

H. H. PARMAR & CO. (REGD.)
CHARTERED ACCOUNTANTS

H. H. PARMAR
 B.COM (HONS.), L.L.B. (GEN), F.C.A.

J. H. PARMAR
 B.COM, F.C.A.

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AUDITORS' REPORT

To,

THE MEMBERS OF

ADITYA LEASING LIMITED

We have audited the attached Balance Sheet of **ADITYA LEASING LIMITED** as at **31st March, 2003** and also the Profit And Loss Account of the company for the year ended on that date 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.

1. We 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 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 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 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to above we report that
 - 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, the company as required by law, has kept proper books of accounts so far as appears from our examination of those books;
 - c) The Balance Sheet and Profit And Loss Account dealt with by this report are in agreement with the books of accounts of the company.

- d) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-Section 211 (3C) of the Companies Act, 1956 that have been made mandatory by the Institute of Chartered Accountants of India subject to Note On Accounts Schedule no.18 point no.1 (A)(H) AS-15 for retirement benefit to employees is accounted on cash basis, point no. 1(E) AS-9 for dividend income and payment bonus is accounted on cash basis and point no.1(M) AS-22 for Accounting for Taxes on Income.
- e) On the basis or written representation made by the Directors and taken on record by the Board and according to the information and explanations given to us, none of the director is disqualified from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit And Loss Account subject to what is stated in 3 (d) above and read together with the notes thereon give the information as required by the Companies Act, 1956 in the manner so required and present 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 31st March, 2003 and
- ii) in the case of the Profit And Loss Account, of the Loss for the year ended on that date.
- iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

For H. H. PARMAR & CO.,
CHARTERED ACCOUNTANTS



H. H. PARMAR
PARTNER

PLACE : MUMBAI
DATED : 2 SEP 2003

San/Aditya-03/Auditor Report

H. H. PARMAR & CO. (REGD.)
CHARTERED ACCOUNTANTS**H. H. PARMAR**
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hhpc@vsnl.com**ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT
OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH,
2003 OF ADITYA LEASING LIMITED**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that :-

FIXED ASSETS:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets. The management at reasonable intervals physically verified all the assets and no material discrepancies were noticed on such verification as compared to books records.
2. None of the fixed assets have been revalued during the year.

INVENTORIES:

1. As per the information and explanations given to us, the management at reasonable intervals has physically verified the stocks of finished goods, work-in-progress, raw materials, stores & spare parts and shares in stock.
2. As explained to us, the procedures of the 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.
3. According to the information and explanations given to us, no material discrepancies have been noticed on physical verification of stocks as compared to book records.
4. In our opinion and on the basis of our examination the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year refer point no. 1(D) in notes on accounts Schedule no 18.
5. According to the information and explanations given to us, the Company has a regular procedure for determining unserviceable or damaged stores, raw materials and finished goods and necessary provision for the loss have been made in the accounts.
6. We are informed that the Company has no realizable by products and scraps.
7. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 (1 of 1956).

LOANS AND ADVANCES:

1. According to the information and explanations given to us, the Company has taken loans, unsecured, from companies or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956, in which, directors are interested, as contemplated under sub-section (6) of Section 299 of the said Act. or there are no companies under the same management within the meaning of Section 370 (1B)/ section 372A of the Companies Act, 1956. The terms and conditions of the loans are not prima facie prejudicial to the interests of the Company. In term of sub-section (6) of section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October, 1998.
2. According to the information and explanations given to us, the Company has given unsecured loans to companies, firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956, in which directors are interested, as contemplated under sub-section (6) of Section 299 of the said Act. On the basis of the information and explanations given to us, there are companies under the same management within the meaning of Section 370 (1B) which is rendered inoperative since insertion of sub-section (6) to Section 370 of the Companies Act, 1956. In term of sub-section (6) of section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October, 1998. The terms and conditions of the loans are not prima facie prejudicial to the interests of the Company.
3. According to information and explanations given to us the Company has in the course of normal business given interest free loans or advances in the nature of loans to few parties and the principal amount are repaid as stipulated.

INTERNAL CONTROL:

1. 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.
2. The Company has an Internal Audit system commensurate with its size and nature of its business.

