

19TH Annual Report 2011-2012



CLARUS INFRASTRUCTURE REALTIES LIMITED

(FORMERLY KNOWN AS CLARUS FINANCE AND SECURITIES LIMITED)

CLARUS INFRASTRUCTURE REALTIES LIMITED

(FORMERLY KNOWN AS CLARUS FINANCE AND SECURITIES LIMITED)

Board Of Directors

MANAKCHAND JAIN : Non-Executive Director

HARSH JAIN : Non-Executive Director

AKHILESH JAIN : Independent Director

AUDITOR

TUSHAR PAREKH AND ASSOCIATES

11, Sopariwala House,
293, Padamshi Mansion,
Marin Lines, Mumbai-400 002.

BANKERS

ALLAHABAD BANK,
Kalbadevi Branch, Mumbai
HDFC BANK,
Fort Branch, Mumbai

REGISTRAR & TRANSFER AGENT

ADROIT CORPORATE SERVICES PVT LIMITED
19, Jafferbhoy Industrial Estate,
Makwana Lane, Marol Naka,
Andheri (E), Mumbai-400 059.

REGISTERED OFFICE:-

7/ A, 2nd Floor,
Beaumont Chambers,
N. M. Road, Fort,
Mumbai - 400 001.
E-mail ID : clarus123@gmail.com

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NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the members of M/s. CLARUS INFRA-STRUCTURE REALTIES LIMITED will be held on Monday, the 26th November, 2012 at 9.30 A.M. at Pranjali School Auditorium, Ground Floor, 155/157, August Kranti Marg, Next to Stephens Church, Kemps Corner, Mumbai- 400 036 to transact the following business:

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, the Profit & Loss Account cash flow statement for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Shri Manakchand Jain, who retires by rotation and being eligible offers himself for re -appointment.
3. To appoint M/s. Tushar Parekh & Co., Chartered Accountants, Mumbai (FRN No. 117307W) as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board
Manakchand Jain
(Director)

Place : Mumbai

Date : November 01, 2012

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF 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 48 HOURS BEFORE THE MEETING.
2. Members are requested to notify any correction / change in their name / address including Pin Code number to the Registrar & Share Transfer Agents (RTA) M/s Adroit Corporate Services Private Limited, 19, Jafabhoy Industrial Estate, 1st Floor, Makwane Road, Marol Naka, Andheri (E), Mumbai - 400059.
3. Members are requested to kindly mention their Folio Number / Client ID Number (in case of demat shares) in all their correspondence with the Companies Register in order to reply to their queries promptly.
4. Members are requested to bring the Notice of the meeting along with the Attendance Slip with them duly filled in and hand over the same at the entrance of the Meeting Hall.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, November 23, 2012 to Monday, November 26, 2012 (both day inclusive).
6. Members desirous of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
7. As per the provisions of the Companies Act, 1956, facility for making nomination is available for Members of the Company in respect of shares held by them. The Members, who wish to nominate a person, may furnish the required details to the Company in prescribed form.
8. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support

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this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with our Registrar & Share Transfer Agent M/s Adroit Corporate Services Private Limited, Jafferbhoy Industrail Estate, Makwana Lane, Andheri(E), Mumbai-- 400059 .

9. Information required to be furnished under clause 49 of the Listing Agreement for directors seeking appointment / reappointment in forthcoming Annual General Meeting

| | |
|--|---|
| Name of the Director | Manakchand Jain |
| Date of Birth | 23/10/1945 |
| Date of Appointment | 28/09/2004 |
| Expertise | Business |
| Qualification | HSC |
| Other Directorship | 1) Obident Exports Private Limited 2) Verbena Mercantile Private Limited |
| Chairman / Members of the Committee in other Companies | N.A |
| No. of Shares held in the Company | 3,71,770 |

DIRECTOR'S REPORT

To,
The Members

Clarus Infrastructure and Realities Limited

Your Directors have pleasure in presenting the 19th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

| Particulars | 2011-2012 | 2010-2011 |
|---|------------------|------------------|
| Total Income | 7372.70 | 4704.52 |
| Less : Total Expenditure | 7757.00 | 4976.94 |
| Profit / (Loss) before Tax | (384.30) | (272.42) |
| Tax Expenses | | |
| Deferred Tax | - | 0.03 |
| Excess Provision for Tax | 0.66 | 0.04 |
| Profit/(Loss) for the year from continuing operations | (383.64) | (272.49) |

DIVIDEND

Due to accumulated losses, the Directors regret their inability to recommend any dividend for the financial year under review.

DEPOSITS

The Company has not accepted any Fixed Deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under during the year under review.

MERGER UPDATES

The Hon'ble High Court of Bombay vide its order dated May 11, 2012 has approved the scheme of merger of M/s. Scan Steels Limited with M/s. Clarus Infrastructure Realities Limited, however approval from High Court of Orissa is still to be obtained.

DIRECTORS

There is no change in the constitution of the Board of Directors of the Company. During the year under Reviewed.

In terms of the provision of companies Act, 1956 and Article of Association of the Company, Mr. Manakchand Jain, who retires by rotation and being eligible, offers himself for re - appointment.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, your director's state:

- That in the preparation of the annual accounts for the year ended 31st March 2012; the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- That directors have selected such accounting policies 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 the end of the financial year as at 31st March 2012 and of the loss of the Company for the year ended on that date.

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- c) That the directors had 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.
- d) That the annual accounts have been prepared on a going concern basis.

AUDITORS

M/s. Tushar Parekh and Co., Chartered Accountants, Mumbai will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

AUDITORS REPORT

In respect of observation made by the Auditors in their Report, your Directors wish to state that the respective notes to the accounts are self-explanatory, and do not call for any further comments.

CORPORATE GOVERNANCE REPORT

A separate report on corporate governance along with Auditor's certificate on its compliance is attached to this report.

LISTING ON STOCK EXCHANGE

The Company continues to remain listed with Bombay Stock Exchange Limited and annual listing fee for the same has been paid.

PARTICULARS OF EMPLOYEES

During the year under review there were no employees receiving remuneration of or in excess of limits prescribed as per the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Details with regards to conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

INDUSTRIAL RELATIONS

During the year under review, your Company had cordial and harmonious industrial relations at all levels of the Organization.

ACKNOWLEDGEMENTS

The Directors are grateful to all the stakeholders including the customers, bankers, suppliers and employees of the Company for their co-operation and assistance during the year.

