

**KULKARNI & KHANOLKAR (REGISTERED)**

CHARTERED ACCOUNTANTS

P. D. JOSHI, B.Com., LL.B. (Gen.), F.C.A., M.B.A. (U.S.A.) (Res.) 4306915

P. M. PARULEKAR, B.Com., F.C.A., LL.B., C.S. (Res.) 8728963

R. G. VAIDYA, B.Com., F.C.A. (Res.) 4220329

Telephone Nos. : 2874290

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Fax : (022) 2043011

Bell &amp; Co's Building,

Sir Pherozeshah Mehta Road,

Fort, Bombay-400 001.

**AUDITORS' REPORT TO THE SHAREHOLDERS**

To  
The Shareholders  
Indo Amines Limited

Date \_\_\_\_\_ 19

We have audited the attached Balance Sheet of Indo Amines Limited as on March 31, 2000 and also the Profit and Loss Account of the Company for the year ended on the date annexed thereto and 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 information and explanations given to us and on the basis of such checks as we considered appropriate, we enclose in the Annexures a statement on the matters as specified in Para 4 and 5 of the said order.

2. Further to our comments in the Annexure, referred in Para 1 above, we report as under :

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 Accounts as required by Law have been kept by the Company so far as it appears from our examination of such books.

c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with Books of Accounts.

d) The said Balance Sheet and Profit and Loss a/c Comply with accounting standard - SEC 211(3C)

e) In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts read together with accounting policies and notes on accounts annexed thereto, give the information required by the Companies Act, 1956 as amended from time to time in the manner so required and give true and fair view.

i) In the case of Balance Sheet, of the state of Affairs of the Company as on 31st March, 2000 and,

ii) In the case of Profit & Loss Account, of the Loss for the year ended on that date.

For KULKARNI & KHANOLKAR

sd/-  
P.D. Joshi  
Partner

Place: Mumbai.  
Date : August 2, 2000.

**Certified True Copy**  
For INDO AMINES LTD  
V.K. Patil  
Director

**KULKARNI & KHANOLKAR (REGISTERED)****CHARTERED ACCOUNTANTS**

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**ANNEXURE**

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

In our opinion and on the basis of such checks as we considered appropriate and according to information and explanations given to us, we state that :

1. The records showing full particulars including quantitative details and situation of the Fixed Assets were made available for verification. We are informed that during the year management has undertaken physical verification of the Fixed Assets and no discrepancies were noticed during such verification.
2. None of the Fixed Assets have been revalued during the year.
3. As informed to us, the Stock of Finished Goods, Stores, Spares 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 are reasonable and adequate in relation to the size of the company and the nature of its business.
5. As informed to us, no material discrepancies have been noticed on physical verification of stock as compared to book records.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. As informed to us, the Company has not taken, Secured or Unsecured loans from the Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to companies under the same Management within the meaning of section 370(1B) of the Companies Act, 1956.
8. As informed to us, the company has not granted Secured or Unsecured loans to the Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to companies under the same Management within the meaning of section 370(1B) of the Companies Act, 1956.
9. The employees to whom interest-free loans and advances, in the nature of loans, have been given by the Company are generally repaying the principal amount as stipulated. The company has also kept inter-corporate deposits with a company. No interest has been charged on the said deposit during the year.

**KULKARNI & KHANOLKAR (REGISTERED)**

CHARTERED ACCOUNTANTS

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, for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.

11. According to the information and explanations given to us, the transactions of purchases of goods and materials and services, as well as sale of goods made in pursuance of contracts or arrangements entered in the registers 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 regards to the prevailing market prices for such goods, materials or services or prices at which transactions for similar goods or services have been made with other parties.

12. 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, if any, arising on the items so determined.

13. The Company has not accepted any deposit from the public, hence the provisions of section 58A of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 do not apply.

14. We have been informed that Company has no by-product and as informed to us, the company has maintained reasonable records for the sale and disposal of realisable scrap.

15. The company did not have a formal internal audit system.

16. We have been informed that the Central Government has not prescribed the maintenance of cost records under section 209(i)(d) of the Companies Act, 1956 for the products of the company.

17. According to the records of the company, the Provident Fund and Employees State Insurance dues have been deposited regularly with the appropriate authorities.

18. According to the information and explanations given to us, no undisputed amount is payable in respect of Income Tax, Custom Duty and Excise Duty were outstanding as at 31st March 1999 for a period of more than 6 months from the date they became payable. However Sales tax (Central & State) Liability of Rs.7,54,227/- are outstanding which are more than 6 months old on the Balance sheet date.

**KULKARNI & KHANOLKAR (REGISTERED)**

CHARTERED ACCOUNTANTS

19. According to the information and explanations given to us, no ~~personal expenses have been charged~~ to revenue accounts 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 Provision) Act, 1985.

21. In respect of trading activities of the company, we are informed that there were no damaged goods in the possession of the company as at 31st March 1999.

For KULKARNI & KHANOLKAR  
Chartered Accountants

sd/-  
P.D. JOSHI  
Partner.

**Certified True Copy**  
**FOR INDO AMINES LTD**

*V. P. Pawar*  
Director

Place : Mumbai.  
Date : August 2, 2000.

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## Indo Amine Limited - Balance Sheet as on March 31, 2000.

