

H. P. Shah

B. Com., F.C.A., Grad. CWA

H. P. SHAH ASSOCIATES

**AUDITOR'S REPORT**

CHARTERED ACCOUNTANTS

OFFICE : 11, RAJHANS, 1st FLOOR,  
G.I.D.C. CHAR RASTA, VAPI-396 195.

Telefax : (0260)425540-423540

To,  
The Members of  
Radha Madhav Corporation Limited

We have audited the attached Balance Sheet of **Radha Madhav Corporation Limited** as at **31<sup>st</sup> March 2005** and the Profit and Loss Account for the period ended on that date annexed thereto and also the cash flow statement for the year ended on that date. 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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, proper books of accounts as required by law, have been kept by the Company, so far as it appears from examination of such books.
- c) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of accounts.
- d) In our opinion the Balance sheet and Profit & Loss Account, comply with the Accounting Standards as referred to in sub section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
- e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) 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 explanation given to us, the said Balance Sheet and the Profit & Loss Account read together with the notes thereon 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 so far as it relates to the Balance sheet, of the state of affairs of the Company as at 31st March, 2005,
- ii. in so far as it relates to the Profit and Loss Account, of the Profit of the Company for the period ended on that date, and
- iii. in the case of Cash Flow Statement, of the cash flow for the period ended on that date.

For **H. P. SHAH ASSOCIATES**

  
**H. P. SHAH**  
**PROPRIETOR**  
**CHARTERED ACCOUNTANTS**  
**Membership No. 39093**



**Place : Vapi**  
**Date : 6<sup>th</sup> June 2005**

## ANNEXURE

### 1. FIXED ASSETS:

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification of its fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- (c) During the year, the Company has not disposed of any substantial/major part of fixed assets.

### 2. INVENTORIES:

- (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.

### 3. LOANS:

- (a) As per the information furnished, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
- (b) The Company had taken loans from three partnership firms and one person covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the period was Rs. 15,03,000/- and at the year end balance of loan taken from such person Rs. 1,67,594/-.
- (c) In our opinion the terms & conditions on which loans has been taken from three partnership firms and one person listed in the register maintained under Section 301 of the Companies Act 1956, are not prima facie prejudicial to the interest of the Company. This loans were interest free.
- (d) The Company has repaid the loan amount before the signing of this report. There is no overdue amount of loan taken from three partnership firm and one person listed in the register maintained under Section 301 of the Companies Act 1956.

### 4. INTERNAL CONTROL SYSTEM:

In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.



**5. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTY:**

- (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangement with related party that needs to be entered into the Register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

**6. PUBLIC DEPOSITS:**

The Company has not accepted any deposits during the year from the public within the meaning of the provision of Section 58A, 58AA or any other relevant of the Companies Act, 1956, and rules made there under. Hence the Clause (vi) of the order is not applicable.

**7. INTERNAL AUDIT SYSTEM:**

In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

**8. COST RECORDS:**

As explained to us, the Central Government has not prescribed the maintenance of Cost Records Under Section 209(1)(d) of the Companies Act 1956, in respect of the Company's products.

**9. STATUTORY DUES:**

- (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise-duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31<sup>st</sup> March 2005 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, no dues of sales tax, income- tax, customs, wealth-tax, service tax, excise duty, cess which have not been deposited on account of disputes.

**10. ACCUMULATED LOSSES:**

There are no accumulated losses of the Company as on 31<sup>st</sup> March 2005. The Company has not incurred any cash losses during the financial year covered by our audit As the company has been incorporated on 07-01-2005 only, the question of cash loss being incurred in the immediately preceding financial year does not arise.

**11. REPAYMENT OF DUES OF FINANCIAL INSTITUTIONS:**

Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and bank.

**12. LOANS & ADVANCES AGAINST SHARES, DEBENTURES AND OTHER SECURITIES:**

Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.

**13. CHIT FUND COMPANY OR NIDHI/MUTUAL BENEFIT FUND/SOCIETY:**

Clause (xiii) of the Order is not applicable to the Company as the Company is not a chit fund Company or nidhi/mutual benefit fund/society.

