


SALARPURIA & PARTNERS

CHARTERED ACCOUNTANTS

AUDITOR'S REPORT

1. We have audited the attached Balance Sheet of **MAURIA UDYOG LIMITED** as at **31st March, 2011** and the related Profit and Loss Account and Cash Flow Statement 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.
2. 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 overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act') and on the basis of such checks of the Books and records of the company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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;
 - (vi) In our opinion and to the best of our information and according to the explanation given to us, the said financial statements together with the Notes thereon appearing in Schedule – 17 attached to the Balance Sheet give in the prescribed manner the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,
 - (b) in the case of Profit and Loss Account, of the Profit for the year ended on that date, and
 - (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **SALARPURIA & PARTNERS**
FIRM REG. NO. 302113E
CHARTERED ACCOUNTANTS


(KAMAL KUMAR GUPTA)
PARTNER
M. No.89190

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ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph (3) of our report of even date)

- i.
 - a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. Except item-wise records of Plant & Machinery which was purchased in the Court Auction for a consolidated price for which it is not possible to maintain the record.
 - c. During the year, in our opinion, the Company has not disposed off a substantial part of its fixed assets.
- ii.
 - a. The inventories of the company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. On the basis of our examination of record of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the Company.
- iii.
 - a. The Company has given loan to **seven (7)** parties covered under the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was **Rs. 5338.37** Lacs and the balance outstanding at the close of the year is **Rs. 2956.43**.
 - b. In our opinion the rate of interest, wherever applicable and other terms and conditions of such loans given by the company are prima facie not prejudicial to the interests of the company.
 - c. The Parties were regular in repayment of principal amount and interest.
 - d. There is no overdue amount of loans given to companies, firms or other parties listed in the register maintained U/s.301 of the Companies Act, 1956.
 - e. The Company has taken unsecured loans from **ten (10)** parties covered under the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was **Rs.1093.07** Lacs and the balance outstanding at the close of the year is **Rs. 580.27 Lacs**.
 - f. In our opinion the rate of interest, wherever applicable and other terms and conditions of unsecured loans taken by the company are prima facie not prejudicial to the interests of the company.
 - g. The Company is regular in repayment of principal amount and interest also.

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- iv. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items are of a special nature for which alternative quotations are not available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods & services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
- v. a. According to the information and explanations given to us, the transactions that need to be entered into 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 or arrangements entered in the register maintained under section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. However, in respect of certain transactions including for purchases and sale of goods, prevailing market prices at the relevant time are not available as these transactions are of a special nature, the prices in respect of the transactions entered by the overseas branch of the Company could not be verified.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- vii. In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of Textile Products pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the company.
- ix. a. According to the information and explanations given to us and according to the books and records
- as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, customs duty, service tax, excise duty, cess and others as applicable have been regularly deposited by the Company during the year with the appropriate authorities except the following:

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Sl. No	Name of the Statute	Amount Rs.	Nature of dues	From Where Dispute is Pending
1	Central Excise Act, 1944 (and Cenvat Credit Rule)	361,009	Penalty Service Tax GTA for the Year 2006-07	Central Excise and Service Tax Appellate Tribunal New Delhi
		697,712	Service Tax(GTA)	Commissioner (Appeals) Central Excise, Faridabad
		697,712	Penalty Service Tax(GTA)	
		577,959	Service Tax Credit Availed on Outward Transport	pending for Adjudication before Deputy Commissioner Central Excise, Faridabad
2	Income Tax Act, 1961	1,273,754	Asst. Year 2003-04 Order U/s 263 and 143(3)	Rectification pending before Dy. Comm. of Income Tax ,Cir(7) Kolkata
		See Note Below	Asst. Year 2004-05 Order U/s 263 and 143(3)	
		613,148	Asst. Year 2007-08 Order U/s 143(3)	
<p>Note : The liability for the Asst. year 2003-04 and 2004-05 in respect of the demand raised by the Income tax department, has been provided , though the Appeal before the Commissioner Appeals are yet to be Disposed off.</p>				

- b. According to the information and explanations given to us and according to the books and records as produced and examined by us, there are no undisputed dues on account of sales tax, income tax, custom duty, service tax, wealth tax, excise duty and cess as at 31st March, 2011.
- x. The Company has neither accumulated losses as at 31st March, 2011 nor it has incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given by management, we are of the opinion that the company has not defaulted in repayment of its dues to any financial institution, bank during the year.
- 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 provisions of any special statute as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in other Investments.

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- xv. During the year under report the Company has not given any guarantee for loan taken by another body corporate from a bank. In our opinion the terms and conditions of such arrangement are prima facie not prejudicial to the interests of the company.
- xvi. In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose on which they have raised.
- xvii. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
- xviii. 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.
- xix. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx. During the period covered by our audit report, the Company has not raised any money by public issue.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For SALARPURIA & PARTNERS
FIRM REG. NO. 302113E
CHARTERED ACCOUNTANTS**


**(KAMAL KUMAR GUPTA)
PARTNER
M. No.89190**

**1008, Chiranjiv Tower
45, Nehru Place
New Delhi-110019**

Date : 30th May, 2011

