

## 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, 2012, the related Statement of Profit and Loss 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) 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.
- iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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

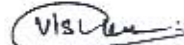


thereto, give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- b) In the case of Statement of Profit and Loss, of the profit earned by the Company for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows of the Company for the 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



Vishwanand Keshri  
Partner

Membership No. 505508



May 19, 2012

### 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) 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.
  - (b) The Company has accepted interest free short term unsecured loans from its holding company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 14,65,50,000 and the yearend balance of said loan was nil.
  - (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 the said loan has been repaid in full during the year by the Company and no interest is due.
- 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.



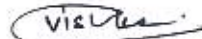
- b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- VI. In our opinion and according to the information and explanations given to us, the Company has not accepted any 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 audit system commensurate with its size and nature of its business.
- VIII. We have reviewed the books of account maintained by the Company pursuant to the Order of the Central Government for maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 in respect of activity comprising of constructing, reconstructing of building or structures and are of the opinion that *prima facie* the prescribed accounts and records have been maintained.
- 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 generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at March 31, 2012 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 no accumulated losses at the end of the financial year and it has not incurred any cash losses during the current financial year and in the immediately preceding financial year.
- XI. The Company has not taken any loan from any financial institution or bank and also has not issued any debentures.
- 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 loan during the year.



- 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

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



Vishwanand Keshri  
Partner  
Membership No. 505508



May 19, 2012

## ANANT RAJ CONS. &amp; DEVELOPMENT PRIVATE LIMITED

## BALANCE SHEET AS AT MARCH 31, 2012

	Notes	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' fund</b>			
a) Share capital	2	50,000,000	50,000,000
b) Reserves and surplus	3	28,881,311	23,204,237
		<u>78,881,311</u>	<u>73,204,237</u>
<b>Non current liabilities</b>			
a) Long term provisions	4	1,241,267	666,600
b) Other long term liabilities	5	-	14,760,839
		<u>1,241,267</u>	<u>15,427,439</u>
<b>Current liabilities</b>			
a) Short term borrowings	6	-	146,550,000
b) Trade payables		54,504,553	13,111,273
c) Other current liabilities	7	41,281,781	20,706,856
d) Short term provisions	8	2,703,240	1,968,855
		<u>98,489,574</u>	<u>182,336,984</u>
<b>TOTAL</b>		<u><b>178,612,152</b></u>	<u><b>270,968,660</b></u>
<b>II. ASSETS</b>			
<b>Non current assets</b>			
a) Fixed assets			
i) Tangible assets	9	7,493,315	39,474,830
b) Deferred tax assets (net)		24,935	111,523
c) Long term loans and advances	10	74,703,325	78,269,028
		<u>82,221,575</u>	<u>117,855,381</u>
<b>Current assets</b>			
a) Inventories	11	3,895,125	171,717
b) Trade receivables	12	53,611,858	10,836,183
c) Cash and bank balances	13	2,505,605	5,577,948
d) Short term loan and advances	14	14,447,001	75,999,397
e) Other current assets	15	21,930,988	60,528,033
		<u>96,390,577</u>	<u>153,113,278</u>
<b>TOTAL</b>		<u><b>178,612,152</b></u>	<u><b>270,968,660</b></u>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		

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

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

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

Viswanand Keshri  
Partner  
Membership no. 505508  
May 19, 2012  
New Delhi



*Ashim Sarin*  
Ashim Sarin  
(Managing Director)

*Maneesh Gupta*  
Maneesh Gupta  
(Director)

*Amita*  
Amita Gupta  
(Company Secretary)

