

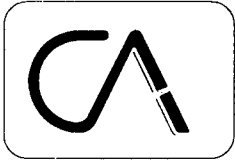
AUDITORS' REPORT

To

The Members,
Arteries Insurance Broking Limited,

1. We have audited the attached Balance Sheet of **ARTERIES INSURANCE BROKING LIMITED**, as at 31st March 2011 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.
2. 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.
3. As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government of India in terms of Section 227 (4 A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to 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, the company has kept proper books of account, as required by law so far as appears from our examination of those books.

Contd....2



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- c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report is in agreement with the books of account.
- d) In our opinion, the Balance Sheet, the Profit and Loss account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in Sub-Section (3C) of Section 211 of Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of Companies Act 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and 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 the 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, 2011;
 - ii) in the case of the Profit and Loss of the LOSS of the company for the period ended on that date;
 - iii) in the case of the Cash Flow statement, of the Cash Flows for the period ended on that date.

Place: Cochin
Date: 22. 08. 2011

For V. VENUGOPALAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGISTRATION No: 010739 S

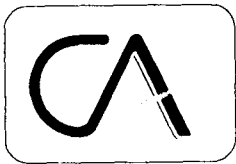

SHASHI WARRIER, B.Com; FCA (M.No: 203633)
PARTNER



ANNEXURE TO THE REPORT OF THE AUDITOR TO THE MEMBERS OF
ARTERIES INSURANCE BROKING LIMITED ON THE ACCOUNTS FOR THE
YEAR ENDED MARCH 31, 2011

- i. a) The Company has maintained a register showing full particulars, including quantitative details and situation of fixed assets. .
- b) As informed to us, the company has carried out the physical verification of the fixed assets at reasonable intervals during the year and no material discrepancies were noted on such verification.
- c) As per the information and explanation given to us, the Company has disposed off office furniture/fixtures and such disposal are not substantial in relation to the total assets of the company and the going concern assumption is not affected.
- ii) a) The Company being an insurance broking company does not have any stock of inventories and hence sub-clause (b) and (c) is not applicable.
- iii) (a) The company had granted unsecured loan/advance to its group company (SSP Advisors Limited, since ceased to be a group company with effect from October 2010). The maximum amount outstanding during the period the group company relationship existed was Rs 4.37 lakhs (previous year Rs 0.84 lakhs).
- b) In our opinion and according to the information and explanation given to us, the rate of interest, wherever applicable, and other terms and conditions are prima facie, not prejudicial to the interest of the company
- c) As informed to us, the principal amount and the interest, if any, is repayable on demand and there is no repayment schedule
- d) In respect of the above loan/advance, since the same is repayable on demand, the question of overdue amount does not arise.
- e) The company had taken unsecured loans from the holding company (Keynote Capital Limited) covered in the register maintained under section 301 of the Companies Act. The balance outstanding as on March 31, 2010 is Rs 1.55 lakhs (previous year Rs 1.55 lakhs).

Contd.....2



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f) In our opinion and according to the information given to us, the rate of interest and other terms and conditions of such loan, are prima facie, not prejudicial to the interest of the company.

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 the purchase of inventory and fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems.

v) a) In our opinion and according to the information and explanations given to us, during the year under report, no transactions are made in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the Companies Act, 1956.

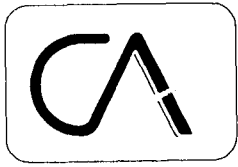
vi) The Company has not accepted any deposits from the public during the year within the meaning of sections 58A and 58AA or any other relevant provisions of the Act and the Rules framed there under.

vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and hence this clause is not applicable to the Company.

ix) a) According to the records of the company, undisputed material statutory dues including Provident Fund, Investor Education and Protection Fund, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise Duty, Cess, wherever applicable, have been generally regularly deposited with the appropriate authorities. As informed to us, there are no other undisputed dues outstanding as at March 31st, 2011 for a period of more than six months from the date they became payable.

Contd.....3.



b) According to the information and explanations given to us, there are no dues to sales tax/income tax/wealth tax/service tax/customs duty/excise duty that have not been deposited on account of any dispute.

x) The Company has been registered for a period of less than five years. The accumulated loss as at the end of the financial year is less than fifty per cent of its net worth. The Company has incurred cash losses in the financial year and also in the immediately preceding financial year.

xi. In our opinion and according to the information and explanation given to us, the company has not availed of any loans from financial institutions, banks or from debenture holders and hence there is no question of any default in the repayment of the dues to them.

xii In our opinion and according to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is not a chit fund/nidhi/mutual benefit fund/society and therefore the provision of clause (xiii) of paragraph 4 of the Order is not applicable to the Company.

xiv. In our opinion and according to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the clause (xiv) of the paragraph 4 of the Order is not applicable to the Company.

xv. As informed to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi. In our opinion and according to the information and explanation given to us, the Company has not availed of any term loan.

xvii) According to the information and explanations given to us, we are of the opinion that no funds raised during the year on short-term basis have been used for long-term investment.

xviii. As informed to us, no allotment of shares has been made during the year under report.

