES</b>   |  |  |
| (As valued and certified by the Management)  |  |  |
| Stock of Raw Material (At Cost)  | 34,00,576                                | 23,74,640                                  |
| Stock of Elastic (At Cost)   | 92,843                                   | 1,20,284                                   |
| Stock of Packing Material (At Cost)  | 1,75,600                                 | 1,98,730                                   |
| Stock of Stores & Spares (At Cost)   | 1,23,339                                 | 1,10,542                                   |
| Stock of Finished Goods (At lower of cost<br>or market value)  | 54,45,854                                | 65,88,100                                  |
| Stock of Fabrics (At lower of cost or market value)  | 6,81,072                                 | Nil  |
| <b>TOTAL</b>   | 99,19,284                                | 93,92,296                                  |
| <b>SCHEDULE 8</b>  |  |  |
| <b>SUNDRY DEBTORS</b>  |  |  |
| (Unsecured)  |  |  |
| a) Debts outstanding for a period exceeding six months:  |  |  |
| Considered good  | 24,22,207                                | 18,60,454                                  |
| Considered doubtful  | —  | —  |
| b) Other debts:  |  |  |
| Considered Good  | 38,53,578                                | 1,06,82,632                                |
| Debts includes amount due from companies where<br>directors are common:<br>Akansha Arts. Pvt. Ltd Rs.330616/- (Previous year Rs.5829976/-)<br>Parilon Industries Ltd. Rs.1113121/- (Previous year Rs.795174/-) |  |  |
| <b>TOTAL</b>   | 62,75,785                                | 1,25,43,086                                |
| <b>SCHEDULE 9</b>  |  |  |
| <b>CASH &amp; BANK BALANCES</b>  |  |  |
| Cash on Hand   | 2,85,096                                 | 199533                                     |
| Cheques on Hand  | Nil                                      | Nil  |
| Balances with Scheduled Banks: In Current Account :  |  |  |
| State Bank of India EEFC (DOLLAR)  | 1,04,182                                 | Nil  |
| State Bank of India (2223)   | Nil                                      | 64999                                      |
| State Bank of India (50863)  | 44,155                                   | 5000                                       |
| Development Credit Bank (8085)   | 1,22,424                                 | 129529                                     |
| Union Bank of India (29246)  | Nil                                      | 4269                                       |
| Union Bank of India (29245)  | 2054                                     | 2054                                       |
| Development Credit Bank (8086)   | 8169                                     | —  |
| In Fixed Deposits Account:<br>(As Margin Money against Letter of Credit & Bank Gurantee)   | 5,000                                    | 5,000                                      |
| <b>TOTAL</b>   | 5,71,080                                 | 4,10,384                                   |



