

**MAROTI & ASSOCIATES**  
Chartered Accountants

MERCANTILE BUILDING  
9 / 12 Lal Bazar Street, "E" Block  
3<sup>rd</sup> Floor, Room No - 2  
Kolkata - 700001  
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Fax : 033-2243 - 8371  
Email : [mkmaroti@sify.com](mailto:mkmaroti@sify.com)

### **AUDITORS' REPORT**

To  
The Shareholders  
**MANGALAM INDUSTRIAL FINANCE LIMITED**

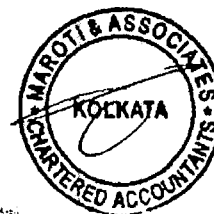
We have audited the attached Balance Sheet of **MANGALAM INDUSTRIAL FINANCE LIMITED**, as at **31st March, 2007** and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As required by the Companies (Auditor's Report) Order 2003 as amended, issued by the Central 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 paragraph 4 and 5 of the said order to the extent it is applicable to the Company.

Further to our comments in the Annexure referred to in paragraph above, we state that :-

1. 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;
2. 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;
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet and Profit & 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;



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**For MANGALAM INDUSTRIAL FINANCE LTD.**

*Tapas Mandal*

**Director**

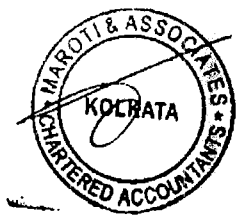
5. On the basis of written representations received from the Directors, as on **31st March, 2007**, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on **31st March, 2007** from being appointed as Director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956;

6. In our opinion and to the best of our information and according to the explanations given to us, the 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 Balance Sheet, of the **STATE OF AFFAIRS** of the company as at 31st March, 2007 ;
- ii) In the case of the Profit & Loss Account, of the **LOSS** for the Year ended on that date; and
- iii) In the case of Cash Flow Statement, of the **CASH FLOWS** for the year ended on that Date;

For **MAROTI & ASSOCIATES**  
(**CHARTERED ACCOUNTANTS**)

Place : **Kolkata**  
Date : **27<sup>th</sup> August, 2007**



*[Signature]*  
**M. K. Maroti**  
(Proprietor)  
M. No.057073

*Certified to be True Copy*

For **MANGALAM INDUSTRIAL FINANCE LTD.**

*Tapas Mandal*

ANNEXURES TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our Report of even date on the Accounts for the year ended on 31st March 2007.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.  
  
(b) The Fixed Assets are physically verified by the management at reasonable intervals having regard to the size of the Company and the nature of assets and no discrepancies have been noticed during such verification.  
  
(c) The Company has disposed off its entire fixed assets during the year .
2. (a) During the year, the inventories have been physically verified 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 procedure 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 the record of inventories, we are of the opinion that the Company is maintaining proper records of inventories. No material discrepancies have been noticed on physical verification of inventories with book records and the same have been properly dealt with in the books of accounts.
3. The Company has neither taken loan from Companies covered in the Register maintained under Section 301 of the Companies Act, 1956 and nor given loan to Companies covered 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 with regard to purchase and sale of inventories, fixed assets and investments. During the course of our audit no major weakness has been noticed in the internal control.
5. (a) Based on our audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transaction that required to be entered in to the register maintained under section 301 have been so entered.  
  
(b) In our opinion and according to the information and explanation given to us each of the above transaction is below Rs.5 Lakhs and hence transaction made at prices which are reasonable having regard to the prevailing market price at the relevant time does not arise.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public under section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

*Copy to be given to the Company*  
For JEEVAHATI INDUSTRIAL FINANCE LTD.  
Tapas Mandal



7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. a) According to the records of the Company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and Other statutory dues as applicable to it.  
  
b) According to the information and explanations given to us, no undisputed dues payable in respect of income-tax, sales tax, wealth tax, service tax, customs duty and cess and other statutory dues as applicable to it were outstanding at **31<sup>st</sup> March, 2007** for a period of more than six months from the date they become payable.  
  
