

The Shareholders of  
M/s. Bituminex Cochin (P) Ltd.,  
Cochin – 682 020.

Gentlemen,

We have audited the attached Balance Sheet of Bituminex Cochin (P) Ltd, as at 31<sup>st</sup> March 2011 and also the Profit and Loss Account 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.

We have 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 presentation of the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

1 As required by the Companies (Auditors' Report) Order 2003, issued by the Department of Company Affairs, Government of India in terms of Section 227 (4A) 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

2. Further, we state 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 appears from our examination of the books.
- c) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account.
- d) In our opinion, subject to Clause g of "Significant Accounting policies" of Schedule Q, Profit and Loss account and Balance Sheet of the company comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of 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 accounts Subject to note 2(a) regarding non-confirmation of balances under sundry debtors, loans and advances and sundry creditors and note 1(g) regarding the non-compliance of Accounting Standard 15 on retirement benefits of employees, as referred to in Schedule Q forming part of the accounts, 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 the case of Balance Sheet, of the state of affairs of the Company as on 31.3.2011.
  - ii) in the case of Profit and Loss Account, of the Loss for the year ended on that date.

For ELIAS GEORGE & CO.,  
Chartered Accountants.  
FRN:000801S

Sd/-  
RANJIT MATHEWS. P.  
(Partner)

COCHIN – 20.  
Date : 27.05.2011

(Memb. No. 205377)

ANNEXURE - A.

Additional information in accordance with the order issued by the  
Company Law Board Under Section 227 (4A).  
Referred to in Paragraph 1 of our report of even date.

- I. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.
- (b) As explained to us, the fixed assets of the company have been physically verified by the management on an yearly basis which in our opinion is reasonable. During the year, as informed to us, no material discrepancies were noticed on such verification.

(c) During the year, the company has not disposed off substantial part of its fixed assets.

- II. (a) Physical verification of inventory has been conducted by the management at reasonable intervals.
- (b) In our opinion, the 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. As explained to us, no material discrepancies were noticed on physical verification by the management.

- III. (a) The company hasn't granted loans to companies, firms or other parties covered in the registers maintained u/s 301 of the Companies Act, 1956. Therefore sub clauses (b), (c) & (d) of clause 4(iii) of order was not applicable.
- (e) The company has taken loans from parties covered in the register maintained under section 301 of the Act. The details of loan from parties outstanding are given below:

<u>Name of Party</u>	<u>Maximum O/s at any time during the year</u>	<u>Balance Outstanding as on 31.03.10</u>
C.E.Koshy	Rs.10,77,600.34/-	NIL
Agarwal Industries Corporation LTD	Rs 25,27,000.00/-	Rs 25,27,000.00/-

(f) The loans are unsecured. In our opinion, the rate of Interest and other terms and conditions of the loans are not prima facie prejudicial to the interest of the company.

(g) The company is regular in payment of the principal.

- 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 for the purchase of inventory and fixed assets and for the sale of goods.
- V. No transaction that need to be entered into a register in pursuance of Sec. 301 of the Companies Act, 1956 has taken place during the year.
- VI. The company has not accepted deposits from the public and hence the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
- VII. The companies Paid up capital and Reserves does not exceed Rs 50 lakhs and its average annual turn over for a period of three consecutive financial years immediately preceding

the financial year under Audit does not exceed Rs 5 crores and hence we offer no comments on the internal audit system.

- VIII. The company has maintained cost records under Section 209(1)(d) of the Companies Act, 1956.
- IX. (a) As per the records of the company, the company is regular in depositing income tax, wealth tax, sales tax, customs duty and excise duty, service tax and cess and other material statutory dues applicable to it.
- (b) As per the information and explanations given to us, no undisputed amounts are payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty, service tax and cess.
- X. The company has incurred cash loss amounting to Rs 13,87,566.66/- during the financial year covered by our audit and no cash loss was incurred in the immediately preceding financial year. The accumulated loss as on 31.03.2011 exceeds fifty percentage of net worth.
- XI. Based on the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution or bank.
- XII. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII The clause regarding applicability of provisions of any special statute will not apply, as the company is not a nidhi/mutual benefit fund/society.
- XIV The company is not dealing or trading in shares, securities, debentures and other investments.
- XV The company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI Based on our examination of the books of account of the company, we are of the opinion that the company has applied term loans for the purpose for which the loans were raised.
- XVII Based on our examination of the books of account of the company, we are of the opinion that funds raised on short-term basis have not been used for long-term investments and vice versa.
- XVIII The company has not made preferential allotment of equity shares during the year.
- XIX The company has not issued any debentures.
- XX The company has not raised any money by public issues during the year.
- XXI Based upon the audit procedures performed and according to the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For ELIAS GEORGE & CO.,  
Chartered Accountants.  
FRN:000801S

Cochin – 682 020,  
27.05.2011

Sd/-  
RANJIT MATHEWS P.  
(Partner)  
(Memb. No. 205377)

