

HARIHARAN & ASSOCIATES
CHARTERED ACCOUNTANTS

304/B, HVS Courts,
21, Cunningham Road,
Bangalore - 560 052.
Ph: 51131146
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AUDITORS' REPORT

The Members of
M/s. BHUWALKA CASTINGS & FORGING PRIVATE LIMITED

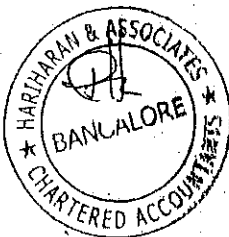
We have audited the attached Balance Sheet of **BHUWALKA CASTINGS & FORGING PRIVATE LIMITED**, as at **31st MARCH 2007** and also the Profit and Loss Account and Cash flow Statement of the Company for the period ended on that date, annexed thereto. These financial statements are the responsibility of 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 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 as follows:

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board, in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks and verifications of the books of accounts as we considered necessary and to the best of our knowledge and according to the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 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 Profit and Loss Account dealt with by this report are in agreement with the books of account.

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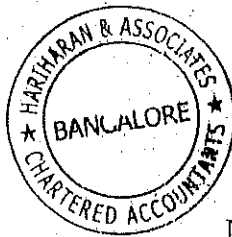
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-: 2 :-

- d) 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.
- 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 is disqualified as on 31st March, 2007 from being appointed as 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 knowledge and according to the information and explanations given to us, the accounts give the information required by the Companies Act 1956 in the manner so required, read with other notes in Schedule 21 give a true and fair view:
- 1) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2007 ;
 - 2) In the case of Profit and Loss Account, of the profit of the company for the period ended on that date; and
 - 3) In the case of Cash Flow Statement, of the Cash Flow of the company for the period ended on that date.

For HARIHARAN & ASSOCIATES
CHARTERED ACCOUNTANTS

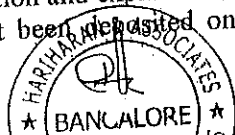


M.HARIHARAN
Proprietor
Membership No. 22412.

PLACE: BANGALORE
DATE: 31/05/2007.

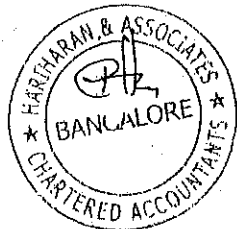
ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF EVEN DATE OF THE AUDITOR'S TO THE MEMBERS OF M/S. BHUWALKA CASTINGS & FORGING PRIVATE LIMITED, BANGALORE, ON THE ACCOUNTS FOR THE YEAR PERIOD 31ST MARCH, 2007.

1. The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The Company has drawn up a programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, Fixed Assets were physically verified by the Management during the year. No material discrepancies were noticed on such verification. No substantial part of the fixed assets has been disposed off during the year.
2. As explained to us, inventories have been physically verified during the year by the management, except for inventories lying with outside parties, which have, however, been confirmed by them. The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business. No material discrepancies were noticed on physical verification and the company is maintaining proper records of its inventory.
3. As per the information and explanations furnished by the Management, the company has neither granted nor taken any loans to/from the companies or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
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, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. 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 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. In our opinion, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
6. The company has not accepted deposits from the public and therefore, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act 1956 and the rules thereunder are not applicable to the company. The Company Law Board has not passed any order with regard to public deposits.
7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956 in respect of the manufacturing activities of 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. However, we have not made a detailed examination of the same.
9. According to the records of the Company, the Company is generally 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, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding at the year end for a period of more than six months from the date they became payable. Based on information and explanations given to us, the disputed Sales Tax/Excise Duty/Service Tax that have not been deposited on account of matters pending before appropriate authorities are as under :



Sr. No	Name of the Statute	Nature of Dues	Forum where dispute is pending	Amount
1	Central Excise Act, 1944	Excise Duty & Service Tax	The Commissioner of Central Excise Appeal No. 21/2001.	16,42,078.00

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
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, debentures and other securities.
13. The company is not a chit fund or a nidhi/mutual benefit fund/society and hence clause 4 (xiii) of Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. In our opinion, the Company is not a dealer or a trader in shares, securities, debentures and other investments.
15. The company has not given guarantees for loans taken by others from banks or financial institutions.
16. The term loans raised by the company were 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 no funds raised on short term basis have been used for long-term investment by the company.



