

**CUMI FINE MATERIALS LIMITED**

**ANNUAL REPORT 2009 – 2010**

**BOARD OF DIRECTORS**

K Srinivasan            Director  
P R Ravi                Director  
N Ananthaseshan      Director  
S Dhanvanth Kumar    Director

**AUDITORS**

P N NARAYANASWAMY & CO,  
Chartered Accountants,

**COMPANY SECRETARY**

K Vishnu Prasad

**REGISTERED OFFICE**

"Parry House",  
43, Moore Street,  
Chennai  
600 001.

**DIRECTORS' REPORT** for the financial year ended 31<sup>st</sup> March 2010

Your Directors have pleasure in presenting their Second Annual Report together with the audited accounts for the year ended 31<sup>st</sup> March 2010.

**OPERATIONS**

There were no operations during the financial year ended 31<sup>st</sup> March 2010. Hence no Dividend is recommended by the Directors.

**AUDITORS**

M/s P N Narayanaswamy & Co., Chartered Accountants and Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

**MISCELLANEOUS**

There were no particulars to be disclosed under Section 217(2A) of the Companies Act, 1956 in respect of the particulars of employees and under Section 217(2)(e) of the Companies Act, 1956 in respect of conservation of energy, technology absorption and research and development. There was no foreign exchange earnings and outgo during the year.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- in the preparation of the Profit & Loss Account for the financial year ended 31<sup>st</sup> March 2009 and the Balance Sheet as at that date ("financial statements") applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the financial statements have been prepared on a going concern basis.

**On behalf of the Board**

Chennai  
21.04.2010

s/d  
P R Ravi  
Director

s/d  
S Dhanvanth Kumar  
Director

**P.N. Narayanaswamy & Co.**  
**Chartered Accountants**

**P.N. Narayanaswamy, B.Com., F.C.A.,**  
**Mala Narayanaswamy, F.C.A., D.L.S.A**

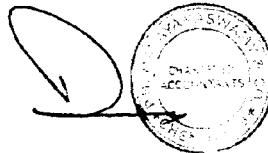
# 2, Ambadi Apartments, III Floor,  
First Cross Street, East Shenoy Nagar,  
Chennai - 600 030

PHONE : 2664 0421 / 2664 3083  
Cell : 99404 29463

E-Mail : pnn\_co@rediffmail.com / pnnmala@gmail.com

**Report of the Auditors' to the Members of CUMI FINE MATERIALS LIMITED**

1. We have audited the attached Balance Sheet of CUMI FINE MATERIALS LIMITED as at 31<sup>st</sup> March 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date. 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 the 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 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 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 paragraphs 4 and 5 of said Order in so far as they are applicable to the Company.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) 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 such books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report is in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report, comply with the Accounting Standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956;



- (v) On the basis of written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March 2010, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives 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 31<sup>st</sup> March, 2010;
  - ii. in the case of the Cash Flow Statement, of the cash flows for the period ended on that date;

Place : Chennai  
Date : 21.04.2010



For P. N. Narayanaswamy & Co.,  
Chartered Accountants, (FRN 005017 S)

P. N. Narayanaswamy  
(Partner) (M No. 020221)

**Annexure referred to in paragraph 3 of the Auditors' Report.**

The Company has not commenced business operations. Accordingly, in our opinion, the provisions of clauses 4(A)(i), 4(A)(ii), 4(A)(iv), 4(A)(v), 4(A)(vi), 4(A)(vii), 4(A)(viii), 4(A)(x), 4(A)(xi), 4(A)(xii), 4(A)(xiii), and 4(A)(xiv) of the said order are not presently applicable to the Company.

1. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

2. In respect of Statutory and other dues,
  - a. According to the information and explanations given to us, the Company does not have any dues to Provident Fund, Employees' State Insurance (ESI), Income Tax, Sales Tax, Service Tax, Cess and any other material statutory authorities during the period.
  - b. There are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance (ESI), Income Tax, Sales Tax, Service Tax, Cess, which are outstanding as on 31st March 2010 for a period of more than six months from the date they became payable.
  - c. There are no dues in respect of Sales Tax, Income Tax, Service Tax and Cess that have not been deposited with the Appropriate Authorities on account of any dispute.
3. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks and Financial Institutions during the period.
4. The Company has not availed any term loan during the period.
5. According to the information and explanations given to us and on 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.
6. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
7. The company has not issued any debentures during the period.
8. The company has not raised any money by public issue during the period.
9. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

Place : Chennai  
Date : 21.04.2010

For P. N. Narayanaswamy & Co.,  
Chartered Accountants, (FRN 005017 S)

P. N. Narayanaswamy  
(Partner) (M No. 020221)

**CUMI FINE MATERIALS LIMITED****Balance Sheet** as at 31st March 2010

(Rs.)

