

**Auditor's Report to the Board of Directors of Ansal Chaudhary Developers Pvt. Ltd.  
on the Financial Statements of Ansal Chaudhary Developers Pvt. Ltd.  
for the year ended on March 31, 2010**


We have examined the attached Balance Sheet of Ansal Chaudhary Developers Pvt. Ltd. as at March 31, 2010 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date. 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.

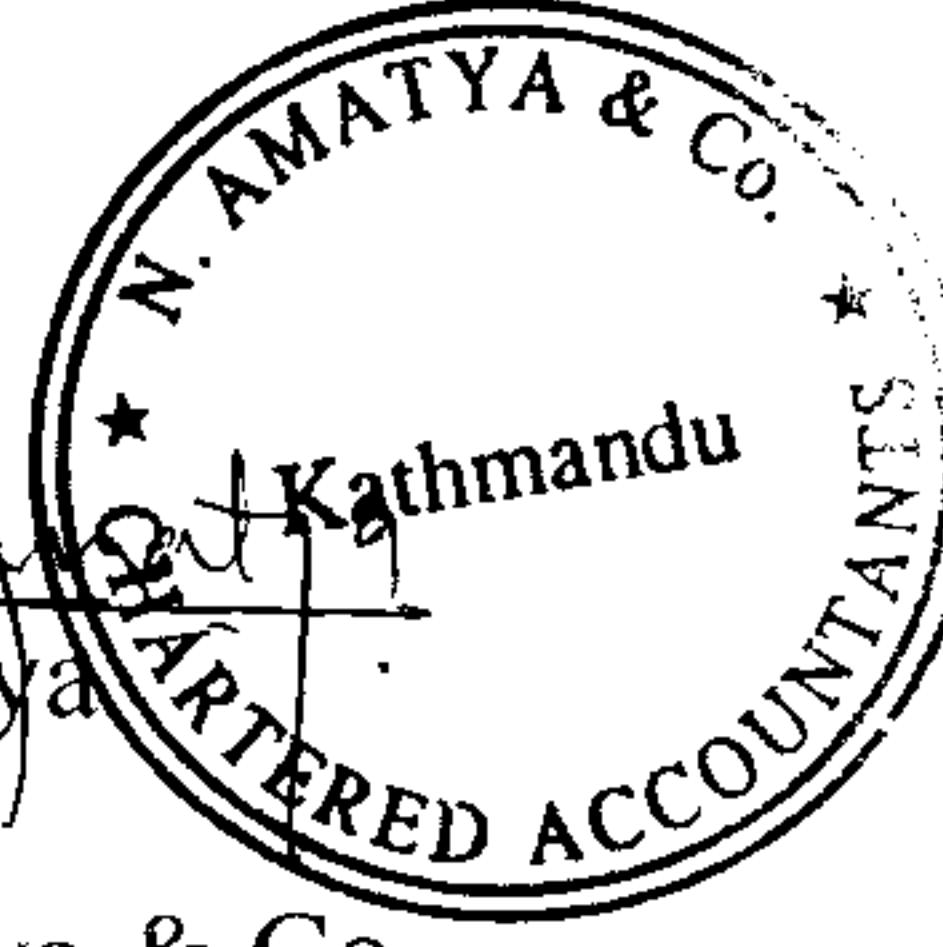
We conducted our audit in accordance with the generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also included assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

On the basis of the information and explanation given to us, the enclosed Financial Statements read with the Notes to Account attached thereto give, in our opinion, true and fair view of:

- a) in case of Balance Sheet, the state of affairs of Ansal Chaudhary Developers Pvt. Ltd. as at March 31, 2010;
- b) in case of Profit & Loss Account, the loss of Ansal Chaudhary Developers Pvt. Ltd. for the year ended on that date and
- c) in case of Cash Flow Statement, the cash flow of Ansal Chaudhary Developers Pvt. Ltd. for the year ended on that date.

Date: August 2, 2010

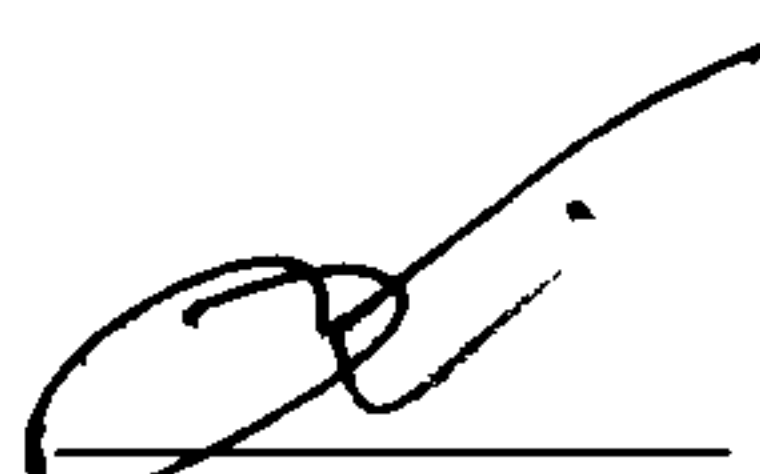
  
Manish Amatya  
Partner  
For: N. Amatya & Co.  
Chartered Accountants



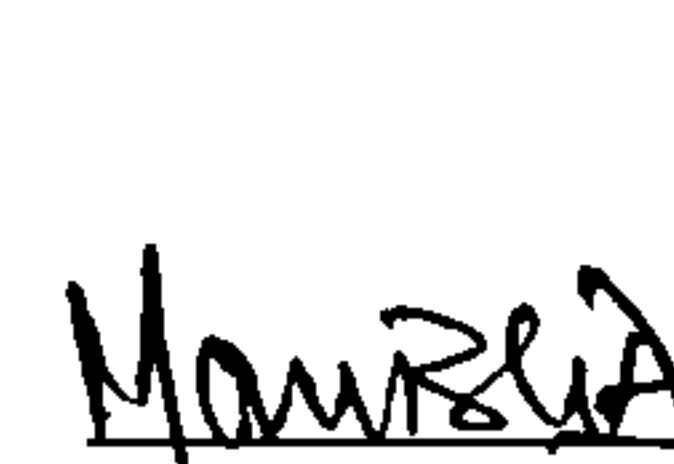
**ANSAL CHAUDHARY DEVELOPERS PVT LTD**  
**BALANCE SHEET AS AT 31ST MARCH, 2010**