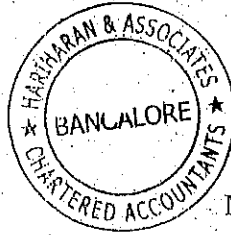
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. The company has not issued debentures during the period.

20. The Company has not raised money through a public issue during the period.

21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

For HARIHARAN & ASSOCIATES
CHARTERED ACCOUNTANTS



A handwritten signature in black ink, appearing to be "M. Hariharan".

PLACE: BANGALORE
DATE : 31 /05/2007.

M. HARIHARAN
Proprietor
Membership No. 22412.

BHUWALKA CASTINGS & FORGINGS PRIVATE LIMITED

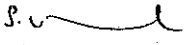
BALANCE SHEET AS AT 31st MARCH, 2007.


(Amount in Indian Rupees)

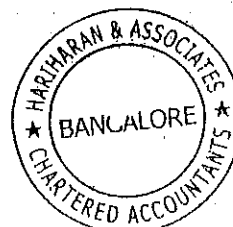
PARTICULARS	SCH NO.	AS AT	AS AT
		31.03.2007	31.03.2006
I. SOURCES OF FUNDS :			
1. SHARE HOLDERS' FUNDS			
a. Share Capital	01	10,000,000.00	10,000,000.00
b. Reserves & Surplus	02	2,387,035.63	-
2. LOAN FUNDS :			
a. Secured Loan	03	49,589,603.58	630,336.00
b. Unsecured Loans	04	17,239,050.00	13,739,050.00
3. DEFERRED TAX LIABILITY		2,125,312.00	-
		81,341,001.21	24,369,386.00
II. APPLICATION OF FUNDS :			
1. FIXED ASSETS:			
GROSS BLOCK	05	56,510,750.85	1,167,237.00
DEPRECIATION		(1,415,868.94)	-
NET BLOCK		55,094,881.91	1,167,237.00
2. INVESTMENTS	06	10,000.00	10,000.00
3. CURRENT ASSETS, LOANS AND ADVANCES			
a. Inventories	07	45,981,411.67	-
b. Sundry Debtors	08	11,955,330.97	-
c. Cash and Bank Balances	09	499,606.05	23,729.00
d. Loans & Advances	10	21,644,801.45	22,850,656.00
		80,081,150.14	22,874,385.00
LESS : CURRENT LIABILITIES & PROVISIONS	11	54,272,396.93	115,294.00
NET CURRENT ASSETS		25,808,753.21	22,759,091.00
4. PRELIMINARY EXPENSES	12	427,366.09	433,058.00
TOTAL		81,341,001.21	24,369,386.00

SCHEDULES 1 TO 21 FORMS AN INTEGRAL PART OF THIS ACCOUNTS.


FOR AND ON BEHALF OF THE BOARD


SAJANA KUMAR BHUWALKA
DIRECTOR


KAMAL KUMAR BHUWALKA
DIRECTOR



As per report of even date,
for HARIHARAN & ASSOCIATES,
CHARTERED ACCOUNTANTS,


M. HARIHARAN
PROPRIETOR
Membership No. 22412.

BHUWALKA CASTINGS & FORGINGS PRIVATE LIMITED

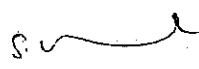
PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED: 31st MARCH, 2007


(Amount in Indian Rupees)

