AUDITOR'S REPORT

To the members of
Anant Raj Projects Limited

We have audited the attached Balance Sheet of Anant Raj Projects Limited as at March 31, 2011, and 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) (Amended) Order 2004, [Order] issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

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) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 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 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:

B. BHUSHAN & CO. New Delhi Chartered Accountants

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 loss incurred 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- 110001

May 20, 2011

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

Kamal Ahluwalia

Kamal Ahluwalia
Partner
Membership No. 093812

ANNEXURE TO AUDITOR'S REPORT

(Annexure referred to in paragraph 3 of the Auditor's report of even date to the members of Anant Raj Projects Limited on the financial statements for the year ended March 31, 2011)

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified by the management at reasonable intervals during the year and no discrepancies were noticed on such verification as compared to book records.

(c) The Company has not disposed off any substantial part of its fixed assets during the year.

II. The Company does not own any inventory. Accordingly, provisions of clauses 4(ii)(a), (b) and (c) of the Order are not applicable to the Company.

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 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. 536,670,981.85 and the year ended balance of said loan was Rs. 137,373,791.85.

(c) In our opinion and according to the information and 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 convertible into non-convertible debentures (NCDs) of the Company 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 lakhs have been entered into during the financial year

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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 delay in depositing tax deducted at source and works contract tax in a few cases*** and no undisputed amounts payable were outstanding as at March 31, 2011 for a year 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 accumulated losses of the Company as at the end of the financial year are not more than fifty percent of its net worth. The Company has incurred cash losses during the financial year ended covered by our audit and in the immediately preceding financial year.

XI. In our opinion and according to information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

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. The Company has not obtained any term loans.

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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. There were no debentures issued by the company during the year in respect whereof a charge or security was required to be created.

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

B. BHUSHAN & CO. New Delhi Chartered Accountants

Kamal Ahluwalia

Kamal Ahluwalia
Partner
Membership No. 093812

May 20, 2011

ANANT RAJ PROJECTS LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

	Schedules	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SOURCES OF FUNDS			
Shareholders' fund			
Share capital	1	33,136,400.00	33,783,790.00
Reserve and Surplus	2	1,598,967,858.60	1,831,068,826.60
Loan funds			
Unsecured loans	3	1,066,363,491.85	594,104,321.85
		2,698,467,750.45	2,458,956,938.45
APPLICATION OF FUNDS			
Fixed assets	4	1,719,550,732.00	1,718,200,000.00
Capital work in progress including capital advances	5	1,236,870,863.45	682,212,063.00
Current assets, loans and advances			
Cash and bank balances	6	6,323,854.40	14,491,488.35
Loans and advances	7	9,848,997.00	4,653,491.00
		16,172,851.40	19,144,979.35
Less: Current liabilities and provisions	8	325,954,697.50	11,797,915.00
Net current assets		(309,781,846.10)	7,347,064.35
Miscellaneous expenditure (to the extent not written off or adjusted)	9	20,121,585.00	29,511,728.80
Profit and loss account		31,706,416.10	21,686,082.30
		2,698,467,750.45	2,458,956,938.45
ACCOUNTING POLICIES	13		
NOTES TO ACCOUNTS	14		

This is the Balance Sheet referred in our report of even date addressed to the members of Anant Raj Projects

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

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

Kamal Ahluwalia

B. BHUSHAN & CO. New Delhi Chartered Accountants

Kamal Ahluwalia
Partner
Membership no. 093812
New Delhi.
May 20, 2011.

