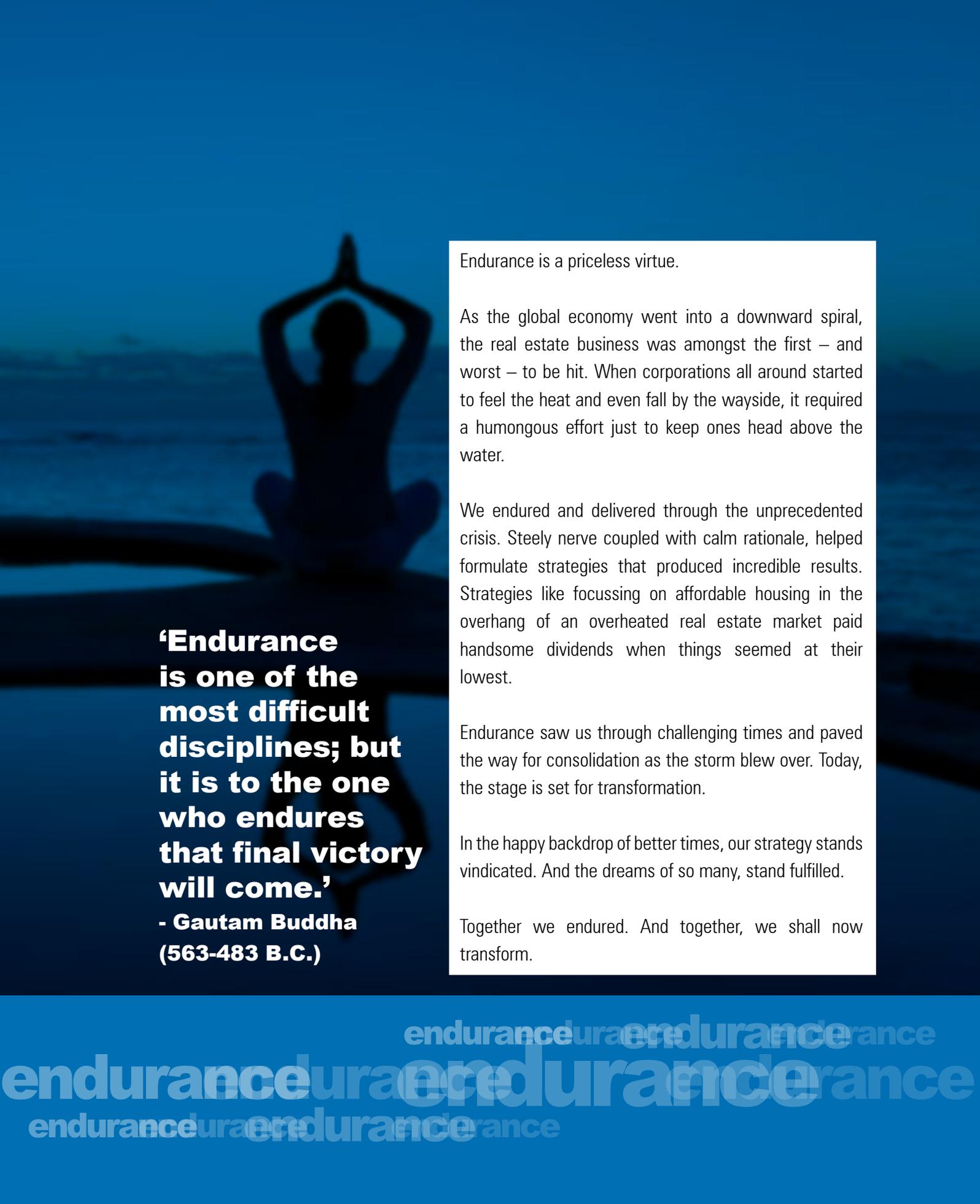




the power of
endurance

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endurance endurance



‘Endurance is one of the most difficult disciplines; but it is to the one who endures that final victory will come.’

**- Gautam Buddha
(563-483 B.C.)**

Endurance is a priceless virtue.

As the global economy went into a downward spiral, the real estate business was amongst the first – and worst – to be hit. When corporations all around started to feel the heat and even fall by the wayside, it required a humongous effort just to keep ones head above the water.

We endured and delivered through the unprecedented crisis. Steely nerve coupled with calm rationale, helped formulate strategies that produced incredible results. Strategies like focussing on affordable housing in the overhang of an overheated real estate market paid handsome dividends when things seemed at their lowest.

Endurance saw us through challenging times and paved the way for consolidation as the storm blew over. Today, the stage is set for transformation.

In the happy backdrop of better times, our strategy stands vindicated. And the dreams of so many, stand fulfilled.

Together we endured. And together, we shall now transform.

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CHAIRMAN'S MESSAGE

Dear Shareholders,

I write to you at what can definitely be called an inflection point. In corporate and economic terms, everything around us is poised at a very interesting moment in time. The global slowdown and the recessionary trend it precipitated are now behind us. What confronts us is renewed optimism and immense potential.

Since the time I last wrote to you, things have drastically improved on all fronts. This is not so much due to any overwhelming improvement in sentiment; rather the result of evolving strategies by your company that took seed when the markets were depressed.

Part of the strategy was to focus on affordable housing in the backdrop of an overheated market. Such strategies and concerted efforts have helped us successfully launch a slew of projects even during those depressed episodes. In fact, most of the projects we launched in Mumbai in the recent past have almost been sold out.

Robust sales numbers reinforced our leadership status in the Mumbai Metropolitan Region.

Your company has been equally active and successful in the commercial space. The winning formula of strategic location, contemporary design, sound planning, advanced technology and modern amenities has expectedly sparked interest around India's commercial capital.

Presently, one of our most prestigious projects is the SRA scheme which will pave the way for Mumbai Airport's world-class status. Prestigious, because it is the largest urban rehabilitation scheme this country has ever known. Not only will it rehabilitate some 85,000 families, but also generate thousands of jobs over the next few years. When we're done, over one million slum dwellers will have access to a better quality of life, and Mumbai will have an airport befitting its status of one of the world's commercial capitals.

Your Company has entered in to entertainment industry through its subsidiary HDIL entertainment and have added another 10 screens to its portfolio in the fiscal year 2009 -10, with this addition the total screen count has increased to 13 from 3 in preceding year and a total seating capacity of 2971 seats, With the vision to be a leading player in the multiplex industry, HDIL Entertainment

has acquired a couple of properties and are on the final stage of discussion for some locations across India, which will place us in the league of the current major operators.

Hospitality presents another business opportunity for HDIL. Through our subsidiary HDIL Leisure, we plan to own, develop and manage a variety of hotels, residential and mixed-use projects as well as fine dining restaurants across the country.

Given our own fortunes in the backdrop of the global slowdown, I say with the utmost confidence that we are at the right place at the right time. Not least because we are a key play in India's most significant market – Mumbai. Our numbers for this maximum city are brimming with potential. We have already developed over 100 mn sq. ft. of area. 90% of our current land reserves of 280 mn sq. ft. also lie within the Mumbai Metropolitan Region. Approximately 61 mn sq. ft. of saleable area is presently under construction across 17 residential, commercial and retail projects. With our emphasis on affordable housing, over 6.5 mn sq. ft. of residential apartments has been sold – some 2 mn sq. ft. during the last fiscal itself. Our commercial ventures aren't lagging behind either – currently about 4.5 mn sq. ft. is under development.

We are poised to become India's leading player in real estate development. The real estate sector may be fraught with inherent risks and challenges. But we have successfully negotiated these through really difficult times. As the general economy improves, and with it opportunities for the real estate sector bloom, we stand at the inflection point where we can leverage all our strengths and advantages to consolidate and then truly take off.

The fruits of our endurance are now ripe for harvest. It is a good time to be a stakeholder in HDIL.

Yours sincerely,

Rakesh Kumar Wadhawan

Executive Chairman



A SUSTAINABLE BUSINESS MODEL

We are proud to say that we do not construct, but develop. More than build mega townships, we improve the quality of people's everyday lives. More than constructing commercial properties, we create the ergonomics that help run businesses better.

In the aftermath of the global economic crash, we helped revive the real estate sector in Mumbai by strategically shifting our focus. Thanks to us, affordable housing has now become the new

mantra of urban India. It's in keeping with our commitment to the more vulnerable sections of society – in fact, we are also India's largest slum development company.

Yet, we've earned as huge an equity across real estate verticals – premium residential and corporate, entertainment, leisure and SEZs. A sustainable formula that will endure through every curve of real estate cycle.



METROPOLIS, ANDHERI (W)



AFFORDABLE HOUSING

Our strategy for Mumbai revolves around its unique demographics and geography. An island city compelled to develop northward, our focus on regions well connected by Mumbai's lifeline – the rail network – is ensuring Mumbai's workforce has affordable and viable residential options.

In the year gone by, affordable housing has given a huge fillip to our bottom line. Seven ambitious projects have been

completed – and between them some 3000 apartments have already been sold. Figures that put HDIL far ahead of the competition over the past year.

HDIL has also just launched Meadows in Goregaon (W), with the development of Phase I. The entire project will ultimately offer 2000 units cumulating to a humongous 46,00,000 sq. ft. of saleable area.



MAJESTIC, BHANDUP (W)

MEADOWS, GOREGAON (W)

PREMIER, KURLA (W)

MEGA RESIDENTIAL PROJECTS

SLUM REHABILITATION

Slum rehabilitation is a concept critical to Mumbai's aspirations of becoming a world-class city. Some 60% of the metropolis' habitable land is occupied by slums. It's a huge swathe of population that cannot simply be displaced on a whim, without precipitating a serious social crisis. Enter HDIL, and over 30,000 slum families have since been provided decent alternative accommodation.

However, the true scale of HDIL's efforts is in evidence in the ambitious Mumbai International Airport Slum Rehabilitation project. The largest urban rehabilitation scheme in the entire country, over one million slum dwellers will be given a fresh

lease of life with over 85,000 hutments making way for a vastly improved cityscape and airport facilities.

Phase I will make available 25,000 homes with amenities that include complete road infrastructure, sewage treatment, a hospital, educational institutions, gym, library, post office and community hall, amongst other things.

A critical public infrastructure project, it is similar in scale to town planning. Not only has the venture facilitated the makeover of Mumbai's International Airport to a league befitting the city's status, it will also generate more than 10,000 jobs over the next few years.



SLUM REHABILITATION PROJECT - PHASE 1

RENTAL HOUSING PROJECTS

Another ambitious venture is the Virar Rental Housing Project. The largest project of its kind in Mumbai Metropolitan Region since 1947, it will develop 525 acres of land and ultimately offer 56 mn sq. ft. of built-up area. Planned to be completed over four phases by 2015, HDIL will hand over 40,000 rental units aggregating 13 mn sq. ft. to MMRDA, free of cost. 4 mn sq. ft. of social infrastructure will also be developed.

In lieu of this, HDIL will generate 50 mn sq. ft. of saleable area, which will positively impact the bottomline in the foreseeable future. The project incorporates an environment management plan. In addition to this our Panvel project is admeasuring 227 acres and will be launching soon.



VIRAR RENTAL HOUSING PROJECT
MODEL PICTURE



VIRAR RENTAL HOUSING PROJECT
MODEL PICTURE



ENTERTAINMENT

HDIL's portfolio also extends to entertainment, leisure and hospitality projects. Despite a boom in malls and multiplexes, the country still reports a huge shortfall. Recognising a business opportunity, HDIL Entertainment, a fully owned subsidiary of HDIL, has launched a chain of multiplexes under the brand name 'Kulraj Broadway'. Every

project has been designed as a one-stop entertainment destination for the entire family, with theatres, gaming zones, food courts and malls. 13 screens in landmark locations are already operational. HDIL Enterprises plans to add another 10 screen in Mumbai. HDIL aims to be the largest multiplex owner in Mumbai and expand to other cities – Kolkatta, etc.



BHANDUP MULTIPLEX



VASAI MULTIPLEX



KANDIVALI MULTIPLEX







In three decades HDIL has firmly entrenched itself at the pinnacle of the real estate domain in India – both in terms of numbers and renown. Success has come about by aligning business opportunities with the needs of both State Government and the country.

Success has also been the result of an enduring relationship with all other classes of stakeholders – internally and externally. We shall continue to endure... and succeed.

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NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the members of Housing Development and Infrastructure Limited will be held on Friday, 27th August, 2010 at 11.30 a.m. at National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Profit and Loss Account of the Company for the period from April 1, 2009 to March 31, 2010 and the Balance Sheet as at March 31, 2010 together with the report of the Auditor's and Directors' thereon.
2. To appoint Director in place of Shri Satya Pal Talwar, retiring by rotation, and being eligible offers himself for re-appointment.
3. To appoint Director in place of Shri Raj Kumar Aggarwal, retiring by rotation, and being eligible offers himself for re-appointment.
4. To appoint Director in place of Shri Ramesh Chander Kapoor, retiring by rotation, and being eligible offers himself for re-appointment.
5. To re-appoint M/s. Thar & Co., Chartered Accountants, Mumbai, the retiring Auditors of the Company, as the Statutory Auditors of the Company having Registration No. 110958W to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on remuneration as may be fixed by the Board of Directors.

SPECIAL BUSINESS:

6. Further Issue of Capital

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof (the **"Companies Act"**), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (**"SEBI Regulations"**), SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the Foreign Exchange Management Act, 2000, the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident outside India) Regulations, 2000, the Foreign Exchange Management (Borrowing or Lending in Rupees) Regulations, 2000, including any amendment, modification, variation or re-enactment thereof and such other applicable rules, regulations, guidelines, notifications, circulars and clarifications issued / to be issued thereon by the Government of India (GOI), the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and / or any other regulatory / statutory authorities, from time to time, to the extent applicable, the listing agreements entered into with the stock exchanges on which the equity shares of the Company are listed and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to the consents and approvals of any regulatory / statutory authorities, the consent of the members be and is hereby accorded to the Board of Directors of the Company (the **"Board"** which term shall be deemed to include, any committee(s) constituted / to be constituted by the Board to exercise its powers including powers conferred by this resolution to the extent permitted by law) to in its absolute discretion to create, offer, issue and allot, in one or more tranches, whether Rupee denominated or denominated in foreign currency, in the course of domestic/international offerings, equity shares of the Company (**"Equity Shares"**), including Equity Shares through Global Depository Receipts/American Depository Receipts; debentures or bonds whether partially/optionally/fully convertible and/or securities linked to or convertible into or exchangeable for Equity Shares

or Fully Convertible Debentures/ Partly Convertible Debentures/ Optionally Convertible Debentures or any other securities (other than warrants), which are convertible into or exchangeable with Equity Shares, at a later date and/or non-convertible debentures along with warrants or any other security permissible by Indian law from time to time including foreign currency convertible bonds and/or any other financial instrument linked to or convertible into Equity Shares or with or without detachable warrants, with a right exercisable by the warrant holder to exchange the said warrants with Equity Shares at a later date, in registered or bearer form, or any combination of such securities, such that the total number of Equity Shares issued (including on conversion of convertible securities) for cash either at par or premium aggregating to an amount not exceeding USD 650 million, to such person or persons, who may or may not be the shareholder(s) of the Company, as the Board may at its sole discretion decide, including one or more of the members, employees (through a reservation in the public issue or otherwise), Non-resident Indians, Foreign Institutional Investors (FIIs), Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, insurance companies, provident funds, pension funds, development financial institutions, multilateral and bilateral financial institutions, bodies corporate, companies, private or public or other entities, authorities and to such other persons in one or more combinations thereof through a public issue, rights issue, preferential issue or qualified institutions placement or a combination thereof at such time or times, at such price or prices, at a discount or premium to the market price in such manner and on such terms and conditions, including premium, security, rate of interest and tenor, as may be deemed appropriate by the Board subject to applicable law, in its absolute discretion including the discretion to determine the categories of investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of investors at the time of such issue and allotment considering the prevalent market conditions and other relevant factors and where required, in consultation with the merchant banker(s) and / or other advisor(s), as the Board, in its absolute discretion, may deem fit and appropriate.

RESOLVED FURTHER THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, Chapter VIII of the SEBI Regulations, SEBI (Issue and Listing of Debt Securities), Regulations 2008, the Foreign Exchange Management Act, 2000, the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident outside India) Regulations, 2000, the Foreign Exchange Management (Borrowing or Lending in Rupees) Regulations, 2000, including any amendment, modification, variation or re-enactment thereof and such other applicable rules, regulations, guidelines, notifications, circulars and clarifications issued / to be issued thereon by the Government of India (GOI), the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and / or any other regulatory / statutory authorities, from time to time, to the extent applicable, the listing agreements entered into with the stock exchanges on which the equity shares of the Company are listed and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Board may, at its absolute discretion, in terms of the preceding resolution, issue, offer and allot in one or more tranches equity shares or fully convertible debentures (FCDs) / partly convertible debentures (PCDs)/ optionally convertible debentures (OCDs), redeemable non-convertible debentures (NCDs) (secured or otherwise) with or without attached warrants, with a right exercisable by the warrant holder to exchange with equity shares of the company at a later date (the **"Warrants"**), also any other securities in accordance with applicable law, whether convertible into or exchangeable with equity shares at a later date or not (the

“Specified Securities”), subject to the limit on the total number of Equity Shares specified in the preceding resolution, as provided under the SEBI Regulations and such issue and allotment to be made on such terms and conditions as may be decided by the Board at the time of issue or allotment of the specified securities.

RESOLVED FURTHER THAT any issue of fully convertible debentures (FCDs) / partly convertible debentures (PCDs)/ optionally convertible debentures (OCDs), redeemable non convertible debentures (NCDs) of tenure up to 10 years, in terms of the preceding resolution, would be subject to the limit of Rs. 10,000 Crore for borrowings by the Company, as approved by the members of the Company through resolution dated July 1, 2008.

RESOLVED FURTHER THAT the relevant date for determining the price of the Equity Shares, to be issued upon exchange of the Warrants, if issued pursuant to Chapter VIII of the SEBI Regulations in terms of the preceding resolution, shall be [the date of the meeting in which the Board decides to open the proposed issue of the Specified Securities, subsequent to the receipt of shareholders’ approval in terms of Section 81(1A)] and other applicable provisions, if any, of the Companies Act, 1956 and other applicable laws, regulations and guidelines in relation to the proposed issue of the Specified Securities, through a qualified institutions placement in accordance with the provisions of Chapter VIII of the SEBI Regulations.