PARTICULARS	SCH NO.	Period Ended	Period Ended
		31.03.2007	31.03.2006
INCOME :			
Sales	13	308,424,242.16 ✓	-
Other Income	14	134,162.79 ✓	-
Variation in Stocks	15	(1,984,367.50)	-
TOTAL		306,574,037.45	-
EXPENDITURE :			
Raw Material Consumed	16	61,292,948.06 ✓	-
Manufacturing Expenses	17	54,769,014.16	-
Administrative Expenses	18	4,991,836.24	-
Finance Charges	19	3,793,842.44 ✓	-
Selling Expenses	20	353,700.71	-
Depreciation		1,415,868.94 ✓	-
Trade Purchases		141,874,333.00 ✓	-
Preliminary Expenses W\Off		83,447.27	-
Central Excise Duty		32,898,894.00 ✓	-
TOTAL		301,473,884.82	-
PROFIT FOR THE PERIOD		5,100,152.63	-
Less: Income tax for the year (MAT)		572,237.00	-
Less: Fringe Benefit Tax for the Year		15,568.00	-
Less: Defered Tax Liability for the Year		2,125,312.00	-
PROFIT AFTER TAX FOR THE PERIOD		2,387,035.63	-
Balance brought forward from last Balance sheet		-	-
Profit available for appropriation		2,387,035.63	-
Transfer to General Reserve		2,387,035.63	-
Balance Carried to Balance Sheet		2,387,035.63	-

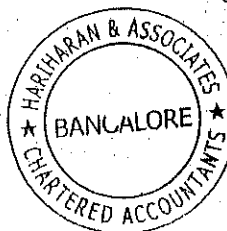
SCHEDULES 1 TO 21 FORMS AN INTEGRAL PART OF THIS ACCOUNTS.


FOR AND ON BEHALF OF THE BOARD


SAJAN KUMAR BHUWALKA
DIRECTOR


KAMAL KUMAR BHUWALKA
DIRECTOR

As per report of even date,
for HARIHARAN & ASSOCIATES,
CHARTERED ACCOUNTANTS,




M. HARIHARAN
PROPRIETOR
Membership No. 22412.

PLACE: BANGALORE
DATE : 31/05/2007

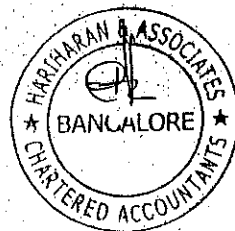
BHUWALKA CASTINGS & FORGINGS PRIVATE LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE PERIOD ENDED: 31st MARCH, 2007

(Amount in Indian Rupees)

	AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE 01.		
SHARE CAPITAL :		
Authorised: 10,00,000 Equity Shares of Rs.10 each	10,000,000.00	10,000,000.00
Issued, Subscribed and Paid-up: 10,00,000 Equity Shares of Rs.10 each fully paid-up.	10,000,000.00	10,000,000.00
TOTAL	10,000,000.00	10,000,000.00
SCHEDULE 02.		
RESERVES AND SURPLUS :		
Profit & Loss Account	2,387,035.63	-
TOTAL	2,387,035.63	-
SCHEDULE 03.		
a. SECURED LOAN :		
A. TERM LOAN:		
1. VIJAYA BANK	23,833,761.00	-
2. G.E. CAPITAL	265,538.60	630,336.00
B. WORKING CAPITAL:		
1. Vijaya Bank	25,490,303.98	-
(Secured by First Charge on Current Assets and all the Fixed Assets of the Company. In addition, these loans are personally guaranteed by the Directors.)		
TOTAL	49,589,603.58	630,336.00
SCHEDULE 04 :		
UNSECURED LOAN		
From Directors and Share Holders	17,239,050.00	13,739,050.00
	17,239,050.00	13,739,050.00

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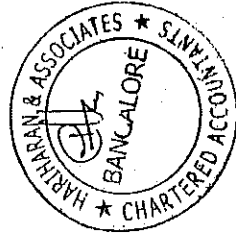
BHUWALKA CASTINGS & FORGING PRIVATE LIMITED