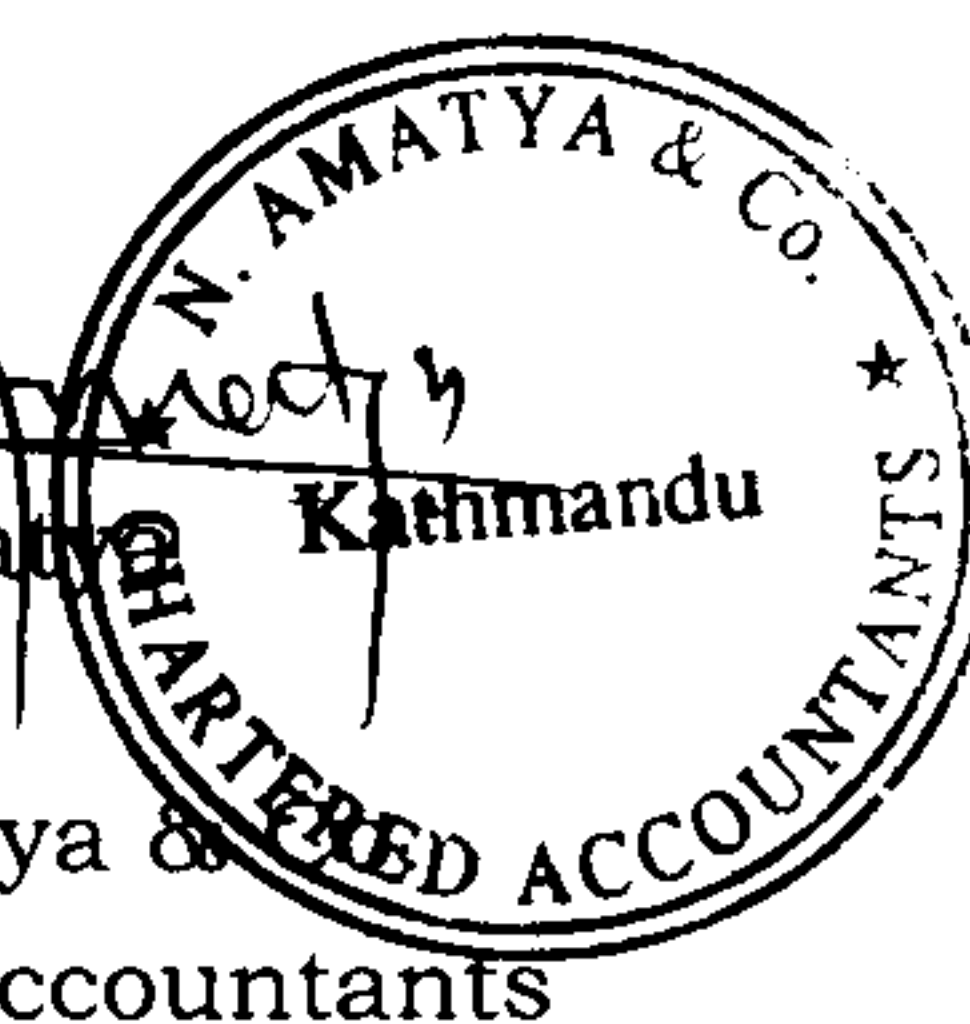
Particulars	Sch.	AS AT MARCH 31, 2010	AS AT MARCH 31, 2009
<b><u>CAPITAL &amp; LIABILITIES</u></b>			
<b>Capital &amp; Reserve Fund</b>			
Share Capital	1	6,000,000.00	6,000,000.00
Reserves & Surplus	2	(8,577,906.53)	(6,415,472.33)
<b>Total</b>		<b>(2,577,906.53)</b>	<b>(415,472.33)</b>
<b><u>ASSETS</u></b>			
<b><u>Fixed Assets</u></b>			
Gross Block	3	6,167,570.71	6,167,570.71
Less: Depreciation		5,347,669.06	5,131,589.66
Net Block		<b>819,901.65</b>	<b>1,035,981.05</b>
Investment	4	<b>185,500.00</b>	<b>185,500.00</b>
<b><u>Current Assets, Loans &amp; Advances</u></b>			
Project in Progress	5	367,773,119.70	367,709,440.73
Sundry Debtors		262,267.00	270,950.00
Cash & Bank Balances	6	277,566.53	1,056,760.95
Advances & Deposits	7	74,891,656.82	75,815,708.57
<b>Total</b>		<b>443,204,610.05</b>	<b>444,852,860.25</b>
<b><u>Less: Current Liabilities &amp; Provisions:</u></b>			
Advance Received from Flat Buyers		402,984,828.30	403,499,131.30
Short Term Loan	8	38,597,515.40	32,947,515.40
Other Liabilities	9	3,657,967.76	8,495,560.16
Provisions	10	1,547,606.77	1,547,606.77
<b>Total</b>		<b>446,787,918.23</b>	<b>446,489,813.63</b>
<b>Net Current Assets</b>		<b>(3,583,308.18)</b>	<b>(1,636,953.38)</b>
<b>Total</b>		<b>(2,577,906.53)</b>	<b>(415,472.33)</b>

  
Sr. Manager (F & A)

