

24th Annual Report



Defining Quality

Prerna Infrabuild Ltd.

2011/12

I N D E X

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CORPORATION INFORMATION**Board of Directors**

| | |
|------------------------------|-------------------------------------|
| Chairman & Managing Director | Vijay C. Shah |
| Managing Director | Sanket V. Shah |
| Wholetime Director | Nalini V. Shah |
| Director | Swetal C. Parikh (Up to 31/05/2011) |
| Director | Mahendra K. Gosaliya |
| Director | Dinesh Kamdar |
| Director | Kiranbhai Shah |

Audit Committee

| | |
|----------|----------------------|
| Chairman | Kiranbhai Shah |
| Member | Dinesh Kamdar |
| Member | Mahendra K. Gosaliya |

Auditor

Alpesh Shah & Co.,
Chartered Accountant
202, Parth Avenue,
Nr. Naranpura Cross Road,
Naranpura,
Ahmedabad-380 013

Practising Company Secretary

Pinakin Shah & Co.
C-103, Panchdhara Plaza,
Satellite Road,
Ahmedabad-380 015.

Registered Office

"Prerna", Survey No. 820/1,
In Lane of Panchvati Auto,
Opp. Anand Dham Derasar,
S. G. Highway, Makarba
Ahmedabad-380 058.

Register & Share Transferred Agent

Big Share Service Pvt. Ltd.
E-2/3, Ansh Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E),
Mumbai-400 072

Website

www.pernagroup.com

Banker

Bank of Maharashtra
Prerna Tirth Road Branch,
Satellite,
Ahmedabad-380 015

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the members of Prerna Infrabuild Limited will be held on Thursday, 27 September, 2012, at 10.00 a.m. at the Registered Office of the Company situated at 'PRERNA', Survey No 820/1, In Lane of Panchvati Auto, Opp: Anand Dham Derasar, S. G. Road, Makarba, Ahmedabad to transact the following business:

ORDINARY BUSINESS

1. To receive, consider & adopt the Balance Sheet as at 31st March, 2012, the Profit & Loss Account for the year ended on that date and the reports of the Directors' & Auditors thereon.
2. To appoint a director in place of Shri Vijay C. Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Shri Dinesh Kamdar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Alpesh Shah & Co. Chartered Accountants, Ahmedabad as Auditors of the Company to hold office from conclusion of this Annual General Meeting till conclusion of next Annual General Meeting at a remuneration to be decided by the Board of Directors of the Company.

For and behalf of Board of Directors

Place : Ahmedabad
Date : 30/07/2012

Sanket V Shah
Managing Director

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the meeting and vote on a Poll, if any, in his/her stead and the proxy need not be a member of the Company.
2. The instrument appointing proxies, in order to be effective, must be received by the Company at the registered office, not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to this notice.
3. As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri Vijay C. Shah and Shri Dinesh Kamdar, Directors retiring by rotation and seeking re-appointment under Item No. 2 and Item No.3 of the Notice respectively, are annexed herewith.
4. Register of Members and Share Transfer Books of the Company was remained closed from Thursday, the 20 Sept, 2012 to, Thursday, 27 Sept., 2012 (both days inclusive).
5. The Register of Directors' shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection by members at the AGM.
6. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the Members at the Registered Office of the Company.
7. As a Green Initiative in the Corporate Governance, the Ministry of Corporate Affairs ("MCA") vide its circular bearing nos. (i) 17/ 2011 dated April 21, 2011 and (ii) 18/2011 dated April 29, 2011 allowed the Companies to send various notices/ documents (including Notice conveying AGM, Audited Financial Statements, Auditors' Report, Directors Report and other related documents) to shareholders through electronic mode, to the registered email Id of the shareholders. Pursuant to said Green Initiative. The Company urges the members to communicate their email id to the Company and / or RTA, so that the Company can send future communications to these shareholders in electronic mode.
8. Members are requested to visit the website of the Company 'www.prernagroup.com' for viewing the quarterly & annual financial results and for more information on the Company.

9. For any investor-related queries, communication may be sent by e-mail to 'investor@prernagroup.com'.
10. Big Share Services Private Limited (Big Share) is the Registrar & Share Transfer Agent (R&T Agent) of the Company. All investor related communication may be addressed to Big Share at the following address;

Big Share Services Private Limited.

E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka Andheri (E), Mumbai, 400 072. Tel: 91-22-28470652|40430200|28470653
Fax: 91-22-28475207,

E Mail:marketing@bigshareonline.Com.
11. For effecting changes in address/bank details/ECS (Electronic Clearing Service) mandate, members are requested to notify:
 - (i) The R&T Agent of the Company, viz. Big Share, if shares are held in physical form; and
 - (ii) Their respective Depository Participant (DP), if shares are held in electronic form.
12. Members are requested to send their queries, if any, to reach the Company at its Registered Office, at least 10 days before the meeting, so that the information can be compiled in advance.
13. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.

Details of the Directors seeking re-appointment in the
Twenty Fourth Annual General Meeting
 [Pursuant to Clause 49 of Listing Agreement of Bombay Stock Exchange]

| Particulars | Shri Vijay C. Shah | Shri Dinesh Kamdar |
|---|--------------------|--------------------------------|
| Relationships with other Directors | Spouse/ Father | None |
| Date of Appointment | 13/04/1988 | 12/08/2006 |
| Expertise | Finance | Mechanical Engineer |
| Qualification | B.com | Diploma in Mechanical Engineer |
| No. of Equity Shares held in the Company | 1831000 | NIL |
| List of other companies in which directorship are held | None | None |
| List of committees of the Board of Directors(across all companies) in which Chairmanship Membership is held | None | None |

Note:

The Directorships held by Directors as mentioned above, do not include Directorships of Private Limited Companies.

DIRECTORS REPORT**To The Members,**

Your Directors have pleasure in presenting their 24th Annual Report on the business and operations of your Company for the year ended March 31, 2012.

FINANCIAL RESULTS:

| | 2011-12 (Rs in Lac) | 2010-11 (Rs in Lac) |
|------------------------------------|---------------------|---------------------|
| Profit before tax | 132.24 | 100.12 |
| Provision for Taxation | 021.08 | 029.70 |
| Profit after Taxation | 111.15 | 70.42 |
| Balance Brought Forward | 156.65 | 150.85 |
| Distributable profit | 0 | 221.27 |
| Appropriated as under: | | |
| Transfer to General Reserve | 0 | 0 |
| Proposed Equity Dividend | 0 | 55.60 |
| Tax on Distributed Profits | 0 | 09.02 |
| Balance Carried Forward | 267.80 | 156.65 |
| Earnings Per Share (Rs. Per share) | 1.40 | 0.89 |

PERFORMANCE REVIEW

The sales and operating income increased to Rs. 722.96 from Rs. 202.77 lacs in the previous year yielding a growth of 256.54%. The operating profit for the year was Rs. 111.15 lacs as against profit of Rs. 70.42 lacs in the previous year.

APPROPRIATIONS**Dividend**

The Board do not recommended any dividend for current year (previous year Rs. 0.70 per equity share).

Transfer to Reserves

According to Companies (Transfer of Profits to Reserves) Rules, 1975, your company is not mandatorily required to transfer certain minimum percentage of profits to general reserve and hence the Board has recommended a transfer of Rs. Nil to the general reserve and an amount of Rs. 111.15 lacs is retained in the profit and loss account.

LIQUIDITY AND CASH EQUIVALENTS

Your Company continues to retain its status of a debt-free Company. The Company has been conservative in its investment policy over the years, maintaining a reasonably high level of cash and cash equivalents which enables the Company to completely eliminate short and medium term liquidity risks. Cash and cash equivalents constitute 52.71% of the total assets at Rs.2223.67 lacs, at the year end, against 67% of total assets at the close of the previous year. An amount of Rs.1150 lacs, was in bank fixed deposits at an average interest rate of 9.85 % per annum as on March 31, 2012.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis have been reviewed by the Audit Committee and the same is forming a part of this Annual Report.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement, a report on corporate governance along with auditors' certificate of its compliance is included as part of the annual report.

DIRECTORS

The clause 170 of Articles of Association of the Company provides that at least two-thirds of our Directors shall be subject to retirement by rotation. One third of these retiring Directors must retire from office at each Annual General Meeting of the shareholders. A retiring Director is eligible for re-election.

Shri Vijay C. Shah and Shri Dinesh Kamdar will retire by rotation and being eligible, offer themselves for reappointment. The details of their re-appointment together with nature of their expertise in specific functional areas and names of the companies in which they hold office as Director and/or the Chairman/Membership of Committees of the Board, are provided in the Notice of the ensuing Annual General Meeting.

CODE OF CONDUCT

The code of conduct for all board members and senior management of the company has been laid down and is being complied in words and spirit. The declaration on compliance of code of conduct signed by Chairman & Managing Director of the Company is included as a part of this annual report.

SECRETARIAL AUDIT

Pinakin Shah & Co., Practicing Company Secretary conducted Secretarial Audit pursuant to provisions of Section 383A of the Companies Act, 1956, for the financial year 2011-12. Pinakin Shah & Co., has submitted the Report confirming compliance with the applicable provisions of Companies Act, 1956 and other rules and regulations issued by SEBI/other regulatory authorities for Corporate law.

LISTING OF SHARES

The Company's share continues to remain listed with The Bombay Stock Exchange, Mumbai, where the share is actively traded.

STATUTORY DISCLOSURES:**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars required to be furnished by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988:

Part A and B pertaining to conservation and technology absorption is not applicable to the Company. However the Company endeavored to conserve energy consumption wherever feasible.

