



## AUDITORS' REPORT

The Members  
Ludhiana Stock Exchange Limited

1. We have audited the attached Balance Sheet of Ludhiana Stock Exchange Limited as at 31<sup>st</sup> March 2009 and also the Profit and loss Account for the year ended on that date annexed thereto. These Financial statements are 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 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 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 enclosed in the annexure a statement on the matters specified in paragraphs 4 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 explanations, 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 and loss account dealt with by this report are in agreement with the books of accounts,
  - d. In our opinion, the financial statement dealt with by the report comply with accounting standards referred to in sub section 3C of section 211 of the Companies Act, 1956.
  - e. On the basis of written representations received from the Directors as on 31<sup>st</sup> March 2009, 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, 2009 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - f. In our opinion and to best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 and in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India.
    - i) In the case of Balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2009 and
    - ii) In case of Profit and loss account, of the profit for the year ended on that date.

For S.C. VASUDEVA & CO.  
Chartered Accountants

Place : Ludhiana  
Date : 25-08-2009

(SANJIV MOHAN)  
PARTNER  
M. No. 86066



## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 3)

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year. The discrepancies noticed on such physical verification have been properly dealt in the books of account. In our opinion the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and nature of its business.
  - c) According to information and explanations given to us, the company has not disposed off substantial part of its fixed assets during the year and the going concern status of the company is not affected.
- ii) a) According to the information and explanations given to us, inventory of stationery has been physically verified by the management at the close of the year.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory of stationery followed by the management as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) The company is maintaining proper records of inventory. As explained to us, no discrepancies were noticed on physical verification between physical stocks and book records.
- iii) a) According to the information and explanations given to us, the company has not granted secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956
  - b) According to the information and explanations given to us, the company has not taken secured or unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for receipt of listing fee from companies, membership fee and purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements nor any transaction in pursuance thereof which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- vi) According to the information and explanations given to us, the company has not accepted deposits from public during the year covered under the provisions of section 58A or 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies(Acceptance of Deposits) Rules, 1975.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) The provisions of clause 4(viii) of the above said order are not applicable to the company.
- ix) (a) According to the records of the company, undisputed statutory dues including Provident Fund, Income tax, Service tax and other statutory dues applicable to the company, if any, have been regularly deposited with appropriate authorities and according to information and explanations given to us, no undisputed amounts payable in respect of aforesaid statutory dues were in arrears as at 31<sup>st</sup> March 2009 for a period of more than six months from the date they became payable.
  - (b) According to the records of the company, the details of disputed statutory dues amounting to Rs.72,26,165 that have not been deposited on account of matter pending before the appellate authorities in respect of income tax is given below:-



Name of Act	Nature of Dues	Disputed Amount	Forum where dispute is pending
Income Tax Act 1961	Income Tax	72,26,165	CIT (Appeals)

There are no disputed dues in respect of sales tax, service tax, custom duty, wealth tax, Excise duty and cess.

- (x) The accumulated losses at the end of financial year are less than fifty percent of the net-worth of the company. The company has not incurred cash losses during the financial year covered under audit and in the immediately preceding financial year.
- (xi) The provisions of clause 4 (xi) of the above said order are not applicable to the Company.
- (xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the order are not applicable to the company.
- (xiii) The company deals in the promotion of trade in stock and shares, therefore the provisions of clause 4(xiii) of the above said order are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company has not dealt or traded in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the above said order are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank and financial institutions. Accordingly, the provisions of paragraph 4(xv) of the order are not applicable to the company.
- xvi) In our opinion and according to the information and explanations given to us, the company has not taken term loans during the year, the provisions of clause 4(xvi) of the above said order are not applicable to the company.
- xvii) According to information and explanations given to us and on an overall examination of the balance sheet, the company has not raised short-term funds during the year, therefore the provisions of clause 4 (xvii) of the above said order are not applicable to the company.
- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956
- xix) According to information and explanations given to us, the company has not issued debentures during the year. Accordingly, the provisions of clause 4 (xix) of the order are not applicable to the company.
- xx) According to information and explanations given to us, the company has not raised any money by way of public issue during the year. Accordingly the provisions of clause 4 (xx) of the above said order are not applicable to the company.
- xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For S.C. VASUDEVA & CO.  
Chartered Accountants

Place : Ludhiana

Date : 25-08-2009

(SANJIV MOHAN)  
PARTNER  
M. No. 86066