

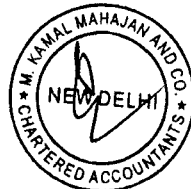
CHARTERED ACCOUNTANTS

**Auditors' Report**

To



**The Members of Enchant Constructions Private Limited**

- a) We have audited the attached balance sheet of Enchant Constructions Private Limited, as at 31st March, 2011 and also the profit and loss account and 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.
- b) 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- c) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 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 paragraphs 4 and 5 of the said Order.
- d) Further to our comments in the Annexure referred to above, 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 purposes 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
- (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 to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 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 other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2011; and
- b) in the case of the profit and loss account, of the loss for the year ended on that date
- c) in the case of the cash flow statement, of the cash flow for the period ended on that date.

For M Kamal Mahajan And Co.  
Chartered Accountants  
Firm Regn. No. 006855N

  
  
(S.K. Govil)  
(Partner)

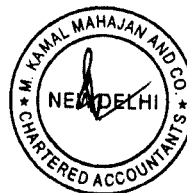
M No. 084613

Place: New Delhi  
Date: 10.05.2011

**Annexure to Audit Report of Enchant Constructions Private Limited**

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

- (i) The company does not have any fixed assets, in view of this para (i)(a),(b) & (c) are not applicable.
- (ii) a) As stated to us, the inventory has been physically verified at reasonable intervals by the management.  
b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- (iii) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, we are of the opinion that the company has neither granted nor taken any loans during the year to/from parties covered in register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchases of inventory and fixed assets and for the sale of goods and service. No continuing failure to correct major weakness in internal control system has been noticed in the internal controls system.
- (v) a) Based on the audit procedures applied by us and according to the explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the act have been entered in the register required to be maintained under that section.  
b) In our opinion and according to the information and explanations given to us, the transactions entered in the registers maintained under Section 301 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

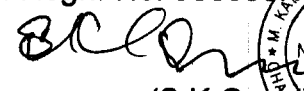


- (vi) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, the company has not accepted any public deposits hence para (vi) of the order is not applicable.
- (vii) In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) As per information and explanations given to us, Central Government has not prescribed any Cost Records in pursuance to section 209(1)(d) of the Companies Act for the company hence provisions of Para (viii) of the order is not applicable.
- (ix) a) According to the records of the company, the company, in general, is regular in depositing with appropriate authorities undisputed statutory dues applicable to it.
- b) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, no amounts payable in respect of Income-tax, Sales-tax, Wealth tax, Service-tax Customs duty, Excise duty, Cess were outstanding, as at 31st March 2011 due to any dispute.
- (x) The accumulated losses of the company are more than 50% of its net worth. The Company has incurred cash loss during the financial year covered by our audit and in immediately preceding financial year.
- (xi) The company does not have taken any loans from banks.
- (xii) Based on our examination of documents and records, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund/nidhi/mutual benefit fund/societies.
- (xiv) In our opinion, and according to the information and explanations given to us the company is not dealing or trading in shares, securities, debentures and other investments hence provisions of this clause are not applicable to it.
- (xv) In our opinion, and according to the information and explanations given to us and on the basis of our verification of books of accounts of the company and based on our examination of the records, we are of the opinion that the company has not given any guarantee for loans taken by others from bank or financial institutions.



- (xvi) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, the company has not taken any term loan.
- (xvii) The company has not taken any short term loans from banks.
- (xviii) During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the act.
- (xix) During the period covered by our audit report, the company has not issued any debentures hence provisions of this clause are not applicable to it.
- (xx) During the period covered by our audit report, the company has not raised any money by way of public.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the period.

For M Kamal Mahajan And Co.  
Chartered Accountants  
Firm Regn. No. 006855M

  
(S.K. Goyal)  
(Partner)

M No. 084613

Place: New Delhi  
Date: 10.05.2011

**ENCHANT CONSTRUCTIONS PRIVATE LIMITED**

**BALANCE SHEET AS AT 31ST MARCH,2011**

(Amount in Rs.)