RESOLVED FURTHER THAT the issue of the securities as aforesaid shall be, *inter alia*, subject to the following terms and conditions:

- (i) The securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and
- (ii) The Equity Shares to be issued and allotted in the issue and/ or upon exchange of the Warrants shall rank *pari passu* inter se and with the then existing equity shares of the Company, in all respects including dividend.

RESOLVED FURTHER THAT such of the securities to be issued as are not subscribed, may be disposed off by the Board in such manner and / or on such terms, as the Board may deem fit and proper, in its sole and absolute discretion.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization and approval of the preliminary as well as final offer document(s), determining the form and manner of the issue, including the number of securities to be issued and the terms of the securities, and the class of investors to whom the securities are to be issued and allotted, number of securities to be allotted, issue price, face value, execution of various transaction documents, as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

7. Loans/Investments/Corporate Guarantees

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

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for time being in force) and subject to the approval(s)/consent(s) of such appropriate authorities including that of Central Government and the Reserve Bank of India, as may be necessary, consent of the members of the Company be and is hereby accorded to the Board

of Directors of the Company (hereinafter referred to as ‘the Board’, which term shall be deemed to include any Committee thereof) to make one or more tranches loan(s) and/or give any guarantee(s)/ provide any security(ies) in connection with loans made to and/or acquire by way of subscription, purchase or otherwise, securities comprising equity shares, convertible or non convertible preference shares and / or optionally convertible debentures, warrants and/or any other securities of any body corporate up to a limit not exceeding Rs. 2,500 Crore, notwithstanding that the aggregate of loans, guarantees or securities so far given or to be given and/or securities so far acquired or to be acquired in all bodies corporate may exceed limits prescribed under the aforementioned section.

RESOLVED FURTHER THAT the Board of Directors of the Company including any Committee thereof, be and is hereby authorised to negotiate, finalise, decide, alter, vary, revise and modify, from time to time, the terms and conditions of the aforesaid investments, on behalf of the Company, as it may in its absolute discretion deem appropriate, to take all such actions and to settle all matters and questions arising out of or incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be executed, on behalf of the Company, in connection with such investments and generally to do all such acts, deeds and things as may be necessary, proper, expedient and incidental, and that to sub delegate all or any powers conferred herein before to any Committee of Directors or any Executive of the Company, for the purpose of giving effect to the above resolution”.

8. Issue of Warrants to Promoter of the Company on a preferential basis

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

“RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “SEBI (ICDR) Regulations”) read with the enabling provisions of the Memorandum and Articles of Association of the Company, Listing Agreement entered into with the Stock Exchange(s) and subject to such approvals, consents, permissions and sanctions of all appropriate and/or concerned authorities and departments, if any, and subject to such conditions and modifications as may be prescribed by any of them in granting such approvals, the Company be and is hereby authorized to offer, issue, allot and deliver 2,60,00,000 (Two Crore Sixty Lakhs) warrants on a preferential basis to Mr. Sarang Wadhawan, Managing Director and one of the promoters of the Company for cash, which shall, upon conversion, rank *pari passu* with the existing equity shares of the Company (the “Warrants”), in such form and manner and upon such terms and conditions as the Board (hereinafter referred to as “Board” which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise the powers conferred by this Resolution) may in its absolute discretion deem fit, at a price not less than Rs. 275 per warrant (the “Warrant Price”) i.e., the minimum price determined in accordance with Regulation 76(1) of the SEBI (ICDR) Regulations as on the “Relevant Date” determined based on the provisions of Regulation 71 of the SEBI (ICDR) Regulations.

RESOLVED FURTHER THAT the ‘Relevant Date’ for the purpose of determining the issue price of warrants, in pursuance of SEBI (ICDR) Regulations will be July 28, 2010.

RESOLVED FURTHER THAT the aforesaid issue of Warrants shall be in accordance with the following terms and conditions:

1. 25% of the Warrant Price shall be paid prior to the allotment of the Warrants and the balance 75% of the Warrant Price shall be paid at the time of allotment of equity shares of the Company pursuant to conversion of the Warrants;
2. All Warrants shall be convertible into equity shares of the Company within a period of 18 months from the date of their allotment;
3. The Warrant holder shall forfeit to the Company the 25% consideration paid in respect of such Warrants against which the holder has not exercised the conversion option in the 18-month period;
4. A Warrant by itself shall not give to a Warrant holder any rights of a shareholder or a debenture holder of the Company;
5. Subject to Regulation 78 and 79 of the SEBI (ICDR) Regulations and other lock-in requirements applicable to the Warrants and the equity shares issued upon conversion of the Warrants, the Warrants shall be freely transferable by Mr. Sarang Wadhawan and any subsequent holder thereof to other promoters or persons belonging to the promoter group or to a new promoter or persons in control of the Company;
6. The equity shares issued and allotted pursuant to the conversion of Warrants shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank *pari passu* with the existing Equity Shares, in all respects including dividend;
7. In the event, the equity shares of the Company are either sub-divided or consolidated before the conversion of the Warrants into equity shares of the Company, then the face value, the number of equity shares to be acquired on conversion of the Warrants, and the Warrant Price shall automatically stand adjusted in the same proportion, as the present value of the equity shares of the Company bears, to the newly sub-divided / consolidated equity shares without affecting any right or obligation of the Warrant holders; and
8. In the event, the Company's equity capital is affected or changed due to any other corporate actions such as a merger, demerger, consolidation of business, or other reorganization of the Company, tender offer for equity shares or sale of undertaking, necessary adjustments with respect to the terms of the aforesaid Warrants shall be made by the Company and such other action, as may be deemed necessary or appropriate by the Board shall be taken to reflect such corporate actions, including but without limitation, suitable adjustment of the Warrant Price, subject to necessary approvals.

RESOLVED FURTHER THAT subject to applicable statutory provisions, guidelines, notifications, circulars, rules and regulations, the Board be and is hereby authorized to decide, modify, alter and amend the terms of issue of the Warrants and the equity shares resulting from the conversion of such Warrants by its holders, as the Board may deem fit and expedient.

RESOLVED FURTHER THAT to give effect to the aforesaid resolution, the Board be and is hereby authorized to delegate all or any of the powers or authorities herein conferred to any committee of directors or any director or any officer(s) of the Company, or to any advisor, consultant, agent, or intermediary and for the purpose of giving effect to this resolution, the Board acting on its own or through a committee of directors or any other person duly authorized in this regard by the Board/committee of directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and to settle any or all questions/matters arising with respect to the offer, issue and allotment (including deciding the terms and conditions for the same), execute all such deeds, documents, agreements and writings as it may in its absolute discretion deem necessary or desirable for the purpose of giving effect to the aforesaid resolution, take such further steps as are required for the allotment of the

said Warrants to be issued and allotted as aforesaid, to take such other steps that are incidental and ancillary in this regard; and to do, make or accept such alterations, modifications; without being required to seek any further consent or approval of the Members and that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the consent and approval of the Company be and is hereby accorded to the Board or a committee thereof to offer, issue, allot and deliver one equity share of the Company for every one Warrant to the holders of such Warrants upon conversion of the Warrants."

By order of the Board of Directors
For Housing Development and Infrastructure Limited

Place : Mumbai
 Date: July 29, 2010

Darshan D. Majmudar
 Company Secretary

Registered Office:
 9-01, HDIL Towers, Anant Kanekar Marg,
 Bandra (East), Mumbai – 400 051

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. The instrument appointing the proxy must be deposited at the registered office of the Company not less than Forty-eight hours before the commencement of the meeting.
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the meeting is annexed herewith.
4. The Company has already notified closure of Register of Members and Transfer Books from August 20, 2010 to August 27, 2010 (both days inclusive) for the Annual General Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Queries on accounts of the Company, if any, may be sent to the Company Secretary ten days in advance of the meeting so as to enable the Management to keep the information ready at the meeting.
7. Members who are holding Company's shares in dematerialised mode are requested to bring details of their Depository Account Number for identification.
8. Members are requested to notify immediately about any change in their address/ mandate/ bank details to their Depository Participant (DP) in respect of their shareholding in Demat mode and in respect of their physical shareholding to the Company's Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081.
9. Under Section 109A of the Companies Act, 1956, members are entitled to make nomination in respect of shares held by them in physical mode. Members desirous of making nominations are requested to send their request in Form 2B in duplicate to the Company's R & T Agent at above address.
10. As a measure of economy, Members are requested to bring copy of Annual Report to the Meeting. Members / Proxies should bring the attendance slip duly filled in and signed for attending the meeting.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

In order to augment the long-term resources of the Company, the Board of Directors of the Company has been exploring various fund raising options.

Accordingly, the Company proposes the issue of equity shares of the Company ("**Equity Shares**"), including Equity Shares through Global Depository Receipts/American Depository Receipts, debentures or bonds whether partially/optionally/fully convertible and/or securities linked to or convertible into or exchangeable for Equity Shares or Fully Convertible Debentures/ Partly Convertible Debentures/ Optionally Convertible Debentures or any other securities (other than warrants), which are convertible into or exchangeable with Equity Shares, at a later date and/or non-convertible debentures with or without attached warrants or any other security permissible by Indian law, from time to time including foreign currency convertible bonds and/or any other financial instrument linked to or convertible into Equity Shares or with or without detachable warrants, with a right exercisable by the warrant holder to exchange the said warrants with Equity Shares at a later date at such time or times and in one or more tranches.

The issue of NCDs, of tenure up to 10 years, would be within the limit of Rs. 10,000 Crore for borrowings by the Company, as approved by the Members through resolution dated July 1, 2008.

Pursuant to Section 81(1A) of the Companies Act, 1956, further equity shares may be issued to persons other than the existing Members of the Company as specified in Section 81(1) of the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof, provided the Members of the Company approve the issue of such equity shares by means of a special resolution.

Consent of the Members in general meeting would therefore be necessary pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and the listing agreements with the stock exchanges. The resolution as set out in Item No. 6 and the terms stated therein and in the explanatory statement hereinabove shall be subject to the guidelines / regulations issued / to be issued by the Government of India or the Securities and Exchange Board of India or the Reserve Bank of India or any other regulatory / statutory authorities in that behalf and the Board shall have the absolute authority to modify the terms contained herein or in the said resolution, if required by the aforesaid regulatory / statutory authorities or in case they do not conform with the SEBI Regulations including any amendment, modification, variation or re-enactment thereof.

The approval of the Members is being sought to enable the Board to decide on the issue of the securities to the extent and in the manner as set out in the said resolution, with the authority to the Board to decide on the timing of the issue, the tranches in which the securities are to be issued and the manner in which the issue will be made, as it may deem appropriate in its sole and absolute discretion.

The Board accordingly recommends the passing of the resolution as set out at Item No. 6.

None of the directors of the Company is in any way, concerned or interested in the said resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution except to the extent of Securities that may be subscribed to by them or any companies/institutions of which they are directors or members.

ITEM NO. 7

The Company is proposing to make investments in the areas of business of the Company. As a measure of achieving greater financial flexibility and to enable optimal financial structuring to facilitate implementation of various projects, it is proposed that the Board of Directors be authorized to invest upto Rs. 2,500 Crore in any body

corporate by way of subscription and /or purchase of equity/equity related securities and/or debentures, grant of loan, guarantee and/or providing of security from time to time.

As per Section 372A of the Companies Act, 1956, a Company cannot make investment, give loan or guarantee or provide any security in excess of the limits set out therein unless it is previously authorised by a special resolution. Hence, it is necessary to obtain approval for the same from the Members by passing a resolution. The funds required for the investment will be sourced through internal accruals, equity proceeds and/or borrowings.

The Board of Directors recommends the resolution set out at Item No. 7 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution except to the extent of Securities that may be subscribed to by them or any companies/institutions of which they are directors or members.

ITEM NO. 8

The resolution contained in the business of the Notice relates to a preferential issue of warrants convertible into equity shares of Rs.10 each of the Company (the "**Warrants**") to one of the promoters of the Company (the "**Issue**") in terms of Section 81(1A) of the Companies Act, 1956 and Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI (ICDR) Regulations**"), subject to the approval of the shareholders, comprising of an issue of up to 2,60,00,000 Warrants, entitling the holder of Warrant to apply for and obtain allotment of one equity share of the Company against one Warrant, as per the following details:

Sr. No.	Name of Promoter	Number of Warrants
1.	Mr. Sarang Wadhawan	2,60,00,000
Total		2,60,00,000

The Warrants shall be issued at a minimum price of Rs. 275 (the "**Warrant Price**") in accordance with Regulation 76(1) of Chapter VII of the SEBI (ICDR) Regulations. The relevant date for the purpose of determination of the Warrant Price is July 28, 2010 i.e., the date that is 30 days prior to the date of the Annual General Meeting in terms of Regulation 71 of the SEBI (ICDR) Regulations.

Disclosures in terms of Clause 73 of the SEBI (ICDR) Regulations are given as under:

i. The Objects of the Preferential Issue:

The objects of the Preferential Issue are as follows:

- To fund the execution and completion of new and existing projects;
- To meet long-term working capital requirements of the Company; and
- General corporate purposes.

ii. The intention of the promoters/directors/key management persons to subscribe to the offer:

Mr. Sarang Wadhawan, one of the promoters of the Company intends to subscribe to the Warrants as mentioned above. None of the key managerial personnel and / or the directors of the Company (except Mr. Sarang Wadhawan, who is the Managing Director) intends to subscribe to the Warrants proposed to be issued by the Company.

iii. Shareholding pattern of the Company before and after the proposed issue of Warrants pursuant to the resolution:

The shareholding pattern of the Company as on July 28, 2010 and the post-issue shareholding of the Company, on an assumption of full conversion of the Warrants, is as follows:

Category of Shareholder	Pre-Issue shareholding as on July 28, 2010		Post-Issue shareholding, on an assumption of full conversion of the Warrants*	
	Total No. of Shares	Percentage of Shareholding	Total No. of Shares	Percentage of Shareholding
(A) Shareholding of Promoter and Promoter Group				
(1) Indian				
Individuals / Hindu Undivided Family	92307398	25.16	123307398	31.00
Group Companies	53346984	14.54	53346984	13.41
Directors/Promoters & their Relatives & Friends	9371426	2.56	9371426	2.35
Sub Total	155025808	42.26	186025808	46.76
(2) Foreign	0	0	0	0
Total shareholding of Promoter and Promoter Group (A)	155025808	42.26	186025808	46.76
(B) Public Shareholding				
(1) Institutions				
Mutual Funds / UTI	2055060	0.56	2055060	0.52
Financial Institutions / Banks	529632	0.14	529632	0.13
Insurance Companies	147857	0.04	147857	0.04
Foreign Institutional Investors	109127804	29.75	109127804	27.43
Sub Total	111860353	30.49	111860353	28.12
(2) Non-Institutions				
Bodies Corporate	61598617	16.79	61598617	15.48
Individuals	34312169	9.35	34312169	8.62
Non-Resident Indians	798690	0.22	798690	0.20
Trusts	2832	0.00	2832	0.00
Clearing Members	1267936	0.35	1267936	0.32
Overseas Corporate Bodies	13	0.00	13	0.00
Directors & their Relatives & Friends	1976258	0.54	1976258	0.50
Sub Total	99956515	27.25	99956515	25.12
Total Public shareholding (B)	211816868	57.74	211816868	53.24
Total (A)+(B)	366842676	100	397842676	100
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	
Total (A)+(B)+(C)	366842676	100	397842676	100

• The post-Issue shareholding has been calculated on the shareholding of the Company as on July 28, 2010. The post Issue Shareholding details mentioned hereinabove is calculated only on the basis of allotment and conversion of Warrants.

iv. Proposed time within which allotment will be completed:

As required under the SEBI (ICDR) Regulations, the allotment of the Warrants is proposed to be made within 15 (fifteen) days from the date of passing of this resolution.

v. Identity of the proposed allottee and the percentage of post preferential issued capital that may be held by the said allottee:

The post issue shareholding of Mr. Sarang Wadhawan who proposes to subscribe to the Warrants, on conversion of Warrants into equity shares of the Company is as follows:

Sr. No.	Identity of proposed allottee	No. of Warrants to be allotted	No. of equity shares to be issued pursuant to conversion of Warrants*	Percentage of post issue equity capital (in %)**
Promoters				
1.	Mr. Sarang Wadhawan	26,000,000	26,000,000	6.54

* On an assumption of full conversion of the Warrants into equity shares of the Company

** The post-issue shareholding has been calculated on the shareholding of each of the allottees in the Company as on July 28, 2010. The post Issue Shareholding details mentioned hereinabove is calculated only on the basis of allotment and conversion of Warrants.

Subject to Regulation 78 and 79 of the SEBI (ICDR) Regulations and other lock-in requirements applicable to the Warrants and the equity shares issued upon conversion of the Warrants, the Warrants shall

be freely transferable by Mr. Sarang Wadhawan and any subsequent holder thereof to other promoters or persons belonging to the promoter group or to a new promoter or persons in control of the Company.

The equity shares arising out of conversion of Warrants issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing equity shares of the Company, including for the purposes of dividend.

The Board has approved the issue and allotment of Warrants on a preferential basis to one of the promoters of the Company.

M/s. Thar & Co., Chartered Accountants, the statutory auditor of the Company has certified that the above preferential issue is in accordance with the SEBI (ICDR Regulations), as amended from time to time. The certificate from the statutory auditor and the Memorandum and Articles of Association of the Company are open for inspection at the Registered Office of the Company during working hours between 10 a.m. and 1 p.m., except on holidays, up to the date of the Annual General Meeting. Copies of the abovementioned Auditor's Certificate shall also be laid before the Annual General Meeting. Section 81(1A) of the Companies Act, 1956 provides that allotment of equity shares of a public company on a preferential basis would require approval of its shareholders by way of a special resolution. The Board, therefore, recommends the abovementioned resolution to be passed as a Special Resolution.

