

# **RAINBOW INFRAPROJECTS LIMITED**

82, MAKER CHAMBERS III, NARIMAN POINT, MUMBAI – 400 021.

Tel. No. 22042554 / 22047164.

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## **DIRECTORS' REPORT**

Your Directors are pleased to present the second Annual Report and the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

### **FINANCIAL RESULTS:**

<b>Particulars</b>	<b>(Rs.)</b>	
	<b>Year Ended 31-03-2010</b>	<b>Year Ended 31-03-2009</b>
Total Income	<b>6,76,938</b>	Nil
Total Expenditure including Depreciation	<b>7,22,748</b>	1,06,626
Loss before Tax	<b>45,810</b>	1,06,626
Less: Provision for Tax	<b>3,689</b>	57,180
Loss after Tax	<b>49,499</b>	1,63,806

### **OPERATIONS:**

Your Company has invested Rs. 0.76 crores in real estate and infrastructure projects and has advanced an aggregate amount of Rs. 11.53 crores towards purchase of land. Your Company has received Rs. 0.12 crores as unsecured interest free loans from its holding Company, Jai Realty Ventures Limited.

### **DIVIDEND:**

In view of the loss for the year, your Directors do not recommend any dividend.

### **DIRECTORS:**

Mr. A. Datta retires by rotation and being eligible have offered himself for re-appointment. The Directors who are being appointed have intimated to your Company that they are eligible for being appointed.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is, hereby, confirmed:

(i) that in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2010, applicable accounting standards have been followed along with proper explanation relating to material departure ;

(ii) that appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2010 and of the loss of the Company for the year ended on that date;

(iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for

safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that accounts for the financial year ended 31<sup>st</sup> March, 2010 have been prepared on a 'going concern' basis.

**AUDITORS AND AUDITORS' REPORT:**

Messrs Pathak H. D. & Associates, Chartered Accountants, Mumbai, hold office as statutory auditors of the Company until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting. Pursuant to the provisions of Section 224 (1B) of the Companies Act, 1956 your Company has received a certificate from Messrs Pathak H. D. & Associates, Chartered Accountants confirming their eligibility for re-appointment.

**FIXED DEPOSIT:**

Your Company has not accepted any fixed deposit during the year under review.

**DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Nil

**ACKNOWLEDGEMENT:**

Your Directors express their grateful appreciation for the assistance and co-operation received from the banks, institutions, Government authorities and shareholders during the year under review.

For and on behalf of the Board of Directors

Director

Place: Mumbai  
Date: 21/05/2010

## AUDITORS' REPORT

### **To the Members of Rainbow Infraprojects Limited**

1. We have audited the attached Balance Sheet of '**RAINBOW INFRAPROJECTS LIMITED**' as at 31<sup>st</sup> March, 2010, the Profit and Loss Account 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.
2. We conducted our audit in accordance with 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 amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) 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;
  - b) 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;

Contd...2

: 2:

- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
- d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report comply with the mandatory Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2010 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and 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: -
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
  - (ii) In the case of Profit and Loss Account, of the loss of the Company for the year ended on that date; and
  - (iii) In the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

**For PATHAK H.D. & ASSOCIATES**  
**Firm Reg.No-107783W**  
**Chartered Accountants**

**Anuj Bhatia**  
Partner  
Membership No. 122179  
Place: Mumbai  
Dated: 21<sup>st</sup> May 2010

**ANNEXURE TO AUDITOR'S REPORT**  
**Referred to in paragraph 3 of our report of even date**

- i. In respect of its fixed assets:
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - (b) As explained to us, all the fixed assets have been physically verified by the management, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No discrepancies were noticed on such verification as compared to the book records.
  - (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off any fixed assets during the year and hence the going concern status of the Company is not affected.
- ii. In respect of its inventories:

The Company does not have any inventories, hence the provisions of the clause 4 (ii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- iii. The Company has neither granted nor taken any loan, secured or unsecured, to/from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence provisions of Clause 4 (iii) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of Inventory. During the year, the Company did not undertake any activity of purchase of fixed assets and sale of goods however expenditure has been incurred by the Company in relation to the purchase of the inventory. During the Course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

