

AUDITOR'S REPORT

To,  
The Members,  
M/s THAPAR EXPORTS LIMITED  
Dhandari Khurd, LUDHIANA.

We have audited the attached Balance Sheet of M/s THAPAR EXPORTS LIMITED as at 30th June, 2008 and also the Profit & Loss Account and also 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.

01. We conducted our audit in accordance with the Auditing Standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.
02. As required by the Companies (Auditor's Report) Order, 2003 and Companies (Auditors Reports) (Amendment) order 2004 issued by the Central Government of India in terms of sub-section (4A) 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.
03. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanation, 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 such books.
  - (c) The Balance Sheet and Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet and Profit & Loss Account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (e) On the basis of written representations received from the

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For THAPAR EXPORTS LTD.

directors as on 30th June, 2008, and taken on record by the Board of Directors, we report that none of the Directors other than Nominee Director of PSIDC are prima facie as on 30th June, 2008 disqualified 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 financial statements read together with the Significant Accounting policies and other notes thereon give the information required by the Companies Act 1956, and in the manner so required and give a true & 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 30th June, 2008 and:
- (ii) In the case of the Profit & Loss Account, of the profit / 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 VIMAL DIXIT & ASSOCIATES  
CHARTERED ACCOUNTANTS

-Sd/-  
PARTNER

Place : Ludhiana  
Date : 03/12/2008

APPROVED TO  
FOR THAPAR  
*Chatterjee*  
CHARTERED ACCOUNTANTS

**ANNEXURE TO AUDITORS REPORT**

(REFERRED TO IN PARAGRAPH (2) OF OUR REPORT OF EVEN DATE ON THE STATEMENT OF ACCOUNTS FOR M/s THAPAR EXPORTS LIMITED AS AT AND FOR THE YEAR ENDED 30th JUNE, 2008)

1. a) The Company has maintained proper records showing full particulars including quantities details and situation of its fixed assets.  
b) All Fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.  
c) The Company did not dispose off a substantial part of fixed assets during the year.
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 the 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 and were properly dealt with in the books of accounts.
3. a) The company has not granted loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956. As the Company has not granted loan secured or unsecured, to the parties listed in the registry maintained under section 301 of the Companies Act 1956, paragraphs (iii) (a), (b), (c) & (d) of order are not applicable.  
b) The company has not taken loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956, as such paragraphs (iii) (e) (f) & (g) of the order are not applicable.
4. In our opinion and according to the information and explanation 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 inventory, fixed assets and with regard to the sale of goods. 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 in the register required to be maintained under that section.

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For THAPAR EXPORTS LTD

- b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 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 prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public, to which the provisions of section, 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 are applicable. As per explanation given to us 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 respect.
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 maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been kept and maintained. However we have not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
9. a) According to information and explanations given to us, the company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, customs 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, cess were in arrears, as at 30th June, 2008 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, the following are the particulars of dues on account of sale tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

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For THE PART I

*Chittaranjan*

Director

Name of the statutory	Nature of dues	Amount (Rs.in Crore)	Period to which amount relating	Forum where dispute pending
Indian Custom, Act	Custom Duty Interest & Penalty	6.03 (Cr.)	1999-2000	

However liability in this regard has been provided.

10. The accumulated loss of the Company as at 30th June, 2008 are not less than Fifty percent of its net worth. The Company has incurred cash losses for the year ended 30th June, 2008 and also in the immediately proceeding year.

11. According to information and explanations given to us and on the basis on examination of books of accounts the company has defaulted in repayment of dues of all the banks and financial institution. The information is as under:

Name of Bank/Institutions	Amount in Default	Period of Default
S.B.O.Indore & P.S.I.D.C	1.97 (Cr.)	1999-2000

12. 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 and other securities. Accordingly clause 4 (XII) of the order is not applicable.

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. According to the information and explanations given to us 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. In our opinion, and according to information and explanations given to us the company has not given guarantees for loans taken by others from banks or financial institutions.