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V. VENUGOPALAN & ASSOCIATES
CHARTERED ACCOUNTANTS

“ 4 “

xix. The Company has not issued any debentures during the year under report.

xx. During the year under report, the Company has not raised any money by way of public issue

xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Date: 22. 08. 2011

Place: Cochin.

For V. VENUGOPALAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 010739 S

SHASHI WARRIAR, B.Com, FCA (M.No: 203633)
PARTNER

Head Office : Thrissur: "Aiswarya"
Kottil Valappil Lane, Adjacent to CPI Office, Kottappuram Road
Thrissur 680 004 Phone: 0487 2389071, 2389072, 3293588

Branch: Cochin: "Sreegovind"
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Fax :0487 2389073 E.mail: vvenugopal20@hotmail.com, venugopalv2005@yahoo.com
Partners' Cell: CA (Dr.) V. Venugopal 09447041270; CA Shashi Warriar 09447195943; CA Radhakrishnan P. 09447756168

ARTERIES INSURANCE BROKING LIMITED.

SIGNIFICANT ACCOUNTING POLICIES FOLLOWED AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.

Schedule – 7

SIGNIFICANT ACCOUNTING POLICIES FOLLOWED IN THE PREPARATION OF THE FINANCIAL STATEMENTS:

01. The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.
02. **Use of estimates:** The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of the contingent liabilities on the date of the financial statements and the reported amount of the income and expenditure for the year. Actual results could differ from these estimates. Any revision in the accounting estimates are recognized in the period in which the results are known/materialized.
03. **Revenue Recognition:** Revenue is recognized at the time of completion of the agreed services. The company has not yet started any commercial/revenue activities during the year.
04. **Inventories:** The Company, being an insurance broking company, does not have any inventories as at the year end.
05. **Fixed Assets and Intangible Assets:** The fixed assets are stated at cost less depreciation. Depreciation on fixed assets is provided at WDV rates as prescribed in Schedule XIV of the Companies Act, 1956. The company does not have any intangible assets as at the year end.
06. **Retirement benefits:** Since none of the employees of the Company have put in more than five years of continuous service with the Company, no employees are eligible for gratuity and hence no provision is made towards the same. As per the MOU with the group company, company contribution to provident fund and short term employee benefits is being reimbursed/recouped from the group company during the year. The company does not have a policy of paying leave encashment and hence no provision is made towards the same.
07. **Provisions and Contingent Liabilities/Assets:** Provision is made for all known liabilities existing as on the balance sheet date that probably requires an outflow of resources of the company and a reliable estimate can be made of the amount of obligation. Contingent liabilities are not provided for in the accounts but are disclosed separately in the Notes to the Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

08. **Impairment of Assets:** The Company assess at each balance sheet whether there is any indication of an asset being impaired. If such an indication exists and if the recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount.
09. **Accounting for Income Tax:** No provision is made towards income tax in the absence of profits/specified expenses. Deferred tax resulting from 'timing difference' between book profits and taxable profit is accounted for using the tax rate enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that the asset will be realized in future.
10. **Related Party Transactions** – (i) Recoupment/reimbursement of cost incurred by the Company to a group company M/s SSP Advisors Limited (ceased to be a group company with effect from October 2010) – Rs 15.19 lakhs; and (ii) loan received from the holding company M/s Keynote Capital, balance outstanding as at the year end Rs 1.55 Lakhs (previous year Rs 1.55 Lakhs)
11. **Earnings per share:**
- | | | |
|------|--|-----------|
| i) | Net Profit/(Loss) available for Equity Share holders
(Numerator used for calculation) | (456,775) |
| ii) | Average Number of Equity Shares used as
(Denominator for calculating EPS) | :500,000 |
| iii) | Basic Earning per Share. | :(Rs0.91) |
| iv) | Face value per share: | Rs.10 |

NOTES TO THE ACCOUNTS:

1. Previous years figures have been re-grouped/re-cast wherever necessary to suit current years' presentation.
2. As per the MOU entered into by the Company with a group company, M/s SSP Advisors Limited (ceased to be group company with effect from October 2010) the Company shall be entitled to recover by way of reimbursement the following expenses;
 - i) Salary & Allowances – Rs 14.05 lakhs;
 - ii) Depreciation – Rs 1.14 lakhs
3. Expenditure/earnings in Foreign currency:- Nil
4. Value of imported raw materials, stores and components consumed - NIL.
5. The details of other particulars required to be disclosed in Schedule VI are not applicable to the company.
6. Sundry Creditors, Debtors and Loans & Advances are subject to confirmation and reconciliation from the respective parties. Sundry creditors include Rs Nil being dues to Micro, Small and Medium Enterprises. The status about these enterprises is based on the available information with the Management.

