

**Shankarlal Jain And Associates****Chartered Accountants**

12, Engineer Building, 265, Princess Street, Mumbai - 400 002. ■ E-mail : sjain@mtnl.net.in

Tel. : 2203 6623, 2206 5739 ■ Fax : 91-22-2208 6269

**AUDITORS' REPORT****TO THE MEMBERS OF Shree Salasar Investments Ltd.**

We have audited the attached Balance Sheet of Shree Salasar Investments Ltd., as at 31st March, 2008, the Profit and Loss Account and 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 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 the said Order.

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 those;
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of;
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

Contd....2/-



Branch Office : Shopper's Point, 5th Floor, H. B. Road, Fancy Bazar, Guwahati - 781 001,

Contact Partner : Bineet Bagaria, B. Com., F.C.A. ■ Tel. : 0361-2600471 ■ Mobile : 091

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- v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts subject to note No.4 in respect of certain shares not held by the company and non-provision of fall in market value of investments of Rs.1254941/- and read together with other notes thereon given in schedule '7' gives the information required by the Companies Act, 1956, in the matter so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008; and
  - in case of the Profit and Loss Account, of the profit for the year ended on that date.
  - in case of the Cash Flow Statement, of the cash flow for the year ended on that date

For SHANKARLAL JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS



  
S.L. Agrawal  
PARTNER  
M NO 72184

Place : Mumbai

Date : 5/07/2008

**ANNEXURE "A" TO THE AUDITORS' REPORT**

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of **SHREE SALASAR INVESTMENTS LTD.** On the financial statements for the year ended 31<sup>st</sup> March 2008)

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that fixed assets were verified by the management at the end of the year and no material discrepancy was noticed on such verification by the management. No assets have been disposed off during the year.
2. The company has granted unsecured loans of Rs 104750/- to a company listed in the register maintained under section 301 of the Companies Act, 1956. The company is paying the principal amount and the interest as stipulated. In our opinion terms and conditions on which loan has been granted are not prima facie prejudicial to the interest of the company. The company has not taken any loan from parties listed in the register maintained under section 301 of the Companies Act, 1956.
3. 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 securities and for the sale of securities.
4. The company has transactions in pursuance of contracts or arrangements duly entered in the register maintained under section 301 of the Companies Act, 1956 in respect of each party have been made. In our opinion these transactions have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
5. The company has not accepted deposit from public.
6. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales Tax, Service tax, Customs duty and Excise duty were outstanding, as at 31<sup>st</sup> March, 2008 for a period of six months from the date they became payable. Income Tax demand of Rs.479368/- plus interest thereon has been disputed by the company and appeal is pending.
7. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debenture and other securities. Hence, there is no need to maintain the records regarding security of loans.