c) According to the records of the company there are no dues of Sales Tax, Income Tax, Service Tax, Customs Tax/Wealth Tax, Excise Duty/Cess, which have not been deposited on account of any dispute.
10. There is no accumulated loss of the Company at the end of the Financial Year. The Company has loss during the financial year ended **31<sup>st</sup> March, 2007** but the company has also not incurred loss in the immediately preceding financial year.
11. The Company has not taken any loan from a financial institution, bank or debenture holders.
12. 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. 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 Order are not applicable to the Company.
14. Proper records have been maintained of the transactions and contracts and timely entries have been made therein in respect of dealing or trading in shares, securities, debentures and other investments and the same are held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its associates or subsidiaries or others from bank or financial institutions.
16. The Company has not obtained any term loans. Accordingly clause 4(xvi) of the Order is not applicable.
17. On the basis of an overall examination of the Balance Sheet and the information and explanation given to us, we report that the Company has not utilized any funds raised on short-term basis for long-term investments and vice-versa.

**For MANGALAM INDUSTRIAL FINANCE LTD.**

*Topal Manoj*  
**Director**

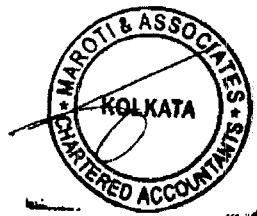


18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, clause 4(xviii) of the order is not applicable.
- 19 The Company has not issued any debentures. Accordingly, clause 4(xix) of the order is not applicable.
- 20 The Company has not raised any money by way of public issues during the year. Accordingly, clause 4(xx) of the order is not applicable.
- 21 Based on our audit procedures performed and information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit for the year ended 31<sup>st</sup> March, 2007.

Place : **Kolkata**

Date : **27<sup>th</sup> August, 2007**

For **MAROTI & ASSOCIATES**  
(**CHARTERED ACCOUNTANTS**)



*[Signature]*  
**M.K. Maroti**  
(Proprietor)  
**M. No. 057073**

(2007) 1 2007  
For **MANGALAM INDUSTRIAL FINANCE LTD.**

*[Signature]*  
**Tapas Mandal**  
Director

# MANGALAM INDUSTRIAL FINANCE LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule	Current Year	Previous Year
		RS.	RS.
<b><u>SOURCES OF FUNDS</u></b>			
Share Capital	1	112,493,500	112,493,500
Reserves & Surplus	2	480,083	480,083
		<u>112,973,583</u>	<u>112,973,583</u>
<b><u>APPLICATION OF FUNDS</u></b>			
Fixed Assets	3	-	18,074
Investments	4	108,887,505	105,234,905
<b><u>Current Assets, Loans &amp; Advance</u></b>			
Cash & Bank Balance	5	1,282,045	1,332,199
Sundry Debtors	6	249,205	1,827,980
Loans & Advances	7	2,190,915	4,122,424
		<u>3,722,165</u>	<u>7,282,603</u>
Less :			
Current Liabilities & Provisions	8	64,708	67,194
		<u>64,708</u>	<u>67,194</u>
Net Current Assets		3,657,457	7,215,409
Deferred Tax Assets		148,851	176,838
<b><u>MISCELLANEOUS EXPENDITURE</u></b>			
(To the extent not W/O or adjusted)			
Dr Balance of Profit & Loss Account		79,770	28,357
Preliminary Expenses		200,000	300,000
		<u>112,973,583</u>	<u>112,973,583</u>
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	10		

