

**AUDITORS' REPORT****TO THE MEMBERS OF GANON TRADING & FINANCE COMPANY LIMITED**

We have audited the attached Balance Sheet of GANON TRADING & FINANCE COMPANY LIMITED as at 31st March, 2008, and also the Profit and Loss Account and the 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.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Department of Company Affairs, in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 & 5 of the said Order.
2. Further to our comments on the Annexure referred to in paragraph 1 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 the books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement comply with the Accounting Standards referred in subsection (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of the written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st 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.

# **K Khadaria & Co**

Chartered Accountants

A-1, HILLVIEW APARTMENTS,  
J. P. ROAD, NR. NAVRANG CINEMA,  
ANDHERI (W), MUMBAI - 400 058.  
TEL. : 2624 11 65 / 2671 9097/98  
TELE FAX : 2624 11 74

- f) In our opinion and to the best of our information and according to explanations given to us, the said accounts, read together with the notes thereon give the information required by the Companies Act, 1956, 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 the Balance Sheet, of the state of affairs of the Company as at 31st March 2008;
- ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For K K KHADARIA & CO  
CHARTERED ACCOUNTANTS**



**AJAY DAGA  
PARTNER  
M.NO.44162**

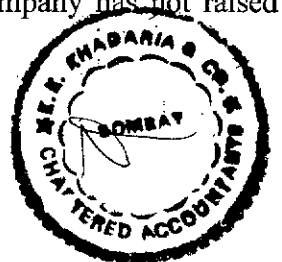
**PLACE : MUMBAI  
DATED : 18<sup>th</sup> August, 2008**

**ANNEXURE referred to in paragraph (1) of our Report of even date on the Accounts for the year ended on 31st March, 2008 of GANON TRADING & FINANCE COMPANY LIMITED.**

1. The Company does not have any fixed assets and hence the question of maintaining records, physical verification & disposal of the same does not arise.
2. a. Shares in custody of the Company have been physically verified by the management at reasonable intervals. For shares held with the custodian and depository participant, statement from them have been obtained on a regular basis.  
  
b. In our opinion, the procedures of verification of inventory 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 is maintaining proper records of inventory. No discrepancies have been noticed on reconciliation of physical inventories & with the custodian and depository participant as compared to the book records.
3. (a) The Company has, during the year, not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained u/s.301 of the Companies Act, 1956. Accordingly, the clause 4(iii)(b) to (d) of the Order are not applicable.  
  
(e) The Company has taken interest free unsecured loan from a party covered in the register maintained u/s.301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.500000/- & the year-end balance of loan taken from such party was Rs.50000/-.  
  
(f) In our opinion, the other terms and conditions are not prima facie prejudicial to the interest of the Company.  
  
(g) As there is no stipulation as to repayment of loan taken, we have no comments to offer on regularity of payment of principal amount..
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase & sale of shares (inventory). The Company does not provide any services. During the course of our audit, no major weaknesses have been observed in the internal control system.
5. a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in sec.301 of the Act have been so entered in the register required to be maintained under that section.



- b. In our opinion and according to the information and explanations given to us, there are no transaction in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act aggregating during the year to Rs.5,00,000/- or more in respect of any party.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits to which the provision of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.
7. The Company does not have formal system of internal audit, but there are adequate checks & controls at all levels.
8. Maintenance of cost records has not been prescribed by the Central Government u/s 209(1)(d) of the Act.
9. (a) In our opinion and according to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues with the appropriate authorities.
- (b) In our opinion and according to the information & explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.
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 preceding financial year.
11. In our opinion & according to the information & explanation given to us, the Company has not taken any loan from financial institutions or banks or through issue of debentures. Therefore, the question of repayment or default does not arise.
12. The Company has not granted any loans and advances 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.
14. In respect of Company's activity for dealing in shares, proper records have been maintained in regard to the transactions and contracts and timely entries have been made therein. The shares have been held by the Company in its own name.
15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The Company has not taken any term loan during the year & therefore provisions of Clause (xvi) of CARO,2003 is not applicable to the Company.
17. According to information & explanation given to us and on overall examination of Balance Sheet of the Company, we report that Company has not raised any short term loan during the year.