  
Director

Date: 2<sup>nd</sup> August, 2010

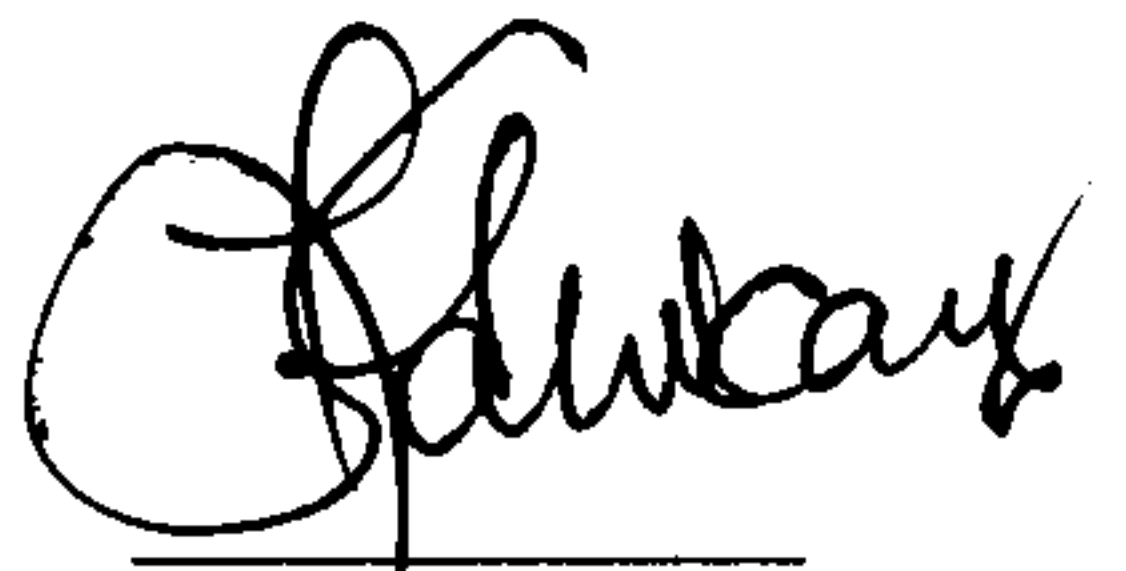
  
Manish Amatya  
Partner  
For: N. Amatya & Co.  
Chartered Accountants

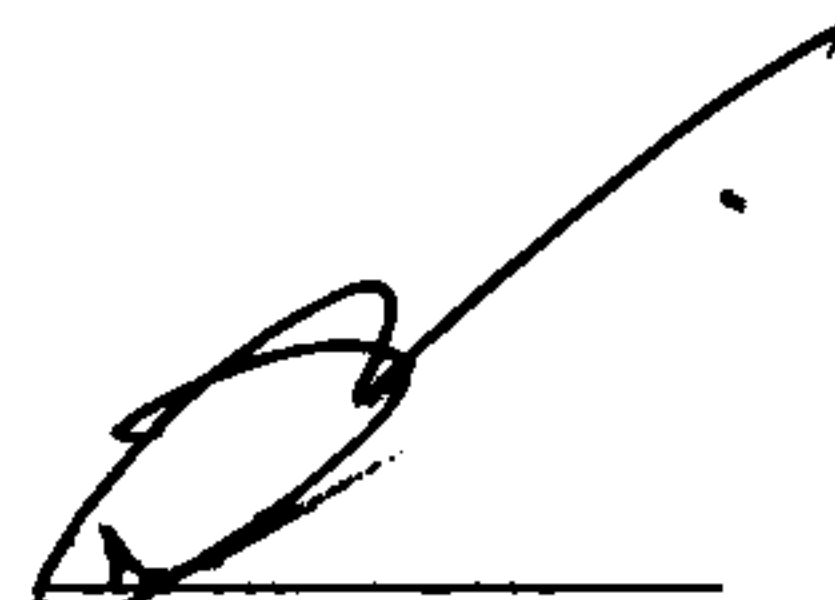


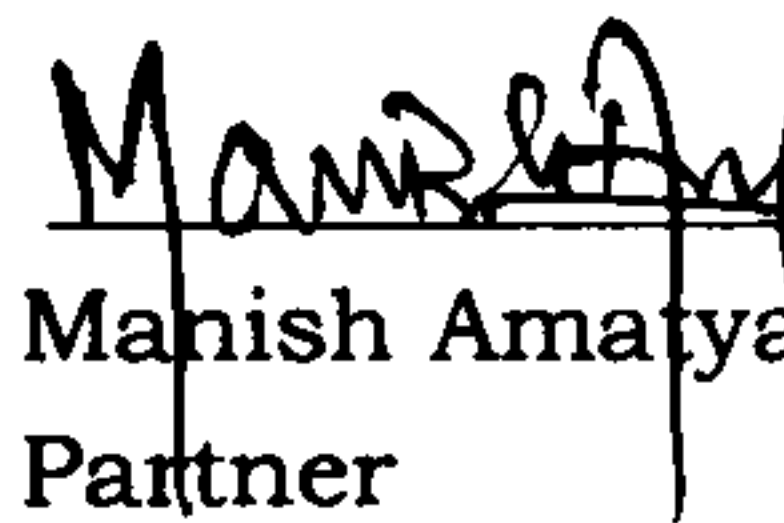
**ANSAL CHAUDHARY DEVELOPERS PVT LTD**

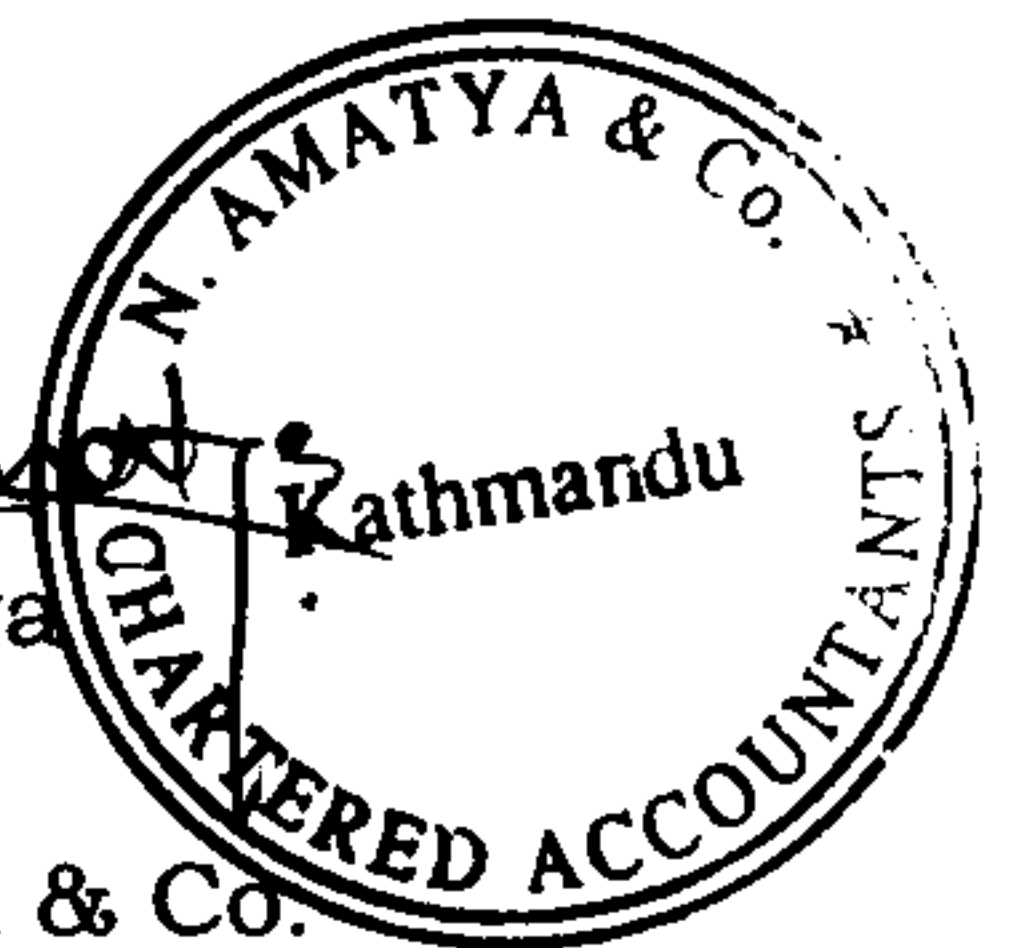
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

Particulars	Sch.	AS AT MARCH 31, 2010	AS AT MARCH 31, 2009
<b><u>INCOME</u></b>			
Other Income	11	273,971.57	525,523.44
<b>Total Income</b>		<b><u>273,971.57</u></b>	<b><u>525,523.44</u></b>
<b><u>EXPENDITURE</u></b>			
Administrative & Office Expenses	12	1,876,985.15	502,622.05
Depreciation	3	216,079.40	
Provision for Staff Bonus			
<b>Total Expenditure</b>		<b><u>2,093,064.55</u></b>	<b><u>502,622.05</u></b>
<b>Profit before Tax</b>		<b>(1,819,092.98)</b>	<b>22,901.39</b>
Less: Provision for Tax Special fee			
<b>Net Profit after Tax</b>		<b>(1,819,092.98)</b>	<b>22,901.39</b>
Less: Employee Housing Fund		-	-
<b>Net Profit for the Period</b>		<b><u>(1,819,092.98)</u></b>	<b><u>22,901.39</u></b>
Balance of the previous Period		(6,758,813.55)	(6,781,714.94)
<b>Balance carried to Balance Sheet</b>		<b><u>(8,577,906.53)</u></b>	<b><u>(6,758,813.55)</u></b>

  
 Manager (F & A)