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- v. According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section.
- vi. The Company has not accepted any deposits and hence provisions of the clause 4 (vi) of the Companies (Auditor's report) Order, 2003 are not applicable to the Company.
- vii. As the Company is not listed on any stock exchange or the paid up capital and reserves as at the Commencement of the financial year did not exceed Rupees fifty lacs or average annual turnover for a period of three consecutive financial years immediately preceding the financial year did not exceed Rupees Five Crores, hence provisions of clause 4 (vii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- viii. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of activities carried on by the Company, hence the provisions of the clause 4 (viii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- ix. According to the information & explanations given to us in respect of statutory and other dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education & Protection Fund, and Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and any other material statutory dues as applicable with the appropriate authorities during the year.  
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
  - b. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
  - c. According to the information and explanations given to us, there are no dues of sales tax, income tax, Custom duty, Wealth tax, Service tax and Excise Duty, Cess, as applicable, which have not been deposited on account of any dispute.

: 3 :

- x. The Company has been registered for a period of less than five years and hence the provisions of clause 4 (x) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
- xi. Based on our audit procedures and on the information and explanations given by the management, the Company has not taken any borrowings from financial institutions, banks or debenture holders, hence the provisions of the clause 4 (xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xii. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society, hence provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. The Company has no transactions and contracts in respect of dealing and trading in shares and other securities, hence the provisions of the clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. As per 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. To the best of our knowledge & belief and according to the information & explanations given to us, the Company has not taken any term loan.
- xvii. During the year the Company has not raised any short term funds.
- xviii. During the year the Company has not made any preferential allotment of shares to the parties covered in the register maintained under section 301 of the Companies Act,1956.

Contd.....4

: 4 :

- xix. The Company has 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 for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit

**For PATHAK H.D. & ASSOCIATES**  
**Firm Reg.No-107783W**  
**Chartered Accountants**

**Anuj Bhatia**  
Partner  
Membership No. 122179  
Place: Mumbai  
Dated: 21<sup>st</sup> May 2010



**RAINBOW INFRAPROJECTS LIMITED**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

**Amount in ( Rs.)**

Particulars	Schedule	As at	
		31.03.2010	31.03.2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders 'Funds</b>			
Share Capital	<b>A</b>	<b>500,000</b>	500,000
<b>Loan Fund:</b>			
Unsecured Loan	<b>B</b>	<b>122,906,000</b>	121,727,000
Deferred Tax Liability (Net) (Refer Note No.4 of Schedule J)		<b>20,369</b>	16,680
<b>Total</b>		<b>123,426,369</b>	122,243,680
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	<b>C</b>	<b>139,825</b>	139,825
Less: Depreciation		<b>37,722</b>	17,463
Net Block		<b>102,103</b>	122,362
<b>Current Assets, Loans and Advances</b>			
Inventories	<b>D</b>	<b>7,685,169</b>	8,183,034
Cash & Bank Balances		<b>114,501</b>	130,361
Loans & Advances		<b>115,299,037</b>	115,068,037
		<b>123,098,707</b>	123,381,432
<b>Less: Current Liabilities &amp; Provisions</b>	<b>E</b>		
Current Liabilities		<b>13,788</b>	732,524
Provisions		<b>-</b>	717,438
		<b>13,788</b>	1,449,962
<b>Net Current Assets</b>			
		<b>123,084,919</b>	121,931,470
<b>Profit &amp; Loss Account</b>			
		<b>239,347</b>	189,848
<b>Total</b>		<b>123,426,369</b>	122,243,680
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	<b>J</b>		

As per our report of even date  
**For Pathak H. D. & Associates**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Anuj Bhatia**  
Partner  
Place : Mumbai  
Date: 21.05.2010

**A. Datta**  
Director

**L.M.Dhanda**  
Director

**RAINBOW INFRAPROJECTS LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2009**

Amount in ( Rs.)