16. In our opinion, and according to information and explanations given to us the term loans have been applied for the purpose for which they were raised.

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 short-term basis have been used for long term investment except permanent working capital.

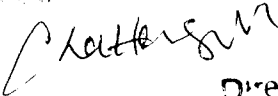
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For THAPAR EXPORTS

18. According to the information and explanations given to us, 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. According to the information and explanations given to us, during the year covered by our audit report, the company has not issued any debentures.
- There has not been any public issue during the year.
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.
22. The company is a sick Industrial Company within the meaning of clause (o) of section (3) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company has reported that it has filed references based on account for the year 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, and 2006-07 which have been rejected by BIFR and appeal with AAIFR is pending.

For VIMAL DIXIT & ASSOCIATES  
CHARTERED ACCOUNTANTS

-Sd/-  
PARTNER

Place : Ludhiana  
Date : 03/12/2008

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FOR THE PART  
  
Director

THAPAR EXPORTS LIMITED

PARTICULARS	BALANCE SHEET AS AT 30th JUNE'2008		AS AT 30.06.2007	
	SCHEDULE	AS AT 30.06.2008 AMOUNT (RS.)	AS AT 30.06.2007 AMOUNT (RS.)	
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	I	47927000	47927000	
Reserves & Surplus	II	1494700	1494700	
		-----	-----	49421700
<b>LOAN FUNDS</b>				
Secured Loans	III	19642510	16972510	
Unsecured Loans		746000	746000	
		-----	-----	17718510
Deferred Tax Liability			863168	1266889
			-----	-----
			70673378	68407099
			~~~~~	~~~~~
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	IV	25427963	25427963	
Less : Depreciation up to date		11712290	10741936	
		-----	-----	
Net Block				13715673
INVESTMENTS	V			3360
				3360
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Dummy Debtors	VI	36533724	36009462	
Cash & Bank Balances	VII	1036463	1007677	
Loans and Advances	VIII	1636531	1646347	
		-----	-----	
				39206718
				38663486
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>				
Current Liabilities	IX	73577881	72343182	
		-----	-----	
Net Current Assets				(34371163)
Profit & Loss Account				91325508
				-----
				70673378
				~~~~~

NOTES TO ACCOUNTS XIV  
The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date  
For Vimal Dixit & Associates  
Chartered Accountants

On behalf of the Board  
For THAPAR EXPORTS LIMITED

-Sd/-  
Partner

-Sd/-  
(RATTAN CHAND) (CHATTAR SINGH)  
Director Director

Place : Ludhiana  
Dated : 03/12/2008

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THAPAR EXPORTS LTD.

THAPAR EXPORTS LIMITED

	AS AT 30.06.2008 (Rs.)	AS AT 30.06.2007 (Rs.)
SCHEDULE -I		
SHARE CAPITAL		
AUTHORISED		
5000000 Equity Shares of Rs. 10/- each	50000000	50000000
	~~~~~	~~~~~
ISSUED, SUBSCRIBED AND PAID UP 4800000 (Previous Year 4800000) Equity Shares of Rs. 10/- each	48000000	48000000
	~~~~~	~~~~~
Less: Calls in Arrears (Other than Directors)	73000	73000
	-----	-----
	47927000	47927000
	~~~~~	~~~~~
SCHEDULE -II		
RESERVES & SURPLUS		
CAPITAL INVESTMENT SUBSIDY		
	1494700	1494700
	-----	-----
	1494700	1494700
	~~~~~	=====
SCHEDULE -III		
SECURED LOANS		
From Financial Institutions		
P.S.I.D.C.	5340000	5340000
Interest accrued and due	14302510	11632510