  
 Director

  
 Manish Amatya  
 Partner  
 For: N.Amatya & Co.  
 Chartered Accountants



Date : 2<sup>nd</sup> August, 2010





**ANSAL CHAUDHARY DEVELOPERS PVT. LTD.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

<b>Particulars</b>	<b>Current Year (Rs.)</b>	<b>Previous Year (Rs.)</b>
<b>A. <u>Cash Flow from Operating Activities</u></b>		
Net Profit /(Loss) before Income Tax	(1,819,092.98)	22,901.39
<b>Adjustment for :</b>		
Depreciation	216,079.40	-
Write back of Housing Reserve	(343,341.22)	-
<b>Cash flow from Operation before Working Capital Changes</b>	<b>(1,946,354.81)</b>	<b>22,901.39</b>
<b><u>Cash Flow from Working Capital Changes</u></b>		
(Increase)/Decrease in Project In Progress	(63,678.97)	(1,826,760.79)
(Increase)/Decrease in Sundry Debtors	8,683.00	32,376.00
(Increase)/Decrease in Advance & Deposits	924,051.75	(2,828,205.73)
Increase/(Decrease) in Advance from Flat Byers	(514,303.00)	651,104.91
Increase/(Decrease) in Other Liabilities	(4,837,592.40)	4,326,862.17
<b>Cash Generated from Working Capital Changes</b>	<b>(6,429,194.42)</b>	<b>378,277.95</b>
<b>B. <u>Cash Flow from Financing Activities</u></b>		
Increase in Short term Loan	5,650,000.00	-
<b>Cash Flow from Financing Activities</b>	<b>5,650,000.00</b>	<b>-</b>
<b>C. <u>Cash Flow from Investing Activities</u></b>		
Additions to Fixed Assets	-	-
Sales of Fixed Assets	-	-
<b>Cash Flow from Investing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Cash and Cash Equivalent for the year (A+B+C)</b>	<b>(779,194.42)</b>	<b>378,277.95</b>
Cash and Cash Equivalent at the beginning of the year	1,056,760.95	678,483.00
<b>Cash and Cash Equivalent at the end of the year</b>	<b>277,566.53</b>	<b>1,056,760.95</b>

  
 Manager ( F & A )

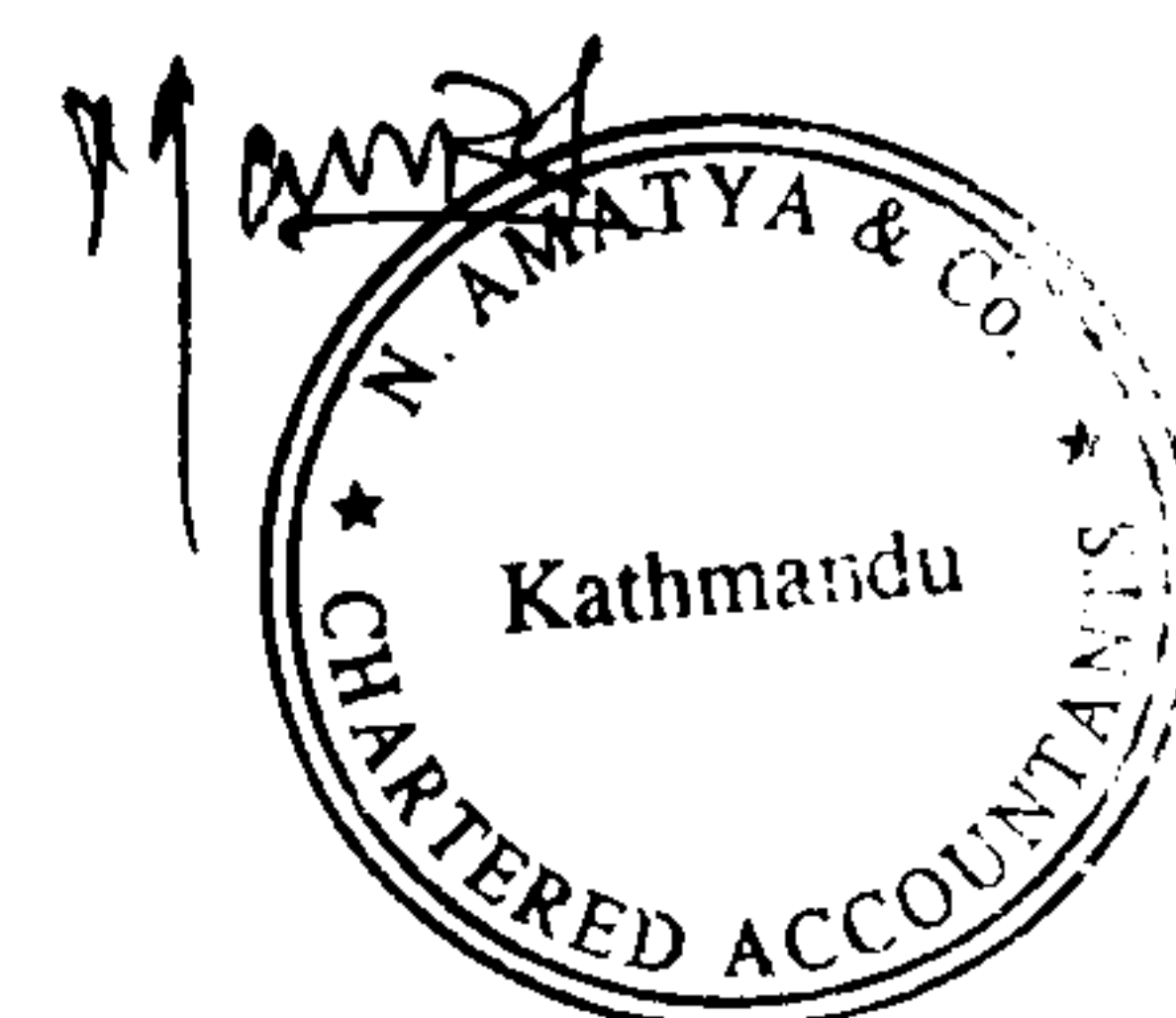
  
 Director

  
 Manish Amatya  
 Partner  
 For: N. Amatya & Co.  
 Chartered Accountants

Date : 2<sup>nd</sup> August, 2010

**ANSAL CHAUDHARY DEVELOPERS PVT. LTD.**  
**SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010**

Particulars	AS AT MARCH 31, 2010	AS AT MARCH 31, 2009
<b>SCHEDULE-1</b>		
<b>SHARE CAPITAL</b>		
<u>AUTHORISED</u>		
1000000 Equity Shares of Rs. 100/- each	<u>100,000,000.00</u>	<u>100,000,000.00</u>
<u>ISSUED</u>		
300000 Equity Shares of Rs. 100/- each (Previous Year 300,000 Equity Shares of Rs. 100/- each)	<u>30,000,000.00</u>	<u>30,000,000.00</u>
<u>SUBSCRIBED &amp; PAID UP</u>		
60000 Equity Shares of Rs. 100/- each (Previous Year 60,000 Equity Shares of Rs. 100/- each)	<u>6,000,000.00</u>	<u>6,000,000.00</u>
<b>Total</b>	<b><u>6,000,000.00</u></b>	<b><u>6,000,000.00</u></b>
 <b>SCHEDULE-2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Employee Housing Fund	-	343,341.22
Profit as per annexed account	<u>(8,577,906.53)</u>	<u>(6,758,813.55)</u>
<b>Total</b>	<b><u>(8,577,906.53)</u></b>	<b><u>(6,415,472.33)</u></b>





