

Arihant Tournesol Limited

Annual Accounts

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Financial Year : 2006-2007

Audited By

R. B. Pandya & Co.,
Chartered Accountants,
308, Venkatesh Chambers,
Ghanshyam Talwatkar Marg, Fort,
Mumbai - 400 001.

Phone No. : 2207 0840 / 2207 6799

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CERTIFIED TRUE COPY

For ARIHANT TOURNESOL LTD.


DIRECTOR

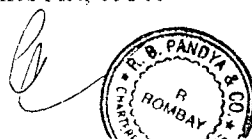
R.B. Pandya & Co.,
Chartered Accountants

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AUDITOR'S REPORT

To,
The Members of,
Arihant Tournesol Limited

1. We have audited the attached Balance Sheet of Arihant Tournesol Limited as at 31ST March, 2007 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. The 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 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 as amended by the Companies (Auditor's Report)(Amendment) Order 2004, hereinafter the "Order", issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give 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 :
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for purpose of our Audit ;
 - ii. In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books ;
 - iii. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Accounts ;
 - iv. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ;
 - v. On the basis of written representations received from directors and taken on record by the board of directors, we report that none of the directors is disqualified as on 31ST March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with and subject to the following :
 1. Non provision in the accounts for an amount of Rs.33.13 Lacs (Previous Year Rs.152.54 lacs) on account of claims filed against the company, not acknowledged as debts, the matter being under dispute (Refer Note On Accounts Point No. 8).
 2. The company doesn't have a whole time company secretary as required by Section 383A of the Companies Act, 1956.



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AUDITOR'S REPORT

3. Refer Notes On Accounts Point No.5 regarding non-confirmation of balances and Notes On Accounts Point No. 3 regarding non provision of Bank interest.

And other notes thereon give the information as 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 ;

- a. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2007 and
- b. in the case of Profit & Loss Account, of the Loss for the year ended on that date.

For R. B. Pandya & Co.,
Chartered Accountants

R. B. Pandya

Rajesh B. Pandya
Proprietor



Place : Mumbai

Date : 1st September, 2007

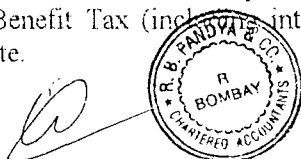
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**Annexure referred to in paragraph 3 of our report of even date on the Balance Sheet of
ARIHANT TOURNESOL LIMITED at 31st March, 2007 and Profit & Loss Account
for the year ended on that date**

- I. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- II. The company has no inventory during the year under the review and hence question of maintenance of proper records and physical verification of stocks does not arise.
- III. The company has not taken any loans secured / unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
The Company has paid an amount of Rs.229,370/- to a company covered under Section 301 of the Companies Act towards payment of its pending tax dues to the Income Tax Department.
- IV. In our opinion and according to the information and explanations given to us internal control procedures are adequate and commensurate with the size of the Company and nature of business with regard to cash transactions and cash management, plant and machinery, equipment and other assets.
- V. a) According to the information and explanations given to us, we are of the opinion that the transaction that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained Under section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- (Rupees Five Lacs only) or more in respect of any party.
- VI. The Company has not accepted any deposits from public.
- VII. In our opinion the internal audit system of the Company is commensurate with its size and nature of its business
- VIII. Since maintenance of cost records is not applicable to the Company under section 209(1)(d) of the Companies Act, 1956, clause 4 (viii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company
- IX. a) The Company does not have any liability towards employees during the year, under the Provident Fund Act and Employees State Insurance Act, hence the question of timely deposit of the Provident Fund dues and Employees State Insurance Scheme, does not arise.
- b) According to the information and explanation given to us, there are no undisputed amount payable in respect of income tax, wealth tax, customs duty, excise duty, cess, Service Tax and any other statutory dues as at 31st March, 2007 for a period of more than six months from the date they became payable except an amount of Rs.148/- towards Fringe Benefit Tax (including interest Rs.18) which was outstanding on the Balance Sheet date.



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Chartered Accountants

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**Annexure referred to in paragraph 3 of our report of even date on the Balance Sheet of
ARJANT Tournesol Limited at 31st March, 2007 and Profit & Loss Account
for the year ended on that date**

- X. In our opinion the accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceeding financial year.
- XI. The Company has defaulted in repayment of dues to the Bankers. (See Notes On Accounts Point No.3)
- XII. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company 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 or a nidhi / mutual benefit fund / society. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- XIV. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XV. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from bank or financial institutions.
- XVI. The Company has not raised any Term Loan during the Year.
- XVII. According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment by the Company.
- XVIII. 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.
- XIX. The Company has not issued any debentures during the year.
- XX. The Company has not raised any money by way of public issue during the year
- XXI. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For R. B. Pandya & Co.,
Chartered Accountants

R. B. Pandya

Rajesh B. Pandya
Proprietor



Place : Mumbai

Date : 1st September, 2007

R. B. Pandya & Co.,
Chartered Accountants

308, Venkatesh Chambers,
Prescot Road, Fort,
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Ph. No. : 2207 6799, 2207 0840

Arihant Tournesol Ltd.