18. 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.
19. The Company has not issued any debentures during the year.
20. The Company has not made any public issue during the year.
21. According to the information and explanations given to us and to the best of our knowledge & belief, no fraud on or by the Company has been noticed or reported by the Company during the year.

**PLACE : MUMBAI**  
**DATED : 18<sup>th</sup> August, 2008**

**For K K KHADAPLA & CO**  
**CHARTERED ACCOUNTANTS**  
**AJAY DAGA**  
**PARTNER**  
**M.NO.44162**



GANON TRADING & FINANCE COMPANY LIMITED

BALANCE SHEET AS AT 31st MARCH, 2008

<u>SCHEDULES</u>	<u>AS AT</u> <u>31.03.2008</u>	<u>AS AT</u> <u>31.03.2007</u>
<b><u>SOURCES OF FUNDS</u></b>		
(AMOUNT IN RUPEES)		
1. <u>Shareholders' Funds</u>		
a. Share Capital	A      2490000	2490000
b. Reserves & Surplus	B      19895658	19022062
2. <u>Loan Funds</u>		
Unsecured Loans	C      50000	NIL
TOTAL	<u>22435658</u>	<u>21512062</u>
<b><u>APPLICATION OF FUNDS</u></b>		
1. Investments	D      21630589	18017914
2. <u>Current Assets,</u>		
<u>Loans and Advances</u>		
a. Inventories	E      495178	523810
b. Sundry Debtors	F      NIL	2052050
c. Cash & Bank Balances	G      35607	1611123
d. Loans & Advances	H      296481	272732
	<u>827266</u>	<u>4459715</u>
<u>Less: Current Liabilities</u>		
<u>&amp; Provisions</u>		
a. Current Liabilities	I      21993	18728
b. Provisions	J      205	946839
Net Current Assets	805069	3494148
TOTAL	<u>22435658</u>	<u>21512062</u>

**NOTES TO ACCOUNT**

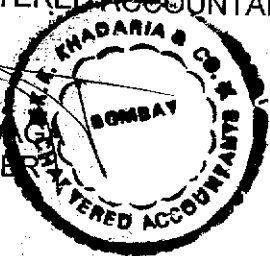
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The Schedules referred to above & Notes to Account form an integral part of the Balance Sheet.

As per our report of even date attached.

For K K KHADARIA & CO  
CHARTERED ACCOUNTANTS

AJAY D  
PARTNER



*(Signature)*

(GOPIKISHAN DAMANI) (RADHAKISHAN DAMANI)  
DIRECTORS

PLACE : MUMBAI

DATED : 18th August, 2008

GANON TRADING & FINANCE COMPANY LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

<u>INCOME</u>	<u>SCHEDULES</u>	FOR THE	FOR THE
		YR. ENDED 31.03.2008	YR. ENDED 31.03.2007
( AMOUNT IN RUPEES)			
Sales		NIL	2052050
Other Income	K	978733	7914088
Increase/(Decrease) in Stock	L	(28,631)	(302,530)
		<u>950102</u>	<u>9663608</u>
 <u>EXPENDITURE</u>			
Administrative & Other Exp.	M	58662	54459
		<u>58662</u>	<u>54459</u>
PROFIT BEFORE TAX & PRIOR YEAR ITEMS		891440	9609149
Prior Year Expenses		Nil	8265
PROFIT BEFORE TAX		891440	9600884
Provision for Tax			
- Current Tax		Nil	1032599
- MAT Credit Entitlement		Nil	(272,732)
- Deferred Tax		Nil	Nil
- Fringe Benefit Tax		205	71
- Tax paid for earlier year		17638	Nil
PROFIT AFTER TAX		873596	8840946
Balance Brought Forward			
From Previous Year		19022062	10181117
BALANCE CARRIED TO BALANCE SHEET		<u>19895658</u>	<u>19022062</u>
Basic & Diluted Earning Per Share (Rs.)		3.51	35.51
Nominal Value Per Share (Rs.)		10.00	10.00

NOTES TO ACCOUNT

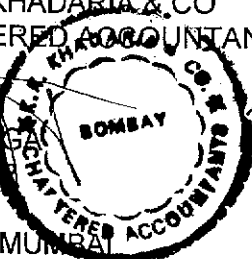
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As per our report of even date attached.

