


ENRICHING THE WAY YOU LIVE

Report  [junction.com](http://www.reportjunction.com)

Annual Report 2007-08



Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to know our product portfolio, business logic and direction and comprehend our prospects. This report and other statements — written and oral — that we periodically make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'plan', 'project' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized, although we believe that we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. If known or unknown risks or uncertainties materialize, or if underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, estimated or projected. Readers may bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Contents

Coporate Information	1
Notice	2
Directors' Report	6
Report on Corporate Governance	14
Auditors' Report	29
Balance Sheet	32
Profit & Loss Account	33
Schedules	34
Balance Sheet Abstract and Business Profile	61
Cash Flow Statement	62
Statement relating to Subsidiary Companies	64
Consolidated Accounts	66
Attendance Slip/Proxy Form	95

CORPORATE INFORMATION

Board of Directors	Shri Deepak Ansal	<i>Chairman & Managing Director</i>
	Shri Sham Lal Chopra	<i>Director</i>
	Shri S.L. Kapur	<i>Director</i>
	Shri Ashok Khanna	<i>Director</i>
	Shri Pradeep Anand	<i>Director</i>
	Shri Kushagr Ansal	<i>Wholetime Director</i>
Executive Director	Shri K.K. Singhal	
V.P. & Company Secretary	Shri Mohinder Bajaj	
Statutory Auditors	M/s Khanna & Annadhanam, Chartered Accountants, New Delhi.	
Bankers	Canara Bank	
	Axis Bank Ltd.	
	UCO Bank	
	Punjab National Bank	
Registered Office	15 UGF, Indra Prakash, 21 Barakhamba Road, New Delhi – 110 001	
Branch Offices	Priyadarshini Apartments, 28 Sarojini Naidu Marg, Civil Lines, Allahabad – 211 001	
	G-8 Block – 48, Punit Vrindavan, Sanjay Place, Agra – 282 002	
	Plot No. 46, Basant Vihar, Scheme – 03, Alwar – 301 001 (Rajasthan)	
	6 First Floor, Gyan Complex, M.P. Nagar, Zone - II, Bhopal – 462 013	
	3rd Floor, No. 4, Shri Shirdi Kripa Complex, Nagappa Street, Opp Karnataka Bank, Sheshadripuram, Bangalore – 560 020	
	SCO – 817, First Floor, NAC, Manimajra, Chandigarh – 160 101	
	Ansals Chiranjiv Vihar, PO Kavi Nagar, Nr. Shastri Nagar, Ghaziabad (U.P.) – 201 001	
	Ansals Anand Dham, Rishikesh Road, Moti Chur, Via Raiwala, Haridwar – 249 205	
	11/A, Scheme No. 54, Opp. Satya Sai School, Above IDBI Bank, A B Road, Indore – 452 010	
	A2 /201, South Block, Bahu Plaza, Gandhi Nagar, Jammu – 180 004	
	Shop No. 6, Next to Kamla Hospital, Opp. MLB Medical College, Kanpur Road, Jhansi (UP)	
	122/235, Sarojini Nagar, Kanpur	
	GF & LGF, SCO –11, Sector – 8, Urban Estate, Karnal (Haryana)	
	A-3/101, Vishwas Khand, Gomti Nagar, Lucknow – 226 001	
	TF-3, First Mall, Mall Road, Ludhiana – 141 001	
	C-106, First Floor,, C Block, Metro Plaza, Delhi Road, Meerut, (UP)	
	Whispering Meadows Project, B-103, Daffodil Bldg., Opp. Model Town, Nr. Veena Nagar, Bal Rajeshwar Road, Mulund (W), Mumbai – 400 080	
	Ansal Heights, Dr. G.M. Bhonsle Marg, Near Worli Naka Mumbai – 400 018	
	Ground Floor, Opp. Gandhi Polytechnic, Bhopa Road, Muzaffarnagar, (UP)	
	SCO 91, 92 & 93, Sector – 5, City Centre, Panchkula – 134 109	
	Ansal Town, Sector 19, Opp. Govt. Girls Sr. Sec. School, Sec 4, By Pass Road, Rewari 123 401	
	SCO-174, Commercial Belt, Sector – 17, Jagadhari, Yamuna Nagar – 135 003	

Email : ahcl@ansals.com, Email ID Investor Relations: sect@ansals.com, Web Site : www.ansals.com

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Company will be held on Tuesday, the 23rd day of September, 2008 at 11.00 A.M. at Sri Sathya Sai International Centre, and School, Pragati Vihar, Lodhi Road, New Delhi 110003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008 and Profit & Loss Account for the financial year ended on that date together with the Directors' Report and Statutory Auditors' Report thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2008.
3. To appoint a Director in place of Shri S.L. Chopra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Pradeep Anand, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors of the

Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize Board of Directors to fix their remuneration. M/s Khanna & Annadhanam retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification(s) the following Resolution as a **SPECIAL RESOLUTION**.

