



*Durairaj and Associates*  
Chartered Accountants

Ref.No.1159/A

Dated: 16.5.2012

AUDITORS' REPORT

The Shareholders of  
**AMBIKA PROJECTS (INDIA) PVT. LTD**  
Chennai.

1. We have audited the attached Balance Sheet of **AMBIKA PROJECTS (INDIA) PVT. LTD**, as at 31<sup>st</sup> March 2012 and the annexed Profit and Loss Account for year ended on that date. The 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 mis-statement. 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.

3. As required by the Companies (Auditor's Report) order 2003, Issued by the Govt. of India in terms of section 227(4A) of the Companies Act 1956, we enclose in the Annexure a statement of the matters specified in Paragraph 4 & 5 of the said order.

4. Further to our comments in the annexure referred to 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 accounts as required by Law, have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account and returns.

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(d) In our opinion, the aforesaid Balance Sheet and Profit and Loss account comply with the applicable accounting standards referred to in Sec.211(3C) of the Act.

(e) On the basis of written representations received from the Directors of the Company and taken on record by the board of directors, none of the Directors is disqualified as on 31st March 2012 from being appointed as a director in terms of Sec. 274(1)(g) of the Companies Act, 1956.

5. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956, in conformity with the accounting principles generally accepted in India and on such basis give a true and fair view:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012 and

(b) in the case of the Profit and Loss account, of the Loss of the Company for the year ended on that date.

**For DURAIRAJ AND ASSOCIATES**

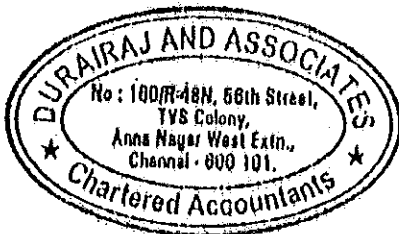
**Chartered Accountants**

**FRN.003379S**

  
(T. T. Durairaj Kandler)

**Partner.**

**Mno.24006**



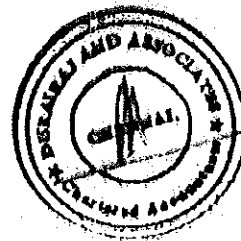


## ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date:

- 1) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;  
  
(b) The fixed assets have been physically verified by the management at regular intervals, which, in opinion is reasonable, having regard to the size of the company and nature of its assets. To the best of our knowledge no material discrepancies were noticed on such verification.  
  
(c) No substantial part of fixed assets has been disposed off during the year.
- 2) (a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
  
(b) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stocks have been properly dealt with in the books of accounts and were not material.
- 3) The company has not granted any loan, secured or unsecured to any party covered in the register maintained U/S.301 of the Companies Act, 1956.
- 4) 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, for the purchases of inventory, fixed assets and for the sale for goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

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5) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that transactions that need to be entered into a register maintained U/S, 301 of the Act are entered.

(b) In our opinion and according to the information and explanations given to us, there was no transaction exceeding the value of Rs.5.00 Lakhs in respect of each party during the year.

6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public attracting the provisions of Sec.58A of the Companies Act, 1956. The provisions of Sec.58AA are also not attracted, as there was no public deposit.

7) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business.

8) (a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, income tax, wealth tax, custom tax, excise duty and cess were in arrears, as at 31st March 2012 for a period of more than 6 months from the date they became payable.

9) The company has earned loss during the financial year covered by our audit and no accumulated losses as on date.

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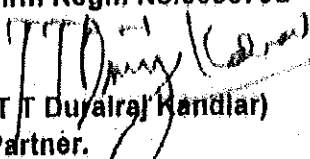


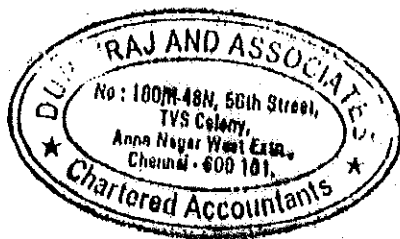


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- 10) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks.
- 11) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 12) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- 13) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the funds raised on short term basis have not been used for long term investment and surplus in long term funds have been deployed in working capital.
- 14) To the best of our knowledge and belief 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.
- 15) In our opinion and according to the information given to us, the provisions of para (4) of the Companies (Auditor's Report) order, 2003, excepting the matters herein above dealt with, are not applicable to this company.