The Schedules referred to above & Notes to Account form an integral part of the Profit & Loss Account.

For K K KHADARIA & CO  
CHARTERED ACCOUNTANTS

AJAY D...  
PARTNER



PLACE : MUMBAI  
DATED : 18th August, 2008

*(Handwritten signatures)*  
(GOPIKISHAN DAMANI) (RADHAKISHAN DAMANI)

DIRECTORS

GANON TRADING & FINANCE COMPANY LIMITED

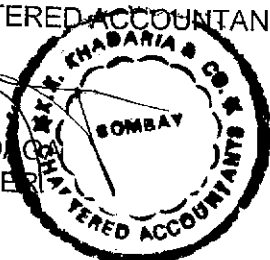
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008  
(Pursuant to Clause 32 of the  
Listing Agreement)

	FOR THE YR. ENDED 31.3.2008 <u>AMT.(Rs.)</u>	FOR THE YR. ENDED 31.3.2007 <u>AMT.(Rs.)</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
a) NET PROFIT / (LOSS) BEFORE TAX	891440	9600884
ADJUSTMENTS FOR:		
INTEREST	NIL	(276,658)
DIVIDEND	(978,733)	(1,187,600)
PROFIT ON SALE OF INVESTMENTS	NIL	(6,449,830)
<b>b) OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(87293)</b>	<b>1686796</b>
ADJUSTMENTS FOR:		
INVENTORIES	28,631	302,530
SUNDRY DEBTORS	2,052,050	(2,052,050)
LOANS & ADVANCES	NIL	(62,082)
TRADE PAYABLES	3,265	8,216
<b>c) CASH GENERATED FROM OPERATIONS</b>	<b>1,996,653</b>	<b>(116,590)</b>
DIRECT TAXES PAID	(988,155)	NIL
FRINGE BENEFIT TAX PAID	(71)	(415)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,008,427</b>	<b>(117,005)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
INTEREST RECEIVED	NIL	276658
DIVIDEND RECEIVED	978733	1187600
PURCHASE OF INVESTMENTS	(3,612,675)	(7,017,151)
SALE OF INVESTMENTS	NIL	7,210,099
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,633,942)</b>	<b>1,657,206</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
LOAN TAKEN	50,000	NIL
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>50,000</b>	<b>NIL</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,575,516)</b>	<b>1,540,201</b>
CASH AND CASH EQUIVALENTS AS AT 01.04.07 (OPENING BALANCE)	1611123	70922
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.08</b>	<b>35607</b>	<b>1611123</b>

As per our report of even  
date attached.