RELATED PARTIES:

- 1 According to the information and explanations given to us, the transactions of purchases 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 (1 of 1956), as aggregating fair market value during the year to Rs. 50,000/- (Rupees Fifty Thousand) or more are as under. Nitin Casting Limited: Sales Rs.33,216,300/- and Commission paid on Sales Rs. 2,007,700/-. The transactions are made at prices, which are reasonable as compared to Fair Market Value of such goods, materials or services or the prices at which transaction for goods or have been made with other parties.

FIXED DEPOSITS:

The company has complied with the provisions of Section 58A of the Companies Act 1956, in respect of acceptance of deposits.

PERSONAL EXPENSES

On the basis of (i) the examination of the books of account of the Company, (ii) the vouchers examined by us on a test check basis, (iii) the explanations given to us against our inquiries, (iv) the checks and controls relating to authorizing payments looking to the Company's needs and to the best of our knowledge and belief, we have not come across any expenses charged to revenue account, except for those which were either incurred under service-contract obligations with the employees or which, as explained to us, were incurred in accordance with normally accepted business practices, which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses. The management have also confirmed that no personal expenses have been charged to revenue account.

STAFF WELFARE:

We are informed that the company is regular in depositing Provident Fund dues with appropriate authority. We are informed that the Employees State Insurance Scheme is not applicable to the company.

TAXATION:

According to the information and explanations given to us, there are no other undisputed amounts payable in respect of Income-Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty which have remained outstanding as at 31st March, 2003 for a period of more than six months from the date they become payable except TDS Rs 81,061/-.

OTHERS:

The Company is not a sick industrial Company within the meaning of clause (0) of Sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986).

FOR INVESTMENT COMPANY:

1. As informed to us by the management, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore, the question of adequate documents and records to be maintained by the company does not arise.

2. The provisions of any special statute applicable to Chit Fund, Nidhi or mutual benefit society are not applicable to the company.
3. As informed to us by the management, the Company has dealt or traded in shares, securities and debentures and proper records have been maintained of the transactions and contracts and timely entries have been made thereof. The Shares, Securities, debentures & other investments held by the company in its own name.

**FOR H. H. PARMAR & CO.,
CHARTERED ACCOUNTANTS**



**H. H. PARMAR
PARTNER**

**PLACE : MUMBAI
DATED : 2 SEP 2003**

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M/S ADITYA LEASING LIMITED

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BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2003

	<u>SCH-</u>	<u>CURRENT YEAR</u>		<u>PREVIOUS YEAR</u>	
	<u>DULE</u>	<u>RS</u>	<u>RS</u>	<u>RS</u>	<u>RS</u>
<u>SOURCES OF FUNDS</u>					
SHAREHOLDERS FUNDS					
Share Capital	1	7,440,000		7,440,000	
Reserves & Surplus	2	<u>13,640,028</u>	21,080,028	<u>14,520,589</u>	21,960,589
LOANS FUNDS					
Secured Loans	3	43,878,337		41,018,675	
Unsecured Loans	4	<u>5,901,902</u>	49,780,239	<u>5,988,622</u>	47,007,297
TOTAL RS.			<u>70,860,267</u>		<u>68,967,886</u>
<u>APPLICATION OF FUNDS</u>					
FIXED ASSETS					
Gross Block (at cost)	5	46,205,702		44,772,852	
Less: Depreciation		<u>8,683,925</u>		<u>6,463,255</u>	
Net Block			37,521,777		38,309,597
INVESTMENTS	6		1,870,461		1,870,461
CURRENT ASSETS, LOANS & ADVANCES	7	54,753,663		45,748,781	
Less:- Current Liabilities & Provisions	8	<u>23,454,100</u>	31,299,563	<u>17,011,353</u>	28,737,428
MISCELLANEOUS EXPENDITURE	9				
(To the Extent not written off)			168,466		50,400
TOTAL RS.			<u>70,860,267</u>		<u>68,967,886</u>

REFER NOTES ON ACCOUNTS

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AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR H.H.PARMAR & CO.,
CHARTERED ACCOUNTANTS

H.H.PARMAR
PARTNER

FOR AND ON BEHALF OF BOARD
ADITYA LEASING LIMITED

Mud *Aditya*
DIRECTORS

PLACE : MUMBAI

DATED : - 2 SEP 2003

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