For DURAIRAJ AND ASSOCIATES  
Chartered Accountants  
Firm Regn. No.003379S

  
(T. T. Durairaj) Handlar  
Partner.  
Membership No.24005




**AMBIKA PROJECTS (INDIA) PRIVATE LIMITED**  
**No.1167, TVS Colony, Anna Nagar West Extn., Chennai 101**

**Balance Sheet as at 31st March 2012:**

Particulars	Note No.	Figures at the end of Reporting Period	
		Current Yr	Previous Yr
<b>I EQUITY &amp; LIABILITIES:</b>			
<b>1 Shareholders' Funds:</b>			
a) Share Capital	(A)	15,000,000	15,000,000
b) Reserves & Surplus	(B)	-9,555,915	10,009,016
<b>2 Share Application Money:</b> (Pending Allotment)	(C)	0	7,152,113
<b>3 Non-Current Liabilities:</b>			
a) Long Term Borrowings (Secured against Stocks & Book Debts)	(D)	640,168	7,475,155
b) Long Term Borrowings (unsecured)	(E)	91,157,135	1,998,190
<b>4 Current Liabilities:</b>			
a) Short Term Borrowings: Secured against Stocks & Book Debts	(F)	7,453,146	29,216,069
b) Trade Payables	(G)	63,312,489	88,267,202
c) Short-Term Provisions	(H)	4,805,453	7,767,930
<b>TOTAL:</b>		<b>172,812,476</b>	<b>166,885,675</b>
<b>II ASSETS:</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible assets	(I)	9,199,190	9,971,587
LESS: Depreciation		4,430,738	4,172,130
		4,768,452	5,799,457
(b) Long term loans and advances	(J)	326,425	705,925
(c) Other Non-Current Assets-Prel.Exp	(K)	0	15,000
<b>2 Current Assets</b>			
(a) Inventories		14,236,250	9,832,368
(b) Trade Receivables	(L)	140,962,747	126,286,404
(c) Cash and Cash equivalents	(M)	242,485	286,543
(d) Short-term loans and advances	(N)	12,276,117	23,959,978
<b>TOTAL:</b>		<b>172,812,476</b>	<b>166,885,675</b>

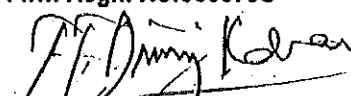
For AMBIKA PROJECTS (INDIA) PRIVATE LIMITED

  
Director

  
Director



As per our Report of even date  
 FOR DURAIRAJ AND ASSOCIATES  
 Chartered Accountants  
 Firm Regn. No:003379S

  
 (T. T. DURAIRAJ KANDIARI)  
 Partner (M.No.024005)