**Alan Scott Industries Limited**

|   | AS AT<br>31ST MARCH, 1999<br>(IN RUPEES) | AS AT<br>31ST MARCH, 1998<br>( IN RUPEES ) |
|---|--|--|
| <b>SCHEDULE 10</b>                          |  |  |
| <b>LOANS &amp; ADVANCES</b>                 |  |  |
| (Unsecured, considered good)                |  |  |
| Staff Advances                              | 1,82,282                                 | 1,52,842                                   |
| T.D.S.                                      | 79,452                                   | 32,325                                     |
| Advances to Suppliers                       | 1,86,294                                 | 4,05,548                                   |
| Lease Deposit                               | 15,80,427                                | 15,80,427                                  |
| JCT Deposit                                 | 3,00,000                                 | —  |
| Water & Electricity Deposit                 | 1,21,840                                 | 1,21,840                                   |
| Prepaid Exp. (Insurance)                    | 66,800                                   | 62,437                                     |
| Telephone Deposit                           | 49,000                                   | 36,500                                     |
| Other Advances                              | 36,890                                   | —  |
| <b>TOTAL</b>                                | <u>26,02,985</u>                         | <u>23,91,919</u>                           |
| <b>SCHEDULE 11</b>                          |  |  |
| <b>OTHER RECEIVABLES</b>                    |  |  |
| Duty Drawback                               | 1,15,608                                 | 1,54,344                                   |
| Commission                                  | 15,03,960                                | 8,81,375                                   |
| Interest                                    | 1,13,790                                 | 52,730                                     |
| Other Misc.                                 | —  | 3,201                                      |
| <b>TOTAL</b>                                | <u>17,33,358</u>                         | <u>10,91,650</u>                           |
| <b>SCHEDULE 12</b>                          |  |  |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b> |  |  |
| Creditors for goods & Creditors for Exp.    | 44,70,210                                | 52,68,696                                  |
| Bank Overdraft                              | —  | 87,976                                     |
| Agency Deposit                              | 2,50,000                                 | 2,50,000                                   |
| Advance from Customers                      | 9,713                                    | 7,552                                      |
| Provision                                   | 4,42,023                                 | 5,71,548                                   |
| Provision for Bonus                         | 1,50,000                                 | 1,00,000                                   |
| Other Liabilities                           | 1,54,153                                 | 2,26,672                                   |
| <b>TOTAL</b>                                | <u>54,76,099</u>                         | <u>65,12,444</u>                           |
| <b>SCHEDULE 13</b>                          |  |  |
| <b>MISCELLANEOUS EXPENDITURE</b>            |  |  |
| (To the extent not written off or adjusted) |  |  |
| Share Issue Expenses                        | 15,86,568                                | 19,03,818                                  |
| Preliminary and Preoperative expenses       | 1,14,364                                 | 1,36,036                                   |
| <b>TOTAL</b>                                | <u>17,00,932</u>                         | <u>20,39,854</u>                           |
| <b>SCHEDULE - 14</b>                        |  |  |
| <b>SALES &amp; SERVICES</b>                 |  |  |
| Sales (Including export incentive)          |  |  |
| Socks                                       | 1,57,27,583                              | 1,58,91,359                                |
| Yarn  | 16,62,079                                | 1,05,11,364                                |
| Elastic                                     | 1,44,249                                 | —  |
| Cloth                                       | 31,14,035                                | 64,76,342                                  |
| Scrap                                       | 27,633                                   | 36,599                                     |
|   | <u>2,06,75,579</u>                       | <u>3,29,15,664</u>                         |
| Brokerage & Commission                      | 9,72,492                                 | 12,88,644                                  |
| <b>TOTAL</b>                                | <u>2,16,48,071</u>                       | <u>3,42,04,308</u>                         |

**5th Annual Report 1998-99**

|   | AS AT<br>31ST MARCH, 1999<br>(IN RUPEES) | AS AT<br>31ST MARCH, 1998<br>( IN RUPEES ) |
|---|--|--|
| <b>SCHEDULE - 15</b>                    |  |  |
| <b>OTHER INCOME</b>                     |  |  |
| Interest on Refund Due                  | —  | 2,50,078                                   |
| Dividend (TDS Rs.Nil)                   | —  | 3,750                                      |
| Small balances Written off/Written back | —  | 3,22,769                                   |
| Insurance Claim                         | 19,000                                   | 2,02,477                                   |
| Rent                                    | 2,45,000                                 | —  |
| Misc. Income                            | 21,931                                   | 18,404                                     |
| <b>TOTAL</b>                            | <u>2,85,931</u>                          | <u>7,97,478</u>                            |
| <b>SCHEDULE - 16</b>                    |  |  |
| <b>INCREASE / (DECREASE) IN STOCK</b>   |  |  |
| Stock at commencement                   |  |  |
| Socks                                   | 65,88,100                                | 47,72,827                                  |
| Cloth                                   | NIL                                      | 28,55,690                                  |
|   | <u>65,88,100</u>                         | <u>76,28,517</u>                           |
| Stock at close                          |  |  |
| Socks                                   | 54,45,854                                | 65,88,100                                  |
| Cloth                                   | 6,81,072                                 | —  |
|   | <u>61,26,926</u>                         | <u>65,88,100</u>                           |
| Increase/Decrease in Stocks             | <u>(4,61,174)</u>                        | <u>(10,40,417)</u>                         |
| <b>SCHEDULE - 17</b>                    |  |  |
| <b>A) Raw Material Consumed</b>         |  |  |
| Opening Stock                           | 24,94,924                                | 12,68,650                                  |
| Add: Purchases (Net)                    | 80,78,016                                | 1,16,17,545                                |
|   | <u>1,05,72,940</u>                       | <u>1,28,86,195</u>                         |
| Less : Closing Stock                    | 34,93,419                                | 24,94,924                                  |
| <b>SUB TOTAL (a)</b>                    | <u>70,79,521</u>                         | <u>1,03,91,271</u>                         |
| <b>B) Packing Material Consumed</b>     |  |  |
| Opening Stock                           | 1,98,730                                 | 50,425                                     |
| Add : Purchases (Net)                   | 20,24,764                                | 17,74,916                                  |
|   | <u>22,23,494</u>                         | <u>18,25,341</u>                           |
| Less : Closing Stock                    | 1,75,600                                 | 1,98,730                                   |
| <b>SUB TOTAL (b)</b>                    | <u>20,47,894</u>                         | <u>16,26,611</u>                           |
| <b>C) Stores and Spares Consumed</b>    |  |  |
| Opening Stock                           | 1,10,542                                 | 75,000                                     |
| Add : Purchases                         | 1,31,808                                 | 1,55,342                                   |
|   | <u>2,42,350</u>                          | <u>2,30,342</u>                            |
| Less : Closing Stock                    | 1,23,339                                 | 1,10,542                                   |
| <b>SUB TOTAL (c)</b>                    | <u>1,19,011</u>                          | <u>1,19,800</u>                            |