	SCHEDULE	AS AT 31ST MARCH,2011	AS AT 31ST MARCH,2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	1,00,000	1,00,000
		<u>1,00,000</u>	<u>1,00,000</u>
<b>APPLICATION OF FUNDS</b>			
<b>INVESTMENT</b>			
	2	--	3,30,075
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
	3	18396586	18082834
Less: CURRENT LIABILITIES AND PROVISIONS	4	183,90,455	183,88,260
<b>Net Current Assets</b>		<u>6,131</u>	<u>(305,426)</u>
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)	5	--	1,070
<b>Profit &amp; Loss Account (Debit Balance)</b>		93,869	74,281
		<u>1,00,000</u>	<u>1,00,000</u>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**


6

As per our report of even date attached

For **M. KAMAL MAHAJAN AND CO.**  
Chartered Accountants  
Firm Regn. 006855N

**FOR AND ON BEHALF OF BOARD**

*S.K. Goyal*  
**S.K. GOYAL**  
(Partner)  
M.No. 084613



*Mohinder Bajaj*  
**Mohinder Bajaj**  
Director

*Ashok Sharma*  
**Ashok Sharma**  
Director

Place New Delhi  
Date : 10.05.2011

**ENCHANT CONSTRUCTIONS PRIVATE LIMITED**

**PRIFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2011**

(Amount in Rs.)

**AS AT 31ST  
MARCH,2011**

**AS AT 31ST  
MARCH,2010**

**INCOME:**

Credit Balance Written Back

562

--

562

--

**EXPENDITURE:**

Filing Fee

400

1,800

Director Sitting Fee

6,000

6,000

Audit Fee

11,030

8,273

Preliminary Exp. Written Off

1,070

1,070

Legal & Professional Exp.

1650

2200

20,150

19,343

**Profit/ (Loss) for the year before Tax**

(19,588)

(19,343)

Less: Provision for Tax

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**Profit/ ( Loss) for the year after Tax**

(19,588)

(19,343)

Add: Profit/ (Loss) as per last year

(74,281)

(54,938)

**Surplus/(Deficit) carried to Balance Sheet**

(93869)

(74,281)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

6

As per our report of even date attached

**For M. KAMAL MAHAJAN AND CO.**

Chartered Accountants

Firm Regn. 006855N

**S.K. GOYAL**

(Partner)

M.No. 084613



**FOR AND ON BEHALF OF BOARD**

*Mohinder Bajaj*

**Mohinder Bajaj**  
Director

*Ashok Sharma*

**Ashok Sharma**  
Director

Place : New Delhi

Date : 10.05.2011

**ENCHANT CONSTRUCTION PRIVATE LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDING 31ST MARCH,2011**

**(Amount in Rs.)**

	<b>AS AT 31ST MARCH,2011</b>	<b>AS AT 31ST MARCH,2010</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>	<b>(19,588)</b>	<b>(19,343)</b>
Net Profit before Tax and depreciation	-	-
Adjustments for :		
Misc. Expenditure Amortised	<u>1,070</u>	<u>1,070</u>
<b>Operating profit before working capital changes</b>	<b>(18,518)</b>	<b>(18,273)</b>
Adjustments for :		
Trade and Other Receivables	<u>(330,075)</u>	-
Inventory	-	-
Trade Payables	<u>2,195</u>	<u>395,449</u>
Cash generated from operations	<u>(346,398)</u>	<u>377,176</u>
Income taxes paid	-	-
<b>A. Net cash generated/ (used) in operating activities</b>	<b>(346,398)</b>	<b>377,176</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments/others	<u>330,075</u>	<u>(330,075)</u>
<b>B. Net cash generated/ (used) in investing activities</b>	<b>330,075</b>	<b>(330,075)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>C. Net cash generated/ (used) in financing activities</b>	<b>-</b>	<b>-</b>
Net Increase in cash and cash equivalents (A+B+C)	<u>(16,323)</u>	<u>47,101</u>
Cash and Cash equivalents as at 01.04.2010	<u>47,101</u>	-
<b>Cash and Cash equivalents as at 31.03.2011</b>	<b>30,778</b>	<b>47,101</b>

