

**J. C. BHALLA & CO.**  
**CHARTERED ACCOUNTANTS**

BRANCH OFFICE: B-5, SECTOR-6, NOIDA - 201301 (U.P.)  
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**AUDITORS' REPORT**

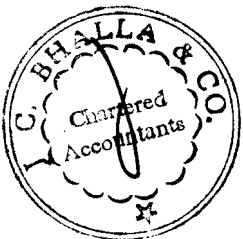
**TO THE MEMBERS OF TRIVENI TURBINE LIMITED**

We have audited the attached Balance Sheet of Triveni Turbine Limited as at 31<sup>st</sup> March 2010 and also the Profit & Loss Account and the 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.

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.

We report that:


1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Company Law Board in terms of sub-section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph "1" above:-
  - (a) 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.
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the books.
  - (c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors of the company is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.



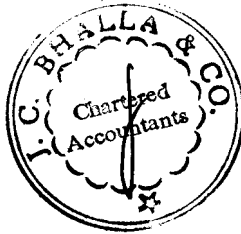
(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010;
- ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For J.C.Bhalla & Co  
Chartered Accountants  
FRN No. 001111N

  
(Sudhir Mallick)

Partner  
Membership No.80051



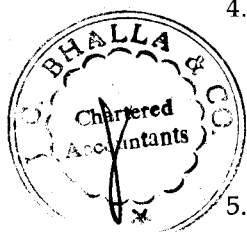
Place : Noida

Date : 31<sup>st</sup> July 2010

## ANNEXURE TO AUDITOR'S REPORT

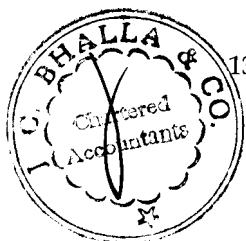
**Referred to in Paragraph "1" of our report of even date on the accounts for the year ended on 31<sup>st</sup> March 2010 of Triveni Turbine Limited**

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) We have been informed that the fixed assets of the company were physically verified by the management during the year and discrepancies noticed between the available book records and the physical inventory have been properly dealt with in the books of account.  
(c) In our opinion and on the basis of information provided, the Company has disposed off substantial part of fixed assets during the year. Read with Note No.13(a) on Schedule 15 this has, however, in our opinion not affected the going concern status of the Company.
2. (a) The inventory has been physically verified by the management at reasonable intervals during the year or at the year end at all locations of the Company. In our opinion the frequency of physical verification is reasonable.  
(b) According to information and explanation given to us, the procedures for physical verification of the 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 has maintained proper records of inventories. The discrepancies noticed on physical verification as compared to the book records were not material and have been properly adjusted in the books of account.
3. (a) The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly paragraphs 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.  
(b) The company has taken interest free unsecured loan from the holding company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs.1,761.09 lakhs and outstanding balance at the end of the year was Rs.1,752.43 lakhs.  
(c) In our opinion, other terms and conditions on which loan has been taken by the company are not prima facie, prejudicial to the interest of the company.  
(d) In respect of loan taken the company is repaying the principal amount as stipulated.
4. 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 for the purchase of inventory, fixed assets and for 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.
5. (a) According to the information and explanations given to us, we are of the opinion



that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rupees five lakhs in respect of such parties during the year, have been made at prices which are reasonable having regard to prevailing market prices, wherever comparable prices are available, at the relevant time.
6. The company has not accepted any deposits from the public under the provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the rules framed thereunder.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The company is not required to maintain cost records under Section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us, the provisions of the Excise Duty, Investor Education & Protection Fund, Wealth Tax & Cess are not applicable. The company is regular in depositing other undisputed Statutory dues including Provident Fund, Employee State Insurance, Sales Tax, Income Tax & Service Tax with the relevant authorities. There are no undisputed amounts outstanding and payable as at 31<sup>st</sup> March 2010 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no disputed demand relating to Service Tax, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Sales Tax and Cess which have not been deposited except disputed Income Tax demand of Rs.2.02 lakhs under the Income Tax Act, 1961 for the assessment year 2003-04, an appeal against which is pending before the Commissioner of Income Tax (Appeals).
10. The accumulated losses of the company at the end of the financial year are more than fifty percent of its net worth. The company has incurred cash losses in the current year, and also in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by company 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 paragraph (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.