The Company has neither used nor earned any foreign exchange during the year under review.

PARTICULARS OF EMPLOYEES:

The information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees' amendment) Rules, 1988 as amended from time to time is nil.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to sub-Section (2AA) of Section 217 of Companies Act, 1956 the Board of Directors of the Company hereby State and confirm that:

- " in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- " the Directors had selected such accounting policies and applied them consistently and applied them consistently and 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 at end of the financial year and of the profit of the Company for the period;
- " the Directors have taken proper and sufficient care 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;
- " The Directors have prepared the annual accounts on a going concern basis.

Cash Flow

A Cash Flow statement for the year ended March 31, 2012 is attached to the Balance Sheet.

AUDITORS AND AUDITORS' REPORT:

The auditors M/s Alpesh Shah & Co, Chartered Accountants, Ahmedabad holds office until the conclusion of the Next Annual General Meeting and they have intimated the company in writing of their willingness to be re-appointed as auditors of the Company for the financial year 2012-13. The Company has received certificate from them to the effect that the appointment if made, would be within prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

The Company has not made any provision as required under AS-15 because Accounting standard- 15 applies to retirement benefits in the form of provident fund, superannuation/pension and gratuity provided by an employer to employees, whether in pursuance of requirements of any law or otherwise. It also applies to retirement benefits in the form of leave encashment benefit. Your company is not covered under The Employees Provident Fund Act and The Payment of Gratuity Act and hence no provision was made towards retirement benefits.

The notes on accounts are self-explanatory and do not require further clarifications.

FIXED DEPOSITS

The Company has not invited or accepted any deposits from the public.

INSURANCE

The Company's assets are adequately insured against major risks.

ACKNOWLEDGEMENTS

Your Directors commend the hard work, dedication and contributions of all employees of your Company. They express their gratitude to the various departments of the governments, banks, investors, business associates and customers for their continued support.

Registered Office
PRERNA', Survey No 820/1,
In lane of Panchvati Auto,
Opp. Anand Dham Derasar,
S.G.Road, Makarba, Ahmedabad

For and behalf of Board of Directors

Vijay C. Shah
Chairman

Date : 30/07/2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure and development

The real estate sector in India is being recognised as an infrastructure service that is driving the economic growth engine of the country, according to industry experts. In fact, foreign direct investment (FDI) in the sector is expected to increase to US\$ 25 billion in the next 10 years, from present US\$ 4 billion, according to a report released by the McKinsey Global Institute (MGI).

FDI flows into housing and real estate in April-March 2011-12 stood at US\$ 731 million, according to the Department of Industrial Policy and Promotion (DIPP). Housing and real estate sector including Cineplex, multiplex, integrated townships and commercial complexes etc, attracted a cumulative foreign direct investment (FDI) worth US\$ 11,168 million from April 2000 to April 2012.

POLICY UPDATES

- The Government has proposed one per cent TDS (tax deduction at source) on transfer of immovable property if the sale value exceeds Rs 50 lakh in urban centers and Rs 20 lakh in other areas in the Union Budget 2012-13.
- The Reserve Bank of India (RBI) has granted permission to foreign citizens of Indian origin to purchase property in India for residential or commercial purposes. The purchase consideration should be met either out of inward remittances in foreign exchange through normal banking channels or out of funds from NRE/FCNR accounts maintained with a bank in India.
- FDI up to 100 per cent under the automatic route in townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure) is allowed subject to the fulfillment of certain guidelines (also for investment by NRIs)

Opportunities

In 2012, enquiries for quality retail space are likely to remain robust as major Indian retailers are seeking to implement their expansion plans in the prime cities as well as select Tier II and Tier III cities.

The mid-end and affordable housing segments will record healthy appreciation in capital values in the short term from a low base. We expect these trends to continue during 2012-13.

PE in real estate projects will fetch considerable returns by next year-end or early 2013. KPMG expect 15-25% returns from real estate deals.

Threats

As the economy shows signs of decreasing GDP growth rate, the Indian real estate industry faces its own share of concerns. Real estate developers are reeling under high debt and FDI inflows have also slowed down. The recent increase in home loan interest rates is expected to dampen the sales even further.

Fitch, an international rating agency, has projected a 'negative outlook' for the Indian real estate sector in 2012 due to weak overall demand and higher construction costs, which are likely to continue to squeeze margins in 2012. The ratings firm has pointed out that high interest rates as well as high home prices have reduced the affordability for home buyers. For real estate companies, both material and labour costs have increased in 2011.

The likelihood of interest rate hikes by the RBI, sentiments on the residential market will remain cautious over the short term. The absorption rate - meaning the ratio of sales over inventory in the market - is likely to be low. Rise in capital values will be marginal because of low sales.

Segment-wise or product-wise performance

The company is engaged in a single segment, namely, real estate development.

Future Outlook

The cityscape of Ahmedabad will be improved with the permission for upcoming Ahmedabad-Dandi heritage route in Gujarat. The plan to introduce metro rail service in the city is no less than a boon to Ahmedabad infrastructure. The construction of another ring road is planned with three of them already existing.

Project-specific price increases can be expected across all sub-markets - this pertains specially to projects that are being delivered or are nearing completion.

Internal Control Systems & their Adequacy

The company has proper & adequate system of their internal controls proportionate to its size and business. The internal control systems of the company are designed to ensure that the financial and other records are reliable for preparing financial statements and other data.

Cautionary Statement

The Management Discussion & Analysis Report may contain certain statement that might be considered forward looking within the meaning of applicable securities, laws and regulations. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the Company's operations such as Government policies, tax laws, political and economic development.

For and on behalf of Board of Directors

Place : Ahmedabad
Date : 30/07/2012

Vijay Shah
Chairman & Managing Director

CORPORATE GOVERNANCE – PRERNA INFRABUILD, LIMITED

(As required by clause 49 of the Listing Agreement with the stock exchange)

This section on Corporate Governance forms part of the Directors' Report to the shareholders. This report is given in terms of clause 49 of the Listing Agreement entered with the Bombay Stock Exchange where the shares of the Company have been listed.

MANDATORY REQUIREMENTS
1. Company's Philosophy & Code of Governance

Your company's corporate governance policy is directed towards adherence to ethical business practices. All mandatory requirements as also a few non-mandatory requirements prescribed by Clause 49 of the Listing Agreement have been implemented by the Company. Non-mandatory requirements such as formation of Remuneration Committee have been implemented. Codes of business conduct, adopted by the directors and senior management personnel, are posted on the website of the Company (www.pernagroup.com).

All board members and senior management personnel have affirmed compliance with the respective codes of conduct for the year ended March 31, 2012. In terms of Clause 49 (I) (D) of the Listing Agreement, the Managing Director has given the requisite declaration to this effect. In terms of Clause 49 (V) of the Listing Agreement, the Chairman and Managing Director [CEO] and Managing Director [CFO] have given the requisite certification to the Board of Directors in the prescribed format for the period under review.

2. Board of Directors
Composition of Board:

The strength of the Board as on March 31, 2012 was six, of which, three are executive promoter directors and three are independent directors. The requisite particulars are given below: -

| Directors | Attendance Particular | | | | Other Committee Membership | |
|---|--------------------------|---------------|----------|--------------------|----------------------------|----------|
| | Category | Board Meeting | Last AGM | Other Directorship | Member | Chairman |
| Shri Vijay C Shah Chairman & M.D | Promoter & Executive | 8 | Yes | No | No | No |
| Smt Nalini V Shah WholeTime Director | Promoter & Executive | 8 | Yes | No | No | No |
| Shri Sanket V Shah M.D | Promoter & Executive | 8 | Yes | No | No | No |
| Smt Swetal C Parikh. (Up to 31/5/2011) | Promoter & Non Executive | 2 | Yes | No | No | No |
| Shri Kiran H Shah | IND | — | Yes | No | No | No |
| Shri Dinesh V Kamdar | IND | — | Yes | No | No | No |
| Shri Mahendra K. Gosalia | IND | 8 | Yes | No | No | No |

Board Meetings

The Board of Directors oversees management performance in order to ensure adherence to highest standards of corporate governance. The Board evaluates the strategic direction, management policies and their effectiveness and provides guidance and leadership to the management in achieving set goals. Board meeting dates are finalised in consultation with all directors. The Board is regularly apprised about important business related information and developments. Board members express opinions and bring up matters for discussion at its meetings. Board meeting minutes are circulated to all Directors in advance and confirmed at the subsequent Board meeting. Copies of signed minutes of the various Committees of the Board and Board meetings of subsidiaries of the Company are tabled at Board meetings.