**Alan Scott Industries Limited**

|   | AS AT<br>31ST MARCH,1999<br>(IN RUPEES) | AS AT<br>31ST MARCH,1998<br>( IN RUPEES ) |
|---|---|---|
| <b>D) PURCHASES OF FINISHED PRODUCTS</b>  |   |   |
| a) Purchase of Finished Products  |   |   |
| (T.shirts)  | —                                       | 1,09,426                                  |
| Yarn (Trading)  | 16,62,079                               | 1,05,11,364                               |
| Elastic (Trading )  | 1,44,249                                | —   |
| Purchase of Cloth   | 38,39,319                               | —   |
| <b>SUB TOTAL (d)</b>  | <u>56,45,647</u>                        | <u>1,06,20,790</u>                        |
| <b>TOTAL</b>  | <u><u>1,48,92,073</u></u>               | <u><u>2,27,58,472</u></u>                 |
| <b>SCHEDULE - 18</b>  |   |   |
| <b>Manufacturing &amp; Other Direct Cost</b>  |   |   |
| Jobwork Charges paid  | —                                       | 2,72,000                                  |
| Power consumption   | 12,73,798                               | 12,15,709                                 |
| <b>TOTAL</b>  | <u>12,73,798</u>                        | <u>14,87,709</u>                          |
| <b>SCHEDULE - 19</b>  |   |   |
| <b>EMPLOYEES REMUNERATION &amp; BENEFITS</b>  |   |   |
| Salaries  | 9,29,769                                | 5,50,305                                  |
| Wages   | 11,26,485                               | 6,60,839                                  |
| Staff Welfare Expenses  | 1,10,861                                | 44,698                                    |
| Directors Remuneration  | 1,80,000                                | 1,80,000                                  |
| Bonus   | 1,50,000                                | 1,00,000                                  |
| E. S. I. C. Contribution  | 62,741                                  | 42,576                                    |
| Providend Fund  | 1,69,479                                | 76,937                                    |
| <b>TOTAL</b>  | <u>27,29,335</u>                        | <u>16,55,355</u>                          |
| <b>SCHEDULE - 20</b>  |   |   |
| <b>SELLING DISTRIBUTION AND ADMINISTRATION EXPENSES</b>                                       |   |   |
| Rent,Rates,Taxes  | 1,41,600                                | 2,83,200                                  |
| Commission, Discount, Sales Promotion Incentive, Sale Bonus                                   | 3,75,981                                | 8,21,580                                  |
| Custom Duty, Clearing & Forwarding & Export Exps.   | 1,00,235                                | 1,27,466                                  |
| Insurance,Registration,Listing & Other fees)  | 1,67,638                                | 1,46,624                                  |
| Travelling,Conveyance & Car Exp.  | 5,87,920                                | 3,05,402                                  |
| Telephone, Postage, Printing and Stationary & Books and Periodicals ) Courier Charges         | 4,53,158                                | 3,52,694                                  |
| Repairs & Maintenance and   |   |   |
| Society Maintenance & Electrical Exps.  | 2,69,235                                | 2,32,222                                  |
| Professional & Service Charges  | 2,83,476                                | 2,80,301                                  |
| Business Promotion, Sales Promotion   | 1,83,000                                | 2,39,663                                  |
| Income Tax Penalty  | —                                       | 20,000                                    |
| Sales Tax   | 3,93,435                                | 3,24,620                                  |
| Advertising Conference,Membership Fees & Exhibition Expenses)                                 | 60,661                                  | 70,230                                    |
| Puja Exp., Donation, other Exp. & Rate Diff.  | 1,25,753                                | 1,84,864                                  |
| Brokerage   | 76,084                                  | 66,439                                    |
| Auditors Remuneration   | 36,750                                  | 50,000                                    |
| Labour Charges, Freight, Transport, Octroi & Hamali Exp. & Delivery Exp, Packing & Forwarding | 3,55,974                                | 3,08,909                                  |
| Share Issue Expenses written off  | 3,17,250                                | 3,17,250                                  |
| Preliminary & Pre-operative Expenses written off  | 21,672                                  | 21,672                                    |
| Sundry balances written off   | 3,44,702                                | —   |
| <b>TOTAL</b>  | <u>42,94,524</u>                        | <u>41,53,136</u>                          |