## ANANT RAJ CONS. &amp; DEVELOPMENT PRIVATE LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Notes	For the year ended March 31, 2012 Rs.	For the year ended March 31, 2011 Rs.
<b>I INCOME</b>			
Revenue from operations	16	556,005,705	544,958,900
Other income	17	11,593,778	113,495
<b>Total income</b>		<b>567,599,483</b>	<b>545,072,395</b>
<b>II EXPENSES</b>			
Cost of material consumed	18	535,227,072	503,755,676
Employee benefits expense	19	17,512,568	24,592,429
Finance costs	20	-	2,850,647
Depreciation		4,140,657	9,479,368
Other expenses	21	2,174,427	1,868,432
<b>Total Expenses</b>		<b>559,054,724</b>	<b>542,546,552</b>
<b>III Profit before prior period adjustments (I - II)</b>		<b>8,544,759</b>	<b>2,525,843</b>
IV Prior period adjustments		568,244	10,711
<b>V Profit before tax (III - IV)</b>		<b>7,976,515</b>	<b>2,515,132</b>
<b>VI Tax expense</b>			
1) Current tax		2,212,852	1,691,476
2) Deferred tax		86,588	(532,437)
		<b>2,299,440</b>	<b>1,159,039</b>
<b>VII Profit for the year from continuing operations (VI - VI)</b>		<b>5,677,075</b>	<b>1,356,093</b>
<b>VIII Earnings per share [equity share, par value of Rs. 10 (Rs. 10) each]</b>			
1) Basic		1.14	0.27
2) Diluted		1.14	0.27

## SIGNIFICANT ACCOUNTING POLICIES

1

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

The notes referred above form an integral part of the Statement of Profit and Loss.

B. Bhushan &amp; Co.

Chartered Accountants

By the hand of

Vishwanand Keshki  
Partner  
Membership no. 505568  
May 19, 2012  
New Delhi



Ashim Sarin  
(Managing Director)

Maneesh Gupta

Maneesh Gupta  
(Director)

Amita  
Amita Gupta  
(Company Secretary)

**ANANT RAJ CONS. & DEVELOPMENT PRIVATE LIMITED**  
**Notes to financial statement for the year ended March 31, 2012**

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>2 SHARE CAPITAL</b>		
<b>Authorized</b>		
5,000,000 (5,000,000) equity shares of Rs. 10 (Rs. 10) each	50,000,000	50,000,000
<b>Issued, subscribed and fully paid up</b>		
5,000,000 (5,000,000) equity shares of Rs. 10 (Rs. 10) each	50,000,000	50,000,000

**a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:**

	As at March 31, 2012		As at March 31, 2011	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Number of shares outstanding at the beginning of the year	5,000,000	50,000,000	5,000,000	50,000,000
Number of shares outstanding at the end of the year	5,000,000	50,000,000	5,000,000	50,000,000

**b) Terms/rights attached to equity shares**

The Company has only one class of equity share having a par value of Rs. 10 per share. Each shareholder of equity shares is entitled to one vote per share. The Company declares and pays dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholders.

**c) Shares held by holding Company, Anant Raj Industries Ltd.**

\*5,000,000 (\*5,000,000) equity shares of Rs. 10 (Rs. 10) each fully paid up 50,000,000 50,000,000

\*Includes 6 (6) equity shares held by nominees of the holding company, Anant Raj Industries Ltd.

**d) Details of shareholders holding more than 5% shares in the Company**

	As at March 31, 2012		As at March 31, 2011	
	Number	% holding	Number	% holding
Equity shares of Rs. 10 (Rs. 10) each fully paid up				
- Anant Raj Industries Limited	5,000,000	100%	5,000,000	100%

**3 RESERVES AND SURPLUS**

<b>a) Profit and Loss Account</b>		
Opening balance	23,204,237	21,848,144
Addition during the year	5,677,075	1,356,093
	<u>28,881,311</u>	<u>23,204,237</u>

**4 LONG TERM PROVISIONS**

<b>a) Provision for employee benefits</b>		
i) Gratuity (Unfunded)	909,914	289,536
ii) Leave encashment (Unfunded)	331,353	377,064
	<u>1,241,267</u>	<u>666,600</u>





ANANT RAI CONS. & DEVELOPMENT PRIVATE LIMITED  
Notes to financial statement for the year ended March 31, 2012