**ANSAL CHAUDHARY DEVELOPERS PVT. LTD.**  
**SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010**

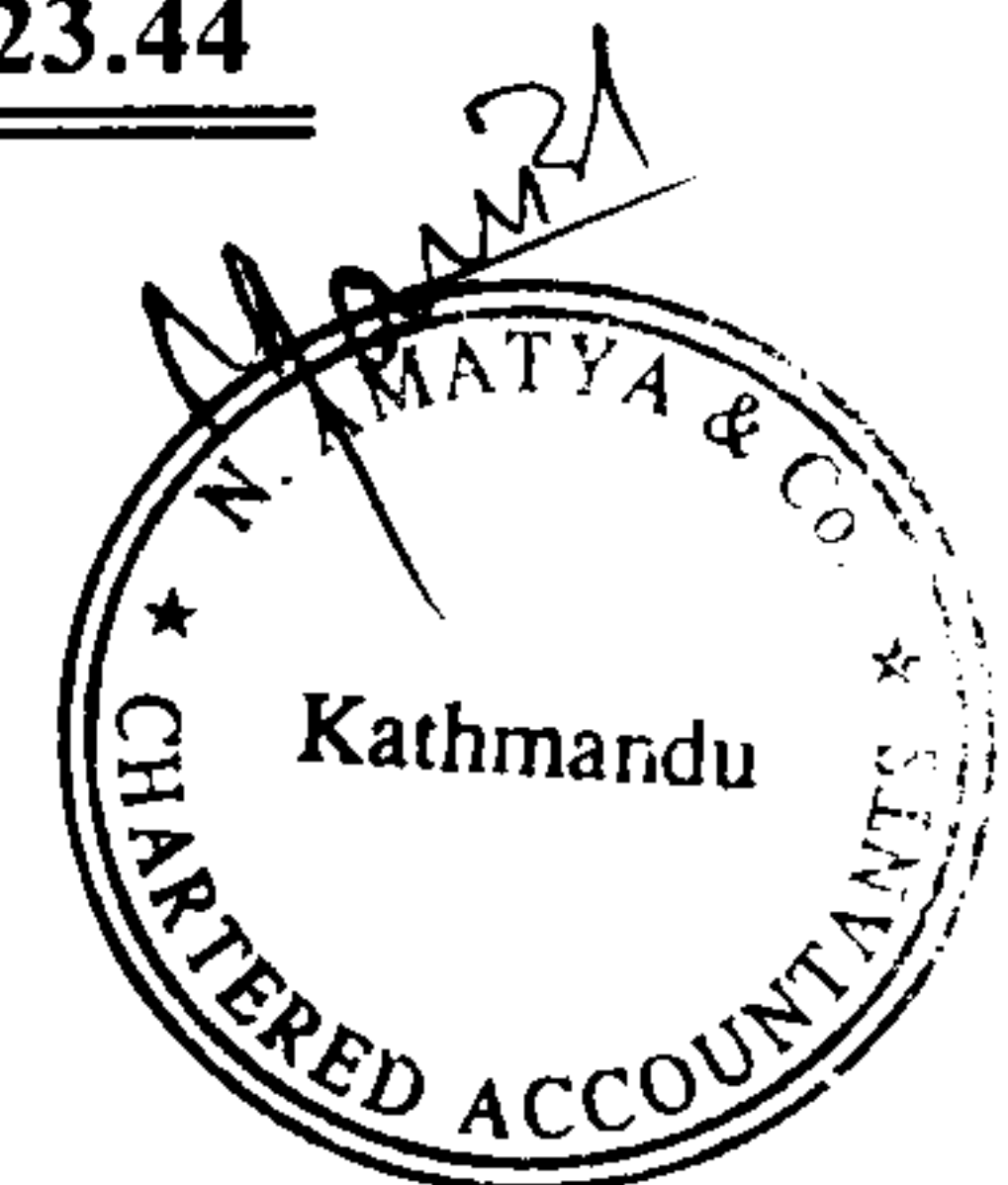
Particulars	AS AT MARCH 31, 2010	AS AT MARCH 31, 2009
<b>SCHEDULE-4</b>		
<b>INVESTMENT ( AT COST)</b>		
<b>Investment in subsidiaries</b>		
Rahul Buildwell Pvt. Ltd. (460 Share Rs 100/-Each)	46,000.00	46,000.00
Rahul Twonship Pvt. Ltd. (475 Share Rs.100/-Each)	47,500.00	47,500.00
A.C.Shelters Pvt. Ltd. (450 Share Rs 100/-Each)	45,000.00	45,000.00
A.C.Infrastructure & Deve.Pvt. Ltd. (470 Share Rs 100/-Each)	47,000.00	47,000.00
<b>Total</b>	<b><u>185,500.00</u></b>	<b><u>185,500.00</u></b>
<b>SCHEDULE-5</b>		
<b>PROJECT IN PROGRESS</b>		
Balance from Last Year	367,709,440.73	365,607,528.48
Cost of Land	-	-
External Development Charges	99,997.00	-
Project Expenses	72,830.00	-
Salary & Wages	(109,148.03)	814,561.54
Staff Welfare Expenses	-	11,272.00
Printing & Stationery	-	25,105.00
Postage, Telephone & Telex Expenses	-	102,891.00
House Rent	-	-
Travelling & Conveyance	-	88,731.70
Vehicle Running Expenses	-	169,242.57
Guest Entertainment Expenses	-	56,843.46
Insurance Premium	-	-
Rates & Taxes	-	325,952.44
Legal & Professional Charges	-	-
Miscellaneous Expenses	-	106,093.08
Civil Construction	-	126,068.00
Depreciation	-	275,151.46
<b>Sub - Total</b>	<b><u>367,773,119.70</u></b>	<b><u>367,709,440.73</u></b>
Less Transferred to Cost of Construction	-	-
<b>Total</b>	<b><u>367,773,119.70</u></b>	<b><u>367,709,440.73</u></b>