None of the directors (other than the promoter-directors) of the Company is in any way concerned or interested in the said resolution.

By order of the Board of Directors
For Housing Development and Infrastructure Limited

Place: Mumbai
 Date: July 29, 2010

Darshan D. Majmudar
 Company Secretary

Registered Office:
 9-01, HDIL Towers, Anant Kanekar Marg,
 Bandra (East), Mumbai – 400 051

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED
UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri Satya Pal Talwar, Shri Raj Kumar Aggarwal and Shri Ramesh Chander Kapoor retires by rotation at the forthcoming Annual General Meeting. Shri Satya Pal Talwar, Shri Raj Kumar Aggarwal and Shri Ramesh Chander Kapoor being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting. The brief resume, experience, functional expertise and the details of the membership on various Board and Committees of the directors retiring by rotation are as under:

Name of Directors	Shri Satya Pal Talwar	Shri Raj Kumar Aggarwal	Shri Ramesh Chander Kapoor
Date of Birth	14-06-1939	10-11-1956	30-12-1935
Nationality	Indian	Indian	Indian
Date of Appointment	14-06-2006	21-05-2008	21-05-2008
Qualification	B.A., LLB, CAIIB	B.Com (Hons), FCA, FCS	B.Sc., CAIIB.
Area of Expertise	Banking, finance and planning	Bank Audits, Management Consultant, Taxation and Corporate Audits	Banking and finance including regulatory aspects
Shareholding in Co.	NIL	500 Equity Shares	NIL
List of Directorship details (excluding Pvt. Ltd. Co.)	Housing Development and Infrastructure Limited Reliance Life Insurance Co. Limited Reliance General Insurance Co. Limited Crompton Greaves Limited Videocon Industries Limited Reliance Communications Limited Reliance Communications Infrastructure Limited Reliance Infratel Limited A B Hotels Limited Uttam Galva Steels Limited GTL Infrastructure Limited Kalpatru power Transmission Limited	Housing Development and Infrastructure Limited BOB Capital Market Limited	Housing Development and Infrastructure Limited Ambience Limited
Chairman / members of committee of Board of Directors of Companies	Housing Development and Infrastructure Limited Chairman – Audit Committee Reliance Life Insurance Co. Limited Member – Audit Committee Reliance General Insurance Co. Limited Member – Audit Committee Crompton Greaves Limited Chairman - Audit Committee Videocon Industries Limited Chairman – Audit Committee Reliance Communications Limited Chairman – Audit Committee Member - Investor Grievance Reliance Communications Infrastructure Limited Member – Audit Committee Reliance Infratel Limited Chairman – Audit Committee	Housing Development and Infrastructure Limited Member –Audit Committee BOB Capital Market Limited Chairman – Audit Committee	
Relationship with Directors inter-se	Nil	Nil	Nil

By order of the Board of Directors
For **Housing Development and Infrastructure Limited**

Darshan D. Majmudar
Company Secretary

Place: Mumbai
Date: July 29, 2010

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 14th Annual Report on the business and operations of the Company along with the audited accounts for the financial year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

Your Company is primarily engaged into Real Estate and Infrastructure Development and has varied interest into entertainment and hospitality sectors through its subsidiary Companies.

The salient features of the Company's standalone financial results for the year under review are as follows:

(Rs. in Crores)

Particulars	2009-10	2008-09
Gross sales and other receipts	1,599.58	1,814.57
Profit before interest, depreciation, amortisation and taxation	1,255.94	1,397.40
Interest	515.55	578.19
Depreciation and Amortisation	5.10	3.89
Operational profit before tax	735.29	815.32
Less: Provision for Tax and other adjustments	138.63	(15.10)
Profit after taxation and other adjustments	596.66	830.42
Profit and Loss Account Balance brought forward	605.42	573.67
Profit available for appropriation	1,202.08	1,404.09
Less: Transferred to General Reserve	–	573.67
Less: Debentures Redemption Reserve	619.16	225.00
Profit carried to Balance sheet	582.92	605.42
Net Worth	7,117.74	4,467.65

PERFORMANCE REVIEW

During the financial year 2009-10, Real Estate sector across India and particularly Mumbai Metropolitan Region witnessed strong growth across all segments. Affordable housing emerged as leader among the Residential segment and revived the real estate sector across India. Growing urbanisation, has led to shortfall of housing among major cities in India including Mumbai. Tapping to the needs of growing demand, HDIL launched Six Residential projects across Mumbai Metropolitan region with focus on affordability and sold approx 4.5 million sq. ft. of saleable area. Our project 'Virar Residency' created landmark with more than 500 apartments being sold within few days of launch. Project execution has been our strong forte with more than 25 million sq. ft. under construction and employing approx. 10,000 workforce among all our sites. During the year, Company maintained its leadership in sale of Transferable Development Rights (TDR) in Mumbai Metropolitan Region.

Your Company follows project completion method of accounting and accordingly financial comparison with peers in the Industry may not be accurate. The Company's total income on standalone basis is Rs. 1,599.58 Crores as against Rs. 1,814.57 Crores. Similarly, the gross operating profit on standalone basis reduced

from Rs. 815.32 Crores to Rs. 735.29 Crores and the net profit after tax for the year is Rs. 596.66 Crores as against Rs. 830.42 Crores for the previous year. However, the operating profit margin has improved from 44.93% to 45.97% in the current year.

REVIEW OF OPERATIONS

Residential Segment

Mumbai Metropolitan Region is facing more than 10 million housing units shortage in residential segment, Realising the huge demand potential the Company has launched the series of residential projects.

Project	Approximately Saleable Area (in sq. ft.)
Premier (Kurla, West)	10,00,000
Galaxy (Kurla, East)	4,75,000
Metropolis (Andheri, West)	6,50,000
Majestic (Bhandup)	13,00,000
Residency Park (Virar)	12,50,000
Harmony (Goregaon, West)	65,850
Total	47,40,850

Similarly, commercial segment has been also in demand keeping in tune with the expanding Indian economy.

Commercial

Project	Approximately Saleable Area (in sq. ft.)
Metropolis (Andheri, West)	10,20,000
Premier (Kurla, West)	20,00,000
HDIL Industrial Park (Virar)	15,00,000
Harmony (Goregaon, West)	43,858
Total	45,63,858

FUTURE OUTLOOK

Real Estate sector is poised for growth across all segments led by increase in urbanisation across many cities in India. Macro factors like increase in per capita income, favourable direct tax policies, subsidy on home loans have maintained the demand of affordable housing. Finance Minister in its budget statement have laid emphasis on India being Slum free and have provided investment linked deduction for the slum rehabilitation projects. Your Company is one of the largest urban rehabilitation companies in India and will benefit from the Government policies of making India Slum free. Your Company's recent policies of creating affordable housing have been very successful and our Company plans to launch 5-6 million sq. ft. of residential housing projects in the current financial year. During the year, your Company plans to launch one of the largest residential projects of approx. 4 million sq. ft. in the suburbs of Mumbai.

As part of slum prevention initiative by Government of Maharashtra, your Company along with MMRDA has launched one of the largest Rental Housing projects of approximately 525 acres in Virar. This project is one of the largest Public Private Partnership initiatives in India and will cater to the housing needs of more than 40,000 families in the Mumbai Metropolitan Region.

MIAL rehabilitation project phase I is close to completion and more than 20,000 families will be shifted in next 6 months to new houses at Kurla (East) and (West), and Nahur. The Project has been categorised as a vital public project and will release lands for upgradation, expansion and development of Mumbai International Airport.

Phase II of MIAL project will commence in the next 6 months and will focus on more than 25,000 units to be constructed in the next 15 to 18 months.

Your Company is also exploring various opportunities to undertake slum rehabilitation projects in South Mumbai and redevelopment of old MHADA colonies in suburban Mumbai and has several projects in pipeline through its subsidiary Company.

Huge Land bank on the outskirts of cities have been one of our strength and recently our strategy of developing industrial parks met with great success. We are exploring the opportunity of developing more industrial parks and undertaking plotted developments.

Our sunrise venture in entertainment and leisure are poised for rapid growth and will undertake more projects in the next 2-3 years. HDIL entertainment plans to expand its wings to other cities in India and will also explore opportunities in film production and distribution.

DIVIDEND

The strength of your Company lies in identification, execution and successful implementation of the projects in the infrastructure space. To strengthen the long-term prospects and ensuring sustainable growth in assets and revenue, it is important for your Company to evaluate various opportunities in the different business verticals in which your Company operates. Your Company currently has several projects under implementation and continues to explore newer opportunities. Your Board of Directors, considers this be in the strategic interest of the Company and believe that this will greatly enhance the long-term shareholders' value. In order to fund these projects in its development, expansion and implementation stages, conservation of funds is of vital importance. Therefore, your Directors have not recommended any dividend for the financial year 2009-10.

SUBSIDIARIES

During the year under review:

- a) HDIL Oil & Gas Private Limited ceased to be a subsidiary of the Company;
- b) Realking Hotels Private Limited (formerly SGS Hotels & Resorts Limited) ceased to be an associate Company; and
- c) Guruashish Construction Private Limited and BKC Developers Private Limited became subsidiaries of the Company.

The following companies namely Privilege Power & Infrastructure Private Limited, Blue Star Realtors Private Limited, HDIL Entertainment Private Limited, Ravijyot Finance and Leasing Private Limited, HDIL Leisure Private Limited, Excel Arcade Private Limited, Mazda Estate Private Limited, Guruashish Construction Private Limited and BKC Developers Private Limited are the subsidiary companies of the Company.

During the year, Blue Star Realtors Private Limited, a wholly owned subsidiary of your Company has received the permission

from the Ministry of Commerce and Industry, Department of Commerce (SEZ Section) dated 10th March, 2010 for setting up of a sector specific Special Economic Zone for Information Technology (IT) at Kalamassery, Kochi, Kerala admeasuring an area of 28.32 hectares.

All the subsidiary companies are non-material, non-listed subsidiary companies as defined under Clause 49 of the Listing Agreements entered into with the stock exchanges.

A statement pursuant to Section 212(8) of the Companies Act, 1956 relating to the subsidiary companies is attached to the accounts.

The Company has been exempted by the Central Government (Ministry of Corporate Affairs) vide their letter No. 47/433/2010 – CL-III dated 17th May, 2010 under Section 212(8) of the Companies Act, 1956 from attaching the Audited Statement of Accounts and the Auditors' Report for the year ended 31st March, 2010 along with the Reports of the Board of Directors of the subsidiary companies. Shareholders who wish to have a copy of the annual accounts and detailed information on any subsidiary may write to the Company for the same. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the respective registered offices of the Company and its subsidiary companies.

The statement pursuant to above stated approval of the Government of India, about financial information of each subsidiary company, containing details of (a) capital, (b) reserves, (c) total assets, (d) total liabilities, (e) details of investment (except in case of investment in subsidiaries), (f) profit before taxation, (h) provision for taxation, (i) profit after taxation and (j) proposed dividend is annexed to this report. However, the summarised financials of all the subsidiaries for the year ended 31st March, 2010 have been furnished separately and annexed to the Report. The consolidated financial statements of the Company and its subsidiaries, has been prepared in accordance with the Accounting Standards AS- 21, 23 and 27, prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards.

DEBENTURES

During the year under review, the Company has issued secured Non-Convertible Redeemable Debentures of Rs. 10 lacs each aggregating to Rs. 1,375.00 Crores to various financial institutions/banks on private placement basis. These Debentures will be listed at Bombay Stock Exchange Limited. Debentures amounting to Rs. 550.00 Crores are listed at Bombay Stock Exchange Limited (BSE). During the year, Non-Convertible Redeemable Debentures aggregating to Rs.1,035.00 Crores have been redeemed. The Company's debt has been rated by CARE with "A+" rating.

An amount of Rs. 619.16 Crores has been transferred to Debenture Redemption Reserve.

CHANGES IN SHARE CAPITAL

1. As on 31st March, 2010, Company has allotted 1,30,00,000 equity shares of Rs. 10/- each at a premium of Rs. 230/- per equity share out of total 2,60,00,000 warrants issued to Mr. Rakesh Kumar Wadhawan, Promoter of the Company on preferential basis. Subsequent to the issue of Equity Shares to Mr. Rakesh Kumar Wadhawan the paid up Share Capital of

the Company has been increased from Rs. 3,45,84,26,760/- to Rs. 3,58,84,26,760/-.

- As on 28th May, 2010, Company has allotted 80,00,000 equity shares of Rs. 10/- each at a premium of Rs. 230/- per equity share out of total 2,60,00,000 warrants issued to Mr. Rakesh Kumar Wadhawan, Promoter of the Company on preferential basis. The Paid up Share Capital stands as on 28th May, 2010 is Rs. 3,66,84,26,760/-. As of date, 50,00,000 convertible warrants are held by the promoter and will be converted upon receipt of full subscription.

The Equity Shares of your Company stand listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

TRANSFER TO RESERVES

Your Directors have proposed to transfer Rs. 619.16 crores to Debenture Redemption Reserve, the balance of Profit and Loss Account on standalone basis would stand at Rs. 582.92 crores at the end of financial year, and the total reserves of the Company stood at Rs. 6,680.90 Crores.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, the cash flow statement for the year ended 31st March, 2010 is annexed hereto.

DIRECTORS

Except for the Executive Chairman and the Managing Director, the other Directors of the Company are liable to retire by rotation, One-third of the said Directors are liable to retire every year and if eligible, offer themselves for re-appointment. Accordingly, Mr. Satya Pal Talwar, Mr. Raj Kumar Aggarwal and Mr. Ramesh Chander Kapoor retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Brief resume of Directors proposed to be re-appointed, nature of their experience in their specific functional areas, name of the companies in which they hold directorship and membership / chairmanship of the Board Committees, shareholding and relationship between Directors inter-se as stipulated under Clause 49 of the Listing agreement with the stock exchanges forms part of the Notice.

RE-CONSTITUTION OF FINANCE COMMITTEE

During the year under review, Mr. Satya Pal Talwar have been appointed as a member in the finance committee of the Company w.e.f. 28th May, 2010.

The Finance Committee consists of the following members:

- Mr. Rakesh Kumar Wadhawan;
- Mr. Sarang Wadhawan;
- Mr. Waryam Singh; and
- Mr. Satya Pal Talwar

DEPROMOTERISATION

During the year under review, Mr. Kapil Wadhawan and Mr. Dheeraj Wadhawan, Promoters of the Company, have indicated their intention and requested to the Company to derecognise them as Promoters of the Company. The Company,

in meeting of its Board of Directors dated 31st March, 2010, has accepted such request of Mr. Kapil Wadhawan and Mr. Dheeraj Wadhawan, to derecognise them as Promoters of the Company, subject to approval of the regulatory authorities. As of 31st March, 2010, each of Mr. Kapil Wadhawan and Mr. Dheeraj Wadhawan, hold 6,815,792 Shares of the Company or 1.90% of the issued, subscribed and paid up share capital of the Company. The Company is in the process of discussing the same with various regulators and taking such action as maybe necessary. Subject to regulatory comfort, if such depromoterisation is accepted, then person acting in concert and entities controlled by them would cease to be part of the promoter group of the Company and consequently, the Promoter and promoter group holding in the Company would stand reduced to 40.97% from 50.15% as on 31st March, 2010.

REGISTERED OFFICE

During the year, name of your Company's premises name has been changed from "Dheeraj Arma" to "HDIL Towers". Pursuant to this change, the address of the registered office of the Company have been changed to "9-01, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai - 400 051".

FIXED DEPOSITS

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956, during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed:

- That in the preparation of the annual accounts for the year ended 31st March, 2010, the applicable accounting standards have been followed and no material departures have been made from the same.
- That the Directors have selected such accounting polices and applied them consistently and made judgements 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 and of the profit of the Company for the year.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the annual accounts for the year ended 31st March, 2010 on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis, forming part of this report, as required under Clause 49(IV) (F) of the Listing Agreement with the stock exchanges is attached separately to this Annual Report.

CORPORATE GOVERNANCE

Your Company firmly believes in and always practices good corporate governance. Your Company's objective is to create value in the market that can be sustained over the long-term

for customers, shareholders, employees, business partners and society as a whole. It is believed by the Company that success of a corporate reflects the professionalism, conduct and ethical values of its managements and employees. The Company believes it can achieve this by being transparent in its business dealings by disclosures of all relevant information in an easily understandable manner.

The report of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of Annual Report. The Managing Director's declaration regarding compliance of Code of Business Conduct and Ethics for Board members and senior management personnel forms part of Report on Corporate Governance.

The requisite certificate from the Auditors of the Company, M/s. Thar & Co., Chartered Accountants, Mumbai confirming the compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 of the Listing Agreement, is annexed to this report.

SECRETARIAL AUDIT

As per SEBI requirement, Secretarial audit is being carried out at specific periodicity by a practicing Company Secretary. The findings of the audit have been satisfactory.

LISTING FEES

The securities shares of the Company are listed at the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has paid the applicable listing fees to the above stock exchanges up to date. The Company's securities are also traded in the dematerialised segment for all investors compulsorily and the Company has entered into agreements with the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for custodial services.

AUDITORS AND AUDITORS' REPORT

M/s. Thar & Co., Chartered Accountants, the Statutory Auditors of the Company, holds office up to the conclusion of the forthcoming annual general meeting and has given their consent for re-appointment and has confirmed that their appointment, if made, would be in conformity with the limits prescribed in Section 224 (1B) of the Companies Act, 1956. It is proposed to re-appoint them as auditors for the financial year 2010-11 and fix their remuneration.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The management continuously reviews the internal control systems and procedures for the efficient conduct of the Company's business. The Company adheres to the prescribed guidelines with respect to the transactions, financial reporting and ensures that all its assets are safeguarded and protected against losses. The Internal Auditor of the Company conducts the audit on regular basis and the Audit Committee actively reviews internal audit reports and effectiveness of internal control systems.

Internal Control Systems are implemented to safeguard the Company's assets from loss or damage, to keep constant check

on the cost structure, to prevent revenue leakages, to provide adequate financial and accounting controls and implement accounting standards.

