



ARUN KISHORE & CO.

Chartered Accountants

D-25, Lajpat Nagar-II, New Delhi -110024

Telefax : 29834278, 29839014

INDEPENDENT AUDITOR'S REPORT

The Shareholders,

MVL INDUSTRIES LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **MVL INDUSTRIES LIMITED** ("the Company") which comprise the balance sheet as at 30th June 2013, the Statement of Profit & Loss and also the Cash Flow Statement of the company for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of financial position and financial performance of the company in accordance with the Accounting Standards referred to in sub section (3C) of section 211 of the Company Act 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



6. Without qualifying our report,

Attention of the members is invited to the following points: -

- a) Note No. 28.09 with regard to the permanent decline in the value of shares of unlisted company, value reduced by Rs. 1293.48 Lacs.
- b) Note No. 28.23 with regard to reversal of Gain on sale of investments of Rs. 304.43 Lacs erroneously booked in the last year
- c) Note No. 28.24 with regard to the decline in the value of inventories by Rs. 941.96 Lacs on account of realizable value being less than the cost to that extent.
- d) Note No. 28.25 with regard to settlement and write off of old claims of Debtors to the extent of Rs. 6347.59 Lacs.

7. **Basis for Qualified Opinion**

Reference is invited to

- *Note No. 28.17 Regarding the financial statements of the company being prepared on a going concern basis notwithstanding the fact that operations have been discontinued, Loss of Rs.24136.72 Lacs has been incurred during the year, and net worth is minus Rs.18982.22 Lacs. We are of the opinion that there is no feasibility for the company to carry on as a going concern, unless additional funds are inducted, loans are restructured and activities are restarted.*
- *Note No. 28.12 regarding non availability of confirmations in respect of debit and/or credit balances of loans, advances, deposits, trade receivables and trade payable In the absence of such confirmations, any provision to be made for the adverse variation in carrying of amounts of these balances, are not quantified, as well as the quantum of adjustment if any, required to be made remain unascertained.*
- *Note No. 28.18 regarding non provision of penal interest on recalled banks loans declared as NPA. Liability for penal interest payable has not been quantified on account of uncertainty and discretionary nature of penal interest, if any payable.*

8. **Qualified Opinion**

In our opinion and to the best of our information and according to the explanation given to us, except for possible effects of the matters described in paragraph , 7 above - the basis of qualified opinion , the financial statements give a true and fare view :-

- i) In the case of the Balance sheet, of the state of affairs of the company as at 30th June 2013;
- ii) In the case of statement of Profit and Loss of the Loss for the year ended on that date.
- iii) In the case of the Cash Flow Statement, of the Cash flow for the year ended on that



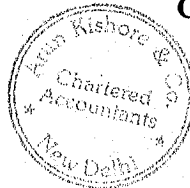
date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
10. As required by section 227(3) of the Act, 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 account as required by law have been kept by the company, so far as it appears from our examination of those books.
 - c. The Financial statements dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 *Except provision of leave encashment made on own estimate, rather than on actuarial valuation basis in terms of Accounting standard AS-15.*
 - e. On the basis of written representations received from the directors as on June 30, 2013, and taken on record by the board of directors, none of the directors is disqualified as on June 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956

**For ARUN KISHORE & COMPANY
CHARTERED ACCOUNTANTS**

(ICAI Regd. No. 001898N)



Arun Kishore

**CA ARUN KISHORE
PARTNER**

(Membership No. 10770)

Place: New Delhi

Date :31st August, 2013

ANNEXURE REFERRED TO UNDER PARAGRAPH 8 OF THE AUDITOR'S REPORT
OF EVEN DATE

- I) a) The Company has maintained records showing full particulars, including quantitative details and situation of its fixed assets;
b) During the year as informed to us, no discrepancy was noticed on physical verification of fixed assets;
c) During the year the company has not disposed off substantial part of fixed asset.
- II) a) According to the information given to us the management has conducted physical verification of stocks, at reasonable intervals during the year;
b) In our opinion and according to the information and explanations given to us, the procedure for physical verification of inventory followed by the management needs to be improved keeping in view the past experience size of the company and the nature of its business;
c) The company has maintained proper records of inventory and no sizable discrepancies were noticed on physical verification as compared with the book record.
- III) In respect of loans, secured or unsecured ,granted or taken by the Company to or from Companies ,firms or from other parties covered in the register maintained under Section 301 of the Companies Act,1956,according to the information and explanations given to us :
- a) The Company has neither granted nor taken any loans to/ from any such parties, accordingly Para's 'a' to 'g' of clause III of the order are not applicable to the company.
- IV) 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 with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the said internal controls.
- V) In respect of transactions covered under section 301 of the Companies Act, 1956:
- a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered;
- b) The transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lacs in respect of any party during the year, we have been informed on account of the unique in nature of the items dealt with during the year comparable rates/quotes for similar items cannot be provided, as such reasonableness of the said prices cannot be commented upon.
- VI) In our opinion and according to the information given to us, the Company has not accepted any deposits from public within the meaning of Sections 58A and 58AA of the Companies Act 1956 and the rules framed there under.