**ANSAL CHAUDHARY DEVELOPERS PVT. LTD.**  
**SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010**

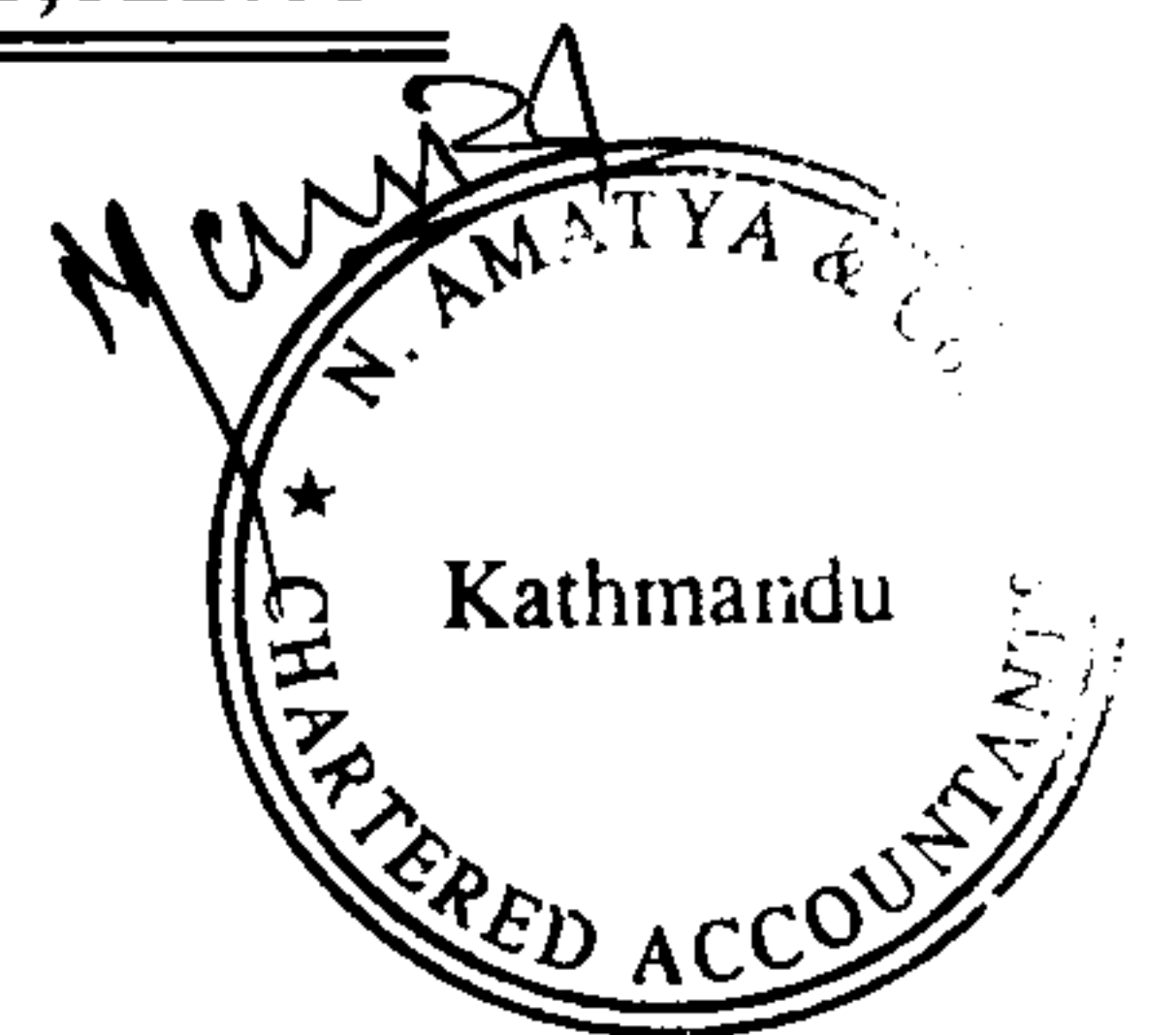
Particulars	AS AT MARCH 31, 2010	AS AT MARCH 31, 2009
<b>SCHEDULE-6</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand (As Certified)	8,612.07	153,103.92
Cash at Current Account with BOK	11,283.62	188,012.58
Cash at Current Account with Everest Bank	257,670.84	715,644.45
<b>Total</b>	<b><u>277,566.53</u></b>	<b><u>1,056,760.95</u></b>
<b>SCHEDULE-7</b>		
<b>ADVANCES &amp; DEPOSITS</b>		
<b>A. Advances</b>		
Advance for Land	13,245,340.00	13,245,340.00
Advance Income Tax	1,818,797.95	1,818,797.95
Other Advances	59,727,518.87	60,651,570.62
<b>B. Deposits</b>		
Deposits With Department of Industries	20,000.00	20,000.00
Telephone Deposits	80,000.00	80,000.00
<b>Total</b>	<b><u>74,891,656.82</u></b>	<b><u>75,815,708.57</u></b>
<b>SCHEDULE-8</b>		
<b>SHORT TERM LOAN</b>		
From Directors	38,597,515.40	32,947,515.40
<b>Total</b>	<b><u>38,597,515.40</u></b>	<b><u>32,947,515.40</u></b>
<b>SCHEDULE-9</b>		
<b>OTHER LIABILITIES</b>		
Audit Fee payable	45,000.00	-
Salary & Wages Payable	115,700.22	-
T.D.S payable	12,562.57	27,462.81
Sundry Liabilities	3,484,704.97	8,468,097.35
<b>Total</b>	<b><u>3,657,967.76</u></b>	<b><u>8,495,560.16</u></b>
<b>SCHEDULE-10</b>		
<b>PROVISIONS</b>		
Provision for Income Tax	1,547,606.77	1,547,606.77
<b>Total</b>	<b><u>1,547,606.77</u></b>	<b><u>1,547,606.77</u></b>
<b>SCHEDULE-11</b>		
<b>OTHER INCOME</b>		
Interest Received	273,971.57	525,523.44
Other Receipts	273,971.57	525,523.44
<b>Total</b>	<b><u>273,971.57</u></b>	<b><u>525,523.44</u></b>





**ANSAL CHAUDHARY DEVELOPERS PVT. LTD.**  
**SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010**

Particulars	AS AT MARCH 31, 2010	AS AT MARCH 31, 2009
<b>SCHEDULE-12</b>		
<b>ADMINISTRATIVE &amp; OFFICE EXPENSES</b>		
Advertisement Expenses	-	233.00
Audit Fees	45,000.00	14,845.00
Bank Charges & Commission	295.00	-
Books & Periodicals	184.00	990.00
Conveyance	43,799.00	-
Donations	-	20,775.00
Guest Entertainment Expenses	4,976.00	-
Electricity Expenses	-	-
Insurance Premium	48,989.28	52,754.65
Legal & professional Expenses	270,750.00	-
Miscellaneous Expenses	192,666.00	-
Postage & Courier Expenses	630.00	1,024.40
Printing & Stationeries	60,819.00	-
Professional Fee & Consultancy	-	412,000.00
Puja Expenses	715.00	-
Rent, Rate & taxes	336,633.00	-
Repair & Maintenance	18,575.00	-
Salary & Wages Expenses	614,416.40	-
Staff Welfare Expenses	2,365.00	-
Telephone Expenses	92,769.46	-
MVR Apartment Expenses	9,403.14	-
Administrative Expenses	-	-
Vehicle Running & Repair Expenses	133,999.87	-
<b>Total</b>	<b><u>1,876,985.15</u></b>	<b><u>502,622.05</u></b>



**ANSAL CHAUDHARY DEVELOPERS PVT. LTD.**  
**SANEPA, LALITPUR**  
**NEPAL**

**SCHEDULE 14 – NOTES TO ACCOUNTS**

The financial statement of the Company has been prepared under historical cost convention basis and in accordance with the generally accepted accounting principles and practices followed in Nepal. The significant accounting policies adopted by the Company, which are in consistence with those followed in the previous year, are as follows:

1. The fixed assets have been valued at cost of purchase plus the incidental expenditure incurred on such purchases.

Depreciation on fixed assets has been charged on diminishing balance value method at the rate and in the manner as prescribed by Schedule 2 of the Income tax Act, 2058.

Depreciation has been charged to Project in Process.

2. The investment of the Company is represented by shares in Subsidiary Companies and the same are stated at cost.

3. The advance and deposits are stated at book value and no confirmations of balances are obtained from the related parties. Of the amount due Rs. 498.30 Lacs (Previous Rs 485.75 Lacs) is due from subsidiary companies. Balance mainly relates to construction advances which management states shall be adjusted against progress bills to be received.

4. The expenditure incurred on the project on various account has been considered as project expenditure/advances, which shall be taken to revenue on completion method basis.