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at March 31, 2011 Rs.	Additions during the year Rs.	Sales/adjustment during the year Rs.	As at March 31, 2012 Rs.	Upto March 31, 2011 Rs.	During the year Rs.	Depreciation Written back/ Adjustment	Upto March 31, 2012 Rs.	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
Plant and machinery	56,993,141	193,022	48,797,537	8,388,626	20,066,340	3,469,486	20,233,256	3,302,570	5,086,056	36,926,801
Furniture fixtures	1,073,673	530,400	-	1,604,073	506,005	189,570	-	695,575	908,498	567,668
Office equipments	718,990	-	-	718,990	263,595	63,345	-	326,940	392,050	455,394
Computer	762,964	-	-	762,964	596,823	66,456	-	663,279	99,685	166,141
Vehicles	3,128,369	-	-	3,128,369	1,769,543	351,800	-	2,121,343	1,007,026	1,358,826
<b>Total</b>	<b>62,677,137</b>	<b>723,422</b>	<b>48,797,537</b>	<b>14,603,022</b>	<b>23,202,306</b>	<b>4,140,657</b>	<b>20,233,256</b>	<b>7,109,707</b>	<b>7,493,315</b>	<b>39,474,830</b>
Previous year	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



**ANANT RAJ CONS. & DEVELOPMENT PRIVATE LIMITED**  
**Notes to financial statement for the year ended March 31, 2012**

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>5 OTHER LONG TERM LIABILITIES</b>		
a) Security deposit received	-	14,760,839
<b>6 SHORT TERM BORROWINGS (Unsecured)</b>		
a) Loan from related party	-	146,550,000
Loan from related party represents non interest bearing unsecured loan obtained from holding company which is repayable on demand. There is no repayment of principal or payment of interest due by the Company as at the year end.		
<b>7 OTHER CURRENT LIABILITIES</b>		
a) Advance from customer	4,400,625	9,760,547
b) Other payables		
i) Security deposits payable	32,149,573	4,138,433
ii) Statutory dues payable	2,394,728	2,772,729
iii) Expenses payable	2,336,855	4,035,147
	<u>41,281,781</u>	<u>20,706,856</u>
<b>8 SHORT TERM PROVISIONS</b>		
a) Provision for employee benefits		
i) Gratuity (Unfunded)	245,344	1,677
ii) Leave encashment (Unfunded)	245,044	275,702
b) Provision for income tax	2,212,852	1,691,476
	<u>2,703,240</u>	<u>1,968,855</u>
<b>10 LONG TERM LOANS AND ADVANCES (Unsecured and considered good)</b>		
a) Security deposits	14,501,765	18,067,468
b) Advances recoverable	60,201,560	60,201,560
	<u>74,703,325</u>	<u>78,269,028</u>
<b>11 INVENTORIES (As taken and valued by management)</b>		
a) Raw material	341,846	-
b) Work in progress	3,553,279	171,717
	<u>3,895,125</u>	<u>171,717</u>
<b>12 TRADE RECEIVABLES (Unsecured and considered good)</b>		
- Trade receivables outstanding for a period:		
a) more than six months from the date they are due for payment	103,868	-
b) less than six months from the date they are due for payment	53,507,990	10,836,183
	<u>53,611,858</u>	<u>10,836,183</u>



ANANT RAJ CONS. & DEVELOPMENT PRIVATE LIMITED  
Notes to financial statement for the year ended March 31, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>13 CASH AND BANK BALANCES</b>		
a) Cash and cash equivalents		
i) Balance with bank in current accounts	1,768,388	4,661,342
ii) Cash on hand	217,829	397,218
	<u>1,986,217</u>	<u>5,058,560</u>
b) Other bank balances		
i) Fixed deposit against margin money*	519,388	519,388
	<u>2,505,605</u>	<u>5,577,948</u>
	*Pledged with the bank as margin against bank guarantee issued by the bank.	
<b>14 SHORT TERM LOAN AND ADANCES</b> (Unsecured, considered good)		
a) Advances recoverable in cash or in kind	7,554,094	68,211,659
b) Advance to employees	242,354	412,863
c) Input taxes receivable	6,650,553	7,374,875
	<u>14,447,001</u>	<u>75,999,397</u>
<b>15 OTHER CURRENT ASSETS</b>		
a) Income tax receivable	21,831,327	60,270,870
b) Unamortised expenditure	-	86,452
c) Interest accrued but not due	99,661	67,793
d) Prepaid expenses	-	102,918
	<u>21,930,988</u>	<u>60,528,033</u>
	For the year ended March 31, 2012 Rs.	For the year ended March 31, 2011 Rs.
<b>16 REVENUE FROM OPERATIONS</b>		
a) Contract revenue	556,005,705	544,958,900
<b>17 OTHER INCOME</b>		
a) Interest income		
- On deposits	44,299	37,359
- On income tax refund	6,082,563	-
b) Others	5,466,916	76,136
	<u>11,593,778</u>	<u>113,495</u>
<b>18 COST OF MATERIAL CONSUMED</b>		
a) Construction expenses	535,227,072	503,755,676
<b>19 EMPLOYEE BENEFITS EXPENSES</b>		
a) Salary and wages	15,838,847	23,219,104
b) Staff welfare	27,840	43,379
c) Bonus	686,371	867,189
d) Gratuity	864,045	55,447
e) Leave encashment	95,465	407,310
	<u>17,512,568</u>	<u>24,592,429</u>