For and on behalf of the Board

Place : Mumbai

Date : November 1, 2012

Manakchand Jain
(Director)

Harsh Jain
(Director)

MANAGEMENT DISCUSSION AND ANALYSIS

The Management of Clarus Infrastructure Realties Limited presents its report covering performance and outlook of the Company. The report has been prepared in compliance with the Corporate Governance requirement prescribed in the Listing Agreement. The management accepts responsibility for the integrity and objectivity of the financial statements. The Management discussions and analysis is given hereunder:-

a) Industry structure and development:

The Indian economy has experienced robust growth in the past decade and is expected to be one of the fastest growing economies in the coming years. At present, the real estate and construction sectors are playing a crucial role in the overall development of India's core infrastructure. It is the second largest employer after agriculture. Over the next decade, the real estate sector is expected to grow by 30 per cent.

b) Opportunities and threats:

Demand for residential, commercial and retail real estate is rising throughout India, accompanied by increased demand for hotel accommodation and improved infrastructure. Demand is expected to grow at a compound annual growth rate (CAGR) of 19 per cent between 2010 and 2014 and Tier 1 metropolitan cities are expected to account for about 40 per cent of this. The Indian real estate market size is expected to touch US\$ 180 billion by 2020.

c) Segment-wise performance:

The Company has two principal streams of activities mainly in the business viz Financial and Realty. Segment wise performance is given at Note no.19 of 14 i.e. of the notes forming part of the financial statement.

d) Business Outlook

The Company is currently engaged in infrastructure and trading activity and is looking for new avenues of business in various areas like steel and steel related products. Since Infrastructure has linkages to other industries like cement, brick and steel through backward and forward linkages. The outlook for the industry looks reasonable, since India has good iron ore deposits, skilled manpower and growing demand for steel. The improved demand is expected to continue in the current fiscal as well on the back of ongoing government funded infrastructure projects. In spite of a downturn in the Global Steel demand, Indian steel demand could survive showing an upward trend, setting a road ahead for the growth of the domestic steel industry in the long run. The upward trend is expected to be continued on account of fiscal measures taken by the Government such as infusion of funds for development of infrastructure sector, introduction of stimulus packages for revival of industry besides factors like increase in consumption and production of steel, upcoming infrastructure and Greenfield projects, stabilization of prices etc.

e) Risk and concerns:

Global economic uncertainties have affected India's economy, including the real estate market. Key risks synonymous to the real estate industry include the global recessionary trend, lack of clear land titles, shortage of labours, increase in financial charges, approval and procedural difficulties coupled with market fluctuations.

The Company is exposed to risks from market fluctuation of interest rate and stock market fluctuation of the share prices.

f) Internal control system:

The Company has adequate internal control systems commensurate with the scale of operations of the company.

g) Discussion on financial performance with respect to operating performance:

The Company's financial performance is discussed in details under the head "Financial Highlights" in Directors Report to the Members.

h) Material developments in Human Resources

The Company recognizes the importance and contribution made by its employees to the growth and development of the Company, the Company has cordial relations with employees and staff.

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CORPORATE GOVERNANCE REPORT**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate governance refers to the set of systems, principles and processes by which a company is governed. The Company believes that good Corporate Governance practices should be enshrined in all activities of the Company. The Company strongly believes that Good Corporate Governance is a pre-requisite for enhancing shareholder value and its image in the prevailing competitive business scenario. Your Company affirms its commitment to follow good corporate governance practices proactively. The Company has consistently sought to improve its focus by increasing transparency and accountability to all its stakeholders.

COMPOSITION OF BOARD OF DIRECTORS

The Board of Directors as on 31st March, 2012 consist of 3 Directors out of whom 1 (One) is Independent. The Chairman of the Company is Non Executive Director. The composition of Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchange.

| Name | Category | No. of Directorship held in Public Limited and Private Company | | No. of Board Committee position held in other Public Limited Companies | |
|----------------------|---------------|--|--------|--|--------|
| | | Private | Public | Private | Public |
| Shri Manakchand Jain | Non-Executive | 2 | - | - | - |
| Shri Harsh Jain | Non-Executive | 1 | - | - | - |
| Shri Akhilesh Jain | Independent | 7 | 1 | - | - |

BOARD MEETINGS

The Board held 6 (Six) meetings during the year 2011-2012 on 14.05.2011, 06.08.2011, 12.08.2011, 14.11.2011, 31.12.2011, 09.02.012

Attendance of Directors at Board Meetings and at the Annual General Meetings:

| Name of the Director | No. of Board Meetings Attended | Whether Last AGM Attended |
|----------------------|--------------------------------|---------------------------|
| Shri Manakchand Jain | 6 | YES |
| Shri Harsh Jain | 6 | YES |
| Shri Akhilesh Jain | 6 | YES |

The Board ensures compliance of all laws applicable to the company and takes steps to rectify non-compliance, if any

AUDIT COMMITTEE

- The Audit Committee of the company is constituted in line with provision of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956.
- The Company's Audit Committee comprises of the following Directors :-
 1. Shri Akhilesh Jain - Chairman
 2. Shri Harsh Jain - Member
 3. Shri Manakchand Jain - Member

- During the year 2011-2012 the Audit Committee met Five (5) times on 14.05.2011, 06.08.2011, 12.08.2011, 14.11.2011, 09.02.2012. The attendances of the members of the Committee are given below:

| Name | Category | No of Meetings during the Year 2011 - 2012 | |
|----------------------|----------|--|----------|
| | | Held | Attended |
| Shri Akhilesh Jain | Chairman | 5 | 5 |
| Shri Harsh Jain | Member | 5 | 5 |
| Shri Manakchand Jain | Member | 5 | 5 |

REMMUNERATION COMMITTEE

The Company has not formed a remuneration committee.

INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE

The Board constituted an investors' grievance committee which looks into shareholders and investors grievances under the chairmanship of Shri. Akhilesh Jain who is an Independent and Non - Executive director. The committee inter alia approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The committee looks into shareholders complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc., The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services. The Board of Directors has delegated the power of approving transfer of securities to M/s. Adroit Corporate Services Private Limited.

Composition of Committee

- Shri Manakchand Jain - Chairman
- Shri Harsh Jain - Member
- Shri Akhilesh Jain - Member

The total no. of complaints received and complied during the year are as follows:-

Received - 2 Resolved - 2 Pending - 0

CEO/CFO CERTIFICATION

A Certificate from the Director on the financial statements of the Company was placed before the Board.

GENERAL BODY MEETINGS

Location and Time of Last 3 Annual General Meetings

| DATE | TIME | VENUE |
|------------|------------|---|
| 31.12.2011 | 09.30A.M. | 155/157, August Kranti Marg, Next to Stephens Church, Kemps Corner, Mumbai - 400 036. |
| 28.09.2010 | 11.00A.M. | 155/157, August Kranti Marg, Next to Stephens Church, Kemps Corner, Mumbai - 400 036. |
| 27.10.2009 | 10.00 A.M. | 7/A, 2nd Floor, Beaumoon Chambers, 27/33, N.M. Road, Mumbai - 400 001. |

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WHISTLE BLOWER POLICY:

The Company has formulated a policy known as 'Whistle Blower Policy' to allow and encourage our employees to bring to the Management's Notice (Audit Committee) directly, without necessarily informing their superiors about suspected unethical behavior, malpractice, wrongful conduct, fraud, violation of the Company's policies including code of conduct, violation of law or questionable accounting or auditing matters by any employee/director in the Company without fear of reprisal.

The Company further undertakes that it has not denied any personnel access to the Audit Committee of the Company in respect of matters involving alleged misconduct/malpractice/unethical behavior and that it has provided protection to 'Whistle Blowers' from unfair termination and other unfair or prejudicial employment practices

POSTAL BALLOT

During the year ended 31st March, 2012, no resolution was passed by the Company's shareholder requiring voting by Postal Ballot. At the ensuing Annual General Meeting also, there is no resolution proposed to be passes through Postal Ballot.

