

**PARESH B. SHAH & Co.,**

Chartered Accountants

A/63/603, Safalta, Anand Nagar, Dahishar (East) Mumbai - 400 068

AUDITOR'S REPORT

TO THE MEMBERS OF

REALITY TOURS & TRAVELS PRIVATE LIMITED

We have audited the attached Balance Sheet of Reality Tours and Travels Private Limited as at 31<sup>st</sup> March, 2007 and also the Profit & Loss Account of the Company. for the year ended on that date annexed hereto. 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 have 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 disclosure 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 of our opinion.

The Company is a private limited company and falls within the exemption specified under paragraph 2(iv) of the Companies (Auditors' Report) Order 2003. Hence the matters specified in paragraphs 4 and 5 of the said Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section (4A) of section 227 of the Companies Act, 1956, are not enclosed.

Further we report that :

- f) 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 ;

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- g) 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 such books;
- h) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of accounts;
- i) In our opinion, the Balance Sheet and the Profit & Loss Account have been prepared in compliance with the accounting standards as prescribed under the provisions of Section 211(3C) of the Act.
- j) On the basis of the written representation received from the directors, and taken on records by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> 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 said Balance Sheet and Profit and Loss Account read together with the Significant Accounting Policies in Schedule 16, 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 principals generally accepted in India:

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

For PARĒSH B.SHAH & Co.,  
Chartered Accountants

(Paresh B. Shah)  
Proprietor  
M.No - 047453

Place : Mumbai  
Date : 07/07/2007

# REALITY TOURS & TRAVELS PRIVATE LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule No	As at 31/03/2007 Rs.	As at 31/03/2006 Rs.
<b>I SOURCES OF FUNDS</b>			
1) Share Holder's Funds:			
Share Capital	1	100,000	100,000
2) Unsecured Loan	2	1,153,871	1,153,871
3) Deferred Tax Liability		22,568	15,796
<b>TOTAL</b>		<b>1,276,439</b>	<b>1,269,667</b>
<b>II APPLICATION OF FUNDS</b>			
1) Fixed Assets			
Gross Block	3	1,058,946	1,118,484
Less : Depreciation		200,646	45,171
Net Block		858,300	1,073,313
2) Current Assets, Loans & Advances			
Sundry Debtors	4	2,400	-
Cash & Bank Balances	5	70,998	39,623
Loans & Advances	6	47,473	45,601
<b>TOTAL</b>		<b>120,871</b>	<b>85,224</b>
Less : Current Liabilities and Provisions			
Current Liabilities	7	23,628	6,131
<b>TOTAL</b>		<b>23,628</b>	<b>6,131</b>
<b>NET CURRENT ASSETS</b>		<b>97,243</b>	<b>79,093</b>
<b>III MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)	8	5,419	6,096
<b>IV PROFIT &amp; LOSS ACCOUNT</b>		315,477	111,166
<b>TOTAL</b>		<b>1,276,439</b>	<b>1,269,667</b>

Notes on Accounts

11

Schedule referred to above form an integral part of these accounts

This is the Balance Sheet referred to in our report of even date.

For PARESH B. SHAH & CO.,  
Chartered Accountants

For and on behalf of the Board of Directors

Paresh B. Shah  
Proprietor  
Mumbai,



Director



Director

# REALITY TOURS & TRAVELS PRIVATE LIMITED

## PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2007

	Schedule No	As at 31/03/2007 Rs.	As at 31/03/2006 Rs.
<b>INCOME :</b>			
Car Hire & Tour Income		376,099	25,343
	<b>TOTAL</b>	<b>376,099</b>	<b>25,343</b>
<b>EXPENDITURE :</b>			
Salary & Wages	9	175,743	17,600
Selling & Administrative Expenses	10	241,744	55,901
Depreciation		155,475	45,171
Interest & Finance Charges		-	1,364
Preliminary Expenses Written Off		677	677
	<b>TOTAL</b>	<b>573,639</b>	<b>120,713</b>
Profit/(Loss) before Tax		(197,540)	(95,370)
Less : Provision for Tax		-	-
Less : Provision for Deferred Tax		6,772	15,796
Profit/(Loss) after Tax		(204,312)	(111,166)
Balance Carried to Balance Sheet	<b>TOTAL</b>	<b>(204,312)</b>	<b>(111,166)</b>
Earning Per Shares		(20.43)	(11.12)
Diluted Earning Per Share		(20.43)	(11.12)

Notes on Accounts

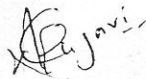
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Schedule referred to above form an integral part of these accounts  
This is the Profit & Loss Account referred to in our report of even date.

For PARESH B. SHAH & CO.,  
Chartered Accountants

For and on behalf of the Board of Directors

Paresh B. Shah  
Proprietor  
Mumbai,



Director



Director

REALITY TOURS & TRAVELS PRIVATE LIMITED

SCHEDULES 1 TO 8 & 11 ANNEXED TO AND FORMING PART OF BALANCE SHEET  
AS AT 31ST MARCH, 2007

SCHEDULE - 1 : SHARE CAPITAL

	As at 31/03/2007 Rs.	As at 31/03/2006 Rs.
Authorised Share Capital 10,000 Equity Shares of Rs.10/- each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Issued, Subscribed & Paid up : 10,000 Equity Shares of Rs.10/- each fully Paid up.	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

SCHEDULE - 2 : UNSECURED LOANS

Unsecured loan from Directors & Shareholders	1,153,871	1,153,871
	<u>1,153,871</u>	<u>1,153,871</u>

