

**B.CHORDIA & CO.**

CHARTERED ACCOUNTANTS

504, WILSON TOWER,  
GHOD DOD ROAD,  
SURAT - 395 007.  
TEL - (0261) 3666907

Ref. No.

Date :

**AUDITORS' REPORT**To The Shareholders of  
M/s. BETEX INDIA LIMITED

We have audited the attached Balance Sheet of M/s. BETEX INDIA LIMITED, SURAT As AT 31st March 2002 and the Profit and Loss Account of the Company for the year ended on that date annexed hereto, and we report that :-

1. As required by the Manufacturing and other Companies (Auditors Report) order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our Comments in the Annexure referred to in paragraph 1 above :-
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examinations of such books.
  - (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of accounts as submitted to us.
  - (d) In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub Sec. (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
  - (e) On the basis of written representations received from the Directors, we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as director in terms of clause (9) of sub-section (1) of section 274 of the Companies Act, 1956.

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**Certified True Copy**  
**For Be Tex India Ltd.***Rajen Samant***Director**

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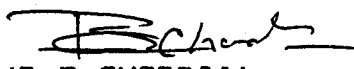
(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accounting policies and notes as appearing in the Schedule of Accounting Policies and Notes to the Accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view subject to above :-

(i) In the case of the Balance Sheet of the state of affairs of the Company as 31st March, 2002.

AND

(ii) In the case of Profit and Loss Account of the Profit of the Company for the ended on that date.

For B.CHORDIA & CO.  
CHARTERED ACCOUNTANTS,

  
(B.C.CHORDIA)  
PROPRIETOR



SURAT. the 10th July 2002.

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**ANNEXURE TO THE AUDITORS' REPORT**

Annexure to the Auditors' Report referred to in paragraph 1 of our report of even date on accounts for the year ended 31st March, 2002 of BETEX INDIA LIMITED, SURAT.

- (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. These assets have been physically verified by the management during the year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. To the best of our information, no serious discrepancies have been noticed on verification.
- (ii) None of the fixed assets have been revalued during the year.
- (iii) As explained to us and according to the information given to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials.
- (iv) In our opinion and as per information and explanations given to us, procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business. However, it requires more strengthening.
- (v) The Discrepancies noticed on physical verification of stocks as compared to the book records were not material and have been properly dealt with in the books of accounts.
- (vi) On the basis of our examination of records and as per the information and explanations given to us, we are satisfied that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- (vii) The Company has accepted Unsecured Loans, from companies listed in the register maintained under Section 301 of the Companies Act, 1956. The conditions of such loan are in our opinion, prima facie not prejudicial to the interest of the company.

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: 2 :

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- (viii) As per the information and explanations given to us the Company has granted unsecured loans to Companies, Firm or Other Parties listed in the register maintained under Section 301 of the Companies Act, 1956, and the rate of interest and other terms & conditions of such loans are prima facie not prejudicial to the interest of the Company.
- (ix) In respect of loans and advances in nature of loan given to employees and others, recovery of principal amount and interest, wherever applicable have been as per stipulations, if any.
- (x) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, including components, plant & machinery, equipments and other assets, and for the sale of goods. However, it requires further strengthening.
- (xi) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods and material in pursuance of contracts or arrangement 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 prices which are reasonable having regard to prevailing market price for such goods and materials, or the price at which transactions for similar goods and materials have been made with other parties.
- (xii) As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- (xiii) The Company has not accepted any deposits in contravention of Section 58A of the Companies Act, 1956.
- (xiv) The Company has an internal audit system, however, it needs strengthening to make it commensurate with the size and nature of its business.
- (xv) In our opinion and as per information and explanations given to us, reasonable records have been maintained by the Company for the sale and disposal of production scrap. The Company has no by-product.



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- (xvi) The maintenance of cost records as prescribed by the Central Government U/S 209(1)(d) of the Companies Act, 1956. As informed to us the records are being maintained.
- (xvii) As explained to us by the management Employees Provident Fund and Employees State Insurance dues have been regularly deposited during the year with appropriate authority.
- (xviii) According to the information and explanations given to us no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Sales-Tax, Customs Duty & Excise Duty were outstanding as at the last day of the financial year concerned, for a period of more than six months from the date they became payable.
- (xix) During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices, we have not come across any personal expenses which have been charged to Profit and Loss Account nor have we been informed of such cases by the management.
- (xx) The Company is not a sick industrial Company within the meaning of Section 3(i)(c) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For B.CHORDIA & CO.  
CHARTERED ACCOUNTANTS,  
(B.C.CHORDIA)  
PROPRIETOR

SURAT. the 10th July, 2002.