Balance Sheet As At 31.03.2007

Particulars	Sch. No.	As On 31.03.2007 Amount (Rs.)	As On 31.03.2006 Amount (Rs.)
<u>Sources Of Funds</u>			
Share Capital	01	98,989,000.00	98,989,000.00
Reserves & Surplus	02	2,461,500.00	2,461,500.00
Deferred Tax Liability	03	1,960,965.00	2,244,800.00
Secured Loans	04	24,575,004.00	24,575,000.00
Unsecured Loans	05	29,804,537.18	26,140,100.00
TOTAL		157,791,006.18	154,410,500.00
<u>Application Of Funds</u>			
Fixed Assets	06	26,033,285.43	30,512,200.00
Investments	07	23,700.00	23,700.00
<u>Current Assets, Loans & Advances</u>			
Sundry Debtors	08	163,000.00	242,873.91
Cash & Bank Balance	09	445,826.00	329,125.93
Loans & Advances	10	5,281,545.91	1,956,297.00
		5,890,371.91	2,528,296.84
Less: Current Liabilities & Provisions	11	1,081,424.24	1,300,134.11
Net Current Assets		4,808,947.67	1,228,162.73
Profit And Loss Account		126,925,073.08	122,646,300.00
Total		157,791,006.18	154,410,500.00

Notes On Accounts 19

As Per Our Report On Even Date

For R.B. Pandya & Co.
Chartered Accountants

Rajesh B. Pandya
Proprietor
Mumbai, 1st September, 2007



For Arihant Tournesol Ltd.

A.K. Sethi
Director

Mumbai, 1st September, 2007

D.N. Jha
Director

R. B. Pandya & Co.,
Chartered Accountants

Arihant Tournesol Ltd.

Profit & Loss Account For The Period Ended 31st March, 2007

Particulars	Sch. No.	As On 31.03.2007 Amount (Rs.)	As On 31.03.2006 Amount (Rs.)
<u>Income</u>			
Other Income	12	1,081,180.45	635,435
TOTAL A		1,081,180.45	635,435
<u>Expenditure</u>			
Direct expenses	13	-	63,875
Personnel cost	14	618,250.00	989,545
Administrative Expenses	15	426,370.20	1,295,832
Selling & Distribution Exp.	16	-	133,672
Financial exp.	17	1,091,990.04	9,618
Other Expenses	18	555,030.50	
TOTAL B		2,691,640.74	2,492,545
Net Profit Before Dep. & Tax (A-B)		(1,610,460.29)	(1,857,111)
Less : Depreciation		2,951,966.00	2,938,474
Profit / (Loss) Before Tax		(4,562,426.29)	(4,795,585)
Less : Provision For Current Tax (incl.Fringe Benefit)		147.93	38,873
Less : Provision For Deferred Tax Liability		(283,887.00)	(364,700)
Profit / (Loss) After Tax		(4,278,687.22)	(4,469,759)
Add : Sundry Credit Balance W/Back		-	8,243,210
		(4,278,687.22)	3,773,451
Add : Balance B/F. from previous year		(122,646,385.86)	(126,419,837)
Balance C/f. to Balance Sheet		(126,925,073.08)	(122,646,385)
Earning Per Share		(0.043)	(0.0)

Notes On Accounts 19
For R.B. Pandya & Co.
Chartered Accountants

Rajesh B. Pandya
Proprietor

Mumbai, 1st September, 2007



For Arihant Tournesol Ltd.

AK. Sethi
Director

Mumbai, 1st September, 2007

D.N. Jha
Director

Arthant Tournesol Ltd.Schedules Annexed To And Forming Part Of The Balance Sheet As At 31st March, 2007Schedule : "1" : Share Capital

Particulars	Amount As On As On 31.03.2007	Amount As On As On 31.03.2006
Authorised		
1,00,00,000 Equity Shares of Rs. 10/- each	100,000,000.00	100,000,000.00
Issued		
99,50,000 Equity Shares of Rs. 10/- each	99,500,000.00	99,500,000.00
Subscribed		
98,99,500 Equity Shares of Rs. 10/- each	98,995,000.00	98,995,000.00
Paid - Up		
98,98,300 (Previous Year 98,98,300/-)		
Equity Shares of Rs. 10/- each	98,983,000.00	98,983,000.00
Add : 1200 Equity Shares (Previous Year 1,200)		
of Rs. 10 each Rs.5 paid up forfeited and not reissued.	6,000.00	6,000.00
Total	98,989,000.00	98,989,000.00

Schedule : "2" : Reserves & Surplus

Particulars	Amount As On As On 31.03.2007	Amount As On As On 31.03.2006
Capital Reserves	2,461,500.00	2,461,500.00
Total	2,461,500.00	2,461,500.00

Schedule : "3" : Deferred Tax Liability (Net)

Particulars	Amount As On As On 31.03.2007	Amount As On As On 31.03.2006
Deferred Tax Liability		
Tax effect of Timing differences on account of Fixed Assets (excess of net book over written down value as per the provisions of the Income Tax Act, 1961)	1,960,965.00	2,244,852.00
Deferred Tax Asset		
Tax effect of Timing differences on account of Disallowance under the Income Tax Act, 1961	-	-
Total	1,960,965.00	2,244,852.00