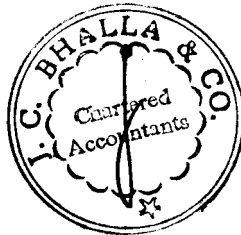
14. In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
16. According to the information and explanations given to us, the company has not obtained any term loan during the year.
17. According to the information and explanations given to us and an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
18. 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.
19. No debentures have been issued by the Company during the year.
20. The company has not raised money by public issues during the year.
21. During the course of our examination of the books of accounts and records carried out in accordance with the generally accepted auditing practice and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year nor have we been informed of such case by the management.

For J.C.Bhalla & Co  
Chartered Accountants  
FRN No. 001111N

  
(Sudhir Mallick)

Partner

Membership No.80051



Place : Noida

Date : 31<sup>st</sup> July 2010

**TRIVENI TURBINE LIMITED**  
(Formerly TRIVENI RETAIL VENTURES LIMITED)  
**Balance Sheet As At 31st March 2010**

	SCHEDULE NO.	As at 31-Mar-10 Rs.	As at 31-Mar-09 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS</b>			
Share Capital	1	100,000,000	100,000,000
		<hr/> 100,000,000	<hr/> 100,000,000
<b>LOAN FUNDS</b>			
a) Secured Loans	2	147,106	444,259
b) Unsecured Loans		175,242,644	155,521,585
		<hr/> 175,389,750	<hr/> 155,965,844
<b>Total funds employed</b>		<hr/> <b>275,389,750</b>	<hr/> <b>255,965,844</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
a) Gross Block	3	1,748,936	40,742,907
b) Less : Depreciation		728,234	8,052,502
c) Net Block		<hr/> 1,020,702	<hr/> 32,690,405
d) Add: Capital work in progress		-	4,608,964
		<hr/> 1,020,702	<hr/> 37,299,369
e) Discarded fixed assets		3,594,876	-
		<hr/> 4,615,578	<hr/> 37,299,369
<b>INTANGIBLE ASSETS</b>	3A	-	661,916
<b>DEFERRED TAX ASSETS (NET)</b>		6,081,429	1,190,039
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) Inventories	4	1,000,000	36,437,416
b) Sundry Debtors	5	1,472,547	5,134,196
c) Cash & Bank Balances	6	2,535,881	7,243,410
d) Loans & Advances	7	4,061,434	7,947,799
		<hr/> 9,069,862	<hr/> 56,762,822
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
a) Liabilities	8 A	2,245,763	20,350,701
b) Provisions	8 B	-	1,579,344
		<hr/> 2,245,763	<hr/> 21,930,045
<b>NET CURRENT ASSETS</b>		<hr/> 6,824,099	<hr/> 34,832,777
Profit & Loss Account		257,868,642	181,981,742
<b>Total Assets (Net)</b>		<hr/> <b>275,389,750</b>	<hr/> <b>255,965,844</b>

**NOTES TO ACCOUNTS**

15

This is the Balance sheet referred to in our report of even date.

For and on behalf of  
J.C Bhalla & Company  
Chartered Accountants

Sudhir Mallick  
PARTNER

Date: 30/7/11 2010  
Place : NOIDA



Business Head

Director

Director

**TRIVENI TURBINE LIMITED**  
(Formerly TRIVENI RETAIL VENTURES LIMITED)  
**Profit and Loss Account**  
**For the year ended 31st March 2010**

