



# Maha Rashtra Apex

Corpn. Ltd. Admn. Office: Syndicate House, MANIPAL - 576 104.

## FORM B

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Maha Rashtra Apex Corporation Ltd
2.	Annual financial statements for the year ended	31st March , 2013
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification	All the points repetitive since 2002 except point No.H which appears first time.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	(list enclosed)
6.	Additional comments from the board/audit committee chair:	Nil
7.	To be signed by- <ul style="list-style-type: none"><li>• Whole Time Director</li><li>• .CFO</li><li>• Auditor of the company</li><li>• Audit Committee Chairman"</li></ul>	







**Basis for Qualified Opinion as per Independent Auditors Report (page No.17 & 18 of Annual Report for the year ended 31<sup>st</sup> March, 2013:**

- A) In terms of direction issued by RBI, we state that:
- i) The Company has not obtained Credit Rating
  - ii) The Capital Adequacy Ratio is negative.
  - iii) There has been some delay in submission of Statements to RBI.
  - iv) In view of the negative net worth, all lending's and investments are in excess of Credit Concentration Limit stipulated by the Reserve Bank of India.
  - v) The company has en-cashed all the approved securities and utilized for repayment of deposits.
- B) Though the net-worth of the Company is negative, it has prepared the accounts on "going concern" basis on the presumption that deficit in operations will be effectively monitored (refer Note No.12 B (5) ).
- C) By its order dated 13th June, 2002, RBI has cancelled the Certificate of Registration granted to the Company to act as Non-Banking Financial Company.
- D) Accrued interest on deposits and bonds were provided upto 31.3.2002 only as per the Scheme of Restructure of the debts of the Company as sanctioned by the Hon'ble High Court of Karnataka (refer Note No.12 B(1)(a) ).
- E) The company has stopped repayment of deposits/bonds on maturity dates, till the sanction of Scheme of Restructure by the Hon'ble High Court of Karnataka on 8th October, 2004. Now the company has started repayment under the sanctioned Scheme and the short fall in repayment amounted to 8240.41 Lakhs (refer Note No.12.B(1) and (2)). All the instalments of repayment of deposits/bonds are as per scheme sanctioned by High Court of Karnataka due for payment on 15th September 2009 and 15th June 2009 (refer Note no.12.B 1 (e) and Note B(1)(f)).
- F) Though the management is of the view that it will be able to monitor effectively the deficit in operation, we are unable to comment on the ultimate reliability of company's assets.
- G)
- a. Provision has not been made as required under RBI Prudential Norms since 1.4.2000. Had this been provided for, the net assets would have been less and the accumulated loss would have been more by the provision required Rs. 3002.12 Lakhs (Refer Note No.12 B(6) ).
  - b. Short provision for diminution in the value of investments Rs. 6 40,235/-.
- H) Over drawn balance in Current Account with scheduled Bank Rs.1,78,80,640 shown under short term borrowings from banks under current liabilities in balance sheet is subject to reconciliation. Cheques aggregating Rs.1,95,52,856 (Net of cheques presented for payment Rs.18,10,193) were issued from this account pending presentation for payment by the parties. An amount of Rs.2,400 wrong entry is found in the bank statement.







# Maha Rashtra Apex

Corpn. Ltd.

Admn. Office: Syndicate House, MANIPAL - 576 104.

**REPLY TO AUDITORS' OBSERVATION as per page No 7 of the Annual Report for the year ended 31<sup>st</sup> March, 2013.**

The Company has stopped acceptance of deposit w e f 1.4.2002. Therefore, we honestly believed that no credit rating is required by the Company.

Investment are long term in nature. So no provision was considered for diminishing value of investments.

With regard to Auditors' observation in point Nos A (ii) to (v), B, C, D, E, F, G (a) explanations given in the relevant notes No.12 B(1) to B(6) of Schedule of the Accounts are self-explanatory.

With regard to point No. H: The over drawn balance of Rs. 1,76,80,640 represents cheque issued from current account to the deposit holders but not encashed as on 31.03.2013. The funds will be transferred from the term deposit as and when cheques are presented for payment. Thus over drawn balance will get squared off. The Company has issued cheques towards third instalment to the deposit holders as per the scheme of repayment. Most of the cheque amounts are identical and cheques are issued on various dates. The depositors take time to encash the cheque. Rs 1,95,52,856 represents cheques pending presentation. The reconciliation is in progress and is hampered due to absence of cheque numbers in the bank statement