INVESTORS' RELATION AND GRIEVANCES

Investors' relations have been cordial during the year. As a part of compliance, the Company has formed Shareholders' and Investors' Grievance Committee to deal with the issues relating to investors. There were no investors' grievances pending as on 31st March, 2010. A confirmation to this effect has been received from the Company's Registrar and Share Transfer Agent.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGICAL ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Section 217(1) (e) read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the Annexure 'A' forming part of this report.

INFORMATION REGARDING EMPLOYEES RELATIONS / PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956, (the Act) read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time forms part of this report. However, in terms of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and accounts are being sent to all the shareholders excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Act. Any shareholder interested in obtaining copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Relations between employees and the management continued to be cordial during the year. Your Company has strength of over 872 permanent employees, making up its most valuable asset.

ACKNOWLEDGEMENT

Your Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all level and wish to convey their appreciation to the Banks, Financial Institutions, Government Authorities, customers and other business associates for the excellent assistance and co-operation received and wish to place on record their gratitude to the members for their trust and support and confidence. Your Directors also place on record, their appreciation for the contribution, commitment and dedication of the employees of the Company and its subsidiaries at all levels.

On behalf of the Board of Directors

Date: May 28, 2010
 Place: Mumbai

Rakesh Kumar Wadhawan
 Executive Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Annexure 'A'

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forming part of Directors' Report for the year ending March 31, 2010.

1. Conservation of energy:

Your Company consumes minimum energy and strives to reduce energy consumption in the buildings developed by the Company. Your Company is conscious about its responsibility to conserve energy, power and other energy sources wherever possible. We emphasis towards a safe and clean environment and continue to adhere to all regulatory requirements and guidelines. The construction team under the able guidance of expert engineers of the Company continuously strives and devises various means to conserve energy and identify methods for the optimum use of energy.

2. Research and development:

The Company has undertaken Research and Development activity in Development of Technology in the area of construction. In today's competitive market where it is an obvious need to construct with optimum cost, reduced schedule while maintaining highest standard of quality, our Company is activity involved in R & D activities some of them are:-

- Substitution of diaphragm wall with sheet piling as shoring options.
- Study, Analysis and use of composite structure in place of conventional structure.
- Analysis and use of various shuttering pattern for economy and time reduction.
- Optimisation of resources and their recycling for further use.
- Use of Environment friendly material and developing concept of Green Building.
- Analysis and study of trade off among various services for optimisation.

Emphasis is given on time, cost and quality and setting an efficient trade – off among these three variable of Project management in our R & D efforts.

3. Technological absorption:

Your Company has not imported any technology. However, we believe and use information technology extensively in all spheres of our activities to improve efficiency levels.

4. Foreign exchange earnings and outgo

(Rs. in Crores)

Year	2009-10	2008-09
Foreign exchange earnings	Nil	Nil
Foreign exchange outgo	1.04	1.79

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMY AND INDUSTRY OVERVIEW

Despite the global meltdown effect of last two years, India is expected to be the second fastest growing economy in the Asia Pacific Region. The productivity growth rate of Indian economy is estimated to be around 8% and it is expected to sustain until 2020. Infrastructure integrated with real estate development has been the backbone of such sustained growth and continues to be the focal point for our economy.

Economic Overview (2009-10)

- The overall GDP forecast for 2010-11 is estimated at 8.1%.
- Soaring CPI due to increase in food prices, has undermined consumer spending. RBI has resorted to monetary tightening in an effort to curb inflationary pressure on the economy.
- Due to improvement in the investment scenario and FDI touching USD 2 billion in January 2010, it can be assured that India has escaped the global crisis and confidence has been gained in the economic prospects.
- Government has also started withdrawing the cautionary measures taken during the global crisis. In the recently announced Union Budget 2010-11, government proposed reversal of many measures as it targets to bring fiscal deficit to 5.5% in 2010-11 from 6.7% in 2009-10.

Industry Overview

Real Estate sector witnessed a complete turnaround with signs of economic stabilisation and moderate growth in global economic performance in second and third quarter of 2009. Property markets in India began to exhibit signs of revival during this time. With the return of liquidity in the real estate sector and firm prices in the recent months, cash flows of realty players improved—resulting in renewed construction of stalled projects and a few new launches as well.

The investment environment, however, remains challenging. Private equity transactions in 2009-10 fell by over 60-70% compared to peak volumes reported in 2008-09. Activity in 2009-10 remain focused primarily towards residential, with disappointing flows into commercial properties.

Residential

The residential market that had seen a drop in demand in 2008-09, saw a revival due to economic recovery, liquidity and lower interest rates. At the same time developers started focusing on affordable and mid-segment housing where the demand still remains strong. The housing segment lead to a gradual recovery of realty sector due to the end-user interest and strong economic fundamentals.

Quiet a few launches received a healthy response from the home buyers across major cities. This recovery was partly due to the fact that developers revised prices by 20-30%.

This has encouraged the institutional investors, especially private equity (PE) funds to look at new investment opportunities in the residential segment.

With the renewed momentum in the real estate sector as a whole, the year 2010-11 is expected to be a good one for the residential segment as well:

- Capital values across the cities are expected to grow in the short-term. This could however lead to a downward pressure on prices.
- Rental values are expected to remain stagnant, especially in the luxury segment. Developers are likely to remain cautious and launch new projects at attractive price.
- Most developers are expected to concentrate on affordable housing segment

Commercial

The Indian Office market did not remain unhurt by the global crisis and subsequently real estate activities in the segment witnessed a slowdown as compared to previous years. The major impact was observed in first half of the year when several projects were pulled out owing to the liquidity crisis and weak demand from the corporate sector.

By end-2009-10, commercial office spaces across major cities were recorded at 51 million sq. ft. 15% lower than 2008-09. Approximately 26 million sq. ft. absorption of commercial office space was driven by IT/ITeS and BSFI sectors.

Due to caution on expansion plans, pre-commitments for future supply were recorded less than 5 million sq. ft.

With a gradual revival in the economy, demand for office space is likely to increase by Q2-2010 with construction activity gaining pace.

- Approximately 46-50 million sq. ft. of office space may come up across major cities in 2010.
- Total SEZ space across major cities in 2010 is estimated to be about 12 million sq. ft.
- Rentals are likely to remain stable in the mid-term of 2010.
- Financial improvement may stimulate new project launches.

Retail

A slow-down in the economy from both consumers and retailers lead to supply lag in the retail real estate sector. Low leasing activities and high vacancy rates all added to the sector witnessing reduced investment interests too.

By the end of 2009-10, fresh supply of mall space across major cities in India stood at 6 million sq. ft. This was almost a 40% decline from the previous years supply. However it is expected that retail market would be back on track following which demand for quality retail space would improve.

- Approximately 20 million sq. ft. of fresh mall space is anticipated across major cities in 2010-11.
- Retailer demand likely to remain cautious in the first half of 2010-11.
- The main demand drivers are likely to be hypermarkets, multiplexes and quick service restaurants (QSR's).

The Union Budget for 2010-11 promises several initiatives to reduce fiscal deficit and look towards an accelerated development of high quality physical infrastructure to sustain economic growth. Special Economic Zones (SEZ's) have too attracted significant flows of domestic and foreign investments with government committed to their growth for the year ahead.

Low cost housing is likely to witness a demand boost with the extension of interest subvention for another year.

A significant pipeline of IPO's is expected to come up by several real estate developers in 2010-11. With the current pipeline being dominated by regional players, capital raising may impact the sector well resulting in further transparency in tier II and tier III cities.

A complete market recovery, marked by revival in rents, increased absorption and reduced vacancy is likely to occur by Q2-2010-11.

BUSINESS OVERVIEW

Housing Development and Infrastructure Limited (HDIL) is one of the premier real estate development companies in India and is actively pursuing on the development of real estate and slum rehabilitation projects in Mumbai Metropolitan region.

RESIDENTIAL PROJECTS

1. Project Premier

Located at Kurla (West), Project Premier was launched in March-2009. Comprising of 11 wings, there are ~ 1050 units being offered for sale. Project received tremendous response with more than 70% booking within a week of launch. Saleable Area is approx. 1 million sq. ft.

2. Project Galaxy

Project Galaxy located at Kurla (East) was launched in April, 2009 at a price of Rs. 4,251 sq. ft. It offers 450 units comprising of 1 and 2 BHK apartments. Saleable Area is approx. 0.4 million sq. ft. project is on course of scheduled completion.

3. Project Metropolis

This project was launched in March-2009 at a price of Rs. 7,651/ sq. ft. Located in one of the prime areas of Mumbai Suburbs- Andheri (West), Project Metropolis offers 414 units spread over 3 wings comprising of 2, 3 and 4 BHK apartments. Saleable Area is approx. 0.6 million sq. ft. The project is completely sold off.



4. Project Majestic

Located at Bhandup (West), this project was launched in October-2009. Offering 1,000 units, it was launched at a price of Rs. 5,751/ sq. ft. It offers 1,000 units for sale with ~ 40% of sales being done as on March 31, 2010. It offers 2 and 3 BHK apartments with an average size of 1,110 sq. ft. Saleable Area of the project is approx. 13,00,000 sq. ft.

5. Project Residency Park

This project was launched in January- 2010 at a price of Rs. 2,521/ sq. ft. Offering around 728 units of 1 and 2 BHK apartments, over 75% of the project has been sold. It is located in Virar (West) with easy accessibility to rail and road facilities.

6. Project Harmony

Located in Goregaon (West), this project was launched recently in the month of May. Launched at a rate of Rs. 8,451/ sq. ft., over 95% of the project has already been sold. The average size of units offered is 1160-1180 sq. ft. Saleable Area of this project is approximately 0.65 million sq. ft.

COMMERCIAL PROJECTS

1. Project Industrial Park

This was launched in September-2009 at the rate of Rs. 2,100/ sq. ft. offers around 1,068 units of which 90-95% has already been sold. This project is located in Virar (West). Saleable Area of this project is approximately 1.5 million sq. ft.

2. Project Metropolis

Being a Lease Model, the average rent charged for this project is around Rs. 140 sq. ft. Located at one

of the prime suburbs of Andheri (West), this project was launched in July, 2009. Approx. 20% of the project has already been commenced for pre-leasing.

3. Project Harmony

Situated in Goregaon (West), this project is a sale model with approx. 75% of it already sold. Launched in the month

of May-2010, it offers 163 units for sale. Saleable Area of this project is approximately 0.04 million sq. ft.

Mumbai International Airport Limited (MIAL) Project

This project is a part of one of the largest Slum Rehabilitation Scheme in India. Almost 85% of the work has already been completed on a development area in Kurla (West). First 15,000 tenements are scheduled to be shifted in less than 3 months. Approx. 25,000 apartments have been constructed to avail the shifting of the slum dwellers.

Entertainment

Our multiplex business is operated under the brand name "Kulraj Broadway". Currently there are three multiplexes operational –

- A three screen multiplex at Vasai having 1001 seating capacities,
- A four screen multiplex at Kandivali having seating capacity of 636 persons and
- A six screen multiplex at Bhandup having seating capacity of 1334 persons

The Vasai multiplex and the Kandivali multiplex commenced operations in February 2008 and June 2009, respectively. The Bhandup multiplex was launched in December 2009. All the multiplexes have gaming and food court zones.

Leisure and Hospitality

HDIL Leisure, a wholly owned subsidiary of HDIL, was created with the vision to explore opportunities in the Hospitality industry. With HDIL's legacy, HDIL Leisure intends to explore opportunities within the land banks and see exponential growth.

Key Business Highlights 2009-2010

• **Juhu Project:**

The first hotel project in Mumbai is at Juhu. It is proposed to be a 5 star hotel accommodating approx. 250 rooms.



The operator identified and finalised for this hotel is the Hilton group and the brand is Conrad.

We have already executed a letter of Intent and are in the final stages of the Management Agreement which should be executed shortly.

We have successfully managed to secure the construction funding for this project from YES Bank.

The Key consultants have been appointed, WATG (US) is the principle architect, who is working on the concept and planning along with other core consultants already appointed.

• **Fine Dinning Segment:**

HDIL Leisure has signed a term sheet for franchising the fine dining concept (B-Bar).

The concept plan has been finalised and the location identified is near Juhu beach.

All initial plans have been finalised & will be submitted for approvals.

We propose to begin the operations of the restaurant within 16 months.

• **Hyderabad:**

HDIL Leisure is in the process of acquiring stake in a 90 room budget hotel in Hyderabad.

The hotel has already gone into soft launch and is operational since November 2009.

The formalities of the said acquisition should be completed within this year.

• **Future Prospects:**

HDIL Leisure is currently exploring opportunities in the NCR region and identified a potential plot for development in Greater Noida. A long-term lease

has already been executed with GNIDA & HDIL. HDIL Leisure will be developing and managing this project. In Mumbai the Company is currently exploring opportunities of a hotel in the existing projects of HDIL at Versova and Kurla.

HDIL is exploring the economics of unlocking its value by delinking the investments at an appropriate time.

**HUMAN RESOURCES,
 INDUSTRIAL RELATIONS**

Industrial relations at all locations were cordial. The total number of persons employed in the Company as on March 31, 2010 is 872.

**INTERNAL CONTROL SYSTEMS
 AND THEIR ADEQUACY**

Your Company has a proper and adequate system of Internal Controls, to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposal and commercial transactions are authorised, recorded and reported correctly. The internal control is supplemented by an extensive programme of internal, external audits and periodic review by the management. The system is designed to adequately ensure that financial and other records are reliable for presenting financial information and other data and maintaining accountability of assets.

INFORMATION SECURITY

Your Company accords great importance to the security of its information assets and has the requisite security controls and checks. Adequate storage and back up system is in place to ensure security and availability of data at all times.

OPPORTUNITIES AND THREATS

The improvement in the global economic and liquidity situation coupled with more stable commodity prices, the stimulus packages by the Indian Government and various Governments globally provides an opportunity for growth for the infrastructure sector. At the same time, the real estate market has been affected



by depressed prices during the year and there could be a spill-over effect.

RISKS AND CONCERNS

Your Company has put a risk management framework in place post a comprehensive review of its risk management process. The review involved understanding the existing risk management initiatives businesses as also the relative control measures and arriving at the desired counter measures keeping in mind the risk appetite of the organisation.

Macro economic factors including economic and political developments, natural calamities which affect the industrial sector generally would also affect the businesses of your Company. Legislative changes resulting in changes in the taxes, duties and levies, whether local or central, also impact business performance and relative competitiveness of the businesses.

CAUTIONARY STATEMENT

Some of the statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in industry, significant changes in political and economic environment in India and abroad, tax laws, import duties, litigation and labour relations.

CORPORATE GOVERNANCE REPORT 2009-10 (AS ANNEXURE TO DIRECTORS' REPORT)

I. COMPANY'S PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE:

(Pursuant to Clause 49 of the listing Agreement entered by the Company with the Stock Exchanges)

At Housing Development and Infrastructure Limited – (HDIL) Corporate Governance has been a continuous journey and the business goals of the Company are aimed at overall well being and welfare for all its stakeholders be it customers, employees, shareholders and society at large. The Company has laid a strong foundation for making Corporate Governance a way of life by constituting a Board with balance mixed of experts of eminence and integrity, forming a core group of top level executives, inducting competent professionals across the organisation and putting in place best systems and process.

Corporate Governance at HDIL is not just adherence to mandatory rules and guidelines. It lies in observing the spirit behind the letter. Your Company confirms the compliance of

Corporate Governance as contained in Clause 49 of the listing agreement entered by the Company with the Stock Exchanges. While we go beyond the legal provisions of corporate governance the statutory compliances are set forth below:

II. BOARD OF DIRECTORS:

a) Composition of Board:

The Board of HDIL represents an optimum mix of professionalism, knowledge and experience of Executive and Non-Executive Directors. As the Chairman is Executive Director, atleast half of the Board should comprise of independent Directors. As on March 31, 2010 the strength of the Board of Directors is 11 out of which 7 are independent Directors in compliance of Clause 49 (I)(A) of the listing agreement. Independent Directors are professionals with high credentials, who actively contribute in the deliberation of Board, covering strategic policy matters and strategic decisions. The Composition of the Board of Directors is as follows:

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Rakesh Kumar Wadhawan	Executive Chairman	Executive Director (Promoter)
2.	Mr. Sarang Wadhawan	Managing Director	Executive Director (Promoter)
3.	Mr. Waryam Singh	Director	Non-executive, Non-Independent
4.	Mr. Ashok Kumar Gupta	Director	Non-executive, Non-Independent
5.	Mr. Satya Pal Talwar	Director	Non-executive, Independent
6.	Mr. Lalit Mohan Mehta	Director	Non-executive, Independent
7.	Mr. Shyam Sunder Dawra	Director	Non-executive, Independent
8.	Mr. Surinder Kumar Soni	Director	Non-executive, Independent
9.	Mr. Sunil Behari Mathur	Director	Non-executive, Independent
10.	Mr. Ramesh Chander Kapoor	Director	Non-executive, Independent
11.	Mr. Raj Kumar Aggarwal	Director	Non-executive, Independent

There are no institutional/nominee Directors on the Board of the Company.

None of the independent directors of the Company resigned or were removed in the last financial year. Hence, no replacement was required to be made within a period of 180 days for the resigned / removed director.

Relationship between Directors Inter se:

None of the Directors are related to each other except the following:

Mr. Rakesh Kumar Wadhawan – Father of Mr. Sarang Wadhawan

Mr. Sarang Wadhawan – Son of Mr. Rakesh Kumar Wadhawan.

b) Non-Executive Directors compensation and Disclosures:

All fees/compensation paid to Non-Executive Directors, including Independent Directors are approved by the Board of Directors or its committee thereof and by the shareholders in the General meeting.

The elements of the remuneration package of the Non-Executive Directors consist of annual commission in addition to sitting fees. The Non-Executive Directors are paid sitting fees of Rs. 20,000/- each for attending Board Meeting, Audit Committee Meeting, Remuneration Committee and Shareholders and Investors Grievance Committee Meeting.