DEMATERIALISATION OF SECURITIES

The Company's Shares are available for trading in the Depository System both at the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Demat Status of the Company as on March 31, 2012 is as under :-

| Particulars | No. of Shareholders | No. of Shares | % |
|--------------------|----------------------------|----------------------|---------------|
| CDSL | 844 | 7822582 | 43.95 |
| NSDL | 1094 | 9690118 | 54.44 |
| | 1938 | 17512700 | 98.39 |
| PHYSICAL | 1206 | 287600 | 1.62 |
| TOTAL | 3144 | 17800300 | 100.00 |

MEANS OF COMMUNICATION

- The quarterly / annual results are communicated to the Bombay Stock Exchange Limited where the Company's shares are listed and published in Asian Age (English Newspaper) and Mumbai Mitra (Marathi Newspaper)
- The quarterly / half yearly financial results are being sent to all the Stock Exchanges, where the shares of the Company are listed for putting in their own website.
- The Company has not made any presentation to any institutional investors or to analysts during the year

GENERAL SHAREHOLDERS INFORMATION

| | |
|--|---|
| Date and Time | November 26, 2012, 9.30 A.M. |
| Venue | Pranjali School Auditorium, Ground Floor 155/157, August Kranti Marg, Next to Stephens Church, Kemps Corner, Mumbai - 400 0036 |
| Financial Calendar | 1st April - 31st March |
| Book closure Date | 23.11.2012 to 26.11.2012(both days inclusive) |
| Dividend Payment Date | Not Applicable |
| Listing on Stock Exchange | The Bombay Stock Exchange Limited |
| Stock /Scrip Code | 511672 |
| ISIN Numbers | INE099G01011 |
| Share transfer system | Share transfer would be registered and returned within a period of 15 days from the date of receipt, if the documents are in order in all respects. |
| Registrar & Transfer Agents. | Adroit Corporate Services Private Limited 19, Jaferbhoy Industrial Street, Makwana Road Marol Naka, Andheri(E), Mumbai- 400 059 |
| Outstanding GDS/ADRs | Nil |
| Summary of Shareholding Pattern | Refer Table No. 1 |
| Market Price Data : High, Low during eachmonth in the F Y2011 - 2012 | Refer Table No. 2 |
| Distribution of Shareholding | Refer Table No. 3 |
| Plant Locations | Not Applicable |
| Address for Correspondence | 7/ A, 2nd Floor, Beaumoon Chambers, N. M. Road, Mumbai - 400 001. |

TABLE - 1 : SHAREHOLDING PATTERN AS ON 31ST MARCH, 2012

| CATEGORY | No. of Shares Held | % of Shareholding |
|------------------|--------------------|-------------------|
| Promoters | 757920 | 4.26 |
| Corporate Bodies | 13251975 | 74.45 |
| Indian Public | 1801970 | 10.12 |
| NRI | 617 | 0.00 |
| Clearing Members | 1987818 | 11.17 |
| Total | 17800300 | 100 |

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TABLE - 2 : STOCK MARKET PRICE DATA

High and Low of market price of the Company's Shares traded on Bombay Stock Exchange Limited, during the Financial Year - 2011 - 2012

| Month | CIRL on BSE | | BSE High | BSE Low |
|-----------------|-------------|------------|-----------|-----------|
| | Highest (₹) | Lowest (₹) | | |
| April, 2011 | 162.00 | 124.10 | 19,811.14 | 18,976.19 |
| May, 2011 | 160.00 | 126.50 | 19,253.87 | 17,786.13 |
| June, 2011 | 173.80 | 122.45 | 18,873.39 | 17,314.38 |
| July, 2011 | 221.50 | 128.35 | 19,131.70 | 18,131.86 |
| August, 2011 | 260.00 | 88.30 | 18,440.07 | 15,765.53 |
| September, 2011 | 151.00 | 90.50 | 17,211.80 | 15,801.01 |
| October, 2011 | 87.00 | 40.75 | 17,908.13 | 15,745.43 |
| November, 2011 | 46.75 | 30.05 | 17,702.26 | 15,478.69 |
| December, 2011 | 64.90 | 35.50 | 17,003.71 | 15,135.86 |
| January, 2012 | 63.30 | 56.15 | 17,258.97 | 15,358.02 |
| February, 2012 | 59.00 | 40.15 | 18,523.78 | 17,061.55 |
| March, 2012 | 39.35 | 26.25 | 18,040.69 | 16,920.61 |

TABLE - 3 : DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2012

| Share holding of Nominal Value | Share Holders | | Shares Held | |
|--------------------------------|---------------|------------|-----------------|---------------|
| | Number | % of Total | Numbers | % of Total |
| UPTO - 100 | 2051 | 65.24 | 160814 | 0.90 |
| 101 - 500 | 669 | 21.28 | 187830 | 1.06 |
| 501 - 1000 | 143 | 4.55 | 121154 | 0.68 |
| 1001 - 2000 | 86 | 2.74 | 130506 | 0.73 |
| 2001 - 3000 | 27 | 0.86 | 69318 | 0.39 |
| 3001 - 4000 | 18 | 0.57 | 64489 | 0.36 |
| 4001 - 5000 | 11 | 0.35 | 52057 | 0.29 |
| 5001 - 10000 | 28 | 0.89 | 218770 | 1.23 |
| 10001 - 20000 | 33 | 1.05 | 494573 | 2.78 |
| 20001 - 50000 | 29 | 0.92 | 912914 | 5.13 |
| 50001 - Above | 49 | 1.56 | 15387875 | 86.45 |
| Total | 3144 | 100 | 17800300 | 100.00 |

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements are in full conformity with the requirements of the Companies Act, 1956 and the Accounting Standards issued by the Central Government. The Management of Company accepts responsibility for the integrity and objectivity of these financial statements, as well as, for estimates and judgments relating to matters not concluded by the year-end. The management believes that the financial statements reflect fairly the form and substance of transactions and reasonably presents the company's financial condition, and results of operations. To ensure this, the Company has installed a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Our auditors have conducted audits to provide reasonable assurance that the company's established policy and procedures have been followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls. These financial statements have been audited by M/s. Tushar Parekh and Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company.

Place: Mumbai

Date : November 1, 2012

MANAKCHAND JAIN
DIRECTOR

CODE OF CONDUCT DECLARATION

Pursuant to clause 49I(D) of the listing agreement entered into with the stock exchange , I hereby declare that all the Board members and senior management personnel of the company have affirmed compliance with the code of conduct for the year ended March 31, 2012.

Place: Mumbai

Date : November 1, 2012

MANAKCHAND JAIN
DIRECTOR

CLARUS INFRASTRUCTURE REALTIES LIMITED

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COMPANY SECRETARY REPORT ON CORPORATE GOVERNANCE

I have reviewed the records concerning the Company's compliance of conditions of corporate Governance procedures as stipulated in Clause 49 of Listing Agreement entered into by the Company with the Stock Exchanges, for the financial year ended on 31st March, 2012.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

I have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for review and the information and explanations given to us by the company. Based on such review, in our opinion, the Corporate Governance Report of the company, referred to above, reflects on a fair basis the status of compliance by the company with the Clause 49 of the Listing Agreement of Stock Exchanges, relating to Corporate Governance, for the FY 2011-12 and that no investors grievance is pending for a period exceeding one month against the Company as per the records mentioned by the Share Department/Share Transfer Agent of the Company.