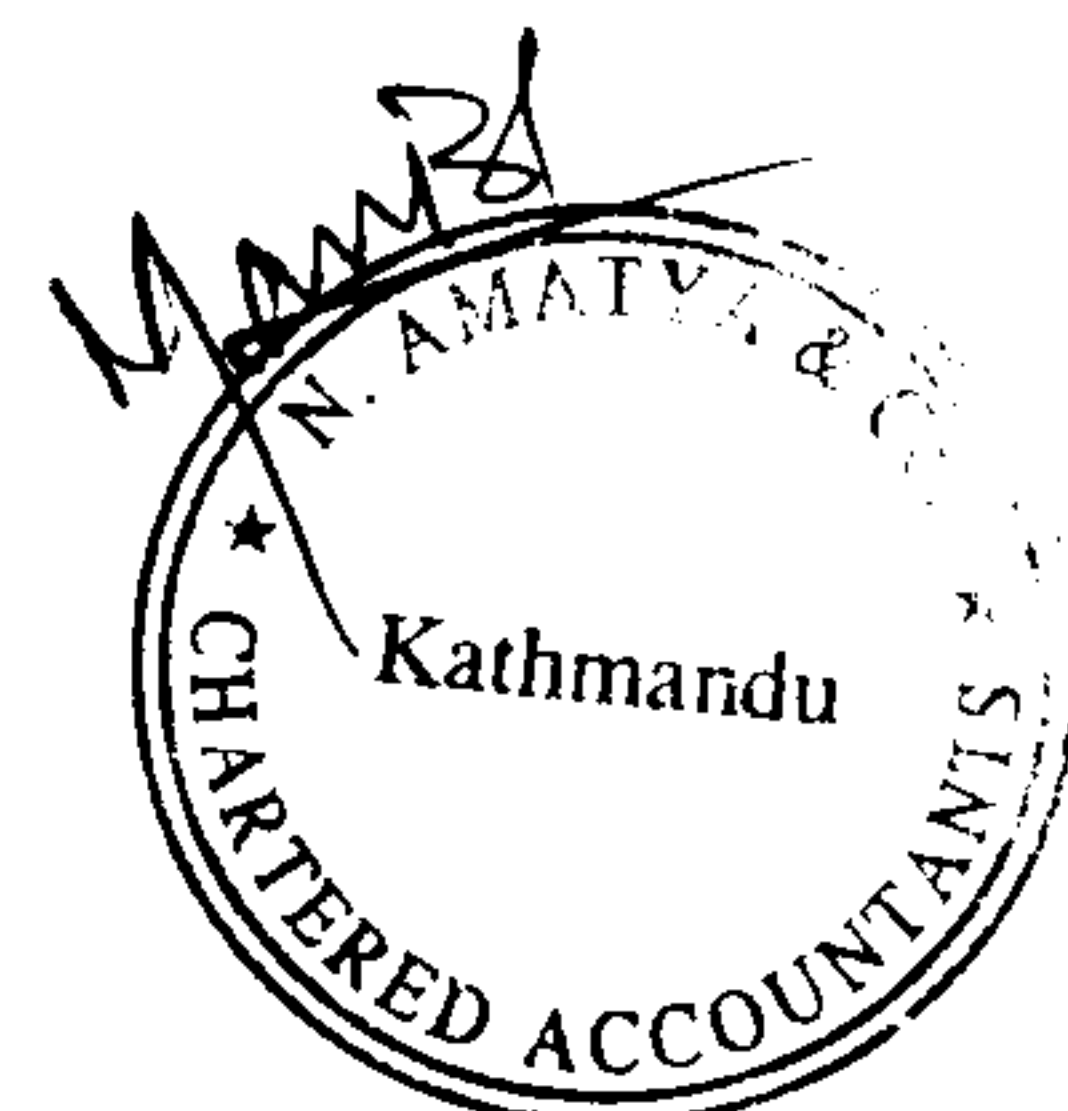
**5. Income tax**

The amount of income tax provision appearing in the account represents the amount for the period July 16, 2004 to July 15, 2005. Income tax for the period ending March 31, 2010 has not been provided in the accounts, as the same will be dealt at July 16, 2009 closing which is the actual financial year of the Company

**6. Retirement Benefits**

a. Gratuity to Employees

No provision for gratuity payable to staff on retirement/termination is made in the accounts as the same is being dealt on cash basis. No employees fall under gratuity entitlement during the year, as they have not completed requires year of continuous service which is the requirement for entitlement of gratuity.