- VII) In our opinion the Company's has an internal audit system which needs to be strengthened to make the same commensurate with the size and the nature of its business.
- VIII) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost record under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of company's trading activities.
- IX) a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Employees State Insurance Scheme, Income Tax, Sales Tax, Custom Duty, Excise, Cess have generally been regularly deposited with appropriate authorities, barring delayed payments in some cases.
- b) According to the information and explanations given to us undisputed amounts in respect of aforesaid dues which were outstanding as at 30th June 2013 for a period of more than 6 months from the date they became payable, are towards Tax deducted at Source of Rs.6.47 lacs and Income Tax of Rs. 16.36 lacs.
- c) According to the information and explanations given to us following dues have not been admitted payable on account of disputes /appeals pending with appropriate authorities:-

S.No.	Name of the statute	Nature of the dues & Period	Amount under dispute (Rs. in Lacs)	Forum where dispute is pending
1.	Delhi Sales Act	Sales Tax for 87-88 and 88-89	11.50	Delhi High Court
2.	Sales Tax Act of West Bengal	Sales Tax for 2001-2002	1.96	Commercial Tax Officer
3.	Delhi Vat Act.	VAT for – 2005-2006	152.48	Tribunal Vat, New Delhi
4.	Income Tax	Asstt. Year 2008-2009	30.46	ITAT, New Delhi
5.	Income Tax	Asstt. Year 2009 -2010	79.31	CIT (Appeals)New Delhi
6.	Income Tax	Asstt. Year 2010 -2011	120.75	CIT (Appeals)New Delhi
		Total	396.46 *	

*The above figures are exclusive of interest if any payable thereon.

- X) The Company has an accumulated loss of Rs.21615.13 lacs as at the end of the financial year and it has incurred cash loss of Rs.24083.97 Lacs in the current year, previous year 8467.30 Lacs. Accumulated losses at the end of the financial year are more than the company's net worth.



- XI) According to the information and explanations given to us, during the year the Company has defaulted in re-payment of dues to financial institution and banks amounting to Rs.22191.21 lacs as at 30.06.2013, default towards principal amount is Rs. 18847.40 lacs and towards interest is Rs.3343.81 lacs. The default started from the period beginning from January,2012 and continue till the date of our audit.
- XII) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII) The Company is not a chit fund/nidhi/mutual benefit fund/society; as such the provisions of clause 4(xiii) of The Order are not applicable.
- XIV) In our opinion and according to the information and explanations given to us, during the year the company is not engaged in a major way in trading in shares, securities, debentures and other investments. Shares, securities, bonds and other investments are held in its own name.
- XV) According to the information and explanations given to us, and the representations made by the management, the guarantees given by the Company for loans taken by other associate companies from banks/ financial institutions, in our opinion, are prima facie, on an overall basis not prejudicial to the interest of the Company.
- XVI) In our opinion and according to the information and explanations given to us, the Company has, prima-facie , applied the term loans availed, for the purposes for which these were obtained:
- XVII) According to the information and explanations given to us, and on an overall examination of Balance Sheet and the Cash Flow statement of the company, and after placing reliance on the reasonable assumptions made by the Company for classification of usage of funds we are of the opinion that prima facie, short-term funds have not been used for long term investment ;
- XVIII) During the year the Company has made no preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- XIX) During the year the Company has not issued any debentures.
- XX) The Company has not raised any money by public issues during the year.
- XXI) During the course of our examination of the books and record of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management

For ARUN KISHORE & COMPANY
CHARTERED ACCOUNTANTS

(ICAI Regd.No. 001898 N)

CA ARUN KISHORE

PARTNER

[Membership No. 10770]



Place : New Delhi

Date : 31st August 2013