I further state that such compliance is neither an assurance or 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: Mumbai

Date: November 1, 2012

Satyajit Mishra
Company secretary in practice
CS : 5759

AUDITOR'S REPORT

To the Members,

M/s Clarus Infrastructure Realities Limited

1. We have audited the attached Balance Sheet of M/s. Clarus Infrastructure Realities Limited as at 31st March, 2012 and also the Profit and loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 *except for Accounting Standard 15 "Accounting for Employee Benefits" in respect of leave encashment and Gratuity liability not provided as explained in note 21.14;*
 - e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, in our opinion none of the director is disqualified as on 31st March, 2012 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956 as on that date.
 - f) *Reference is invited to Note 21.15, regarding non compliance with the provisions of Section 295 of the Companies Act, 1956 in obtaining the prior approval of the Central Government. The impact of this non compliance on the loss for the year and results is not ascertainable.*
 - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to the effects of matters discussed in para (d) and (f) above* read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:

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- i. in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- ii. in so far as it relates to the Profit and Loss Account, of the Loss for the year ended on that date;
- iii. in case of Cash Flow Statement of the cash flows for the year ended on that date.

For Tushar Parekh and Associates
Chartered Accountants
(FRN: 117307W)
CA Tushar Parekh
Proprietor
Membership No: 103230

Place: Mumbai
Date: 31st July, 2012

Annexure to the Auditors' Report

(Referred to in Paragraph 3 of our report of even date)

Based upon the information and explanations furnished to us, and the books and records examined by us in the normal course of our audit, we report that to the best of our knowledge and belief:

1. In respect of its fixed assets:
 - a) As explained to us, the company is in the process of maintaining proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information. *As on the date of signing of this report the register was not available for verification*
 - b) According to the information and explanations given to us, the fixed assets of the company have been physically verified at the year-end, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. As per the management representation, no material discrepancies have been reported on such verification as compared to book records.
 - c) In our opinion and according to the information and explanations given to us, the Company has not disposed of 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 of shares 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 of shares followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories of shares. As explained to us, there was no material discrepancies noticed on physical verification of inventory of shares as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

- a) The Company has granted interest free unsecured loans to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year aggregate to ₹ 50,05,000/- and the year-end balance in respect of these loans was ₹ 45,05,000/-;
 - b) The above loans being interest free, the question of commenting on the rates of interest does not arise. *In the absence of any stipulated terms and conditions of the loans granted, we are unable to comment whether the same are prejudicial to the interest of the Company, whether receipt of principal is regular and reasonable steps have been taken for recovery of principal.*
 - c) The Company has taken interest free unsecured loans from one party covered in the register maintained u/s. 301 of the Companies Act, 1956. The maximum amount involved during the year aggregate to ₹ 15,00,000/- and the year-end balance in respect of these loans was ₹ 15,00,000/-;
 - d) In our opinion and according to the information and explanations given to us, the terms and conditions on which such loans had been taken are not, prima facie prejudicial to the interest of the Company;
 - e) In respect of said loans, these are repayable on demand and hence the question of overdue amounts as such does not arise.
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 with regard for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. To the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- To the best of our knowledge and according to the information and explanations given to us, there were 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 ` 5,00,000/- (Rupees five lacs) or more in respect of any party.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and section 58AA or other relevant provisions of the of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to acceptance of deposits from the public.
7. *There is no internal audit system prevalent in the Company.*
8. According to information and explanations give to us, Central Government has not prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 in respect of business activities of the Company.
9. In respect of statutory dues:
- a) According to the records of the Company, and according to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including Investor Education & Protection Fund, Income-Tax, Service tax and other material statutory dues applicable to the company with the appropriate authorities during the year.

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- b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012 for a period of more than six months from the date of becoming payable.
- c) According to the records of the Company, and as per information and explanations given to us there are no disputed statutory dues outstanding during the year.
10. The accumulated losses of the Company at the end of the financial year are not less than 50% of its net worth. The Company has incurred cash loss in the current and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The company has not issued any debentures.
12. In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances 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.
14. As per information and explanation given to us and books and records produced before us, the company is dealing and trading in shares and securities and proper records have been maintained of transactions and contracts and timely entries have been made therein. Also, shares and securities have been held by the company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis during the year have not been used for long-term investments.
18. According to the information and explanations given to us, 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 issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year covered by our audit report.
21. To the best of our knowledge and according to the information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For Tushar Parekh and Associates
Chartered Accountants
(FRN: 117307W)
CA Tushar Parekh
Proprietor
Membership No: 103230

Place: Mumbai
Date: 31st July, 2012

Balance sheet as on 31st March, 2012

| | Note No | 31st March 2012 (₹) | 31st March 2011 Rs. |
|---|---------------|---------------------------|---------------------------|
| I Equity and liabilities | | | |
| Shareholder's Funds | | | |
| Share capital | 2 | 178,003,000 | 178,003,000 |
| Reserves and surplus | 3 | (84,158,685) | (45,794,176) |
| Non-current liabilities | | | |
| Deferred tax liabilities (Net) | 21.5 | 12,910 | 12,787 |
| Current liabilities | | | |
| Short-term borrowings | 4 | 54,528,776 | - |
| Trade payables | 5 | 68,218,961 | 209,047,139 |
| Other current liabilities | 6 | 499,107 | 117,606 |
| Total | | <u>217,104,069</u> | <u>341,386,356</u> |
| II Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 7 | 132,005 | 165,397 |
| Long term loans and advances | 8 | 112,550,137 | 113,414,521 |
| Current assets | | | |
| Inventories | 9 | 95,034,990 | 225,059,819 |
| Trade Receivables | 10 | 4,575,744 | - |
| Cash and cash equivalents | 11 | 233,127 | 2,746,619 |
| Short term loans and advances | 12 | 4,578,065 | - |
| Total | | <u>217,104,069</u> | <u>341,386,356</u> |
| Notes forming part of financial statements | 1 - 21 | | |

As per our report of even date

For Tushar Parekh and Associates
Chartered Accountants
(FRN No: 117307W)

CA Tushar Parekh
Proprietor
Membership No: 103230
Place : Mumbai
Date : 31st July, 2012

For and on behalf of the Board of Directors of
Clarus Infrastructure Realities Limited

Manakchand Jain
Director

Harsh Jain
Director

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Statement of Profit and loss account for the year ended 31st March, 2012

| | Note No | 31st March 2012 (₹) | 31st March 2011 Rs. |
|--|-----------------|---------------------------|---------------------------|
| I Income | | | |
| Revenue from operations | 13 | 736,337,568 | 463,252,163 |
| Other income | 14 | 932,470 | 7,199,959 |
| Total revenue | | <u>737,270,038</u> | <u>470,452,121</u> |
| II Expenditure | | | |
| Purchases of shares | - | 628,014,225 | 616,256,865 |
| Changes in inventories of shares | 15 | 130,024,829 | (125,723,225) |
| Employee benefit expense | 16 | 141,120 | 353,671 |
| Finance cost | 17 | 16,712,879 | 5,591,810 |
| Depreciation and amortisation expense | 7 | 33,392 | 28,423 |
| Other expenses | 18 | 773,708 | 1,186,397 |
| Total expenditure | | <u>775,700,152</u> | <u>497,693,940</u> |
| Profit/(Loss) before tax | (I - II) | (38,430,114) | (27,241,819) |
| Tax expense | | | |
| (i) Current Tax | | - | - |
| (ii) Deferred Tax | | (123) | 3,498 |
| (iii) Excess Provision for Tax | | 65,727 | 3,769 |
| | | <u>65,604</u> | <u>7,267</u> |
| Profit/(Loss) for the year from continuing operations | | (38,364,510) | (27,249,086) |
| Earnings per share: | | | |
| Basic and Diluted | | | |
| Computed on the basis of total profit from | | | |
| continuing operations | 21.6 | (2.16) | (1.53) |
| Notes forming part of financial statements | 1 - 21 | | |