Details of Board Meetings

In compliance with the provisions of Clause 49 of the Listing Agreement, the Board meetings are held at least once every quarter and the time gap between two meetings is not more than four months. During the year, eight Board Meetings were held.

| Date of Meeting | No of Directors Present |
|-----------------|-------------------------|
| 18/05/2011 | 5 |
| 30/05/2011 | 5 |
| 27/07/2011 | 4 |
| 17/08/2011 | 4 |
| 20/10/2011 | 4 |
| 27/11/2011 | 4 |
| 30/01/2012 | 4 |
| 31/03/2012 | 4 |

3. AUDIT COMMITTEE

The Audit Committee comprises of following members:

| Name | Designation | Attendance |
|-----------------------|------------------------------------|------------|
| Shri Kiran Shah | Chairman Non Executive Independent | 4 |
| Shri Dinesh Kamdar | Non Executive Independent | 4 |
| Shri Mahendra Gosalia | Non Executive Independent | 4 |

Compliance officer acts as the Secretary of the Committee. All the members of the Audit Committee are financially literate. The Chairman of the Committee attended the last Annual General Meeting of the Company held on September 30th 2011. The meetings of the Audit Committee are attended by the finance head, representatives of accounts, statutory and internal auditors. The Audit Committee addresses matters pertaining to appropriateness of audit tests and checks, reliability of financial statements, adequacy of provisions for liabilities and internal controls. The Committee lays emphasis on adequate disclosures and compliance with all relevant statutes. The Committee performs the functions enumerated in Clause 49 of the Listing Agreement, Section 292A of the Companies Act, 1956 and duties cast upon from time to time by the Ministry of Corporate Affairs through its circulars and notifications. The matters deliberated upon by the Committee include:-

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) Recommending to the Board, the appointment of statutory auditors, fixation of audit fees and approval of payments for any other services rendered by them.
- 3) Reviewing with the management the quarterly and annual financial statements before submission to the Board for approval with particular reference to : -
 - a) matters required to be included in the Directors' Responsibility Statement in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - b) changes, if any, in accounting policies and practices and reasons for the same;
 - c) major accounting entries involving estimates based on the exercise of judgment by management;
 - d) significant adjustments made in the financial statements arising out of audit findings;
 - e) compliance with listing and other legal requirements relating to financial statements;
 - f) disclosure of related party transactions; and
 - g) qualifications in the draft audit report, if any.
- 4) Reviewing with the management, the performance of statutory and internal auditors and adequacy of the internal control systems.
- 5) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, its staffing, reporting structure, coverage and frequency of audits.
- 6) Discussion with the internal auditor's significant findings and follow-up thereon.
- 7) Reviewing the findings of internal auditors and reporting them to the Board.
- 8) Discussion with statutory auditors before the audit commences about the nature and scope of audit as also post-audit discussion to ascertain areas of concern.

Details of Audit Committee Meetings:

The Audit Committee was constituted on 30/05/2011 and it met four times during the year review on 30/05/2011, 27/07/2011, 20/10/2011 and 30/01/2012 and was attended by all members.

4. REMUNERATION COMMITTEE

The Remuneration Committee comprises of following members:

| Name | Position | Category |
|-----------------------|----------|---------------------------|
| Shri Kiran H Shah | Chairman | Non Executive Independent |
| Shri Dinesh V Kamdar | Member | Non Executive Independent |
| Shri Mahendra Gosalia | Member | Non Executive Independent |

The Committee performs functions enumerated in Clause 49 of the Listing Agreement as also Schedule XIII of the Companies Act, 1956 and recommends to the Board the remuneration payable to executive directors. The Committee recommends the remuneration package after considering factors such as experience, expertise, position, responsibilities to be shouldered by the individual, leadership qualities, the volume of Company's business and profits earned by it.

Presently, the company does not have a scheme for grant for stock option or performance-linked incentives for its Directors. It met once during the year on 01/06/2011 and all members attended it.

5. SHAREHOLDERS/INVESTOR'S GRIEVANCES COMMITTEE

The Investors' Grievances Committee comprises two directors, namely Shri Dinesh Kamdar and Shri Sanket Shah. Meetings of the Investors' Grievances Committee are also attended by the head of Investors' Services Department.

The Committee oversees functioning of the Investors' Services Department covering all facets of the operations including transfer of shares in physical form, dematerialization of shares and activities related to dividend and depository operations. The Committee also closely monitors investor grievance redressal system of the department.

Your Company received nil complaints from shareholders during the year. As on March 31, 2012, no complaints remained pending/un-attended and no share transfers remained pending for over 30 days, during the year.

Details of the Investors' Grievances Committee Meetings

It met 14 times during the year and approved transfer of 19500 equity shares.

6. DETAILS OF LAST THREE ANNUAL GENERAL MEETING

| Year | Venue of AGM | Day, date & time | No. of Special Resolutions passed |
|---------|--|-------------------------------------|-----------------------------------|
| 2008-09 | 6 th Floor Doctor House, C.G.Road, Ahmedabad-6 | Wednesday, 30/09/2009 at 11.30 a.m. | Nil |
| 2009-10 | 'PRERNA', Survey No 820/1, In Lane of Panchvati Auto, Opp: Anand Dham Derasar, S. G. Road, Makarba, Ahmedabad | Thursday, 30/09/2010 at 10.00 a.m. | Nil |
| 2010-11 | 'PRERNA', Survey No 820/1, In Lane of Panchvati Auto, Opp: Anand Dham Derasar, S. G. Road, Makarba, Ahmedabad | Tuesday, 27/09/2011 at 10.00 a.m. | 2 |

No business was required to be transacted through postal ballot at the above meetings. Similarly, no business is required to be transacted through postal ballot at the forthcoming Annual General Meeting.

7. Disclosure on materially significant related party transactions:

During the year under review, there were no materially significant related party transactions between the Company and its promoters, directors, management or their relatives, etc. which may have potential conflict with the interests of the Company. Statements of transactions in summary form with related parties in the ordinary course of business and material individual transactions with related parties, which were not in the normal course of business, were placed at meetings of the Audit Committee. The Audit Committee reviews statements of related party transactions submitted by the management. Details of transactions in which Directors are interested are recorded in the Register of Contracts maintained pursuant to the provisions of Section 301 of the Companies Act, 1956 and the same is placed at Board meetings and is signed by the Directors present. In compliance with Accounting Standard AS 18, details of related party transactions are disclosed in the notes to accounts that form part of the balance sheet and profit and loss account.

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years and they have not imposed any penalties on, or passed any strictures against the Company.

8. Means of communication

Quarterly and annual financial results of the Company are submitted to the stock exchanges immediately after the Board approves them. Thereafter, the same are published in English (The Economic Times, Ahmedabad) and Gujarati (Times, Ahmedabad edition) newspapers. Disclosures pursuant to various clauses of the Listing Agreement are promptly communicated to the stock exchanges.

No formal presentation was made to the institutional investors or to the analysts during the year under review.

Management Discussion and Analysis forms Part of the annual report, which is posted to the shareholders of the company.

9. General Shareholder Information

Exclusive email id for investor grievances

Pursuant to Clause 47 (f) of the Listing Agreement, the following email id has been exclusively designated for communicating investor grievances: investor@prernagroup.com

Person in-charge of the Department : Ms. Swetal Parikh, Vice President.

ANNUAL GENERAL MEETING

The 24th Annual General Meeting will be held at 10.00 a.m. on Thursday, September 27, 2012, at 'PRERNA', Survey No 820/1, In Lane of Panchvati Auto, Opp: Anand Dham Derasar, S. G. Road, Makarba, Ahmedabad.

FINANCIAL CALENDAR

First quarter results : July 2011

Second quarter results : October 2011

Third quarter results : January 2012

Annual results : April/May 2012

Annual General Meeting : August/September 2012

- **BOOK CLOSURE**

The Register of Members and the Share Transfer Register were closed from 20th September, 2012 to 27th September, 2012, (both days inclusive).

- **SHARES LISTED AT**

The equity shares of the Company are listed at:
Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai Samachar Marg,
Mumbai - 400 001.

Annual Listing fees for the year 2012-13 have been paid to Bombay stock exchange. The Company has also paid the Annual Custodial fees to both the depositories.

- **STOCK CODES**

The stock codes of the Company is : 531802

- **INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)**

ISIN is a unique identification number allotted to dematerialized scrip. The ISIN has to be quoted in each transaction relating to dematerialized shares of the Company. The ISIN of the equity shares of the Company is INE 426H01014.

- **CORPORATE IDENTITY NUMBER (CIN)**

CIN of the Company, allotted by the Ministry of Corporate Affairs, Government of India:
L65990GJ1988PLC010570.

- High/Low of monthly Market Price of the Company's Equity Shares Traded on the Bombay Stock Exchanges during the financial year 2011-12 is furnished below:

| Month | 2011-12 | |
|----------------|---------|-------|
| | High | Low |
| April-2011 | 34.00 | 26.80 |
| May-2011 | 32.85 | 22.50 |
| June-2011 | 42.00 | 28.10 |
| July-2011 | 56.30 | 37.25 |
| August-2011 | 47.25 | 34.50 |
| September-2011 | 46.80 | 29.85 |
| October-2011 | 33.90 | 26.90 |
| November-2011 | 38.05 | 23.70 |
| December-2011 | 27.85 | 18.00 |
| January -2012 | 28.00 | 18.70 |
| February-2012 | 28.70 | 19.35 |
| March -2012 | 22.80 | 18.10 |

- **EVOLUTION OF CAPITAL**

Particulars of Equity shares issued by the Company:

| Date of Allotment | Allotment of shares | Total issued | Capital at the end of financial year (') |
|-------------------|---------------------|--------------|--|
| 15/05/1995 | 1380000 | 1380000 | 1995-1996 |
| 03/01/1996 | 1330000 | 2710000 | 1995-1996 |
| 02/03/1996 | 3362600 | 6072600 | 1995-1996 |
| 18/05/2011 | 1869910 | 7942510 | 2010-2011 |

- **SHARE TRANSFER SYSTEM**

Company's shares in dematerialized form are transferrable through depositories. Shares in physical form are transferred by the Registrar & Transfer Agent and placed before the Share Transfer Committee for its approval. The Investor Grievance Committee meets at a regular interval to consider and approve the transfer, transmission, issuance of duplicate / consolidated / sub-divided share certificates and requests for dematerialization / dematerialization of Company's shares.

In terms of Clause 47 (c) of the Listing Agreement, every six months, a qualified Practising Company Secretary undertakes audit of the share transfer related activities carried out by the Department and issues a compliance certificate, which is submitted to the stock exchange.