SCHEDULE - 3 : FIXED ASSET SCHEDULE

Sr No	Des of Assets	GROSS - BLOCK				DEPRECIATION			NET BLOCK	
		Opening Balance 01.04.06	Addition dur the year	Sales/Ded dur the year	As at 31.3.06	Opening as on 01.04.06	Provided dur the year	Provided up to 31.03.07	As at 31.03.07	As at 31.3.06
1	Motor Car	1081984	6,150	65,688	1,022,446	44,733	149,629	194,362	828,084	1,037,251
2	Computer	36500	-	-	36,500	438	5,846	6,284	30,216	36,062
	TOTAL	1118484	6150	65688	1058946	45171	155475	200646	858300	1073313

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REALITY TOURS & TRAVELS PRIVATE LIMITED

SCHEDULES 1 TO 8 & 11 ANNEXED TO AND FORMING PART OF BALANCE SHEET  
AS AT 31ST MARCH, 2007

SCHEDULE - 4 : SUNDRY DEBTORS  
(Unsecured, considered good)

Outstanding for more than 6 months	-	-
Others	2,400	-
	<u>2,400</u>	<u>-</u>

SCHEDULE - 5 CASH & BANK BALANCES

	As at 31/03/2007 Rs.	As at 31/03/2006 Rs.
Cash On Hand	29,052	9,675
With Scheduled Banks in current Account	41,946	29,948
	<u>70,998</u>	<u>39,623</u>

SCHEDULE - 6 : LOANS & ADVANCES  
(Unsecured, considered good)

Premises Deposit	20,000	20,000
Prepaid Expenses	27,473	25,601
	<u>47,473</u>	<u>45,601</u>

SCHEDULE - 7 : CURRENT LIABILITIES

Sundry Creditors for Expenses	23,628	5,612
Service Tax payable	-	519
	<u>23,628</u>	<u>6,131</u>

SCHEDULE - 8 : MISCELLANEOUS EXPENDITURE  
(to the extent not written off or adjusted)

Preliminary & Pre-operative Expenses (to the extent not written off or adjusted)	6,096	6,773
Less : Written off during the year	677	677
	<u>5,419</u>	<u>6,096</u>

*(Signature)*

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REALITY TOURS & TRAVELS PRIVATE LIMITED

SCHEDULE 9 TO 11 ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	As at	As at
	Rs.	Rs.
<b>SCHEDULE - 9 : SALARY &amp; WAGES</b>		
Salary - Staff	85,993	17,600
Salary - Director	89,750	
	<b>175,743</b>	<b>17,600</b>

**SCHEDULE - 10 : SELLING & ADMINISTRATIVE EXPENSES**

Advertisement Expenses	15,573	4,667
Audit Fees	5,612	5,612
Car Expenses	34,982	2,000
Car Insurance	31,857	20,694
Commission Expenses	-	100
Conveyance Expenses	5,240	241
Internet & Telephone Expenses	45,510	5,843
Legal & Professional Fees	-	2,000
Misc Expenses	9,833	190
Office Rent	24,000	12,000
Petrol & Fuel Charges	65,975	2,400
Printing & Stationery Expenses	3,162	154
	<b>241,744</b>	<b>55,901</b>

*(Signature)*

*(Signature)*

REALITY TOURS & TRAVELS PRIVATE LIMITED

SCHEDULE - 11 : NOTES TO THE ACCOUNTS

1 Significant Accounting Policies :

a System of Accounting :

The accounts have been prepared under the historical cost convention on an accrual basis on a going concern with revenues recognised and expenses accounted on accrual basis and applicable mandatory standards and in accordance with the requirements of the Companies Act, 1956.

b Fixed Assets :

Fixed Assets are stated at cost of acquisition less accumulated depreciation.

c Depreciation :

The Company provides depreciation on W.D.V Method at the rate prescribed under the Companies Act, 1956

d Preliminary Expenses :

Preliminary Expenses are written off over a period of 10 years.

e Deferred Tax :

Provision for Deferred Tax liability is made in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by the council of the Institute of Chartered Accountants of India.

2 Quantitative Details :

During the year, Company has not carried out any manufacturing activities, hence information as required under paragraphs 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956 has not given.

3 Contingent Liabilities not provided for Rs. Nil (Previous Year Rs. Nil)

4 As per the information provided by the management there are not amount due to small scale industries.

6 Auditors Remuneration

	Current Year	Previous Year
For Audit Fees	5,612	5,612
For Others	2,000	-
	<u>7,612</u>	<u>5,612</u>

7 Remuneration to Directors

	Current Year	Previous Year
Salaries & Allowances	89,750	-
	<u>89,750</u>	<u>-</u>

*Signature*

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- 8 Foreign Exchange earning Rs.NIL (Previous Year Rs.NIL)  
Foreign Exchange Outgo Rs. NIL/- (Previous Year Rs.NIL)
- 9 Balances of Sundry creditors, Sundry Debtors, Loans and advances are subject to confirmation.
- 10 Calculation of Earning Per Share (E.P.S)

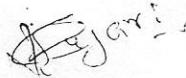
Net Profit after tax	(204,312)
No of Equity Shares	10,000
Basic Earning Per Share	(20.43)
Diluted Earning Per Share	(20.43)

- 11 Previous years figures are regrouped/rearranged, wherever necessary.

Signature to Schedule 1 to 11  
For PARESH B. SHAH & Co.,  
CHARTERED ACCOUNTANTS

For REALITY TOURS AND TRAVELS PRIVATE LIMITED

PARESH B. SHAH  
PROPRIETOR  
Mumbai,



DIRECTOR



DIRECTOR