

**AUDITOR'S REPORT**

To

The Members of M/s Trident Sugars Limited

1. We have audited the attached Balance Sheet of M/s Trident Sugars Limited as at 31st March 2008 and also the Profit and 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.
2. We conducted our audit in accordance with 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 misstatements. 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 the 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 as amended, issued by the 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 to the extent applicable.
4. Further to our comments in the annexure referred to 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 purposes of our audit;
  - b) 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;
  - c) The Balance Sheet, Profit and 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, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representation received from the directors as on 31st March 2008, we report that none of the directors is disqualified as on that date, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, and
  - f) In our opinion and to the best of our information and according to the explanations given to us, said accounts read together with significant accounting policies and notes thereon 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 31st March 2008
    - 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.

Place: Coimbatore  
Date: 19.06.2008

For **SRIKISHEN & Co.**  
Chartered Accountants

**K. Murali Mohan**  
Auditors, Proprietor  
MembershipNo:14328

**ANNEXURE TO THE AUDITORS' REPORT  
(Referred to in paragraph 3 of our report of even date)**

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. As explained to us, all the fixed assets have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such physical verification.
- c. In our opinion the company has not disposed a substantial part of its fixed assets during the year.
- (ii) a. Physical verification of inventory has been conducted by the management at reasonable intervals during the year.
- 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. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper record of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.
- (iii) a. The Company has taken unsecured loan from its holding company, company covered in the register maintained under section 301 of the Companies Act. The maximum amount involved in the above transaction net of periodical repayments is Rs. 8,16,89,418/- and the year end balance is Rs. 4,58,19,713/-.
- b. The Company has not granted any loans to the Companies, firms covered in the register maintained section 301 of the Companies Act.
- c. In our opinion and according to the information and explanations given to us, the rate of interest & other terms and conditions of the loan taken are not prima facie prejudicial to the interests of the company.
- d. In respect of said loan, principal and interest are payable on demand and therefore the question of overdue amounts does not arise.
- 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 the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems.
- v) a. To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations, such transactions have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has not obtained any deposit from public during the year.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business;
- viii) The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, in respect of certain products manufactured by the company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the same.
- ix) a. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, service tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us no undisputed arrears of statutory dues were outstanding as at 31.03.2008 for a period of more than six months from the date they became payable.
- b. As informed to us, there are no disputed statutory dues, as at the year-end.

- x) The accumulated losses are more than fifty percentage of its net worth. The company has incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or Banks. The Company has not issued any debentures till date.
- xii) During the year, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of special statute applicable to Chit fund, nidhi/mutual Benefit fund/ societies are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- xv) During the year the Company has not given any guarantee for loans taken by others , from banks or financial institutions.
- xvi) The Company has applied term loans for the purpose for which the loans were availed
- xvii) According to the information and explanations given to us and on an overall examination of the source and application of funds of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- xviii)The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our audit report.
- xx) During the period covered by our audit report, the Company has not raised any money by public issues.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no frauds on or by the Company has been noticed or reported during the year.

For **SRIKISHEN & CO.**  
Chartered Accountants

**K. Murali Mohan**  
Auditors, Proprietor  
Membership No:14328

Place: Coimbatore  
Date : 19.06.2008