

AUDITORS REPORT

To the members of
Anant Raj Cons. & Development Private Limited

We have audited the attached Balance Sheet of Anant Raj Cons. & Development Private Limited as at March 31, 2011, the Profit and Loss Account for the year ended on that date and also the 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.

We conducted our audit in accordance with the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the accounts 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 (Auditors Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order 2004, [Order] Issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further, we report that:

- i) 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.
- ii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iii) 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.
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred in sub section (3C) of section 211 of the Companies Act, 1956.
- v) None of the directors of the Company would be disqualified under the provisions of section 274 (1) (g) of the Companies Act, 1956, from being appointed as a director of the Company, as the Company is a private company and the said section only provides for ineligibility from being appointed as a director of any other public company.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with accounting policies and notes thereto, give the information required by the Companies Act, 1956, in the manner



so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- b) In the case of Profit and Loss Account, of the profit earned by the Company for the financial year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows of the Company for the financial year ended on that date.

117 New Delhi House,
27 Barakhamba Road,
New Delhi - 110 001



B. Bhushan & Co.
Chartered Accountants
Firm Registration No. 001596N
By the hand of

A handwritten signature in black ink, appearing to read "Rakesh".

Rakesh Jain
Partner
Membership No. 086501

May 6, 2011

ANNEXURE TO AUDITOR'S REPORT
(Annexure referred to in 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) As explained to us, the fixed assets are physically verified by the management at regular intervals, which in our opinion, is in accordance with the size of the Company and the nature of its business.
- II. (a) The Inventory has been physically verified by the management at regular intervals.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company has maintained proper records of inventory and no discrepancy was noticed on physical verification as compared with book records.
- III. (a) During the year, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses (b), (c) and (d) of the Order are not applicable to the Company.
(b) During the year, the Company has accepted interest free unsecured loans from its holding company listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 176,550,000 and the yearend balance of said loan was Rs. 146,550,000.
(c) In our opinion and according to the explanations given to us, the terms and conditions of loans taken by the Company are prima facie not prejudicial to the interests of the Company.
(d) The aforesaid unsecured loan taken by the Company is repayable on demand and is interest free and hence the question of repayment and interest being regular does not arise.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal control systems.
- V. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the



opinion that the transactions that need to be entered into the register maintained under section 301, have been so entered.

(b) In respect of transactions with parties with whom transactions exceeding value of rupees five lakh have been entered into during the financial year are reasonable. For price justification, reliance is placed on the information and explanation given by the management.

- VI. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- VII. In our opinion, the Company has an internal control system commensurate with its size and nature of its business.
- VIII. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of activities carried out by the Company.
- IX. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including income tax, cess and other statutory dues applicable to it *except few delays in depositing provident fund, employee state insurance, tax deducted at source, sales tax, service tax and works contract tax* and no undisputed amounts payable were outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited by the Company with appropriate authorities on account of dispute.
- X. The Company has accumulated profits and hence clause 4(x) of the Companies (Auditors' Report) (Amendment) Order, 2004 is not applicable to the Company.
- XI. The Company has taken a term loan from a scheduled bank and on the basis of records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institutions or debenture holders during the year.
- XII. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The Company is not a chit fund or a nidhi mutual benefit fund/society.
- XIV. The Company is not dealing or trading in shares, securities or debentures.



- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI. According to the information and explanations given to us and the records of the company examined by us, the term loan availed by the company during the year have been applied for the purposes for which the loans were obtained.
- XVII. According to the information and explanations given to us and on the basis of an overall examination of the Balance Sheet of the Company, we are of the opinion that the no funds raised on short term basis during the year have been used for long term investments.
- 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 Companies Act, 1956.
- XIX. The Company had not issued any debentures during the year.
- XX. The Company has not raised any money by way of public issue during the year.
- XXI. Based upon the audit procedures performed and 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, that causes the financial statements to be materially misstated.

