



**AUDITORS' REPORT
TO THE MEMBERS OF
N.B.I. INDUSTRIAL FINANCE COMPANY LIMITED**

We have audited the attached Balance Sheet of NBI INDUSTRIAL FINANCE COMPANY LIMITED as at 31st March, 2012 and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. 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 the 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 also 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.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, 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 the Companies Act, 1956 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 dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) As per the information and explanations given to us, none of the directors of the Company is disqualified from being appointed as a director under 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 financial statements *subject to note 23 for payments yet to be made out of General Reserve* and read together with other 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 the Balance Sheet of the state of affairs of the Company as at 31st March, 2012 ;
 - ii) in the case of the Statement of Profit and Loss of the profit of the Company for the year ended on that date ; and
 - iii) in the case of the Cash Flow Statement of the cash flows of the Company for the year ended on that date.

For Lakhota & Co.
Chartered Accountants.
Firm Registration. No. 313149E

Kolkata.
Dated: 30th June, 2012

Naresh Lakhota
Partner
Membership No. 51249

Annexure to the Auditors' Report

(Statement referred to in our report of even date to the Members of NBI Industrial Finance Company Limited on the financial statements for the year ended 31st March, 2012.)

- i.(a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- (b) According to information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the company has not disposed of a substantial part of its fixed assets during the year.
- ii. The Company does not have any inventory and as such clauses 4(ii)(a), 4(ii)(b) and 4(ii)(c) of the Order are not applicable to the Company.
- iii. (a) The company has not granted any loan to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses 4(iii)(b), 4(iii)c and 4(iii)d of the order are not applicable to the company.
- (b) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses 4 (iii) (f) and 4 (iii) (g) of the order are not applicable to the company.

- iv. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and there are no purchase of inventory and sale of goods and services during the year. According to information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. According to information and explanations given to us, there have been no transactions exceeding the value of five lakh rupees in respect of any party during the year in pursuance of contracts or arrangements which are required to be entered in the register maintained under Section 301 of the Act. Accordingly, clause 4(v)(b) of the Order is not applicable.
- vi. The Company has not accepted deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. The Central Government has not prescribed for the maintenance of cost records under section 209(1) (d) of the Act.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been regular in depositing during the year undisputed statutory dues in respect of provident fund, income-tax and other material statutory dues, as applicable, with the appropriate authorities and during the year there are no undisputed statutory dues relating to investor education and protection fund, employees' state insurance, sales tax, wealth tax, service tax, custom duty, excise duty and cess.

(b) As at 31st March, 2012, according to the records of the Company and the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess that have not been deposited on account of any dispute.
- x. The Company has neither accumulated losses as at 31st March 2012 nor has it incurred any cash losses during the financial year ended on that date and in the immediately preceding financial year.
- xi. Based on the information and explanations given to us by the management, the Company has not defaulted in repayment of dues to banks. The Company has not taken any loans from financial institutions or against debentures 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. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to it.

- xiv. In respect of Company's dealing or trading in shares, securities, debentures and other investment proper records have been maintained of the transactions and contracts and timely entries have been made therein. All the shares, securities, debentures and other investments are held by the Company in its own name.
- xv. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The Company has not taken any term loan and as such clause 4 (xvi) of the order is not applicable to the Company.
- xvii. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short term basis have not been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix. The Company has not issued any debenture and as such clause 4(xix) of the Order is not applicable to the Company.
- xx. The Company has not raised any money by public issue during the year.
- xxi. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the management.

For Lakhotia & Co.
Chartered Accountants.
Firm Registration. No. 313149E

Kolkata.
Dated: 30th June, 2012

Naresh Lakhotia
Partner
Membership No. 51249