

J. T. Shah, B.Com., FCA  
 N. C. Shah, B.Com., LLB, FCA  
 J. J. Shah, B.Com., Grad. CWA, FCA

J. T. Shah & Co.

CHARTERED ACCOUNTANTS

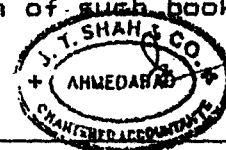
# AUDITORS' REPORT

To,  
 The Members of  
 Deco-Mica Ltd.  
 Ahmedabad.

We have audited the attached Balance Sheet of DECO-MICA LIMITED as at 31st March, 2003 and Profit & Loss Account for the year ended on that date (together referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :
  1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  2. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.



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3. The Balance Sheet and Profit & Loss A/c. dealt with by this report are in agreement with the books of account.
4. In our opinion the Balance Sheet and Profit and Loss Account complies with the mandatory Accounting Standards referred in Section : 211(3C) of the Companies Act, 1956.
5. As per the information and explanations given to us, none of the directors are disqualified as on 31st March, 2003 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to and read with the notes thereon, and in particular Note No.4(h) of schedule 18 regarding none provision of Gratuity liability amount is not ascertainable; which required to be made according to the requirements of Accounting Standards 15 regarding "Accounting for Retirement Benefits in the Financial Statement of Employers" has not been made in the accounts; and to that extent Profit for the year is over stated; give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2003 AND
  - b) In the case of Profit & Loss Account of the Profit for the year ended on that date.
  - c) In the case of Cash Flow Statement of the cash flows for the year ended on that date.

PLACE: AHMEDABAD

DATE : 26/08/2003

FOR J. T. SHAH & COMPANY  
CHARTERED ACCOUNTANTS

(J. T. SHAH)  
PARTNER

ANNEXURE TO THE REPORT OF AUDITORS TO THE MEMBERS OF  
DECO-MICA LIMITED  
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2003.

REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4 A) of the Companies Act, 1956 and on the basis of such checks as we consider appropriate, we further state that :-
  1. The present register of Fixed Assets requires completion in certain respects & we have been informed that the work is in progress. The Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
  2. None of the fixed assets have been revalued during the year.
  3. The Stock of Finished Goods, 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. In our opinion and according to the information and explanations given to us, the procedures of physical verification of Stocks followed by the management were found reasonable and adequate in relation to the size of the Company and nature of its business.
  5. The discrepancies between the Physical Stocks and the Book Stocks which have been properly dealt with in the books of accounts, were not material.
  6. On the basis of our examination of stocks and other records, in our opinion the valuation of stock is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
  7. The Company has taken Loans from Company or other parties stated in the register maintained under Section 301 of the Companies Act, 1956.



and the terms & conditions of which are not prima facie prejudicial to the interest of the Company.

8. The company has not granted any Loans & Advances, 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 with in the meaning of the section 370(1-B) of the companies Act, 1956.
9. In our opinion and according to the information and explanations given to us, generally there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to purchase of Stores, Raw Materials including Components, Plant and Machinery, Equipments and other Assets and for the sale of Goods.
10. 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, 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 prices which are reasonable having regard to the specialised nature of items purchased, prevailing market prices for such goods of which transactions for similar goods have been made with other parties.
11. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged Stores, Raw Material and Finished Goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
12. The Company has not accepted any deposits from the public.
13. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company has no by-products.



14. In our opinion, the Company has an adequate internal Audit System commensurate with the size and nature of the business.

15. The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for any of the products of the Company.

16. According to records, in most of the case the Company is regular in depositing Provident Fund dues with the appropriate authority during the year. It is informed by the management that the provision of Employees State Insurance do not apply to the Company.

17. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs duty and Excise duty were outstanding as at 31.03.2003 for the period of more than six months from the date they became payable.

18. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue accounts, other than those payable under contractual obligations or in accordance with generally accepted business practice.

19. 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.