	-----	-----
	19642510	16972510
	=====	=====

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FOR THAPAR EXPORTS LTD.

*Chatterjee*

Director



THAPAK EXPORT LIMITED  
 SCHEDULE-IV  
 FIXED ASSETS

(Amount in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK			
	AS AT 01.07.2007	ADDITION DURING YEAR	SALE DURING YEAR	ADJ. DURING YEAR	AS AT 30.6.2008	AS AT 01.07.2007	ADJUST. DURING THE YEAR	PROVIDED DURING YEAR	AS AT 30.06.2008	AS AT 30.06.2008	AS AT 30.06.2007	AS AT 30.06.2007
Land & Site Development	1024250	-	-	-	1024250	-	-	-	-	1024250	1024250	1024250
Building	12996243	-	-	-	12996243	5132903	-	434074	5566977	7429266	7863340	7863340
Plant & Machinery	11199025	-	-	-	11199025	5445453	-	531954	5977407	5221618	5753572	5753572
Furniture & Fixture	117363	-	-	-	117363	110145	-	-	110145	7218	7218	7218
Office Equipments	91082	-	-	-	91082	53435	-	4326	57761	33321	37647	37647
	25427963	-	-	-	25427963	10741936	-	970354	11712290	13715673	14686027	14686027
Previous Year	25427963	-	-	-	25427963	9771582	-	970354	10741936	14686027	15656381	15656381

*Director*

THAPAR EXPORTS LIMITED

SCHEDULE - V

INVESTMENTS (AT COST)

QUOTED		
CREDIT CAPITAL VENTURE FUND INDIA LTD. 100 (Previous year 10) Equity Shares of Rs.10/- each fully paid up	1360	1360
INDEL.CREDIT & INVESTMENTS CORP.INDIA LTD. 10 (Previous year 10) Equity Shares of Rs.100/- each fully paid up	2000	2000
	-----	-----
	3360	3360
	=====	=====

SCHEDULE - VI

SUNDRY DEBTORS

(Unsecured considered good)

More than six months	31594774	34787375
Considered good	1434349	1222087
Considered doubtful	3504601	-
Others	-----	-----
	36533724	36009462
	=====	=====

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For THAPAR EXPORTS LIMITED

*[Handwritten Signature]*

Director

THAPAR EXPORTS LIMITED

AS AT 30.06.2008 AS AT 30.06.2007  
Amt. (Rs.) Amt. (Rs.)

SCHEDULE - VII

CASH AND BANK BALANCES

Cash in Hand	122739	129142
Balances with Scheduled Banks	127114	118789
Bank Guarantee Margin	786610	759746
	-----	-----
	1036463	1007677
	=====	=====

SCHEDULE - VIII

LOANS AND ADVANCES

(Unsecured considered good)		
Loans & Advances recoverable in cash or in kind or for value to be received	1228700	1230830
Security Deposits	159800	159800
Balances with Excise Departments	78397	78397
Income Tax	169634	177320
	-----	-----
	1636531	1646347
	=====	=====

SCHEDULE - IX

CURRENT LIABILITIES PROVISIONS

Sundry Creditors	4891207	4255132
Payable to customs dept.	60261149	60261149
Other Liabilities	8424725	7826901
Provision for FBT	800	-
	-----	-----
	73577881	72343182
	=====	=====

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For THAPAR EXPORTS LTD.

*Chatterjee*

D. Verma

Book depreciation	2734961	3144998
Deferred Tax Assets on carry forward loss	1871793	1878109
	-----	-----
	863168	1266889
	=====	=====

7. ADDITIONAL INFORMATION REQUIRED UNDER PARA 3 & 4 OF THE PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

A. CAPACITIES & PRODUCTION

ITEM	ANNUAL CAPACITY		PRODUCTION (Including Job Work)	
	AS AT	AS AT	For the year	For the year
	30.06.2008	30.06.2007	Ended 30.06.2008	Ended 30.06.2007
Worsted, Synthetic & Acrylic Yarn	30000 MTs.	30000 MTs.	-	-
Carded Wool	15000 MTs.	15000 MTs.	-	-
Readymade Garments	175000 Pcs.	175000 Pcs.	-	-
Textile Cloths (Painting) (Unstitched)			14349.930 (Kg)	38650 (Kg)

B. PURCHASES

ITEM	UNIT	FOR THE YEAR ENDED 30.06.2008		FOR THE YEAR ENDED 30.06.2007	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
		Drawn Wire	MTs.	103.995	2801317
