

**Ananthi
Constructions
Limited**

BOARD OF DIRECTORS

Mr. T.N.T.Raajasekar- Managing Director
Mr. P.Magesh- Director
Mr. P.Prajeesh- Director
Mr. S.Kaliraja- Director

AUDITORS

M/s. Vijayaraghavan & Associates
Chartered Accountants
5/1, Giri Road, T.Nagar, Chennai-6000017

REGISTERED OFFICE

No.14, First Main Road, Ganesh Nagar, Madipakkam Chennai-600091
Phone: 044-65669570

REGISTRAR AND SHARE TRANSFER AGENTS

Cameo Corporate Services Limited
Subramanian Building
No.1, Club House Road
Chennai-600002.

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BOURSE STOCK

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NOTICE

Notice is hereby given that the Annual General Meeting of the Company will be held on Tuesday the 30th September 2008 at 09.30 AM at K.V.G.Thirumana Mandapam, 16A Medavakkam Main Road, Nanmangalam, Chennai-600117 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2008, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. P. Prajeesh who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS:

3. Appointment of M/s S. Ravi & Associates as Auditors of the Company:

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with Section 224 of the Companies Act, 1956 and all other provisions of the Companies Act, 1956 as may be applicable (including any statutory modification or re-enactment thereof, for the time being in force) M/s. S. Ravi & Associates be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.”

4. Appointment of Mr. Rs. Ghanesh (a) Raajendira Kkumar as Director of the Company:

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Rs. Ghanesh (a) Raajendira Kkumar be and is hereby appointed as a Director of the Company.”

Place: Chennai
Date:05.06.2008

By Order of the Board
T.N.T.Raajasekar
Managing Director

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NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself. A proxy need not be a member of the company.
2. Proxies, in order to be valid, must be lodged at the registered office of the company not later than 48 hours before the commencement of the meeting.
3. Revenue Stamp for 15 paise should be affixed on the proxy form. Forms which are not stamped or not adequately stamped are liable to be considered invalid. Further, for identification purposes etc., it is advisable that the proxy holder's signature may also be furnished in the proxy form.
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
5. All documents referred to in the Notice and the Explanatory Statement will be available for inspection by the members at the registered office of the Company between 10.00 AM to 05.30 PM on all working days up to the date of the Annual General Meeting.
6. The Share Transfer Register and the Register of Members shall remain closed from 23rd September 2008 to 30th September 2008 (both days inclusive).
7. Members holding shares in physical form are requested to notify any change in their address to Company's Registrar and Share Transfer Agent, Camco Corporate Services Limited, Subramanian Building, No.1, Club House Road, Chennai-600002.
8. The members are requested to bring their Annual Report along with them as extra copies will not be supplied.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 3: Appointment of M/s S. Ravi & Associates as Auditors of the Company

M/s Vijayaraghavan & Associates, the retiring Auditors have expressed their inability to continue as the Auditors of the Company due to their other commitments. Hence the Board of Directors recommends that M/s. S. Ravi & Associates, Chartered Accountants, be appointed as the new Auditors of the Company. M/s. S. Ravi & Associates, on their appointment by the members as the auditors of the company at the ensuing Annual General Meeting, shall hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

Board of Directors recommends this resolution for the approval of the shareholders.

None of the Directors are interested in the resolution.

Item No. 4: Appointment of Mr. Rs. Ghanesh (a) Raajendra Kkumar as Director of the Company:

It is proposed to appointment Mr. Rs. Ghanesh (a) Raajendra Kkumar as a Director of the Company. Mr. Rs. Ghanesh is a M.B.A. with specialization in the field of Marketing and Finance. His induction to the Board of Directors is expected to benefit the Company to a great extent.

Board of Directors recommends this resolution for the approval of the shareholders.

Mr. T. N. T. Raajasekar, Managing Director is interested in the resolution.