- Distribution of Shareholding (as on March 31, 2012)

On the basis of Share held - Post Amalgamation.

| No of equity Shares held | No of Shares Holder(Physical) | No of Shares (Physical) | No of Shares Holders(D-mate) | No of Shares (D-mate) | Total no of Share Holders | % of Share Holders | Total No of Shares | % of Share Holding |
|--------------------------|-------------------------------|-------------------------|------------------------------|-----------------------|---------------------------|--------------------|--------------------|--------------------|
| 1-500 | 1116 | 313160 | 501 | 113171 | 1617 | 83.61 | 426331 | 5.37 |
| 501-1000 | 24 | 20500 | 87 | 75033 | 111 | 5.74 | 95533 | 1.20 |
| 1001-2000 | 12 | 17000 | 58 | 90421 | 70 | 3.62 | 107421 | 1.35 |
| 2001-3000 | 15 | 37400 | 24 | 60802 | 39 | 2.02 | 98202 | 1.24 |
| 3001-4000 | 3 | 10900 | 17 | 59743 | 20 | 1.03 | 70643 | 0.89 |
| 4001-5000 | 1 | 4100 | 14 | 63169 | 15 | 0.78 | 67269 | 0.85 |
| 5001-10000 | 2 | 13900 | 21 | 145219 | 23 | 1.19 | 159119 | 2.00 |
| 10001 & Above | 9 | 1944550 | 30 | 4973442 | 39 | 2.01 | 6917992 | 87.10 |
| Total | 1182 | 2361510 | 752 | 5881000 | 1934 | 100.00 | 7942510 | 100.00 |

On the basis of Category

| Category | No of Shares Held | % to Total Shares Held |
|--------------------------|-------------------|------------------------|
| Individual | 1786416 | 22.49 |
| Private Corporate Bodies | 194513 | 2.45 |
| Promoters | 5945910 | 74.86 |
| Non resident Indians | 15671 | 0.20 |
| Total | 7942510 | 100.00 |

• DEMATERIALIZATION OF SHARES AND LIQUIDITY

Shares of the Company are traded compulsorily in dematerialized form and are available for trading with both the depositories with whom the Company has established direct connectivity. The demat requests received by the Company are continually monitored to expedite the process of dematerialization. The demat requests are confirmed to the depositories within five working days of receipt.

During the year, the Company has electronically confirmed demat requests for 36600 equity shares. As on March 31, 2012, 91.90 % of the total shares issued by the Company were held in dematerialized form.

• CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted a comprehensive Code of Conduct pursuant to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, for prevention of insider trading in shares of the Company.

The Code of Conduct is implemented diligently mandating initial and continual disclosures from the senior officials, directors and auditors of the Company upon trading in the shares of the Company. The Code also restricts specified employees to deal in the shares of the Company on the basis of any unpublished price sensitive information available to them by virtue of their position in the Company.

The transactions of the insiders in the shares of the Company are subjected to trading window closures, pre-clearance of trades etc. as envisaged in the Code. The Code has been disseminated through the Company's intranet for easy access to the employees and is updated from time to time.

• RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

Pursuant to the provisions of the SEBI (Depositories & Participants) Regulations, 1996, quarterly audit is being undertaken by a Practising Company Secretary for reconciliation of share capital of the Company.

The audit report inter alia covers and certifies that the total shares held in NSDL, CDSL and those in physical form tally with the issued and paid-up capital of the Company, the Register of Members is duly updated, demat requests are confirmed within stipulated time etc. The Reconciliation of Share Capital Audit Report is submitted with BSE and is also placed before the meetings of the Board of Directors and the Investors' Grievances Committee.

- Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March-12

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as at end March-2012.

- Plant Locations

The nature of business is such that the company has no plant.

- Address for Correspondence

All enquiries, clarification and correspondence should be addressed to the compliance officer at the following Addresses.

(1) 'PRERNA', Survey No 820/1, In Lane Of Panchvati Auto, Opp. Anand Dham Derasar, S. G. Road, Makarba, Ahmedabad-380 058.

(2) Bigshare Services Private Limited
E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka Andheri (E), Mumbai-400 072.
Tel: 91-22-2847 0652 | 40430200| 2847 0653
Fax: 91-22-2847 5207
E-mail: marketing@bigshareonline.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Prerna Infrabuild Limited

We have examined the compliance of the conditions of corporate governance by Prerna Infrabuild Limited ("the Company") for the year ended on March 31, 2012, as stipulated in clause 49 of the listing agreements of the said company with relevant stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management.

Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Ahmedabad
Date : 30/07/2012

Pinakin Shah & Co.,
Practicing Company Secretary
FCS 2562, C.P No 2932

DECLARATION PURSUANT TO CLAUSE 49 1 (D) (ii) OF THE LISTING AGREEMENT

In accordance with Clause 49 1(D) (ii) of the Listing Agreement with the Stock Exchanges, I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct as applicable to them for the year ended March 31, 2012.

For and behalf of Board of Directors

Place : Ahmedabad
Dated : 30/07/2012

(Sanket Shah)
Managing Director

CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT

We, Shri Vijay Shah, Managing Director (CEO) and Shri Sanket Shah, Managing Director (CFO) do hereby certify to the Board that:

- a) We have reviewed the Balance Sheet as at March 31, 2012, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and that to the best of our knowledge and belief:
 - i) The said statements do not contain any false, misleading or materially untrue statements or figures or omit any material fact, which may make the statements or figures contained therein misleading;
 - ii) The said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year, if any;
 - ii) Significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Prerna Infrabuild Limited

Vijay Shah (CEO)
Chairman & Managing Director

Place : Ahmedabad
Dated : 30/07/2012

For Prerna Infrabuild Limited

Sanket Shah (CFO)
Managing Director

AUDITORS REPORT

To,
The Members of
PRERNA INFRABUILD LTD.
(Formerly known as Prerna Finsafe Ltd.)

- 1) We have audited the attached Balance Sheet of **PRERNA INFRABUILD LTD.** as at 31st March 2012 and also the Profit & Loss Account for the year ended on that date annexed. This 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounting principals 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) The report include a statement on the matters specified in paragraph 4 of the Companies (Auditors Report) Order 2003, issued by the Department of Company Affairs, in terms of section 227 (4A) of the Companies Act, 1956.
- 4) Further to the comments in the Annexure referred to in paragraph 3 above:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of accounts.
 - (d) *Retirement benefits to the employees are recognised on cash basis.* Subject to the above, in our opinion the Balance Sheet, Profit & Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in section (3C) of section 211 of the Companies Act, 1956.
 - (e) On the basis of written representation received from the Directors and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.
- 5) In our opinion and to the best of our information and according to explanations given to us the said accounts together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view.
 - (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2012 and
 - (b) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.

For ALPESH SHAH & CO.
Chartered Accountants
ICAI Firm Reg. No.128461W

Place : Ahmedabad
Date : 30/07/2012

Proprietor
(Alpesh C.Shah)
(M.N. 105463)

Annexure to Auditors' Report

Referred to in Paragraph 2 of our report of even date

1. 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, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - 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. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. A. During the year company has not granted any loans to parties covered in the register maintained under section 301 of Companies Act, 1956.
 - B. In respect of loans, secured or un-secured taken by the company from the Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - a. During the year, the company has taken loans from two shareholders of Rs.97.50 Lacs. The maximum amount involved during the year was Rs.97.50 lacs.
 - b. In our opinion and according to the information and explanation given to us, interest and other terms and condition of loan given or taken by the company are not prima facie prejudicial to the interest of the company.
 - c. In our opinion and according to the explanation given to us, principal amount is repayable on demand.
 - d. There is no overdue amount in respect of loans taken by the company.
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 purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies act, 1956.
 - a. According to the information and explanation given to us, there is no transaction that needs to be entered into the register maintained under section 301 of the Act.
 - b. In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.500000/- (Rupees Five Lacs only) or more in respect of any party.
6. The Company has accepted loan from two shareholder of Rs. 97.50 lacs. Subject to above company has not accepted any deposits from the public.
7. Company have an Internal Audit system commensurate with the size of the organisation..
8. We are informed that the Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 for the business in which the company is engaged.

9. In respect of statutory dues:
- According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities.
 - According to the information and explanations given to us, no undisputed amounts is payable which is outstanding as at 31st March 2012 for a period of more than six months from the date of becoming payable except following:
 - As per explanation given to us Company has company has received the demand notices for Asst Yr 2006-07 of Rs.7,00,919/- and for Asst Yr 2007-08 Rs.20,74,711/- from Income Tax Department, which the company has not accepted and applied for rectification of the same. Apart from above no disputed statutory dues as at the end of the year.
10. The Company has no accumulated loss on the last day of the financial year. The company has not incurred cash losses during the financial year covered by the audit and in the immediately previous financial year.
11. Company has not defaulted in repayment of dues to the financial institution.
12. In our opinion and according to the information and explanation given to us, 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.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company has not dealt or traded in shares and securities during the year.
15. As per information and explanation given to us the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion Term loans are applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilised any short term loan for long term and vice versa.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not ever issued the debentures.
20. The company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us during the year, no fraud on or by the Company has been noticed or reported by the management to us that causes the financial statements to be materially misstated.