Amar Sarin
Managing Director

Amit Sarin
Director

ANANT RAJ PROJECTS 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			
Other income	10	291,784.00	597,444.00
EXPENDITURE			
Project and administrative	11	10,234,352.80	12,505,952.59
Finance charges	12	77,765.00	5,633.00
		10,312,117.80	12,511,585.59
Loss during the year		10,020,333.80	11,914,141.59
Prior period items		-	7,725.00
Loss after tax		10,020,333.80	11,921,866.59
Add: Loss brought forward from previous year		21,686,082.30	9,764,215.71
Loss carried forward to Balance Sheet		31,706,416.10	21,686,082.30
Earnings per share of face value of Rs. 10.00 (Rs. 10.00) each - Basic and diluted earnings per share (See Note no. 7 of Schedule No. 14)		(14.83)	(17.64)
ACCOUNTING POLICIES	13		
NOTES TO ACCOUNTS	14		

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

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

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

B. BHUSHAN & CO. New Delhi Chartered Accountants

Kamal Ahluwalia
Partner
Membership no. 093812
New Delhi.
May 20, 2011.

Amar Sarin
Managing Director

Amit Sarin
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

		As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
1.	SHARE CAPITAL		
	Authorized		
	1,000,000 (1,000,000) equity shares of Rs. 10.00 (Rs. 10.00) each	10,000,000.00	10,000,000.00
	3,000,000 (3,000,000) preference shares of Rs. 10.00 (Rs. 10.00) each	30,000,000.00	30,000,000.00
		40,000,000.00	40,000,000.00
	Issued, subscribed and paid up		
	*675,676 (675,676) equity shares of Rs. 10.00 (Rs. 10.00) each fully paid up	6,756,760.00	6,756,760.00
	2,000,000 (2,000,000) optionally convertible redeemable preference shares of Rs. 10.00 (Rs. 10.00) each fully paid up	20,000,000.00	20,000,000.00
	637,964 (702,703) compulsory convertible preference shares of Rs. 10.00 (Rs.10.00) each fully paid up	6,379,640.00	7,027,030.00
		33,136,400.00	33,783,790.00
	* 74% (74%) equity shares are held by the holding company, Anant Raj Industries Limited, w.e.f. July 23, 2008.		
2.	RESERVES AND SURPLUS		
	Share premium		
	Opening balance	1,831,068,826.60	1,831,068,826.60
	Less: Uitilsed for redemption of equity share	232,100,968.00	-
		1,598,967,858.60	1,831,068,826.60
3.	UNSECURED LOANS		
	From holding company	137,373,791.85	189,861,121.85
	Debentures		
	- Non convertible debentures	553,043,800.00	28,297,300.00
	- Fully convertible debentures	375,945,900.00	375,945,900.00
		1,066,363,491.85	594,104,321.85
4.	FIXED ASSETS		
	Land	1,718,200,000.00	1,718,200,000.00
	Trade Mark	1,350,732.00	-
		1,719,550,732.00	1,718,200,000.00
5.	CAPITAL WORK IN PROGRESS INCULDING CAPITAL ADVANCE		
	Building under construction	1,030,521,786.70	660,207,580.00
	Project in progress (refer schedule no. 11 & 12)	170,185,406.75	14,925,876.00
	Capital advances	36,163,670.00	7,078,607.00
		1,236,870,863.45	682,212,063.00
6.	CASH AND BANK BALANCES		
	Cash in hand	8,646.00	4,754.00
	Balances maintained with scheduled banks		
	- In current account	6,315,208.40	1,486,734.35
	- In deposit account	-	13,000,000.00
		6,323,854.40	14,491,488.35

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SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
7. LOAN AND ADVANCES		
(Unsecured and considered good)		
Loans and advance recoverable in cash or in kind for which value to be received	1,055,000.00	-
Interest accrued	-	7,853.00
Prepaid expenses	1,200,000.00	-
Security deposits	7,390,000.00	4,500,000.00
Income tax receivable	203,997.00	145,638.00
	9,848,997.00	4,653,491.00
8. CURRENT LIABILITIES AND PROVISIONS		
Sundry creditors	7,150,921.32	2,215,652.00
Security deposits received	56,016,014.00	8,179,387.00
Other liabilities	262,787,762.18	1,402,876.00
	325,954,697.50	11,797,915.00
9. MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary expenses		
Opening balance	29,511,728.80	38,270,977.60
Additions during the year	474,655.00	1,010,619.00
	29,986,383.80	39,281,596.60
Less: Written off during the year	9,864,798.80	9,769,867.80
	20,121,585.00	29,511,728.80

