

Auditor's Report

To The Member of IDHASOFT Limited.

We have audited the attached Balance Sheet of **IDHASOFT Limited** as at **31st March, 2008** and also 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. Incorporated in the said financial statements are the financials of Atlanta ó Georgia, US Branch, audited by another auditor.

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 amount 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We have relied on the audited financial statements of the Atlanta ó Georgia, US branch of the Company. These financial statements have been audited by another auditor, duly qualified to act as auditors in the country of incorporation of the branch, whose report has been furnished to us, and was relied upon by us for our opinion on the financial statements of the Company.

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 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 purposes of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The financial statements received from the offices and branches of the Company have been found adequate for the purposes of our audit;

- (iv) The Balance Sheet and Profit and Loss Account and Cash Flow dealt with by this report are in agreement with books of accounts;
- (v) The report on the accounts of the Atlanta ó Georgia, US branch, audited by another auditor, have been dealt with in preparing our report in the manner considered necessary by us;
- (vi) In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of the section 211 of the Companies Act, 1956; to extent these are applicable to Indian operations.
- (vii) 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;
- (viii) In our opinion and to the best of our information and according to the explanations given to us, and on consideration of the report by US Branch Auditor, the said accounts together with notes thereon, give information required by the Companies At, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2008; and
 - (ii) in the case of the Profit and 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 of the Company for the year ended on that date.

Dated:
Place: Navi Mumbai.

For **M/s. E. A. Patil & Associates.**
Chartered Accountants

Partner

Annexure referred to in paragraph 3 of the report of even date of the Auditors to the Members of IDAHSOFT Limited on the Accounts for the year ended 31st March 2008

- (i) (a) The company is maintaining fixed asset register showing full particulars, including quantitative details and situation of fixed assets;

(b) The management has physically verified the fixed assets.

(c) The Company has not disposed off any of its fixed assets during the year.
- (ii) The company is a service company, primarily rendering information technology services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) (a) The company has taken interest free unsecured loans of Rs.873,999 (P.Y. Rs.16,25,284) from directors.

(b) The company has taken reasonable steps for the payment of outstanding unsecured loans.
- (iv) There is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for the sale of services. We have not observed any major weakness in the internal control system during the course of audit.
- (v) The company has entered into any transaction that need to be entered into a register in pursuance of Section 301 of the Act have been so entered;
- (vi) The company has not accepted deposits from public.
- (vii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- (viii) (a) The company is observed to be regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax , Cess.

(b) As informed by the Management, there are no amounts that have remained unpaid on account of sales tax/custom tax/wealth tax/excise duty/Cess due to any dispute with the authorities concerned.
- (ix) The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (x) The company has not granted any loans or the advances on the basis of any security by way of pledge of shares, debentures and other securities.

- (xi) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xii) The company did not have any term loans outstanding during the year.
- (xiii) The company has not raised any funds on short-term basis.
- (xiv) The company has made preferential allotment of 111109 equity shares (Previous year Nil) to the Mr. Deepak Poddar, Ms. Rashmi Poddar and Mr. Rohit Poddar covered in the Register maintained under section 301 of the Act.
- (xv) No fraud on or by the company has been noticed or reported during the year.
- (xvi) In our opinion, other caluses of paragraph 4 to Companies (Auditorø Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, are not applicable to the Company hence not commented upon.

Place: Navi Mumbai.
Dated:

**For M/s. E. A. Patil & Associates.
Chartered Accountants**

Partner