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INDEPENDENT AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NITIN FIRE PROTECTION INDUSTRIES LIMITED

To the Board of Directors of Nitin Fire Protection Industries Limited

We have audited the accompanying consolidated financial statements of *Nitin Fire Protection Industries Limited* ("the Company") and its subsidiary company, (the Company and its subsidiary collectively referred to as "the Group") which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis of Qualified Opinion

(a)As more fully explained in note no. 37 to the notes to the consolidated financial statements, no provision has been made by the Company in respect of its dispute with a bank for a claim made by the bank for Rs. 50,133,481/- on a derivative contract entered into by its erstwhile subsidiary (now an associate), the liability for which has been taken over by the Company.. The Company has not determined the quantum of mark to market losses as of the balance sheet

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date on the above contract and have relied on a legal opinion in the matter wherein no liability is expected. Pending the final settlement of the matter, we are unable to quantify the extent of provision required, if any in this regard.

(b)As more fully explained in note no. 38 to the notes to the consolidated financial statements, provision of Rs. 450,000 has been made for penalty towards compounding of offence petitions filed for the alleged non-compliance of several provisions of the Act before Ministry of Finance, Department of Company Affairs. Based on legal opinion obtained, the Company expects maximum penalty of Rs. 450,000 on disposal of its petitions. Pending disposal of petition, we are unable to quantify the extent of additional provision required, if any, in this regard.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", Accounting Standard (AS)23, " Accounting for investments in Associates in Consolidated Financial Statements" and Accounting standard (AS) 27, "Financial Reporting of Interest in Joint Ventures",as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Nitin Fire Protection Industries Limited and its subsidiary.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of ₹ 3,044,689,282 as at March 31, 2013, total revenues of ₹ 3,415,171,886 and net cash inflow amounting to ₹ 5,050,752 for the year then ended. We also did not audit the financial statements of an associate in which the share of loss of the group is ₹ 43,598,190 are also included in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the reports of the other auditors.



We have relied on the unaudited financial statements of a subsidiary, which reflect total assets of ₹ 421,203,575 as at March 31, 2013, total revenues of ₹ 320,622,194 and net cash outflows amounting to ₹ 1,068,822 for the year then ended. The unaudited financial statements as approved by the respective Board of Directors of the company have been furnished to us by the Management and our opinion in so far as it relates to the amounts included in respect of the subsidiaries is based solely on such approved unaudited financial statements.

For Haribhakti & Co.
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Sumant Sakhardande
Partner
Membership No. 034828

Mumbai: May 23, 2013