As per our report of even date

For Tushar Parekh and Associates
Chartered Accountants
(FRN No: 117307W)

For and on behalf of the Board of Directors of
Clarus Infrastructure Realities Limited

CA Tushar Parekh
Proprietor
 Membership No: 103230
 Place : Mumbai
 Date : 31st July, 2012

Manakchand Jain
Director

Harsh Jain
Director

Notes forming part of the financial statements**Note 2 Share capital**

| Particulars | 31 March, 2012 (₹) | 31 March, 2012 (₹) |
|---|-----------------------|-----------------------|
| (a) Authorised | | |
| 1,80,00,000 equity shares of ₹ 10/- each with voting rights | 180,000,000 | 180,000,000 |
| | 180,000,000 | 180,000,000 |
| (b) Issued , subscribed and fully paid up | | |
| 1,78,00,300 equity shares of ₹ 10/- each fully paid up with voting rights (Of the above 1,48,00,000 (previous Year Nil) equity shares of ₹ 10/- each with voting rights have been allotted as fully paid by preferential allotment) | 178,003,000 | 178,003,000 |
| | 178,003,000 | 178,003,000 |

Notes:**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Issued, subscribed and fully paid up

| Particulars | Opening balance | Fresh issue | Bonus | ESOP | Conversion | Buy back | Other changes | Closing balance |
|----------------------------------|-----------------|-------------|-------|------|------------|----------|---------------|-----------------|
| Equity shares with voting rights | | | | | | | | |
| Year ended 31 March, 2012 | | | | | | | | |
| - Number of shares | 17,800,300 | - | - | - | - | - | - | 17,800,300 |
| - Amount (₹) | 178,003,000 | - | - | - | - | - | - | 178,003,000 |
| Year ended 31 March, 2011 | | | | | | | | |
| - Number of shares | 17,800,300 | - | - | - | - | - | - | 17,800,300 |
| - Amount (₹) | 178,003,000 | - | - | - | - | - | - | 178,003,000 |

(ii) Details of shares held by each shareholder holding more than 5% shares:

| Class of shares/Name of shareholder | 31 March, 2012 | | 31 March, 2011 | |
|--|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Equity shares with voting rights | | | | |
| Arcadia Share & Stock brokers Pvt Ltd | 1,431,500 | 8.04 | - | - |
| Ashika Stock Broking Ltd | 1,936,100 | 10.88 | - | - |
| Gujrat Fludrochemicals Limited | 907,000 | 5.10 | - | - |
| IFCI Financial Services Ltd | 1,485,693 | 8.35 | - | - |
| Shree Thirumalai Marketing & Investments | 1,000,000 | 5.62 | - | - |
| Indu Mahendra Shah | - | - | 950,000 | 5.34 |
| Mahendra G Shah | - | - | 950,000 | 5.34 |

CLARUS INFRASTRUCTURE REALTIES LIMITED

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| Particulars | 31 March, 2012 (₹) | 31 March, 2012 (₹) |
|--|-----------------------|-----------------------|
| Note - 3 Reserves and surplus | | |
| Surplus/(Deficit) in statement of profit and loss | | |
| Balance as per last financial statement | (45,794,175) | (18,545,090) |
| Add: Profit/(loss) for the year | (38,364,510) | (27,249,086) |
| Net surplus/(Deficit) in statement of profit and loss | (84,158,685) | (45,794,176) |

Note - 4 Short-term borrowings

| (Unsecured, unless otherwise specified) | | |
|---|-------------------|----------|
| Loans repayable on demand | | |
| From other parties | 35,000,000 | - |
| From related parties (Refer note 20) | 1,500,000 | - |
| Book overdraft with scheduled bank | 18,028,776 | - |
| | 54,528,776 | - |

Note - 5 Trade payables

| | | |
|------------------|-------------------|--------------------|
| Sundry Creditors | 68,218,961 | 209,047,139 |
| | 68,218,961 | 209,047,139 |

Note - 6 Other current liabilities

| | | |
|-----------------------|----------------|----------------|
| Statutory remittances | 499,107 | 117,606 |
| | 499,107 | 117,606 |

Note 7 Fixed assets

| A Tangible assets | Gross block | | | | | | | | | |
|------------------------|--------------------------------|-----------|-----------|---|----------------------------------|----------------------|---|-------------------------------|-------------------|---------------------------------|
| | Balance as at 1 April, 2011 | Additions | Disposals | Acquisitions through business combinations | Reclassified as held for sale | Revaluation increase | Effect of foreign currency exchange differences | Borrowing cost capitalised | Other adjustments | Balance as at 31 March, 2012 |
| | (₹) | (₹) | (₹) | (₹) | (₹) | (₹) | (₹) | (₹) | (₹) | (₹) |
| Plant and Equipment | 200,982 | - | - | - | - | - | - | - | - | 200,982 |
| Furniture and Fixtures | 66,606 | - | - | - | - | - | - | - | - | 66,606 |
| Office equipment | 161,684 | - | - | - | - | - | - | - | - | 161,684 |
| Total | 429,271 | - | - | - | - | - | - | - | - | 429,271 |
| Previous year | 297,271 | 132,000 | - | - | - | - | - | - | - | 429,271 |

Note 7 Fixed assets (contd.)

| A Tangible assets | Accumulated depreciation and impairment | | | | | | | Net block | | |
|------------------------|---|--|----------------------------------|---|--|--|-------------------|------------------------------|------------------------------|------------------------------|
| | Balance as at 1 April, 2011 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Eliminated on reclassification as held for sale | Impairment losses recognised in statement of profit and loss | Reversal of impairment losses recognised in Statement of Profit and Loss | Other adjustments | Balance as at 31 March, 2012 | Balance as at 31 March, 2012 | Balance as at 31 March, 2011 |
| | (₹) | (₹) | (₹) | (₹) | (₹) | (₹) | (₹) | (₹) | (₹) | (₹) |
| Plant and Equipment | 78,899 | 23,061 | - | - | - | - | - | 101,960 | 99,022 | 122,083 |
| Furniture and Fixtures | 62,014 | 2,651 | - | - | - | - | - | 64,665 | 1,941 | 4,592 |
| Office equipment | 122,961 | 7,680 | - | - | - | - | - | 130,641 | 31,043 | 38,723 |
| Total | 263,874 | 33,392 | - | - | - | - | - | 297,266 | 132,005 | 165,397 |
| Previous year | 235,451 | 28,423 | - | - | - | - | - | 263,874 | 165,397 | 83,531 |