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New Delhi
Accountants

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
10. OTHER INCOME		
Interest received on fixed deposits	291,784.00	597,444.00
11. PROJECT, ADMINISTRATIVE AND OTHERS		
Legal and professional	13,343,881.00	6,647,787.00
Electricity	2,158,961.00	6,626,467.00
Salary & establishment expenses	3,933,206.00	2,766,167.00
Travelling and conveyance	566,742.00	604,205.65
Business promotion	2,108,672.00	437,950.00
Audit fees	110,300.00	82,725.00
Courier charges	35,610.00	-
Staff welfare	33,726.00	149,854.00
Security & housekeeping expenses	1,381,637.00	147,165.00
Advertisement	1,186,889.00	-
Telephone and internet charges	28,435.25	90,444.65
Printing and stationary	692,014.00	29,283.00
Property tax	973,752.00	-
Filing fees	16,430.00	6,180.00
Other expenses	-	73,732.49
Miscellaneous expenses written off	9,864,798.80	9,769,867.80
	36,435,054.05	27,431,828.59
Less: Transferred to Project in Progress (Refer Schedule No. 5)	26,200,701.25	14,925,876.00
	10,234,352.80	12,505,952.59
12. FINANCE CHARGES		
Interest paid on		
- Debentures	143,984,705.50	-
- Other	-	2,474.00
Bank charges	77,765.00	3,159.00
	144,062,470.50	5,633.00
Less: Transferred to Project in Progress (Refer Schedule No. 5)	143,984,705.50	-
	77,765.00	5,633.00

B. BHUSHAN & CO. New Delhi

13. 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 on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India and 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 a ongoing basis.

b) USE OF ESTIMATES

The presentation of financial statements in conformity with 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 of contingent liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. 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 in accounting estimates is recognized prospectively in current and future periods.

c) RECOGNITION OF REVENUE AND EXPENDITURE

Income and expenditure are accounted for on accrual basis.

d) FIXED ASSETS AND CAPITAL WORK IN PROGRESS

Fixed assets are stated at cost and other incidental expenses, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost incurred in bringing 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.

Capital work-in-progress comprises construction work-in-progress, direct expenditure incurred and outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

e) IMPAIRMENT OF ASSETS

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, the recoverable value of assets is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount, the latter being greater of net selling price and value in use.

f) BORROWING COSTS

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. All other borrowing costs are recognized as Finance charges in the income statement in the period in which they are incurred.

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g) TAXES ON INCOME

Current tax provision is measured by the amount of tax expected to be paid on the taxable profits after considering tax allowances and exemptions and using applicable 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 if there is reasonable certainty that they will be realized by way of future taxable income. Deferred tax assets related to unabsorbed depreciation and carry forward losses are recognized only to the extent that there is virtual certainty of realization. Deferred tax assets are reviewed for appropriateness of their carrying amounts at each Balance Sheet date.

h) 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.

Share purchase arrangements are dilutive when they would result in the issue of equity shares for less than fair value. If in any arrangement to issue a certain number of equity shares at their fair value, the shares to be so issued being fairly priced, they are assumed to be neither dilutive nor anti-dilutive. In an arrangement to issue equity shares for no consideration, such shares generate no proceeds and have no effect on the net profit attributable to equity share outstanding. Such share are dilutive and are added to the number of equity shares outstanding in the computation of diluted earnings per share.

i) 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.

j) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized for a present obligation as 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. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

k) MISCELLANEOUS EXPENDITURE

Miscellaneous expenditure, share and debenture issue expenses are amortized equally over a period of 5 years.

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SCHEDULE NO. 14: NOTES TO ACCOUNTS

1 Contingent liabilities not provided for in books of account in respect of Letter of credit issued by bank of Rs. Nil (Rs. 1.30 crores) in favour of capital asset supplier outstanding as at March 31, 2011. The bank holds deposits of Rs. Nil (Rs. 1.30 crores) as margin against Letter of credit issued by it.