"RESOLVED THAT the Company hereby accords its approval and consent under section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 read with Directors' Relatives (Office or Place of Profit) Rules, 2003 and subject to the approval of Central Government, to the appointment of Shri Karun Ansal son of Shri Deepak Ansal, Chairman & Managing Director of the Company and younger brother of Shri Kushagr Ansal, Wholetime Director of the Company, as President (Projects) of the Company w.e.f. 1st October, 2008 on a remuneration of Basic Salary of Rs. 2,00,000/- per month in the pay scale of

Rs. 200000-50000-350000-75000-500000 and House Rent Allowance @50% of the Basic Salary plus usual benefits and perquisites admissible to the senior executives in the Management Cadre including Gratuity, Superannuation Fund, Provident Fund, LTC, and other benefits as per Rules of the Company from time to time.

RESOLVED FURTHER THAT the Company hereby also grants its approval and consent subject to further approval of Central Govt. as required under the provision of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 read with Director Relatives (Office or Place of Profit) Rules, 2003 for payment of commission, to Shri Karun Ansal @1% p.a. of the Net Profit of the Company for each financial year as computed under the provisions of Section 349 & 350 of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to give from time to time such increments to Shri Karun Ansal as they may deem fit within the aforesaid grade".

Regd.Office:

15 UGF, Indra Prakash, 21 Barakhamba Road,
New Delhi – 110 001

Place: New Delhi

Dated: 28th July 2008

By Order of the Board

(Mohinder Bajaj)

V.P. & Company Secretary

NOTES:

- | | | |
|---|---|---|
| <p>1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED;</p> <p>2. The Register of Members and the Share Transfer Books of the Company shall remain closed from 16.09.2008 to 23.09.2008 (both days inclusive).</p> <p>3. The Dividend on Equity Shares as recommended by the Board of Directors for the year ended 31st March 2008, when declared at the Annual General Meeting will be paid to the members whose name appear:-</p> <p>i) As beneficial Owners as per list to be furnished by the Depositories in respect of the shares held in demat form and</p> <p>ii) As Members on the Register of Members of the Company as on 23.09.2008 after giving effect to all valid share transfers in physical</p> | <p>form which would be received by the Company upto end of Business hours on 15.09.2008.</p> <p>4. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.</p> <p>5. Members who hold shares in dematerialized form may kindly note that their bank Account details, as furnished by their Depositories to the company, will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.</p> <p>6. In accordance with the provisions of Article 104 of the Articles of</p> | <p>Association of the Company, Shri S.L. Chopra and Shri Pradeep Anand will retire by rotation at this Annual General Meeting and, being eligible, offer themselves for re-election.</p> <p>7. Information under clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/reappointment at the Annual General Meeting is separately annexed hereto as Annexure - I.</p> <p>8. Corporate Member intending to send the authorized representative to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.</p> <p>9. Members having multiple accounts in identical names or joint accounts in same order are requested to intimate the Company the ledger folio of such accounts to enable the Company to consolidate all such shareholdings into one account and send the relevant Share Certificates.</p> <p>10. Pursuant to the directions of the Securities and Exchange Board of India (SEBI), trading in the shares of your Company is in compulsory de-materialized form for all investors. Members who have not yet got their shares de-materialized, are requested</p> |
|---|---|---|