		For the year ended 31-Mar-10 Rs.	For the year ended 31-Mar-09 Rs.
<b><u>INCOME</u></b>			
Sales & Services (Net)		60,306,196	325,688,489
Other Income	9	6,423,331	2,041,064
		<b>66,729,527</b>	<b>327,729,553</b>
<b><u>EXPENDITURE</u></b>			
Materials	10	63,727,914	310,195,969
Personnel	11	30,510,304	47,660,923
Administration	12	25,545,151	36,787,105
Financing	13	53,668	3,875,242
Selling	14	251,136	4,355,616
Depreciation	3	2,869,527	3,646,493
Amortization	3 A	1,059,670	644,896
		<b>124,017,371</b>	<b>407,166,243</b>
Profit/(Loss) Before Exceptional Item & Taxation		(57,287,843)	(79,436,691)
Exceptional item ( Refer note no. 13 (b) of Schedule 15)		23,480,960	-
<b>Profit/(Loss) Before Taxation</b>		<b>(80,768,803)</b>	<b>(79,436,691)</b>
<b>Provision for Income Tax</b>			
Current Year			
- Normal Tax		-	-
- Deferred Tax		(4,891,390)	914,379
- Fringe Benefit Tax		-	511,647
Adjustment of Tax of earlier years			
- Fringe benefit tax		9,487	(256)
<b>Net Profit/(Loss) after Tax</b>		<b>(75,886,900)</b>	<b>(80,862,461)</b>
Net Profit / (Loss) Brought Forward		(181,981,742)	(101,119,281)
<b>Net Profit / (Loss) carried over to Balance Sheet</b>		<b>(257,868,643)</b>	<b>(181,981,742)</b>
Earning per Equity Share of Re. 1/- each (Basic and diluted)		(0.76)	(0.81)

**NOTES TO ACCOUNTS**

15

This is the Balance sheet referred to in our report of even date.

For and on behalf of  
J.C Bhalla & Company  
Chartered Accountants

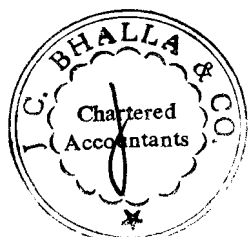
Sudhir Mallick  
PARTNER

Date: 31st July 2010  
Place : NOIDA

Business Head

Director

Director



**TRIVENI TURBINE LIMITED**

(Formerly TRIVENI RETAIL VENTURES LIMITED)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

	31-Mar-10	31-Mar-09
<b>A. CASHFLOW FROM OPERATING ACTIVITES</b>		
Profit (Loss) before Tax	(80,768,804)	(79,436,691)
Add: Depreciation	2,869,527	3,646,493
Amortization	1,059,670	644,896
Add/ (Less) : Incomes/(Expenses) treated separately		
(Profit)/Loss on sale of assets	357,072	316,096
Loss on impairment of Fixed assets	23,480,960	-
Interest Expenses	53,668	3,875,242
Interest Income	(77,916)	(89,680)
<b>Operating Profit before Working Capital changes &amp; tax</b>	<b>(53,025,823)</b>	<b>(71,043,644)</b>
<b>Changes in Working Capital</b>		
Changes in Inventories	35,437,416	17,510,923
Changes in Receivables	3,661,649	9,774,280
Changes in Other Trade Receivables	4,006,419	(4,307,451)
Changes in Current Liabilities	(19,684,282)	12,727,084
Direct Taxes Paid (Net)	(129,541)	(873,217)
<b>Net Changes in working capital</b>	<b>23,291,661</b>	<b>34,831,619</b>
<b>Cash Flow from operating activities</b>	<b>(29,734,162)</b>	<b>(36,212,025)</b>
<b>B. CASHFLOW FROM INVESTMENT ACTIVITES</b>		
Purchase of Fixed Assets	(279,030)	(8,047,849)
Sale of Fixed Assets	5,857,509	90,000
Interest Income	77,916	89,680
<b>Net Cash Flow used in Investment Activities</b>	<b>5,656,395</b>	<b>(7,868,169)</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITES</b>		
Increase/(Decrease) in Borrowings from Holding Co (Net)	30,583,650	49,385,868
Increase/(Decrease) in Long Term Borrowings (Net)	(297,153)	(392,194)
Interest Paid	(10,916,259)	(292,204)
<b>Net Cash Flow used in Financing Activities</b>	<b>19,370,238</b>	<b>48,701,470</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(4,707,529)</b>	<b>4,621,276</b>
<b>Opening Cash &amp; Cash Equivalents *</b>	<b>7,243,410</b>	<b>2,622,134</b>
<b>Closing Cash &amp; Cash Equivalents *</b>	<b>2,535,881</b>	<b>7,243,410</b>

\* As per Schedule 6 of Balance Sheet

Notes to Accounts Schedule 15.

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of  
**J.C Bhalla & Company**  
**Chartered Accountants**

  
**Sudhir Mallick**  
**PARTNER**

  
**Business Head**

  
**Director**

  
**Director**

Place: Noida

Date: 31<sup>st</sup> Jul 2010