**5th Annual Report 1998-99**

|  | AS AT<br>31ST MARCH,1999<br>(IN RUPEES) | AS AT<br>31ST MARCH,1998<br>( IN RUPEES ) |
|--|---|---|
| <b>SCHEDULE - 21</b>                           |   |   |
| <b>BANK INTEREST &amp; FINANCIAL CHARGES</b>   |   |   |
| Interest on Other Loan                         | 3,21,619                                | 2,62,655                                  |
| Term loan & Working Capital Loan from SBI      | 21,99,765                               | 20,30,462                                 |
| Bank Charges & Bank Commission                 | 19,350                                  | 59,858                                    |
|  | <u>25,40,734</u>                        | <u>23,52,975</u>                          |
| Less: Interest Received                        | 1,78,238                                | 1,15,624                                  |
| <b>TOTAL</b>                                   | <u>23,62,496</u>                        | <u>22,37,351</u>                          |
| <b>SCHEDULE 22</b>                             |   |   |
| <b>ADJUSTMENT IN RESPECT OF EARLIER YEARS</b>  |   |   |
| <b>INCOME</b>                                  |   |   |
| Excess Provision for Telephone Exps.           | 5,000                                   | —   |
| Excess Provision for Cash Discount             | 1,329                                   | —   |
| Excess Provision for Incentive                 | 6,279                                   | —   |
| Excess Provision for Interest                  | —                                       | 90,949                                    |
| Excess Provision for ESIC                      | —                                       | 1,096                                     |
| Short Provision for Commission                 | —                                       | 1,49,550                                  |
|  | <u>12,608</u>                           | <u>2,41,595</u>                           |
| <b>LESS : EXPENSES</b>                         |   |   |
| Short Provision for Salary                     | 9,625                                   | —   |
| Short Provision for Miscellaneous Exps.        | 820                                     | —   |
| Short Provision for Business Promotion         | 22,547                                  | —   |
| Short Provision for Repairs & Maintenance      | 1,090                                   | —   |
| Short Provision for Bonus                      | —                                       | 148                                       |
| Short Provision for Commission                 | 28,413                                  | 65,045                                    |
| Short Provision for Telephone Exp.             | —                                       | 1,412                                     |
| Short Provision for Labour Charges             | 828                                     | 3,020                                     |
| Short Provision for Professional Tax           | —                                       | 2,795                                     |
| Short Provision for Professional Fee           | 32,450                                  | 250                                       |
| Short Provision for Sale Incentives            | 4,512                                   | 15,520                                    |
| Short Provision for ESIC                       | 12,809                                  | —   |
| Short Provision for Bank Interest & Commission | 63,238                                  | —   |
|  | <u>1,76,332</u>                         | <u>88,190</u>                             |
| <b>TOTAL</b>                                   | <u>(1,63,724)</u>                       | <u>1,53,405</u>                           |

**SCHEDULE 23**

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999 :**

**1. SIGNIFICANT ACCOUNTING POLICIES.**

**a. Basis of Accounting :**

The Financial statement are prepared on historical cost convention and on the basis of generally accepted accounting principles.

**Revenue Recognition.:**

All Income and expenditure are generally accounted on accrual basis except in case of brokerage on sales and interest paid on delayed payments to creditors which are accounted as and when claimed by the party or payment made.

**b. Fixed Assets :**

Fixed Assets are stated at cost less depreciation. Cost comprises the purchase price and any attributable cost of bringing the assets to working conditions for its intended use.

Goodwill & Brand name represents amount paid for acquiring brand name of the running company for acquiring the rights to supply the finished goods in government department.

**c. Depreciation :**

Depreciation is provided on straight line method at the rates and in the manner specified in schedule XIV to the Companies Act, 1956. However depreciation has not been provided on few machineries which were not utilised during the year.

