

N. K. AGARWAL & CO.

CHARTERED ACCOUNTANTS

N. K. AGARWAL

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Independent Auditors' Report

To the Members of
BURNPUR CEMENT LIMITED

Report on the Financial Statements.

We have audited the accompanying financial statements of **BURNPUR CEMENT LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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 the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

Auditors' 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 misstatements.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

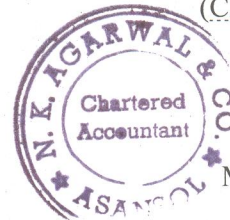
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
 - e. On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act

Dated : 22.05.2013

Place : Asansol

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



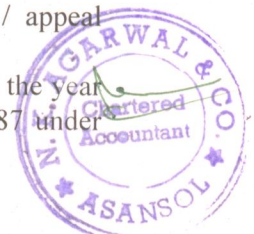
N. K. Agarwal
(Proprietor)

Membership No. 14267

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

(Referred to in Paragraph (1) thereof)

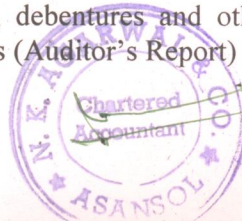
- 1) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed asset. All the fixed assets have not been verified by the management during the period. According to the information and explanations given to us there is a regular programme 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) In respect of contracts or arrangements referred to in 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 need to be entered in the register maintained under section 301 of the Companies Act,1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.500000 in respect of each party during the year have been made at a prices which appear reasonable as per information available with the company.
- 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) Demand of Rs.783434 raised on completion of sales tax assessment for the year ended on 31.03.2010 under West Bengal VAT Act,2003 and Rs.145087 under



Central Sales Tax Act 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 bona fide belief that demand will be reduced to Nil on disposal of revision / appeal proceedings.

- c) 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.
- d) Fresh Demand of Rs.104559 for A.Y.2006-07, Rs.7406921 for A.Y.2007-08, Rs.764860 for A.Y.2009-10 and Rs.2260590 for A.Y.2010-11 raised by Income Tax Department on completion of income tax assessment, have not been provided for in the Books of Accounts. The demands are disputed and appeals have been filed for all the years before the appropriate appellant authority and the Management is confident that demand will be reduced to Nil on completion of appeal proceedings.

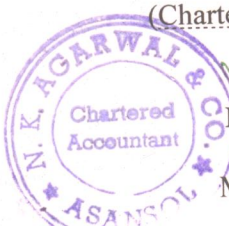

- 7) The Company has not granted any loans, secured or unsecured to the companies, firms or other parties in which directors are interested.
- 8) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of 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) We have broadly reviewed the cost records maintained by the Company pursuant to Companies (Cost Accounting Records) Rules 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act,1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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 made preferential allotment of convertible warrants to parties including those who are 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. However the balance share warrants of 29 lakh have been converted in equity during the year and fresh convertible warrants of 12550000 have been issued during the 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.

Dated : 22/05/2013
Place : Asansol.

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



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