**AMBIKA PROJECTS (INDIA) PRIVATE LIMITED**  
**No.1167, TVS Colony, Anna Nagar West Extn., Chennai 101**

**Profit and Loss Statement for the year ended: 31.03.2012**

Particulars	Note No.	Figures at the end of Reporting Period	
		Current Yr	Previous Yr
I Revenue from Operations	(O)	29,431,498	165,986,845
II Other Income	(P)	505,151	1,063,757
III Total Revenue (I + II)		29,936,647	167,050,602
IV Expenses:-			
a) Cost of materials consumed	(Q)	15,430,362	108,036,485
b) Employee benefits expenses	(R)	13,061,148	13,091,792
c) Finance Cost	(S)	6,883,625	6,697,319
d) Depreciation & amortization expenses	(I)	1,000,945	1,025,332
e) Other Expenses:			
Electricity Charges		217,106	206,495
Rental Charges		788,105	1,236,455
Travel & Tour Expenses		1,769,667	1,819,378
Professional & Consultancy Charges		821,810	2,186,773
Repairs & Maintenance		39,218	30,523
Insurance Charges - BOI		87,230	1,094,845
Rates & Taxes		117,860	274,815
Directors Remuneration		161,154	3,120,000
Labour Charges		5,682,459	22,093,935
Marketing Expenses		355,862	1,685,299
Loss on Sale of Motor Cars		547,865	0
Loss on Sale of Motor Cycles		69,480	0
Admn. overheads	(U)	2,467,681	3,019,272
TOTAL:		49,501,577	164,618,725
V Profit before exceptional & extraordinary items		-19,564,930	2,431,877
VI Exceptional items		0	0
VII Profit before extraordinary items & tax		-19,564,930	2,431,877
VIII Extraordinary items		0	0
IX Profit before tax		-19,564,930	2,431,877
X Tax Expenses:			
(1) Current Tax		0	850,000
(2) Deferred Tax		0	0
XI Profit For the period from continuing operations		-19,564,930	2,431,877
XII Profit from discontinuing operations		0	0
XIII Tax expenses of discontinuing operations		0	0
XIV Profit From discontinuing operations (after tax)		0	0
XV Profit (Loss) for the period		-19,564,930	2,431,877
Profit (Loss) for the period after Tax		-19,564,930	1,581,877
XVI Earnings per equity shares:			
(1) Basic		0	0
(2) Diluted		0	0

## Notes on Accounts:-

(V)

For AMBIKA PROJECTS (INDIA) PRIVATE LIMITED

Director

Director

As per our Report of even date  
FOR DURAIRAJ AND ASSOCIATES

Chartered Accountants

Firm Regn. No:003379S

(T DURAIRAJ KANDIAR)

Partner (Mno:024006)



**AMBIKA PROJECTS (INDIA) PRIVATE LIMITED**  
**SCHEDULES FORMING PART OF ACCOUNTS AS ON 31.3.2012:**

		<i>Figures at the end of Reporting Period</i>	
		Current Yr	Previous Yr
<b>(A) SHARE CAPITAL:</b>			
Authorised:			
3,000,000 Equity Shares of Rs.10/= each		30,000,000	30,000,000
Issued, Subscribed and Paid Up:			
1,500,000 Equity Shares of Rs.10/= each		15,000,000	15,000,000
<b>TOTAL:</b>		<b>15,000,000</b>	<b>15,000,000</b>
<b>(B) RESERVES &amp; SURPLUS:</b>			
General Reserve:			
As per last Balance Sheet		10,009,016	8,427,139
ADD: Addition during the year		-19,564,930	1,581,877
<b>TOTAL:</b>		<b>-9,555,915</b>	<b>10,009,016</b>
<b>(C) SHARE APPLICATION MONEY PENDING ATTOTMENT:</b>			
Application Money received		0	7,152,113
<b>TOTAL:</b>		<b>0</b>	<b>7,152,113</b>
<b>(D) LONG TERM BORROWINGS-Secured:</b>			
Bank of India-Loan(Hyphothociation of Car)		640,168	776,663
Bank of India-Term Loan (Against Fixed Deposits)		0	6,698,492
<b>TOTAL:</b>		<b>640,168</b>	<b>7,475,155</b>
<b>(E) LONG TERM BORROWINGS-Unsecured:</b>			
Shree Ram City Finance Ltd		687,064	1,998,190
Tecpro Systems Ltd		90,470,071	0
<b>TOTAL:</b>		<b>91,157,135</b>	<b>1,998,190</b>
<b>(F) SHORT TERM BORROWINGS-Secured:</b>			
Bank of India-Cash Credit		7,453,146	9,216,076
(Secured against Stocks, Book debts & Collateral Security of Immovable Properties owned by one of the Directors Mrs N Chadraprabhavathy)			
Bank of India-Bills Discounting		0	19,999,993
<b>TOTAL:</b>		<b>7,453,146</b>	<b>29,216,069</b>
<b>(G) TRADE PAYABLES:</b>			
Trade Creditors	35,702,256		
LESS: Advance Payment to Creditors	10,500,100	25,202,156	47,667,969
Provision for Material		38,110,333	40,599,233
<b>TOTAL:</b>		<b>63,312,489</b>	<b>88,267,202</b>
<b>(H) SHORT-TERM PROVISIONS:</b>			
Auditors Fees		67,415	75,000
Central Excise		5,385	-245,891
ESI		10,961	0
Service Tax Payable		2,021,891	2,143,754
Provident Fund Payable		156,651	0
Salaries & Wages		845,739	928,521
Telephone Charges		0	28,056
Rent Charges		48,000	95,500
Labour due for Materials yet to be supplied		0	3,396,624
TDS Payable		963,911	496,366
Income Tax Provisions		685,500	850,000
<b>TOTAL:</b>		<b>4,805,453</b>	<b>7,767,930</b>