In terms of our report of even date

**For MAROTI & ASSOCIATES**  
(CHARTERED ACCOUNTANTS)

*Anun Chakraborty*

Director

*Karoi*

Director

Place : Kolkata

Dated the 27th August , 2007



*M. K. Maroti*  
M. K. Maroti  
(Proprietor)  
M. No. 057073

**Certified to be True Copy**  
FOR MANGALAM INDUSTRIAL FINANCE LTD.

*Topas Mandal*  
Director

# MANGALAM INDUSTRIAL FINANCE LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2007

PARTICULARS	Schedule	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<b><u>INCOMES</u></b>			
Sale of Shares		2,900,000.00	1,075,336
Interest (Gross) (T.D.S. Rs.35,606/-, P.Y. Rs. 27,428/-)		162,922	122,226
Interest Received on I.T. Refund		-	1,575
Dividend received		7,500.00	2,250
Misc. Income		2,500.00	-
Profit on Sale of Motor Car		-	11,331
		3,072,922	1,212,718
<b><u>EXPENDITURES</u></b>			
Opening Stock		-	26,618
Purchases of Shares & Mutual Funds		2,750,000	965,000
Administrative and Other Expenses	9	232,274	199,551
Depreciation		3,248	4,176
Loss on sale of Fixed Assets		10,826	-
Preliminary Expenses W/Off.		100,000	100,000
		3,096,348	1,295,345
Profit / (Loss) before Tax		(23,426)	(82,627)
Less :Provision for Tax Current Year		-	(1,225)
Adjustment for Deferred Tax		(27,987)	24,696
Profit / (Loss) after Tax		(51,413)	(59,156)
Less: adjustment of earlier years Income Tax		-	(54,982)
Profit / (Loss) B/F from last year		(28,357)	85,781
Balance Carried Over to Balance Sheet		(79,770)	(28,357)
<b>Earning per Share (EPS)</b> (on nominal value of shares of Rs.10/- each)			
Basic (Rs.)		(0.0046)	(0.0053)
Diluted (Rs.)		(0.0046)	(0.0053)
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>	10		

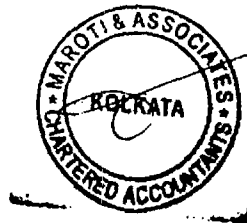
In terms of our report of even date

**For MAROTI & ASSOCIATES**  
(CHARTERED ACCOUNTANTS)

*Anand Chatterjee*  
Director

*Anand Chatterjee*  
Director

Place : Kolkata  
Dated the 27th August , 2007



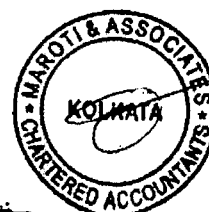
*M. K. Maroti*  
M. K. Maroti  
(Proprietor)  
M.No. 057073

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For MANGALAM INDUSTRIAL FINANCE LIMITED  
*Tapas Mandal*  
17/08/07

# MANGALAM INDUSTRIAL FINANCE LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET & PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Current Year Rs.	Previous Year Rs.
<b><u>Schedule - 1</u></b>		
<b><u>Share Capital</u></b>		
Authorised 11,250,000 Equity Shares of Rs.10/- each	112,500,000	112,500,000
<b><u>Issued, Subscribed &amp; Paid up</u></b>		
11,249,350 (P.Y. 11249350) Equity Share of Rs.10/- each	112,493,500	112,493,500
Fully Paid-up.	112,493,500	112,493,500
( refer to note : 3 of notes on accounts )		
<b><u>Schedule -2</u></b>		
<b><u>Reserves &amp; Surplus</u></b>		
Capital Reserve	370,630	370,630
Reserve Fund	108,749	108,749
Special Reserve (As Per Requirement of RBI)	704	704
	480,083	480,083
<b><u>Schedule-4</u></b>		
<b><u>Investments (Long Term, Non Trade, valued at Cost)</u></b>		
Quoted Equity Shares	5,505	5,505
Quoted Debentures	2,000	2,000
Unquoted Equity Shares	108,880,000	105,227,400
	108,887,505	105,234,905
Market Value of Quoted Investments	7,505	7,505
<b><u>Schedule-5</u></b>		
<b><u>Cash &amp; Bank Balances :</u></b>		
Cash in hand (As certified)	597,789	621,162
Bank Balance with Schedule Banks	684,256	711,037
	1,282,045	1,332,199
<b><u>Schedule-6</u></b>		
<b><u>Sundry Debtors (Unsecured, Considered Good)</u></b>		
Due for a period of more than six months	249,205	780,955
Others	-	1,047,025
	249,205	1,827,980



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 Mangalam Industrial Finance Ltd.  
*Tapas Mandal*



**Schedule - 7****Loans & Advances**

(Unsecured, considered good, recoverable in cash or in kind or value to be received)