PLACE: AHMEDABAD

DATE: 26 /05/2003



FOR J T SHAH & COMPANY  
CHARTERED ACCOUNTANTS

(J T SHAH)  
PARTNER

Particulars	Sche No.	Rupees	As at 31.3.2003 Rs.	As at 31.3.2002 Rs.
<b>SOURCES OF FUND :</b>				
1. <u>Shareholders' Funds :</u>				
(a) Share Capital	1	4,20,00,000		4,20,00,000
(b) Reserves and Surplus	2	15,68,191		15,68,191
			4,35,68,191	4,35,68,191
2. <u>Loan Funds :</u>				
(a) Secured Loans	3	35,38,891		46,63,905
(b) Unsecured Loans	4	44,40,748		44,80,748
			79,79,639	91,44,653
Total.....			5,15,47,830	5,27,12,844
<b>APPLICATION OF FUNDS :</b>				
1. <u>Fixed Assets :</u>				
(a) Gross block	5	2,41,31,764		2,35,37,831
(b) Less : Depreciation		1,07,97,870		95,96,601
Net Block			1,33,33,894	1,39,41,230
2. Investments :	6		2,42,150	Nil
3. <u>Current Assets, Loans &amp; Advances :</u>				
(a) Inventories	7	2,12,14,487		2,48,59,400
(b) Sundry Debtors	8	2,43,63,078		1,51,03,195
(c) Cash & Bank Balances	9	1,76,635		4,59,136
(d) Loans & Advances	10	9,12,457		16,33,732
		4,66,66,657		4,20,55,463
4. <u>Less : Current Liabilities &amp; Provisions :</u>				
(a) Current Liabilities and Provisions	11	1,77,35,991		1,27,47,228
		1,77,35,991		1,27,47,228
Net Current Assets			2,89,30,666	2,93,08,235
Net Deferred Tax Liability			(15,60,829)	(15,96,295)
5. <u>Miscellaneous Expenditure</u> (To the extent not W/off) :	12		1,06,01,949	1,10,59,674
Total.....			5,15,47,830	5,27,12,844

Notes on Accounts

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As per our report of  
even date attached herewith

FOR, J T SHAH & COMPANY  
CHARTERED ACCOUNTANTS

(J T SHAH)  
PARTNER  
Place : Ahmedabad  
Dated : 26 /08/2003



FOR, DECO-MICA LIMITED

(SHRI VIJAYKUMAR AGARWAL)

MANAGING DIRECTOR

(SMT. S.V. AGARWAL)

DIRECTOR

(SHRI MANOJ AGARWAL)

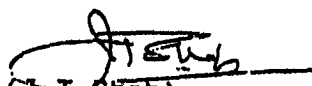
Director



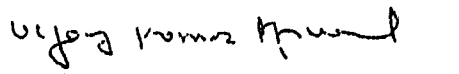
## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

Particulars	Sche. No	Rs.	For the year ended 31.3.2003 Rs.	For the year ended 31.3.2002 Rs.
<b>INCOME :</b>				
1. Sales (Net)			6,89,88,541	5,56,49,484
2. Other Income	13		5,11,530	15,70,628
3. Variation in Stock	14	Expenditure	(6,44,805)	(6,50,599)
<b>TOTAL . . .</b>			<b>6,88,55,266</b>	<b>5,65,69,513</b>
<b>EXPENDITURE :</b>				
1. Raw Materials Consumed	15	Expenditure	4,72,05,197	3,71,68,306
2. Manufacturing & Administrative Exps.	16	"	1,03,74,569	98,23,002
3. Custom & Excise Duty		"	90,11,449	74,26,783
4. Depreciation	5		12,01,269	11,75,715
5. Interest	17		5,79,307	5,00,059
<b>TOTAL . . .</b>			<b>6,83,71,791</b>	<b>5,60,93,865</b>
Profit before tax :			4,83,475	4,75,648
Less : Provision for taxation			2,80,000	3,00,000
<b>Add : Deferred Tax Assets</b>		Expenditure	2,03,475	1,75,648
			35,466	63,404
<b>Add : Excess Provision W/Off</b>		Expenditure	2,38,941	2,39,052
			8,178	Nil
<b>Add/Less : Balance brought from Previous year</b>			2,47,119	2,39,052
			(1,13,57,214)	(99,36,567)
<b>Balance Carried to Balance Sheet . . . .</b>			<b>(1,11,10,095)</b>	<b>(96,97,515)</b>
<b>Basic and Diluted Earning per Shares</b>			<b>0.06</b>	<b>0.06</b>

Notes on Accounts 18

As per our report of  
even date attached herewithR, J T SHAH & COMPANY  
CHARTERED ACCOUNTANTS
  
(J. T. Shah)  
PARTNER
Place : Ahmedabad  
Dated : 26/08/2003

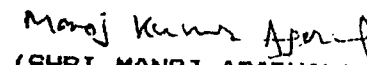
FOR, DECO-MICA LIMITED

  
(SHRI VIJAYKUMAR AGARWAL)

MANAGING DIRECTOR

  
(SMT. S. V. AGARWAL)

DIRECTOR

  
(SHRI MANOJ AGARWAL)

Director