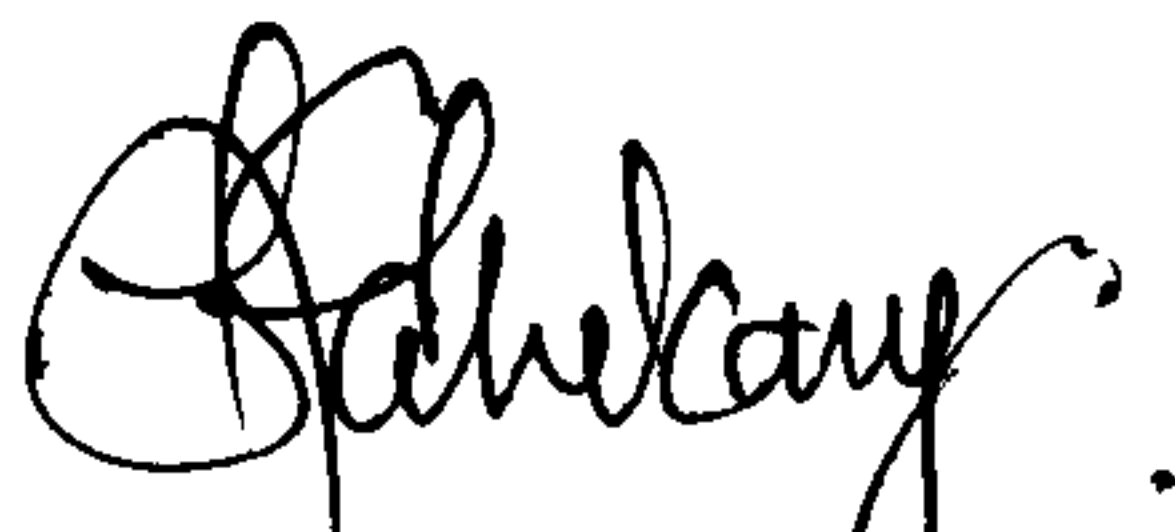
b. Provident Fund

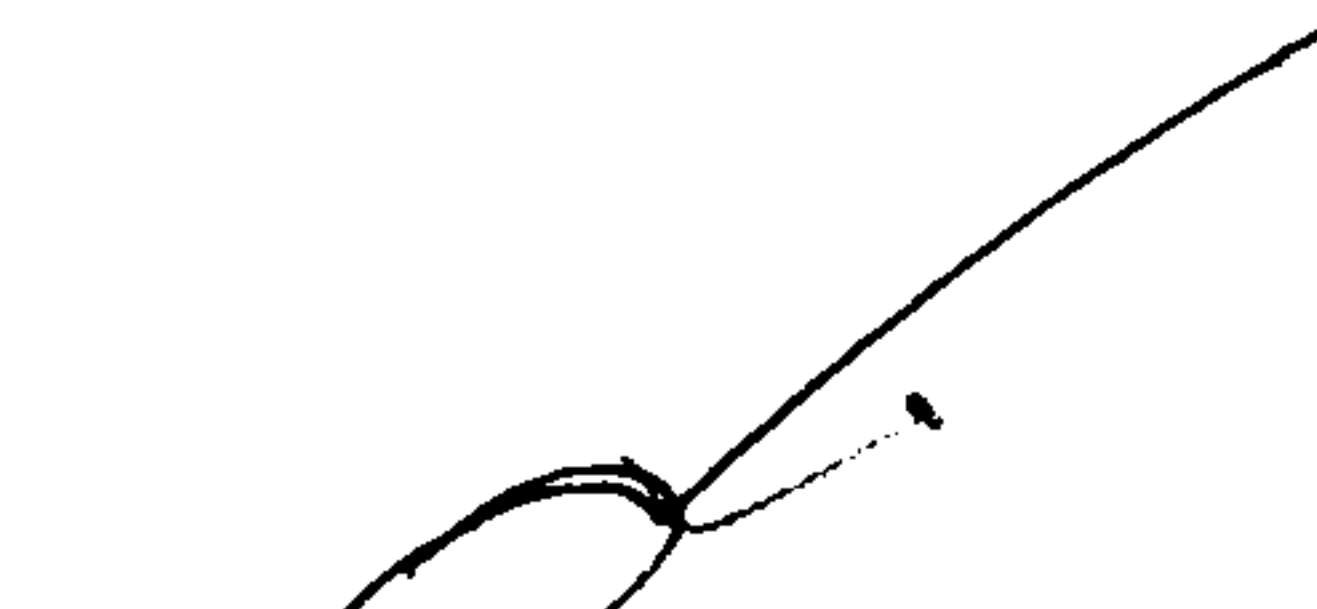
The company deducts 10% of salary from the employees and contributes equivalent amount to the employee provident fund. The same are accounted for every month and are deposited with employee's provident fund (organization).

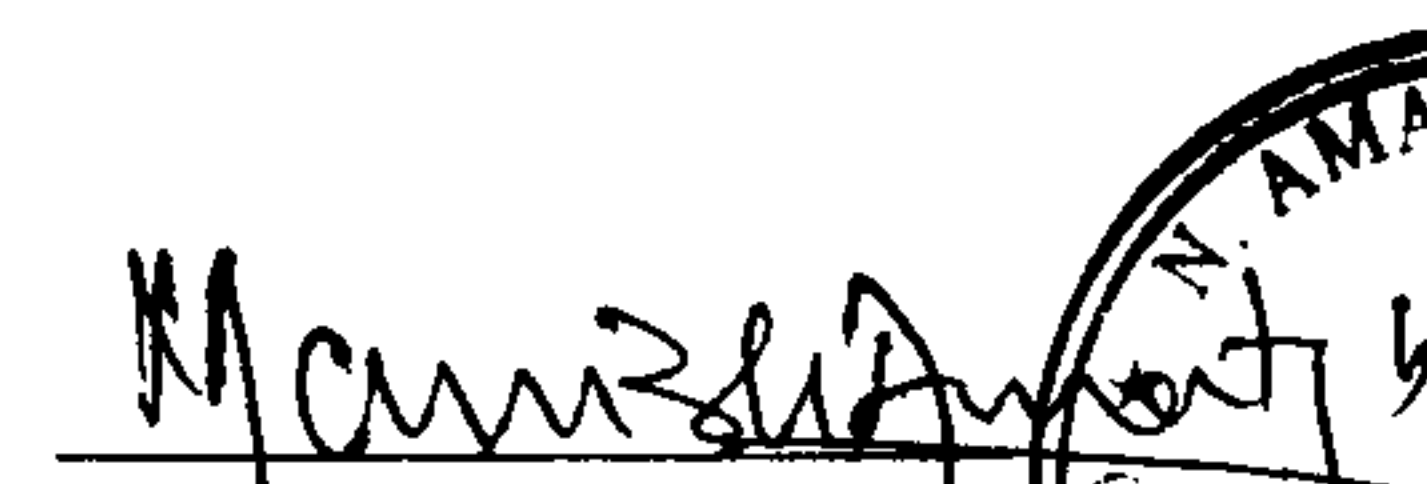
c. Leave encashment

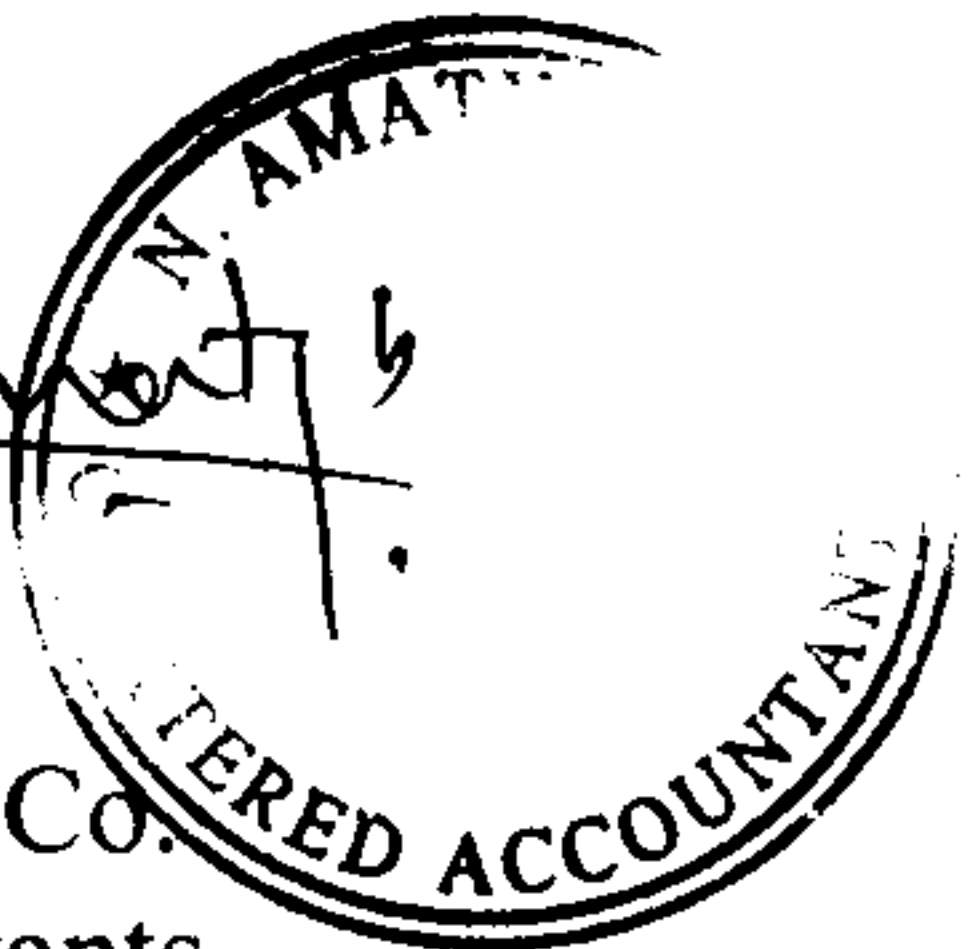
Leave encashment payable to staff are accounted for on cash basis. The amount of liability due as on March 31, 2010 has not been determined.

7. Previous year's figures have been regrouped/rearranged wherever necessary.

  
Manager (F & A)

  
Director

  
Manish Amatya  
Partner  
For: N. Amatya & Co.  
Chartered Accountants  
Date: August 02, 2010



Date: 2<sup>nd</sup> August, 2010