Loans	2,127,827	1,111,044
Share Application Money	-	2,980,000
Tax Deducted at Source (A. Y. 2006-07)	26,530	27,428
Tax Deducted at Source (A. Y. 2007-08)	35,606	-
Income Tax Refundable	952	952
Security Deposits	-	3,000
	<u>2,190,915</u>	<u>4,122,424</u>

**Schedule - 8****Current Liabilities & Provisions**

Sundry Creditors	50,000	50,000
Liabilities for Expenses	13,483	15,969
Provision for Taxation	1,225	1,225
	<u>64,708</u>	<u>67,194</u>

**Schedule-9****Administrative & Other Expenses:**

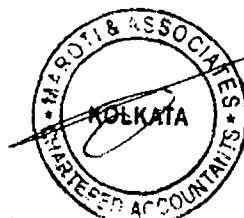
Advertisement Expenses	8,202	6,534
Audit Fees	13,483	13,469
Bank Charges	3,592	-
Certification Fees	5,000	5,000
Demat Expenses	337	419
Depository Expenses	44,896	9,833
Filing Fees	1,000	4,520
Legal Expenses	13,001	4,551
Listing Fees	49,750	49,750
Miscellaneous Expenses	4,765	4,622
Postage & Telegram	2,893	1,955
Printing & Stationery	5,900	7,235
Rates & Taxes	2,500	3,755
Salaries & Bonus	66,900	72,475
STT and other allied tax	-	3
Transfer Agent Fees	10,055	15,430
	<u>232,274</u>	<u>199,551</u>

In terms of our report of even date

**For MAROTI & ASSOCIATES****(CHARTERED ACCOUNTANTS)***Anur Chakraborty***Director***Maroti***Director**

Place : Kolkata

Dated the 27th August, 2007.

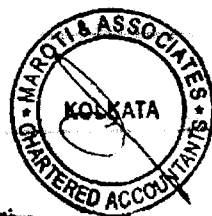
*M. K. Maroti*  
**M. K. Maroti**  
**(Proprietor)**  
**M. No. 057073***Tapas Mandal*

## MANGALAM INDUSTRIAL FINANCE LIMITED

**Schedule-3**

Description	Gross Block			Depreciation				Net Block	
	As on			As on	Upto	For the	and adjustment	Upto	As on
	01.04.2006	Addition	Deletion	31.03.2007	31.03.2006	year	for sale	31.03.2007	31.03.2007
Office Equipment	24636	0	24636	0	15750	1236	(16986)	0	8886
Furniture & Fixture	55415	0	55415	0	47817	1376	(49193)	0	7598
Computer	51165	0	51165	0	49575	636	(50211)	0	1590
<b>Total</b>	<b>131216</b>	<b>0</b>	<b>131216</b>	<b>0</b>	<b>113142</b>	<b>3248</b>	<b>(116390)</b>	<b>0</b>	<b>18074</b>
Previous Year	424988	0	293772	131216	356069	4,176	247,103	113,142	18074
									68919

Note: Figure in bracket represents depreciation related to Sold Fixed Assets



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**For MANGALAM INDUSTRIAL FINANCE LTD.**

*Tapas Mondal*  
**Director**

**Schedule-10**

**Significant Accounting Policies :**

**01. ACCOUNTING CONVENTIONS**

The Financial Statements are prepared on Historical Cost Convention. Financial Statements are prepared in accordance with relevant presentational requirements of the Companies Act, 1956 and applicable mandatory Accounting Standards.

**02. FIXED ASSETS**

All the Fixed Assets of the Company has been disposed off.

**03. DEPRECIATION**

Depreciation on Fixed Assets are provided on Written Down Value Method at the rates prescribed in the Schedule-XIV of the Companies Act, 1956.

**04. INVESTMENTS**

Investments are long-term investments, hence valued at cost.

**05. INVENTORIES**

Inventories are valued at lower of Cost or Market Value. Unquoted Shares are valued at cost.

**06. RECOGNITION OF INCOME & EXPENDITURE**

Income & Expenditures are accounted for on accrual basis, except dividend those are accounted for on Receipt Basis.