117 New Delhi House,
27 Barakhamba Road,
New Delhi – 110 001



May 6, 2011

B.Bhushan & Co.
Chartered Accountants
Firm Registration No. 001596N
By the hand of

Rakesh

Rakesh Jain
Partner
Membership No. 086501

ANANT RAJ CONS. & DEVELOPMENT PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

	Schedules	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SOURCES OF FUNDS			
Share capital	1	50,000,000	50,000,000
Reserves and surplus	2	23,204,237	21,848,144
Unsecured loans	3	146,550,000	101,550,000
Secured loan	4	-	58,093,593
Deferred tax liability		-	420,914
		<u>219,754,237</u>	<u>231,912,651</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	62,677,137	101,886,346
Less: Accumulated depreciation		<u>23,202,306</u>	<u>26,673,414</u>
Net block		39,474,831	75,212,932
Current assets, loans and advances			
Work in progress		171,717	20,248,889
Sundry debtors	6	10,836,183	-
Cash and bank balances	7	5,577,948	1,955,149
Loans and advances	8	<u>214,710,006</u>	<u>167,877,121</u>
		231,295,854	190,081,159
Less: Current liabilities and provision	9	<u>51,214,423</u>	<u>33,554,343</u>
Net current assets		180,081,431	156,526,816
Deferred tax asset		111,523	-
Miscellaneous expenditure (to the extent not written off or adjusted)	10	86,452	172,903
		<u>219,754,237</u>	<u>231,912,651</u>
ACCOUNTING POLICIES	14		
NOTES TO ACCOUNTS	15		

This is the Balance Sheet referred in our report of even date addressed to the members of Anant Raj Cons. & Development Private Limited.

The schedules referred above form an integral part of the Balance Sheet.

B.Bhushan & Co.
Chartered Accountants
By the hand of

Rakesh Jain

Rakesh Jain
Partner
Membership no. 086501
May 6, 2011
New Delhi



Ashim Sarin
Ashim Sarin
(Managing Director)

Maneesh Gupta
Maneesh Gupta
(Director)

Amita
Amita Gupta
(Company Secretary)

ANANT RAJ CONS. & DEVELOPMENT PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedules	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
INCOME			
Contract revenue		544,958,900	478,297,127
Indirect income		113,495	689,177
		<u>545,072,395</u>	<u>478,986,304</u>
EXPENDITURE			
Construction expenses		503,755,676	432,735,410
Employees remuneration and benefits	11	24,592,429	18,641,459
Administrative	12	1,766,455	1,405,300
Financial expenses	13	2,800,173	10,413,368
Depreciation		9,479,368	12,561,148
Miscellaneous expenditure written off		86,451	86,451
		<u>542,546,552</u>	<u>475,843,136</u>
Profit during the year		2,525,843	3,143,168
Prior period expenses		(10,711)	(862,508)
Profit before tax		2,515,132	2,280,660
Provision for			
- Current income tax		(1,691,476)	(894,060)
- Deferred tax		532,437	(86,263)
Net Profit transferred to Reserve and Surplus Account		1,356,093	1,300,337

Earning per share [equity shares, par value of Rs. 10 (Rs. 10) each]

- Basic and diluted earning per share

0.27

0.26

[See note no. (x) of Schedule 15 to the Accounts]

ACCOUNTING POLICIES

14

NOTES TO ACCOUNTS

15

This is the Profit and Loss Account referred in our report of even date addressed to the members of Anant Raj Cons. & Development Private Limited.

The schedules referred above form an integral part of the Profit and Loss Account.

B.Bhushan & Co.
Chartered Accountants
By the hand of

Rakesh Jain

Rakesh Jain
Partner
Membership no. 086501
May 6, 2011
New Delhi



Ashim Saini
Ashim Saini
(Managing Director)
Maneesh Gupta
Maneesh Gupta
(Director)

Amita Gupta
Amita Gupta
(Company Secretary)