The Company is availing the professional expertise of the Non-Executive Directors through their participation in the Board Meetings. The Non-Executive Directors are paid collectively a commission not exceeding 1% of the net profit of the Company subject to a maximum amount of Rs.1,50,00,000/- (Rs. One Crore and Fifty Lacs only) on an annual basis.

c) Other provisions as to Board and Committees:

The Board of Directors ("the Board") meets once in every quarter to review the quarterly results and other items of the agenda and if necessary, additional meetings were held as and when required. The Board meets atleast four times in a year and the gap

between two meetings did not exceed four months. The Board is apprised and informed of all the important information relating to the business of the Company and the agenda together with the draft of the relevant documents and the explanatory notes are sent in advance to the Directors wherever required, to enable

the Board to discharge its responsibility effectively and take informed decisions.

The Board met five times on May 23, 2009; July 29, 2009; October 29, 2009; January 20, 2010 and March 31, 2010.

(As on March 31, 2010)

Sr. No.	Name of the Director	Category	Attendance Particulars			No. of other Directorships and Committee Memberships / Chairmanships excluding HDIL			Relationship with other Directors Inter-se
			Number of Board Meetings		Last AGM (04.09.2009)	Other Directorships	Committee ²		
			Held	Attended	Attended		Chairmanship	Membership	
1.	Mr. Rakesh Kumar Wadhawan	Executive Chairman	5	4	Yes	3	-	-	Father of Managing Director
2.	Mr. Sarang Wadhawan	Managing Director	5	5	Yes	4	-	1	Son of Executive Chairman
3.	Mr. Waryam Singh	NED & NI *	5	5	Yes	1	-	-	
4.	Mr. Ashok Kumar Gupta	NED & NI *	5	5	Yes	-	-	-	
5.	Mr. Satya Pal Talwar	I **	5	5	Yes	11	4	4	
6.	Mr. Lalit Mohan Mehta	I **	5	2	Yes	-	-	-	
7.	Mr. Shyam Sunder Dawra	I **	5	4	Yes	-	-	-	
8.	Mr. Surinder Kumar Soni	I **	5	4	Yes	11	3	3	
9.	Mr. Sunil Behari Mathur	I **	5	3	Yes	13	3	3	
10.	Mr. Ramesh Chander Kapoor	I **	5	4	Yes	1	-	-	
11.	Mr. Raj Kumar Aggarwal	I **	5	5	Yes	1	1	-	

NED & NI* – Non-Executive Director and Non-Independent

I** – Independent Director

Note:

The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

In accordance with Clause 49, Memberships / Chairmanships of only Audit Committee and Shareholders/Investors Grievance Committees of all public limited companies have been considered.

As detailed in table above, no Director of the Company is a member of more than 10 committees or acts as Chairman of more than 5 committees across all the companies, in which they are director.

- For the purpose of reckoning the said limit of Chairmanship/ Membership held by the Directors, the Audit Committee and Share Transfer Committee are also considered.
- For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, shall be included and all other companies including private companies, foreign companies, companies under Section 25 of the Companies Act, 1956 and proprietorships; and membership in governing councils, chambers and other bodies are not included while calculating directorships in above table.

d) Code of Conduct

The Company has laid down a Code of Conduct in consonance with the requirements of Clause 49 of

the Listing Agreement for all its board members and senior management personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. The Code highlights Corporate Governance as the cornerstone for sustained management performance, for serving all the stakeholders and for instilling pride of association.

The Code is applicable to all directors and specified senior management executives. The Code impresses upon Directors and senior management executives to uphold the interest of the Company and its stakeholders and to endeavor to fulfill all the fiduciary obligations towards them.

Another important principle on which the code is based is that the Directors and Senior Management Executives shall act in accordance with the highest standard of honesty, integrity, fairness and ethical conduct and shall exercise utmost good faith, due care and integrity in performing their duties. The Code has been posted on the website of the Company www.hdil.in.

The Code has been circulated to all the members of the Board and all senior management personnel and the compliance of the same have been affirmed by them.

Voluntary Guidelines:

The Ministry of Corporate affairs, Government of India has issued Corporate Governance Voluntary Guidelines 2009 for the corporate to voluntarily adopt such guidelines. The Board of Directors has considered the same and is contemplating of adopting such guidelines in an appropriate manner.

Declaration affirming compliance of Code of Conduct by Mr. Sarang Wadhawan, Managing Director is given below:

The Company has laid down a Code of Conduct for all its board members and senior management personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. The Company's Code of Conduct is in consonance with the requirements of Clause 49 of the Listing Agreement. The Code of Conduct is posted on the Company's website www.hdil.in. The Code has been circulated to all the members of the board and the senior management and the compliance of the same have been affirmed by them. There are no commercial or material financial transactions, with the senior management personnel, where there is a personal interest that may have potential conflict with the interest of the Company at large. A declaration signed by the Managing Director is given below:-

"I hereby confirm that:

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct of

HDIL for the year ended March 31, 2010 and a copy of the Code of Conduct is put on the website of the Company viz., www.hdil.in

Sd/-

Sarang Wadhawan
 Managing Director

III. AUDIT COMMITTEE:

The purpose of the audit committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

a) Constitution and meetings of Audit Committee:

The composition, powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The details of the members of Audit Committee and its meetings are as follows:

Meetings of Audit Committee:

During the year, the Audit Committee met five times on May 23, 2009, July 29, 2009, October 29, 2009, January 20, 2010 and March 31, 2010. The attendance of each member of Audit Committee in the above meetings is given hereunder:-

Name	Category	Designation	Audit Committee Meetings	
			Held	Attended
Mr. Satya Pal Talwar	Independent Director	Chairman	5	5
Mr. Ashok Kumar Gupta	Non-Executive and Non-Independent Director	Member	5	5
Mr. Shyam Sunder Dawra	Independent Director	Member	5	4
Mr. Raj Kumar Aggarwal	Independent Director	Member	5	5

b) Powers of Audit Committee:

The Board has delegated the following powers to the Audit Committee:-

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain external legal or other professional advice.
- To secure the attendance of outsiders with relevant expertise, if considered necessary.

c) The role of the Audit Committee includes the following:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditor and their remuneration.
- Appointment of CFO (Chief Financial Officer).

- Approval of payment to the statutory auditors for any other services rendered by them.
- Reviewing with the management, the annual financial statement before submission to the Board for approval, with particular reference to:
 - matters required to be included in the Directors' Responsibility Statement which forms part of the Directors' Report pursuant to sub-section 2AA of Section 217 of the Companies Act, 1956.
 - changes, if any, in the accounting policies and practices and reasons for the same.
 - major accounting entries involving estimates based on the exercise of judgment by the management.
 - significant adjustments made in the financial statements arising out of the findings of the audit.
 - compliance with the listing and other legal requirements relating to financial statements.
 - disclosure of any related party transactions.
 - qualifications in the draft audit report.

6. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
7. Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
8. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, the reporting structure coverage and the frequency of internal audit.
9. Discussion with the internal auditors any significant findings and follow-up thereon.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of the internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussions to ascertain any area of concern.
12. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

d) Review of information by Audit Committee:

The following information is reviewed by the Audit Committee on a mandatory basis:

1. Management discussion and analysis of the financial condition and results of operations;
2. Statement of significant related party transactions as defined by the Audit Committee, submitted by the management;
3. Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Internal Auditor shall be subject to review by the Audit Committee.

e) Subsidiary Companies:

The Company has following subsidiary Companies as on March 31, 2010:

1. Privilege Power And Infrastructure Private Limited
2. HDIL Entertainment Private Limited
3. Ravijyot Finance And Leasing Private Limited
4. Blue Star Realtors Private Limited
5. Excel Arcade Private Limited
6. Mazda Estates Private Limited

7. HDIL Leisure Private Limited
8. Guruashish Construction Private Limited
9. BKC Developers Private Limited

The Company does not have any material non-listed Indian subsidiary Company and hence, it is not required to have an Independent Director of the Company on the Board of such subsidiary Company. The Audit Committee also reviews the financial statements of the Subsidiary Companies. The Board and Audit Committee also reviewed investments made by the Company's non-listed subsidiaries during the year under review.

IV. REMUNERATION COMMITTEE

The Remuneration Committee is responsible for determining the Company's remuneration policy, having regard to qualification, performance, standards, past experience and existing industry practice. Under the existing policies of our Company, the Remuneration Committee *inter alia* determines the remuneration payable to our Directors and other key management personnel in our Company.

Apart from discharging the above-mentioned functions, the Remuneration Committee also discharges the following functions:

1. Framing policies and compensation including salaries and salary adjustments, incentives, bonuses, promotion, benefits, stock options and performance targets of the top executives;
2. Remuneration of directors and approval by way of resolution passed by this Committee; and
3. Strategies for attracting and retaining employees and employee development programme.

Meetings of the Remuneration Committee shall be held whenever matters pertaining to remuneration payable, including revision in remuneration made payable to Executive/Non-Executive Directors are to be made.

The Remuneration Committee consists of the following:

1. Mr. Ashok Kumar Gupta, (Chairman); and
2. Mr. Satya Pal Talwar.

The Remuneration Committee has met once during the year on March 31, 2010.

Remuneration policy

The remuneration package of the Executive Directors is determined by the Remuneration Committee within the permissible limits, as approved by the shareholders in the General meeting, and as per applicable provisions of the Companies Act, 1956. The remuneration comprises basic salary, allowances, perquisites and commissions as approved by the shareholders. The Remuneration Committee also decides and recommends annual increments.

The details of remuneration paid to the Directors are as follows:

(Amount in Rupees)

Director	Relation with HDIL	Remuneration paid during 2009-10			
		Sitting fees	Salary & perquisites	Commission ***	Total
Mr. Rakesh Kumar Wadhawan	Executive Chairman	–	12,00,00,000	–	12,00,00,000
Mr. Sarang Wadhawan	Managing Director	–	6,00,00,000	–	6,00,00,000
Mr. Waryam Singh	NED & NI*	1,80,000	–	12,50,000	14,30,000
Mr. Ashok Kumar Gupta	NED & NI*	2,60,000	–	12,50,000	15,10,000
Mr. Satya Pal Talwar	I**	2,60,000	–	12,50,000	15,10,000
Mr. Lalit Mohan Mehta	I**	80,000	–	12,50,000	13,30,000
Mr. Shyam Sunder Dawra	I**	1,60,000	–	12,50,000	14,10,000
Mr. Surinder Kumar Soni	I**	80,000	–	12,50,000	13,30,000
Mr. Sunil Behari Mathur	I**	60,000	–	12,50,000	13,10,000
Mr. Ramesh Chander Kapoor	I**	80,000	–	12,50,000	13,30,000
Mr. Raj Kumar Aggarwal	I**	2,00,000	–	12,50,000	14,50,000

NED & NI* – Non-Executive Director and Non-Independent

I** – Independent Director

*** Commission is provided for and not paid. It will be paid after Accounts are adopted at Annual General Meeting

Number of equity shares held by the Directors as on March 31, 2010

Name	Category	No. of Shares held
Mr. Rakesh Kumar Wadhawan	Executive Chairman	630,47,661
Mr. Sarang Wadhawan	Managing Director	127,59,115
Mr. Waryam Singh	NED & NI*	79,97,400
Mr. Ashok Kumar Gupta	NED & NI*	10,05,800
Mr. Satya Pal Talwar	I**	Nil
Mr. Lalit Mohan Mehta	I**	Nil
Mr. Shyam Sunder Dawra	I**	Nil
Mr. Surinder Kumar Soni	I**	Nil
Mr. Sunil Behari Mathur	I**	Nil
Mr. Ramesh Chander Kapoor	I**	Nil
Mr. Raj Kumar Aggarwal	I**	500

NED & NI* – Non-Executive Director and Non-Independent

I** – Independent Director

The Company does not have any stock option plan or performance linked incentive for the Directors.

V. INVESTOR GRIEVANCES AND SHARE TRANSFER COMMITTEE:

The Investor Grievance and Share Transfer Committee is responsible for the redressal of shareholder grievances and for giving effect of share transfer. This Committee consists of:

Sr. No.	Name	Designation	Investor Grievances & Share Transfer Committee Meetings	
			Held	Attended
1.	Mr. Waryam Singh	Chairman	4	4
2.	Mr. Sarang Wadhawan	Member	4	4
3.	Mr. Lalit Mohan Mehta	Member	4	2

Name and designation of Compliance Officer:

Mr. Darshan D. Majmudar, Company Secretary and Vice- President, Secretarial and Legal is the Compliance Officer of the Company.

The terms of reference of the Investor Grievance and Share Transfer Committee are as follows:

- Investor relations and redressal of shareholders grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet, etc., in particular;
- Review of the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Transfer Agent;
- To look into transfer, transmission and rematerialisation of shares;
- To issue split, duplicate Share certificates as requested by the members; and

5. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

This Committee is also responsible for approval of transfer of Equity and preference shares including power to delegate the same to registrar and transfer agents.

The total number of complaints and requests received and resolved to the satisfaction of the investors during the year under review is as under:

No. of complaints received : 66
 No. of complaints resolved : 66
 No. of complaints pending : 0

VI. GENERAL BODY MEETINGS:

The location, time and date where the last three Annual General Meetings of the Company were held are given hereunder:-

Financial Year	Location	Type of meeting	Date	Time
2008-09	National Stock Exchange of India Limited, Exchange Plaza, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	AGM	04.09.2009	10.00 a.m
2007-08	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020	AGM	21.07.2008	11.30 a.m
2006-07	9-01, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai – 400 051	AGM	26.06.2007	03.00 p.m

The details of Special Resolutions passed in the last three Annual General Meetings:

Date	Brief particulars of the Resolution
04.09.2009	To consider further issue of Capital amounting to USD 450 Million or its Rupee Equivalent.
21.07.2008	1. Alteration in Articles of Association 2. Payment of Remuneration to Non-Executive Directors/Independent Directors 3. Bonus Issue of Equity Shares
26.06.2007	Change in place of keeping register and records.

Resolutions Passed through Postal Ballot:

During the year, no resolutions were passed through postal Ballot.

VII. DISCLOSURES:

a) Related Party Transactions

Related party transactions are defined as transactions of the Company of material nature, with promoters, directors or with their relatives and its subsidiaries etc. The transactions with related parties are disclosed in Schedule Y (B) to the Consolidated Financial Statements in the Annual Report. However, these transactions are not likely to have any conflicts with the Company's interest. The Audit Committee has reviewed these transactions.

b) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable.

c) Disclosure of Risk Management

Your Company has a well defined risk management frame work in place and it is discussed in detail in the management discussion and analysis section of this annual report. Your company has established procedures to periodically place before the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks. The Company has commensurate risk assessment and minimisation procedure.

d) Management

As a part of Directors' Report, Management and Discussions and Analysis Report is annexed to this Annual report pursuant to the Listing Agreement.

e) CEO / CFO Certification

In terms of the requirements of Clause 49(V) of the Listing Agreement, the CEO and CFO have certified to the Board regarding financial statements for the year ended March 31, 2010 by placing before the Board the certificate at its meeting held on 28th May, 2010 stating the particulars specified under the said clause.

f) Compliance by the Company

- The Company has complied with the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market. Shares of the Company are listed on both the Stock Exchanges i.e., National Stock Exchange of India Limited and Bombay Stock Exchange Limited
- Instances of Non-Compliance by the Company:
The Stock Exchanges, SEBI, or other Statutory Authorities has imposed no penalties or strictures on the Company. The certificate from the auditors affirming compliance of conditions of Corporate Governance as stipulated in Clause 49 (VII) of the listing agreement is annexed to this Annual Report.
- Adoption of Non-mandatory Requirements:
Although it is not mandatory, the Board of Housing Development and Infrastructure Limited has constituted the Remuneration Committee. Details of the same have been provided under section "Remuneration Committee."

d) **Voluntary Guidelines:**

The Ministry of Corporate Affairs, Government of India has issued Corporate Governance Voluntary Guidelines 2009 for the corporate to voluntarily adopt such guidelines. The Board of Directors has considered the same and is contemplating of adopting such guidelines in an appropriate manner.

g) **Whistle Blower Policy**

Though there is no formal Whistle-blower policy, the Company encourages all employees, officers and Directors, to investigate and report any suspected violations promptly. The Company further takes cognisance of complaints made and suggestions given by the employees. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken.

h) **Review of Directors' Responsibility Statement**

The Board in its report has confirmed that the annual accounts for the year ended March 31, 2010 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

i) **Policy for prohibition of Insider Trading**

In Compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted a policy for prohibition of Insider Trading for Director and specified employees of this Company, relating to dealing in the shares of the Company. This code is applicable to all Directors and designated employees. The Company regularly monitors the transactions, in terms of the said Code, undertaken by the designated employees of the Company. The Company also informs the stock exchange(s) periodically about the transaction(s) undertaken by the directors and designated employees and their share holdings as per the regulations.

j) **Materially significant related party transactions**

None of the transactions that transpired between the Company and its promoters, directors, management or their relatives were in a potential conflict with the interest of the Company. The details of transactions with the related parties are tabled before the audit committee on a quarterly basis. The register of contracts containing the transactions in which the directors are interested was placed regularly before the Board. There were no pecuniary transactions directly with the Independent/Non-Executive Directors, other than the payment of remuneration.

The Annual Report, quarterly results, shareholding pattern of the Company were also posted in the SEBI's Corporate Filing and Dissemination System (CFDS). Hard copies of the said disclosures and correspondence are also filed with the Stock Exchange(s). The audited financial results for the financial year ended March 31, 2010 will be uploaded on the Company's website viz. www.hdil.in within the prescribed time limit.