**07. PRELIMINARY EXPENSES**

Preliminary Expense is amortised over a period of Five years.

**08. GRATUITY / RETIREMENT BENEFITS :**

None of the Company's employee has completed five years of service, hence no provision has been made for payment of gratuity.

**09. TAXES ON INCOME**

Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred Tax is recognised, subject to consideration of prudence, in respect of deferred tax assets / liabilities on timing difference, being the difference between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods.

**10. SEGMENT ACCOUNTING**

As the Company has only one Segment of Non-Banking Financial Activities, hence, it is not required



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**For MANGALAM INDUSTRIAL FINANCE LTD.**  
*Tapas Mani*  
**Director**

## NOTES ON ACCOUNTS

### Dated Particulars in respect of Opening Stock, Purchase, Sales and Closing Stock of Shares.

	<u>Numbers</u>	<u>Amount (Rs.)</u>
Opening Stock	-	-
	(20300)	(26,618)
Purchases	50,000	2,750,000
	(4,825)	(965,000)
Sales	50,000	2,900,000
	(25,125)	(1,075,336)

#### 02. Deferred Taxation :

The Principal components of Deferred Tax Liabilities/(Assets) are :

	<u>2006-07</u>	<u>2005-06</u>
Deferred Tax Liabilities / (Assets)		
Depreciation	0	32
Accumulated Losses	27987	(24728)

#### 03. The break up of Issued , Subscribed and paid up Capital is as below :

for Cash -12,19,350 equity shares of Rs 10 / each fully paid up

Other than Cash - 1,00,30,000 equity shares of Rs 10 / each fully paid up

#### 04. The earning per share (EPS) has been calculated as specified in Accounting Standard 20 - on "Earning per Share" and relevant disclosures are as under :

	<u>2006-07</u>	<u>2005-06</u>
(a) amount used as numerator in calculating basic/diluted EPS :		
Profit after Tax	(51,413)	(59,156)
(b) weighted average no. of shares used as denominator in calculating EPS (Nos.)	11,249,350	11,249,350
Basic EPS	-0.0046	-0.0053
Diluted EPS	-0.0046	-0.0053

#### 05. Segment Report :

The Company is engaged in the business of Non-Banking Financial Services and there are no separate reportable segments as per Accounting Standard 17.

#### 06. Related Party Disclosure :

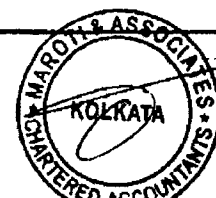
As the Company has not paid anything to the Related Parties as required as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, there is no need of any disclosure.

#### 07. Cash Flow Statement as per requirement of AS-3 issued by the Institute of Chartered Accountants of India is annexed herewith.

08. Earning in foreign Currency Nil Nil

09. Expenditure in foreign Currency Nil Nil

*Verified as true copy*  
**For MANGALAM INDUSTRIAL FINANCE LTD.**  
*Topal Mandal*  
**Director**



10 Previous Year figures have been regrouped, rearranged or recasted wherever considered necessary.

11 Informations required to be furnished under paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 is given in separate Annexure.