(1) FIXED ASSETS-TANGIBLE:

Description:	GROSS BLOCK		DEPRECIATION			NET BLOCK			
	As at 1.4.11	Addition /Deletion	As at 31.3.12	As at 1.4.11	Rate of Depr.	For the Year	As at 31.3.12	As at 1.4.11	As at 31.3.12
Furnitures	2,493,359	0	2,493,359	476,984	6.33%	157,830	634,814	2,016,375	1,858,545
Plant & Machinery	691,976	0	691,976	98,468	4.75%	32,869	131,337	593,508	560,639
Air Conditioner	211,396	0	211,396	35,346	4.75%	10,041	45,387	176,050	166,009
Office Equipments	502,411	23,831	526,242	99,761	4.75%	24,996	124,757	402,650	401,485
Motor Car	2,454,549	-1,401,935	1,052,614	804,068	9.50%	99,998	199,996	1,650,481	852,618
Motor Cycles	174,128	-33,513	140,615	54,285	9.50%	13,358	29,376	119,843	111,239
Computer	3,443,768	639,220	4,082,988	2,603,218	16.21%	661,852	3,265,070	840,550	817,918
<b>TOTAL:</b>	<b>9,971,587</b>	<b>-772,397</b>	<b>9,199,190</b>	<b>4,172,130</b>		<b>1,000,945</b>	<b>4,430,738</b>	<b>5,799,457</b>	<b>4,768,452</b>



<b>(J) LONG TERM-LOANS AND ADVANCES:</b>		
Electricity Deposits	78,930	78,930
Rent Deposit	231,000	610,500
Telephone Deposit	16,495	16,495
<b>TOTAL:</b>	<b>326,425</b>	<b>705,925</b>
<b>(K) OTHER NON-CURRENT ASSETS:</b>		
Preliminary Expenses	15,000	20,000
LESS: Written Off	15,000	5,000
<b>TOTAL:</b>	<b>0</b>	<b>15,000</b>
<b>(L) TRADE RECEIVABLES:</b>		
(Unsecured & Considered Good)	143,491,074	126,286,404
LESS: Advance Received From Customers	2,528,327	0
<b>TOTAL:</b>	<b>140,962,747</b>	<b>126,286,404</b>
<b>(M) CASH AND CASH EQUIVALENTS:</b>		
Bank Balances	236,850	88,830
Cash on hand	5,635	197,713
<b>TOTAL:</b>	<b>242,485</b>	<b>286,543</b>
<b>(N) SHORT TERM-LOANS AND ADVANCES:</b>		
VAT Credit	1,287,042	1,129,224
WCT-Credit	44,824	0
CST-Credit	73,953	0
EMD Deposits	1,201,400	0
Tour Advance	428,895	252,684
Staff Advance	0	17,720
Fixed Deposits (For Bank Guarantee)	4,205,308	17,961,855
TDS Receivable	922,396	922,396
Harlhara Sudhan Associates P.Ltd	3,500,000	3,500,000
Other Advances	12,300	176,099
Advance Paid	600,000	0
<b>TOTAL:</b>	<b>12,276,117</b>	<b>23,959,978</b>
<b>(O) REVENUE FROM OPERATIONS:</b>		
Sales	21,247,425	76,911,189
Excise - Output	0	7,640,035
Work Contract - Sales	1,749,375	74,718,144
Transit Sales	0	1,215,000
Insurance recoverable from customers	299,695	0
Erection & Commissioning	6,135,001	5,502,477
<b>TOTAL:</b>	<b>29,431,496</b>	<b>165,986,845</b>
<b>(P) OTHER INCOME:</b>		
Interest Income	405,126	972,537
Discount Received	100,025	90,968
Rounded Off	0	252
<b>TOTAL:</b>	<b>505,151</b>	<b>1,063,757</b>



