

M/s. ADLABS FILMS LIMITED.
ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2000

H. O. AGARWAL & CO.

CHARTERED ACCOUNTANTS

H. O. AGARWAL
B. Com., F.C.A.

AUDITORS' REPORT

We have audited the attached Balance Sheet of M/s. ADLABS FILMS LIMITED as on 31st March, 2000 and the annexed Profit & Loss Account for the year ended on that date and report that:

- (1) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4-A) of the Companies Act, 1956 and as per the information and explanations given to us during the course of our audit, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (2) Further to our comments in the Annexure referred to in paragraph (1) above:
 - a) We have obtained all the information and the explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
 - c) The Balance Sheet and the Profit & Loss account dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet and Profit & Loss Account, comply with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes annexed thereto 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 on 31st March, 2000
 - ii) in the case of the Profit & Loss account of the PROFIT for the year ended on that date.

TRUE COPY

For H. O. AGARWAL & CO.,
CHARTERED ACCOUNTANTS



H. O. AGARWAL
(PROPRIETOR)

MUMBAI:
DATED : 20th JUNE, 2000

H. O. AGARWAL & CO.

CHARTERED ACCOUNTANTS

H. O. AGARWAL
B. Com., F.C.A.

ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph (1) thereof)

- 1) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Fixed Assets. All the Fixed Assets have not been physically verified by the management during the year but, according to the information and explanations given to us, there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Fixed Assets. No material discrepancies were noticed on verification.
- 2) None of the Fixed Assets have been revalued during the year.
- 3) The stock of finished goods and raw-materials have been physically verified during the year by the management.
- 4) The procedures of physical verification of stock followed by the Management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- 5) Discrepancies noticed on verification between the physical stock and book records were not material.
- 6) In our opinion 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.
- 7) The Company has taken loans from Companies, firms or other parties listed in the Register maintained u/s. 301 and sub section (1B) of section 370 of the Companies Act, 1956. The rate of interest and terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- 8) The Company has granted loans to Companies, firms or other parties listed in the Register maintained under section 301 and to Companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956.
- 9) The Parties to whom loans or 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 of interest wherever applicable.

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H. O. AGARWAL & CO.

CHARTERED ACCOUNTANTS

H. O. AGARWAL
B. Com., F.C.A.

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- 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, equipments and other assets and for the sale of goods.
- 11) In our opinion and according to the explanations given to us the transactions of services availed in pursuance of contracts or arrangements entered in the Register maintained under Section 301 and aggregating to Rs.50,000/- or more during the year in respect of each party are reasonable having regard to the prevailing market prices for such services or the prices at which transaction for similar services have been made with other parties.
- 12) According to the information and explanations given to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- 13) In our opinion the provisions of Sec. 58A of the Companies Act, 1956 and the Rules framed thereunder with regard to the deposits accepted from the public are not applicable.
- 14) In our opinion, reasonable records have been maintained for the sale and disposal of scrap and by-products.
- 15) According to the explanations given to us the Company has internal audit system commensurate with the size and nature of its business.
- 16) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.
- 17) There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding, as at the year end for a period of more than six months from the date they became payable.

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