SCHEDULES

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
1. SHARE CAPITAL		
Authorized 5,000,000 (5,000,000) equity shares of Rs.10 (Rs. 10) each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid Up *5,000,000 (*5,000,000) equity shares of Rs.10 (Rs. 10) each fully paid up	<u>50,000,000</u>	<u>50,000,000</u>
*Entire share capital is held by the holding company, Anant Raj Industries Limited, including 6 (6) shares registered in the name of the nominees of the holding company.		
2. RESERVES AND SURPLUS		
Opening balance	21,848,144	20,547,807
Add: Transferred from Profit and loss account	<u>1,356,093</u>	<u>1,300,337</u>
	<u>23,204,237</u>	<u>21,848,144</u>
3. UNSECURED LOANS		
From holding company	<u>146,550,000</u>	<u>101,550,000</u>
4. SECURED LOAN		
Term loan from State Bank of India	<u>-</u>	<u>58,093,593</u>
6. SUNDRY DEBTORS (Unsecured and considered good)		
Debts outstanding for more than six months	-	-
Other debts	<u>10,836,183</u>	<u>-</u>
	<u>10,836,183</u>	<u>-</u>
7. CASH AND BANK BALANCES		
Cash in hand	397,218	127,092
Bank balances maintained with scheduled bank		
- in current accounts	4,661,342	1,308,669
- In deposit accounts	<u>519,388</u>	<u>519,388</u>
	<u>5,577,948</u>	<u>1,955,149</u>
8. LOANS AND ADVANCES (Unsecured and considered good)		
Advance recoverable in cash or kind or for which value to be received	136,268,750	110,944,469
Security deposits	18,067,468	7,394,346
Prepaid expenses	102,918	154,205
Income tax receivable	<u>60,270,870</u>	<u>49,384,101</u>
	<u>214,710,006</u>	<u>167,877,121</u>



ANANT RAJ CONS. & DEVELOPMENT PRIVATE LIMITED

SCHEDULE- 5

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost as on April 1, 2010 Rs.	Additions during the year Rs.	Sales/adjustment during the year Rs.	As at Mar 31, 2011 Rs.	Upto March 31, 2010 Rs.	During the year Rs.	Depreciation Written back/ Adjustment Rs.	Upto March 31, 2011 Rs.	As at March 31, 2010 Rs.	As at March 31, 2011 Rs.
Plant and machinery	95,733,706	-	38,740,555	56,993,141	24,127,938	8,694,872	12,756,470	20,066,340	36,926,801	71,605,768
Furniture fixtures	1,073,673	-	-	1,073,673	380,950	125,455	-	506,005	567,668	693,123
Office equipments	718,990	-	-	718,990	190,015	73,580	-	263,596	455,394	528,975
Computer	762,964	-	-	762,964	486,063	110,760	-	596,823	166,141	276,901
Vehicles	3,597,013	-	468,644	3,128,369	1,488,849	474,700	194,006	1,769,543	1,358,826	2,108,164
Total	101,886,346	-	39,209,209	62,677,137	26,673,414	9,479,368	12,950,476	23,202,306	39,474,831	75,212,932
PREVIOUS YEAR	99,182,163	2,761,959	57,776	101,886,346	14,132,749	12,561,148	20,483	26,673,414	75,212,932	85,049,414



	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
9. CURRENT LIABILITIES & PROVISIONS		
Current liabilities		
Creditors for goods and services	13,111,273	12,171,825
Advances for which value has to be given	9,760,547	700,000
Security deposits	18,899,272	13,388,689
Expenses payable	3,686,743	3,308,335
Others liabilities	2,427,447	1,908,394
Provision for		
Gratuity	291,213	235,766
Leave encashment	652,766	469,463
Bonus	693,686	477,811
Income tax	1,691,476	894,060
	<u>51,214,423</u>	<u>33,554,343</u>
10. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary expenditure	172,903	259,354
Less: Written off during the year	86,451	86,451
	<u>86,452</u>	<u>172,903</u>
	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
11. EMPLOYEE REMUNERATION AND BENEFITS		
Salaries and wages	23,219,104	17,476,245
Welfare	43,379	103,057
Bonus	867,189	559,558
Gratuity	55,447	117,544
Leave encashment	407,310	385,055
	<u>24,592,429</u>	<u>18,641,459</u>
12. ADMINISTRATIVE		
Audit fees	90,000	90,000
Conveyance	20,012	18,386
Electricity	-	103,908
Insurance	154,520	154,764
Fees and taxes	7,188	10,707
Repairs and maintenance	260,640	114,964
Vehicle running and maintenance	51,053	161,612
Telephone	-	13,498
Legal and professional	951,151	607,890
Others	231,891	129,571
	<u>1,766,455</u>	<u>1,405,300</u>
13. FINANCIAL EXPENSES		
Interest	2,850,647	10,379,052
Bank charges	25,526	34,316
	<u>2,866,173</u>	<u>10,413,368</u>



14. ACCOUNTING POLICIES

a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention, accrual basis of accounting, on going concern basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India, the provisions of Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The management evaluates all recently issued or revised accounting standards on an ongoing basis.

b) USE OF ESTIMATES

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Although these estimates are based on the managements' best knowledge of current events and actions the company may undertake in future, the actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) FIXED ASSETS, INTANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS

Fixed assets, are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost related to the acquisition and installation of the respective asset to bring the asset to its working condition for its intended use.

Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date of capitalization is capitalized.

An item of fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognized.

d) IMPAIRMENT OF ASSETS

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- (a) the provision for Impairment loss, if any required or
- (b) The reversal, if any, required of impairment loss recognized in previous years.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, the later being greater of net selling price and value in use.

e) INVENTORIES

Work in Progress is valued at direct cost incurred including estimated amount of allocable expenditure.

f) DEPRECIATION

Depreciation on fixed assets is charged on the written down value method at rates as specified in Schedule XIV of the Companies Act, 1956. Depreciation on the acquisition/purchase of assets during the year has been provided on pro-rata basis according to the period each asset was put to use during the year.

In respect of an asset for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

Assets costing less than Rs. 5,000 are depreciated at the rate of 100%.



g) REVENUE RECOGNITION

- (i) Revenue from Construction activity is recognized as per 'Cost Plus Contract Method', whereby revenue is determined by adding the aggregate cost plus a proportionate margin as agreed with the customer. The related costs thereto are charged to the Income statement for the year.
- (ii) Interest Income is recognized on time proportion basis, taking into account the amount outstanding and the applicable rate of interest.

h) BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

i) EMPLOYEE BENEFITS

In accordance with the requirements of revised Accounting Standard-15 "Employee Benefits", the Company provides for gratuity covering eligible employees on the basis of actuarial valuation as carried out by an independent actuary using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans is based on the market yields on Government securities as at the Balance Sheet date.

The liability is un-funded. Actuarial gains and losses arising from changes in the actuarial assumptions are charged or credited to the Profit and Loss account in the year in which such gains or losses arise.

Leave encashment benefits payable to employees of the Company with respect to accumulated leave outstanding at the year end are accounted for on the basis of an actuarial valuation as at the Balance Sheet date.

Contributions payable by the Company to the concerned government authorities in respect of provident fund, family pension fund and employees state insurance are defined contribution plans. The contributions are recognized as an expense in the Profit and Loss Account during the year in which the employee renders the related service. The Company does not have any further obligation in this respect, beyond such contribution.

Other employee benefits are accounted for on accrual basis.

j) EARNINGS PER SHARE

In determining earnings per share, the Company considers the net profit after tax for the year attributable to equity shareholders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds available, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.



k) **TAXES ON INCOME**

The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Provision for current income tax is made for the tax liability payable on taxable income ascertained in accordance with the applicable and prevailing tax rates and laws.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the financial statements, carrying amounts of existing assets and liabilities and their respective tax bases and carry forwards of operating loss. Deferred tax assets and liabilities are measured on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Changes in deferred tax assets and liabilities between one Balance Sheet date and the next, are recognized in the Profit and Loss Account in the year of change. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Profit and Loss Account in the year of change.

Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future, whereas in case of existence of unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization backed by convincing evidence. Deferred tax assets are reviewed at each Balance Sheet date.

l) **CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

m) **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognized for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. Re-imbursment expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the re-imbursment will be received. Contingent liabilities are disclosed in the notes in case of a present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

n) **MISCELLANEOUS EXPENDITURE**

Preliminary expenses are amortized equally over a period of 5 years.



15. NOTES TO ACCOUNTS

i) Contingent Liabilities not provided for :

- a) The Company executed a deed of guarantee in favor of Anant Raj Projects Limited to guarantee the losses, if any, which may arise due to the breach of any obligation as contained in the Design, Development & Construction Agreement entered into between them. The amount thereof, if arising, will be determined by an International Property Consultant.
- b) A show cause notice issued by the Service Tax Authorities in respect of alleged non payment of service tax on advance received from the holding company and non/short levy or non/short payment of service tax on gross value of taxable services comprised in the "Value of services" and "Value of material" along with interest thereon, is being contested by the Company. As per legal opinion obtained by the Company, no liability is likely to arise on this account.
- c) **Guarantees given by Bank**
Fixed deposits of Rs. 5,00,000 (Rs. 5,00,000) held by Bank as margin against guarantee given to Sales Tax authorities for Sales tax registration and issue of statutory forms to the Company.

