

S.K. PATODIA & ASSOCIATES
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Members of INDO-CITY INFOTECH LIMITED

We have audited the attached Balance Sheet of INDO-CITY INFOTECH LIMITED, as at 31st March 2007 and also the Profit & Loss Account 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.

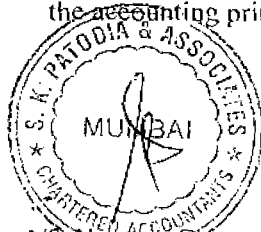
As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we have enclosed an annexure on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

1. 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;
2. 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 those books;
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

On the basis of written representations received from the directors, as on 31st March 2007, and taken on record by the Board of Directors, we report that none of the director 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;

In our opinion and to the best of our information and according to the explanations given to us the financial accounts 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:



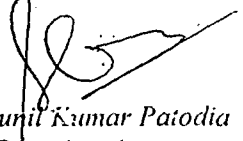
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Tel. : +91-22-2847 7003 / 4. * Fax : +91-22-2847 0511 * E-mail : scpatodia@yahoo.com

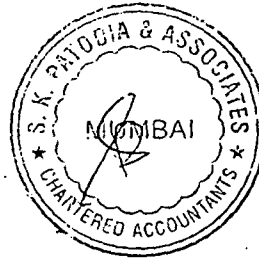
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PATODIA & ASSOCIATES
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- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2007; and
- ii. in the case of the Profit & Loss Account, of the profit/loss for the year ended on that date.

For S. K. Patodia & Associates
(Chartered Accountants)


Sunil Kumar Patodia
(Proprietor)
Membership No. 45489



Place: Mumbai
Date: 29th June 2007

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Annexure to the Auditors' Report

(Referred to in paragraph (3) of our report of even date)

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.
 - (c) No substantial part of fixed assets was disposed off during the year.
- (ii)
 - (a) In our opinion and according to the information and explanations given to us, the inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - (c) In our opinion and according to information and explanation given to us, the company is maintaining proper records of inventories. There is no inventory at the end of the year.
- (iii)
 - (a) The company has granted a unsecured loan during the year to one company covered in the register maintained under section 301 of the Companies Act, 1956 and the amount involved in the transaction was Rs. 4 lac. The rate of interest and other terms & conditions of loan given by the company is not prima facie prejudicial to the interest of the company. The loan granted was received back during the year.
 - (b) The company has not taken any loans during the year, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control in respect of these areas.
- (v)
 - (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions 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 explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party during the year, if any, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time where such market prices are available.