SCHEDULE - 5

FIXED ASSETS AS AT 31.03.2007

(Amount in Indian Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS ON 01.04.2006	ADDITIONS DURING THE YEAR	SALES/ADJ DURING THE YEAR	TOTAL AS ON 31.03.2007	AS ON 01.04.2006	DEPRECIATION FOR THE YEAR	DEPRECIATION WITHDRAWN DURING THE YEAR	TOTAL AS ON 31.03.2007	AS AT 31.03.2007	AS AT 31.03.2006
Land		3,003,248.00	-	3003248.00					3003248.00	-
Building		7,054,296.50	-	7054296.50		96334.51		96334.51	6957961.99	-
Water Installations		30,000.00	-	30000.00		513.35		513.35	29486.65	-
Plant & Machinery		40525446.01	-	40525446.01		1003899.72		1003899.72	39521546.29	-
Electrical Installation		2,259,096.00	-	2259096.00		61110.71		61110.71	2197985.29	-
Lifting Scale		447,800.00	-	447800.00		12113.42		12113.42	435686.58	-
Furniture & Fixtures		171,000.00	-	171000.00		5545.60		5545.60	165454.40	-
Ice Equipments	33515.00	488000.00	-	521515.00		14970.46		14970.46	506544.54	33515.00
Computers		653000.00	-	653000.00		54230.67		54230.67	598769.33	-
Vehicles	1133722.00	614127.34	-	1747849.34		163618.89		163618.89	1584230.45	1133722.00
Leasable Equipments		97500.00	-	97500.00		3531.61		3531.61	93968.39	-
TOTAL	1167237.00	55343513.85	-	56510750.85	-	1415868.94	-	1415868.94	55094881.91	1167237.00
Previous Year										



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BHUWALKA CASTINGS & FORGINGS PRIVATE LIMITED

 SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE PERIOD ENDED: 31st MARCH, 2007

(Amount in Indian Rupees)

	AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE 06.		

INVESTMENTS:		

I) In Government Securities: Unquoted National Savings Certificates	10,000.00	10,000.00
TOTAL	10,000.00	10,000.00

SCHEDULE 07.		

INVENTORIES :		

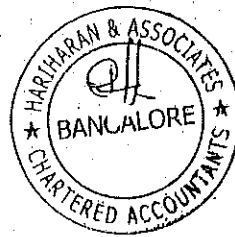
(As Certified by the Management)		
Raw Materials	34,410,563.00	-
Finished Goods	822,536.00	-
Runners & Raisers	21,200.00	-
Castings	3,705,840.00	-
Stores & Spares & others	7,021,272.67	-
TOTAL	45,981,411.67	-

SCHEDULE 08.		

SUNDRY DEBTORS :		

(Unsecured & Considered Good)		
Over Six Months	1,927,158.41	-
Others	10,028,172.56	-
TOTAL	11,955,330.97	-

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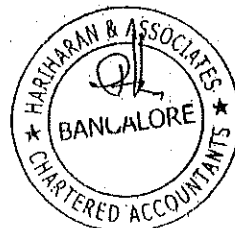
BHUWALKA CASTINGS & FORGINGS PRIVATE LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE PERIOD ENDED: 31st MARCH, 2007

(Amount in Indian Rupees)

	AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE 09.		
CASH & BANK BALANCE :		
Cash in Hand	445,554.05	20,350.00
WITH SCHEDULED BANKS		
In Current Accounts	54,052.00	3,379.00
TOTAL	499,606.05	23,729.00
SCHEDULE 10.		
LOANS & ADVANCES:		
(Unsecured & Considered Good)		
Advance recoverable in cash or in kind or for the value to be received or adjusted		
Advance to Suppliers & others	13,175,407.85	22,850,656.00
Deposits & E M D	8,469,393.60	-
TOTAL	21,644,801.45	22,850,656.00
SCHEDULE 11.		
CURRENT LIABILITIES & PROVISIONS:		
a) Current Liabilities		
Sundry creditors	6,940,926.92	-
Outstanding Liabilities	7,506,204.60	105,460.00
Statutory Liabilities	1,039,461.02	9,834.00
Advance from Customers	38,096,587.39	-
Interst Accrued but not due	91,942.00	-
Total (A)	53,675,121.93	115,294.00
b) Provisions		
Provision for taxation MAT including FBT (Net)	576,441.00	-
Provision for Leave salary	20,834.00	-
Total (B)	597,275.00	-
TOTAL [A+B]	54,272,396.93	115,294.00