ARTERIES INSURANCE BROKING LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Company Registration Details:

State Code:

Balance Sheet date: 31.03.2011

II Capital raised during the year (Amount rupees in Thousands)

Public Issue	Nil	Bonus Issue	Nil
Rights Issue	Nil	Private placement	Nil

III Position of Mobilization and deployment of Funds (Amounts rupees in Thousands)

Total Assets	<u>5,155.30</u>	Total Liabilities	<u>5,155.30</u>
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Source of Funds:

Paid up Capital	5,000.00
Application money	-
Reserve & Surplus	-
Secured Loans	-
Deferred tax liability	-
Unsecured Loans	155.30
	<u>5,155.30</u>

Application of Funds:

Net Fixed Asses	1,515.24
Investments	-
Net Current Assets	1,457.79
Deferred tax asset	594.27
Accumulated loss	1,588.00

5,155.30

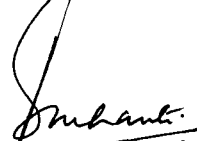
IV Performance of the company (Amount rupees in thousands)

Turnover	-
Total expenditure	<u>815.34</u>
Profit before tax	(815.34)
Less: Tax provision	<u>(358.57)</u>
Profit after tax	(456.78)
Earning per share - Rs	(0.91)
Dividend Rate %	Nil

V Generic Names of three principal products/services of the company

Item code No.	Nil
Product description	Insurance broking

Signatures to Schedules 1 to 7
For and on behalf of the Board


Vineet Suchanti
Director
Mumbai


Suraj Saraogi
Director

ARTERIES INSURANCE BROKING LIMITED
BALANCE SHEET AS AT MARCH 31st, 2011

PARTICULARS	SCH. No.	As at March 31, 2011		As at March 31, 2010	
		Rs	TOTAL Rs	Rs.	TOTAL Rs.
<u>SOURCE OF FUNDS:</u>					
1) SHAREHOLDERS FUND:	1				
SHARE CAPITAL		5,000,000		5,000,000	
			5,000,000		5,000,000
2) LOAN FUNDS:	2				
UNSECURED LOAN		155,300		155,300	
			155,300		155,300
TOTAL Rs.			5,155,300		5,155,300
<u>APPLICATION OF FUNDS:</u>					
1) FIXED ASSETS	3		1,515,242		2,427,395
2) DEFERRED TAX ASSET			594,267		235,698
3) CURRENT ASSETS, LOANS & ADVANCES:					
A) CURRENT ASSETS					
CASH & BANK BALANCES	4	39,835		39,835	
B) LOANS/ADVANCES & DEPOSITS	5	1,713,137		1,761,142	
			1,752,972		1,800,977
4) LESS: CURRENT LIABILITES & PROVISIONS:					
A) CURRENT LIABILITIES	6	295,183		439,997	
B) PROVISIONS		-		-	
		295,183		439,997	
NET CURRENT ASSETS			1,457,789		1,360,980
5) PROFIT & LOSS ACCOUNT			1,588,002		1,131,227
			5,155,300		5,155,300

In terms of our report of even date

For and on behalf of the Board

Shashi Warriar
Partner

Membership No. 203633

For and on behalf of

V. Venugopalan & Associates

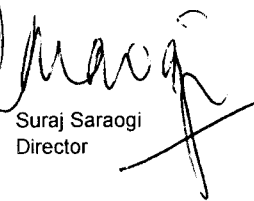
Chartered Accountants

Cochin

22.08.2011

For and on behalf of the Board


Vineet Suchanti
Director


Suraj Saraogi
Director

Mumbai. 22nd August 2011

ARTERIES INSURANCE BROKING LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