Note - 8 Long term loans and advances

| | | |
|--|--------------------|--------------------|
| Income tax paid [Net of provision for tax ₹ Nil (Previous Year ₹70,00,000)] | 50,137 | 914,521 |
| Advance towards property (Refer note 21.13) | 112,500,000 | 112,500,000 |
| | 112,550,137 | 113,414,521 |

Note - 9 Inventories

| | | |
|---|-------------------|--------------------|
| (As taken, valued and certified by the management) (Valued at lower of cost or net realisable value) | | |
| Closing stock of shares (Market value ₹ 11,47,19,106/-, Previous year. ₹ 22,76,36,615/-) | 95,034,990 | 225,059,819 |
| | 95,034,990 | 225,059,819 |

Note - 10 Trade Receivables

| | | |
|---|------------------|----------|
| Outstanding for a period exceeding six months | - | - |
| Other trade receivables | 4,575,744 | - |
| | 4,575,744 | - |

Note - 11 Cash and Cash equivalents

| | | |
|--|----------------|------------------|
| Cash on hand | 122,129 | 122,371 |
| Balance with scheduled banks - In current account | 110,999 | 2,624,248 |
| | 233,127 | 2,746,619 |

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Note - 12 Short Term loans and advances

| | | |
|---|------------------|----------|
| (Unsecured, Considered Good) | | |
| Balance with excise authorities | 73,065 | - |
| Loans and advances to related parties (Refer note 20 and note 21) | 4,505,000 | - |
| | 4,578,065 | - |

Note - 13 Revenue from operations

| | | |
|--|--------------------|--------------------|
| Sale of shares | 728,261,858 | 457,370,200 |
| Gains in derivative transactions (Net) | 8,075,711 | 5,881,963 |
| | 736,337,568 | 463,252,163 |

Note - 14 Other income

| | | |
|---------------------------------------|----------------|------------------|
| Interest Income | 79,059 | 609,365 |
| Dividend Income | 684,891 | 590,593 |
| Miscellaneous Income | 103,695 | 6,000,000 |
| Prior Period Items (Refer Note 21.15) | 64,825 | - |
| | 932,470 | 7,199,959 |

Note - 15 Changes in inventories of shares

| | | |
|---|--------------------|----------------------|
| Inventories at the end of the year | 95,034,990 | 225,059,819 |
| Less - Inventories at the beginning of the year | 225,059,819 | 99,336,594 |
| | 130,024,829 | (125,723,225) |

Note - 16 Employee benefit expense

| | | |
|------------------------|----------------|----------------|
| Salaries and Bonus | 138,681 | 325,149 |
| Staff Welfare Expenses | 2,439 | 28,522 |
| | 141,120 | 353,671 |

Note - 17 Finance cost

| | | |
|------------------|-------------------|------------------|
| Interest Expense | 16,712,879 | 5,591,810 |
| | 16,712,879 | 5,591,810 |

Note - 18 Other expenses

| | | |
|--|----------------|------------------|
| Advertisement | 55,629 | 27,442 |
| Printing & stationery | 55,791 | 28,955 |
| Telephone expenses | 2,114 | 6,553 |
| Travelling & conveyance | 1,207 | 330,873 |
| Miscellaneous expenses | 169,289 | 440,279 |
| Listing fees | 44,120 | 50,000 |
| Bank charges | 1,184 | 4,813 |
| Payment to Auditor (Refer details below) | 56,180 | 55,150 |
| Electricity charges | - | 11,110 |
| Professional and legal fees | 360,000 | 55,150 |
| Registrar & transfer agent charges | 28,194 | 24,000 |
| Interest on service tax | - | 152,072 |
| | 773,708 | 1,186,397 |
| Payment to auditor: | | |
| Audit fee | 25,000 | 25,000 |
| Tax audit fee | 15,000 | 18,000 |
| Limited review | 10,000 | 5,000 |
| In other capacity: | | |
| Other services (certification fees) | - | 2,000 |
| Service tax | 6,180 | 5,150 |
| | 56,180 | 55,150 |

CLARUS INFRASTRUCTURE REALTIES LIMITED

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Note 19 Segment information

The Company has identified business segments as its primary segment. Business segments are primarily **Financial** and **Realty**. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

| Particulars | For the year ended 31 March, 2012 | | | |
|---|-----------------------------------|---------------|-------------|---------------|
| | Business segments | | | Total |
| | Financial | Realty | Unallocated | |
| | (₹) | (₹) | (₹) | (₹) |
| Revenue | 737,190,981 | - | 79,057 | 737,270,038 |
| | 464,452,121 | (6,000,000) | - | 470,452,121 |
| Segment result | (38,365,621) | - | 1,110 | (38,364,510) |
| | (33,249,086) | (6,000,000) | - | (27,249,086) |
| Operating income | (21,701,486) | - | - | (21,701,486) |
| | (27,281,477) | (6,000,000) | - | (21,281,477) |
| Other income (net) | 764,307 | - | 168,163 | 932,470 |
| | (1,197,761) | - | - | (1,197,761) |
| Profit before taxes | (38,430,114) | - | - | (38,430,114) |
| | (33,241,819) | - | (6,000,000) | (27,241,819) |
| Particulars | For the year ended 31 March, 2012 | | | |
| | Business segments | | | Total |
| | Financial | Realty | Unallocated | |
| | (₹) | (₹) | (₹) | (₹) |
| Segment assets | 81,999,549 | 112,500,000 | - | 194,499,549 |
| | (235,886,356) | (112,500,000) | - | (348,386,356) |
| Segment liabilities | 100,655,234 | - | - | 100,655,234 |
| | (216,177,532) | - | - | (216,177,532) |
| Other information | - | - | - | - |
| Depreciation and amortisation (allocable) | 33,392 | 28,423 | - | - |

Note: Figures in italics indicate previous years figures

| Description of relationship | Names of related parties |
|--|---|
| Key Management Personnel (KMP) | Mr Manakchand Jain Mr Harsh Jain |
| Relatives of KMP | Nil |
| Company in which KMP/Relatives of KMP can exercise significant influence | Plantinum Finvest Pvt Ltd (Company in which son of Mr Manakchand Jain is a Director) Verbena Mercantile Pvt Ltd (Company in which Mr Manakchand Jain is a Director) Elan Capital Advisors Pvt Ltd (Company in which son of Mr Manakchand Jain is a Director) |

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:

| Particulars | (₹) | | | |
|---|---------------------------|------------------|---|---------------------------|
| | KMP | Relatives of KMP | Entities in which KMP / relatives of KMP have significant influence | Total |
| Transactions during the year | | | | |
| Loans taken | 1,500,000 (11,000,000) | - (2,500,000) | - - | 1,500,000 (13,500,000) |
| Repayment of Loans taken | - (11,000,000) | - (2,500,000) | - - | - (13,500,000) |
| Loans advanced | - (-) | - (410,000) | 5,005,000 - | 5,005,000 (410,000) |
| Repayment of loans advanced | - (-) | - (410,000) | 500,000 - | 500,000 (410,000) |
| Professional fees paid | - (-) | 140,000 (-) | - (-) | 140,000 - |
| Balances outstanding at the end of | | | | |
| Borrowings | 1,500,000 (-) | - (-) | - (-) | 1,500,000 (-) |
| Loans advanced | - (-) | - (-) | 4,505,000 (-) | 4,505,000 (-) |
| Trade Payables | - (-) | - (-) | 60,612 (-) | 60,612 (-) |

Note: Figures in bracket relates to the previous year

CLARUS INFRASTRUCTURE REALTIES LIMITED

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Note 21 Additional information to the financial statements

| Note | Particulars | 31st March, 2012 | 31st March, 2011 |
|-------------|--|-------------------------|-------------------------|
| | | (₹) | (₹) |
| 21.1 | Contingent liabilities and commitments (to the extent not provided for) | | |
| (i) | Contingent liabilities | | |
| | (a) Claims against the Company not acknowledged as debt | Nil | Nil |
| | (b) Guarantees | Nil | Nil |

21.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Micro, Small and Medium Enterprises in terms of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provision of this Act is not expected to be material.