Signature to the Schedule I to II

In terms of our report of even date

For **MAROTI & ASSOCIATES**  
CHARTERED ACCOUNTANTS

*Arun Chatterjee*

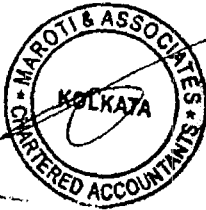
Director

Place : Kolkata

Dated the 27th August , 2007

*Maroti*  
Director

*Maroti*  
M. K. Maroti  
(Proprietor)  
M.No.057073



*Certified*

For **MANGALAM INF**

*Tapas Mondol*

**MANGALAM INDUSTRIAL FINANCE LIMITED**  
**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**

<b>I Registration Details :</b>		
State Code	:	21
Registration No.	:	35815
Balance Sheet Date	:	31.03.2007
<b>II Capital Raised During the Year :</b>		<b>Amount(Rs.)</b>
Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil
<b>III Position of Mobilisation &amp; Deployment of Fund :</b>		
Total Liabilities	:	113,038,291
Total Assets	:	113,038,291
<b>Sources of Funds :</b>		
Paid-up Capital	:	112,493,500
Reserve & Surplus	:	480,083.00
Secured Loans	:	Nil
Unsecured Loans	:	Nil
Deferred Tax Liabilities	:	Nil
<b>Application of Funds :</b>		
Net Fixed Assets	:	-
Investments	:	108,887,505
Net Current Assets	:	3,657,457
Misc. Expenses	:	200,000
Deferred Tax Assets	:	148,851
Accumulated Losses	:	79,770.00
<b>IV Performance of the Company :</b>		
Turnover	:	3,072,922
Total Expenditure	:	3,096,348
Profit/(Loss) Before Tax	:	(23,426)
Profit/(Loss) After Tax	:	(51,413)
Earning per Share (Rs.)	:	(0.0046)
Dividend Rate %	:	Nil
<b>V Generic Name of Three Products/Services of the Company (as per monetary terms) :</b>		
Item Code	:	N.A.
Product Description	:	Financial Services

Dated th In terms of our report of even date

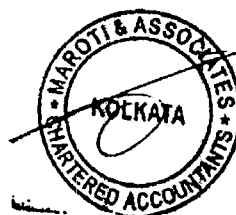
For **MAROTI & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

*Anun Chakraborty*  
Director

*Maroti*  
Director

Place : Kolkata

Dated the 27th August , 2007



*Maroti*  
**M. K. Maroti**  
 (Proprietor)  
 M.No.057073

For **MAROTI & ASSOCIATES**

*Topas Mandal*

# MANGALAM INDUSTRIAL FINANCE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH , 2007

<b>1. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit/(Loss) before Tax (a)		(23,426)	(82,627)
Add :			
Preliminary Expenses W/O.	100,000		100,000
Depreciation	3,248		4,176
Loss on Sale of Fixed Assets	10,826		(11,331)
Less:-			
Dividend Income	(7,500)		(2,250)
Sub Total - (b)		106,574	90,595
Operating Profit before Working Capital Changes (a)+(b)		83,148	7,968
Adjustments			
Decrease in Inventories	0		26,618
Decrease in Loans & Advances	1,931,509		154,588
Decrease in Trade Receivables	1,578,775		17,475,075
Increase in Current Liabilities	(2,486)		(17,577,386)
Dividend Income	7,500		2,250
Adjustments for I.T & Provisions	-		(54,982)
Sub Total - (c)		3,515,298	26,163
Net Cash from Operating Activities	A	3,598,446	34,131
<b>2. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Increase / (Decrease ) in Investments	(3,652,600)		238,200
Sale of Fixed Assets	4,000		58,000
Net Cash from Investing Activities	B	(3,648,600)	296,200
<b>3. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loan Raised during the year			
Net Cash from Financing Activities	C		
Net Increase in Cash/Cash Equivalent	A+B+C	(50,154)	330,331
Cash/Cash Equivalents (Opening)		1,332,199	1,001,868
Cash/Cash Equivalents (Closing)		1,282,045	1,332,199

For & on behalf of the Board

Place : Kolkata

Dated the 13th June, 2007

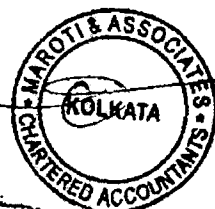
*Am Chakraborty*  
Director

### AUDITOR'S REPORT

We have examined the above Cash Flow Statement of MANGALAM INDUSTRIAL FINANCE LIMITED for the year ended 31st March , 2007 . The statements has been prepared by the Company in accordance with the requirements of listing agreements clause 32 with stock exchanges and is based on and in agreement with books and records of the Company and also the profit and loss account and Balance sheet of the Company covered by our report of even date to the members of the Company

For MAROTI & ASSOCIATES  
CHARTERED ACCOUNTANTS

*M. R. Maroti*  
(Proprietor)  
M.No.057073



Place : Kolkata

Dated the 27th August , 2007

*Certified to be True Copy*

MANGALAM INDUSTRIAL FINANCE LIMITED

*Topas Mondal*

**ANNEXURE REFERRED TO IN NOTE NO :-11 OF NOTES OF ACCOUNTS OF  
SCHEDULE " L " ANNEXED AS PER RESERVE BANK OF INDIA PRUDENTIAL NORMS**