(Q) **COST OF GOODS SOLD:**

Opening Stock

ADD: Materials & Consumables Purchase

Materials to be Supplied

Material Insurance

Customs Duty

Excise Duty - Input

Clearing & Forwarding Charges

Transportation

Equipment Hire Charges

Design and Engg

	9,832,368	16,021,730
19,063,048		47,071,717
0		40,599,233
35,923		56,376
145,619		279,169
2,992		7,640,035
2,330		148,750
516,007		659,544
51,725		56,600
16,600	19,834,244	5,335,699
	29,666,612	117,868,853
	14,236,250	9,832,368
	15,430,362	108,036,485

LESS: Closing Stock

**TOTAL:**

(R) **EMPLOYEE BENEFIT EXPENSES:**

Salary & Wages

Bonus

Provident Fund

ESI Contributions

Staff Welfare Exp.

ADD: Labour to be spent on materials to be supplied

**TOTAL:**

(S) **FINANCE COSTS:**

Interest on Cash Credit

Interest on Others

Bank Charges

Bills Discounting Charges

**TOTAL:**

(T) **AUDITOR'S FEES:**

a) Audit Fees

b) Tax Audit Fees

c) Taxation Matters

d) Company Law Matters

e) Management Services

f) Other Services

g) Reimbursement of Expenses

ADD: Service Tax @12.36%

**TOTAL:**

	11,485,521	8,215,142
	512,898	68,540
	701,665	895,623
	113,364	163,742
	247,700	352,121
	13,061,148	9,695,168
	0	3,396,624
	13,061,148	13,091,792
	2,353,185	1,394,521
	2,714,900	2,093,792
	137,756	1,100,276
	1,677,784	1,108,730
	6,883,625	5,697,319
	50,000	54,400
	10,000	
	0	0
	0	3,630
	0	8,250
	0	1,815
	0	0
	60,000	68,095
	7,415	6,905
	67,415	75,000




(U) **ADMINISTRATIVE OVERHEADS:**

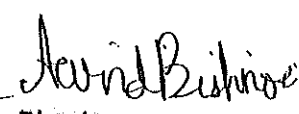
Audit Fees  
Advt. Charges  
AMC Charges  
Arbitration Fees  
Books & Periodicals  
Postages & Couriers  
Telephones Charges  
Donations  
General Exp  
ISO Expenses  
Legal Expenses  
Loading & Unloading Charges  
Misc. Expenses (Written Off)  
Office Expenses  
Office Maintenance  
Printing & Stationeries  
Petrol & Diesel  
Pooja Exp  
Security Charges  
Testing Expenses  
Vehicle Maintenance  
**TOTAL:**

(T)


67,415	75,000
0	43,886
0	9,300
676,500	375,000
37,775	31,482
49,061	90,545
307,132	428,639
12,000	15,301
82,977	191,048
66,399	25,788
212,688	430,945
213,405	110,483
15,000	5,000
176,682	238,594
69,360	37,433
193,887	360,462
178,053	243,422
21,360	47,692
0	10,562
33,846	20,568
54,141	230,129
<b>2,467,681</b>	<b>3,019,279</b>

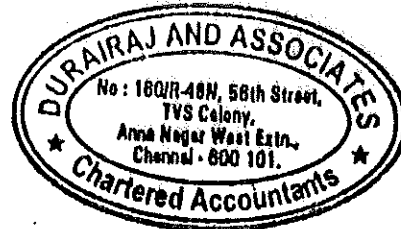
For **AMBIKA PROJECTS (INDIA) PRIVATE LIMITED**

  
Director

  
Director

As per our Report of even date  
**FOR DURAIRAJ AND ASSOCIATES**  
Chartered Accountants  
Firm Regn. No:0033798

  
(T/T DURAIRAJ KANDIAR)  
Partner (Mno.024006)



**Ambika Projects ( India) Private Limited**  
**Schedule (V): Significant Accounting Policies and Notes to Accounts**

**1. Significant Accounting Policies**

**(a) Basis of accounting**

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the Indian Generally Accepted Principles and accounting standards as notified under the Companies (Accounting Standards) Rules, 2006, and the presentation requirements of the Companies Act, 1956 to the extent applicable.