No provision in respect of w/off of Goodwill & Brand name has been made.

**d. Inventories :**

Inventories are valued as under :

Raw Materials Stores & Spares, Packing Materials : at cost.

Finished Products : At Lower of cost or estimated net realisable value. .

**e. Investments :**

Investment are Long term in nature and are stated at cost. Fall in value is provided in the books for permanent fall in the value of investments.

**f. Foreign Exchange Transactions :**

i] Foreign currency transactions not covered by forward contract are recorded on actual basis.

ii] Foreign Exchange transactions remaining unsettled at the year end are converted at the year end rate. Exchange difference arising on such transaction are dealt within Profit and Loss account.

**g. Retirement Benefits :**

i] As no employee of the company has completed its five years, no provision in respect of gratuity has been made in the books of accounts.

ii] Leave encashments are not in the nature of retirement benefit and are accounted in the books as and when paid by the company.

**h. Financial Charges :**

The expenses incurred to avail banking Credit facilities are charged to Profit & Loss Account in the year in which they are incurred.

**i. Share Issue/Preliminary/Pre-operative Expenses :**

Share issue expenses are written off over a period of 10 years and accordingly 1/10 of the said expenditure is written off each year.

**j. Contingent Liabilities not provided in respect of :**

i]. For Rs.5000/- against guarantee issued by them.

ii] For Rs.45,000/- being Uncalled amount on 3000 shares allotted of Parasarampuria Synthetics Ltd.

iii] Liabilities reduced in the books of accounts for Rs.200000/- where the suit has been filed by the company for supply of damaged goods.

**II GENERAL NOTES**

1. Previous year's figures are regrouped or rearranged wherever necessary.

2. Included in Selling, Distribution and Administration Expenses:

|                          | Current Year | Previous Year |
|--------------------------|--------------|---------------|
| Auditors Remuneration :  | 26250        | 30000         |
| For Statutory Audit Fees | 10500        | 20000         |
| For Tax Audit Fees       | —            | —             |
| For Income Tax Matters   | —            | —             |
| For Other services       | —            | —             |
|                          | 36750        | 50000         |

3. Some of the Balances of Sundry Debtors, Sundry Creditors, and Loans & Advances and some of the bank balances are subject to confirmation. The Company has already sent letters to its Sundry Debtors and Creditors for balance confirmation and expect the same to receive duly confirmed.

4. Value of ownership premises held in a Co-operative Society includes the sum of Rs. 250/- being the face value of shares required to be held under the bye-laws of the Society.
5. In the Opinion of the Board the Current Assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business
6. The information regarding suppliers also holding permanent registration certificate as an Ancillary Industrial Undertaking or a Small Scale Industrial Undertaking issued by the Directors of Industries of State or Union territory is not available from relevant parties. In the absence of such information the amount and interest due as per the interest on delayed payment to Small and Ancillary Industries Act. 1993 is not ascertainable.

**III. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3, 4C AND 4D OF SCHEDULE VI TO THE COMPANIES ACT 1956.**

- 1) Licensed and Installed Capacity (as certified by the management)