For K K KHADARIA & CO  
CHARTERED ACCOUNTANTS

AJAY D. KHADARIA  
PARTNER



*(Handwritten signature)*

(GOPIKISHAN DAMANI) (RADHAKISHAN DAMANI)  
DIRECTORS

PLACE : MUMBAI  
DATED : 18th August, 2008



ION TRADING & FINANCE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNT

<u>SCHEDULE A</u>	AS AT 31.03.2008 Amt.(Rs.)	AS AT 31.03.2007 Amt.(Rs.)
<u>NET WEALTH</u>		
<u>NET WEALTH</u>		
1000 Equity Shares Rs. 10/- each	2500000	2500000
<u>NET WEALTH, SUBSCRIBED &amp; PAID UP CAPITAL</u>		
1000 Equity Shares Rs.10/- each fully paid	2490000	2490000
	2490000	2490000
<u>SCHEDULE B</u>		
<u>RESERVES &amp; SURPLUS</u>		
Profit & Loss Account	19895658	19022062
	19895658	19022062
<u>SCHEDULE C</u>		
<u>SECURED LOANS</u>		
Loan from a Director	50000	NIL
	50000	NIL
<u>SCHEDULE D</u>		
<u>INVESTMENTS (Non Trade)</u>		
<u>Long Term Investments (Quoted)</u>		
860 (17000) Eq. Shares of Rs.10/- each Indian Oil Corporation Ltd.	10629826	7017151
100 (100) Eq. Shares of Rs.10/- each Wyeth Ltd.	6389	6389
1000 (19100) Eq. Shares of Rs.10/- each Nestle India Ltd.	9321863	9321863
1000 (5000) Eq. Shares of Rs.10/- each H.D.F.C. Bank Ltd.	357250	357250
1000 (19000) Eq. Shares of Rs.10/- each Henkel Spic Ltd.	439181	439181
1000 (14000) Eq. Shares of Re.1/- each Indian Hotels Co.Ltd.	610940	610940
1000 (3000) Eq. Shares of Rs.5/- each TV Today Network Ltd.	265140	265140
	21630589	18017914

Notes : i. Market Value - Rs.49008361/- (P.Y.Rs.32240580/-)  
ii. Figure in brackets pertain to previous year.



ION TRADING & FINANCE COMPANY LIMITED

	AS AT 31.03.2008 Amt.(Rs.)	AS AT 31.03.2007 Amt.(Rs.)
<b><u>SCHEDULE E</u></b>		
<b><u>INVENTORIES</u></b>		
Stock taken, valued and certified by the management)		
Stock In Trade	495178	523810
	<u>495178</u>	<u>523810</u>
<b><u>SCHEDULE F</u></b>		
<b><u>UNSECURED DEBTORS</u></b>		
(not secured, considered good)		
Due for less than six months	NIL	2052050
	<u>NIL</u>	<u>2052050</u>
<b><u>SCHEDULE G</u></b>		
<b><u>CASH &amp; BANK BALANCES</u></b>		
Cash on Hand	7209	9893
Balance in Current Account in Scheduled Banks	28398	1601231
	<u>35607</u>	<u>1611123</u>
<b><u>SCHEDULE H</u></b>		
<b><u>DEBITORS &amp; ADVANCES</u></b>		
Advance Tax (net of provision)	23749	Nil
AT Credit Entitlement	272732	272732
	<u>296481</u>	<u>272732</u>
<b><u>SCHEDULE I</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Unpaid Creditors		
Provision for Expenses	21993	18728
	<u>21993</u>	<u>18728</u>
<b><u>SCHEDULE J</u></b>		
<b><u>PROVISIONS</u></b>		
Provision for Income Tax ( net of tax paid)	NIL	946768
Provision for Fringe Benefit Tax	205	71
	<u>205</u>	<u>946839</u>



ION TRADING & FINANCE COMPANY LIMITED

FOR THE  
YEAR ENDED  
31.03.2008  
Amt.(Rs.)

FOR THE  
YEAR ENDED  
31.03.2007  
Amt.(Rs.)

SCHEDULE K

OTHER INCOME

Interest recd. (Gross) (TDS Rs.NIL, P.Yr. Rs.62082/-)		NIL	276658
Interest earned on			
Fixed Term Investments	857231	1010850	
Current Investments	121503	176750	
		<u>978733</u>	1187600
Profit on Sale of Investments			
Fixed Term	NIL	6449830	
Current	NIL	NIL	
		<u>NIL</u>	6449830
		<u>978733</u>	<u>7914088</u>

SCHEDULE L

INCREASE/(DECREASE) IN STOCK

Stock at Close		495178	523810
Less: Opening Stock		523810	826340
		<u>(28,631)</u>	<u>(302,530)</u>

SCHEDULE M

ADMINISTRATIVE & OTHER EXPENSES

Salary		NIL	8750
Printing Fees		10000	10000
Legal & Professional Fees		6742	1684
Share Transaction Charges		1772	4661
Directors' Remuneration :			
Audit		10000	7500
Reimbursement of Expenses (Service Tax)		1236	927
Printing & Stationery		2501	NIL
Postage Charges		1883	1883
Printing Fees		17000	215
Share Transaction Tax		4513	17785
Contingency		3015	1054
		<u>58662</u>	<u>54459</u>



