

P.K. AJITSARIA & CO.
Chartered Accountants

"WHITE TOWERS", 3rd Floor
115, College Street
Kolkata – 700 012
Phone: 2237-4191 / 2238-4207

To
The Members,
Vishva Vishal Engineering Limited.

1. We have audited the attached Balance Sheet of Vishva Vishal Engineering Limited as on 31st March 2005 and also the Profit and Loss Account for the year ended on that date annexed thereto and cash flow statement for the year ended on that date, which we have signed under the 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 auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain responsible 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 (Auditor's Report) order, 2003 (the order) as amended by the companies (Auditors Report) order, 2004 issued by the Central government in terms of section 227 (4A) 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 explanations given to us, we further report that :

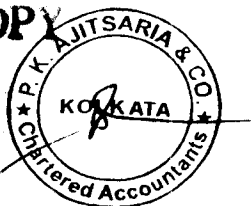
3.i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets.

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For, Vishva Vishal Engineering Ltd.

Any
Director



2

- (c) In our opinion and according to the information & explanations given to us a substantial part of fixed assets has not been disposed off by the company during the year.

3.ii. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) In our opinion and according to the information and explanations given to us, and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of accounts.

3.iii. (a) According to the information and explanations given to us, the Company has granted loans to 4 Nos of parties listed in the Register maintained u/s 301 of the companies Act 1956, the maximum amount involved was Rs 1,11,28,240 and year end balance of Loans to said parties was Rs 32,59,377 /-

- (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above loan granted by the Company, are not prima facie, prejudicial to the interest of the Company except for loan given to 4 Nos of parties on which no interest has been charged during the year.

- (c) According to the information and explanations given to us, and in absence of any specific stipulation as to the Repayment of Loan we are unable to comment on sub clause (iii) (c) & (d) of the order.

- (d) 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 hence sub clause (iii) (e) to (g) are not applicable.

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For, Vishva Vishal Engineering Ltd.



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- 3.iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods and services . During the course of our audit, no major weaknesses has been noticed in the internal control system.
- 3.v. (a) In our opinion and according to the information and explanation given to us ,the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under the section .
- (b) In our opinions and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangement 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 prevalent market prices at the relevant time .
- 3.vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year and hence the directive issued by the Reserve Bank of India and the provisions of Section 58A , 58AA or any other relevant provision of the Companies Act, 1956 and the rules framed there under are not applicable to the Company.
- 3.vii. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- 3.viii. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of subsection (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- 3.ix. (a) According to the records of the Company and information and explanations given to 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, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year.

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Mr. Vishal B. Bhatnagar, Director

Director



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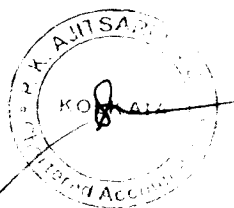
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(b) According to the information & explanation given to us, disputed amount in respect of sales tax/Income tax/Excise duty/Terminal tax /Entry tax is as follows :

Nature of Demand	Amount	Year	Cases pending with
SALES TAX			
State (C.G.)	215949.00	1993-94	Dy. Commissioner of Sales Tax
Entry Tax	16502.00	1995-96	Dy. Commissioner of Sales Tax
Central	18239.00	1996-97	Dy. Commissioner of Sales Tax
State (C.G.)	82646.00	1996-97	Dy. Commissioner of Sales Tax
Entry Tax	84296.00	1996-97	Dy. Commissioner of Sales Tax
State (C.G.)	189020.00	1997-98	Dy. Commissioner of Sales Tax
Central	100383.00	1998-99	Dy. Commissioner of Sales Tax
Entry Tax	10690.00	1998-99	Dy. Commissioner of Sales Tax
Central	237810.00	1999-2000	Dy. Commissioner of Sales Tax
State (C.G.)	17712.00	1999-2000	Dy. Commissioner of Sales Tax
Entry Tax	74416.00	1999-2000	Dy. Commissioner of Sales Tax
Central	158539.00	2000-2001	Dy. Commissioner of Sales Tax
State	236353.00	2000-2001	Dy. Commissioner of Sales Tax
Entry tax	78005.00	2000-2001	Dy. Commissioner of Sales Tax
Central	322340.00	2001-2002	Dy. Commissioner of Sales Tax
State	533833.00	2001-2002	Dy. Commissioner of Sales Tax
Entry tax	54991.00	2001-2002	Dy. Commissioner of Sales Tax
Total	24,31,724.00		
CENTRAL EXCISE			
	334234.00	1995-96	Commissioner Raipur
	158224.00	2001-02	Asst. Commissioner Div - II Bhilai
TOTAL	492458.00		
Terminal Tax	621586.00	May 1999 TO March 2005	Hon. High Court Chhatisgarh

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For, Vishva Vishal Engineering Ltd.