Particulars	Sch. No.	Current Year 1999-2000 (Rs.)	Current Year 1999-2000 (Rs.) (Total)	Previous Year 1998-1999 (Rs.) (Total)
<b>A SOURCES OF FUNDS :</b>				
1 Shareholders' Funds				
Share Capital	1	62,500,000.00		62,500,000.00
Less : Calls in Arrears		0.00		28,000.00
		62,500,000.00		62,472,000.00
Reserves & Surplus	2	(14,136,770.46)	48,363,229.54	(15,131,072.59)
				47,340,927.41
2 Loan Funds				
Secured Loans	3		1,904,114.10	3,994,057.65
Unsecured Loans	4		3,095,602.52	2,140,314.07
			4,999,716.62	6,134,371.72
<b>TOTAL</b>			53,362,946.16	53,475,299.13
<b>B APPLICATION OF FUNDS :</b>				
1 Fixed Assets	5			
Gross Block		26,981,328.11		28,581,683.03
Less : Depreciation		7,719,360.13		6,440,220.13
Net Block			19,261,967.98	22,141,462.90
Add : Capital Work-in-Progress			7,078,681.00	5,997,522.75
Capital Advances			3,344,402.52	3,344,402.52
			29,685,051.50	31,483,388.17
2 Investments				
3 Current Assets, Loans & Advances	6			
Inventories		9,415,572.20		4,378,333.00
Sundry Debtors		10,328,309.25		7,741,209.57
Cash & Bank Balances		3,662,515.70		1,772,901.10
Loans & Advances		12,037,027.06		11,727,719.59
		35,443,424.21		25,620,163.26
Less : Current Liabilities & Provisions				
Current Liabilities	7	14,137,915.73		6,264,236.48
			21,305,508.48	19,355,926.78
4 Miscellaneous Expenditure (To the extent not w/off)				
Public Issue Expenses			2,372,386.18	2,635,984.18
			53,362,946.16	53,475,299.13

for INDO AMINES LIMITED

for KULKARNI & KHANOLKAR  
Chartered Accountantssd/-  
V.B. Palkar  
Managing Directorsd/-  
B.V. Palkar  
Directorsd/-  
K.H. Shan  
Whole Time Directorsd/-  
P.D. Joshi  
Partner

Date : August 2, 2000.

Certified True Copy  
for INDO AMINES LTDV.B. Palkar  
Director

## Indo Amines Ltd. - Profit &amp; Loss Account for the year ended March 31, 2000.

Particulars		Sch. No.	Current Year 1999-2000 (Rs.) (Total)	Previous Year 1998-1999 (Rs.) (Total)
<b>A INCOME :</b>				
1 Sales				
Local			41,473,624.54	15,809,363.50
Export			2,007,769.20	551,084.00
Resales			0.00	0.00
Processing Charges			277,624.00	0.00
			43,759,017.74	16,360,447.50
2 Other Income		8	365,681.11	390,962.37
3 Change in Stock		9	998,950.02	1,428,188.00
			45,123,648.87	18,179,597.87
<b>B EXPENDITURE :</b>				
Raw Materials Consumed		10	28,230,639.51	10,731,675.70
Manufacturing & Other Expenses		11	7,595,725.67	3,212,852.08
Administrative, Selling & Distribution Expenses		12	4,169,411.41	1,691,968.20
Interest & Financial Charges			344,779.15	407,168.04
Depreciation			3,788,791.00	3,343,208.00
			44,129,346.74	19,386,872.02
C Profit Before Tax			994,302.13	(1,207,274.15)
D Provision for Tax			0.00	0.00
E Profit After Tax			994,302.13	(1,207,274.15)
F Balance brought forward			(15,131,072.59)	(13,923,798.44)
G Balance c/fd to Balance Sheet			(14,136,770.46)	(15,131,072.59)
Notes to Accounts		13		

for INDO AMINES LIMITED

for KULKARNI & KHANOLKAR  
Chartered Accountants

sd/-                      sd/-                      sd/-  
V.B. Palkar      B.V. Palkar      K.H. Shah  
Managing Director      Director      Whole Time Director

sd/-  
P.D. Joshi  
Partner

**Certified True Copy**

For INDO AMINES LTD.

V. Kulkarni  
Director

Place : Dombivli.

Date : August 2, 2000.

## Indo Amines Ltd. - Schedules Forming Part of Balance Sheet as on 31.3.2000.

## Schedule 1 - Share Capital

Particulars	Current Year 1999-2000 (Rs.)	Previous Year 1998-1999 (Rs.)
<b>AUTHORISED SHARE CAPITAL</b>		
70,00,000 Equity Shares of Rs. 10/- each	70,000,000.00	70,000,000.00
<b>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL</b>		
62,50,000 Equity Shares of Rs. 10/- each fully paid-up	62,500,000.00	62,500,000.00
(P.Y. 62,50,000 Equity Shares of Rs. 10/- each fully paid-up)		
Less : Allotment Money in Arrears	0.00	28,000.00
	62,500,000.00	62,472,000.00

## Schedule 2 - Profit &amp; Loss Account

Particulars	Current Year 1999-2000	Previous Year 1998-1999
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Opening Balance	(15,131,072.59)	(13,923,798.44)
Add : Profit for the year	994,302.13	(1,207,274.15)
	(14,136,770.46)	(15,131,072.59)

## Schedule 3 - Secured Loans

Particulars	Current Year 1999-2000	Previous Year 1998-1999
<b>CASH CREDIT</b>		
from State Bank of India (Secured by hypothecation of Stock-in-Trade and Debtors)	1,904,114.10	3,994,057.65
	1,904,114.10	3,994,057.65

## Schedule 4 - Unsecured Loans

Particulars	Current Year 1999-2000	Previous Year 1998-1999
<b>Unsecured Loans</b>		
	3,095,302.52	2,140,314.07
	3,095,302.52	2,140,314.07

Certified True Copy

For INDO AMINES LTD.

  
 Director