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BHUWALKA CASTINGS & FORGINGS PRIVATE LIMITED

 SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE PERIOD ENDED: 31st MARCH, 2007

(Amount in Indian Rupees)

	Period Ended 31.03.2007	Period Ended 31.03.2006
SCHEDULE 12.		

PRELIMINARY & PRE OPERATIVE EXPENSES		

As per Last Account	187154.00	433,058.00
Less: Written off during the Year	18715.40	

	168,438.60	
<u>Pre-operative Expenses</u>		
As per Last Account	245904.00	
Add : During the Period	77755.36	
Less: Written off during the Year	64731.87	

	258,927.49	

TOTAL	427,366.09	433,058.00

SCHEDULE 13.		

SALES :		

Sale of Finished Goods	308,382,767.16	-
Sale of Stores Scrap	29,698.00	-
Other Items	11,777.00	-

TOTAL	308,424,242.16	-

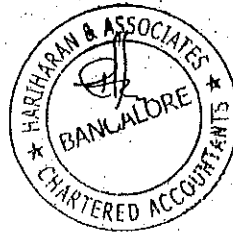
SCHEDULE 14.		

OTHER INCOME :		

Sundry Balances Written back	1,637.79	-
Provision no longer required Withdrawn	16,844.00	-
Miscellaneous Receipts	115,681.00	-

TOTAL	134,162.79	-

S. C. 



BHUWALKA CASTINGS & FORGINGS PRIVATE LIMITED

 SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE PERIOD ENDED: 31st MARCH, 2007

(Amount in Indian Rupees)

	Period Ended 31.03.2007	Period Ended 31.03.2006
SCHEDULE 15.		
VARIATION IN STOCK :		
Closing Stock :		
Finished Goods - Ingots (KOLAR)	822,536.00	-
Runners & Raisers	21,200.00	-
Finished Goods - CASTINGS	3,705,840.00	-

	4,549,576.00 <	-
Opening Stock :		
Finished Goods	1,694,613.00	-
Runners & Raisers	1,617,150.00	-
Castings	3,222,180.50	-

SUB - TOTAL	6,533,943.50 <	-

Increase/(Decrease) in Stock	(1,984,367.50)	-

SCHEDULE 16.

RAW MATERIALS CONSUMED :

Opening Stock	63,813,794.50	-
Add : Purchases & Freight	88,399,021.56	-
Self Generation	7,432,080.00	-

	159,644,896.06	-
Less: Sales	(63,941,385.00)	-
Less: Closing Stock	(34,410,563.00)	-

TOTAL	61,292,948.06 <	-

SCHEDULE 17.

MANUFACTURING EXPENSES :

Stores and Spares Consumed	13,707,803.77 <	-
Power & Fuel Charges	34,562,752.00 <	-
Production Charges	3,052,715.00 <	-
Repairs and Maintenance :		
-Plant and Machinery	442,646.50 <	-
-Vehicles	2,881,745.75 <	-
-Others	121,351.14 <	-

TOTAL	54,769,014.16	-

S. C.



BHUWALKA CASTINGS & FORGINGS PRIVATE LIMITED

 SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE PERIOD ENDED: 31st MARCH, 2007

(Amount in Indian Rupees)