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- 3.x. The Company has no accumulated losses as at 31st march 2005 and the Company has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- 3.xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, bank and debenture holders.
- 3.xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 3.xiii. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
- 3.xiv. (a) Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of the transactions and contracts of dealing in shares and securities and that timely entries have been made in these records.
- (b) Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, the shares and securities have been held by the Company in its own name.
- 3.xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- 3.xvi. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loan have been applied for the purpose for which they were raised.

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Mr. Vishva Vishal Engineer, Ltd.


Director

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- 3.xvii. On the basis of an overall examination of the Balance sheet of the Company , in our opinion and according to the information and explanations given to us , there are no funds raised on a short terms basis which have been used for long term investment.
- 3.xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 3.xix. The Company did not have any outstanding debentures during the year.
- 3.xx. The Company has not raised any money through a public issue during the year.
- 3.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 was noticed or reported during the year.
4. Further to our comments in paragraph 3 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d. In our opinion the Balance sheet , the Profit and Loss account and the Cash Flow Statement dealt with by this report comply with accounting standards referred to in section 211 (3C) of the Act .
 - e. On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2005 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

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for, Vishva Vishal Engineers, Ltd.

[Signature]
Director



7

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f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 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, 2005,
- ii. in the case of the Profit and Loss Account, its Profit for the year ended on that date and,
- iii. in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For P.K. AJITSARIA & CO
Chartered Accountants



P.K. Ajitsaria

(Pawan Kr. Ajitsaria)
Proprietor

Place : Bhilai

Dated : 30th August 2005

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For, VALLVA VISBET ENGINEERS, P. O.

VISHVA VISHAL ENGINEERING LTD**BALANCE SHEET AS AT 31ST MARCH 2005**

PARTICULARS	SCH	As At 31st March-05	
		Rupees	Ps
SOURCES OF FUND:			
Share Holders Funds			
Share Capital	"B"	25,000,000.00	600,000.00
Reserve & Surplus		51,516,525.16	25,71
		76,516,525.16	72,71
Loan Funds			
Secured Loans	"C"	41,130,518.78	20,823,567.00
Unsecured Loans	"D"	41,130,518.78	68,670,737.37
Deferred Tax Liability (Net)	"E"	4,518,483.00	3,935,031.00
Total Funds Employed		122,165,526.94	140,920,595.08
APPLICATION OF FUND:			
Fixed Assets	"F"		
Gross Block (At Cost)		97,213,877.83	90,947,220.10
Less: Depreciation		47,036,154.83	43,107,459.39
Net Block		50,177,723.00	47,839,760.71
Capital Work In Progress		80,999.10	
		50,258,722.10	47,839,760.71
Investment (At Cost)	"G"	1,415,000.00	1,415,000.00
Current Assets Loans & Advances	"H"		
Inventories		25,247,524.00	22,355,074.60
Sundry Debtors		43,400,617.07	37,584,820.76
Cash & Bank Balances		7,910,099.66	23,107,032.18
Loans & Advances		30,370,427.83	31,830,822.88
Other Current Assets		25,330.00	233,129.00
		106,953,998.56	115,110,879.42
Current Liabilities & Provisions	"I"		
Current Liabilities		30,712,193.72	21,195,045.05
Provisions		5,750,000.00	2,250,000.00
		36,462,193.72	23,445,045.05
Net Current Assets		70,491,804.84	91,665,834.37
Total Funds Utilised		122,165,526.94	140,920,595.08

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

" O "

Schedules Referred To Above Form An Integral Part Of The Balance Sheet . This is the Balance Sheet referred to in our report of even date

For P.K AJITSARIA & CO
Chartered Accountants

P.K. Ajitsaria
P.K. Ajitsaria
PROPRIETOR



For Board Of Directors

[Signature]
[Signature]

Place : Bhilai

Date : 30 th August 2005

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For, Vishva Vishal Engineering Ltd.