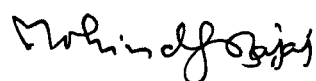
As per our report of even date attached

**For M. KAMAL MAHAJAN AND CO.**  
Chartered Accountants  
Firm Regn. 006855N

  
**S.K. GOYAL**  
(Partner)  
M.No. 084613



**FOR AND ON BEHALF OF BOARD**

  
**Mohinder Bajaj**  
Director

  
**Ashok Sharma**  
Director

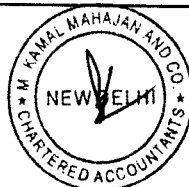
Place : New Delhi  
Date : 10.05.2011

**ENCHANT CONSTRUCTIONS PRIVATE LIMITED**

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH,2011

(Amount in Rs.)

	AS AT 31ST MARCH,2011	AS AT 31ST MARCH,2010
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
10,000 Equity Shares of Rs.10/- each	<u>1,00,000</u>	<u>1,00,000</u>
<b>Issued, Subscribed and Paid Up</b>		
10,000 Equity Shares of Rs.10/- each	<u>1,00,000</u>	<u>1,00,000</u>
	<u>1,00,000</u>	<u>1,00,000</u>
<b>SCHEDULE - 2</b>		
<b>INVESTMENT</b>		
Nil ( P. Y. 2,44,500) Equity Shares of Delta Colonozers Ltd. of Rs. 10/- Each fully paid up	<u>--</u>	<u>330075</u>
	<u>--</u>	<u>330075</u>
<b>SCHEDULE - 3</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>INVENTORY</b>		
Stock of land	<u>1,80,35,733</u>	<u>1,80,35,733</u>
Cash & Bank Balances	<u>30,778</u>	<u>47,101</u>
Others Recivable	<u>330075</u>	<u>-</u>
	<u>18396586</u>	<u>18082834</u>
<b>SCHEDULE - 4</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	<u>346455</u>	<u>344,260</u>
Advance Received from Holding Co.	<u>1,80,44,000</u>	<u>1,80,44,000</u>
	<u>18390455</u>	<u>18388260</u>
<b>Provisions</b>		
Provisions for Tax	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>
	<u>18390455</u>	<u>18388260</u>
<b>SCHEDULE - 5</b>		
<b>MISCELLANEOUS EXPENDITRE</b>		
( To the extent not written off or adjusted)		
Preliminary Expenses		
Opening Balance	<u>1,070</u>	<u>2,140</u>
Less: Amount Amortised during the year	<u>1,070</u>	<u>1,070</u>
	<u>--</u>	<u>1,070</u>



## SCHEDULE - 6

### ENCHANT CONSTRUCTIONS PVT. LTD.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED  
31st MARCH 2011

#### A. SIGNIFICANT ACCOUNTING POLICIES

1. **Basis for preparation of financial statements**

The financial statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles in India, Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. **Fixed assets**

Fixed assets are stated at cost less depreciation.

3. **Investments**

Current Investments are stated at lower of cost and market value. Long term Investments are stated at cost. Decline in value of Long term investments is recognized if it is not temporary.

4. **Valuation of inventories**

Stocks of land have been valued at lower of cost or net realizable value.

5. **Revenue Recognition**

Income is accounted for when the right to receive the same is established. Profit on land is recognised when it is sold /transferred.

6. **Taxes on Income**

Provision for current tax is made based on taxable income for the year. Deferred tax is recognised /provided on timing difference between taxable income and accounting income subject to consideration of prudence.

7. **Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss and necessary adjustments there against. Reversal of impairment loss is recognised as income in the Profit & Loss Account.