	Period Ended 31.03.2007	Period Ended 31.03.2006
SCHEDULE 18.		
ADMINISTRATIVE EXPENSES :		
Salaries and Wages	1,627,605.40 ✓	-
Security Charges	448,043.00	-
Employers Contribution to P.F., E.S.I and Other funds	143,462.40 ✓	-
Staff Welfare	27,962.39 ✓	-
Rates and Taxes	216,240.60 ✓	-
Rent	485,366.60 ✓	-
Insurance	46,762.00 ✓	-
Printing & Stationery	179,280.85	-
Travelling & Conveyance	172,153.80	-
Postage, Telegram & Telephone	77,076.04	-
Professional & Consultancy Charges	27,600.00	-
Miscellaneous Expenses	856,656.65	-
Audit Fees	40,040.80 ✓	-
Sundry Balances written Off	147.31	-
Bank Charges	643,438.40	-
TOTAL	4,991,836.24	-

SCHEDULE 19.

FINANCE CHARGES :

Interest on Term Loans	1,600,196.24	-
Interest on Working Capital	1,552,399.00	-
Interest on Others	641,247.20	-
TOTAL	3,793,842.44	-

SCHEDULE 20.

SELLING EXPENSES :

Carriage Outwards	25,478.00 ✓	-
Other Selling Expenses	328,222.71 -626311-	-
TOTAL	353,700.71	-

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BHJWALKA CASTINGS & FORGING PVT.LTD

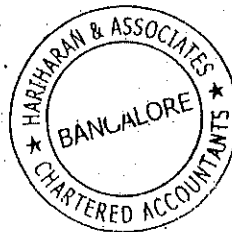
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH'2007. (As per Indirect Method of Accounting Standard -3)

		Amount In Indian Rupees	
		AMOUNT	AMOUNT
		RS	RS
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit before Tax And Extraordinary items		5,100,162.63
	Adjustments for :		
	Deferred Revenue Expenses written-off	5,691.91	
	Depreciation	1,415,868.94	
	Profit/Loss from sales of Fixed Assets		
	Interest charged to Profit & Loss A/c	3,793,842.44	
	Investment written-off		
	Provision for Doubtful Debts/Advances		
	Provision for Doubtful Debts Written Back		
	Interest Received		
	Dividend Income		5,215,403.29
	OPERATING CASH PROFIT BEFORE WORKING CAPITAL CHANGES.		
	Adjustments for :		
	Trade and other Receivables	(10,749,476.42)	
	Inventories	(45,981,411.67)	
	Trade Payables and other Liabilities	54,065,160.93	
	CASH INFLOW FROM OPERATIONS	(2,665,727.16)	(3,253,532.16)
	Direct Taxes Paid/ (Refund)	(587,805.00)	
	NET CASH FROM OPERATING ACTIVITIES		7,062,023.76
B	CASH FLOW FROM INVESTING ACTIVITIES :		
	Increase in Fixed Assets(Net)	(55,343,513.85)	
	(Increase)/Decrease in Investments		
	Profit on sale of Investment		
	Rent Received		
	Interest Received		
	Dividend Income		(55,343,513.85)
	NET CASH USED IN INVESTING ACTIVITIES		
C	CASH FLOW FROM FINANCING ACTIVITIES:		
	Increase in Preference Share Capital	3,500,000.00	
	Increase/(Decrease) in Unsecured Loans	48,959,267.58	
	Increase/(Decrease) in secured Loans	(3,701,900.44)	
	Interest Paid		48,767,367.14
	NET CASH USED IN FINANCING ACTIVITIES		475,877.05
	Net Increase/(Decrease) in cash and cash equivalents (A + B + C)		
		23,729.00	
	Opening Balance of Cash and Cash Equivalents	499,606.05	(475,877.05)
	Closing Balance of Cash and Cash Equivalents		

As per report of even date
for HARIHARAN ASSOCIATES
CHARTERED ACCOUNTANTS


SAJAN KUMAR BHUWALKA
DIRECTOR


KAMAL KUMAR BHUWALKA
DIRECTOR




(M.HARIHARAN)
PROPRIETOR
M.NO-22412

PLACE: BANGALORE.
DATE 31/05/2007.