**14. MAINTENANCE OF RECORDS FOR DEALING/TRADING IN SHARES, SECURITIES, DEBENTURES & OTHER INVESTMENTS:**

The Company is not dealing or trading in shares, securities, debenture or other investments hence the Clause (xiv) of the Order is not applicable to the Company.

**15. GUARANTEE:**

According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

**16. UTILIZATION OF TERM LOAN FUND:**

The Company has not raised any new term loan during the year.

**17. MISMATCH BETWEEN SHORT TERM/LONG TERM FUNDS:**

Based on our overall examination of the Balance Sheet of the Company as at 31<sup>st</sup> March 2005, the Company generated Rs. 174383611/- by way of Long term sources (net of repayment of term loan) and applied Rs. 69391435/- (net) towards the long term applications, and Rs. 104668295/- towards increasing the Debtors, inventories, loans & advances.

**18. PREFERENTIAL ALLOTMENT OF SHARES:**

The Company has made preferential allotment of shares to parties covered in the Register maintained under section 301 of the Act. In our opinion the price at which shares have been issued is not prejudicial to the interest of the Company.

**19. CREATION OF SECURITIES FOR ISSUE OF DEBENTURE:**

During the year covered by our audit report, the Company has not issued any debentures.

**20. END USE OF MONEY RAISED BY PUBLIC ISSUE:**

The Company has not raised any money by public issues during the year covered by our report.

**21. FRAUD ON OR BY THE COMPANY:**

As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during this year.

**For H. P. SHAH ASSOCIATES**

  
**H. P. SHAH**  
**PROPRIETOR**  
**CHARTERED ACCOUNTANTS**  
**Membership No. 39093**



**PLACE: VAPI**  
**DATE: 6<sup>TH</sup> JUNE 2005**

**M/S. RADHA MADHAV CORPORATION LIMITED****BALANCE SHEET AS ON 31st MARCH 2005**

PARTICULARS	SCHE NO.	As at 31.03.2005	
		Amount Rs.	Amount Rs.
<b>SOURCES OF FUNDS</b>			
<b>(1) SHARE HOLDERS FUNDS</b>			
(a) Share Capital	1	56833300	
(b) Share Application Money Pending Allotment		9520821	
(c) Reserve and Surplus	2	28973521	95327642
<b>(2) LOAN FUNDS</b>			
(a) Secured Loans	3	80307441	
(b) Unsecured Loans	4	167594	
<b>(3) Deferred Tax Liabilities (See note)</b>			80475035
<b>TOTAL</b>			101200
			<b>175903877</b>
<b>APPLICATION OF FUNDS</b>			
<b>(3) FIXED ASSETS</b>	5		
(a) Gross Block		57891962	
(b) Less : Depreciation		196015	
(c) Net Block		57695947	
(d) Capital Work -in- Progress		11499473	69195420
<b>(4) INVESTMENTS</b>			0
<b>(5) CURRENT ASSETS LOANS &amp; ADVANCES</b>			
(a) Inventories	6	27718645	
(b) Sundry Debtors	7	72574161	
(c) Cash & Bank Balance	8	323880	
(d) Loans & Advances	9	34648283	
		135264968	
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>	10		
(a) Current Liabilities		28493364	
(b) Provision		63148	
		28556512	
<b>NET CURRENT ASSETS</b>			106708457
<b>(6) MISCELLANEOUS EXPENDITURE</b>	11		
(To be extent not written off or adjusted)			0
<b>TOTAL</b>			<b>175903877</b>

**SIGNIFICANT ACCOUNTING POLICIES**

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**NOTES ON ACCOUNTS**

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As per our attached report of even date

**For H. P. SHAH ASSOCIATES****For and on behalf of Board of Directors**

*H. P. Shah*  
**H. P. SHAH**  
**PROPRIETOR**  
**CHARTERED ACCOUNTANTS**



*[Signature]*  
**CHAIRMAN**

*[Signature]*  
**MANAGING DIRECTOR**

*[Signature]*  
**DIRECTOR**

*A. H. Andhase*  
**COMPANY SECRETARY**