

Dattatray B. Dixit B. Com., F.C.A., LL.B.

Dixit Dattatray & Associates
CHARTERED ACCOUNTANTS264, Maru Sadan, N.C. Kellar Road, Dadar, Mumbai-400 028
☎ Off. : 4307707 Telefax : 4301221
E-mail : ddbditi_m@yahoo.comTo
The Stock Exchange,
Mumbai**AUDIT REPORT**

We have audited the attached Balance Sheet of M/s. KBS CAPITAL MANAGEMENT LTD as at 31st March, 2002 and the Profit & Loss account for the period ended on that date annexed hereto and report that :-

- (a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.
- (b) In my opinion, proper Books of Accounts and records specified in Rule 15 of the Securities contracts (Regulations) Rules, 1957 have been kept so far as appears from my examinations of such books.
- (c) The Stock Broker has complied with the requirements of the Stock Exchange as far as they relate to maintenance of accounts and are regular in submitting the required accounting information to stock exchange.
- (d) The Balance Sheet and the Profit & Loss account referred to in this report are in agreement with the Books of Account.
- (e) In our opinion and to the best of our information and according to the explanations given to me, the said Balance Sheet and the Profit & Loss Account read together with the notes thereon give a true and fair view in so far it relates to the Balance Sheet, the state of affairs of M/s. KBS CAPITAL MANAGEMENT LTD and so far as it relates to the Profit & Loss Account of the Profit of M/s. KBS CAPITAL MANAGEMENT LTD for the period ended on that date.

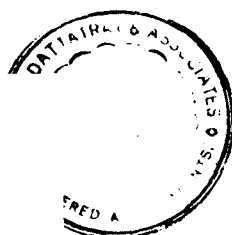
PLACE : MUMBAI

FOR Dixit Dattatray & Associates
Chartered Accountant

(Mr. D.B. Dixit)
PROPRIETOR

M.No 40032

DATED :.



AUDITOR'S REPORT

To The Members

KBS CAPITAL MANAGEMENT LIMITED.**MUMBAI.**

We have audited the attached Balance Sheet of M/S KBS CAPITAL MANAGEMENT LIMITED as at March 31, 2002 and the Profit and Loss Account of the Company for the year ended on that date. This 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.


- (1) We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes, assessing the accounting principle used and significant estimates, made by the management, as well as evaluating the overall presentation of the financial statements, we believe that our audit provides a reasonable basis for our opinion.
- (2) As required by the Manufacturing and Other Companies(Auditor's Report) Order, 1988 we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
- (3) Further to our comments in the Annexure referred to in Paragraph (1) above, we report that:
 - a) We have obtained all the informations 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 the said books;
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the Books of Accounts ;



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- d) In our opinion, the Balance Sheet dealt with by this report is in compliance with the Accounting Standards referred to in section 211 (3c) of the Companies Act, 1956;
- e) On the basis of the written representation from the Directors, taken on the record by the Board of Directors, none of the Director are disqualified as on 31st March, 2002 from being appointed as a Director under section 274(1) (g) of the Companies Act, 1956.
- f) In our opinion and to the best of our informations and according to the explanations given to us the accounts 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, 2002 ; and
- ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date.

For **Dixit Dattatray & Associates**
Chartered Accountants**D.B. Dixit**
Proprietor

Place : Mumbai

Date :

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Dattatray B. Dixit & Co., F.C.A., LL.B.

Dixit Dattatray & Associates

CHARTERED ACCOUNTANTS

264, Maru Sadan, N.C. Keshar Road, Dadar, Mumbai-400 028

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ANNEXURE TO THE AUDITOR'S REPORT

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

As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 and On the basis of such checks of books and records of the Company as we considered appropriate and the informations and explanations given to us during the course of our audit ,

We state that :

1. The Company is maintaining proper records showing full particulars regarding quantitative details and situations of the Fixed Assets. As explained to us , all the Fixed Assets of the Company have been physically verified by the management during the year. In our opinion, the frequency of verification of Fixed Assets by the management is at reasonable intervals having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. In our opinion, the procedure of physical verification of stock of Shares and Debentures followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
4. According to the information given by the management, no material discrepancies were noticed on physical verification of stocks as compared to the book records.
5. In our opinion and on the basis of our examination of stock records, the valuation of stock is fair and proper subject to our notes and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
6. The Company has not taken or given any Secured or Unsecured loans from the Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As informed to us there are no companies under the same management as per Section 370 (1-B) of the Companies Act, 1956.
7. The parties (including employees) to whom loans and advances in the nature of loans have been given by the Company are repaying the principal amount as stipulated and are also regular in payment.

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- 8 The company has not accepted any deposits from the public according to section 58 A .
9. In our opinion, the Company has proper Internal Audit system commensurate with the size and nature of its business.
10. As informed to us by the management, the maintenance of cost records has not been prescribed by the Central Government.
- 11 As informed to us, and based on our general scrutiny, we state, that Company is generally regular in depositing the amounts of Provident Fund and Employees State Insurance Scheme.
12. According to the information and explanation given to us, except stated in our notes there are no undisputed amounts payable in respect of Income Tax , Wealth Tax , and such other levies which have remained outstanding as at 31st March, 2002 for period of more than six months from date they become payable.
13. On the basis of examination of the Books of account and vouchers, the explanations given to us in our inquiries and in absence of any contrary proof, we are of the opinion that no personal expenses of Directors other than the expenses accepted in ordinary business practices, have be charged to the revenue accounts.
14. The Company is not a sick industrial Company within the meaning of clause (0) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
15. The Company has not granted any Loans and Advances on the basis of Security by way of pledge of shares, debentures and other similar securities.
16. The Company has maintained proper records of the transactions of trading in shares , Securities , Debentures and other Investments and timely entries have been made there in. As Certified by the management the said Shares, Securities, Debentures and other investments , which were held beyond the Statutory time of exemption , were held by the Company in its name.

For Dixit Dattatray & Associates
Chartered Accountants

D.B. Dixit

D.B. DIXIT
PROPRIETOR

Place : Mumbai

Dated : 28/11/02