- ii) The Company had undertaken construction of a motel of its client namely, Green Retreat & Motels Pvt. Ltd. (the Client) which it subcontracted to another party namely, Anand Construction (the Subcontractor). The construction carried out by the Subcontractor did not meet CPWD specification and also suffered from serious flaws and use of substandard material. The Client is claiming damages from the Company, and the Company has filed a suit for recovery of damages against the Subcontractor before the Hon'ble Delhi High Court, and the amount recovered, if any, will be tendered by the Company to the Client.

iii) Payment to auditors:

Particulars	For the year	For the year
	ended March 31, 2011	ended March 31, 2010
	Rs.	Rs.
For services as auditors exclusive of service tax	90,000	90,000
For certification services exclusive of service tax	10,000	5,000

iv) Secured loans

From State Bank of India (SBI)

Term loan of Rs. Nil (Rs. 580.94 lacs) is in the nature of Construction Equipment Finance, secured against first exclusive charge on entire fixed assets of the Company. The loan is further secured by, (a) personal guarantees of directors of the Company, (b) personal guarantee of 5 (five) family member of directors and (c) Corporate Guarantee of Anant Raj Industries Limited, the holding Company, and the Company has issued post dated cheques bearing the due date of installment in favor of SBI.

Term loan repayable within 1 (one) year is Rs. Nil (Rs. 500.00 lacs).

The Company has neither given counter guarantee to the abovementioned directors and the holding company nor any incentive/commission is payable to them.

- v) Sundry debtors include Rs. 94,35,194 (Nil) as debts due from holding company and Rs. 7,60,727 (Nil) from fellow subsidiary company. Maximum balance due during the year was Rs. 1,39,88,884 (Nil) and Rs. 1,85,10,046 (Nil) respectively.
- vi) The Unit has not received any information from any of the suppliers of their being a Micro, Small and Medium Enterprises Unit under Micro, Small and Medium Enterprises Development Act 2006. Hence, amount due to Micro and Small Scale Enterprises outstanding as on March 31, 2011 is not ascertainable.
- vii) In accordance with the Accounting Standard 15 (Revised) (AS-15) on "Employee Benefits" issued by the Institute of Chartered Accountants of India, the Company has recognized its liability towards defined benefit plans being Gratuity liability of Rs. 2,91,213 (Rs. 2,35,766) and leave encashment liability of Rs. 6,52,766 (Rs. 4,69,463).



The disclosures as per the revised AS-15 are as follows:

Particulars	(Rs. Lacs)			
	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
Projected benefit obligation at the beginning of the year	2.35	1.18	4.69	4.12
Current service cost	1.23	1.43	2.69	1.93
Interest cost	0.18	0.08	0.35	0.29
Actuarial (gain)/loss on obligations	(0.85)	(0.34)	1.03	1.64
Benefits paid	-	-	(2.24)	(3.27)
Projected benefit obligation at the end of the year	2.91	2.36	6.53	4.69

(b) The fair value of plan assets is Nil since employee benefit plans are wholly unfunded as on March 31, 2011.

Particulars	(Rs. Lacs)			
	Gratuity		Leave encashment	
	2010-11	2009-10	2010-11	2009-10
Current service cost	1.23	1.43	2.69	1.93
Interest cost	0.18	0.08	0.35	0.29
Expected return on plan assets	-	-	0.00	-
Net actuarial (gain)/loss recognized	(0.85)	(0.34)	1.03	1.64
Expenses recognized in the statement of Profit and Loss Account	0.56	1.18	4.07	3.85

(d) Principal actuarial assumptions

Particulars	Gratuity and leave encashment	
	31-Mar-11	31-Mar-10
Discount rates	8% p.a.	7.5% p.a.
Future salary increases	8% p.a.	15% p.a.

(e) The discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

(f) The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors.

(g) The employees are assumed to retire at the age of 58 years.