**(b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Differences between the estimates and actual results are recognised. Any revision to accounting estimates is recognised prospectively in current and future periods.

**(c) Revenue recognition**

Revenue from sale of goods recognized on transfer of all significant risk and rewards of ownership in the goods to the customer.

Revenue from services is recognized on rendering of services to customers.

Interest income is recognized using the time proportion method, based on underlying interest rates.

Revenue from long term construction contracts in accordance with Accounting Standards-7 on "Construction Contracts" is recognized using the percentage of completion method. Percentage of completion method is determined as a proportion of cost incurred to date to the total estimation contract cost. Where the total cost of the contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such excess is provided in that year.

**(d) Fixed assets**

Fixed assets, including capital work in progress are stated at cost of acquisition less accumulated depreciation. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

Fixed assets are reviewed for impairment on each Balance Sheet date, in accordance with AS 28 issued by the ICAI.

**(e) Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost includes all applicable costs incurred in bringing goods to their present location and condition, determined on first-in first-out basis.



**Ambika Projects(India) Private Limited**  
**Schedule V: Significant Accounting Policies and Notes to Accounts (continued)**

**(f) Depreciation**

Depreciation in respect of fixed assets is provided on a pro-rata basis adopting Straight Line Method at rates provided under Schedule XIV to the Companies Act, 1956.

Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

**(g) Income tax**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

**(h) Employee benefits**

All employee benefits payable/available within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the Profit and Loss Account in the year in which the employee renders the related service.

Provident fund is a defined contribution scheme. Contributions payable to the provident fund are charged to the profit and loss account.

**(i) Provisions and contingencies**

A provision is created when there is a present obligation as a result of a past event that entails a probable outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure of a contingent liability is made when there is a possible but not probable obligation or a present or a present obligation that may, but probably will not, entail an outflow of resources. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**(j) Impairment**

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets' recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss has been recognized.

**(k) Borrowing Cost**

Financing costs relating to borrowed funds attributable to construction or acquisition of qualifying assets for the period up to the completion of construction or acquisition of such assets are included in the cost of the assets.

**(l) Earning per share**

Basic earnings per share are computed by dividing the net profit/(loss) for the year attributable to the equity shareholders with the weighted average number of equity shares



**Ambika Projects(India) Private Limited**  
**Schedule V: Significant Accounting Policies and Notes to Accounts (continued)**

outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

**(m) Leases**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are classified as operating leases. Lease rents under operating leases are recognized in the Profit and Loss Account on a straight line basis over the lease term.

**(n) Events occurring after the balance sheet date**

Adjustment to assets and liabilities are made for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amount of assets and liabilities relating to condition existing at the balance sheet date.

**For Durairaj and Associates**  
**Chartered Accountants**  
**Registration No. 0033798**

  
**T T Durairaj Kandiar**  
**Partner**

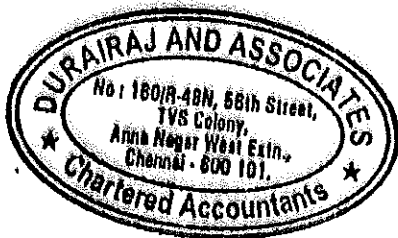
**Membership No.: 024006**

  
**Director**

  
**Director**

Place: Chennai

Date: 16/05/2012



Ambika Projects (India) Private Limited

- Notes to the accounts

(All amounts are in Indian Rupees, unless otherwise stated)

1. The company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from 2<sup>nd</sup> October 2006. Based on the confirmations received till date, there are no suppliers identified as per provisions of MSMED Act as on 31 March 2012.

2. Licensed, installed and production capacities are not applicable to the company.

3. Amount of turnover achieved during the year are as follows

Description of Service	For the year ended 31 March 2012	For the year ended 31 March 2011
Supply and erection of Water Treatment Plant	2,94,31,496	16,59,86,846

**4. Deferred Tax Assets:**

As a Conservative Accounting policy, in view of losses as per Income Tax Act, the company has not recognized the deferred Tax Assets and the same will be reviewed in the Next Year.