For Alpesh Shah & Co.
Chartered Accountants
ICAI firm Reg. No.128461W

Place : Ahmedabad
Date : 30/07/2012

Proprietor
(Alpesh C. Shah)
(M.N. 105463)

CASH FLOW STATEMENT FOR THE YEAR 2011-2012

| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
|--|-------------------------|-------------------------|
| | Rupees | Rupees |
| A. Cash flow from operating activities | | |
| Net Profit / (Loss) before extraordinary items and tax | 13,224,225 | 10,011,991 |
| <u>Adjustments for:</u> | | |
| Depreciation and amortisation | 1,977,222 | 1,569,695 |
| (Profit) / loss on sale / write off of assets | (8,235,635) | (5,529,155) |
| Finance costs | 105,091 | 1,856 |
| Interest income | (10,481,992) | (6,643,200) |
| Dividend income | - | (212,568) |
| Net (gain) / loss on sale of investments | (2,968,277) | (6,750,443) |
| Rental income from investment properties | (1,337,306) | (134,000) |
| Operating profit / (loss) before working capital changes | (7,716,672) | (7,685,824) |
| <u>Changes in working capital:</u> | | |
| <u>Adjustments for (increase) / decrease in operating assets:</u> | | |
| Inventories | 5,040,943 | (29,952,107) |
| Trade receivables | (56,574) | (53,211) |
| Short-term loans and advances | (6,220,598) | 1,908,969 |
| Long-term loans and advances | (1,189,924) | - |
| Other current assets | 3,468,904 | - |
| Other non-current assets | (14,095) | - |
| <u>Adjustments for increase / (decrease) in operating liabilities:</u> | | |
| Trade Payables | - | 100,496,201 |
| Other current liabilities except unpaid dividend | (71,403,612) | - |
| Other long-term liabilities | 1,692,123 | - |
| Short-term provisions | 495,225 | - |
| Cash generated from operations | (75,904,280) | 64,714,028 |
| Net income tax (paid) / refunds | (2,241,902) | - |
| Net cash flow from / (used in) operating activities (A) | (78,146,182) | 64,714,028 |
| B. Cash flow from investing activities | | |
| Capital expenditure on fixed assets, including capital advances | (47,434,052) | (24,554,034) |
| Proceeds from sale of fixed assets | 42,301,348 | 10,609,958 |
| Bank balances not considered as Cash and cash equivalents | | |
| - Placed | (25,000,000) | (196,300,000) |
| - Matured | 196,300,000 | - |
| Sale of Current invest. not considered as Cash and cash equivalents | 428,123 | 243,999,094 |
| Purchase of current investments | - | (88,172,069) |
| Proceeds from sale of other non current investments | 3,778 | - |
| Purchase of long-term investments | (122,450,000) | - |
| Proceeds from sale of long-term investments | 125,804,452 | - |
| Interest received | 10,481,992 | 6,643,200 |
| Dividend received | - | 212,568 |
| Rental income from investment properties | 1,337,306 | 134,000 |
| Net cash flow from / (used in) investing activities (B) | 181,772,947 | (47,427,283) |
| C. Cash flow from financing activities | | |
| Repayment of other short-term borrowings | (5,329,427) | 4,050,000 |
| Finance cost | (105,091) | (1,856) |
| Dividends paid | (5,559,757) | - |
| Tax on dividend | (901,932) | - |
| Effect of Amalgamation of last year | - | (22,495,043) |
| Net cash flow from / (used in) financing activities (C) | (11,896,207) | (18,446,899) |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | 91,730,558 | (1,160,154) |
| Cash and cash equivalents at the beginning of the year | 236,144 | 1,396,298 |
| Cash and cash equivalents at the end of the year | 91,966,702 | 236,144 |

| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
|--|-------------------------|-------------------------|
| | Rupees | Rupees |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | |
| Cash and cash equivalents as per Balance Sheet (Refer Note 19) | 117,217,128 | 196,536,144 |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 <i>Cash Flow Statements</i> : <i>Unpaid Dividend: Rs.250426/- & FDs having original maturity period more than 3 months but not exceeding 1 yr Rs.25000000/- (Prev Yr 196300000)</i> | 25,250,426 | 196,300,000 |
| Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>) included in Note 19 | 91,966,702 | 236,144 |
| Cash and cash equivalents at the end of the year * | 91,966,702 | 236,144 |
| * Comprises: | | |
| (a) Cash on hand | 19,039 | 3,825 |
| (b) Balances with banks | | |
| (i) In current accounts | 1,947,663 | 232,319 |
| (ii) In deposit accounts with original maturity of less than 3 months | 90,000,000 | - |
| | 91,966,702 | 236,144 |

Notes:

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.
- (ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

See accompanying notes forming part of the financial statements

In terms of our report attached.

For ALPESH SHAH & CO.
Chartered Accountants
ICAI Firm Reg. No. : 128461W

For and on behalf of the Board of Directors

Proprietor
(Alpesh Shah)
M.N. 105463

| | | |
|---------------|-------------------|----------------|
| Chairman | Managing Director | Director |
| Vijay C. Shah | Sanket V. Shah | Nalini V. Shah |

Place : Ahmedabad
Date : 30/07/2012

Place : Ahmedabad
Date : 30/07/2012

BALANCE SHEET AS AT 31ST MARCH, 2012

| Particulars | | Note No. | As at 31 March, 2012 Rupees | As at 31 March, 2011 Rupees |
|-------------|------------------------------------|----------|-----------------------------------|-----------------------------------|
| A | EQUITY AND LIABILITIES | | | |
| 1 | Shareholders' funds | | | |
| | (a) Share capital | 2 | 79,425,100 | 79,425,100 |
| | (b) Reserves and surplus | 3 | 117,242,286 | 106,126,529 |
| | | | 196,667,386 | 185,551,629 |
| 2 | Non-current liabilities | | | |
| | (a) Deferred tax liabilities (net) | 4 | 381,058 | 514,492 |
| | (b) Other long-term liabilities | 5 | 5,776,498 | 4,084,375 |
| | | | 6,157,556 | 4,598,867 |
| 3 | Current liabilities | | | |
| | (a) Short-term borrowings | 6 | - | 5,329,427 |
| | (b) Other current liabilities | 7 | 19,047,031 | 90,200,217 |
| | (c) Short-term provisions | 8 | 495,225 | 6,461,689 |
| | | | 19,542,256 | 101,991,333 |
| | TOTAL | | 222,367,198 | 292,141,829 |
| B | ASSETS | | | |
| 1 | Non-current assets | | | |
| | (a) Fixed assets | | | |
| | (i) Tangible assets | 9 | 60,903,456 | 49,512,339 |
| | (b) Non-current investments | 10 | 5,288,425 | 5,292,203 |
| | (c) Long-term loans and advances | 11 | 4,268,944 | 3,079,020 |
| | (d) Other non-current assets | 12 | 572,812 | 558,717 |
| | | | 71,033,637 | 58,442,279 |
| 2 | Current assets | | | |
| | (a) Current investments | 13 | - | 814,298 |
| | (b) Inventories | 14 | 26,979,599 | 32,020,542 |
| | (c) Trade receivables | 15 | 132,119 | 75,545 |
| | (d) Cash and cash equivalents | 16 | 117,217,128 | 196,536,144 |
| | (e) Short-term loans and advances | 17 | 6,314,178 | 93,580 |
| | (f) Other current assets | 18 | 690,537 | 4,159,441 |
| | | | 151,333,561 | 233,699,550 |
| | TOTAL | | 222,367,198 | 292,141,829 |
| | Significant Accounting Policies | 1 | | |

See accompanying notes forming part of the financial statements

In terms of our report attached.

For ALPESH SHAH & CO.
Chartered Accountants
ICAI Firm Reg. No. : 128461W

For and on behalf of the Board of Directors

Proprietor
(Alpesh Shah)
M.N. 105463

Chairman Managing Director Director
Vijay C. Shah Sanket V. Shah Nalini V. Shah

Place : Ahmedabad
Date : 30/07/2012

Place : Ahmedabad
Date : 30/07/2012

PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

| Particulars | Note No. | As at 31 March, 2012 | As at 31 March, 2011 |
|---|----------|-------------------------|-------------------------|
| | | Rupees | Rupees |
| 1 Revenue from operations | 19 | 72,296,904 | 19,733,578 |
| 2 Other income | 20 | 17,028,155 | 17,729,166 |
| 3 Total revenue (1+2) | | 89,325,059 | 37,462,744 |
| 4 Expenses | | | |
| (a) Cost of materials consumed | 21 | 58,739,001 | 41,400,085 |
| (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 22 | 5,040,943 | (30,991,207) |
| (c) Employee benefits expense | 23 | 9,289,582 | 8,524,184 |
| (d) Finance costs | 24 | 105,091 | 1,329 |
| (e) Depreciation and amortisation expense | | 1,977,223 | 1,569,695 |
| (f) Other expenses | 25 | 9,184,629 | 12,475,822 |
| Total expenses | | 84,336,469 | 32,979,908 |
| 5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4) | | 4,988,590 | 4,482,836 |
| 6 Exceptional items | 26 | 8,235,635 | 5,529,155 |
| 7 Profit/(Loss) before extraordinary items and tax (5±6) | | 13,224,225 | 10,011,991 |
| 8 Tax expense: | | | |
| (a) Current tax | | 2,000,000 | 2,000,000 |
| (b) Tax relating to prior years | | 241,902 | 1,084,321 |
| (c) Deferred tax credit | | (133,434) | (114,341) |
| 9 Profit / (Loss) for the year (07 ± 8) | | 11,115,757 | 7,042,011 |
| 10 Earnings per share (of Rs.10/- each): | | | |
| (a) Basic | | 1.40 | 0.89 |
| (b) Diluted | | 1.40 | 0.89 |
| Significant Accounting Policies | 1 | | |

See accompanying notes forming part of the financial statements

In terms of our report attached.