**SCHEDULE TO THE BALANCE SHEET OF A NON BANKING FINANCIAL  
COMPANY AS ON 31.03.2007AS REQUIRED IN TERMS OF PARAGRAPH 13 OF A  
NON BANKING FINANCIAL ( NON DEPOSIT ACCEPTING OR HOLDING )  
COMPANIES PRUDENTIAL NORMS ( RESERVE BANK ) DIRECTIONS , 2007**

**PARTICULARS** **(RS IN LACS )**

**LIABILITIES SIDE**

<b>1</b> LOANS AND ADVANCES AVAILED BY THE NBFCs INCLUSIVE OF INTEREST ACCRUED THEREON BUT NOT PAID		<b><u>AMOUNT OUTSTANDING</u></b>	<b><u>AMOUNT OVERDUE</u></b>
<b>a</b>	<b>DEBENTURES</b>		
	• SECURED	NIL	NIL
	• UNSECURED ( OTHER THAN FALLING WITHIN THE MEANING OF PUBLIC DEPOSIT )	NIL	NIL
<b>b</b>	<b>DEFERRED CREDITS</b>	NIL	NIL
<b>c</b>	<b>TERM LOANS</b>	NIL	NIL
<b>d</b>	<b>INTER - CORPORATE LOANS AND BORROWINGS</b>	NIL	NIL
<b>e</b>	<b>COMMERCIAL PAPER</b>	NIL	NIL
<b>f</b>	<b>PUBLIC DEPOSIT</b>	NIL	NIL
<b>g</b>	<b>OTHER LOANS ( SPECIFY NATURE )</b>	NIL	NIL
	• please see note -1 below		

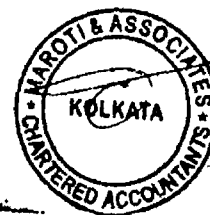
**ASSET SIDE**

<b>2</b> BREAK UP OF LOANS AND ADVANCES INCLUDING BILLS RECEIVABLES OTHER THAN THOSE INCLUDED IN ( 4 ) BELOW		<b><u>AMOUNT OUTSTANDING</u></b>
	• SECURED	NIL
	• UNSECURED	21.28

*Certified to be True Copy*

FOR THE BOARD OF DIRECTORS

*Topal Mandal*





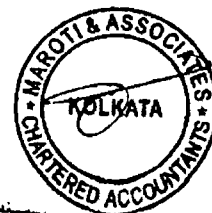
3

	BREAK UP OF LEASED ASSETS AND STOCK ON HIRE AND HYPOTHECATION LOANS COUNTING TOWARDS EL / HP ACTIVITIES	NIL	NIL
1	LEASE ASSETS INCLUDING LEASE RENTALS UNDER SUNDRY DEBTORS		
	• FINANCIAL LEASE		NIL
	• OPERATING LEASE		NIL
2	STOCK ON HIRE INCLUDING HIRE CHARGES UNDER SUNDRY DEBTORS		
	• ASSETS ON HIRE		NIL
	• REPOSSESSED ASSETS		NIL
3	HYPOTHECATION LOANS COUNTING TOWARDS EL / HP ACTIVITIES		NIL
	• LOANS WHERE ASSETS HAVE BEEN REPOSSESSED		NIL
	• LOANS OTHER THAN ABOVE		NIL

## BREAK UP OF INVESTMENTS

4

	• CURRENT INVESTMENTS ( STOCK IN TRADE )		
1	QUOTED		
	• SHARES		
	EQUITY		NIL
	PREFERENCE		NIL
	• DEBENTURES AND BONDS		NIL
	• UNITS OF MUTUAL FUNDS		NIL
	• GOVERNMENT SECURITIES		NIL
	• OTHERS		NIL
2	UNQUOTED		
	• SHARES		NIL
	EQUITY		NIL
	PREFERENCE		NIL
	• DEBENTURES AND BONDS		NIL
	• UNITS OF MUTUAL FUNDS		NIL
	• GOVERNMENT SECURITIES		NIL
	• OTHERS		NIL



*Certificate*  
For MANGALAM INDUSTRIAL FINANCE LTD.