to opt for the same in their own interest and send their certificates through Depository Participant(s) with whom they have dematerialized account directly to the Registrar & Transfer Agent as appointed by the Company namely M/s Intime Spectrum Registry Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase - II, Near Batra Banquet Hall New Delhi - 110 028.	12. Members/Proxies should fill in the Attendance Slip for attending the meeting.	information/clarification on the Annual Accounts are requested to write to the Company at its Registered Office at-least 7 days before the date of Annual General Meeting so that the same may be compiled well in advance.
11. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Nos. for easy identification of attendance at the meeting.	13. As per the Companies Act 1956 the facility for making nomination is now available to the shareholders in respect of the Equity Shares held by them. Nomination forms can be obtained from the Company's Registrars and Transfer Agents, Viz. M/s Intime Spectrum Registry Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028.	15. Photocopies of Attendance Slip will not be entertained for issuing Admission Cards for attending Annual General Meeting. However, in case of non-receipt of Notice of Annual General meeting, members are requested to write to the Company at its registered office for issuing the duplicate of the same.
	14. Members desiring any	

Members are requested to bring their copy of annual report at the meeting.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

Shri Karun Ansal is son of Shri Deepak Ansal, Chairman & Managing Director of the Company and is younger brother of Shri Kushagr Ansal, Wholetime Director of the Company.

Due to substantial expansion of Company's business and with a view to closely monitor the progress and implementation of various on-going projects located in different States in the Country, it has been considered necessary to appoint Mr. Karun Ansal as President (Projects) in the Company.

Shri Karun Ansal has been working as Vice President in M/s Geo Connect Ltd. – wholly-owned subsidiary company of Ansal Housing & Construction Ltd. for the last over one year.

Shri Karun Ansal has done his Bachelor of Science, Marketing and Masters of

Business Administration (Finance) from Bentley College, Waltham, USA. He has attained State of the Art expertise in System Management in addition to exception skills in Finance etc. Shri Karun Ansal has got exposure in the subjects like basic financial markets, equity valuation, mergers & acquisitions, strategic management, sales management, e-commerce, post merger issues, budget analysis, developing and implementation of a financial audit plan, accounting, auditing, Internal control assessment, policy & procedure review, Networking and Monitoring of Operations and Programme Evaluation and Review Techniques etc.

During the course of his assignment with M/s Geo Connect Ltd., Mr. Karun Ansal has mastered and practiced well the techniques of projects implementation and maintenance of the Projects.

The Board of Directors in their meeting held on 30th June, 2008 referred his case to "Selection Committee" of the Board for consideration of his appointment as President (Projects) of the Company.

The appointment and remuneration of Shri Karun Ansal as President (Projects) was considered and approved by "Selection Committee" of the Board comprising of two Independent Directors and an expert in their meeting held on 17th July, 2008. Based on the recommendation of the "Selection Committee", the Board of Directors have approved his candidature for appointment as President (Projects) of the Company in their meeting held on 28th July, 2008 subject to the approval of the Shareholders in the ensuing Annual General Meeting and of the Central Government, on the remuneration as stated in the Resolution.

It is expected that the Company would benefit immensely with his induction as President (Projects). The Board recommends the resolution for approval

by the members.

None of the Directors of the Company except Shri Deepak Ansal and Shri Kushagr Ansal is concerned or interested

in the said Resolution.

The Board recommends the passing of the Resolution set out in the Special Resolution.

Regd.Office:

15 UGF, Indra Prakash, 21 Barakhamba Road,
New Delhi – 110 001

By Order of the Board

Place: New Delhi

Dated: 28th July 2008

(Mohinder Bajaj)

V.P. & Company Secretary

ANNEXURE – 1

Details of Directors seeking Appointment / reappointment at the Annual General Meeting as per clause 49(IV)(G)(i) of the Listing Agreement.

Particulars	Mr.S.L.Chopra	Mr. Pradeep Anand
Date of Birth	21.09.1921	15.01.1955
Date of Appointment	30.09.2005	27.09.2000
Qualification	B.A , C.A, L.L.B, FCS (London), Business Management (DU)	Programme for Management Development from Harvard Business School, Boston
Experience	Having extensive experience of Banking and Finance and retired as Chairman and MD from Punjab National Bank.	Having rich and vast experience in variety of industries.
Expertise in specific functional area	Banking and Finance	Exceptional entrepreneur/ Business Management Skills.
Directorships held in other Public Companies (excluding Foreign Companies) as at 31st March, 2008.	Universal Cromptronics Ltd.	<ul style="list-style-type: none"> ▪ Asahi Meters Ltd. ▪ Rita Holdings Ltd. ▪ Shree Laxmi Holdings Ltd. ▪ Anand Zenner Company Pvt. Ltd. ▪ Asahi Battery Company Pvt. Ltd. ▪ Asahi Video Pvt Ltd. ▪ Atam Impex Enterprises Pvt. Ltd. ▪ CLA Investment & Trading Co. Pvt Ltd. ▪ Jyoti Construction Co. (New Delhi) Pvt. Ltd. ▪ Koshish Investment & Finance Pvt. Ltd. ▪ Tripta Impex Enterprises Pvt. Ltd.
Memberships/Chairmanships of Committees of other public Companies (includes only Audit Committee and Shareholders / Investors Grievance Committee) as at 31st March, 2008.	Nil	Nil
Number of shares held on in the Company as at 31st March, 2008	Nil	Nil