Information about Directors seeking appointment/re-appointment in this AGM in respect of item No.2 & 4 above (in accordance with Clause 49 VI of the Listing Agreement)

| Name | Age | Qualification | Other Directorship | Committee Directorship |
|-------------------------------------|-----|---------------|-----------------------|---------------------------|
| P. Prajeesh | 32 | B.A. | NIL | NIL |
| Rs. Ghanesh (a) Raajendra Kkumar | 23 | M.B.A | I | NIL |

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DIRECTOR'S REPORT

To the Members,

Your directors are pleased to present the Fifteenth Annual Report together with the Audited Accounts for the year ended 31st March 2008.

FINANCIAL RESULTS

| | Rs. (in lakhs) Year ended 31.03.2008 | Rs. (in lakhs) Year ended 31.03.2007 |
|--|---|---|
| Profit/Loss before depreciation, tax & loss on contract | -3.28 | -75.18 |
| Add/Less: Depreciation | -0.88 | -0.88 |
| Loss on contracts | NIL | -77.75 |
| Profit/Loss after depreciation & Loss on contracts | -4.16 | -153.81 |
| Provision for taxation | NIL | NIL |
| Profit/Loss after Tax | -4.16 | -153.81 |
| Previous year's loss transferred | -287.52 | -133.71 |
| Loss transferred to Balance Sheet | -291.68 | -287.52 |

OPERATIONS:

Your Company has been focusing on flat promotion. The rising price of raw materials including the phenomenal increase in the cost of land has had an adverse effect on the Company's financial position. However various measures taken by the Government in bringing down the rising prices is expected to benefit the company.

Further, the Company also has expertise in Civil and Structural work. In spite of increase in the cost of construction, the demand for building activity is ever increasing due to the IT boom. Your Directors foresee that the Company will be benefited by this increase in demand.

DIVIDEND:

The Board of Directors has not recommended any dividend to strengthen the financial base of the Company.

DIRECTORS:

Mr. P. Prajeesh retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. It is proposed to appoint Mr. Rs. Ghanesh (a) Raajendra Kkumar as a Director of the Company.

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AUDITORS:

M/s. Vijayaraghavan & Associates, Chartered Accountants, retiring at the ensuing Annual General Meeting have expressed their inability to continue as the Auditors of the Company due to their other commitments. The Board of Directors recommends the appointment of M/s. S. Ravi & Associates, Chartered Accountants as the Auditors of the Company for the financial year 2008-09.

DISPUTED TAX LIABILITY AWARDED IN FAVOR OF THE COMPANY

The Directors are glad to inform the shareholders that the disputed Income Tax to the tune of Rs. 7581469/- pertaining to the Assessment Year 1996-97 has been awarded in favor of the Company, subject to the original Assessment order.

FIRE ACCIDENT AT THE REGISTERED OFFICE

The Board of Directors regrets to inform the shareholders that there has been a major fire accident at the registered office of the Company on 04/09/2007. A First Information Report (FIR) had been lodged with the local police station. An inquiry by the police revealed that the accident was caused to an electrical short circuit. All records prior to 04/09/2007 pertaining to the Company had been destroyed in the accident.

DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

The Directors, to best of their knowledge and belief, confirm that:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
2. that the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2008 and of the Loss of the company for the year ended on that date.
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. that the annual accounts have been prepared on a going concern basis.

PUBLIC DEPOSITS:

During the year under review the Company has neither invited nor received any deposits from the public.

AUDITORS REPORT:

The Report of the Auditors being self-explanatory needs no further comments.

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FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings: Rs. NIL
(Previous year Rs. NIL)

Foreign Exchange Outgo: Rs. NIL
(Previous year Rs. NIL)

INFORMATION AS PER SECTION 217(1) (E) OF THE COMPANIES ACT, 1956:

The Company has no activity relating to conservation of energy or technology absorption.

PARTICULARS OF EMPLOYEES

There are no employees drawing salary in excess of the monetary ceiling prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the financial year 2007-08.