IX. GENERAL SHAREHOLDERS INFORMATION:

a)

AGM Date, time and Venue	August 27, 2010 at 11.30 a.m. at National Stock Exchange of India Limited, Exchange Plaza, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
Financial year	April 1, 2009 to March 31, 2010
Financial Calendar (2010-11)	Quarter I – April, 2010 to June, 2010: By July, 2010. Quarter II – July, 2010 to September, 2010: By November, 2010. Quarter III – October, 2010 to December, 2010: By February, 2011. Quarter IV – January, 2011 to March, 2011 : By May, 2011.
Date of Book Closure	August 20, 2010 to August 27, 2010 (both days inclusive)
Listing on Stock Exchanges	Bombay Stock Exchange Limited National Stock Exchange of India Limited
Scrip Code at BSE	532873
Symbol Code at NSE	HDIL
ISIN of the Company	INE 191101012
Corporate Identification Number	L70100MH1996PLC101379

Fees:

- Custodial fees:** The Company has paid custodial fees for the year ended 2010-11 to National Securities Depository Limited (NSDL) and Central Depository Services (India) limited (CDSL) on the basis of the number of Beneficial accounts maintained by them as on March 31, 2010.
- Listing fees:** The listing fees to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial year 2010-11 on the basis of Share listed on the Stock Exchanges as on March 31, 2010.

b) **Unclaimed Dividends**

Pursuant to the provisions of the Companies Act, 1956, dividends lying unclaimed for a period of 7 years from the date of their transfer to unpaid/unclaimed dividend account have to be transferred to the Investor Education and Protection Fund (IEPF) constituted and administered by the Central Government. No claim would lie against the IEPF or the Company after the said transfer.

Procedure for claiming unpaid Dividend

As per the provisions of Section 205A (5) of the Companies Act 1956, monies transferred to the unpaid dividend account of the Company, which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government.

VIII. MEANS OF COMMUNICATION:

The Quarterly, Half Yearly and Annual results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are published in English newspaper "Economic Times", "Free Press" and "Nav Shakti", a vernacular newspaper. The official news releases and corporate presentations made to the institutional investors/analysts are also posted on the Company's website.

Year	Dividend	Date of Declaration	Last date of transfer to the Investor Education & Protection Fund	Unpaid Dividend as on March 31, 2010
2007-2008	Interim	July 30, 2007	September 4, 2014	2,92,476.00
2007-2008	Final	July 21, 2008	August 26, 2015	7,53,833.18

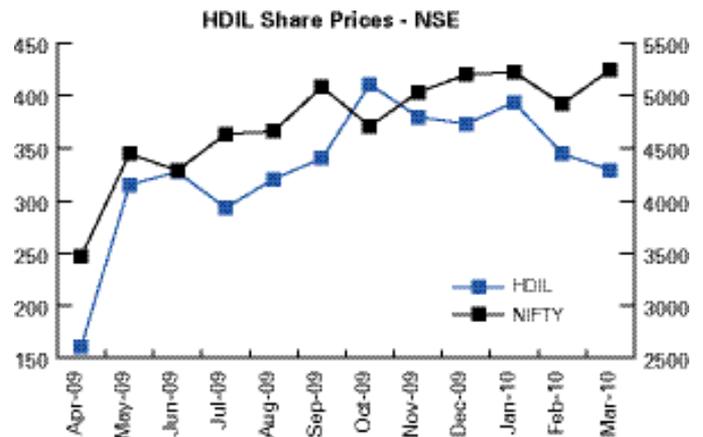
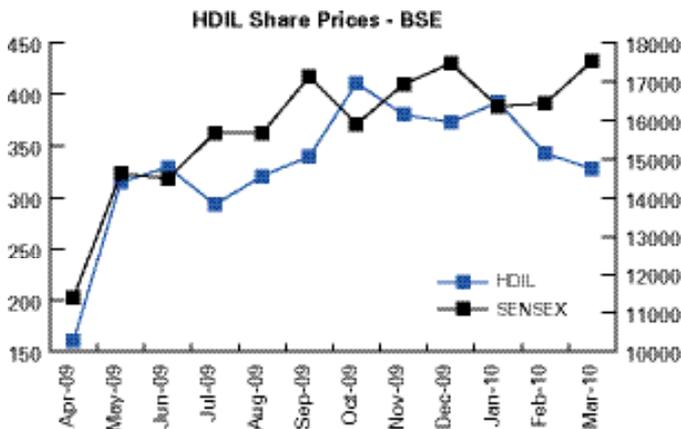
c) Unclaimed Shares

As per the provisions of Clause 5A(a) of Listing Agreement, the unclaimed shares lying in the escrow account shall be transferred to demat suspense account if there is no response even after sending three reminder notices to the persons concerned. Details of unclaimed equity shares of the Company are as follows:

Sr. No.	Particulars	Number of Shareholders	Number of Shares
1.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year April 1, 2009;	36	3264
2.	Number of shareholders who approached issuer for transfer of shares from suspense account during the year;	1	201
3.	Number of shareholders to whom shares were transferred from suspense account during the year;	1	201
4.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e., March 31, 2010;	35	3063

d) Market price data

Month	Stock Exchange					
	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	Share Price		Sensex	Share Price		Nifty
	High (Rs.)	Low (Rs.)		High (Rs.)	Low (Rs.)	
April 2009	160.20	81.25	11403.25	160.80	81.40	3473.95
May 2009	315.00	149.90	14625.25	315.55	150.60	4448.95
June 2009	329.50	208.25	14493.84	327.70	208.30	4291.10
July 2009	293.40	178.80	15670.31	293.50	179.05	4636.45
August 2009	321.00	246.60	15666.64	321.00	246.70	4662.10
September 2009	340.00	288.55	17126.84	340.50	288.25	5083.95
October 2009	410.80	310.05	15896.28	411.00	310.10	4711.70
November 2009	380.25	288.65	16926.22	380.00	288.25	5032.70
December 2009	373.00	325.85	17464.81	373.30	325.00	5201.05
January 2010	392.25	304.00	16357.96	393.75	302.60	5225.65
February 2010	342.75	289.55	16429.55	345.00	289.50	4922.30
March 2010	328.00	276.55	17527.77	329.40	276.20	5249.10



e) Registrar and Share Transfer Agent

M/s. Karvy Computershare Private Limited.
 Plot No. 17 to 24, Vittalrao Nagar, Madhapur,
 Hyderabad - 500 081, Tel: 040 - 23431553 /23431547

f) Share Transfer System

Shares in physical form lodged for transfer with the Company's Registrar & Share Transfer Agent are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects; and put up for approval before the Share Transfer Committee generally once in every fortnight. Share Transfer and Investors' Grievance Committee of the Directors is empowered to approve transfer of shares and to attend to the investors' grievances, which are not normally resolved by the Company's Registrar & Share Transfer Agent / Compliance Officer.

Matters concerning investors' grievances and other miscellaneous matters relating to change of address, mandates, etc., are processed by the Company's Registrar & Share Transfer Agent.

The Company obtains from the Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges within stipulated time.

All requests for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e., National Securities Depository Limited and Central Depository Services (India) Limited. The Company also offers transfer cum demat facility.

g) Distribution of Shareholding as on March 31, 2010

Equity Shares held	Shareholders		Share Capital		
	Rs.	Number	% to Total	Rs.	% to Total
1	2	3	4	5	
Upto - 5000		171027	96.87	11,86,39,060	3.31
5001 - 10000		2977	1.69	2,23,30,910	0.62
10001 - 20000		1206	0.68	1,75,82,310	0.49
20001 - 30000		319	0.18	80,25,190	0.22
30001 - 40000		154	0.09	54,16,850	0.15
40001 - 50000		124	0.07	56,86,740	0.16
50001 - 100000		216	0.12	1,55,52,590	0.43
100001 and above		526	0.30	3,39,51,93,110	94.62
Total		176549	100	3,58,84,26,760	100.00

Shareholding Pattern as on March 31, 2010.

Sr. No.	Category of Shareholder	Number of Shares	% of holding
(A)	PROMOTER'S HOLDING		
(1)	Indian Promoters	179974655	50.15
(2)	Foreign Promoters	-	-
	Total A=A(1)+A(2)	179974655	50.15
(B)	NON-PROMOTER'S HOLDING		
(1)	INSTITUTIONS		
(a)	Mutual Funds/UTI Financial Institutions/	4632969	1.29
(b)	Banks	322479	0.09
(c)	Insurance Companies Foreign Institutional	147857	0.04
(d)	Investors Foreign Venture Capital	100256379	27.94
(e)	Investors	-	-
(2)	NON-INSTITUTIONS		
(a)	Bodies Corporate	50036062	13.94
(b)	Individuals	19471468	5.43
(c)	Others		
	Non-Resident Indians	708296	0.20
	Trusts	2457	0.00
	Overseas Corporate Bodies	13	0.00
	Directors and Their Relatives	1986258	0.56
	Clearing Members	1303783	0.36
	Grand Total (A+B) :	358842676	100.00

h) Dematerialisation of shares and liquidity

As at March 31, 2010, 96.33% of shareholding aggregating to 345,682,959 was held in dematerialised form with NSDL and CDSL, while 3.67% aggregating to 13,159,717 was held in physical form.

ISIN: INE191I01012

i) Outstanding GDRs/ ADRs/ Warrants

There are no outstanding GDRs/ ADRs or any convertible instruments, as on March 31, 2010, likely to have an impact on the Equity Share Capital of the Company.

As on March 31, 2010, 1,30,00,000 convertible warrants are converted into equity shares and allotted to Mr. Rakesh Kumar Wadhawan on preferential basis.

Further, On May 28, 2010, 80,00,000 convertible warrants are converted into equity shares and allotted to Mr. Rakesh Kumar Wadhawan on preferential basis.

j) Address for Correspondence

Housing Development and Infrastructure Limited
 9-01, HDIL Towers, Anant Kanekar Marg,
 Bandra (East), Mumbai - 400 051.

On behalf of the Board of Directors

Date : May 28, 2010
 Place : Mumbai

Rakesh Kumar Wadhawan
 Executive Chairman

AUDITORS' CERTIFICATE OF CORPORATE GOVERNANCE

To the members of Housing Development and Infrastructure Limited

We have examined the compliance of conditions of corporate governance by the Housing Development and Infrastructure Limited for the year ended March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges of India.

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

In our opinion and to the best of our information and explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement.

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

For **THAR & CO.**
Chartered Accountants
Firm Registration No. 110958W

Date : May 28, 2010
Place : Mumbai

Jayesh R. Thar
(Proprietor)
Membership No. 32917

CEO/CFO CERTIFICATE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

I, Sarang Wadhawan, Managing Director and K. P. Devassy, Chief Financial Officer of Housing Development and Infrastructure Limited hereby certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2010 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee that:
 - (i) there are no significant changes in internal control over financial reporting during the year;
 - (ii) there have been no significant changes in accounting policies during the year which are required to be disclosed in the notes to the financial statements; and
 - (iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

.....
K. P. Devassy
Chief Financial Officer

.....
Sarang Wadhawan
Managing Director

Date : May 28, 2010
Place: Mumbai

STATEMENT RELATING TO SUBSIDIARY COMPANY PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956

1. Name of the Subsidiary	Privilege Power and Infrastructure Pvt. Ltd.	Entertainment Pvt. Ltd.	HDIL Pvt. Ltd.	HDIL Leisure Pvt. Ltd.	Guruashish Construction Private Limited	Raviyot Finance and Leasing Pvt. Ltd.	Blue Star Realtors Pvt. Ltd.	Mazda Estate Pvt. Ltd.	Excel Arcade Pvt. Ltd.	BKC Developers Pvt. Ltd.	(Rs. in lacs)
2. Date of Incorporation	4th September, 1984	9th August, 2007	4th April, 2008	1st June, 2000	20th March, 1995	26th March, 1990	27th June, 2002	28th March, 2007	7th November, 2003		
3. Financial year of the subsidiary company ended on	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	
4. Holding Company	HDIL	HDIL	HDIL	HDIL	HDIL	HDIL	HDIL	HDIL	HDIL	HDIL	
5. Extent of Holding company's interest	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	60%
6. Face value per equity shares	100/-	10/-	10/-	100/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-
7. No. of Equity Shares held by the holding company and/or its subsidiaries	2,07,520	10,000	10,000	11,00,000	6,000	3,400,000	14,000	10,000	10,000	60,000	
8. Paid up Capital	207.52	1.00	1.00	1,100.00	1.00	340.00	1.40	1.00	1.00	1.00	
9. Reserves and Surplus	1,044.17	(622.88)	(72.84)	39.74	0.14	92.19	0.09	0.38	0.38	(58.02)	
10. Total Assets	36,093.50	953.11	6,617.93	1,153.73	11,620.99	23,056.44	27.88	1,877.34	1,877.34	4,187.61	
11. Total Liabilities	36,093.50	953.11	6,617.93	1,153.73	11,620.99	23,056.44	27.88	1,877.34	1,877.34	4,187.61	
12. Investments other than Investments in subsidiary companies	38.06	25.00	25.00	NIL	NIL	25.00	NIL	NIL	NIL	NIL	
13. Turnover	162.32	1,011.19	8.89	1,571.85	0.50	1.10	1.50	1.87	1.87	5.16	
14. Profit before Taxation	27.00	(405.57)	0.61	13.79	0.40	0.40	1.30	1.49	1.49	4.56	
15. Provision for Taxation	17.80	1.27	(28.26)	4.62	0.06	0.06	0.20	0.38	0.38	1.57	
16. Profit after Taxation	9.20	(406.84)	28.87	9.16	0.35	0.34	1.10	1.10	1.10	2.98	
17. Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
18. Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the holding company and is dealt with in account of holding company											
1) For financial year ended on 31st March, 2010	9.20	(406.84)	28.87	9.16	0.21	0.34	1.10	1.10	1.10	1.79	
2) For the previous financial year of the subsidiary since it became a subsidiary company	42.36	(179.40)	101.71	NIL	(0.12)	11.33	(0.27)	(0.24)	(0.24)	NIL	
19. Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in account of holding company											
1) For financial year ended on 31st March, 2010	NIL	NIL	NIL	NIL	0.14	NIL	NIL	NIL	NIL	1.19	
2) For the previous financial year of the subsidiary since it became a subsidiary company	NIL	NIL	NIL	NIL	(0.08)	NIL	NIL	NIL	NIL	NIL	

AUDITORS' REPORT

To the members of HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

1. We have audited the attached Balance Sheet of **HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED**, as at 31st March, 2010 together with Profit and Loss Account and the Cash Flow Statement 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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 paragraphs 4 and 5 of the said order.
4. Further to our comments in Annexure referred to in paragraph 3 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, the Company has kept proper books of account as required by law, so far as appears from our examination of those books;
 - (c) the Balance Sheet, Profit and 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 Statement dealt with by this report comply with Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - (e) on the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2010,
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date
and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 28th May, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2010 of Housing Development and Infrastructure Limited.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, all the fixed assets have been physically verified periodically by the management in accordance with the programme of verification, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) As explained to us, inventory has been physically verified during the year by the management at reasonable intervals.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed during physical verification of inventories as compared to book records were not material having regard to the size of the operations of the Company and have been dealt with in the books of account.
3. In respect of the loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
(a) The Company has granted loans to nine companies. In respect of the said loans, the maximum amount outstanding at any time during the year is Rs. 75,252.11 Lacs and the year end balance is Rs. 73,594.02 Lacs.
(b) In our opinion, the rate of interest and the terms and conditions of the aforesaid loans are, prima facie non prejudicial to the interest of the Company.
(c) In respect of the loans granted by the Company, the same are repayable on demand and therefore the question of overdue amount does not arise.
(d) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, hence paragraphs 4 (iii) (f) and (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there exists adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the development of real estate and with regard to the sale of units in real estate. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that 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.
(b) In our opinion and according to the information and explanations given to us, the transactions made in the pursuance of such contracts or arrangements, entered into the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, for any of its products or services rendered by the Company. Accordingly paragraph 4 (viii) of the order is not applicable.
9. (a) According to the information and explanations given to us by the management and on the basis of our examination of books of account of the Company, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues applicable to it with appropriate authorities. There were no dues on account of cess under Section 441A of the Companies Act 1956, since the Central Government has not notified the date of the commencement of the Section.
(b) According to the information and explanations given to us by the management there are no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty and other material statutory dues which were outstanding as at 31st March, 2010 for the period of six months from the date they became payable.

ANNEXURE TO THE AUDITORS' REPORT

- (c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty, which have not been deposited on account of any dispute.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year. Accordingly paragraph 4 (x) of the Order is not applicable.
 11. As per the information and explanations given to us by the management, the Company has not defaulted in repayment of dues to banks or financial institutions or debenture holders as at the balance sheet date.
 12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4 (xiii) of the Order are not applicable.
 14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. It has only invested in shares of subsidiaries, other body corporates and units of mutual funds for which proper records have been maintained and timely entries have been made therein. The said investment are held in company's own name except as permissible under Section 49 of the Companies Act, 1956.
 15. According to the information and explanations given by the management, the Company has given guarantee for loans taken by others from banks and financial institutions as mentioned in Note 8 (d) of Schedule W. The guarantees outstanding as at year end are for subsidiary company, and the terms and conditions thereof, according to the information and explanations given to us, are prima facie not prejudicial to the interest of the Company.
 16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for the intended use.
 17. In our opinion and according to the information and explanations given to us, and on overall examination of the Balance Sheet and the Cash Flow of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
 18. According to the information and explanations given to us, 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, except 2,60,00,000 share warrants allotted to one of the promoter, out of these, 1,30,00,000 share warrants have been converted into equity shares of Rs. 10/- each at premium of Rs. 230/-each.
 19. According to the information and explanations given to us and the records examined by us, the Company has created security or charges in respect of the debentures issued.
 20. The Company has allotted to QIB 7,03,50,000 equity shares of Rs. 10/- each at premium of Rs. 230/- each on private placement basis aggregating to Rs. 16,88,40,00,000/- and the proceeds of the same have been utilised for the objects of the issue and the same has been verified by us.
 21. On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the course of our audit.

