

# Auditors' Report

## TO THE MEMBERS

1. We have audited the attached Balance Sheet of Manaksia Limited as at 31st March' 2008 and the relative Profit & Loss account and Cash Flow Statement of the company for the year ended on that date annexed there to, all of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit
2. We conducted our audit in accordance with auditing standards generally accepted in India. These 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 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 presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that
  - a. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. 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 books.
  - c. The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account;
  - d. In our opinion, the Profit & Loss Account, Balance Sheet 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;
  - e. On the basis of written representation received from the Directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2008 from being appointed as director in terms of clause (g) of Section 274(I) of the Companies Act, 1956;
  - f. Sales include inter-divisional sales amounting Rs.6821.55 lacs. However the same does not have any impact on the profit of the company for the year.
  - g. In our opinion and to the best of our knowledge and according to the explanations given to us, the said accounts read together with notes thereon attached thereto, give subject to our observations in para 5(f) of this report the information required by the Companies Act, 1956 in the manner so required and present a true and fair view;
    - i. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2008; and
    - ii. In the case of the Profit & Loss Account, of the Profit for the year ended on that date.
    - iii. In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For SRB & Associates  
Chartered Accountants

Place : Kolkata  
Date : 28th June 2008

S. Patra  
Partner  
Member Ship No.: 056121

# Annexure to Auditors' Report

Referred to in Paragraph 3 of our report of even date

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1. In respect of its fixed assets:  
The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - a. As explained to us, the management has physically verified the fixed assets in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - b. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
  - a. As explained to us, the management has physically verified the inventories at regular intervals during the year. In our opinion the frequency of the verification is reasonable.
  - b. In our opinion and according to the information and explanations given to us, the procedures 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. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - a. The company has granted unsecured loans amounting to Rs. 61.83 lacs to two companies covered in the register maintained under Section 301 of the Companies Act, 1956.
  - b. In our opinion and according to the information and explanations given to us, the rate of interest wherever applicable and other terms and conditions of unsecured loans given by the Company are not prejudicial to the interest of the company.
  - c. In respect of loans given by the Company the principal along with interest is repayable on demand.
  - d. Demand for repayment has not been raised by the Company, hence the question of overdue does not arise.
  - e. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties listed in the register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii) (f) and (g) of the Order are not applicable.
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 for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered and the transactions have been made at prices which are reasonable with regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public during the year. Therefore the provision of clause (vi) of the companies (auditor's report) order 2003 are not applicable.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government Under Section 209(1) (d) of the Companies Act has not prescribed the maintenance of cost record, 1956 for its products.
9. In respect of Statutory dues:
  - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues to the extent applicable have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2008 for a period of more than six months from the date of becoming payable.
  - b. The disputed Statutory dues aggregating to Rs 2631.77 Lacs, that have not been deposited on account of matters pending before appropriate authorities are as under:

# Annexure to Auditors' Report

Referred to in Paragraph 3 of our report of even date

Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount (Rs. in lacs)
Central Excise Act, 1944	Excise Duty	Hon'ble High Court, Kolkata	99.32
		CESTAT	34.09
		Commissioner, Central Excise	1543.95
		Addl. Commissioner, Central Excise	15.33
		Joint Commissioner, Central Excise	63.58
		Asst. Deputy Commissioner, Central Excise	74.85
		Appellate commissioner	1.83
		Superintendent, Central Excise	0.19
		D.G., Central Excise	404.26
Central Sales Tax Act and Sales Tax Act of various States	Sales Tax	Deputy Commissioner (Appeals)	136.70
Income Tax Act, 1961	Income Tax Demand	C.I.T (Appeals)	100.56
Municipal Act, West Bengal	Municipal Tax	Haldia Municipality West Bengal	110.69
Customs Act, 1962	Customs Duty & Interest	Commissioner of Customs	46.42

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceeding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company 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, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company has maintained proper records of transactions and contracts in respect of trading in securities, mutual fund debentures and other investments and timely entries have been made therein. All shares, debentures mutual fund and other investments have been held by the Company in its own name.
15. The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima-facie prejudicial to the interests of the Company.
16. To the best of our knowledge and belief and according to the information and explanation given to us term loans obtained were applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilized funds raised on short-term basis for long-term investments and vice-versa.
18. The Company has not made any preferential allotment of share to parties and companies covered in the register maintained under section 301 of Companies Act 1956.
19. According to the information and explanation given to us the Company has not issued any secured debentures during the year under audit.
20. The management has disclosed the end use of money raised by public issue and the same has been verified by us.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For SRB & Associates  
Chartered Accountants

Place : Kolkata  
Date : 28th June 2008

S. Patra  
Partner  
Member Ship No.: 056121