(h) The mortality rate considered are as per the published rates in the LIC (1994-96) mortality tables.

viii) In accordance with the provisions of the Accounting Standard-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has recognized deferred tax assets of Rs. 313,566 (Rs. 239,707) and deferred tax liability of Rs. 202,044 (Rs. 660,621) as at March 31, 2011. Major components of deferred tax are as follows:

Particulars	As at March	As at March	For the year
	31, 2010	31, 2011	
	Rs.	Rs.	Rs.
	{a}	{b}	{b-a}
i) Deferred tax assets			
- Gratuity	80,137	96,734	16,597
- Leave encashment	159,570	216,833	57,262
	<u>239,707</u>	<u>313,566</u>	<u>73,859</u>
ii) Deferred tax liability			
- Fixed assets	660,621	202,044	(458,578)
Net deferred tax asset/(liability); (i)-(ii)	<u>(420,914)</u>	<u>111,522</u>	<u>532,437</u>

The net deferred tax assets/(liabilities) amounting to Rs. 532,437 (Rs. -86,263) for the year has been recognized in the Profit and Loss Account.

ix) The Company operates in the single segment of construction activity, hence, Accounting Standard-17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India is not applicable



x) Earning Per Share (EPS)

EPS is calculated by dividing the profit attributable to the equity shareholders by the weighted average of the number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per share are as stated below:

Particulars	As at March	As at March
	31, 2011	31, 2010
	Rs.	Rs.
a) Net profit available for equity shareholders	1,356,092	1,300,337
b) Weighted average number of equity shares outstanding for calculation of		
- Basic and diluted earning per share	5,000,000	5,000,000
c) Nominal value of per equity share	10	10
d) Earning per share (a)/(b)		
- Basic and diluted earning per share	0.27	0.26

xi) Related Party Disclosures:

Pursuant to Accounting Standard (AS18) - "Related Party Disclosure" issued by Institute of Chartered Accountants of India following parties are to be treated as related parties along with their relationships:

a) Name of related parties and description of relationship

Holding Company

Anant Raj Industries Limited

Fellow Subsidiaries

Aarkarshak Realtors Pvt. Ltd.

Advance Buildcon Pvt. Ltd.

Anant Raj Hotels Ltd.

Anant Raj Housing Ltd.

Anant Raj Projects Ltd.

Ankur Buildcon Pvt. Ltd.

A-Plus Estates Pvt. Ltd.

BBB Realty Pvt. Ltd.

Blossom Buildtech Pvt. Ltd.

Bolt Properties Pvt. Ltd.

Capital Buildcon Pvt. Ltd.

Capital Buildtech Pvt. Ltd.

Carnation Buildtech Pvt. Ltd.

CCC Realty Pvt. Ltd.

Century Promoters Pvt. Ltd.

Echo Buildtech Pvt. Ltd.

Echo Properties Pvt. Ltd.

Elegant Buildcon Pvt. Ltd.

Elegant Estates Pvt. Ltd.

Elevator Buildtech Pvt. Ltd.

Elevator Promoters Pvt. Ltd.

Elevator Properties Pvt. Ltd.

Empire Promoters Pvt. Ltd.

Excellent Inframart Pvt. Ltd.

Fabulous Builders Pvt. Ltd.

Four Construction Pvt. Ltd.

Gadget Builders Pvt. Ltd.

Gagan Buildtech Pvt. Ltd.

Glaze Properties Pvt. Ltd.

Good Luck Buildtech Pvt. Ltd.

Grand Buildtech Pvt. Ltd.

Grand Park Buildtech Pvt. Ltd.

Grand Park Estates Pvt. Ltd.

Greatway Estates Ltd.

Greatways Buildtech Pvt. Ltd.

Jubilant Software Services Pvt. Ltd.

Kalinga Buildtech Pvt. Ltd.

Kalinga Realtors Pvt. Ltd.

Krishna Buildtech Pvt. Ltd.

Lucky Meadows Pvt. Ltd.

Monarch Buildtech Pvt. Ltd.

North South Properties Pvt. Ltd.

Novel Buildmart Pvt. Ltd.

Novel Housing Pvt. Ltd.

One Star Realty Pvt. Ltd.

Oriental Meadows Ltd.

Oriental Promoters Pvt. Ltd.

Papillon Buildcon Pvt. Ltd.

Papillon Buildtech Pvt. Ltd.

Park Land Const. & Equipment Pvt. Ltd.

Parkland Developers Pvt. Ltd.

Parkview Promoters Pvt. Ltd.