## M/S. BETEX INDIA LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2002.

	SCHEDULE	AS AT 31ST MARCH 2002	AS AT 31ST MARCH 2001
		Rs.	Rs.
I. SOURCE OF FUND			
1 SHAREHOLDER'S FUND			
A) SHARE CAPITAL A/C	1	15000000	15000000
B) RESERVES & SURPLUE	2	7655283	9358136
		22655283	24358136
2 LOAN FUNDS			
A) SECURED LOANS		3235502	0
B) UNSECURED LOANS		7423600	- -
		10659102	0
3 DEFERED TAX LIABILITY		1532694	
		34847079	24358136
II. APPLICATION OF FUNDS			
1 FIXED ASSETS	3		
GROSS BLOCK		35005765	29416259
LESS : DEPRECIATION		17515086	14933877
NET BLOCK		17490679	14482382
2 INVESTMENTS	4	1487345	1502350
3 CURRENT ASSETS, LOANS & ADVANCES	5		
A) INVENTORIES		4010140	6826310
B) SUNDRY DEBTORS		17620378	12894516
C) CASH & BANK BALANCES		2621084	445026
D) LOANS & ADVANCES		10503622	7464219
		34755224	27630071
LESS: CURRENT LIABILITIES & PROVISIONS			
A) CURRENT LIABILITIES	6	17277434	19256667
B) PROVISIONS		1608735	0
		18886169	19256667
NET CURRENT ASSETS		15869055	8373404



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4 MISCELLANEOUS EXP.

0

0

TOTAL

34847079

24358136

0

ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS 18

THE SCHEDULES REFERRED TO ABOVE FORM  
AN INTEGRAL PART OF THE BALANCE SHEET

AS PER OUR ATTACHED REPORT OF EVEN DATE.

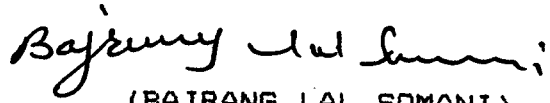
For B.CHORDIA & CO.  
CHARTERED ACCOUNTANTS

FOR &amp; ON BEHALF OF THE BOARD

  
(B.C.CHORDIA)  
PROPRIETOR



  
(MAHESH KUMAR SOMANI)

  
(BAJRANG LAL SOMANI)  
DIRECTORS

SURAT. THE 10TH JULY, 2002.

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## M/S. BETEX INDIA LIMITED

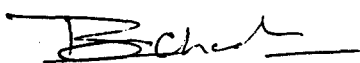
## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2002

	SCHEDULE	FOR THE YEAR ENDED ON 31ST MARCH 2002.	FOR THE YEAR ENDED ON 31ST MARCH 2001.
I. INCOME			
JOB WORK	7	79717087	86114214
SALES	8	0	293436
OTHER INCOME	9	1114011	399356
PROFIT ON SALE OF INVESTMENTS		0	0
PROFIT SHARE FROM SOMANI INTL.		0	0
TOTAL		80831098	86807006
II. EXPENDITURE			
RAW MATERIALS CONSUMED	10	29107070	34247480
POWER & FUEL CONSUMED	11	34122983	31440951
STORES & SPARES CONSUMED	12	2076977	1170641
OTHER MANUFACTURING EXPENSES	13	5283592	6962588
EMPLOYEES' REMUNERATIONS & BENEFITS	14	5357123	5352753
OFFICE ADMINISTRATIVE & OTHER EXPENSES	15	2074143	1900134
SELLING & DISTRIBUTION EXPENSES	16	48295	2831661
INTEREST	17	11298	379729
DEPRECIATION		2581209	2440044
CAPITAL ISSUE EXP. W/OFF.		0	0
LOSS ON SALES OF FIXED ASSETS		0	0
TOTAL		80662690	86725981
NET PROFIT/(LOSS) FOR THE YEAR		168408	81025
BALANCE OF PROFIT/(LOSS) A/C BROUGHT FORWARD		9358136	9107206
LESS PREVIOUS YEAR TAXATION		101661	-169905
LESS PROVISION FOR TAXATION CURRENT		236906	0
LESS PROVISION FOR TAXATION DEFERED		-122940	
LESS TRANSFER TO GENERAL RESERVE		5000000	
BALANCE CARRIED TO BALANCE SHEET		4310917	9358136
ACCOUNTING POLICIES & NOTES ON ACCOUNTS	18		

THE SCHEDULE REFERRED TO ABOVE FORM AN  
INTEGRAL PART OF THE PROFIT AND LOSS  
ACCOUNT.

AS PER OUR ATTACHED REPORT OF EVEN DATE.