For ALPESH SHAH & CO.
Chartered Accountants
ICAI Firm Reg. No. : 128461W

For and on behalf of the Board of Directors

Proprietor
(Alpesh Shah)
M.N. 105463

Chairman Managing Director Director
Vijay C. Shah Sanket V. Shah Nalini V. Shah

Place : Ahmedabad
Date : 30/07/2012

Place : Ahmedabad
Date : 30/07/2012

Notes forming part of the financial statements

| Note | Particulars |
|--|--|
| 1 Significant accounting policies: | |
| a Basis of accounting and preparation of financial statements | <p>The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.</p> |
| b Use of estimates | <p>The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.</p> |
| c Inventories | <p>Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overhead and, where applicable, excise duty.</p> |
| d Cash and cash equivalents (for purposes of Cash Flow Statement) | <p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p> |
| e Cash flow statement | <p>Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.</p> |
| f Depreciation and amortisation | <p>Depreciation has been provided on the written down method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in assets costing less than Rs.5,000 each are fully depreciated in the year of capitalisation</p> |
| g Revenue recognition | |
| i <u>Accounting of construction contracts</u> | <p>The company follows the percentage completion method based on the stage of completion at the balance sheet date, taking into account the contractual price and revision thereto by estimating total revenue and total cost till completion of the contract and the profit so determined has been accounted for proportionate to the percentage of actual work done. Project revenue is recognised at the percentage of work completed to total sales consideration as per agreements to sale/ allotments executed. Project costs which are recognised in the statement of profit and loss by reference to the stage of completion of the project activity are matched with the revenue recognised resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.</p> |
| ii <u>Income from services</u> | <p>Rent from Safe vault is recognised on accrual basis</p> |
| h Other income | <p>Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.</p> |
| i Tangible fixed assets | <p>Fixed assets, except land are carried at cost less accumulated depreciation and impairment losses, if any. The company capitalized all cost relating to acquisition and installation of fixed assets.</p> <p>Borrowing costs are capitalised as part of qualifying fixed assets. Other borrowing costs are expensed.</p> <p>Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under short term advances and cost of fixed assets not ready to use before such dates are disclosed under "Capital work in progress".</p> |

j Impairment of Assets

At each Balance Sheet date, the management makes an assessment of any indicator that may lead to impairment of assets. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value, which is higher of net selling price and value in use. Any impairment loss is charged to statement of profit and loss in the year in which it is identified as impaired.

k Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current Investments are stated at lower of cost and fair value. Long term investments are stated at cost of acquisition. Provision for diminution is made when such diminution is considered other than temporary in nature. Valuation is determined on the basis of each category of investments.

l Retirement Benefits to Employees

The law relating to retirement benefits of employees are not followed by the company and the retirement benefits are accounted for on cash basis.

m Taxation

- a. Current tax is determined on the profit for the year in accordance with the provisions of the Income tax Act, 1961.
- b. Deferred tax is calculated at the rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence are recognized and carried forward only to the extent that they can be realized.

n Provisions, 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 outflow of resources. Contingent Liabilities are not recognised, but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

o Expenses relating to amalgamation

The expense relating to amalgamation is carried as an asset and is amortised over a period of 5 years from the date of the amalgamation.

Notes forming part of the financial statements

| Particulars | As at 31 March, 2012 | | As at 31 March, 2011 | |
|---|----------------------|-------------------|----------------------|-------------------|
| | Number of shares | Rupees | Number of shares | Rupees |
| Note 2 Share Capital | | | | |
| (a) Authorised 8000000 (P.Y. 8000000) Equity shares of Rs.10/- each with voting rights | 8,000,000 | 80,000,000 | 8,000,000 | 80,000,000 |
| (b) Issued, Subscribed and fully paid up 7942510 (P.Y.7942510) Equity shares of Rs.10/- each with voting rights | 7,942,510 | 79,425,100 | 7,942,510 | 79,425,100 |
| Refer Notes (i) to (viii) below | | 79,425,100 | | 79,425,100 |

(a) Reconciliation of number of shares

| | | |
|---|---------|---------|
| Shares outstanding as at 1st April, 2011 / 1st April 2010 | 7942510 | 6886105 |
| Shares outstanding as at 31st March, 2012 / 31st March, 2011 | 7942510 | 7942510 |

(b) List of shareholding more than 5% of the total number of shares issued by the company:
Name of the shareholders

| Class of shares / Name of shareholder | As at 31 March, 2012 | | As at 31 March, 2011 | |
|---------------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Vijay C Shah | 1831410 | 23.06 | 1741410 | 21.93 |
| Sanket Vijay Shah | 1174610 | 14.79 | 1174610 | 7.43 |
| Swetal Chintan Parikh | 1056220 | 13.30 | 426220 | 5.37 |
| Vijay Chandulal Shah-HUF | 703370 | 8.86 | 703370 | 8.86 |
| Niyati Sanket Shah | 600220 | 7.56 | 600220 | 7.56 |
| Nalini Vijay Shah | 579860 | 7.30 | 579860 | 7.30 |
| Chandulal D Varia | - | - | 630000 | 7.93 |
| Chandulal D Varia-HUF | - | - | 90000 | 1.13 |
| Sanket Vijay Shah-HUF | 220 | 0.00 | 220 | 0.00 |

No of shares held as at 31/03/2011 is shown after considering the allotment of shares as per the order of Amalgamation given by the Hon. High Court of Gujarat,

The company has issued only one class of shares having a par value of Rs.10/- each. Each shareholder of equity share is entitled to one vote per share. The company declares dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

Notes forming part of the financial statements

| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
|--|-------------------------|-------------------------|
| | Rupees | Rupees |
| Note 3 Reserves and surplus | | |
| (a) Securities Premium Account: | 58,125,000 | 58,125,000 |
| (b) Revaluation Reserve: | 53,778 | 53,778 |
| (c) General Reserve: | | |
| Opening balance | 23,246,029 | 33,810,079 |
| Less : Set off towards takingover the excess of assets over liabilities as per scheme of amalgamation | - | 10,564,050 |
| Closing balance | 23,246,029 | 23,246,029 |
| (d) Surplus / (Deficit) in Statement of Profit and Loss: | | |
| Opening balance | 24,701,722 | 24,121,400 |
| Add : Profit / (Loss) for the year | 11,115,757 | 7,042,011 |
| Less : Appropriations | | |
| - Proposed Dividend-Rate per share Nil (Prev Yr.Rs.0.70 per share) | - | 5,559,757 |
| - Tax on dividend | - | 901,932 |
| Closing balance | 35,817,479 | 24,701,722 |
| Total | 117,242,286 | 106,126,529 |
| Note 4 Deferred Tax Liabilities (Net): | | |
| (a) Deferred Tax Liabilities | | |
| -Depreciation on fixed assets | 381,058 | 514,492 |
| Total | 381,058 | 514,492 |
| Note 5 Other long-term liabilities : | | |
| (a) Trade Payables: (Refer Note.) | 493,252 | 493,252 |
| (b) Others: | | |
| (i) Trade / security deposits received | 5,257,046 | 3,473,173 |
| (ii) Income received in advance (Locker Rent Advance) | 26,200 | 117,950 |
| Total | 5,776,498 | 4,084,375 |
| Note 6 Short-term borrowings: | | |
| (a) From Bank of Maharashtra(Secured) | - | 629,427 |
| (b) Loans and advances from related parties | | |
| Unsecured | - | 4,700,000 |
| Total | | 5,329,427 |
| Note 7 Other current liabilities | | |
| (a) Unpaid Dividends * | 250,426 | - |
| (b) Other payables: | | |
| (i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) | 14,235 | 22,060 |
| (ii) Advances from customers | 18,423,065 | 86,017,887 |
| (iii) Others (specify nature) | | |
| Advance Rent | 208,400 | 119,925 |
| Liability for Expenses | 150,905 | 1,540,345 |
| Advance received against sale of Fixed assets | - | 2,500,000 |
| Total | 19,047,031 | 90,200,217 |
| * These amount represent warrants issued to the shareholders which remained unrepresented as on 31st March 2012 | | |
| Note 08 Short-term provisions | | |
| (a) Provision for employee benefits: | | |
| (i) Provision for bonus | 46,725 | - |
| (ii) Provision for leave encashment | 48,500 | - |
| (b) 2Provision - Others: | | |
| (i) Provision for proposed equity dividend | - | 5,559,757 |
| (ii) Provision for tax on proposed dividends | - | 901,932 |
| (iii) Provision for Stamp Duty-Amalgamation | 400,000 | - |
| Total | 495,225 | 6,461,689 |

Notes forming part of the financial statements
Notes 9 Fixed Assets:
(Amount in Rupees)

| Description of Assets | As on 01-Apr-11 | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|-----------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | | Addition | Disposals | Other Adjustments | As on 31-Mar-12 | As on 01-Apr-11 | For the year | Deletion | As on 31-Mar-12 | As on 31-Mar-12 | As on 31-Mar-11 |
| Land | 42253833 | 44633975 | 5919775 | 27927925 | 53040108 | - | - | - | - | 53040108 | 42253833 |
| Buildings | 368646 | 153501 | 0 | 0 | 522147 | 22750 | 17379 | - | 40129 | 482018 | 345896 |
| Plant & Equipments | 1204372 | 310470 | 0 | 0 | 1514842 | 439983 | 139526 | 0 | 579509 | 935333 | 764389 |
| Furniture & Fixtures | 1832105 | 0 | 0 | 0 | 1832105 | 438671 | 252212 | 0 | 690883 | 1141222 | 1393434 |
| Vehicles | 9302823 | 2246256 | 2018638 | 0 | 9530441 | 4652145 | 1526462 | 1800626 | 4377981 | 5152460 | 4650678 |
| Computers | 373909 | 89850 | 0 | 0 | 463759 | 269800 | 41644 | 0 | 311444 | 152315 | 104109 |
| Total | 55,335,688 | 47,434,052 | 79,384,13 | 27,927,925 | 66,903,402 | 5,823,349 | 1,977,223 | 1,800,626 | 5,999,946 | 60,903,456 | 49,512,339 |
| Previous Year | 31,544,342 | 24,127,473 | 336,127 | 0 | 55,335,688 | 4,308,326 | 1,569,695 | 54,672 | 5,823,349 | 49,512,339 | - |

