

TO THE MEMBERS OF M/S BETEX INDIA LIMITED.

1. We have audited the attached Balance Sheet of **BETEX INDIA LIMITED** as on March 31, 2010 and also the Profit and Loss Account 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.
2. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 Companies Act (Auditors Report) Order, 2003, as amended by the companies (Auditor's Report)(Amendment) Order 2004, (together the 'Order') issued by the Central Govt. of India in terms of Sub-Sec (4A) of Sec 227 of the Companies Act, 1956 of India (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 explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order, to the extent applicable.
4. Further to our comments in the Annexure referred to 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 purposes 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;



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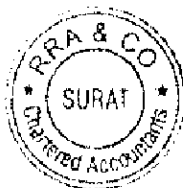


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- (iii) The Balance Sheet and, Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representation received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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 accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and accepted and fair view in conformity with the accounting generally accepted in India.
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at **March 31, 2010.**
- (b) In the case of the Profit and Loss Account, of the Profit / Loss for the year ended on that date.

FOR RRA & CO.
Chartered Accountants
F.R.N. 112115W

R. K. Malani
R. K. Malani
Partner
M. N. 074673



Place : Surat

Date : 30/08/2010

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Annexure to the Auditor's Report

(Referred to in paragraph 3 of Report of even date on the account of **BETEX INDIA LIMITED.** for the year ended **March 31, 2010**)

- 1) (a) The company has generally maintained proper records showing full particular including quantitative details and situation of fixed assets on the basis of available information.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals during the year which in our opinion is reasonable, having regard to the size Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) In our opinion the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.

- 2) (a) As explain to us, the physical verification of the inventory has been conducted by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventories 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 has maintained proper records of inventory. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.

- 3) (a) The company has not granted any secured loan but granted unsecured Loan to companies, Firms or other parties mentioned under the register maintained u/s. 301 of the companies Act, 1956. There are Ten such parties and Total outstanding amount as on 31/03/2010 is Rs. 14018292/-
- (b) As per information and explanations given to us, the rate of interest is NIL P.A. on the loan given by the company. Other terms and conditions, if applicable on loan given are not prima facie prejudicial to the interest of the company.
- (c) The parties to whom advances in the nature of loans have been given are repaying the principal amounts as stipulated wherever applicable.
- (d) There are no overdue amounts of loans granted by the company.
- (e) The company has not taken any secured loan but taken unsecured Loan from companies, Firms or other parties mentioned under the register maintained u/s. 301 of the companies Act, 1956. There are Nine such parties and Total outstanding amount as on 31/03/2010 is Rs. 91526642/-.
- (f) As per information and explanations given to us, the rate of interest is NIL P.A. on the loan taken by the company. Other terms and conditions, if applicable on loan given are not prima facie prejudicial to the interest of the company.
- (g) The company is repaying the principal amounts as stipulated wherever applicable.

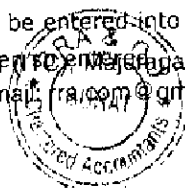
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory, fixed assets and for the sale goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- 5) (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement, that need to be entered into the register maintained under section

301 of the Companies Act, 1956 for the year have been properly entered.

301 of the Companies Act, 1956 for the year have been properly entered.

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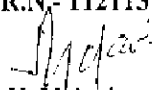
maintained under section 301 of the Company Act, 1956, aggregation during the year to Rs.5,00,000/- or more in respect of each party have been made at prices which in our opinion, are reasonable having regard to prevailing market price at the relevant time for similar goods, materials and services at price for which transactions for similar goods, materials and services have been made with other parties.

- 6) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A, 58AA and any other relevant provisions of the Act, and the directives issued by the Reserve Bank of India. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard on the company.
- 7) In our opinion and according to the information and explanations given to us, the company has in general and adequate internal audit system commensurate with the size and the nature of the business of the Company.
- 8) We have been informed that the Central Government has not prescribed maintenance of cost records under clause (d) of sub- section (1) of section 209 of the Companies Act, 1956.
- 9) (a) According to the information and explanations given to us and on the basis of records produced before us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, Service Tax, custom duty, excise duty, cess and any other dues with appropriate authorities applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
(b) There are no dues of Income Tax / Sales Tax / Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess pending with the Company.
- 10) The Company has no accumulated losses and has not incurred any cash loss in the current financial year. There was no cash loss in the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to Banks or Financial Institution. The Company does not have any dues to debenture holders.
- 12) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion the Company is not a chit fund or a nidhi / mutual benefit fund / society, therefore, clause 4 (xiii) of the Companies (Auditors Report) order 2003 is not applicable to the Company.
- 14) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore clause 4 (xiv) of the Companies (Auditors Report) order 2003 is not applicable to the Company. All other investments are held by the Company in its own name.
- 15) As per information given to us, the company has not given any guarantees in respect of loans taken by any other person from Bank and Financial Institutions. Therefore Clause 4 (xv) of the Companies (Auditors Report) order 2003 is not applicable to the company.
- 16) The Company has not raised new Term loans during the year.



- 17) In our opinion and according to the information and explanations given to us, as well as on the basis of our over all explanation of the Balance sheet, we are of the opinion that the funds raised on short term basis have not been used for long term investments.
- 18) During the year, the company has made allotment of 4,96,937 Nonconvertible Redeemable Preference shares of Rs. 10/- each at a premium of Rs. 150/- each to parties and companies covered in the Register maintained under section 301 of Companies Act, 1956. According to the information and explanation given to us, the price at which Preference shares has been issued is not prejudicial to the interest of the company.
- 19) The company has not raised debentures during the financial year.
- 20) The company has not raised any money by public issues during the year end hence clause (xx) of the companies (Auditor's Report) order 2003 is not applicable to the company.
- 21) On the basis of our examination 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 RRA & CO.
Chartered Accountants
F.R.N.- 112115W


R. K. Malani
Partner
M. N. 074673



Place : Surat

Date : 30/08/2010