INDUSTRIAL RELATIONS:

Industrial relations continued to be cordial.

LISTING:

The securities of the Company are listed on the Bombay Stock Exchange Limited, Madras Stock Exchange Limited, Coimbatore Stock Exchange Limited and Bangalore Stock Exchange.

CORPORATE GOVERNANCE:

The Company has complied with the statutory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchanges with which the Company's shares have been listed. A separate Report on Corporate Governance is enclosed as part of this Annual Report. A certificate as to compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

AUDIT COMMITTEE:

In consonance with Corporate Governance norms, Mr. P. Magesh, Independent Director of the Board, has been appointed as the Chairman of the Audit Committee.

COMPLIANCE CERTIFICATE:

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

CASH FLOW STATEMENT:

In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, Cash Flow Statement for the year ended 2007-08 is annexed hereto.

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ACKNOWLEDGEMENTS:

The Board of Directors place on records its application for the assistance and co-operation received from the Government Authorities.

The Board also places on record its gratitude to the employees at all levels for their commitment and dedicated efforts. The Directors are also thankful to the shareholders for their continued support to the Company.

Place: Chennai
Date: 05.06.2008

By order of the Board
T.N.T.Raajasekar

Managing Director

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Ananthi Constructions Limited presents the Industry Overview, Opportunities and Threats, Initiatives by the Company and overall strategy of Ananthi Constructions Limited for the year 2008-2009 and its outlook for the future. This outlook is based on an assessment of the current business environment. It may vary due to future economic and other developments.

This Management Discussion and Analysis statement of the Annual Report has been included in adherence to the spirit enunciated in the Corporate Governance approved by the Securities and Exchange Board of India.

Industry Structure and Developments:

The Indian Construction industry is an integral part of Indian economy and an important part of investment into the development of the Indian economy takes place through the Construction Industry. The Construction industry is expected to grow with further economic development, industrialization, urbanization and improvements in the standard of living.

Housing Sector:

Few investments have been as lucrative home ownership over the last three to four years. And the story of this boom is not restricted to one area. It's happening across metros and big cities. And it's spreading to newer and newer areas.

The House rates have already gone through the roof. In addition, the house loan rates have increased tremendously due to RBI measures to curb the ever rising inflation.

Over view of the Business of the Company:

Your company has been focusing on flat promotion. The growth and progress of the Company depends on the potential buyers. In the opinion of the Directors, the growth in the industry is fairly good and the demand for housing sector is expected to grow.

Besides, the Company also has expertise Civil and Structural work.

The market for building activities is growing steadily while competition has also increased by many folds. The market acceptance of our product and the creation of brand equity have provided good creditability.

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Opportunities:

Your Company increases excellent growth prospects being a limited company. The IT boom has increased the need for more construction activity. Your company plans to cash in on this sudden demand.

Threats:

- Increase in housing loan rates may adversely affect the business of the Company.
- Change in Government policy regarding building activities may affect the industry.
- While assuring the capital cost of the project, certain prices and assumptions have been considered as adequate. However, increase in input cost, higher levels etc. may lead to cost over runs and affect the profitability of the project.
- The increasing cost of inputs like steel, cement and diesel is a major concern for the Company.
- The business witnessed intense competition in the market and the overall margins and under pressure.
- A service tax was also levied on properties that were rented for commercial use.

The changes may impact the retail sector as property cost can be equal to 30 percent of total cost in some cases.

Segmental Analysis:

Your company operates in only one segment viz., constructions.

Internal Controls and their Adequacy:

The company's internal controls are well established. The statutory auditor and the audit committee review these controls regularly. The Company also had an information technology system that supports the organization and ensures adequate information.

Your company attached significant importance to continue upgrading of human resources for sustaining highest levels of customers' satisfaction. The company is providing training as a continuous process to the technical people to cater the needs of various customers.

Future Outlook:

Your company is aware of the risks and threats noted above and have devised its business strategy accordingly. The Company believes that it will largely be able to handle the pricing