

B. N. KEDIA & CO.

CHARTERED ACCOUNTANTS

Offices at : Mumbai, Kolkata, Faridabad, Ranchi & Surat

302, 'A' Wing, Subham Centre CHS Ltd, Cardinal Gracious Road,
Chakala, Andheri (East), Mumbai - 400 099. E-mail : bnkedia@vsnl.net
Phone : (Off) 5679 7330 / 2821 8146 (Resi) 2884 5903 Mobile - 93222 88120

Auditor's Report to the Member's of

M/S UMA PETROPRODUCTS INDIA LIMITED

We have audited the attached balance sheet of M/S UMA PETROPRODUCTS INDIA LIMITED, as at 31st March 2006, the profit and loss account for the period 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 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 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.

As required by the 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.

Further to our comments in the Annexure referred to above, we report that:

- (1) 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;
- (2) In our opinion, proper books of account as required by the law have been kept by the company so far as appears from our examination of those books;
- (3) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account:




- (4) 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;
- (5) On the basis of written representations received from the directors, as on 31st March 2006 and taken on record by the Board of Directors, we do hereby certify that none of the directors of the company as on 31st March 2006 is disqualified for appointment as director in the aforesaid company in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956 on the said date;
- (6) In our opinion and to the best of the information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give the 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 31st March 2006;
- (b) in the case of the Profit and Loss Account, of the **LOSS** for the year ended on that date.
- AND
- (c) in the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date.

Report Junction.com

Place : Mumbai

Date : 25th AUG 2006

For B.N. Kedia & Co.
Chartered Accountants


(S.K. Kedia)
Partner

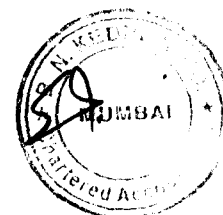
ICAI Membership No. 052579

Annexure

M/S UMA PETROPRODUCTS INDIA LIMITED

Referred to in paragraph 3 of our report of even date,

- (1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year. In our opinion, the regular programme of physical verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a substantial part of the Fixed Assets.
- (2) (a) The inventory has been physically verified during the year by the management. 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) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3) (a) The company has not granted any loan to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has taken loan from Directors covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs.2.71 Lakhs and the year-end balance of loans taken from such parties was Rs. 2.71 Lakhs.
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (4) 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 Goods and services and Fixed Assets for 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 controls.
- (5) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered into the register required to be maintained under that section; and
- (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 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time;

- (6) The Company has not accepted any deposit from Public.
- (7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (8) We have broadly reviewed the books of account and other relevant records and are of the opinion that the Central Government has not prescribed any rules for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (9) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2006 for a period of more than six months from the date they became payable.
- (d) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute,. There is a due of Rs.8.98 Lacs in respect of Income Tax for the Asst. Year 1996-97 which has not been deposited on account of dispute, the dispute is pending before the Assistant Commissioner of Income Tax Act.
- (10) In our opinion, the company has accumulated losses to Rs. 124616194/- at the end of the financial year covered by our audit. The company has incurred cash loss of Rs. 1380074/- during the financial year covered by our audit and cash loss of Rs. 228076/- in the immediately preceding financial year.
- (11) In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to a financial institution, banks due to certain dispute the company and the banks.
Details are as under :
- | Name of the Institution / Bank | 2005-06 (Lacs) | 2004-05 (Lacs) |
|--------------------------------|----------------|----------------|
| The South Indian Bank Ltd | 1,60,53,936/- | 1,60,53,936/- |
| Dena Bank Ltd | 4,08,91,044/- | 4,08,91,044/- |
- (12) We are of the opinion that the company has maintained adequate records where the company has granted loans and 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, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

- (14) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (15) The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (16) The Company has not raised any term loan during the year under consideration.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on the short-term basis have been used for long term investment.
- (18) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (19) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued debentures.
- (20) The Company has not raised any Capital by way of Public Issue.
- (21) 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.

Report Junction.com

Place : Mumbai

Date : 25th AUG 2006

For B.N. Kedia & Co.
Chartered Accountants


(S.K.Kedia)
Partner

ICAI Membership No. 052579