NOTE : 1 The company acquired agriculture land in the name of directors and their relatives and as company is in the process of applying for NA.

| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
|---|----------------------|----------------------|
| | Rupees | Rupees |
| Note 10 Non-current investments: | | |
| (a) Property at Prerna Shikhar | 1,931,567 | 1,931,567 |
| (b) Property at Doctor House | 2,565,565 | 2,619,343 |
| (c) Property at Prerna Viraj-2 | 506,293 | 506,293 |
| (d) Tarrace Rights at A-1103 Prerna Shikhar | 50,000 | - |
| (e) Property at Cellar-Prerna Arbour | 235,000 | 235,000 |
| Total | 5,288,425 | 5,292,203 |
| Note 11 Long-term loans and advances: | | |
| (a) Advance income tax (net of provisions 4730000/- (As at 31 March, 2011 Rs.2730000/-) - Unsecured, considered good | 4,268,944 | 3,079,020 |
| Total | 4,268,944 | 3,079,020 |
| Note 12 Other non-current assets: | | |
| (a) Unamortised expenses: Expenses relating to amalgamation | 397,812 | 533,717 |
| (b) Deposit with : VAT department | 25,000 | 25,000 |
| Electricity | 150,000 | - |
| Total | 572,812 | 558,717 |
| Note13 Current Investment: | | |
| Non Trade, Quoted -At cost-Fully paid up: | | |
| (a) Investment in equity instruments of other entities. — (P.Y.3000) Equity shares of Rs.10 each fully paid up in United Brew.Holding Ltd. | - | 814,298 |
| Total | - | 814,298 |
| Aggregate cost of quoted investments | - | 814,298 |
| Aggregate market value of quoted investments | - | 558,000 |
| Note 14 Inventories: | | |
| (At lower of cost and net realisable value) | | |
| Construction work in progress | 26,979,599 | 32,020,542 |
| Total | 26,979,599 | 32,020,542 |

Notes forming part of the financial statements

| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
|--|-------------------------|-------------------------|
| | Rupees | Rupees |
| Note 15 Trade Receivables: | | |
| (a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment # Unsecured, considered good | 39,244 | 75,545 |
| (b) Other Trade receivables Unsecured, considered good | 92,875 | - |
| Total | 132,119 | 75,545 |
| Note 16 (a) Cash and cash equivalents: | | |
| (a) Cash on hand | 19,039 | 3,825 |
| (b) Balances with banks | | |
| (i) In current accounts | 1,947,663 | 232,319 |
| (ii) Term deposits having remaining maturity of 3 months or less (Refer Note (i) below) | 90,000,000 | - |
| Note 16 (b) Other Bank Balance: | | |
| (i) Term deposits having remaining maturity of more than 3 months but not more than 1 year (Refer Note (i) below) | 25,000,000 | 196,300,000 |
| (ii) In earmarked accounts - Unpaid dividend accounts | 250,426 | - |
| Total | 117,217,128 | 196,536,144 |
| Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statements</i> is | 91,966,702 | 236,144 |
| Notes: | | |
| (i) Balances with banks include deposits amounting to Rs.115000000/- (As at 31 March, 2011 Rs.190000000) which has been kept as security against which the overdraft facility. | | |
| Note 17 Short-term loans and advances: | | |
| (a) Loans and advances to employees Unsecured, considered good | 37,500 | |
| (b) Prepaid expenses - Unsecured, considered good | 53,678 | 93,580 |
| (c) Balances with government authorities Unsecured, considered good Service Tax Paid receivable | 1,000 | |
| (d) Other Advances - Unsecured, considered good Advances for purchase of land | 6,222,000 | |
| Total | 6,314,178 | 93,580 |
| Note 18 Other current assets | | |
| (a) Amalgamation Exp to be amortised within a year: | 191,905 | 177,905 |
| (b) Accruals: | | |
| (i) Interest accrued on Bank Deposits | 427,500 | 2,558,286 |
| (c) Others: | | |
| (i) Receivables on sale of fixed assets | - | 1,400,000 |
| (ii) Rent receivable | 17,435 | - |
| (iii) Advance deposit in Credit card | 3,697 | - |
| (iv) Tender Deposit | 50,000 | 23,250 |
| Total | 690,537 | 4,159,441 |

Notes forming part of the financial statements

| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
|--|-------------------------|-------------------------|
| | Rupees | Rupees |
| Note 19 Revenue from operations: | | |
| (a) Sale of Plots (Refer Note (i) below): | 71,151,872 | 18,592,439 |
| (b) Sale of services (Refer Note (ii) below) | 1,145,032 | 1,141,139 |
| Total | 72,296,904 | 19,733,578 |
| Note: | | |
| (i) Sale of plots comprises: | | |
| Manufactured goods | 71,151,872 | - |
| Plots at Prerna Aura Site. | - | 18,592,439 |
| Total - Sale of manufactured goods | 71,151,872 | 18,592,439 |
| (ii) Sale of services comprises : | | |
| Rental income from Lockers | 1,145,032 | 1,141,139 |
| Total - Sale of services | 1,145,032 | 1,141,139 |
| Note 20 Other income | | |
| (a) Interest income (Refer Note (i) below): | 10,481,992 | 6,643,761 |
| (b) Dividend income: | | |
| From current investments | | |
| - Shares of Indian Company | - | 82,250 |
| - Mutual fund | - | 130,318 |
| (c) Net gain on sale of: | | |
| Current investments: | | |
| Short Term Investment in Share & M.Fund without STT | 2,968,277 | 2,447,927 |
| Short Term Investment in Share & M.Fund with STT | - | 129,494 |
| Long-term investments in shares: | | |
| Long Term Investment in Share & M.Fund Without STT | - | 5,911,671 |
| Total | 13,450,269 | 15,345,422 |
| Note (i) Interest income comprises: | | |
| Interest from banks on: | | |
| - Fixed Deposits | 10,142,184 | 6,643,200 |
| - Saving Deposits | 5,990 | 561 |
| Fixed Deposits from Companies | 333,818 | - |
| Total - Interest income | 10,481,992 | 6,643,761 |
| (d) Other non-operating income comprises: | | |
| Rental income from investment properties | 1,337,306 | 134,000 |
| Liabilities / provisions no longer required written back | 1,441,075 | 1,400,000 |
| Miscellaneous income | 34,409 | 106,412 |
| Service charges received | 765,096 | 543,332 |
| N.H. Maintenance Income | - | 200,000 |
| Total - Other non-operating income | 3,577,886 | 2,383,744 |
| Total - Other income (a+b+c+d) | 17,028,155 | 17,729,166 |

Notes forming part of the financial statements

| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
|---|-------------------------|-------------------------|
| | Rupees | Rupees |
| Note 21 Cost of materials consumed: | | |
| Opening Stock: | - | - |
| Add: Purchases | 58,739,001 | 41,400,085 |
| Less: Closing stock | - | - |
| Cost of material consumed | 58,739,001 | 41,400,085 |
| Material consumed comprises: | | |
| Prerna Aura Land | 27,927,925 | - |
| Prerna Aura Material | 3,740,328 | - |
| Prerna Aura Works | 25,441,456 | 32,212,860 |
| Prerna Aura Landscaping | 1,019,360 | - |
| Prerna Aura Others | 609,932 | 523,523 |
| Prerna Arnica Land | 8,663,702 | - |
| Total | 58,739,001 | 41,400,085 |
| Note 22 Changes in inventories of finished goods, work-in-progress and stock-in-trade: | | |
| Inventories at the end of the year: | | |
| Work-in-progress | 26,979,599 | 32,020,542 |
| | 26,979,599 | 32,020,542 |
| Inventories at the beginning of the year: | | |
| Work-in-progress | 32,020,542 | 1,029,335 |
| | 32,020,542 | 1,029,335 |
| Net (increase) / decrease | 5,040,943 | (30,991,207) |
| Note 23 Employee benefits expense | | |
| Salaries and wages | 5,554,204 | 6,238,684 |
| Directors Remuneration | 3,690,000 | 2,115,000 |
| Staff welfare expenses | 45,377 | 170,500 |
| Total | 9,289,582 | 8,524,184 |
| Note 24 Finance costs | | |
| (a) Interest expense on FD Overdraft. | | |
| (i) Overdraft | 94,780 | 1,202 |
| (ii) Others | | |
| - Interest on delayed payment of income tax | 2,451 | 127 |
| - Intetrest on Service Tax | 7,860 | - |
| Total | 105,091 | 1,329 |