*Topal Manoj*  
Director

	• LONG TERM INVESTMENTS		
1	QUOTED		
	• SHARES		
	EQUITY		0.06
	PREFERENCE		NIL
	• DEBENTURES AND BONDS		0.02
	• UNITS OF MUTUAL FUNDS		NIL
	• GOVERNMENT SECURITIES		NIL
	• OTHERS		NIL
2	UNQUOTED		
	• SHARES		
	EQUITY		1088.80
	PREFERENCE		NIL
	• DEBENTURES AND BONDS		NIL
	• UNITS OF MUTUAL FUNDS		NIL
	• GOVERNMENT SECURITIES		NIL
	• OTHERS		NIL

**BORROWER GROUP WISE CLASSIFICATION OF ALL LEASED ASSETS , STOCK ON HIRE AND LOANS AND ADVANCES**

5

CATEGORY			AMOUNT NET OF PROVISIONS		
1		RELATED PARTIES	SECURED	UNSECURED	TOTAL
	a	SUBSIDIARIES	NIL	NIL	NIL
	b	COMPANIES IN THE SAME GROUP	NIL	NIL	NIL
	c	OTHER RELATED PARTIES	NIL	NIL	NIL
2		OTHER THAN RELATED PARTIES	NIL	21.28	21.28
		TOTAL	NIL	21.28	21.28

6

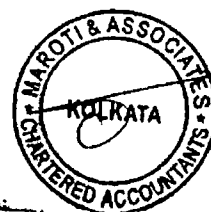
**INVESTOR GROUP WISE CLASSIFICATION OF ALL INVESTMENTS ( CURRENT AND LONG TERM ) IN SHARES AND SECURITIES ( BOTH QUOTED AND UNQUOTED )**  
( please see note 3 below ) \*\*\*

CATEGORY		MARKET VALUE /BREAK UP OF FAIR VALUE OR NAV	BOOK VALUE ( NET OF PROVISION )
1	RELATED PARTIES		
	a SUBSIDIARIES	NIL	NIL
	b COMPANIES IN THE SAME GROUP	NIL	NIL
	c OTHER RELATED PARTIES	NIL	NIL
2	OTHER THAN RELATED PARTIES	1087.62	1088.88
	TOTAL	1087.62	1088.88

\*\*\* As Per Accounting Standard of ICAI ( Please see note – 3 )

FOR MANGALAM INDUSTRIAL FINANCE LTD.

Topal Manoj  
Director

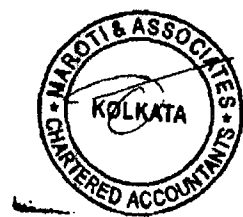


7.

OTHER INFORMATION		
	PARICULARS	AMOUNT
I)	GROSS NON- PERFORMING ASSETS	
A	RELATED PARTIES	NIL
B	OTHER THAN RELATED PARTIES	NIL
II)	NET NON- PERFORMING ASSETS	
A	RELATED PARTIES	NIL
B	OTHER THAN RELATED PARTIES	NIL
III)	ASSETS ACQUIRED IN SATISFACTION OF DEBTS	NIL
-		

#### NOTES

1. As defined in paragraph 2 (1) ( xii ) of the Non – Banking Financial Companies Acceptance Of Public Deposits ( Reserve Bank ) Directions , 1998 ..
2. Provisioning Norms shall be applicable as prescribed in Non – Banking Financial ( Non Deposit Accepting or Holding ) Companies Prudential Norms ( Reserve bank ) Direction , 2007
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of Investments and other assets as also assets acquired in satisfaction of debts . However , Market value in respect of quoted investment and break – up / fair value / NAV in respect on unquoted investment should be disclosed irrespective of whether they are classified as long term or current in ( 4 ) above .



For BANGALAM INDUSTRIES PVT. LTD.

Topas Mandal  
12/01/20