|  | Licenced         |                | Installed        |                  |
|--|------------------|----------------|------------------|------------------|
|  | 1998-99          | 1997-98        | 1998-99          | 1997-98          |
| Socks No. of pairs                                 | 4600000          | 4600000        | 3000000          | 3000000          |
| 2) PRODUCTION OF FINISHED PRODUCT MEANT FOR SALE : |                  |                |                  |                  |
| SOCKS  | 1998-99          | 1997-98        |                  |                  |
|  | 573350           | 858139         |                  |                  |
| 3) QUANTITATIVE INFORMATION :                      | (1998-99)        |                | (1997-98)        |                  |
| <b>a) Raw Material (YARN)</b>                      | Qty (kg)         | Value (in Rs.) | Qty (kg)         | Value (in Rs.)   |
| Opening Stock                                      | 13842.290        | 2374640        | 6680.420         | 1202297          |
| Purchases (Net)                                    | 58740.450        | 9150902        | 106609.260       | 2,12,51,948      |
| Less : Sales Trading                               | 9340.110         | 1662079        | 45813.390        | 1,05,11,364      |
|  | 63242.630        | 9863463        | 67476.290        | 1,19,42,881      |
| Less : Consumption for Production                  | 41328.93         | 6462887        | 53634.000        | 95,68,241        |
| <b>CLOSING STOCK</b>                               | <u>21913.700</u> | <u>3400576</u> | <u>13842.290</u> | <u>23,74,640</u> |
| <b>b) Elastic</b>                                  | Qty.(Kg.)        | Value (in Rs.) | Qty.(Kg.)        | Value (in Rs.)   |
| Opening Stock                                      | 380.600          | 120284         | 189.580          | 66353            |
| Purchase   | 2321.045         | 733442         | 2615.010         | 876961           |
| Less : Sales Trading                               | 446.32           | 144249         | ---              | ---              |
|  | 2255.325         | 709477         |                  |                  |
| Less: Consumption for Production                   | 1968.160         | 616634         | 2423.990         | 823030           |
| <b>CLOSING STOCK</b>                               | <u>287.165</u>   | <u>92843</u>   | <u>380.600</u>   | <u>120284</u>    |
| <b>c) Socks</b>                                    | In pairs         | Value (in Rs.) | In pairs         | Value (in Rs.)   |
| Opening Stock                                      | 329405           | 6588100        | 277452           | 4772827          |
| Purchases  | --               | --             | --               | --               |
| Add : Production                                   | 573350           | ---            | **858139         | ---              |
|  | 902755           | ---            | 1135591          | ---              |
| Less: Sales  | 674895           | 15727583       | 806186           | 15891359         |
| <b>CLOSING STOCK</b>                               | <u>227860</u>    | <u>5445854</u> | <u>329405</u>    | <u>6588100</u>   |
| (** Included Socks produced through job work)      |                  |                |                  |                  |
| <b>d) Packing Material</b>                         |                  | Value (in Rs.) |                  | Value (in Rs.)   |
| Opening Stock                                      |                  | 198730         |                  | 50,425           |
| Purchase (Net)                                     |                  | 2024764        |                  | 17,74,916        |
|  |                  | 2223494        |                  | 18,25,341        |
| Less : Packing Material Consumed                   |                  | 2047894        |                  | 16,26,611        |
| <b>CLOSING STOCK</b>                               |                  | <u>175600</u>  |                  | <u>1,98,730</u>  |

**Alan Scott Industries Limited**

|   |  |                 |                 |                 |                 |
|---|--|-----------------|-----------------|-----------------|-----------------|
| <b>e) Spare parts</b>                                     |  | Value (in Rs.)  |                 | Value (in Rs.)  |                 |
| Opening Stock   |  | 110542          |                 | 75000           |                 |
| Purchases   |  | 131808          |                 | 155342          |                 |
|   |  | <u>242350</u>   |                 | <u>230342</u>   |                 |
| Less: Consumption   |  | 119011          |                 | 119800          |                 |
| <b>CLOSING STOCK</b>                                      |  | <u>123339</u>   |                 | <u>110542</u>   |                 |
| <b>f) T. Shirt</b>  |  | Qty.            | Value (Rs.)     | Qty             | VALUE (Rs.)     |
| Opening Stock   |  | --              | --              | --              | --              |
| Purchases   |  | --              | --              | 2212            | 5,95,395        |
|   |  | <u>NIL</u>      | <u>NIL</u>      | <u>2212</u>     | <u>5,95,395</u> |
| Less: Returns   |  | --              | --              | 2212            | 4,85,969        |
| <b>CLOSING STOCK</b>                                      |  | <u>NIL</u>      | <u>NIL</u>      | <u>NIL</u>      | <u>NIL</u>      |
| <b>g) CLOTH</b>   |  | Qty.            | Value (Rs.)     | Qty             | VALUE (Rs.)     |
| Opening Stock   |  | NIL             | NIL             | 37540           | 2855690         |
| Purchases   |  | 21908.37        | 3839319         | --              | --              |
|   |  | <u>21908.37</u> | <u>3839319</u>  | <u>37540.00</u> | <u>2855690</u>  |
| Less: Sales   |  | 17980.50        | 3114035         | 37540.00        | 6476342         |
| <b>CLOSING STOCK</b>                                      |  | <u>3927.87</u>  | <u>681072</u>   | <u>NIL</u>      | <u>NIL</u>      |
| <b>h) SALES</b>   |  | Qty.            | Value (Rs.)     | Qty             | VALUE (Rs.)     |
| Socks   |  | 674895 Pairs    | 15727583        | 806186 Pairs    | 15891359        |
| Yarn  |  | 9340.110 Kgs    | 1662079         | 45813.39 Kgs.   | 10511364        |
| Scrap Sales   |  | 87.28 Kgs       | 27633           | 104.659 Kgs.    | 36599           |
| Cloth   |  | 17980.500 Mtrs  | 3114035         | 37540.000 Mtrs  | 6476342         |
| Elastic   |  | 446.32 Kgs      | 144249          | --              | --              |
| <b>CLOSING STOCK</b>                                      |  |                 | <u>20675579</u> |                 | <u>32915664</u> |
|   |  |                 | (1998 - 99)     |                 | (1997 - 98)     |
| i) Value of Imported Raw Material consumed                |  | =               | Nil             |                 | Nil             |
| j) Earning in Foreign Exchange                            |  | =               | 1349899         |                 | 3960854         |
| k) Expenditure in foreign currency                        |  |                 |                 |                 |                 |
| Directors foreign travelling expenses                     |  | =               | 112488          |                 | 807051          |
| Other Expenses  |  | =               | 4476            |                 | --              |
| l) Managing Director's Remuneration                       |  | =               | 1,80,000        |                 | 1,80,000        |
| m) Value of Imports on C.I.F basis Plant and Machineries= |  |                 | Nil             |                 | Nil             |