DIRECTORS' REPORT

Dear Shareholders

The Directors of your Company have pleasure in presenting their 24th Annual Report together with the Company's Audited Statement of Accounts for the financial year ended 31st March 2008.

Financial performance

Your Company's performance on a standalone basis during the year as compared with the previous year's is summarized as follows:

(Figures in Rs. lacs)

		2007-08	2006-07
1.	Sales and other income	25,177.54	20,146.37
2.	Gross profit (before interest and depreciation) etc	9,414.63	6,832.37
	Less :		
	- Interest and finance charges	1,022.76	839.50
	- Depreciation	141.91	926.90
3.	Net profit before tax	8,249.96	5,905.47
	Less :		
	- Provision for tax	2,713.88	1,549.21
4.	Net profit after tax but before prior period items	5,536.08	4,356.26
	Less:		
	- Tax provisions for earlier year	Nil	81.71
5.	Net profit after tax and prior period items	5,536.08	4,274.55
	Add :		
	Surplus profit brought forward for previous year.	7,343.94	3,921.27
	Balance available for appropriation	12,880.02	8,195.82
6.	Appropriations:		
	Proposed dividend @ 20% (previous year @ 18%)	351.42	300.77
	Dividend tax thereon	59.72	51.12
	Transfer to general reserve	3,000.00	500.00
7.	Surplus profit carried over to Balance Sheet	9,468.87	7,343.93

General reserve

The Company proposes to transfer a sum of Rs. 3,000 lacs (previous year 500 lacs) to the general reserve out of the amount available for appropriation. An amount of Rs. 9,468.87 lacs is to be retained in the Profit and Loss Account.

Dividend

In view of the improved profitability your Directors are pleased to recommend a dividend of Rs. 2/- per equity share (20%) on the Company's paid up equity share capital for the financial year ended 31st March 2008. The total payout of the proposed dividend is Rs. 411.14 lacs, including Rs. 59.72 lacs of corporate dividend tax. A motion for confirmation of the dividend for the year is being placed before the shareholders at the Annual General Meeting.

Performance review

This represents a landmark year for the Company as it delivered record financial and operating performance amid challenging and volatile market conditions. Turnover for the year was Rs. 25,177.54 lacs compared with Rs. 20,146.38 lacs of the previous year, reflecting a growth of 24.97%. The net profit (post-tax) for the year 2007-08 stood at Rs. 5,536.08 lacs as against Rs. 4,274.55 lacs in 2006-07, recording an increase of 29.51%. The earning per share (EPS) has gone up from Rs. 28.39 to Rs. 33.09, registering a y-o-y 16.55% rise.

Business

"The Company's decision to focus on Tier-II and Tier-III cities has proved to be a right step. A report by Ernst & Young (E&Y), a global research and consultancy firm, says several Indian cities with a population of 0.5-1 million will emerge as the most promising market for residential and retail developments over the next three to five years. This trend has already started as property prices rise in metros, the dearth of skilled cost-effective manpower, comparatively high cost of living and high operational costs, drive technologically sound companies towards Tier-II and Tier-III cities over the next two to three years. During the year, the development and construction work in Rewari, Karnal, Agra, Indore, Meerut, Zirakpur and NH 24 Ghaziabad projects were initiated and this was followed by an overwhelming response. In the year 2008-09, sanctions for our Amritsar, Kurukshetra, Parwanoo, Jammu, Bangalore, Yamuna Nagar and Alwar projects are expected to be received and development work on the majority of these projects will also start during the same year, resulting in a healthy growth in sales and profits barring unforeseen circumstances.

