

AUDITORS REPORT
TO THE SHAREHOLDERS OF BURNPUR CEMENT LIMITED.

We have audited the attached Balance Sheet of Burnpur Cement Limited as on 31st March, 2012, the Statement of the Profit & Loss and the Cash Flow Statement of the Company 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 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis of our opinion.

1) As required by 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.

2) We further 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 appears from our examination of those books.
- (c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub sec (3c) of sec 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors as on 31st March 2012 and taken on record by the Board of directors, we report that none of the directors of the Company are prima facie disqualified Under Section 274(1)(g) 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 read together with significant accounting policies and 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 the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - (ii) in the case of the Statement of Profit & Loss, of the Profit of the Company for the year ended on that date.
 - (iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Dated : 25/05/2012.

Place : Asansol



For M/s N.K. Agarwal & Co.
(Chartered Accountants)

A handwritten signature in black ink, appearing to read "N. K. Agarwal".

N. K. Agarwal
(Proprietor)

Membership No. 14267

ANNEXURE TO AUDITORS REPORT TO THE SHAREHOLDERS OF
BURNPUR CEMENT LIMITED.

(Referred to in Paragraph (1) thereof)

- 1) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed asset. All the fixed assets have not been verified by the management during the period. 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 assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
- 2) None of the Fixed Assets have been re-valued during the period.
- 3)
 - a) The inventory has been physically verified during the period. In our opinion the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. No major discrepancies were noticed.
- 4) The Company has taken unsecured loan and secured loans from financial institutions banks, and body corporate, and director. However the terms of loans are not prima facie prejudicial to the interest of the Company.
- 5) Based on the Audit procedures applied by us and by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301, hence not applicable.
- 6) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax and Sales Tax and such other statutory dues with the appropriate authorities.
 - a) Demand of Rs.55.06 Lac raised on completion of Sales Tax Assessment for the years ended on 31-03-1996 and 31-03-2005 under West Bengal Sales Tax Act, 1994, have not been provided for in the books. It is explained by the Management that the whole demand is disputed and revision/ appeal have been preferred before appropriate Appellate Forum and the management has bonafide belief that demand will be reduced to Nil on disposal of revision / appeal proceedings.
 - b) The demand of Rs. 380.46 Lakhs raised on completion of Income Tax regular assessment for the asst year 2008-09 has been reduced to Nil by CIT(A), Asansol. But the department has gone in second appeal before the Tribunal and the management firmly believes that there will not be any demand.
- 7) The Company has not granted any loans, secured or unsecured to the companies, firms or other parties in which directors are interested.



- 8) 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 purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 9) According to the information and explanation given to us, the Company has not accepted any deposits from the public. Accordingly, paragraph 4(vi) of the order is not applicable.
- 10) The Company has adequate internal Audit system commensurate with the size and nature of its business.
- 11) The maintenance of records as prescribed u/s 209(1) (d) of Companies Act, 1956 (as amended) for the product manufactured by the Company have been maintained.
- 12) Based on our Audit procedures and according to information and explanation given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to Banks and Financial Institutions.
- 13) Based on our examination of documents and records and according to the information and explanation given to us, we are of the opinion that the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 14) In our opinion, the Company is not a chit fund or nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- 15) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- 16) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from bank or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- 17) According to information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investment and vice versa.
- 18) The company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
- 19) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 20) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the year, hence paragraph 4(xix) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.




- 21) During the period covered by our Audit Report, the Company has not raised any money by way of Public Issues. But out of 2 crores share warrants issued in last year, 1.71 crores have been converted into equity shares and balance of 29 lakh warrants will be converted in the next year.
- 22) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Date: 25.1.95/2012
Place: Asansol.



For M/s N.K. Agarwal & Co.
(Chartered Accountants)


N.K. Agarwal
(Proprietor)
Membership No. 14267