1.1 Estimated amount of capital contracts remaining to be executed on a capital account not provided for in books of account, net of advances, is Rs. 44.48 crores (Rs. 84.48 crores).

2 The Company acquired from Anant Raj Industries Limited (ARIL) a real estate project for construction and development of a shopping mall at 67, Najafgarh Road, Kirti Nagar, New Delhi. The development is expected to comprise approximately 6,00,000 sq. ft. of built up area on land of approximately 6.2 acres. The consideration of Rs. 216.32 crores (Rupees Two Hundred Sixteen Crores and Thirty Two Lacs Only) [comprising value of land of Rs. 171.82 crores (Rupees One Hundred Seventy One Crores and Eighty Two Lacs Only) and value of partly constructed structure of Rs. 44.50 crores (Rupees Forty Four Crores and Fifty Lacs Only)] was credited as an 'Unsecured Loan' in the books of account of the Company, out of which fully paid up Equity Shares and Optionally Convertible Redeemable Preference Shares (OCRPS) both aggregating to Rs. 7.65 crores were issued to ARIL and the balance was repaid in cash. The balance cost of construction and development to complete the project was then estimated at Rs. 95.50 crores, and in the event of an escalation, if any, agreed up to Rs. 9.55 crores, aggregates to Rs. 105.05 crores. ARIL agreed to provide t

3 The investments of ARIL in the equity of the Company are:

a) 499,995 (499,995) fully paid up equity shares of Rs. 10 each including 5 (five) fully paid up equity shares of the Company of Rs. 10 each are held by nominees of ARIL.

b) 2,000,000 (2,000,000) fully paid up and 0.01% annually compounded OCRPS of Rs. 10 each at par. Arrears of dividend outstanding on OCRPS as at March 31, 2011 is Rs. 5,540.23 (Rs. 3,539.88)

c) OCRPS carry distributive rights and shall at the option of ARIL be converted into fully paid up equity shares of the Company.

4 The investments of Lalea Trading Ltd. (Investor), a Company organized under the law of Cyprus and having its registered office at Akropoleos, 59-61, Savvides Center, 1st Floor, Flat/Office 102, P.C. 2011, Nicosia, Cyprus, in the capital of the Company are:

a) 175,676 (175,676) fully paid up equity shares of Rs. 10 each; and

b) 637,964 (702,703) fully paid up and 0.01% annually compounded Compulsorily Convertible Preference Share (CCPS) of Rs. 10 each. Arrears of dividend outstanding on CCPS as at March 31, 2011 is Rs. 1,716.54 (Rs. 1,078.47).

c) CCPS carry distributive rights and shall be compulsorily converted into fully paid up equity shares of the Company. During the year, the Investor exercised its option to convert 64,739 (Nil) CCPS, for which 64,739 (Nil) fully paid up equity shares of Rs. 10 each were issued.

5 The Company offered buy back of equity shares during the year in accordance with "Private Limited Company and Unlisted Public Limited Company (Buy-Back of Securities) Rules, 1999" and the Investor accepted the offer to sell and surrender 64,739 (Nil) equity shares which buy back was completed on September 25, 2010. The payment of buy back amount of Rs. 232,748,358 (Nil) is yet to be remitted to the Investor pending necessary approvals.

6 The shareholders are not free to sell/transfer or otherwise dispose off equity shares /CCPS /OCRPS /FCD's /NCD's without offering to other shareholder.

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6.1 ARIL is expected to provide unsecured loan up to Rs. 107 crores to the Company for which the Company shall allot 1.07 crores Unsecured NCDs of Rs. 100 each. ARIL has provided unsecured loan of Rs. 662,120,291.00 (Rs. 218,158,421) to the Company, out of which 524,746,500 (28,297,300) has since been converted into 5,247,465 (282,973) fully paid up NCD's of Rs. 100 each and certificate of NCDs for Rs. 137,373,791.85 (189,861,100) are under issuance.