On the commercial front, Ansal Plaza, Vaishali continues to be the Company's flagship commercial project, housing leading domestic and international brands. Over the coming years, the

Company plans to open new commercial projects in Meerut, Rewari, Parwanoo, Lucknow and Bangalore as well.

Real estate continues to be a fast growing sector in India and your Company is well positioned to capture and benefit from its share in this growth.

During the year, your Company also tied up with associates in the USA to cater to the needs of the NRIs and negotiations for similar arrangements are in progress in the UK.

Management discussion and analysis report

1. Industry structure, developments, opportunities and threats

The realty sector is expected to grow at a rate of 30% annually over the next two-three years. However, issues relating to high interest rates, the subprime crisis in the western economy, inflation and abnormal oil prices are causing some concerns in the market. The linkage, as to how subprime will impact India is vague, as major affected banks have not yet lent in the same manner in India. The bankers feel that India's future prospects still look comfortable. In due course, it is expected that national and international efforts will help rein in inflation and oil prices.

The National Urban Housing and Habitat Policy, 2007, envisages increased public-private partnership in the housing sector and encourages integrated townships in

urban areas across the country. In order to realise the dream of affordable housing, the Government is committed to increase public-private partnership to build 25 million houses across India over the next five years.

The expectation of the private sector is that Government includes incentives like additional floor area ratio and land availability at cheaper price and transferable development rights for Real Estate development. Besides the Government has done little to streamline the process of sanctioning involved in the course of obtaining project sanctions the high incidence of stamp duties in some states still continue to plague even industry. Faster approvals for projects and reduction in the number of agencies/authorities involved in the sanctioning process will help greater and timely supply of end products. This can to some extent address the concerns of the Government of high Real Estate prices.

The concern for the real estate industry has led to the tightening of the lending norms to the real estate sector by the Reserve Bank of India. It has been highly reactive to banks' real estate exposures over the two years as property prices surged. This left developers with two options; IPOs and PEs. The first one is now drying out.

If the mayhem in the stock market continues, other markets will also be affected to some extent. In case inflation and market volatility continue on a

sustained basis, we might see a delay in house ownership by the actual buyers. Overheated markets like those of Mumbai and Gurgaon may be marginally rationalized this year.

Further, the spotlight is that 16% of the Indian work force is engaged in the construction and transport sectors. It is estimated that overall employment generation in the economy on account of additional investment in the construction/housing sectors is eight times the direct employment. Following a substantial use of cement, steel, marble/ceramic tiles, electrical wiring, PVC pipes and various types of fittings; construction activity has a multiplier effect on the industrial demand for these items.

2. Segment-wise analysis

The Company's revenue is generated from two segments, namely Development of real estate and restaurants (hospitality).

Its hospitality division has opened one more 'Super Stars' restaurant in the Company-owned Ansal Plaza Mall in Vaishali, Ghaziabad and is also opening 'The Great Kabab Factory' in DLF Mall in Saket, New Delhi in August-September 2008. The division is performing well with a turnover of Rs. 7.01 crores with a sizeable profit of Rs. 1.80 crores in the financial year 2007-08. A total of 121 employees are engaged in the division. The division mainly has the brands Super Stars and The Great Kabab Factory which have been franchised from Radisson

Hospitality Worldwide. The division is looking for more space within North India to spread its wings further.

Capital Cars Pvt. Ltd., a joint venture company for the sale/services of Honda cars has contributed a turnover of Rs. 111.48 crores and a net profit of Rs. 0.52 crores to the Consolidated Accounts of the Company for the fiscal year 2007-08. The major focus of the Company's business will be real estate development only.

3. Outlook

Shelter is a basic human need, next only to food and clothing. At the end of the Tenth Five-Year Plan, the housing shortage is estimated at 24.7 million.

Flying high on the wings of booming real estate, property in India has become a dream for every potential investor looking for profits. All are eyeing the Indian property market for a wide variety of reasons;

- Its ever-growing economy, is on a continuous rise with over 8% increase witnessed in the last financial year. The boom in the economy increases the purchasing power of its people and creates a demand for the real estate sector.
- India is going to produce an estimated 2 million new graduates from various Indian universities this year, creating a demand for 100 million square feet of office and industrial space.
- Presence of a large number of Fortune 500 and other reputed