**B. NOTES ON ACCOUNTS**

1. Sundry Creditors  
Based on the information available with the Company, the balance due to Micro & Small Enterprises as defined under the MSMED Act, 2006 is Rs. Nil. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.
2. In the opinion of directors, the current assets, loans and advances are of the value stated in the accounts, if realized in the ordinary course of business and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
3. Balances of loans and advances are subject to confirmation.
4. Contingent Liability Nil Nil
5. Taxation  
Provision for current Income tax has not been made due to loss during the year.
6. Previous year figures have been regrouped / rearranged wherever considered necessary, to make them comparable with Current year's figures.
7. As the Company's business activity falls within a single primary business segment viz. "Real Estate" the disclosure requirements of Accounting Standards (AS-17) "Segment Reporting", issued by The Institute of Chartered Accountants of India are not given.
8. As required by Accounting Standard on "Accounting for taxes on income" i.e. (AS-22) issued by The Institute of Chartered Accountants of India, during the period, Deferred Tax Asset on losses as per Profit & Loss Account has not been recognized as a matter of prudence.
9. Particulars of Earning per share ( Basic & Diluted)

	Year ended 31 <sup>st</sup> March 2011	Year ended 31 <sup>st</sup> March 2010
Net profit / (loss) for the year after tax.(Rs.)	(19588)	(19343)
Weighted Average number of equity shares outstanding during the year	10000	10000
Nominal value of equity share (Rs.)	10	10
Basic & diluted earning per share (Rs.)	(1.96)	(1.93)



10. **Names of the Related Parties and description of the relationship :**

1.	Holding company	Ansal Housing & Construction Limited
2.	Key management Personnel	Ashok Sharma Sabu Thomas Mohinder Bajaj
3.	Relatives of Key Management Personnel ( with whom transaction taken place during the year)	Nil
4.	Associates	
	- Enterprises in which key Management personnel having substantial interest and with which the company entered into transactions .	Nil

**Transactions with related parties:**

(Amount in Rs.)

Director Sitting Fees	6,000/-
-Profit on transfer of land from holding company	Nil
-Closing balance(Payable)	1,80,44,000/-

11. In the opinion of directors, there exist no impairments conditions as on 31.3.2011.



12 Statement pursuant to Part IV of Schedule VI to the Companies Act , 1956

I. **Balance sheet Abstract and Company's General Business Profile**

Registration Details

Registration No. **U70109DL2006PTC152371** State Code **55**

Balance Sheet Date **2011 03 31**  
(Year) (Month) (Date)

Capital raised during the year (Amount in Rs. Thousands)

Public Issue **NIL** Right Issue **NIL**

Bonus Issue **NIL** Private placement **NIL**

Position of Mobilization and Development of Funds ( Amount in Rs. Thousands)

Total Liabilities **100.00** Total Assets **100.00**

Sources of Funds

Paid up Capital/  
Advance Subscription **100.00** Reserve and Surplus **NIL**

Secured Loans **NIL** Unsecured Loans **NIL**

Application of Funds

Net Fixed Assets **NIL** Investments **NIL**

Net Current Assents **6.13** Misc. Expenditure **NIL**

Profit & Loss (Dr. Balance) **93.87**

II. **Performance of Company**

Turnover **0.56** Total Expenditure **20.15**

Profit/ (Loss) Before Tax **(19.59)** Profit/Loss After Tax **(19.59)**

Earning/ (Loss) Per Share **(1.96)** Dividend Rate % **NIL**

III. **Generic names of Three Principal Products/ Services of the Company**

Item Code No. **NIL** Production Description **NIL**

IV. **Any other information required to be furnished under the Companies Act 1956 NIL**

PER OUR REPORT OF EVEN DATE

For **M KAMAL MAHAJAN AND CO**

Chartered Accountants  
Firm Regn. No. 006855N

**S K GOYAL**  
Partner  
M.No. 084613



FOR AND ON BEHALF OF THE BOARD

**Mohinder Bajaj**  
Director

**Ashok Sharma**  
Director

Place: New Delhi  
Date : 10.05.2011