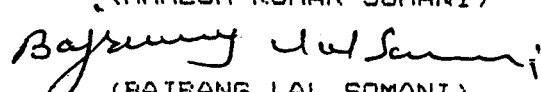
For B.CHORDIA & CO.  
CHARTERED ACCOUNTANTS

  
(B.C.CHORDIA)  
PROPRIETOR

SURAT. THE 10TH JULY, 2002.



FOR & ON BEHALF OF THE BOARD

  
(MAHESH KUMAR SOMANI)  
  
(BAJRANG LAL SOMANI)  
DIRECTORS



## M/S. BETEX INDIA LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT

	AS AT 31ST MARCH, 2002.	AS AT 31ST MARCH, 2001.
	Rs.	Rs.
<b>SCHEDULE : 1</b>		
<b>SHARE CAPITAL :</b>		
AUTHORISED CAPITAL		
1500000 EQUITY SHARES OF Rs. 10/- EACH	15000000	15000000
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
1500000 EQUITY SHARES OF Rs. 10/- EACH FULLY PAID-UP	15000000	15000000
<b>SCHEDULE : 2</b>		
RESERVES & SURPLUS		
GENERAL RESERVE	3344366	
PROFIT & LOSS ACCOUNT BALANCE	4310917	9358136
	7655283	
<b>SCHEDULE : 4</b>		
<b>INVESTMENTS (AT COST)</b>		
A) 144000 FULLY PAID UP EQUITY SHARES OF Rs.10/- EACH OF M/S. MAHESH TEXTURISERS LTD.	340000	340000
35000 FULLY PAID UP EQUITY SHARES OF Rs.10/- EACH OF M/S. AMBAJI SYNTEX PVT. LTD.	350000	350000
100 FULLY PAID UP EQUITY SHARES OF Rs. 10/- EACH OF M/S. D.C.L. POLYESTER LTD.	2500	2500
1,62,300 FULLY PAID UP EQUITY SHARES OF M/S. SUMEET SYNTHETICS LTD.	770470	770470
125 PARTLY CONVERTABLE DEB OF M R P L PODDAR PIGMENTS LTD.	16875 2000	16875 2000
500 PARTLY PAID UP EQUITY SHARES OF Rs. 10/- EACH OF M/S. RAJASTHAN PETRO LTD.	5500	5500
0 FULLY PAID UP EQUITY SHARES OF Rs. 100/- EACH OF THE FININCIAL CO-OP BANK LTD.	0	15005
	1487345	1502350



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SCHEDULE : 3FIXED ASSETS

SR. NO.	DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As At 01.04.01	Addition /DELETIONS	As At 31-03-02	As at 01-04-01	For The Year	Adjustment	As At 31-03-02	As At 31-03-02	As At 31-03-01
01	LAND & LAND DEVELOPMENT	3079025	0	3079025	- -	--	--	- -	3079025	3079025
02	FACTORY BUILDING A/C.	3786849	0	3786849	1017594	126481	--	1144075	2642774	2769255
03	PLANT & MACHINERY	16180723	1448632	17629355	10729834	1747408	0	12477242	5152113	5450889
04	ELECTRICAL INSTALLATION	201068	0	201068	117077	19101	--	136178	64890	83991
05	ELECTRIC CABLES & SWITCH	413242	0	413242	383783	29459	--	413242	0	29459
06	TRANSFORMER INSTALLATION	364391	0	364391	351602	12789	--	364391	0	12789
07	TROLRIES & OTHER ACCESSORIES	520415	0	520415	236320	24720	--	261040	259375	284095
08	OFFICE EQUIPMENTS	1102972	32450	1135422	412208	181397	--	593605	541817	690764
09	VEHICAL A/C	1692790	1439496	3132286	827356	225765	0	1053121	2079165	865434
10	BOREWELL	55903	0	55903	49007	911	--	49918	5985	6896
11	FURNITURE & FIXTURES	98527	0	98527	36779	6236	--	43015	55512	61748
12	WATER COOLER	88250	0	88250	17321	4659	--	21980	66270	70929
13	AIR CONDITIONER	148354	0	148354	45573	9390	--	54963	93391	102781
14	GENERATOR	1350000	2668928	4018928	709423	192893	0	902316	3116612	640577
15	FLAT AT WILSON TOWER	333750	0	333750	0	0	0	0	333750	333750
	TOTAL	29416259	5589506	35005765	14933877	2581209	0	17515086	17490679	14482382
	PREVIOUS YEAR'S FIGURES	28966223	450036	29416259	12632083	2440044	-138250	14933877	14482382	16334140

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