

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF  
SWAGTAM TRADING & SERVICES LTD**

**Report on the Financial Statements**

1. We have audited the attached Balance Sheet of Swagtam Trading & Services Ltd as at 31st March, 2014 and the related Profit and Loss Statement and cash flow statement for the period ended on that date and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 fair presentation of the financial statements 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 financial statements.

**Basis of Qualified Opinion**

5.
  - i) *Non provision of diminution in the value of investment, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (refer note 1.5 of notes to the financial statements).*
  - ii) *Non recognition of interest income on entire advances (refer note 2.19 of notes to the financial statements).*

**Qualified Opinion**

6. 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 of Qualified Opinion paragraph*, the accompanying 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:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
  - (b) In the case of the Profit and Loss Statement, of the profit for the period of twelve months ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

7. The Manufacturing and Other Companies (Auditors' Report) Order, has been superseded by CARO Companies (Auditors' Report) Order 2003, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act we report that:
- a) 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.
  - 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, Profit & Loss Statement and cash flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, these accounts have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e) On the basis of written representations received from the Directors as on 31st March, 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act; 1956.

**For GHOSH KHANNA & CO.**  
Firm Registration No.-003366N  
*Chartered Accountants*

**(Ashish Ghosh)**  
Partner  
Membership No.-081732

**PLACE:** NEW DELHI  
**DATED :** 26.05.2014

### ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 7 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. The company does not have any fixed assets.
2. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
3. 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.
4. The inventory consists of shares and we have verified the shares held by Company from the D Mat statement shown to us and found the same in agreement with the books of accounts. No discrepancy is found in examining the said D Mat statement.
5. On the basis of our examination of the record of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book record were not material.
6. The company has taken loans/advances, secured or unsecured from 3 companies amounting to Rs. 7.99 lacs covered in the register maintained under section 301 of the Companies Act, 1956.
7. The company has not granted loans/advances, secured or unsecured to any company/firm covered in the register maintained under section 301 of the Companies Act, 1956.
8. The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest. The parties have repaid the principal amount as stipulated and have been regular in the payment of interest.
9. 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 purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
10. In our opinion and according to the information and explanations given to us the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 189 and exceeding the value of Five Lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
11. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public except the inter-corporate loans. The provisions of Sections 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the company. No order has been passed by the National Company Law Tribunal.
12. The provisions relating to comment on internal audit system are not applicable to your company.
13. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the company.
14. According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including income-tax, wealth-tax, cess and other statutory dues applicable to it and no such statutory dues were outstanding as at 31.03.2014 for a period of more than six months from the date they became payable.
15. According to the records of the company, there are no dues of sales tax, income tax, customs tax. Wealth tax, excise duty, cess, which have not been deposited on account of any dispute.

## SWAGTAM TRADING & SERVICES LIMITED

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16. The company does not have accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and the company has also not incurred cash losses immediately preceding financial year.
17. The Company has neither accepted any loans from financial institution / bank nor issued any debentures.
18. Based on our examination of documents and records, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
19. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts and timely entries have been made in those records in respect of shares, securities, and other investments dealt in and traded by the company. We also report that the company has held the shares, securities, and other securities in its own name.
20. The company has not given any guarantee for loans taken by others from bank or financial institutions.
21. The company has not taken any term loan.
22. 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.
23. During the period covered by our audit report, the company has not issued any debentures.
24. During the year the company has not raised any money from public issues.
25. Based upon the audit procedures performed and information and explanations 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.
26. The Company has applied to Reserve Bank of India for registration vide application dated 28.6.1997 but the application was rejected by RBI vide letter DNBS.ND.No.5768/Rej (S-883)/1999-2000 dtd. 10.06.2000.
27. All other provisions of the Order are not applicable to the company

**For GHOSH KHANNA & CO.**  
Firm Registration No.-003366N  
Chartered Accountants

**(Ashish Ghosh)**  
Partner  
Membership No.-081732

**PLACE:** NEW DELHI  
**DATED :** 26.05.2014