	Schedule	As at 31.03.2010	As at 31.03.2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	I	500,000	500,000
<b>Total</b>		<b>500,000</b>	<b>500,000</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
<b>Current Assets, Loans &amp; Advances</b>			
Cash & Bank Balances	II	88,116	100,246
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	III	6,000	-
<b>Net Current Assets</b>		<b>82,116</b>	<b>100,246</b>
<b>MISCELLANEOUS EXPENDITURE</b>			
( to the extent not written off)	IV	417,884	399,754
<b>Total</b>		<b>500,000</b>	<b>500,000</b>
<b>Significant Accounting Policies</b>	V		

The schedules referred to above form an integral part of the Balance Sheet

Per our Report of even date

**For P.N. Narayanaswamy & Co.**

Chartered Accountants

s/d

P R Ravi

Director

s/d

**P.N. Narayanaswamy**

Partner

M.No. 020221

Chennai

s/d

S Dhanvanth Kumar

Director

s/d

K Vishnu Prasad

Company Secretary

## **CUMI FINE MATERIALS LIMITED**

### **Statement of Preoperative Expenses**

Particulars	Schedule	For the period	For the year ended	Total as on
		19- Nov-08 to 31-Mar-09	31.03.2010	31.03.2010
		Amount Rs.	Amount Rs.	Amount Rs.
<b>Expenses:</b>				
Rates and Taxes		399,754		399,754
Auditor's Remuneration			6,000	6,000
Professional Fees			11,030	11,030
Bank Charges			1,100	1,100
		<b>399,754</b>	<b>18,130</b>	<b>417,884</b>

**Significant Accounting Policies  
Notes on Accounts**

VI

**The schedules referred to above form an integral part of the Financial statements**

Per our Report of even date

**For P.N. Narayanaswamy & Co.**  
Chartered Accountants

s/d  
P R Ravi  
Director

s/d  
**P.N. Narayanaswamy**  
Partner  
M.No. 020221

s/d  
S Dhanvanth Kumar  
Director

s/d  
K Vishnu Prasad  
Company Secretary

**CUMI FINE MATERIALS LTD.**

**Cash Flow Statement** for the year ended 31st March 2010

	For the year ended 31.03.2010		For the year period 19-Nov-08 to 31-Mar-09	
	Amount Rs.		Amount Rs.	
<b>A. Cash flow from operating activities</b>				
Net loss before tax		-		-
Adjustments for :				
Preliminary Expenses	(18,130)		(399,754)	
Increase in Trade payables	6,000		-	
		(12,130)	-	(399,754)
Cash generated from operations		(12,130)		(399,754)
<b>Net cash flow used in operating activities</b>		(12,130)		(399,754)
<b>B. Cash flow from investing activities</b>				
<b>Net cash used in investing activities</b>	-	-		-
<b>C. Cash flow from financing activities</b>				
Proceeds from Issuance of Share Capital	-		500,000	
<b>Net cash from financing activities</b>				500,000
<b>Net increase in cash and cash equivalents</b>		(12,130)		100,246
Cash and cash equivalents opening balance		100,246		-
Cash and cash equivalents closing balance		<b>88,116</b>		<b>100,246</b>
		(12130)		

Per our Report of even date

**For P.N. Narayanaswamy & Co.**  
Chartered Accountants

s/d  
P R Ravi  
Director

s/d  
**P.N. Narayanaswamy**  
Partner  
M.No. 020221  
Chennai

s/d  
S Dhanvanth Kumar  
Director

s/d  
K Vishnu Prasad  
Company Secretary

## **CUMI FINE MATERIALS LIMITED**

### **Schedules to the Balance sheet**

(Rs.)

#### **Schedule I**

##### **Share Capital**

*Authorised:*

50,00,000 equity shares of Rs. 10 each

*Issued, Subscribed and Paid up:*

50,000 equity shares of Rs. 10 each

All the above shares are held by Carborundum Universal Limited, the holding company and its nominees

<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>
50,000,000	50,000,000
500,000	500,000

#### **Schedule II**

##### **Cash and Bank Balances**

Balances with scheduled banks :

- Current account

<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>
88,116	100,246

#### **Schedule III**

##### **Current Liabilities & Provisions**

- Provision for Audit Fees

<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>
6,000	-

#### **Schedule IV**

##### **Miscellaneous Expenditure**

to the extent not written off

- Preliminary Expenses

<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>
417,884	399,754

# **CUMI FINE MATERIALS LIMITED**

## **Schedule VI**

### **Accounting Policies:**

#### **i. Accounting Convention**

The financial statements have been prepared under the historical cost convention and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said financial statements comply with the relevant provisions of the Companies Act, 1956 (the Act) and the Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006, as applicable.

#### **ii. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements.

### **Notes Forming Part of Accounts for the year ended 31<sup>st</sup> March 2010**

- i. The company was incorporated on 19<sup>th</sup> November 2008 and is yet to commence any commercial activity. Hence, there is no Profit and Loss Account for the period ended 31<sup>st</sup> March 2010.
- ii. Preliminary expenses represents the expenses incurred in connection with the incorporation of the Company and will be charged off to Profit and Loss Account on commencement of commercial activity.
- iii. Particulars in respect of installed capacity, production, consumption of raw materials and stores and spares have not been provided, as the company has not yet commenced commercial production.

Per our report of even date  
For P.N. Narayanaswamy & Co  
Chartered Accountants

s/d  
P R Ravi  
Director

s/d  
S Dhanvanth Kumar  
Director

s/d  
P.N. Narayanaswamy  
Partner  
Chennai,

s/d  
K Vishnu Prasad  
Company Secretary