ANANT RAJ CONS. & DEVELOPMENT PRIVATE LIMITED  
 Notes to financial statement for the year ended March 31, 2012

	For the year ended March 31, 2012 Rs.	For the year ended March 31, 2011 Rs.
<b>20 FINANCE COSTS</b>		
a) Interest on loan	-	2,850,647
<b>21 OTHER EXPENSES</b>		
a) Payment to auditors as audit fees	100,000	90,000
b) Fees and taxes	215,893	7,188
c) Legal and professional	1,156,257	951,151
d) Repairs and maintenance	-	260,640
e) Vehicle running and maintenance	84,320	51,053
f) Conveyance	3,060	20,012
g) Insurance	3,086	154,520
h) Bank charges	3,029	15,526
i) Unamortised expenditure written off	86,451	86,451
j) Others	522,331	231,891
	<u>2,174,427</u>	<u>1,868,432</u>



## 1 SIGNIFICANT ACCOUNTING POLICIES

### a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Indian Generally Accepted Accounting Principles ("Indian GAAP"). The Company has prepared these financial statements to comply in all material aspects with the accounting standard notified under the Companies (Accounting Standard) Rules, 2006 as amended and the relevant provision of the Companies Act, 1956. The financial statement have been prepared under the historical cost convention and on accrual basis.

The accounting policies adopted in the preparation and presentation of financial statements are consistent with those of previous year. The management evaluates all recently issued or revised accounting standards on a ongoing basis.

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statement. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified previous year figures in accordance with the requirements applicable in the current year.

### 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) TANGIBLE ASSETS

Tangible 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.

An item of tangible 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) DEPRECIATION

Depreciation on tangible 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%.



**e) 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.

**f) INVENTORIES**

Raw material is valued at Cost or Net realisable value whichever is less. Cost is calculated using "First in First Out" method. Work in Progress is valued at direct cost incurred including estimated amount of allocable expenditure.

**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) 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.

**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) 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) 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. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the re-imbursalment 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.

**m) CASH AND CASH EQUIVALENTS**

In the Cash Flow Statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.



22 CONTINGENT LIABILITIES (to the extent not provided for):

- a) 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.
- b) 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.
- c) Fixed deposits of Rs. 500,000 (Rs. 500,000) held by Bank as margin against guarantee given to Sales Tax authorities for Sales tax registration and issue of statutory forms to the Company.
- 23 Sundry debtors include Rs. 1,83,34,835 (Rs. 94,35,194) as debts due from holding company and Rs. 3,37,75,756 (Rs. 7,60,727 ) from fellow subsidiary company. Maximum balance due during the year was Rs. 1,49,91,319 (Rs. 1,39,88,884 ) and Rs. 3,37,75,756 (Rs. 1,85,10,046) respectively.
- 24 There are no micro and small scale enterprises to which the Company owes dues as at March 31, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- 25 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. 5,61,835 (Rs. 3,13,566) and deferred tax liability of Rs. 5,36,900 (Rs. 2,02,044) as at March 31, 2012. Major components of deferred tax are as follows:

Particulars	As at March	As at March	For the year
	31, 2011	31, 2012	
	Rs.	Rs.	Rs.
	(a)	(b)	(b-a)
i) Deferred tax assets			
- Gratuity	96,734	374,823	278,089
- Leave encashment	216,833	187,012	(29,821)
	<u>313,566</u>	<u>561,835</u>	<u>248,269</u>
ii) Deferred tax liability			
- Tangible assets	202,044	536,900	334,856
	<u>202,044</u>	<u>536,900</u>	<u>334,856</u>
Net deferred tax asset/(liability): (i)-(ii)	<u>111,522</u>	<u>24,935</u>	<u>(86,587)</u>

The net deferred tax assets/(liabilities) amounting to Rs. -86,587 (Rs. 5,32,437) for the year has been recognized in the Statement of Profit and Loss.

- 26 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





- 27 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. 11,55,258 (Rs.2,91,213) and leave encashment liability of Rs. 5,76,397 (Rs. 6,52,766).

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

Particulars	(Rs. Lacs)			
	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Projected benefit obligation at the beginning of the year	2.91	2.35	6.52	4.69
Current service cost	2.15	1.23	2.47	2.69
Interest cost	0.23	0.18	0.52	0.35
Actuarial (gain)/loss on obligations	6.25	(0.85)	(2.03)	1.03
Benefits paid	-	-	(1.71)	(2.24)
Projected benefit obligation at the end of the year	11.55	2.91	5.76	6.53

- (b) The fair value of plan assets is Nil since employee benefit plans are wholly unfunded as on March 31, 2012.

Particulars	(Rs. Lacs)			
	Gratuity		Leave encashment	
	2011-12	2010-11	2011-12	2010-11
Current service cost	2.15	1.23	2.47	2.69
Interest cost	0.23	0.18	0.52	0.35
Expected return on plan assets	-	-	-	-
Net actuarial (gain)/loss recognized	6.25	(0.85)	(2.03)	1.03
Expenses recognized in the statement of Profit and Loss Account	8.64	0.56	0.96	4.07

- (d) Principal actuarial assumptions

Particulars	Gratuity and leave encashment	
	31-Mar-12	31-Mar-11
Discount rates	8.20% p.a.	8.20% p.a.
Future salary increases	8% p.a.	8% 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.



28 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, 2012	31, 2011
	Rs.	Rs.
a) Profit available for equity shareholders	5,677,075	1,356,093
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	1.14	0.27

29 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**

Aakashganga Realty Pvt. Ltd.	Jasmine Buildwell Pvt. Ltd.
Aarkarshak Realators Pvt. Ltd.	Jubilant Software Services Pvt. Ltd.
Advance Buildcon Pvt. Ltd.	Kalinga Buildtech Pvt. Ltd.
Anant Raj Hotels Ltd.	Kalinga Realtors Pvt. Ltd.
Anant Raj Housing Ltd.	Krishna Buildtech Pvt. Ltd.
Anant Raj Projects Ltd.	Lucky Meadows Pvt. Ltd.
Ankur Buildcon Pvt. Ltd.	Monarch Buildtech Pvt. Ltd.
A-Plus Estates Pvt. Ltd.	North South Properties Pvt. Ltd.
BBB Realty Pvt. Ltd.	Novel Buildmart Pvt. Ltd.
Blossom Buildtech Pvt. Ltd.	Novel Housing Pvt. Ltd.
Bolt Properties Pvt. Ltd.	One Star Realty Pvt. Ltd.
Capital Buildcon Pvt. Ltd.	Oriental Meadows Ltd.
Capital Buildtech Pvt. Ltd.	Oriental Promoters Pvt. Ltd.
Carnation Buildtech Pvt. Ltd.	Papillon Buildcon Pvt. Ltd.
CCC Realty Pvt. Ltd.	Papillon Buildtech Pvt. Ltd.
Century Promoters Pvt. Ltd.	Park Land Const. & Equipment Pvt. Ltd.
Echo Buildtech Pvt. Ltd.	Parkland Developers Pvt. Ltd.
Echo Properties Pvt. Ltd.	Parkview Promoters Pvt. Ltd.
Elegant Buildcon Pvt. Ltd.	Pasupati Aluminium Ltd.
Elegant Estates Pvt. Ltd.	Pelikan Estates Pvt. Ltd.
Elevator Buildtech Pvt. Ltd.	Pioneer Promoters Pvt. Ltd.
Elevator Promoters Pvt. Ltd.	Rapid Realtors Pvt. Ltd.
Elevator Properties Pvt. Ltd.	Red Sea Realty Pvt. Ltd.
Empire Promoters Pvt. Ltd.	Rising Realty Pvt. Ltd.
Excellent Inframart Pvt. Ltd.	Rolling Construction Pvt. Ltd.
Fabulous Builders Pvt. Ltd.	Romano Estate Pvt. Ltd.
Four Construction Pvt. Ltd.	Romano Infrastructure Pvt. Ltd.
Gadget Builders Pvt. Ltd.	Romano Projects Pvt. Ltd.
Gagan Buildtech Pvt. Ltd.	Romano Tiles Pvt. Ltd.