Pasupati Aluminium Ltd.

Pelikan Estates Pvt. Ltd.

Pioneer Promoters Pvt. Ltd.

Rapid Realtors Pvt. Ltd.

Rising Realty Pvt. Ltd.

Rolling Construction Pvt. Ltd.

Romano Estate Pvt. Ltd.

Romano Infrastructure Pvt. Ltd.

Romano Projects Pvt. Ltd.

Romano Tiles Pvt. Ltd.

Rose Realty Pvt. Ltd.

Roseview Buildtech Pvt. Ltd.

Roseview Properties Pvt. Ltd.

Saffron View Properties Pvt. Ltd.

Sand Storm Buildtech Pvt. Ltd.

Sartaj Developers & Promoters Pvt. Ltd.

Sovereign Buildwell Pvt. Ltd.

Spring View Developers Pvt. Ltd.



ANANT RAJ CONS. AND DEVELOPMENT PRIVATE LIMITED

Green Line Buildcon Pvt. Ltd.	Spring view Properties Pvt. Ltd.
Green Line Promoters Pvt. Ltd.	Suburban Farms Pvt. Ltd.
Green Retreat and Motels Pvt. Ltd.	Three Star Realty Pvt. Ltd.
Green View Buildwell Pvt. Ltd.	Townsend Cons. & Equipments Pvt. Ltd.
Green Way Promoters Pvt. Ltd.	Tumhareliye Realty Pvt. Ltd.
Green Wood Properties Pvt. Ltd.	Twenty First Developers Pvt. Ltd.
Gujarat Anant Raj Vidhyanagar Ltd.	Vibrant Buldmat Pvt. Ltd.
Hamara Realty Pvt. Ltd.	West Land Buildcon Pvt. Ltd.
High Land Meadows Pvt. Ltd.	White Diamond Cons. & Equipment Pvt. Ltd.
Hemkunt Promoters Pvt. Ltd.	Woodland Promoters Pvt. Ltd.
Jasmine Buildwell Pvt. Ltd.	

Key management personnel

Ashim Sarin	Director
Maneesh Gupta	Director
Jayanti Sarin	Director

Relatives of Key management personnel

Anil Sarin	Relative of Director
Ashok Sarin	Relative of Director
Amit Sarin	Relative of Director
Aman Sarin	Relative of Director
Amar Sarin	Relative of Director

b) Transactions with related parties during the year

Sn.	Nature of transaction	Related party	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
1	Cost of Construction & Development*	Anant Raj Projects Limited	213,462,422	62,378,954
2	Amount received towards Construction & Development work	Anant Raj Projects Limited	202,028,573	86,250,843
3	Cost of Construction & Development*	Green Retreat & Motels Pvt. Ltd.	-	51,521
4	Cost of Construction & Development*	Anant Raj Industries Limited	364,959,576	438,425,074
5	Amount received towards Construction & Development work	Anant Raj Industries Limited	364,980,695	462,437,165
6	Purchase of Ceramic Tiles	Anant Raj Industries Limited	3,521,531	6,048,847
7	Loan received during the year	Anant Raj Industries Limited	90,000,000	101,550,000
8	Loan repaid during the year	Anant Raj Industries Limited	45,000,000	21,000,000
9	Security deposits retained during the year	Anant Raj Projects Limited	10,673,122	3,118,948
10	Advance repaid to fellow subsidiary	Green Retreat & Motels Pvt. Ltd.	-	232,826
11	Personal guarantees given in respect of: - Term loans	Ashok Sarin, Anil Sarin, Amit Sarin Ashim Sarin, Amar Sarin and Aman Sarin	-	58,093,593

*Includes applicable statutory taxes.

c) Amount outstanding as at March 31, 2011

Sn.	Account head	Related party	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
1	Unsecured loans - From Holding Company	Anant Raj Industries Limited	146,550,000	101,550,000
2	Advances received against const. work - From Holding Company	Anant Raj Industries Limited	9,456,313	-
	Advance given against purchase of tiles	Anant Raj Industries Limited	-	829,054
3	Sundry debtors - Holding Company	Anant Raj Industries Limited	9,435,194	-
	- Fellow Subsidiary Company	Anant Raj Projects Limited	760,727	-
4	Security deposits (Debit) - Fellow Subsidiary Company	Anant Raj Projects Limited	17,841,398	7,168,276