GANON TRADING & FINANCE COMPANY LIMITED

SCHEDULE N : NOTES TO ACCOUNT

1. Summary of Significant Accounting Policies :-

- a. Accounts have been prepared on historical cost and accrual basis.
- b. Long term investments are stated at cost after deducting provision made for permanent diminution in the value, if any. Current investment are stated at lower of cost and fair market value.
- c. Stock of quoted shares is valued at lower of cost & market price and in the case of unquoted shares, the same is valued at lower of cost & break up value.
- d. Purchase & Sale of shares & other securities are accounted for on the basis of Bill dates received from the brokers.
- e. Income-tax expense comprises current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation.

2. The Company is engaged solely in investment activity segment and all activities of the Company revolve around this business. As such there are no other reportable segment as defined by Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.

3. Related Party Disclosures :

a) Related Parties with whom transactions have taken place during the year.

i) Key Management Personnel

Shri Radha Kishan Damani Director

ii) Enterprises over which Key Management Personnel are able to exercise Significant Influence:

Maheshwari Equity Brokers (P) Ltd.

b) Transaction with related parties during the year

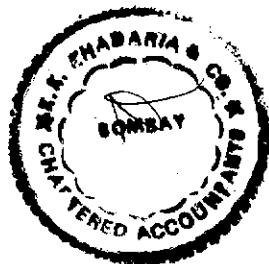
i) Key Management Personnel

Loan taken 500000  
(NIL)

Loan repaid 450000  
(NIL)

ii) Enterprises over which Key Management Personnel are able to exercise significant influence

Depository Charges 1883  
(1883)



GANON TRADING & FINANCE COMPANY LIMITED

c. Balance as on 31.3.08 is as under:

Nature of outstanding	<u>Key Management Personnel</u>
i) Loan Taken	50000 (NIL)
	<u>Enterprises over which Key Management Personnel are able to exercise Significant influence</u>
ii) Depository Charges	1883 (1883)

Note : Figure in brackets pertain to previous year.

4. <u>Earnings Per Share (EPS)</u>	<u>2007-2008</u>	<u>2006-2007</u>
a) Weighted Average Number of Equity Shares outstanding during the year	249000	249000
b) Net Profit after tax available for Equity Shareholders (Rs.)	873596	8840946
c) Basic and Diluted Earnings Per Share (Rs.)	3.51	35.51
d) Nominal Value Per Shares (Rs.)	10.00	10.00

The Company does not have any outstanding dilutive potential equity shares.

5. Information required under Para 3(ii) (b) of Part II of Schedule VI to the Companies Act, 1956 is as under:-

<u>SHARES</u>	<u>QTY(NOS.)</u>	<u>AMOUNT(RS.)</u>
Opening Stock	14916 (18,073)	523810 (826,340)
Purchases	NIL (NIL)	NIL (NIL)
Sales	NIL (3,157)	NIL (2,052,050)
Closing Stock	14916 (14,916)	495178 (523,810)

Notes : a. Figure in brackets pertain to Previous Year.

b. Statement pursuant to Part I of Schedule VI to the Companies Act, 1956 is given as per Annexure 'I'.

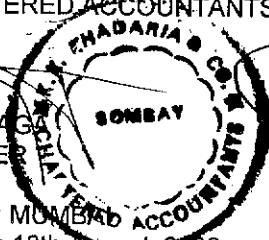
6. Previous Year's figures have been regrouped, rearranged, wherever necessary, so as to make them comparable with current year's figures.

7. Other information required under Part I and Part II of Schedule VI to the Companies Act, 1956 is either NIL or NOT APPLICABLE.

Signatures to Schedules "A" to "N"

For K K KHADARIA & CO  
CHARTERED ACCOUNTANTS

AJAY D  
PARTNER



(GOPIKISHAN DAMANI)(RADHAKISHAN DAMANI)  
DIRECTORS

PLACE : MUMBAI  
DATED : 18th August, 2008