Particulars	Schedule	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>A) INCOME</b>			
Other Income - Sundry Balance Written back		676,938	-
Variation in Inventory	F	(497,865)	7,575,783
		179,073	7,575,783
<b>B) EXPENDITURE</b>			
Land Development Expenses	G	60,390	274,730
Employees' Remuneration & Benefits	H	116,325	6,773,122
Administration & General Expenses	I	21,929	612,423
Bank Charges		5,980	4,671
Depreciation		20,259	17,463
		224,883	7,682,409
<b>Profit /(Loss) before Tax</b>		(45,810)	(106,626)
Less: Provision for Tax			
- Fringe Benefit Tax		-	40,500
- Deferred Tax		3,689	16,680
<b>Profit /(Loss) after Tax</b>		(49,499)	(163,806)
Balance as per the Last Balance Sheet		(189,848)	(21,491)
Prior Period Adjustment		-	(4,551)
<b>Balance Carried to Balance Sheet</b>		(239,347)	(189,848)
Basic & Diluted earning per Equity Share of Rs.10 each (Refer Note No. 3 of the Schedule " J")		(0.99)	(5.19)
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	J		

As per our report of even date  
**For Pathak H. D. & Associates**  
 Chartered Accountants

**For and on behalf of the Board of Directors**

**Anuj Bhatia**  
 Partner  
 Place : Mumbai  
 Date: 21.05.2010

**A. Datta**  
 Director

**L.M.Dhanda**  
 Director

**RAINBOW INFRAPROJECTS LIMITED**

Cash Flow Statement for the year ended 31st March, 2010

	<b>2009-2010</b>	Amount in ( Rs.) 2008-2009
<b>Cash Flow from Operating Activities</b>		
Net Profit /(Loss) before tax as per P & L Account	<b>(45,810)</b>	(106,626)
Adjusted for		
Depreciation	<b>20,259</b>	17,463
Sundry Balance Written back	<b>(676,938)</b>	-
	<b>(656,679)</b>	17,463
Operating Profit /(Loss) before Working Capital Changes	<b>(702,489)</b>	(89,163)
Adjusted for		
Trade & Other Receivables	<b>(265,000)</b>	34,994,090
Inventories	<b>497,865</b>	(7,575,783)
Trade Payables	<b>(718,736)</b>	1,290,207
Cash Generated from Operation	<b>(1,188,360)</b>	28,619,351
Direct Taxes Paid	<b>(6,500)</b>	(43,361)
Prior Period Items	-	(4,551)
Net Cash from / (used in) Operating Activities	<b>(1,194,860)</b>	28,571,439
<b>Cash Flow from Investing Activities</b>		
Purchases of Fixed Assets	-	(139,825)
Net Cash (used in) / From Investing Activities	-	(139,825)
<b>Cash Flow from Financing Activities</b>		
Proceeds of Long term Loans	<b>1,179,000</b>	155,513,000
Repayment of Long term Loans	-	(183,986,000)
Net Cash From /(used in) Financing Activities	<b>1,179,000</b>	(28,473,000)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	<b>(15,860)</b>	(41,386)
Opening Balance of Cash and Cash Equivalents	<b>130,361</b>	171,747
Closing Balance of Cash and Cash Equivalents	<b>114,501</b>	130,361

**Notes :**

The above Cash Flow Statements has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow Statement" as notified in the Companies (Accounting Standards) Rules, 2006.

Bracket indicates cash outflow.

The Previous year's figures have been regrouped, rearranged, restated and reclassified wherever necessary.

As per our report of even date  
**For Pathak H. D. & Associates**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Anuj Bhatia**  
Partner  
Place : Mumbai  
Date :21.05.2010

**A. Datta**  
Director

**L.M.Dhanda**  
Director

**RAINBOW INFRAPROJECTS LIMITED**

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

**Amount in ( Rs.)**

		<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>
<b>SCHEDULE "A"</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
60,000 (Previous Year 60,000) Equity shares of Rs 10 each		<b>600,000</b>	600,000
40,000 (Previous Year 40,000) Redeemable Preference Shares of Rs.10 each		<b>400,000</b>	400,000
		<b>1,000,000</b>	1,000,000
<b>ISSUED,SUBSCRIBED AND PAID UP</b>			
50,000 (Previous Year 50,000) Equity Shares of Rs 10 each fully paid up (Above shares are held by Jai Realty Ventures Ltd., the holding company including 100 shares held jointly with nominees.)		<b>500000</b>	500,000
		<b>500,000</b>	500,000
<b>SCHEDULE "B"</b>			
<b>UNSECURED LOAN</b>			
Long Term Loan from Holding Company		<b>122,906,000</b>	121,727,000
		<b>122,906,000</b>	121,727,000