6.2 The Investor subscribed for Unsecured FCDs of the Company aggregating to Rs. 37.59 Crores, which shall be compulsorily convertible into fully paid up equity shares of the Company.

7 Earnings Per Share (EPS)

EPS is calculated by dividing the profit or loss 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 equity share are as stated below:

Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
a) Loss after tax during the year	10,020,333.80	11,921,866.59
b) Weighted average number of equity shares outstanding for calculation of		
- Basic EPS	675,676.00	675,676.00
- Diluted EPS	675,676.00	675,676.00
c) Nominal value of per equity share (in Rs.)	10	10
d) Earning per share (a)/(b) (in Rs.)		
- Basic EPS	(14.83)	(17.64)
- Diluted EPS	(14.83)	(17.64)

The conversion of Preference Shares and Debentures will be at fair value on the date of conversion, and if taken into consideration for EPS calculation, will reduce EPS and therefore considered as anti-dilutive.

8 Related Party Disclosures

Pursuant to Accounting Standards (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

Joint Venture

Lalea Trading Limited

Enterprise over which holding company exercises control

Anant Raj Cons. & Development Private Limited

Key management personnel

Amar Sarin	Managing Director
Amit Sarin	Director
*Sanjay Lal	Director

*Mr. Rajesh Kumar Binner who was appointed as Alternate Director to Mr. Sanjay Lal for attending the meetings in the absence of Mr. Sanjay Lal, has vacated the office of Alternate Director during the year.

Note:- The above parties have been identified by the management.

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b) Transaction with related parties

Nature of Transactions	Related Party	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
Non convertible debentures (NCDs) issued	Anant Raj Industries Ltd.	524,746,500	28,297,300
Loan received	Anant Raj Industries Ltd.	812,259,170	187,950,000
Loan paid back	Anant Raj Industries Ltd.	340,000,000	-
Loan adjusted against issuance of NCDs	Anant Raj Industries Ltd.	524,746,500	28,297,300
Reimbursement of expenses	Anant Raj Industries Ltd.	-	1,911,066
Cost of construction and development	Anant Raj Cons. and Development Pvt. Ltd.	213,462,422	62,378,954
Amount paid for construction and development work	Anant Raj Cons. and Development Pvt. Ltd.	202,028,572	83,131,895
Security deposits retained	Anant Raj Cons. and Development Pvt. Ltd.	10,673,121	3,118,948
Cumulative convertible preference shares converted into equity shares	Lalea Trading Limited	647,390.00	-
Equity shares bought back*	Lalea Trading Limited	232,748,358	
Interest on fully convertible debentures			
- Paid during the year	Lalea Trading Limited	119,943,224	-
- Provided during the year	Lalea Trading Limited	24,041,481	-

* Refer note no. 5

c) Amount outstanding as at March 31, 2011

Account head	Related Party	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
Equity Share capital at issue price	Anant Raj Industries Ltd.	57,000,000	57,000,000
Optionally convertible redeemable preference shares (OCRPS)	Anant Raj Industries Ltd.	20,000,000	20,000,000
Equity Share capital at issue price	Lalea Trading Limited	357,570,930	357,570,930
Compulsory convertible preference shares (CCPS) at issue price	Lalea Trading Limited	1,197,533,328	1,430,281,686
Unsecured loans (FCDs)	Lalea Trading Limited	375,945,900	375,945,900
Unsecured loans (NCDs)	Anant Raj Industries Ltd.	553,043,800	28,297,300
Unsecured loans	Anant Raj Industries Ltd.	137,373,792	189,861,122
Other liabilities (Refer Note no. 5)	Lalea Trading Limited	256,789,839	-
Sundry creditors	Anant Raj Cons. and Development Pvt. Ltd.	760,726	-
Security deposits	Anant Raj Cons. and Development Pvt. Ltd.	17,841,398	7,168,276

9 Remuneration to Auditors

Particulars	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
Audit fees inclusive of service tax	110,300	82,725

10 The Company 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.

11 In the opinion of the management, the realizable value of current assets, loans and advances in the ordinary course of business will not be less than their value stated in the Balance Sheet.

