

## Review Report

The Board of Directors,  
M/s. Polar Industries Limited  
18, Rabindra Sarani,  
Poddar Court Building  
Kolkata-700001

1. We have reviewed the accompanying statement of unaudited financial results of M/s. Polar Industries Limited for the quarter and nine months ended 31<sup>st</sup> December 2012 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountant of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We refer below our qualifications in the audited accounts for the year ended 31 March' 2012 as follows with status as on 31<sup>st</sup> December 2012.
  - (a) Regarding corporate guarantees given in excess of limit approved by the shareholders and considered the same as contingent liability by the management and not provided for as referred in note no. 31.2.
  - (b) (i) Regarding debt acquired by ARCIL which is subject to compliance of terms & conditions and recalling of loan and demanding of others payments by ARCIL as referred in note no 31.4 . Pending negotiation with the ARCIL we are unable to comment about impact on the liquidity position of the company due to recalling of loan / demanding of others payments and consequent impact on the ability of the company to continue business.  
(ii) Regarding sale of residential property and provisional adjustment thereof in accounts and possession of another property by ARCIL as referred in note no 31.4(e) We are unable to comment about impact on the loss for the quarter and profit for the nine months ended 31<sup>st</sup> December 2012. due to non availability of required information.
  - (c) Regarding valuation of finished goods stock for Rs. 86.41 Lacs pertaining to discontinued business segment and non provision of interest, demurrages etc on the goods lying in custom bonded warehouse for which amount was not ascertained as referred in note no.31.5. We are unable to comment about the extent of realization on such stock and impact thereof including non-provision referred above on loss for the quarter and profit for the nine months ended 31<sup>st</sup> December 2012.
  - (d) Regarding preparation of accounts ongoing concern basis as referred in note no.31.6. The company has sold a substantial part of its fixed assets and so far not made any plan to replace the substantial part of the fixed assets that have been sold. The company has also negative net worth, substantial negative working capital, inability to pay its debts repayments / creditors etc indicating that going concern assumption may no longer be appropriate. Therefore, in our opinion, there exists substantial doubt that the company will be able to continue as a going concern for the foreseeable future. Consequently, adjustment may be required to the recorded amount of assets and classification of liabilities. The financial statement (and notes thereto) do not disclose this fact.



- (e) Regarding pending recovery of advances / dues aggregating Rs 224.72 lacs as on 31<sup>st</sup> December 2012 from various parties and ex- employees as referred note no 31.7. We are unable to comment about the extent of realization of such advances / dues due to uncertainty involved.
- (f) Regarding refusal of insurance claim for Rs. 676.27 Lacs by the insurance company but considered good by the company as referred note no 31.12. We are unable to comment about the realizability of the claim pending decision of the National Consumer Forum.
- (g) Regarding remuneration paid in earlier year to an ex executive director for which Central Government approval is awaited as referred in note no .31.16. Approval has since received and balance Rs. 4.12 lacs are recoverable. Pending recovery no adjustment has been made in the accounts.
- (h) Regarding non-provision and non-ascertainment of penalties upto 31<sup>st</sup> December 2012 on various outstanding statutory dues as referred in note no 31.17. We are unable to comment about the impact on the loss for the quarter and profit for the nine months ended 31<sup>st</sup> December 2012. due to non ascertainment of amount
- (i) Regarding mortgage of one of the property having original value Rs 247.26 lacs in favour of Co-operative bank as a collateral security for obtaining loan by a body corporate as referred in Note No 31.13, for which share holder approval has not obtained by the company. During the previous quarter the asset has been sold and a sale proceeds has been appropriate by the secured creditor against its dues.
- (j) Regarding after sale services expenses aggregating to Rs. 137.85 Lacs related to prior period reimbursement to a marketing company for which necessary details / documents were not available till date hence we are unable to comments on such provision.
- 4 Due to non-ascertainment of impact on loss for the quarter and profit for the nine months ended 31<sup>st</sup> December 2012 arises out of qualifications referred in Para 3 above, we are not in a position to comment about the consequent impact on accumulated debit balance of profit and loss under Reserve and Surplus.
- 5 Based on our review conducted as above ,nothing has come to our attention that causes us to believe that the accompanying statements of un-audited financial results, except to the extent our qualifications in Para 3 and 4 above, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: New Delhi  
Date: 14<sup>th</sup> February 2013



For SINGHI & CO.  
Chartered Accountants  
Firm reg. No. 302049E

  
B.K. Sipani  
Partner  
Membership No. 088926