**RAINBOW INFRAPROJECTS LIMITED**  
**SCHEDULE "C"**

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.09	Additions	Deduction/ adjustment	As at 31.03.10	As at 01.04.09	For the year	Deduction/a djustment	upto 31.03.10	AS AT 31.03.10	AS AT 31.03.09
Office Equipment	21,000	-	-	21,000	661	998	-	1,659	19,342	20,339
Computer	118,825	-	-	118,825	16,802	19,262	-	36,064	82,761	102,023
<b>Total</b>	<b>139,825</b>	<b>-</b>	<b>-</b>	<b>139,825</b>	<b>17,463</b>	<b>20,259</b>	<b>-</b>	<b>37,722</b>	<b>102,103</b>	122,362
Previous Year	-	139,825	-	139,825	-	17,463	-	17,463	122,362	-

**RAINBOW INFRAPROJECTS LIMITED**

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

**Amount in ( Rs.)**

		<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>
<b>SCHEDULE "D"</b>			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>CURRENT ASSETS</b>			
<b>INVENTORIES</b>			
( As Certified & Valued by the Management)			
Work In Progress		<b>7,685,169</b>	8,183,034
<b>CASH AND BANK BALANCES</b>			
Cash on Hand			
Balance with Scheduled Banks In Current Account		<b>114,501</b>	130,361
<b>LOANS AND ADVANCES</b>			
( Unsecured and Considered Good)			
Advances towards Purchase of land/ Developments Rights	<b>115,295,910</b>		115,030,910
Income Tax (Net)	<b>3,127</b>		37,127
		<b>115,299,037</b>	115,068,037
		<b>123,098,707</b>	123,381,432
<b>SCHEDULE "E"</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
<b>CURRENT LIABILITIES</b>			
Sundry Creditors			
(i) Micro and Small Enterprises	-		-
(i) Others	-		18,649
		-	18,649
Other Liabilities		<b>13,788</b>	713,875
		<b>13,788</b>	732,524
<b>PROVISIONS</b>			
Income Tax & Fringe Benefit Tax		-	40,500
Staff Benefit Schemes		-	676,938
		-	717,438

**RAINBOW INFRAPROJECTS LIMITED**

**SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT**

		<b>Year Ended 31.03.2010</b>	<b>Year Ended 31.03.2009</b>
<b>SCHEDULE "F"</b>			
<b>VARIATION IN INVENTORY</b>			
Closing inventory		<b>7,685,169</b>	8,183,034
Work in progress			
Opening Inventory		<b>8,183,034</b>	607,251
Work in progress			
Variation in Inventory		<b>(497,865)</b>	7,575,783
<b>SCHEDULE "G"</b>			
<b>LAND DEVELOPMENTS EXPENSES</b>			
Professional Fees		<b>60,390</b>	272,360
Survey Charges		-	2,370
		<b>60,390</b>	274,730
<b>SCHEDULE "H"</b>			
<b>EMPLOYEES' REMUNERATION &amp; BENEFITS</b>			
Employees' Remuneration		<b>116,325</b>	6,058,305
Staff Welfares		-	37,879
Gratuity		-	676,938
		<b>116,325</b>	6,773,122
<b>SCHEDULE "I"</b>			
<b>ADMINISTRATION &amp; GENERAL EXPENSES</b>			
Repairs & Maintenance		-	20,566
Travelling & Conveyance Exp		-	484,736
Telephone Expenses		<b>358</b>	28,476
Payment to Auditors		<b>13,788</b>	13,788
Printing & Stationery Expenes		<b>1,562</b>	23,869
Filling Fees		<b>1,200</b>	6,235
Other Expenses		<b>5,021</b>	34,753
		<b>21,929</b>	612,423

## **RAINBOW INFRAPROJECTS LIMITED**

### **SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

#### **SCHEDULE "J"**

#### **SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

##### **1 SIGNIFICANT ACCOUNTING POLICIES**

###### **a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under historical Cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company.