Round Bars	MTs.	57.750	1654942	107.805	2663600
Textile Cloths (Unstitched)	KGs.	14349.930	1545489	38650	1619230

C. SALES

ITEM	UNIT	FOR THE YEAR ENDED 30.06.2008		FOR THE YEAR ENDED 30.06.2007	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
		Drawn Wire	MTs.	103.995	2889899
Round Bars	MTs.	57.750	1661576	107.805	2747760
Textile Cloths (Unstitched) Painted	KGs.	14349.930	1703340	38650	1961685

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FOR THAPAR EXPORTS LTD.

*[Handwritten Signature]*

D-2007

OPENING & CLOSING STOCK OF GOODS PRODUCED & TRADED IN

ITEM	UNIT	FOR THE YEAR ENDED 30.06.2008		FOR THE YEAR ENDED 30.06.2007	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
			-NIL-		-NIL-

OTHER ADDITIONAL INFORMATION

	For the year Ended 30.06.2008 Amount (Rs.)		For the year Ended 30.06.2007 Amount (Rs.)	
1. Earning in Foreign Exchange on export on FOB Basis ( On Invoices raised up to 30.06.2008	NIL		NIL	
2. Value of Imported/Indigenous Raw Material Components and Stores Consumed				
Stores & Spare Parts & Components	Amount	%	Amount	%
- Indigenous	34410	100	90260	100
- Imported				

As per our report of even date  
For Vimal Dixit & Associates  
Chartered Accountants

On behalf of the Board  
For THAPAR EXPORTS LIMITED

-Sd/-  
Partner

-Sd/-  
(RATTAN CHAND)  
Director

-Sd/-  
(CHATTAR SINGH)  
Director

Place : Ludhiana  
Dated : 03/12/2008

CERTIFIED TO BE TRUE  
For THAPAR EXPORTS LIMITED

*Chattar Singh*  
Director

THAPAR EXPORTS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration Details																	
	Registration No.										State Code							
											1   6							
	Balance Sheet										3   0		0   6		2   0		0   8	
											Date		Month		Year			
II	Capital Raised During The Year (Amount in Rs. Thousand)																	
	Public Issue			Right Issue			Bonus Issue			Private Placement			Allotment Money Recd					
	N   I   L			N   I   L			N   I   L			N   I   L			N   I   L					
III	Position of Mobilisation & Development of Funds (Amount in Rs. Thousand)																	
	Total Liability						Total Assets											
	7   0   6   7   3						7   0   6   7   3											
	Sources of Fund																	
	Paid-up Capital			Reserve & Surplus			Secured Loans			Unsecured Loans								
	4   7   9   2   7			1   4   9   5			1   9   6   4   2			7   4   6								
	Deferred Tax Liability																	
	8   6   3																	
	Application of Fund																	
	Net of Fixed Assets			Capital Work in Progress			Adv Agst Capital Goods			Investments								
	1   3   7   1   6			N   I   L			N   I   L			3								
	Net Current Assets			Misc Expenditure			Accumulated Losses											
	(3   4   3   7   1)			N   I   L			9   1   3   2   6											
IV	Performance of Company (Amount in Rs.Thousand)																	
	Turnover		Total Expenditure		+-Profit/Loss Before Tax				+-Profit/Loss After Tax									
	6   4   3   1		1   0   7   5   9		(4   3   2   8)				(4   3   2   9)									

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For THAPAR EXPORTS LTD.

*Mahesh*







AUDITORS REPORT

We have verified the above cash flow statement of THAPAR EXPORTS LIMITED derived from audited financial statements and the books and records maintained by the Company for the year ended on 30.06.2008 and found the same in agreement therewith.

For Vimal Dixit & Associates  
Chartered Accountants

Place : Ludhiana  
Date : 03/12/2008

-Sd/-  
Partner

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FOR THAPAR EXPORTS LTD.

*[Signature]*  
Director