ANANT RAI CONS. AND DEVELOPMENT PRIVATE LIMITED

- xii) In the opinion of the management, the realizable value of all current assets, loan and advances in the ordinary course of business will not be less than their value as stated in the Balance Sheet.
- xiii) Balances grouped sundry debtors, sundry creditors and loans and advances recoverable in cash or in kind are subject to confirmation from respective parties.
- xiv) Figures have been rounded off to the nearest Rupee.
- xv) Figures in brackets pertain to previous year, unless otherwise indicated.
- xvi) Previous year figures have been regrouped/rearranged or recast, wherever considered necessary to make them comparable with the current year figures.



xvii) Additional information under Part IV of Schedule VI of the Companies Act, 1956:

I. Registration details

Registration No.	U70102DL2007PTC165844
State code	55
Balance Sheet Date	March 31, 2011

As at March
31, 2011
Rs. (In '000)

II. Position of mobilization and deployment of funds

Total assets	219,754
Total liabilities	219,754

Sources of funds

Paid up Capital	50,000
Reserve and surplus	23,204
Unsecured loans	146,550
Secured Loan	-
Deferred tax liabilities	-

Application of funds

Fixed assets	39,475
Net current assets	180,081
Deferred tax asset	112
Miscellaneous expenditure	86

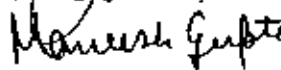
For the year
ended March
31, 2011
Rs. (in '000)

III. Performance of the Company

Turnover	545,072
Total expenditure	542,547
Profit before tax	2,526
Profit after tax	1,356
Earning per share (Rs.)	0.27

Signatures to the above schedules
which form an integral part of the
Balance Sheet and Profit and Loss
Account.


Ashim Sain
(Managing Director)


Maneesh Gupta
(Director)


Amita Gupta
(Company Secretary)



New Delhi,
May 6, 2011

ANANT RAJ CONS. & DEVELOPMENT PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
A. CASH FLOW FROM OPERATIONS		
Profit/(Loss) before tax and extraordinary items	2,525,843	3,143,168
Depreciation	9,479,368	12,561,148
Interest received	(37,359)	(32,746)
Interest paid	2,850,647	10,379,052
Adjustment for:		
- (Profit)/Loss on sale of asset	152,277	(57,707)
- Prior period items	10,711	862,508
- Miscellaneous expenditure	86,451	86,451
Operating profit before working capital changes	15,067,938	26,941,875
Adjustment for:		
- Work in progress	20,077,172	7,309,857
- Trade and other receivable	(57,669,068)	104,856,599
- Sundry creditors and other payable	17,660,080	(152,911,991)
Cash generated from operations	(4,863,878)	(13,803,660)
Provision for current Income Tax	(1,691,476)	(894,060)
Net cash from operating activities	(A) (6,555,354)	(14,697,720)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Addition to fixed assets	-	(2,761,959)
Sale of fixed asset	26,106,306	95,000
Interest received	37,359	32,746
Net cash from investing activities	(B) 26,143,665	(2,634,213)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(2,850,647)	(10,379,052)
Increase/(Decrease) in unsecured loans	45,000,000	80,550,000
Increase/(Decrease) in secured loans	(58,093,593)	(49,870,917)
Net cash from financing activities	(C) (15,944,240)	20,306,031
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C) 3,644,071	2,968,098
Cash and cash equivalents - Opening balance	1,955,149	712,067
Cash and cash equivalents - Closing balance	5,577,948	1,955,149

Note: Figures in brackets indicate cash outflow

Auditor's report

We have examined the Cash Flow Statement of Anant Raj Cons. & Development Private Limited for the year ended March 31, 2011. The statement prepared by the Company is in accordance with the requirement of Clause 32 of the Listing Agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet covered by our Report to the members of the Company in terms of our attached Report as of even date.

B. Bhushan & Co.
Chartered Accountants
By the hand of

Rakesh Jain

Rakesh Jain
Partner
Membership no. 086501
May 6, 2011
New Delhi



Asim Sarin
Asim Sarin
(Managing Director)

Maneesh Gupta
Maneesh Gupta
(Director)

Amita Gupta
Amita Gupta
(Company Secretary)