Glaze Properties Pvt. Ltd.	Rose Realty Pvt. Ltd.
Good Luck Buildtech Pvt. Ltd.	Roseview Buildtech Pvt. Ltd.
Grand Buildtech Pvt. Ltd.	Roseview Properties Pvt. Ltd.
Grand Park Buildtech Pvt. Ltd.	Saffron View Properties Pvt. Ltd.
Grand Park Estates Pvt. Ltd.	Sand Storm Buildtech Pvt. Ltd.
Greatway Estates Ltd.	Sartaj Developers & Promoters Pvt. Ltd.
Greatways Buildtech Pvt. Ltd.	Sovereign Buildwell Pvt. Ltd.
Green Line Buildcon Pvt. Ltd.	Spring View Developers Pvt. Ltd.
Green Line Promoters Pvt. Ltd.	Spring view Properties Pvt. Ltd.
Green Retreat and Motels Pvt. Ltd.	Suburban Farms Pvt. Ltd.
Green View Buildwell Pvt. Ltd.	Three Star Realty Pvt. Ltd.
Green Way Promoters Pvt. Ltd.	Townsend Cons. & Equipments Pvt. Ltd.
Green Wood Properties Pvt. Ltd.	Tumhareliye Realty Pvt. Ltd.
Gujarat Anant Raj Vidhyanagar Ltd.	Twenty First Developers Pvt. Ltd.
Hamara Realty Pvt. Ltd.	Vibrant Buildmart Pvt. Ltd.
Hemkunt Promoters Pvt. Ltd.	West Land Buildcon Pvt. Ltd.
High Land Meadows Pvt. Ltd.	Woodland Promoters Pvt. Ltd.

**Key management personnel**

Ashim Sarin	Managing 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:**

Sl. No.	Nature of transaction	Related party	For the year ended March 31, 2012 Rs.	For the year ended March 31, 2011 Rs.
1	Cost of Construction & Development*	Anant Raj Projects Limited	208,781,676	213,462,422
2	Amount received towards Construction & Development work	Anant Raj Projects Limited	185,738,120	202,028,573
3	Cost of Construction & Development*	One Star Realty Pvt. Ltd.	137,184,514	-
	Amount received towards Construction & Development work	One Star Realty Pvt. Ltd.	127,213,041	-
4	Cost of Construction & Development*	Anant Raj Industries Limited	245,701,843	364,959,576
5	Amount received towards Construction & Development work	Anant Raj Industries Limited	230,710,524	364,980,695
6	Purchase of Ceramic Tiles	Anant Raj Industries Limited	1,301,447	3,521,531
7	Short term borrowings received during the year	Anant Raj Industries Limited	500,000	90,000,000
8	Short term borrowings repaid during the year	Anant Raj Industries Limited	147,050,000	45,000,000
9	Security deposits retained	Anant Raj Projects Limited	10,438,767	10,673,122

\*Includes applicable statutory taxes.



