

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 2010 Profit and Loss Account and Cash flow Statement 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, Profit and Loss Account and Cash Flow Statement dealt with by the report are in agreement with the Books of Accounts ;
 - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement 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 are disqualified as on 31ST March, 2010 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.33.13 lacs) on account of claims filed against the company, not acknowledged as debts, the matter being under dispute (Refer Notes On Accounts Point No.6).
 2. The company doesn't have a whole time company secretary as required by Section 383A of the Companies Act, 1956.



R.B. Pandya & Co.,
Chartered Accountants

308, Venkatesh Chambers,
Ghanshyam Talwatkar Marg,
Fort, Mumbai - 400 001.
Phone : 2207 0840 / 2207 6799

AUDITOR'S REPORT

3. Refer Notes on Accounts Point No.3 regarding non-confirmation of balances .

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, 2010 and
- b. in the case of Profit and Loss Account, of the Profit for the year ended on that date.
- c. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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


Rajesh B. Pandya
Proprietor



Place : Mumbai

Date : 1st September, 2010

**Annexure referred to in paragraph 3 of our report of even date on the Balance Sheet of
ARIHANT TOURNESOL LIMITED at 31st March, 2010 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 granted Advance of Rs.4,35,000/- to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum balance outstanding was Rs.55,50,000/- and the year end balance was Rs.4,35,000/-. (Previous year: 34,50,000/-)
In our opinion and according to the information and explanations given to us, the Advance is Interest free and repayable on demand, and other terms and conditions are not prima facie prejudicial to the interest of the company.
- 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 there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
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, 2010 for a period of more than six months from the date they became payable.



**Annexure referred to in paragraph 3 of our report of even date on the Balance Sheet of
ARIHANT TOURNESOL LIMITED at 31st March, 2010 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 not incurred cash losses during the financial year covered by our audit and in the immediately preceeding financial year.
- XI. The Company has not defaulted in repayment of dues to the Bankers.
- 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


Rajesh B. Pandya
Proprietor



Place : Mumbai
Date : 1st September, 2010

ARIHANT TOURNESOL LTD.

SCHEDULE "15" : NOTES ON ACCOUNTS

1. Significant Accounting Policies

- i) System of Accounting
The company follows accrual system of accounting for all items of costs and revenue.
 - ii) Inflation
Assets and Liabilities are shown at historical costs and no adjustments are made for changes in purchasing power of money.
 - iii) Fixed Assets
Fixed Assets are recorded at cost of acquisition or construction plus appropriate share of pre-operative expenses.
 - iv) Depreciation
Depreciation on fixed assets has been charged on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.
 - v) Revenue Recognition
Revenue in respect of insurance/other claims, interest, commission etc. is recognised only when it is reasonably certain that the ultimate collection will be made.
 - vi) Gratuity
No provision has been made in accounts for gratuity, as the same will be accounted on cash basis.
 - vii) Taxes on Income
No provision for deferred tax asset is made on account of the business loss and unabsorbed depreciation carried forward under the Income Tax Act. The deferred tax assets has not been recognised as there is no reasonable certainty of sufficient taxable income being available against which such deferred tax assets can be realized.
2. The company has not made any provision for gratuity payable to the Managing Director. There are no other employees who are eligible for Gratuity payment during the year. The liability as per actuarial valuation has not been determined.
 3. The balances in sundry debtors, loans and advances, and sundry creditors are as per the books of accounts for which the company has not obtained confirmations from certain parties. The said balances are therefore subject to the confirmations and consequent reconciliation if any.
 4. In the opinion of the Board of Directors, unless otherwise stated in the Balance Sheet and the Schedules annexed thereto, current assets, loans and advances as stated in the Balance Sheet have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.



ARIHANT TOURNESOL LTD.

SCHEDULE "15" : NOTES TO ACCOUNTS

5. In compliance with Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has during the current year followed Deferred Taxation in respect of taxes on income. As a consequence, the company has created Net Deferred Tax Liability of Rs.11,96,919/- in respect of temporary differences mainly due to difference in book value and income tax value of the block of assets as existing on 31.3.2010 by debiting it to Profit & Loss Appropriation Account.

Major items of Deferred Tax :

Sr. No.	Particulars	Opening Balance as on 1.4.2009	Net Increase / (Decrease) during the year	Closing Balance as on 31.3.2010
A.	Deferred Tax Liability			
	Tax effect of timing differences on account of fixed assets (excess of net block over written down value as per the provisions of the income tax act, 1961)	13,71,904	(1,74,985)	11,96,919
	Total A	13,71,904	(1,74,985)	11,96,919
B.	Deferred Tax Asset			
	Tax effect of timing differences on account of brought forward business loss.	Nil	Nil	Nil
	Total B	Nil	Nil	Nil
	Net Tax effect of Timing Differences (A - B)	13,71,904	(1,74,985)	11,96,919

6. Claims against the Company which are under dispute, not acknowledged as debts :-

Sr. No.	Party's Name	Rs. (Lacs)
1	Crompton Greaves Ltd	2.80
2	G.K Investments	13.68
3	Gayatri Devi	16.65
	TOTAL	33.13

7. Related Party Disclosures:

Disclosures as required by Accounting Standard 18 "Related Party Disclosures" are given below:
List of Related Parties (Enterprises commonly controlled or influenced by the Major Shareholders or Directors of the Company) :

1. Omega Investment & Properties Ltd.

Key Management Personnel & Relatives

- A.K.Sethi, Director
- Varsha Sethi, Director
- Sharmishta Jadhav, Director
- D.N. Jha, Director



8. Previous year's figures have been regrouped and rearranged wherever necessary.

9. Schedules 'I' to '19' form an integral part of the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the period ended on that date and have been duly authenticated.

2009-2010

(Amount in Thousands)

a) Registration Details	
Registration No.	61079/TA/1C
State Code	11
Balance Sheet Date	31.03.2010
b) Capital Raised During the Year	
Private Placement	NIL
Bonus Issue	NIL
c) Position of mobilization and Deployment of funds	
Total Liabilities	Rs. 1,29,804
Total Assets	Rs. 1,29,804
Sources of Funds	
Paid-up Capital	Rs. 98,983
Reserves and Surplus	Rs. 2,467
Deferred Tax Liability	Rs. 1,197
Secured Loans	Rs.
Unsecured Loans	Rs. 27,157
Application of Funds	
Net Fixed Assets	Rs. 19,245
Investments	Rs. 24
Net Current Assets	Rs. 7,112
Misc. Expenditure	Rs. NIL
Profit & Loss Account	Rs. 1,03,423
d) Performance of Company	
Turnover	Rs. 7,021
Other Income	Rs. 4,054
Total Expenditure	Rs. 9,505
Profit Before Tax	Rs. 1,570
Profit After Tax	Rs. 1,503
Earning per share	Rs. 0.152
Dividend %	N.A


As per our Report of even date

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


RAJESH PANDYA
Proprietor



FOR AND ON BEHALF OF THE BOARD


VARSHA SETHI
(Director)


D. N. JHA
(Director)

PLACE: MUMBAL

DATE: 1st September, 2010