Notes forming part of the financial statements

| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
|-------------------------------------|-------------------------|-------------------------|
| | Rupees | Rupees |
| Note 25 Other expenses | | |
| Power and fuel | 1059668 | 898636 |
| Repairs and maintenance - Buildings | - | 2899136 |
| Repairs and maintenance - Others | 226064 | 581137 |
| Maintenance Charge | 148624 | 128643 |
| Insurance | 229443 | 155282 |
| Rates and taxes | 532631 | 163989 |
| Telephone | 169347 | 280500 |
| Travelling and conveyance * | | |
| - Foreign Travelling | 1321240 | - |
| - Other Travelling | 125911 | 140867 |
| Office Expenses | 347706 | 394442 |
| Printing and stationery | 592124 | 216347 |
| Advertisement Exps. | 164148 | 330673 |
| Brokerage on Sale of Plots | 742000 | 1883650 |
| Security Expenses | 303150 | 737500 |
| Business promotion | 175916 | - |
| Legal and professional | 299004 | 781075 |
| Amalgamation Exps.W/o. | 191905 | 177905 |
| Membership Fees | 1667082 | |
| Miscellaneous expenses | 188801 | 107509 |
| Auditors Remuneration | | |
| - statutory audit | 140450 | 82725 |
| - taxation matters | 159416 | 27575 |
| Sundry Balance W/o | - | 118777 |
| Loss on sale of F & O | - | 630807 |
| Loss on sale of Share | - | 1738648 |
| Stamp Duty Exps-Amalgation | 400,000 | - |
| Total | 9184629 | 12475822 |
| Note 26 Exceptional items | | |
| Profit on sale of fixed assets | 8235635 | 5529155 |
| Total | 8,235,635 | 5,529,155 |

Notes forming part of the financial statements
Additional information to the financial statements

| | Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
|----------------|--|-------------------------|-------------------------|
| | | Rupees | Rupees |
| Note 27 | Contingent liabilities and commitments (to the extent not provided for) | | |
| (i) | Contingent liabilities | | |
| (a) | Order of the Superintendent of Stamps, Gandhinagar is received by the company regarding stamp duty payable on amalgamation and transfer of ownership, which the company has not agreed to and want to challenge. Total amount as per order Rs.1331015/-. Company has provided Rs.400000/-. | 931,015.00 | |
| (b) | Company has received the demand notices for Asst Yr 2006-07 of Rs.7,00,919/- and for Asst Yr 2007-08 Rs.20,74,711/- from Income Tax Department, which the company has not accepted and applied for rectification of the same. | 2,775,630.00 | 2,775,630.00 |
| (c) | Company has received the demand notice for Asst Yr 2009-10 for Rs.449790/- against which company has paid Rs.225000/- and for balance company has filed an appeal with CIT (A). | 224,790.00 | - |
| (d) | Company has received the bill of Rs.1168852/- from Uttar Gujarat Vij Company Ltd. towards use of electricity at site of Prerna Aura, Andej, Ta: Sanad, Dist: Ahmedabad. Company has went into appeal after paying Rs.350655/- | 818,197.00 | - |

Note 28 Additional information pursuant to the provisions of Schedule VI to the companies Act 1956

| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
|---|--------------------------------------|-------------------------|
| | Rupees | Rupees |
| a Value of imports calculated on CIF basis: | | |
| Raw materials, Components, Spare parts | NIL | NIL |
| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
| | Rupees | Rupees |
| b Expenditure in foreign currency: | | |
| Since expenditure involves foreign currency but the original payment by the Company itself is in Rupees, no disclosure is made. | NIL | NIL |
| Particulars | For the year ended 31 March, 2012 | |
| | Rupees | % |
| c Details of consumption of imported and indigenous items * | | |
| Raw materials | - | - |
| Imported | - | - |
| Indigineous | 58739001 | 100 |
| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
| | Rupees | Rupees |
| d Earning in foreign currencies (on accrual basis) | NIL | NIL |

Note 29 Disclosures under Accounting Standards 7 (Revised)

| Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
|---|-------------------------|-------------------------|
| | Rupees | Rupees |
| Details of contract revenue and costs | | |
| a Contract Revenue | 71151872 | 18592439 |
| b Contract cost incurred | 63779944 | 8663702 |
| c Recognised profit and losses | 7371927 | 9928737 |
| d Advance received | 18423065 | - |
| e Retention money | - | - |
| f Gross amount due from Customers for contract work | - | - |
| g Gross amount due to Customers for contract work | - | - |

Notes forming part of the financial statements contd
Note 30: Segment Reporting:

Company has been carrying out construction activity and providing services of safe deposit vault. Since the business segment of safe deposit vault does not meet the basis criteria of treating the same as reportable segment, the management has decided to prepare the consolidated financial statement.

Note 31: Related party transactions
Details of related parties:

| Description of relationship | Names of related parties |
|---|--------------------------|
| Key Management Personal-Chairman | Vijay C Shah |
| Key Management Personal-Managing Director | Sanket Vijay Shah |
| Key Management Personal-Whole Time Director | Nalini V. Shah |
| Key Management Personal-Finance Head | Swetal V Shah |
| Spouse of Managing Director | Niyati Sanket Shah |
| Father of Chairman | Chandulal D Varia |
| HUF of Chairman | Vijay C Shah (HUF) |

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

| | KMP | Relatives of KMP | Total |
|--|----------|------------------|----------|
| Managerial Remuneration: | | | |
| Vijay C Shah | 1300000 | | 1300000 |
| Sanket V Shah | 1300000 | | 1300000 |
| Nalini V Shah | 1300000 | | 1300000 |
| Swetal V Shah | 1190000 | | 1190000 |
| Niyati Sanket Shah | 1190000 | | 1190000 |
| Chandulal D Varia | | 200000 | 200000 |
| Acceptance of loan: | | | |
| Vijay C Shah | 28705000 | | 28705000 |
| Chandulal D Varia | | 8900000 | 8900000 |
| Vijay C Shah (HUF) | | 850000 | 850000 |
| Repayment of Loan | | | |
| Vijay C Shah | 28705000 | | 28705000 |
| Chandulal D Varia | | 13600000 | 13600000 |
| Vijay C Shah (HUF) | | 850000 | 850000 |
| Balances outstanding at the end of the year | | | |
| Loans and advances | | | |
| Vijay C Shah | NIL | NIL | NIL |
| Chandulal D Varia | NIL | NIL | NIL |
| Vijay C Shah (HUF) | NIL | NIL | NIL |

Notes forming part of the financial statements contd

| | | | |
|----------------|--|-----------------------------|-----------------------------|
| Note 32 | Earnings Per Share Net Profit after tax for the year has been used as the numerator and number of shares has been used as denominator for calculating the basic & diluted earning per share | | |
| | Particulars | As at 31 March, 2012 | As at 31 March, 2011 |
| | | Rupees | Rupees |
| | Face Value Per Share | 10 | 10 |
| | Net Profit after Tax | 11115757 | 7042011 |
| | Weighted average Number of Shares | 7925410 | 7925410 |
| | Basic and Diluted Earnings per Share | 1.40 | 0.89 |
| Note 33 | Micro, Small and Medium Enterprises Development Act, 2006 In accordance with the Notification No. GSR 719 (E) dt 16.11.2007, issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro and Small Enterprises as defined under the Micro, Small and Medium Development Act 2006. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is still not available, no disclosures have been made in the accounts. | | |
| Note 34 | The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. | | |

In terms of our report attached.

For ALPESH SHAH & CO.
Chartered Accountants
ICAI Firm Reg. No. : 128461W

Proprietor
(Alpesh Shah)
M.N. 105463

Place : Ahmedabad
Date : 30/07/2012

For and on behalf of the Board of Directors

| | | |
|---------------|-------------------|----------------|
| Chairman | Managing Director | Director |
| Vijay C. Shah | Sanket V. Shah | Nalini V. Shah |

Place : Ahmedabad
Date : 30/07/2012

PROXY FORM

Affix
1 Rupee
Revenue
Stamp

Regd. Folio No./DP ID/Client ID.....

I/We of
being a member / members of Prerna Infrabuild Limited
hereby appoint of
..... as my/our proxy or failing him
her..... of
..... as my proxy to vote for me /us on my /our behalf at
the 24th Annual General Meeting of the company to be held on Thursday, 27th September, 2012 at 10.00 a.m. at "Prerna",
Survey No.820/1, In Lane of Panchvati Auto, Opp. Anand Dham Derasar, S. G. Road, Makarba, Ahmedabad-380 058 and at
any adjournment thereof.

Signed this day of 2012

NOTE :

The proxy form in order to be effective, should be duly stamped, completed and deposited at the registered office of the company at "Prerna", Survey No.820/1, Makarba, In Lane of Panchvati Auto, Opp. Anand Dham Derasar, S. G. Road, Ahmedabad-380 058 not less than 48 hours before the time for holding the meeting.

Prerna Infrabuild Limited

Registered Office : "Prerna", Survey No.820/1, In Lane of Panchvati Auto, Opp. Anand Dham Derasar, S. G. Road, Makarba, Ahmedabad-380 058

ATTENDANCE SLIP

24th Annual General Meeting



Regd. Folio No./DP ID/Client ID

No. of shares held

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 24th Annual General Meeting of the Company to be held on Thursday, 27th September, 2012 at 10.00 a.m. at "Prerna", Survey No.820/1, In Lane of Panchvati Auto, Opp. Anand Dham Derasar, S. G. Road, Makarba, Ahmedabad-380 058.

Name of the member / proxy

(in BLOCK letters)

.....
Signature of member / proxy**Note :**

Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Shareholders are informed that no duplicate attendance slips will be issued at the venue of meeting. Members are requested to bring their copies of the Annual Report to the meeting.

PRERNA INFRABUILD LIMITED.

Registered Office : "Prerna", Survey No.820/1, In Lane of Panchvati Auto, Opp. Anand Dham Derasar, S. G. Road, Makarba, Ahmedabad-380 058.