###### **b. USE OF ESTIMATES**

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

###### **c. FIXED ASSETS**

Fixed Assets are stated at cost of acquisition less accumulated depreciation.

###### **d. DEPRECIATION**

Depreciation is provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

###### **e. PRELIMINARY AND SHARE ISSUE EXPENSES**

Preliminary and Share Issue expenses are charged off to the Profit & Loss account in the year in which they are incurred.

###### **f. INVENTORIES**

Inventories comprise of cost of project activities under development (W.I.P.). Cost of inventories consists of cost of land, land development expenses, material, services, construction cost, interest and financial charges and other expenses related to project under development. In general, all inventories of land are stated at lower of cost or net realisable value. Inventories of land are taken on the Agreement to sell.

###### **g. PROVISION FOR CURRENT AND DEFERRED TAX**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

###### **h. PROVISION ,CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes on Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

###### **i. EQUITY INDEX / STOCK FUTURES**

i) Gains are recognized only on settlements/ expiry of the derivative instruments.

ii) All open positions are marked and unrealized gains/loss are netted on a scrip wise basis. Mark to market gains, if any, are not recognised.

iii) Debit/ Credit balances on open positions are shown as other assets/ other liabilities, as the case may be.

###### **j. EMPLOYEES' BENEFITS**

i) Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

ii) Post employment benefits in the form of gratuity, which is defined benefit obligation, is recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques based on Projected unit credit method. Actuarial gains and losses in respect of post employment benefits are charged to the profit and loss account.

iii) Compensated absences are accounted similar to the short term employee benefits.

##### **2 NOTES ON ACCOUNTS**

1 In the opinion of the Management, the Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business.



## 2 Auditor's Remuneration

	2009-10	Amount in ( Rs.) 2008-09
Audit Fees	13,788	13,788
	<b>13,788</b>	<b>13,788</b>

## 3 Basic & Diluted Earnings per Share

(a) Net Loss available for equity Shareholders (Amount used as numerator )	(49,499)	(168,357)
(b) Weighted Average Number of equity shares used as denominator for calculating EPS	50,000	32,466
(c) Basic and diluted Earning Per Share (Rs.)	(0.99)	(5.19)

## 4 The deferred tax Assets comprises of the following:

	As on 31.03.2010	As on 31.03.2009
(i) <b>Deferred Tax Liability</b> Related to fixed assets	20,987	17,607
(ii) <b>Deferred Tax Assets</b> Disallowance under the Income Tax Act, 1961	618	927
<b>Deferred tax Liability/(Assets) (net)</b>	<b>20,369</b>	<b>16,680</b>

## 5 As per Accounting Standard 18,"Related Party Disclosures " the disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

### (i) List of related parties and relationship.

(i) Holding Company:-

Jai Realty Ventures Limited  
Jai Corp Limited

### (ii) Transactions during the year with related parties :

Name of the Party	Nature of Transaction	2009-10	Amount in ( Rs.) 2008-09
1 Jai Realty Ventures Limited	(a) Equity shares Issued	-	400,000
	(b) Unsecured loan		
	-- Opening Balance	121,727,000	150,600,000
	-- Received During the year	1,179,000	155,513,000
	-- Refund/Adjusted During the year	-	184,386,000
	-- Closing Balance	122,906,000	121,727,000

## 6 Segment Reporting

In the opinion of the Management and based on consideration of dominant source and nature of risk and returns, the Company's activities, during the year revolved around the single segment namely, "Builders and Developers". Considering the nature of Company's business and operations, there are no separate reportable segment (Business and/or Geographical) in accordance with the requirement of Accounting Standard 17-"Segment Reporting" as notified in the Companies (Accounting Standards) rules 2006.

## 7 There is no other information which is required to be disclosed in accordance with Para 3 & 4 of Part II of Schedule VI of the Companies Act,1956.

## 8 The company has adopted Accounting Standard 15 (Revised 2005) - Employee benefits ("AS 15") from 1st April 2008. Pursuant to adoption, the Company has determined the liability for Gratuity in accordance with revised AS 15.