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 28th May, 2010

BALANCE SHEET AS AT

	Schedules	31st March, 2010 (Rs. in lacs)		31st March, 2009 (Rs. in lacs)	
SOURCES OF FUNDS					
Shareholders' funds					
Share capital	A	35,884.27		27,549.27	
Reserves and surplus	B	668,090.08		419,215.29	
Share warrant		7,800.00	711,774.35	-	446,764.56
Loan funds					
Secured loans	C	405,171.69		409,331.97	
Unsecured loans		-	405,171.69	5,000.00	414,331.97
Deferred tax liability (Net)	D		533.32		240.15
	Total		1,117,479.36		861,336.68
APPLICATION OF FUNDS					
Fixed assets					
Gross block	E	19,053.08		6,292.86	
Less : Accumulated depreciation		983.07		489.38	
Net block		18,070.01		5,803.48	
Capital work-in-progress		228.04	18,298.05	1,471.61	7,275.09
Investments					
	F		59,647.64		30,291.93
Current assets, loans and advances					
Inventories	G	803,366.24		644,169.59	
Sundry debtors	H	20,071.76		16,539.74	
Cash and bank balances	I	78,738.79		7,516.53	
Other current asset	J	279.07		201.30	
Loans and advances	K	220,531.63		218,300.07	
		1,122,987.49		886,727.23	
Less: Current liabilities and provisions					
Current liabilities	L	80,227.48		61,261.95	
Provisions	M	3,226.34		1,695.60	
		83,453.82		62,957.55	
Net current assets			1,039,533.67		823,769.68
Miscellaneous expenditure (to the extent not written off or adjusted)	N		-		-
			1,117,479.36		861,336.68
Significant Accounting Policies and Notes to accounts	W				

The accompanying Schedules A to W forms an integral part of these accounts
 As per our report of even date attached

For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

K. P. Devassy
 Chief Financial Officer

Darshan D. Majmudar
 Company Secretary

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Executive Chairman

Waryam Singh
 Director

Shyam Sunder Dawra
 Director

Lalit Mohan Mehta
 Director

Sarang Wadhawan
 Managing Director

Satya Pal Talwar
 Director

Surinder Kumar Soni
 Director

Raj Kumar Aggarwal
 Director

Place: Mumbai
 Date: 28th May, 2010

PROFIT AND LOSS FOR THE YEAR ENDED

	Schedules	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
INCOME			
Turnover	O	149,199.17	171,929.04
Other income	P	10,759.07	9,528.40
		159,958.24	181,457.44
EXPENDITURE			
Variation in stock-in-trade	Q	(3,915.07)	(13,731.10)
Variation in work-in-progress	R	(155,281.58)	(120,153.67)
Transfer to Investment/Fixed assets		(6,907.17)	(618.70)
Cost of construction, Land and development expenses	S	191,476.69	165,371.65
Project specific interest	T	43,664.96	52,021.39
Employees' remuneration and welfare expenses	U	2,602.82	1,988.83
Administrative expenses	V	6,388.90	8,860.14
Interest	T	7,889.99	5,797.11
Depreciation/Amortisation	E	510.28	235.62
Expenses of increasing authorised share capital written off		-	153.51
		86,429.82	99,924.78
Operating Profit before Tax		73,528.42	81,532.66
Less: Provision for tax		13,000.00	9,189.65
Less: Provision for Fringe benefit tax		-	129.96
Less: Provision for Wealth tax		5.68	3.34
Less: Deferred tax liability		293.17	88.94
Operating Profit after Tax		60,229.57	72,120.77
Balance brought forward from previous year		60,542.35	57,367.07
Add: MAT credit entitlement		-	3,366.04
Add/Less: Excess/(Short) Provision for taxation no longer required		(563.51)	7,555.54
Profit available for appropriation		120,208.41	140,409.42
Appropriations:			
Less: Transferred to General Reserve		-	57,367.07
Less: Transferred to Debenture Redemption Reserve		61,916.00	22,500.00
Profit Carried to Balance Sheet		58,292.41	60,542.35
Earnings per share - Basic (Amount in Rs.)		18.23	30.14
- Diluted (Amount in Rs.)		17.81	30.14
Equity shares of per value Rs. 10/- each			
Number of shares used in computing earnings per share			
Basic		327,375,278	275,492,676
Diluted		334,996,367	275,492,676
Significant Accounting Policies and Notes to accounts	W		

The accompanying Schedules A to W forms an integral part of these accounts
 As per our report of even date attached

For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

K. P. Devassy
 Chief Financial Officer

Darshan D. Majmudar
 Company Secretary

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Executive Chairman

Waryam Singh
 Director

Shyam Sunder Dawra
 Director

Lalit Mohan Mehta
 Director

Sarang Wadhawan
 Managing Director

Satya Pal Talwar
 Director

Surinder Kumar Soni
 Director

Raj Kumar Aggarwal
 Director

Place: Mumbai
 Date: 28th May, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2010 (Rs. in lacs)		31st March, 2009 (Rs. in lacs)	
A. Cash flow from operating activities				
Net profit before tax		73,528.42		81,532.66
Adjustments for:				
(1) Depreciation	510.28		235.62	
(2) Expenses of increasing authorised share capital written off	-		153.51	
(3) Interest expenses	7,889.99		5,797.11	
(4) Profit on sale of units of mutual funds	(127.24)		(17.70)	
(5) Interest received	(7,934.84)		(5,693.19)	
(6) Dividend received	(6.27)		(3.38)	
(7) Loss on sale of investments	108.36		-	
(8) Loss on sale of fixed assets	15.37	455.65	3.16	475.13
Operating profit before working capital changes		73,984.07		82,007.79
Movements in working capital :				
Decrease/(Increase) in inventory	(166,103.82)		(133,884.77)	
Decrease/(Increase) in sundry debtors	(3,532.02)		(10,956.60)	
Decrease/(Increase) in other receivables	(2,309.33)		(55,075.98)	
(Decrease)/Increase in trade and other payables	18,941.91		12,064.32	
Net movement in working capital		(153,003.26)		(187,853.03)
Cash generated from operations		(79,019.19)		(105,845.24)
Less: Direct taxes paid (net of refunds)		12,014.85		6,281.40
Net cash from operating activities		(91,034.04)		(112,126.64)
B. Cash flows from investing activities				
(1) (Increase)/Decrease in capital work-in-progress	(1,249.38)		(949.15)	
(2) (Increase)/Decrease in investments (net)	(29,926.85)		(9,036.43)	
(3) Interest received	7,934.84		5,693.19	
(4) Dividend received	6.27		3.38	
(5) Purchase of fixed assets	(2,942.20)		(775.38)	
(6) Profit on sale of units of mutual funds	127.24		17.70	
(7) Sale of fixed assets	12.91		2.46	
Net cash from investing activities		(26,037.17)		(5,044.23)
C. Cash flows from financing activities				
(1) Proceeds from borrowings	198,114.25		250,137.02	
(2) Repayment of borrowings	(207,274.53)		(147,079.37)	
(3) Proceeds from share warrants	39,000.00		-	
(4) Increase in share capital including share premium	168,840.00		-	
(5) Share issue expenses	(2,496.26)		-	
(6) Dividend paid (including dividend distribution tax)	-		(7,513.21)	
(7) Interest paid	(7,889.99)		(5,797.11)	
Net cash used in financing activities		188,293.47		89,747.33
Net increase in cash and cash equivalents (A + B + C)		71,222.26		(27,423.54)
Cash and cash equivalents at the beginning of the year		7,516.53		34,940.07
Cash and cash equivalents at the end of the year		78,738.79		7,516.53
Components of cash and cash equivalents as at		31-Mar-2010		31-Mar-2009
Cash on hand		600.53		92.77
With banks - on current account		29,132.79		2,148.11
- on deposit account		49,005.47		5,275.65
		78,738.79		7,516.53

- Notes : 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement".
 2) Figures in the brackets indicate outflow.
 3) During the year the Company has allotted 1,30,00,000 Equity shares of Rs. 10/- each at a premium of Rs.230/- per share against conversion of warrants. The same has not been considered for the purpose of Cash flow.

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

K. P. Devassy
Chief Financial Officer

Darshan D. Majmudar
Company Secretary

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Executive Chairman

Waryam Singh
Director

Shyam Sunder Dawra
Director

Lalit Mohan Mehta
Director

Sarang Wadhawan
Managing Director

Satya Pal Talwar
Director

Surinder Kumar Soni
Director

Raj Kumar Aggarwal
Director

Place: Mumbai
Date: 28th May, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised :		
50,00,00,000 (previous year 50,00,00,000) Equity Share of Rs. 10/- each	50,000.00	50,000.00
Issued, Subscribed and Paid Up		
35,88,42,676 (previous year 27,54,92,676) Equity Share of Rs. 10/- each fully paid-up.	35,884.27	27,549.27
	35,884.27	27,549.27
(Of the above 23,12,20,595 Equity shares of Rs. 10/- each were allotted as fully paid-up bonus shares by way of capitalisation of General Reserve and Securities Premium)		
SCHEDULE "B"		
RESERVE AND SURPLUS		
Securities Premium Reserve		
Balance as per last Balance Sheet	152,872.84	158,994.90
Add: Received during the year	191,705.00	-
Less: Share issue expenses written off	2,496.26	-
Less: Utilised for issue of bonus shares	-	6,122.06
	342,081.58	152,872.84
Debenture Redemption Reserve		
Balance as per last Balance Sheet	68,750.00	71,250.00
Add: Transferred from Profit and Loss Account	61,916.00	22,500.00
Less: Transferred to General Reserve	103,500.00	25,000.00
	27,166.00	68,750.00
General Reserve		
Balance as per last Balance Sheet	137,050.09	54,683.02
Add: Transferred from Profit and Loss Account	-	57,367.07
Add: Transferred from Debenture Redemption Reserve	103,500.00	25,000.00
	240,550.09	137,050.09
Profit and Loss Account	58,292.41	60,542.35
	58,292.41	60,542.35
	668,090.08	419,215.28
SCHEDULE "C"		
LOAN FUND		
SECURED LOANS *		
19,800 (previous year 15,900) Redeemable Non-Convertible Debentures of Rs. 10 Lacs each	198,000.00	159,000.00
Term loans from Scheduled Banks	159,818.95	220,331.97
Term loans from Financial Institutions	47,352.74	30,000.00
* Security details of these loans are given in Notes on Accounts Schedule W at serial No. 13.	405,171.69	409,331.97
UNSECURED LOANS		
Nil (previous year 50) Redeemable Non-Convertible Debentures of Rs. 1 Crore each	-	5,000.00

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
	-	5,000.00
SCHEDULE "D"		
DEFERRED TAX LIABILITY (NET)		
Arising on account of timing differences		
Liabilities		
Related to fixed assets	613.54	296.84
	613.54	296.84
Assets		
Provision for bonus	40.92	-
Provision for gratuity	4.44	26.10
Provision for encashment of leave	34.86	30.58
	80.22	56.68
	533.32	240.16

SCHEDULE "E"

FIXED ASSETS

(Rs. in lacs)

Description	Cost			Depreciation				Net Block		
	as at 01-04-2009	additions	deletions	as at 31-03-2010	upto 31-03-2009	for the year	on sale or adjustment	upto 31-03-2010	as at 31-03-2010	as at 31-03-2009
Own assets :										
Freehold Land	557.09	-	-	557.09	-	-	-	-	557.09	557.09
Buildings	3,833.71	9,904.85	-	13,738.56	129.24	183.92	-	313.16	13,425.40	3,704.47
Plant and Machinery	178.38	1,202.49	-	1,380.87	12.60	48.06	-	60.66	1,320.21	165.78
Office Equipments	535.56	92.84	2.94	625.46	62.10	26.39	0.31	88.18	537.28	473.46
Computer	259.07	79.32	5.00	333.39	100.90	42.22	3.23	139.89	193.50	158.17
Furniture and Fixtures	437.59	1,000.73	-	1,438.32	90.14	93.18	-	183.32	1,255.00	347.45
Vehicle	491.46	350.17	36.94	804.69	94.40	58.28	13.05	139.63	665.06	397.06
Total (A)	6,292.86	12,630.40	44.88	18,878.38	489.38	452.05	16.59	924.84	17,953.54	5,803.48
Intangible Asset :										
Computer software	-	174.70	-	174.70	-	58.23	-	58.23	116.47	-
Total (B)	-	174.70	-	174.70	-	58.23	-	58.23	116.47	-
Total (A) + (B)	6,292.86	12,805.10	44.88	19,053.08	489.38	510.28	16.59	983.07	18,070.01	5,803.48
Previous year	5,530.57	775.39	13.10	6,292.86	261.24	235.62	7.48	489.38	5,803.48	5,269.33
Capital Work- in-Progress									228.04	1471.61

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "F "		
INVESTMENTS (AT COST) (NON TRADE)		
Long Term		
Investments in immovable property		
Leased out at HDIL Towers	3,650.00	4,112.79
Leased out at Pali Arcade	313.73	313.73
Other than trade (Unquoted Shares)		
Punjab & Maharashtra Co-op. Bank Limited		
1,90,000 (previous year 1,90,000) Equity Shares of Rs. 25/- each fully paid-up	47.50	47.50

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "F" (Contd.)		
In subsidiary company (Unquoted Shares)		
Privilege Power and Infrastructure Private Limited	746.35	746.35
2,07,520 (previous year 2,07,520) Equity Shares of Rs. 100/- each fully paid-up		
HDIL Entertainment Private Limited	1.00	1.00
10,000 (previous year 10,000) Equity Shares of Rs. 10/- each fully paid-up		
HDIL Oil & Gas Private Limited (upto 22.02.2010)	-	0.51
Nil (previous year 5,100) Equity Shares of Rs. 10/- each fully paid-up		
Blue Star Realtors Private Limited	1,348.52	1,348.52
34,00,000 (previous year 34,00,000) Equity Shares of Rs. 10/- each fully paid-up		
Ravijyot Finance & Leasing Private Limited	0.60	0.60
6,000 (previous year 6,000) Equity Shares of Rs. 10/- each fully paid-up		
Excel Arcade Private Limited	601.50	601.50
10,000 (previous year 10,000) Equity Shares of Rs. 10/- each fully paid-up		
Mazda Estates Private Limited	2,706.75	2,706.75
14,000 (previous year 14,000) Equity Shares of Rs. 10/- each fully paid-up		
HDIL Leisure Private Limited	1.00	1.00
10,000 (previous year 10,000) Equity Shares of Rs. 10/- each fully paid-up		
Guruashish Construction Pvt. Ltd.	24,548.75	-
11,00,000 (previous year Nil) Equity Shares of Rs. 100/- each fully paid-up		
BKC Developers Pvt Ltd	5,515.45	-
6,000 (previous year Nil) Equity Shares of Rs. 100/- each fully paid-up		
Other corporates (Unquoted)		
HDIL Infraproject Private Limited	1,800.00	1,800.00
1,80,00,000 (previous year 1,80,00,000) Equity Shares of Rs. 10/- each fully paid-up		
HDIL Energy Private Limited	0.26	0.26
2,600 (previous year 2,600) Equity Shares of Rs. 10/- each fully paid-up		
UM Architectures and Contractors Limited	1,768.81	1,768.81
20,000 (previous year 20,000) Equity Shares of Rs. 10/- each fully paid-up		
Realking Hotels Private Limited (formerly – S.G.S. Hotels & Resorts Ltd.)	-	2,440.00
Nil (previous year 3,45,000) Equity Shares of Rs. 10/- each fully paid-up		
HDIL Health Care Services Pvt. Ltd.	0.10	-
1,000 (previous year Nil) Equity Shares of Rs. 10/- each fully paid-up		
HDIL Energy Private Limited	71.95	71.95
7,19,500 (previous year 7,19,500) Redeemable Preference Shares of Rs. 10/- each fully paid-up		
Current Investments (at lower of cost or market value)		
In Mutual Funds		
UTI Liquid Cash Plan Institutional - Growth Option		
Nil (previous year 12,39,799) units of Rs. 1,000/- each	-	17.70
JM Mutual Fund		
30,211.97 (previous year Nil) units of JM Money Managers Surplus Plan of Rs. 10/- each (NAV as on 31st March, 2010 Rs. 3,92,284/-)	3.80	-
In Capital Account with Joint venture	16,521.57	14,312.96
(Refer note No. 14 of Schedule - W)		
	59,647.64	30,291.93

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "G"		
INVENTORIES		
Finished Goods (Stock of Flats/ Shops/ TDR) (lower of cost or net realisable value)	20,520.12	16,605.05
Work-in-progress (at cost)	782,846.12	627,564.54
	803,366.24	644,169.59
SCHEDULE "H"		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	1,879.29	2,179.75
Other debts		
Unsecured, considered good	18,192.47	14,359.99
	20,071.76	16,539.74
SCHEDULE "I"		
CASH AND BANK BALANCES		
Cash on hand	600.53	92.77
Balances with scheduled banks:		
On current accounts	29,132.79	2,148.11
On deposit accounts *	49,005.47	5,275.65
	78,738.79	7,516.53
*[Includes Fixed deposits of Rs. 2,943.65 lacs (previous year Rs. 2,938.65 lacs) pledged with bank as security for bank guarantees]		
SCHEDULE "J"		
OTHER CURRENT ASSET		
Interest accrued on fixed deposits	279.07	201.30
	279.07	201.30
SCHEDULE "K"		
LOANS AND ADVANCES		
Unsecured considered good		
Loans to subsidiaries	73,594.02	55,915.95
Advances recoverable in cash or in kind or for value to be received		
Goods and services	6,494.06	1,943.97
Land purchase/ tenancy/ claims/ development rights	138,681.13	156,965.86
Loans to employees	33.25	22.57
Prepaid expenses	129.41	71.92
Security deposits	1,599.76	3,379.80
	220,531.63	218,300.07

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "L"		
CURRENT LIABILITIES		
(a) Sundry creditors		
i) total outstanding dues of micro enterprises and small enterprises and	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	27,560.46	30,353.23
(b) Advances from customers	41,003.69	18,809.42
(c) Investor education and protection fund		
i) Unpaid dividend	10.46	10.73
ii) Share application money refundable	10.14	10.31
	Sub-Total	
	20.60	21.04
(d) Other liabilities	11,581.03	11,534.73
(e) Interest accrued but not due on loans	61.70	543.53
	80,227.48	61,261.95
SCHEDULE "M"		
PROVISIONS		
Provision for taxation	41,848.42	28,284.91
Provision for tax on fringe benefits	193.50	193.50
Provision for wealth tax	11.46	5.77
Less: Advance tax	38,942.66	26,927.80
	3,110.72	1,556.38
Provision for gratuity	13.06	67.64
Provision for encashment of leave	102.56	71.60
	3,226.34	1,695.62
SCHEDULE "N"		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
a) Expenses of increasing authorised share capital		
Balance as per last Balance Sheet	-	153.51
Less: Written off during the year	-	153.51
	-	-
b) Deferred Revenue Expenses		
Add: Additions during the year	-	1,200.00
	-	1,200.00
Less: Expensed out during the year	-	1,200.00
	-	-
	-	-
	-	-
	-	-