12 Transfer Pricing study for the year ended March 31, 2011, to determine whether the transactions with associate enterprises were undertaken at "arm's length prices", is awaited. Adjustments, if any, arising from the transfer pricing study shall be accounted for as and when study is completed. The management confirms that all international transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms.

13 Additional information pursuant to provisions of Para 3 and 4 of Part II Schedule VI of the Companies Act, 1956:

Particulars	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
a) Earnings in foreign exchange	-	-
b) Expenditure in foreign exchange		
- Travelling	-	127,769
- Interest paid on FCDs	105,544,753	-
- Purchase of asset	25,518,922	49,447,017

14 Figures and words in brackets pertain to previous year unless otherwise specified.

15 Previous year's figures have been regrouped/recast wherever necessary.

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

I. Registration details	
Registration No.	U70109DL2006PTC154354
State Code	55
Balance Sheet Date	March 31, 2011
	As at March 31, 2011 Rs. (in '000)
II. Capital raised during the year	
Public issue	-
Right issue	-
Bonus issue	-
Private placement	-
III. Position of mobilization and deployment of fund	
Total assets	2,698,467.75
Total liabilities	2,698,467.75
Sources of Funds	
Paid up Capital	33,136.40
Reserve and Surplus	1,598,967.86
Unsecured Loans	1,066,363.49
Application of Funds	
Fixed Assets	1,719,550.73
Capital work in progress	1,236,870.86
Net Current Assets	(309,781.85)
Miscellaneous Expenditure	20,121.59
Profit and Loss Account	31,706.42
	For the year ended March 31, 2011 Rs.
IV. Performance of the Company	
Turnover	291.78
Total expenditure	10,312.12
Loss before tax	10,020.33
Loss after tax	10,020.33
Earning per share (Rs.)	(14.83)

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

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Amar Sarin
Managing Director

Amit Sarin
Director

New Delhi.
May 20, 2011.

ANANT RAJ PROJECTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Particulars		For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax and extraordinary items		(10,020,333.80)	(11,914,141.59)
Adjustment for:			
Miscellaneous expenditure written off (net of incurred)		9,390,143.80	8,759,248.80
Prior period items		-	(7,725.00)
Interest paid		143,984,705.50	2,474.00
Interest received		(291,784.00)	(597,444.00)
Operating profit before working capital changes		143,062,731.50	(3,757,587.79)
Adjustment for:			
Sundry creditors and other payables		314,156,782.50	(17,466,891.51)
Trade and other receivables		(5,195,506.00)	(4,570,479.00)
NET CASH FROM OPERATING ACTIVITIES	(A)	452,024,008.00	(25,794,958.30)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Addition to fixed asset		(1,350,732.00)	-
Addition to Capital WIP including capital advance		(554,658,800.45)	(150,403,052.00)
Interest received		291,784.00	597,444.00
NET CASH USED IN INVESTING ACTIVITIES	(B)	(555,717,748.45)	(149,805,608.00)
C. CASH FLOW FROM FINANCE ACTIVITIES			
Buy back of equity share capital		(647,390.00)	-
Share premium utilised		(232,100,968.00)	-
Increase in unsecured loans		472,259,170.00	189,861,065.65
Interest paid		(143,984,705.50)	(2,474.00)
NET CASH FROM FINANCING ACTIVITIES	(C)	95,526,106.50	189,858,591.65
D. NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	(8,167,633.95)	14,258,025.35
Cash and cash equivalents opening balance		14,491,488.35	233,463.00
Cash and cash equivalents closing balance		6,323,854.40	14,491,488.35

Note: Figures in brackets indicate cash outflow.

Auditor's report

We have examined the Cash Flow Statement of Anant Raj Projects 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

Kamal Ahluwalia

Kamal Ahluwalia
Partner
Membership no. 093812
New Delhi.
May 20, 2011.

B. BHUSHAN & CO. New Delhi Chartered Accountants

Amar Sarin
Managing Director

Amit Sarin
Director