21.3 Details of Merger

In terms of the Scheme of Arrangement (the Scheme), M/s Scan Steels Ltd (referred to as 'Transferor Company'), had been proposed to be merged with the Company ("Transferee Company"), upon which the undertaking and the entire business, including all assets and liabilities of the Transferor Companies shall stand transferred to and vested in the Transferee Company at their book value as determined by the Board of Directors of the Transferee Company.

The Scheme of Arrangement filed by the Company has been approved by the Honourable High Court of Judicature at Mumbai on 11th May, 2012 with an appointed date of 1 April 2010, being the date on which all the requirements under the Companies Act, 1956 have been completed. However, since the transferor company's registered office is situated in the State of Orissa, the approval of the scheme by the Hon'ble High Court of Mumbai is subject to approval from the Hon'ble High Court of Orissa. The application with the Hon'ble High Court of Orissa is pending as on the date of signing of this report. Pursuant to the Scheme, the Company shall be allotting 2,00,00,000 equity shares of ₹ 10/- each of the company to the shareholders in the Transferor Companies. "The present standalone annual accounts of the company are prepared without giving effect of the above merger. The same will be reinstated for financial years 2010-2011 and 2011-2012 once the scheme has been approved by the Hon'ble High Court of Orissa and the relevant formalities are completed by both the transferor and transferee companies.

21.4 Loans and advances in the nature of loans given to associates :

| Name of the party | Relationship | Amount outstanding as at 31 March, 2012 | Maximum balance outstanding during the year |
|----------------------------|---|---|---|
| Verbena Mercantile Pvt Ltd | Company in which director of the company is a Director | 4,500,000 (-) | 5,000,000 (-) |
| Platinum Finvest Pvt Ltd | Company in which son of the director of the company is a Director | 5,000 (-) | - 410,000 |

Note: Figures in bracket relate to the previous year.

| 21.5 Deferred Tax Asset/Liability (Net) | | 31st March, 2012 (₹) | 31st March, 2011 (₹) |
|--|--------------|-------------------------|-------------------------|
| Deferred tax assets | | | |
| On difference between book balance and tax balance of fixed assets | | 12,910 | 12,787 |
| Gross deferred tax assets | (A) | 12,910 | 12,787 |
| Deferred Tax Liability | | | |
| On difference between book balance and tax balance of fixed assets | | - | - |
| Gross deferred tax liability | (A) | - | - |
| Deferred tax Asset/(Liability) (Net) | (A/B) | 12,910 | 12,787 |

21.6 Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

| | | 31st March, 2012 (₹) | 31st March, 2011 (₹) |
|--|--------------|-------------------------|-------------------------|
| Total (continuing) operations for the year | | | |
| Profit/(loss) after tax | | (38,364,510) | (27,249,086) |
| Less : Dividends on convertible preference share & tax thereon | | - | - |
| Net profit/(loss) for calculation of basic/diluted EPS | (A) | (38,364,510) | (27,249,086) |
| Weighted average number of equity shares in | | | |
| calculating basic EPS | (B) | 17,800,300 | 17,800,300 |
| Earnings per share (EPS) (basic/diluted) | (A/B) | (2.16) | (1.53) |

CLARUS INFRASTRUCTURE REALTIES LIMITED

(FORMERLY KNOWN AS CLARUS FINANCE AND SECURITIES LIMITED)

| | 31st March, 2012 (₹) | 31st March, 2011 (₹) |
|---|-------------------------|-------------------------|
| Total (continuing) operations for the year | | |
| 21.7 Value of imports calculated on CIF basis | Nil | Nil |
| 21.8 Expenditure in foreign currency | Nil | Nil |
| 21.9 Earnings in foreign exchange | Nil | Nil |
| 21.10 The balances appearing under unsecured loans, sundry creditors, loans and advances, and certain banks are subject to confirmation and reconciliation and consequential adjustment, if any, will be accounted for in the year of confirmation and/or reconciliation | | |
| 21.11 In the opinion of the Board, assets other than fixed assets do have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated. | | |
| 21.12 The company has neither registered as NBFC nor has complied with the direction related to provisions of Non Banking Financial Companies Prudential Norms (Reserve Bank) Direction, 1998. | | |
| 21.13 Other advances includes ₹ 11,25,00,000/- (Previous year ₹10,00,00,000/-) paid to M/s Bafna Builders & Land Developers ("BBLD") as advance towards booking of flats in the "Anmol Nayantara Gold Project" at Nasik by BBLD. The company has received the allotment letter to that extent from BBLD. Registration of the proposed flats for the above projects are yet to be done and hence the same has been reflected under other advances. The company is in receipt of a letter from BBLD mentioning that the project is scheduled to be completed by December 2013. | | |
| 21.14 Since the Company recognises gratuity and leave salary expense on payment basis no liability for the same has been ascertained and provided in the accounts. Hence, the company has not complied with the provisions of AS-15 "Accounting for Retirement Benefit". | | |
| 21.15 During the year, company has advanced loans (as detailed in mote 21.4 above) to parties covered in the register maintained under section 301 of the Companies Act, 1956. However, the Company has not obtained the prior approval of Central Government for the same wherever applicable as required by the provisions of Section 295 of Companies Act, 1956. | | |
| 21.16 Prior period items include reversal of expenses claimed in the previous year to the extent of service tax included in it. Accordingly Cenvat Credit under the Service tax Act has been shown as receivable from the department (Refer note 11). | | |
| 21.17 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 | | |