Signature to Schedules 1 to 23 forming part of the Balance Sheet, Profit & Loss Account.

As per our report attached of even date

**For JAIN & JAIN**

Chartered Accountants

**(Niranjan Jain)**

Partner

PLACE : MUMBAI

DATE : August 30, 1999.

**For ALAN SCOTT INDUSTRIES LTD.**

**(Suketu Parikh)**

Managing Director

**(N.M. Patel)**

Chairman

**Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956.  
Balance Sheet Abstract and Company's General Business Profile**

**1. Registration Details**

Registration No.  State Code   
 Balance Sheet Date     
 Date Month Year

**2. Capital raised during the year ( Amount in Rs. ) :**

|  |  |
|--|--|
| Public Issue<br><input type="text" value="---"/> | Right Issue<br><input type="text" value="----"/>       |
| Bonus Shares<br><input type="text" value="---"/> | Private Placement<br><input type="text" value="----"/> |

**3. Position of Mobilisation and Deployment of Funds ( Amount in Rs. ) :**

|  |   |
|--|---|
| Total Liabilities<br><input type="text" value="5,21,30,611"/>  | Total Assets<br><input type="text" value="5,21,30,611"/>    |
| Sources of Funds   | Reserves & Surplus  |
| Paid - up Capital<br><input type="text" value="3,26,37,000"/>  | <input type="text" value="NIL"/>                            |
| Secured Loans<br><input type="text" value="1,77,88,112"/>      | Unsecured Loans<br><input type="text" value="17,05,499"/>   |
| Application of Funds   | Investments   |
| Net Fixed Assets<br><input type="text" value="2,92,85,604"/>   | <input type="text" value="83,803"/>                         |
| Net Current Assets<br><input type="text" value="1,56,26,393"/> | Misc. Expenditure<br><input type="text" value="17,00,932"/> |
| Accumulated Losses<br><input type="text" value="54,33,879"/>   |   |

**4. Performance of Company ( Amount in Rs. ) :**

|  |   |
|--|---|
| Turnover ( Gross Revenue )<br><input type="text" value="2,19,34,002"/> | Total Expenditure<br><input type="text" value="2,55,67,225"/>         |
| + - Profit/Loss before Tax<br><input type="text" value="- 50,79,214"/> | + - Profit/Loss After Tax<br><input type="text" value="- 50,79,214"/> |
| ( Please tick Appropriate box + for profit - for Loss )                | Dividend<br><input type="text" value="---"/>                          |
| Earning pe share in Rs.<br><input type="text" value="NIL"/>            |   |

**5. Generic Names of Three Principle Products/Service of Company ( as per Monetary Terms ) :**

|                            |                                       |                     |                                    |
|----------------------------|---------------------------------------|---------------------|------------------------------------|
| Item Code No. ( ITC Code ) | <input type="text" value="61151100"/> | Product Description | <input type="text" value="SOCKS"/> |
|----------------------------|---------------------------------------|---------------------|------------------------------------|

On behalf of the Board

PLACE : MUMBAI  
DATE : August 30, 1999.

|                                      |                          |
|--------------------------------------|--------------------------|
| (Suketu Parikh)<br>Managing Director | (N.M. Patel)<br>Chairman |
|--------------------------------------|--------------------------|