PARTICULARS	SCH. No.	Year ended March 31, 2011		Year ended March 31, 2010	
		Rs	TOTAL Rs	Rs.	TOTAL Rs.
INCOME					
INCOME FROM OPERATIONS		-		-	
OTHER INCOME		-		-	
			-		-
EXPENDITURE					
SALARY AND ALLOWANCES		-		-	
PROFESSIONAL CHARGES		50,337		50,864	
RATES AND TAXES		-		1,726	
OFFICE EXPENSES		-		1,000	
PRINTING AND STATIONERY		-		430	
LOSS ON SALE OF FIXED ASSETS		751,771		-	
AUDITORS REMUNERATION: FOR STATUTORY AUDIT		13,236		13,236	
			815,344		67,256
DEPRECIATION		114,382		515,228	
LESS: RECOUPED DURING THE YEAR		(114,382)	-	(515,228)	-
[See Note No. 2 of Schedule No. 6]			815,344		67,256
NET LOSS FOR THE YEAR BEFORE TAX			815,344		67,256
ADD: PROVISION FOR CURRENT TAX			-		-
LESS: PROVISION FOR DEFERRED TAX			(358,569)		(33,819)
NET LOSS AFTER TAX			456,775		33,437
ADD: LOSS BROUGHT FORWARD FROM LAST YEAR			1,131,227		1,097,790
NET LOSS BALANCE CARRIED TO BALANCE SHEET			1,588,002		1,131,227
EARNING PER SHARE - Basic and Diluted - Rs			(0.91)		0.07
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	7				

In terms of our report of even date

Shashi Warriar
Partner
Membership No. 203633
For and on behalf of
V. Venugopalan & Associates
Chartered Accountants
Cochin 22.08.2011

For and on behalf of the Board

Vineet Suchanti
Director

Suraj Saraogi
Director

ARTERIES INSURANCE BROKING LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011

PARTICULARS	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
<u>SCHEDULE - 01</u>		
<u>SHARE CAPITAL :</u>		
<u>AUTHORISED CAPITAL :</u>		
500,000 EQUITY SHARES OF Rs. 10/- EACH	5,000,000	5,000,000
	5,000,000	5,000,000
<u>ISSUED, SUBSCRIBED & PAID UP CAPITAL :</u>		
500,000 EQUITY SHARES OF Rs. 10/- EACH	5,000,000	5,000,000
	5,000,000	5,000,000
<u>SCHEDULE - 02</u>		
<u>UNSECURED LOAN: (From Group/Holding Company)</u>		
KEYNOTE CAPITAL LTD - Holding Company	155,300	155,300
	155,300	155,300
<u>SCHEDULE - 03</u>		
<u>FIXED ASSETS:</u>		
a) GROSS BLOCK	2,343,200	3,477,184
b) DEPRECIATION	827,958	1,049,789
c) NET BLOCK	1,515,242	2,427,395
	1,515,242	2,427,395
<u>SCHEDULE - 04</u>		
<u>CASH & BANK BALANCES:</u>		
CASH ON HAND	-	-
BALANCE WITH SCHEDULE BANK IN CURRENT A/c	39,835	39,835
	39,835	39,835
<u>SCHEDULE - 05</u>		
<u>LOANS/ADVANCES & DEPOSITS:</u>		
[Unsecured and Considered Good, Advances receivable in cash or in kind or for value to be received]		
ADVANCE TO GROUP COMPANY(ceased to be Group w.e.f Oct 10)	1,210,935	84,438
[Maximum amount outstanding at any time during the year Rs 12.11 lakhs]		
ADVANCE TO STAFF	-	10,804
RENT DEPOSIT	502,202	1,665,900
	1,713,137	1,761,142
<u>SCHEDULE - 06</u>		
<u>CURRENT LIABILITIES/PROVISIONS</u>		
<u>SUNDRY CREDITORS:</u>		
Dues to Micro, Small and Medium Enterprises;	-	-
Dues to Other Creditors	295,183	439,997
	295,183	439,997

Arteries insurance broking Ltd
Assets Schedule and Computation of Depreciation

Name of Assets	Opening Balance(A)	Additions@Cost(B)	Deletions(Cost)©	Closing Balance(Total @ CostA+B-C	Depreciations			WDV of Assets Sold/Deleted (A-D)	Amount realised on Sale/or being Scrapped(A-E)	Profit on being scrapped/Deleted	WDV on Balance Assets
					Current year	Accumulated till the date of Sale/deletion(D)	Accumulated till 31-3-2011 on existing Assets(E)				
TANGIBLE ASSETS											
Furniture and fixtures	2,842,664.00		1,012,369.00	1,830,295.00	53405	300,188.88	627,848	712,180.12	22,000.00	-690180	1,202,447.44
Sign board	4,200.00			4,200.00	528		1,812	-			2,388.31
Chairs	139,998.00			139,998.00	16,745		64,227	-			75,770.79
Electrical fixtures	461,991.00		121,615.00	340376	40,466	36,024.10	123,757	85,590.90	24,000.00	-61,591	216,619.12
AIB electrical door access system	20,000.00			20000	2,024		7,473				
AIB furniture and fixtures collapse gate	8,331.00			8,331	1,213		2,843				
	3,477,184.00		1,133,984.00	2,343,200.00	114,381.88	336,212.98	827,958.95	797,771.02	46,000.00	(751,770.71)	1,497,225.66