Cash flow statement for the ended 31st March, 2012

| | 31st March 2012 (₹) | 31st March 2011 (₹) |
|---|------------------------|-------------------------|
| Cash flows from operating activities | | |
| Net profit before tax | (38,430,114) | (27,241,819) |
| <u>Adjustments for</u> | | |
| Add : Non Cash Item/Items required to be disclosed separately | | |
| Depreciation and amortisation | 33,392 | 28,423 |
| Dividend income | (684,891) | (590,593) |
| Finance cost | 16,712,879 | 5,591,810 |
| Interest income | (79,059) | (107,995) |
| Operating profit before working capital changes | <u>(22,447,794)</u> | <u>(22,320,175)</u> |
| Changes in Working Capital: | | |
| Inventories | 130,024,829 | (125,723,225) |
| Trade receivables | (4,575,744) | - |
| Short-term loans and advances | (4,578,065) | - |
| Long-term loans and advances | 980,248 | 3,679,266 |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade payables | (140,828,178) | 208,094,125 |
| Other current liabilities | 381,501 | (3,200,178) |
| Profit generated from operations | <u>(41,043,203)</u> | <u>60,529,813</u> |
| Tax paid (net of refunds) | (50,137) | 50,137 |
| Net Cash generated from operating activities (i) | (41,093,340) | 60,579,950 |
| Cash flows from investing activities | | |
| Capital expenditure on fixed assets, including capital advances | - | (132,000) |
| Interest income | 79,059 | 107,995 |
| Dividend income | 684,891 | 590,593 |
| Net cash generated from investing activities (ii) | 763,950 | 566,589 |
| Cash flows from financing activities | | |
| Proceeds from other short-term borrowings | 64,528,776 | - |
| Repayment of other short-term borrowings | (10,000,000) | (48,050,000) |
| Finance cost | (16,712,879) | (5,591,810) |
| Net cash generated from financial activities (iii) | 37,815,897 | (53,641,810) |
| Net change in cash and cash equivalents (i+ii+iii) | (2,513,492) | 7,504,729 |
| Cash and cash equivalents at the beginning of the year | <u>2,746,619</u> | <u>(4,758,110)</u> |
| Cash and cash equivalents at the end of the year | <u>233,127</u> | <u>2,746,619</u> |

Notes forming part of financial statements

1 - 21

As per our report of even date

For Tushar Parekh and Associates
Chartered Accountants
(FRN No: 117307W)

For and on behalf of the Board of Directors of
Clarus Finance & Securities Limited

CA Tushar Parekh
Proprietor
Membership No: 103230
Place : Mumbai
Date : 31st July, 2012

Manakchand Jain
Director

Harsh Jain
Director

CLARUS INFRASTRUCTURE REALTIES LIMITED

(FORMERLY KNOWN AS CLARUS FINANCE AND SECURITIES LIMITED)

CLARUS INFRASTRUCTURE REALTIES LIMITED

Regd. Office : 7/A, 2nd Floor, Beaumoon Chambers, N.M. Road, Fort, Mumbai - 400 001.

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies vide its circular no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 after considering certain provisions of the Information Technology Act, 2000, permitted the companies to send the notices / annual reports etc. through email to its members. To support this green initiative of the MCA whole heartedly, members who have not yet registered their email address, are requested to register their e-mail address with the Depository through their concerned Depository Participant and members who hold shares in physical mode are requested to intimate their e-mail address at which they would like to receive the above documents electronically, either to the company or to its Registrar and Share Transfer Agent. Shareholders are requested to fill the consent form below and send it to the Registrar and Share Transfer Agent, Adroit Corporate Services Private Limited or to the company

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

(Pursuant to circulars no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011)

To,
Adroit Corporate Services Private Limited
19, Jafferbhoy Industrial Estate,
Makwana Lane, Marol Naka,
Andheri (E), Mumbai-400 059.

Dear Sir,

I/We shareholder (s) of Clarus Infrastructure Realities Limited, agree to receive all notices and documents including the Annual Report, Notice for General Meetings and other Shareholders Communication in electronic mode (through email).

I/We request you to kindly register my / our below mentioned email id in the Company's records for sending such communication through email.

Folio No...../DP ID No.*.....and Client ID No.*.....

*Applicable for members holding shares in electronic form.

Name of the Sole / First Shareholder : _____
Name of the Joint Shareholders (if any) : _____
No. of Shares held : _____
E-mail id for receipt of documents in
Electronic mode : _____

Date : _____ Signature: _____
Place: _____ (Sole / First Shareholder)

- Note:
1. Shareholders are requested to inform the Company's Registrar and Share Transfer Agents as and when there is change in their registered email-id.
 2. For shares held in demat form, shareholders are also requested to inform /update their email-ids to their respective Depository Participants.

PROXY FORM

CLARUS INFRASTRUCTURE REALTIES LIMITED

(FORMERLY KNOWN AS CLARUS FINANCE AND SECURITIES LIMITED)

REGD. OFFICE :- 7/ A, 2nd Floor, Beaumoon Chambers, N. M. Road, Fort, Mumbai - 400 001.

No. of Shares _____

DP. Id. : _____

Client ID / Folio No _____

I/We _____ of _____
in the district of _____ being a Member/Members of the above-named Company,
hereby appoint _____ of _____ in the
district of _____ or failing him/her _____
of _____ in the district of _____ as my/our
Proxy to attend and vote for me/us and on my/our behalf at the 18th Annual General Meeting of the
Company to be held at 9.30 A.M. on Monday, the 26th November, 2012 at Pranjali School Auditorium,
Ground Floor, 155/157, August Kranti Marg, Next to Stephens Church, Kemps Corner, Mumbai- 400036
and any adjournment thereof.

Signed this _____ day of _____ 2012

| |
|----------------------------|
| Rs.1/- Revenue Stamp |
|----------------------------|

NOTE: The Proxy Form duly completed must be deposited at the registered office of the Company not less than 48 hours before the meeting.

ATTENDANCE SLIP

CLARUS INFRASTRUCTURE REALTIES LIMITED

(FORMERLY KNOWN AS CLARUS FINANCE AND SECURITIES LIMITED)

REGD. OFFICE :- 7/ A, 2nd Floor, Beaumoon Chambers, N. M. Road, Fort, Mumbai - 400 001.

Please fill in the Attendance Slip and hand it over at the entrance of the Meeting Hall.
Joint shareholder may obtain additional slip on request.

D. P. ID _____ Folio No _____

Client ID _____ No. of Share(s) held _____

Name of the Shareholder _____

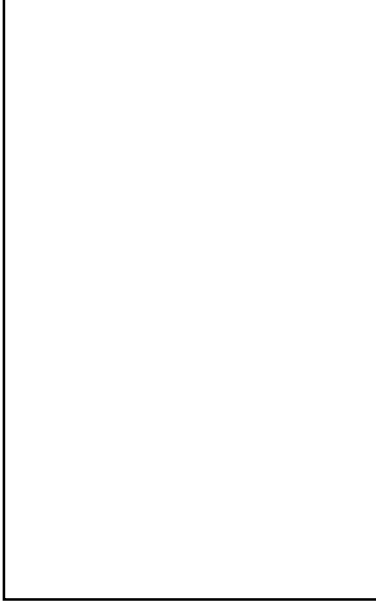
Name of the Proxy: _____

I hereby record my presence at the 19th Annual General Meeting of the Company to be held at the
Registered Office of the Company at 9.30 A.M. on Monday, the 26th November, 2012 at Pranjali
School Auditorium, Ground Floor, 155/157, August Kranti Marg, Next to Stephens Church, Kemps
Corner, Mumbai- 400036 and any adjournment thereof.

Signature of the Attending Member/Proxy: _____

BOOK-POST
(Printed Matter)

To,



If undelivered, please return to :

CLARUS INFRASTRUCTURE REALTIES LIMITED

FORMERLY KNOWN AS CLARUS FINANCE AND SECURITIES LIMITED

**REGD. OFFICE :-7/ A, 2nd Floor, Beaumoon Chambers, N. M. Road, Fort,
Mumbai - 400 001.**