**5. Payment to Auditors (Excluding Service Tax):**

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Statutory Audit Fee	55,000	49,400
Tax Audit Fee	5,000	5,000

**6. Earnings Per Share**

Particulars	As at 31st March 2012	As at 31st March 2011
Net profit after tax as per Profit and Loss Account (A)	(1,95,64,930)	15,81,878
Profit attributable to equity shareholders (B)	(1,95,64,930)	15,81,878
No. of equity shares at the beginning of the period (C)	15,00,000	15,00,000
Nominal value of equity shares (D)	10	10
Basic earnings per share (Rs.) (B)/(C)	(13.04)	1.05

**7. Segment Reporting:**

The segment reporting policy is in conformity with Accounting Standard-17 on "Segment Reporting" prescribed by the Companies(Accounting Standards) Rules, 2006.

Based on the nature of activities performed, which primarily related to Design, Supply, Installation, Erection and Commissioning work for water treatment plants, this business segment is the primary segment.

However as the Company does not operate in more one business segment, disclosures for primary segment as required under Accounting Standard 17 – "Segment Reporting" is not required.

The geographical segment considered for secondary segment. However as the Company does not operate in any country other than India, disclosures for secondary segment as required under Accounting Standard 17 – "Segment Reporting" is not required.





8. Estimated amount of contracts remaining to be executed on capital account and not provided for are Rs. NIL (previous year Rs. Nil).

**9. Contingent Liabilities:**

The company does not have any contingent liabilities as at the end of the Financial Year.

10. Disclosure in respect of operating leases under Accounting Standard (AS) – 19 "Leases" prescribed by the Companies (Accounting Standards) Rules, 2006.

a) General description of the Company's operating lease arrangements:

The company enters into operating lease arrangements for leasing area offices. Some of the significant terms and conditions of the arrangements are:

- agreements for most of the premises may generally be terminated by the lessee or either party by serving one to three month's notice or by paying the notice period rent in lieu thereof.
- the lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement.
- the Company shall not sublet, assign or part with the possession of the premises without prior consent of the lessor.

b) Lease rent charged to the Profit and Loss account Rs 7,88,105/- (previous year Rs. 12,38,456/-)

**11. Foreign Exchange Transactions:**

Particulars	As at 31 March 2012	As at 31 March 2011
Expenditure in Foreign currency-Purchase of chemicals ( Lab use)	2,53,542	Nil
Earnings in Foreign currency	-	Nil

**12. Managerial Remuneration:**

Remuneration paid to Director charged in profit and loss account Rs.1,61,154/- (Previous year Rs. 31,20,000/-)

**13. Impairment:**

The Management is of opinion that no impairment of assets has been taken place during the financial year ended 31<sup>st</sup> march 2012.



Ambika Projects (India) Private Limited  
- Notes to the accounts

(All amounts are in Indian Rupees, unless otherwise stated)

**14. Related party disclosures:**

**a) Related party and nature of relationship where control exists.**

Holding Company	Tecpro Systems Limited	(From 19-08-11)
Key management personnel	Mr. Arvind Kumar Bishnoi	(From 19-08-11)
	Mr. AV Ramalingam	(From 19-08-11)
	Mr. N. Deenadayalan	(Till 26-03-12)
	Mr. Aditya Gabrani	(From 19-08-11)

Individuals owing directly or indirectly,  
an interest in voting power or significant  
influence over the enterprise (including  
relatives of such individuals)

-NII-

**b) Related party and nature of the related party relationship with whom transactions have taken place during the year**

Holding Company	Tecpro Systems Limited
Key management personnel	Mr. N. Deenadayalan (Till 26-03-12)

**c) Transactions During the Period:**

Particulars	Holding Company	Key Management Personnel(Including relatives)
Loan Received	9,30,27,538/-	NII
Interest paid	21,73,538/-	
Salaries Paid	-	1,61,154/-

**d) Outstanding balance as at year-end:**

Particulars	Holding Company	Key Management Personnel(Including relatives)
Loans Payable	9,04,70,071	NII



