

BALANCE SHEET AS AT
31ST MARCH, 2003
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OF
THE

ESAAR (INDIA) LIMITED
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Agarwal Gupta Nokari & Rustagi Associates

CHARTERED ACCOUNTANTS

12, WATERLOO STREET, 3RD. FLOOR, KOLKATA-700 069
PHONE : 2248-7696, 2248 3151, FAX : (033) 2220-7617

AUDITOR'S REPORT

To
The Member of ESAAR (INDIA) LIMITED

We have audited the attached Balance Sheet of ESAAR (INDIA) LIMITED, Kolkata, as at March 31st, 2003 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. 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 the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 and 5 of the said order to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph (1) above we state that:
 - a) We have obtained all the information and explanation 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 examination of such books.
 - c) the Balance Sheet, Profit and Loss Account, and cash flow statement dealt with by this report are in agreement with the Books of Account.
 - d) In our opinion, subject to Note No.7 of Schedule 15 regarding Valuation of inventories, the Balance Sheet, Profit & Loss Account and Cash flow statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of confirmation received from Companies in which the Directors of the Company are directors and the informations and explanations given to us, none of the directors of the Company are disqualified from being appointed as directors of the Company under clause (iv) of Sub-section (1) of Section 274 of the Companies Act, 1956.

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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 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.

i) in the case of the Balance Sheet, of the State of affairs of the Company as at March 31, 2003 and:

ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For AGARWAL GUPTA NOKARI &
RUSTAGI ASSOCIATES
Chartered Accountants

(B.C. NOKARI)

Partner

Membership No. 17387

12, Waterloo Street, Kolkata - 700 069

Dated this, 14th day of August, 2003.

Agarwal Gupta Nokari & Rustagi Associates

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ANNEXURE TO THE AUDITORS REPORT

(Referred to in paragraph 1 of our report of even date)

1. 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 at reasonable intervals and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, the stock of finished goods, stores, spare parts and raw materials have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stock, followed by the management, are reasonable and adequate in relation to the size of the company and the nature of the business.
5. The discrepancies noticed on verification between the physical stock and the book records were not material having regard to the size of the operation of the company.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
7. The Company has not taken any loans from Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under Sub-Section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of Companies under the same management as defined in Section 370(1B) of Companies Act, 1956. Wherein the terms and conditions may be considered prejudicial to the interest of the company or its members.
9. The Parties to whom Loans & Advances in the nature of loans have been given by the Company are regular in repayment of principal as per contractual terms except those referred to in Note No.4 of Schedule 15.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures as commensurate with the size of the company and the nature of its business with regard to Purchase of Stores, Raw Materials including components, Plants & Machinery, Equipments and other assets and for the sale of goods.

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11. In our opinion and according to the information and explanation given to us, the purchase of goods and materials or sale of goods, and materials and service 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.50000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transaction for similar goods or services have been made with other parties.
12. As explained to us, the company has regular procedure for the determination of unserviceable damaged stores, Raw Material & Finished Goods. No items have been determined as unserviceable or damaged during the year.
13. As explained to us, the company has not accepted any deposit as provided in Section 58A of the Companies Act, 1956.
14. In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
15. In our opinion, reasonable records have been maintained by the company for sale and disposal of realisable waste. The Company has no by products.
16. In accordance with the information and explanation given to us the provisions of Section 209(1) (d) of the Companies Act, 1956 are not applicable to the Company.
17. According to the information and explanations given to us there were no undisputed amount payable in respect of Income Tax, Wealth Tax, custom duty and excise duty which have remained outstanding at the last day of the financial period for a period of more than six months from the date they become payable.
18. The company is not a Sick Industrial Company within the meaning of Clause (0) of Sub-section (1) of Section 3 of Sick Industrial Companies (Special Provision) Act, 1985.
19. In respect of Company's trading activities, there being no damaged goods in stock, provision for loss is not necessary.

For AGARWAL GUPTA NOKARI &
RUSTAGI ASSOCIATES
Chartered Accountants

(B.C. NOKARI)

Partner

Membership No. 17387

12, Waterloo Street, Kolkata - 700 069

Dated this, 14th day of August, 2003.

9