ANANT RAJ CONS. & DEVELOPMENT PRIVATE LIMITED  
Notes to financial statement for the year ended March 31, 2012

c) Amount outstanding as at March 31, 2012:

Sl. No.	Account head	Related party	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
1	Short term borrowings payable to holding Company	Anant Raj Industries Limited	-	146,550,000
2	Advances received against construction work from holding company	Anant Raj Industries Limited	3,343,516	9,456,313
3	Sundry debtors			
	- Holding Company	Anant Raj Industries Limited	18,334,835	9,435,194
	- Fellow Subsidiary Company	Anant Raj Projects Limited One Star Realty Pvt Ltd	23,804,283 9,971,473	760,727
4	Security deposits (Debit)			
	- Fellow Subsidiary Company	Anant Raj Projects Limited	14,280,165	17,841,398

30 Payment to auditors:

Particulars	For the year ended March 31, 2012 Rs.	For the year ended March 31, 2011 Rs.
a) For services as auditors exclusive of service tax	100,000	90,000
b) For certification services exclusive of service tax	10,000	15,000

- 31 In the opinion of the management, the realizable value of all current assets, short term loans and advances in the ordinary course of business will not be less than their value as stated in the Balance Sheet.
- 32 Balances grouped under trade payables, long term loans and advances and short term loans and advances are subject to confirmation from respective parties.
- 33 Figures in brackets pertain to previous year, unless otherwise indicated.
- 34 Previous year figures have been regrouped/rearranged or recast, wherever considered necessary to make them comparable with the current year figures.



May 19, 2012  
New Delhi

*Ashim Sarin*  
Ashim Sarin  
(Managing Director)

The notes referred above form an integral part of the Balance Sheet and Statement of Profit and Loss.

*Maneesh Gupta*  
Maneesh Gupta  
(Director)

*Amita*  
Amita Gupta  
(Company Secretary)

**ANANT RAJ CONS. & DEVELOPMENT PRIVATE LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

	For the year ended March 31, 2012 Rs.	For the year ended March 31, 2011 Rs.
<b>A. CASH FLOW FROM OPERATIONS</b>		
Profit before tax from continuing operations	7,976,515	2,515,132
Depreciation	4,140,657	9,479,368
Interest paid	-	2,850,647
(Profit)/Loss on sale of assets	(5,443,384)	152,277
Prior period items	4,146	1,246
Unamortised expenditure written off	86,451	86,451
<b>Operating profit before working capital changes</b>	<b>6,764,385</b>	<b>15,085,121</b>
Increase/(Decrease) in long term provision	574,667	-
Increase/(Decrease) in other long term liabilities	(14,760,839)	-
Increase/(Decrease) in trade payable	41,393,280	939,448
Increase/(Decrease) in other current liabilities	20,574,925	15,684,466
Increase/(Decrease) in short term provision	213,009	238,750
Decrease/(Increase) in long term loans and advances	3,565,703	(10,874,682)
Decrease/(Increase) in inventories	(3,723,408)	20,077,172
Decrease/(Increase) in trade receivables	(42,775,675)	(10,299,789)
Decrease/(Increase) in short term loans and advances	61,552,396	(25,012,453)
Decrease/(Increase) in other current assets	48,538,718	(595,375)
<b>Cash generated from operations</b>	<b>121,917,161</b>	<b>5,242,658</b>
Tax paid during the year	(11,723,747)	(11,782,075)
<b>Net cash from operating activities</b>	<b>(A) 110,193,414</b>	<b>(6,539,417)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to tangible assets	(723,422)	-
Sale of fixed asset	34,007,665	26,106,456
<b>Net cash from investing activities</b>	<b>(B) 33,284,243</b>	<b>26,106,456</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	-	(2,850,647)
Increase/(Decrease) in short term borrowings	(146,550,000)	(13,093,593)
<b>Net cash from financing activities</b>	<b>(C) (146,550,000)</b>	<b>(15,944,240)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C) (3,072,343)</b>	<b>3,622,799</b>
Cash and cash equivalents - Opening balance	5,058,560	1,435,761
Cash and cash equivalents - Closing balance	1,986,217	5,058,560

**Note: Figures in brackets indicate cash outflow**


This is the Cash Flow Statement referred to in our report of even date attached.

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



Vishwanand Keshri  
Partner  
Membership no. 505508  
May 19, 2012  
New Delhi



  
Ashim Sarin  
(Managing Director)

  
Amita Gupta  
(Company Secretary)

  
Maneesh Gupta  
(Director)