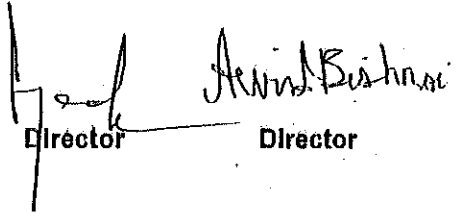
15. Shares in the Company held by each shareholder holding more than 5% shares

Names	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	% of shares held	No. of Shares	% of shares held
Tecpro Systems Ltd	1,499,999	100	-	-
N.Dheenanadhayalan	-	-	725,000	48
N.Chandraprabhava thy	-	-	337,500	23
D D Kamakshi	-	-	337,500	23

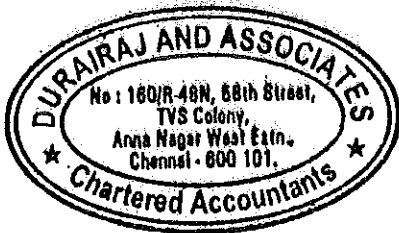
As per our report attached

For Durairaj and Associates  
Chartered Accountants  
Registration No. 003379S

  
T T Durairaj Kandlar  
Partner  
Membership No.: 024005

  
Director Director

Place: Chennai  
Date: 16/05/2012



**Ambika Projects ( India ) P. Ltd**

(Amt in Rupees)

	For the year ended	
	31st Mar'2012	31st Mar'2011
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before Tax	(19,564,930)	2,431,876
Adjustments for:		
Depreciation and Amortisation	1,015,945	1,030,332
Loss on discard/disposal of Fixed Assets	617,345	-
Dividend Income	(804,846)	(1,063,757)
Interest Expense	6,883,625	5,697,319
Operating Profit before Working Capital changes:	(11,852,861)	8,095,770
<b>Decrease/ (Increase) in Working Capital</b>		
(Increase)/Decrease in Inventories	(4,403,882)	8,189,362
(Increase)/Decrease in Trade Receivables	(14,876,343)	(20,420,330)
(Increase)/Decrease in Short Term Loans and Advances and other Current Assets	11,683,881	(7,618,886)
(Increase)/Decrease in Long Term Loans and Advances	379,500	422,500
Increase/(Decrease) in Trade Payables	(24,954,714)	(2,893,927)
Increase/(Decrease) in Other Current Liabilities	(2,797,977)	(10,589,746)
Cash Generated from Operations	(46,622,416)	(26,815,257)
Direct Taxes Paid	(253,734)	(1,552,995)
Net cash Flow from Operating Activity (A)	(46,876,150)	(28,368,252)
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(663,051)	(2,075,561)
Sale of Fixed Assets	165,000	-
Interest received	804,846	1,063,757
Net cash from/(used) in Investing Activities (B)	306,795	(1,011,804)
<b>C. Cash Flows from Financing Activities:</b>		
Share Warrants Issued/Share Application Money	(7,152,113)	7,152,113
Long Term Borrowings/Liabilities repaid during the year (Net)	83,635,084	6,356,809
Short Term Borrowings (Net)	(23,074,049)	20,679,823
Interest Paid	(6,883,625)	(5,697,319)
Net cash Used in Financing Activity (C)	46,525,297	28,491,426
Net Increase in cash and cash equivalents (A+B+C)	(44,058)	(888,630)
Cash and Cash Equivalents - Opening balance	286,543	1,175,173
Cash and Cash Equivalents - Closing balance	242,485	286,543
<b>Components of cash and cash equivalents:</b>		
Cash on Hand	5,635	197,713
Cash with Bank	236,850	88,830
	242,485	286,543

**Notes:**

The above Cash Flow Statement has been prepared under the Indirect method set out in Accounting Standard - 3 "Cash Flow Statement" prescribed by the Companies (Accounting Standards) Rules, 2006.

As per our report attached

For Duralraj and Associates  
Chartered Accountants  
Registration No. 003379S

T T Duralraj/Kandari  
Partner  
Membership No. 024005

Director

Director

Place: Chennai  
Date: 16/05/2012