The company has no obligation towards any defined contribution plan.

The disclosures of employees' benefits as defined in Accounting Standard are given below:-

**Gratuity - Long Term Defined Benefit Plan :-**

In accordance with revised AS-15, "Employee Benefits", the company has provided the liability on actuarial basis. As per the actuarial certificate the details of employees, benefits plan - Gratuity are:

<b>Actuarial assumptions</b>	<b>(Rs. In Lacs)</b>	
<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
Mortality Table (LIC)		1994-96 (ultimate)
Salary growth :-	-	5%
Discount rate	-	7%
Expected return on plan assets	-	0%
<b>Amount recognised in the income statement</b>		
Current service cost	-	59,962
Interest cost	-	-
Expected Return on Plan Assets	-	-
Net actuarial (gains)/losses recognised in the period	-	616,976
<b>Total</b>	-	<b>676,938</b>
<b>Movement in present value of defined benefit obligation</b>		
<b>Particulars</b>		
Obligation at the beginning of the year	-	-
Current service cost	-	59,962
Interest cost	-	-
Actuarial (gains)/losses on obligation	-	616,976
Benefits paid	-	-
<b>Obligation at the end of the year</b>	-	<b>676,938</b>
<b>Movement in present value of plan assets</b>		
<b>Particulars</b>		
Fair value at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contribution	-	-
Actuarial gains and losses	-	-
Benefits paid	-	-
<b>Fair value at the end of the year</b>	-	-
<b>Amount recognised in the balance sheet</b>		
Present value of obligations at the end of the year	-	-
Less: Fair value of plan assets at the end of the year	-	-
Funded status	-	-
<b>Net liability recognised in the balance sheet</b>	-	<b>676,938</b>

9 The Previous year's figures have been regrouped, rearranged, restated and reclassified, wherever necessary.

As per our report of even date

**For Pathak H. D. & Associates**  
Chartered Accountants

For and on behalf of the Board of Directors

**Anuj Bhatia**  
Partner  
Place : Mumbai  
Date: 21.05.2010

**A. Datta**  
Director

**L.M.Dhanda**  
Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENEREAL BUSINESS PROFILE**

Registration No . 

1	7	4	5	3	8
---	---	---	---	---	---

 State Code 

1	1
---	---

Balance Sheet Date 

3	1	-	0	3	-	2	0	1	0
---	---	---	---	---	---	---	---	---	---

CAPITAL RAISED DURING THE YEAR ( Amount in Rs Thousands ) :

Public Issue 

N	I	L
---	---	---

 Right Issue 

N	I	L
---	---	---

Bonus Issue 

N	I	L
---	---	---

 Private Placement 

N	I	L
---	---	---

POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS ( Amount in Rs. Thousands )

Total Liabilities 

1	2	3	4	4	0
---	---	---	---	---	---

 Total Assets 

1	2	3	4	4	0
---	---	---	---	---	---

Sources of Funds

Paid-up Capital 

5	0	0
---	---	---

 Reserves and Surplus 

N	I	L
---	---	---

Secured Loans 

N	I	L
---	---	---

 Unsecured Loans 

1	2	2	9	0	6
---	---	---	---	---	---

Deferred Tax Liability - Net 

2	0
---	---

Application of Funds

Net Fixed Assets 

1	0	2
---	---	---

 Investments 

N	I	L
---	---	---

Net Current Assets 

1	2	3	0	8	5
---	---	---	---	---	---

 Misc . Expenditure 

N	I	L
---	---	---

Accumulated Losses 

		2	3	9
--	--	---	---	---

PERFORMANCE OF COMPANY (Amount in Rs. Thousand )

Turnover (Net) & Other Income 

6	7	7
---	---	---

 Total Expenditure 

7	2	3
---	---	---

Profit before Tax 

(	4	6	)
---	---	---	---

 Profit after Tax 

(	5	0	)
---	---	---	---

Earning Per Share in Rs. ( Basic & Diluted ) 

(	0	.	9	9	)
---	---	---	---	---	---

 Dividend rate % 

NIL		
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GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY ( as per monetary terms ) :

Not Applicable