**Alan Scott Industries Limited**

**Cash Flow Statement for the year ended 31st March, 1999**

|  | ( 1998-99 )<br>(IN RUPEES) | ( 1997-98 )<br>(IN RUPEES) |
|--|----------------------------|----------------------------|
| <b>A] Net Profit Before Tax and Extraordinary items :-</b> | (52,21,452)                | 2,16,365                   |
| Adjustment for   |                            |                            |
| Depreciation   | 9,84,817                   | 14,52,981                  |
| Misc. Income   | (2,85,931)                 | (7,97,478)                 |
| Misc. Expenditure W/Off                                    | 3,38,922                   | 3,38,922                   |
| Interest   | 25,04,734                  | 22,37,351                  |
| Fall in value of Investment                                | 14,999                     | 35,57,541                  |
|  | 35,57,541                  | --                         |
| Operating Profit before Working Capital Changes :-         | (16,63,911)                | 34,48,181                  |
| Adjustment for Other Assets                                |                            |                            |
| Sundry Debtors   | 62,67,301                  | (12,89,571)                |
| Loans & Advances   | (2,11,066)                 | 7,72,970                   |
| Inventories  | (5,26,988)                 | (3,69,704)                 |
| Credit (Goods & Exp.)                                      | (7,98,486)                 | 3,19,030                   |
| Other Current Liabilities                                  | (1,49,883)                 | 4,16,155                   |
| Other Receivables  | (6,41,708)                 | 39,39,170                  |
|  | 39,39,170                  | (9,13,229)                 |
| Cash Generated From Operations                             | 22,75,259                  | 23,83,792                  |
| Interest Paid  | (23,62,496)                | (22,37,351)                |
| Income Tax   | (23,62,496)                | (2,74,893)                 |
| Cash Flow before Extra Ordinary Item                       | (87,237)                   | (1,28,452)                 |
| Prioryear Exp.   | (1,63,724)                 | 1,53,405                   |
| Extra Ordinary item  | —                          | —                          |
| Net Cash Flow From Operating Activity                      | (2,50,961)                 | 24,953                     |
| <b>B] Cash Flow From investing Activities</b>              |                            |                            |
| Purchase of Fixed Assets                                   | (2,59,206)                 | (21,43,588)                |
| Sale of Fixed Assets                                       | —                          | —                          |
| Purchase of Investments                                    | —                          | —                          |
| Income from other activities                               | 2,85,931                   | 7,97,478                   |
| Increase in Misc. Exp.                                     | —                          | 26,725                     |
|  | 26,725                     | (13,46,110)                |
| Net Cash used in Investing Activities                      | 26,725                     | (13,46,110)                |

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|  | ( 1998-99 )     | ( 1997-98 )      |
|--|-----------------|------------------|
|  | (IN RUPEES)     | (IN RUPEES)      |
| <b>C] Cash Flow From financing activities.</b>   |                 |                  |
| Increase in Share Capital                        |                 |                  |
| Long term borrowings                             | 9,60,958        | 14,25,596        |
| Unsecured Loans Raised                           | (10,40,507)     | (6,76,607)       |
| Received calls in arrears                        |                 |                  |
| Short term borrowings                            | 5,52,457        | 6,83,162         |
|  | <u>4,72,908</u> | <u>14,32,151</u> |
| Net Cash Flow From Financing Activities          | 4,72,908        | 14,32,151        |
| Net Increase in Cash & other equivalents (A+B+C) | <u>2,48,672</u> | <u>1,10,994</u>  |
| Cash & Cash Equivalents - Opening Balance        | 3,22,408        | 2,11,414         |
| Cash & Cash Equivalents - Closing Balance        | 5,71,080        | 3,22,408         |
|  |                 | <u>1,10,994</u>  |
|  | <u>2,48,672</u> | <u>1,10,994</u>  |

On behalf of the Board

Place : Mumbai  
August 30, 1999.**(Suketu Parikh)**  
Managing Director**(N. M. Patel)**  
Chairman**AUDITOR'S CERTIFICATE**

We have examined the above Cash Flow statement of ALAN SCOTT INDUSTRIES LIMITED. for the Year ended March 31, 1998 & 1999. The Statement has been prepared by the Company in accordance with the requirements of the listing agreement with Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date.

**For JAIN & JAIN**  
Chartered Accountants**(NIRANJAN JAIN)**  
PartnerPLACE : MUMBAI  
DATE : August 30, 1999.