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "O"		
TURNOVER		
Sale of commercial and residential units	6,060.75	30,622.66
Sale of FSI/ Land/ TDR	143,138.42	141,306.38
	149,199.17	171,929.04
SCHEDULE "P"		
OTHER INCOME		
Rent and compensation [TDS Rs.195.51 lacs (previous year Rs. 291.55 lacs)]	2,064.27	2,184.41
Dividend received (From Co-operative Bank)	6.27	3.38
Flat cancellation charges	19.87	0.65
Interest received [TDS Rs. 749.82 lacs (previous year Rs. 1037.70 lacs)]	7,934.84	5,693.19
Foreign exchange variation	-	8.92
Profit on sale of investment	127.24	17.70
Interest on capital with partnership firms	352.23	892.56
Share of revenue of Entertainment business	145.96	45.83
Miscellaneous income	108.39	673.99
Share of profit from partnership firms	-	7.77
	10,759.07	9,528.40
SCHEDULE "Q"		
VARIATION IN STOCK-IN-TRADE		
Opening stock-in-trade	16,605.05	2,873.95
Closing stock-in-trade	20,520.12	16,605.05
	(3,915.07)	(13,731.10)
SCHEDULE "R"		
VARIATION IN WORK-IN-PROGRESS		
Opening work-in-progress	627,564.54	507,410.87
Closing work-in-progress	782,846.12	627,564.54
	(155,281.58)	(120,153.67)
SCHEDULE "S"		
COST OF CONSTRUCTION AND DEVELOPMENT		
Land	4,882.21	30,211.46
Tenancy/ claims/ development rights	40,258.73	58,385.47
Construction materials and other expenses	146,335.75	76,774.72
	191,476.69	165,371.65
SCHEDULE "T"		
FINANCE EXPENSES		
Project specific interest	43,664.96	52,021.39
Other interest	7,889.99	5,797.11
	51,554.95	57,818.50

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "U"		
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES		
Salaries, bonus and other payments	2,259.54	1,705.95
Gratuity	36.97	30.80
Contribution towards Employee's State Insurance, Provident and other funds	152.69	112.76
Welfare expenses	153.62	139.32
	2,602.82	1,988.83
SCHEDULE "V"		
ADMINISTRATIVE EXPENSES		
Advertisement/ exhibition/ sales promotion expenses	454.04	3,040.49
Commission and brokerage	59.29	121.56
Electricity charges	127.23	99.11
Insurance charges	0.95	1.41
Other administrative expenses	867.47	931.30
Loss on sale of investment	108.36	-
Loss on sale of fixed asset	15.37	3.16
Printing and stationery	162.49	108.33
Professional fees	372.80	217.41
Rent, rates and taxes	249.12	250.87
Repairs and maintenance to other assets	167.52	36.08
Stamping and registration	5.24	6.82
Communication expenses	159.70	177.53
Travelling and conveyance expenses	1,060.46	1,605.28
Directors remuneration and sitting fees	1,924.90	1,962.20
Remuneration to auditors	126.18	126.18
Donations	527.55	172.26
Filing fees paid to the Registrar of Companies	0.23	0.15
	6,388.90	8,860.14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

SCHEDULE "W"

A. Statement of significant accounting policies:

1. Basis of preparation

- a) The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention on an accrual basis and comply in all material aspects with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous period.

As per the Press Release dated 04/05/2010 from Ministry of Corporate Affairs, Companies covered in Phase I of implementation of IFRS will prepare their financial statements for financial year 2011-12 in accordance with the first set of Accounting Standards (i.e. the converged Accounting Standards) but will show previous years' figures as per the financial statements for the financial year 2010-11 i.e. as per non-converged accounting standards.

- b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

c) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

2. Fixed assets and depreciation

- a) Fixed assets are capitalised at cost inclusive of expenses incidental thereto. Depreciation on fixed assets has been provided on straight-line method at the rates and in the manner as specified in Schedule XIV to the Companies Act, 1956.

b) Intangible assets and amortisation

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are amortised as follows:

Computer software : Over a period of three years.

3. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments and are carried at lower of cost and fair value determined on an individual investment basis whereas all other investments are classified as long-term investments and are carried at cost. Provision for diminution in value of long-term investment is made to recognise a decline other than temporary as specified in Accounting Standard (AS 13) on "Accounting for Investments".

4. Inventories

Inventories are valued as follows:

Inventory comprises of completed property for sale, transferable development rights and projects in progress.

- (i) Completed property for sale and transferable development rights are valued at lower of cost or net realizable value. Cost includes cost of land, land development rights, acquisition of tenancy rights, materials, services, borrowing costs and other related overheads as the case may be.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

- (ii) Projects in progress are valued at cost. Cost includes cost of land, land development rights, materials, services, borrowing costs, acquisition of tenancy rights and other related overheads. Cost incurred / items purchased specifically for projects are taken as consumed as and when incurred/received.

- (iii) In the case of acquisition of land for development and construction, the rights are acquired from the owners of the land and the conveyance and registration thereof will be executed between the original owners and the ultimate purchasers as per trade practice.

5. Revenue recognition

The Company follows completed project method of accounting ("Project Completion Method of Accounting"). Allocable expenses incurred during the year are debited to work-in-progress account. The income is accounted for as and when the projects get completed or substantially completed. The revenue is recognized to the extent it is probable and the economic benefits will flow to the Company and the revenue can be reliably measured.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

- a) Sale:
Unit in real estate:
Revenue is recognised when the significant risks and rewards of ownership of the units in real estate have passed to the buyer.
- b) Rent:
Revenue is recognised on accrual basis.
- c) Interest:
 - i) Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
 - ii) Interest due on delayed payments by customers is accounted for on receipts basis due to uncertainty of recovery of the same.
- d) Dividends:
Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.
- e) Share of profit - Partnership firms: -
Share of profit/(loss) from partnership firms is accounted for in respect of the financial year ending on or before the balance sheet date.
- f) Share in revenue of entertainment vertical:
Revenue is recognised on accrual basis.
- g) Profit on sale of investment:
It is recognised on its liquidation/redemption.

6. Borrowing cost

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset (including real estate projects) are considered as part of the cost of the asset. Other borrowing costs are treated as period costs and charged to the profit and loss account as and when they are incurred.

7. Employees benefits

a) Short-term employee benefit:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees recognised as an expense during the year.

b) Long-term employee benefit:

- (i) Provident Fund
Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due.
- (ii) Gratuity
Retirement gratuity liability of employees is a defined benefit obligation and reflects the actuarial valuation of the future gratuity liability.
- (iii) Leave encashment
Long-term compensated absences are provided on the basis of actuarial valuation as at the end of the year.
- (iv) Actuarial gains/losses
Actuarial gains/losses, if any, are immediately taken to the profit and loss account and are not deferred.

8. Income taxes

- (i) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- (ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

9. Segment reporting policies

The main business of the Company is real estate development and construction of residential and commercial properties, infrastructure facilities and all other related activities which revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting". The Company through its subsidiary companies have forayed into entertainment and hospitality sectors. Since their revenue/activities are not significant these are not reported separately.

10. Earnings per share

Basic earnings per share are calculated by dividing the net profit/(loss) for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year. The average number of equity shares outstanding during the year is adjusted for event of fresh issue of shares to the public.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

11. Impairment

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the current accounting period in which an asset is identified as impaired. The impairment loss recognised in earlier accounting periods is reversed if there has been a change in the estimate of recoverable amount as specified in Accounting Standard (AS 28) on impairment of assets.

12. Foreign currency transaction

- Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- Non-monetary foreign currency items are carried at cost.
- Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account.

13. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

14. Leases

Where the Company is the lessor

Lease income is recognised in the profit and loss account on a straight-line basis over the lease term. Recurring costs are recognised as an expense in the profit and loss account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised in the profit and loss account.

B. Other Notes:

1. Nature of operations:

Housing Development and Infrastructure Limited (HDIL) is a leading real estate and infrastructure development Company. Besides core activities of construction, subsidiaries of HDIL are also involved in Entertainment and Hospitality sector.

2. Related party disclosure:

- A. List of related parties with whom transactions have taken place during the current accounting year and relationship:

Subsidiaries

- Privilege Power and Infrastructure Private Limited
- HDIL Entertainment Private Limited
- Blue Star Realtors Private Limited
- Ravijyot Finance & Leasing Private Limited
- Excel Arcade Private Limited
- Mazda Estate Private Limited
- HDIL Leisure Private Limited
- Guruashish Construction Private Limited
- BKC Developers Private Limited
- HDIL Oil and Gas Private Limited (Upto 22nd February, 2010)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

Associates

Nil

Enterprise significantly influenced by key management personnel

Privilege Airways Private Limited

Privilege Industries Limited

HDIL Oil & Gas Private Limited (w.e.f. 23rd February, 2010)

Joint Ventures

D. S. Corporation

Fine Developers

Mahul Construction Corporation

B. Transactions with related party

(Rs. in lacs)

Nature of transaction	31st March, 2010					31st March, 2009				
	Subsidiary	Enterprises influenced by Key Management Personnel	Joint Ventures	Key Management Personnel	Total	Subsidiary	Enterprises influenced by Key Management Personnel	Joint Ventures	Key Management Personnel	Total
Loans/advances paid	11,640.35	-	-	-	11,640.35	8,673.96	1,019.84	-	-	9,693.80
Loans/advances received	128.40	-	-	-	128.40	149.93	-	-	-	149.93
Investment in partnership firm	-	-	1,856.38	-	1,856.38	-	-	(7,473.09)	-	(7,473.09)
Investment in Equity/preference shares	525.00	-	-	-	525.00	3,309.25	-	-	-	3,309.25
Interest received	7,338.47	-	352.23	-	7,690.70	5,441.43	-	892.56	-	6,333.99
Lease rent received	3.59	2.80	-	-	6.39	3.11	1.20	-	-	4.31
Share of revenue received	145.96	-	-	-	145.96	45.83	-	-	-	45.83
Share of profit received	-	-	-	-	-	-	-	3.77	-	3.77
Directors remuneration	-	-	-	1,800.00	1,800.00	-	-	-	1,800.00	1,800.00
Salary paid	-	-	-	57.73	57.73	-	-	-	29.40	29.40
Development right purchased	1,571.85	-	-	-	1,571.85	-	12,300.75	-	-	12,300.75
Travelling expenses	-	768.18	-	-	768.18	-	-	-	-	-
Outstanding as at year end - Due from	73,595.81	-	16,521.56	-	90,117.37	55,915.95	12,912.50	14,312.96	-	83,141.41
Outstanding as at year end - Due to	-	664.66	-	-	664.66	-	144.48	-	-	144.48

C. Key management personnel

Name

Shri Rakesh Kumar Wadhawan

Shri Sarang Wadhawan

Shri K. P. Devassy

Shri Darshan Majmudar

Designation

Executive Chairman

Managing Director

Chief Financial Officer

Vice President - Company Secretary & Legal

3. Remuneration to Auditors

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
a) Audit fees	66.18	66.18
b) Taxation matters	20.00	20.00
c) Management consultancy	20.00	20.00
d) Other services	20.00	20.00
	126.18	126.18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

4. Managerial Remuneration

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
a) Remuneration to the Executive Chairman and Managing Director	1,800.00	1,800.00
b) Commission to Non-Executive Directors	112.50	150.00
c) Sitting fees	13.20	12.20
	1,925.70	1,962.20

Computation of net profits for Commission payable to the Non executive Directors

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
Profit before tax as per profit and loss account	73,528.42	81,532.66
Add: Remuneration to the Executive Chairman and Managing Director	1,800.00	1,800.00
Commission to Non-Executive Directors	112.50	150.00
Sitting fees	13.20	12.20
Depreciation charged in account	510.28	235.62
Net loss on sale of fixed assets as per account	15.37	3.16
Net loss on sale of Investment as per account	108.36	-
	76,088.13	83,733.64
Less: Depreciation as per Section 350 of the Companies Act, 1956	510.28	235.62
Net profit as per Section 349 of the Companies Act, 1956	75,577.85	83,498.02
Commission payable to Non-Executive Directors @ 1% of the net profit	755.78	834.98
Restricted to	150.00	150.00

5. The Company has adopted Accounting Standard 15 (Revised 2005)- Employee benefits ("AS-15"). Pursuant to adoption, the Company has determined the liability for gratuity and leave encashment on actuarial basis in accordance with Revised AS-15.

The Company has created Employee's Group Gratuity Fund with Life Insurance Corporation of India, and obtained Group Gratuity Assurance Policy from LIC for the benefit of employees.

A) Gratuity Plan:

The following table set out the status of the gratuity plan as required under AS - 15.

i) Reconciliation of opening and closing balance of the present value of the defined benefit obligation

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
Obligations at beginning of year	67.64	36.84
Interest cost @ 8.25% (previous year @ 8%)	5.58	2.95
Current service cost	34.28	31.81
Benefits paid	(17.47)	-
Actuarial (gain)/loss on defined benefit obligation	2.64	(3.96)
Obligation at year end	92.67	67.64

ii) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows

Opening fair value of plan assets	-	-
Expected return	3.44	-
Actuarial gains and (losses)	2.09	-
Assets distributed on settlements	-	-
Contribution by employer	91.55	-
Benefits paid	(17.47)	-
Closing fair value of plan assets	79.61	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

iii) Amounts to be recognised in the Balance Sheet

Projected benefit obligation, at the end of the year	92.67	67.64
Fair value of plan assets at end of the year	79.61	-
Net asset/(liability) recognised in the balance sheet	(13.06)	(67.64)

iv) Gratuity cost for the year

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
Current service cost	34.28	31.81
Interest cost on obligation	5.58	2.95
Expected return on plan assets	(3.44)	-
Net actuarial (gain)/loss	0.55	(3.96)
Expense recognised in the statement of profit and loss	36.97	30.80

B) Leave encashment liability:

The following table set out the status of the leave encashment plan as required under AS - 15.

i) Reconciliation of opening and closing balance of the present value of the defined benefit obligation.

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
Obligation at beginning of the year	71.60	25.90
Interest cost	5.91	2.07
Current service cost	24.48	32.29
Benefits paid	-	-
Actuarial (gain)/loss on defined benefit obligation	0.58	11.34
Obligation at year end	102.57	71.60

ii) Amounts to be recognised in the Balance Sheet

Projected benefits obligation, at the end of the year	102.57	71.60
Fair value of plan assets at end of the year	-	-
Net asset/(liability) recognised in the balance sheet	(102.57)	(71.60)

iii) Leave Encashment cost for the year

Current service cost	24.48	32.30
Interest cost on obligation	5.91	2.07
Expected return on plan assets	-	-
Net actuarial (gain)/loss	0.58	11.34
Expense recognised in the statement of profit and loss	30.97	45.71

C) Valuation Assumptions:

Considering the above stipulation in the case of gratuity and leave encashment, the following assumptions have been made.

	31st March, 2010	31st March, 2009
i) Discount Rate	8.25%	8.00%
ii) Salary Growth	7.00%	7.00%
iii) Expected rate of return		
Gratuity	9.00%	-
Leave encashment	-	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

6. Disclosure in respect of operating leases:

Assets given on lease:

- a) General description of leasing arrangement
 - i) Leased assets: Leasing of commercial premises.
 - ii) Future lease rentals are determined on the basis of agreed terms.
 - iii) At the expiry of the lease term, the company agrees to record the new terms and condition of their agreement in relation to lease of the Premises.
- b) Lease payment received or receivable for the year is recognised in the profit and loss account Rs. 2,064.27 lacs. (previous year Rs. 2,184.41 lacs)
- c) **Total minimum lease payments receivable**

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
The total of minimum lease payments for the year:		
Not more than one year	1,463.12	2,226.86
Not less than one year and not more than five years	2,779.66	4,209.62
More than five years	178.88	264.05

7. Capital commitments:

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	94.99	754.93

8. Contingent Liabilities not provided for:

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
a) Claims against the Company not acknowledged as debts represented suits filed by the parties in the High Court, Bombay and disputed by the Company		
(i) Relating to failure to handover multiplex premises	NIL	3,737.79
(ii) Other matters	21,550.00	6,317.00
	21,550.00	10,054.79
In the opinion of the management the above claims are not sustainable.		
b) Guarantees provided by the bank	2,933.65	2,938.65
c) Against demand promissory note executed as security for performance	27,500.00	27,500.00
d) Corporate guarantee issued on behalf of wholly owned subsidiary Company	22,000.00	NIL

9. Supplementary statutory information:

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
i) Earnings in foreign currency	NIL	NIL
ii) Expenditure in foreign currency		
- Legal fees	66.53	NIL
- Other matters	37.75	179.45
iii) Value of imports calculated on CIF basis		
- Capital goods	285.40	69.20
- Construction materials and other expenses	NIL	57.15

10. Licensed capacity, installed capacity, etc.

With regard to Clause 3(ii) of Part II of Schedule VI to the Companies Act, 1956, the Company is of the view that in respect of its real estate operations, the Company does not fall under the category of Clause 3(ii)(a) "Manufacturing Company" or Clause 3(ii)(b)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

“Trading Company” or Clause 3(ii)(c) “Company rendering or supplying services”, but falls under the category of “Other Companies” as given in Clause 3(ii)(e). As such, quantitative details of opening stock, purchases and closing stock are not required to be furnished.

11. In the opinion of the management, the value of current assets and loans and advances are not less than as stated, if realised in the ordinary course of business.
12. a) During the year Company has allotted to QIB 7,03,50,000 equity shares of Rs. 10/- each at premium of Rs. 230/- each and 2,60,00,000 share warrants of Rs. 240/- each were allotted to one of the promoter. Out of which 1,30,00,000 share warrants have been converted into equity shares of Rs. 10/- each at premium of Rs. 230/- each.
- b) 1,30,00,000 outstanding share warrants are entitled for conversion into one equity share of Rs. 10/- each at a premium of Rs. 230/- per share at any time between six months to eighteen months from 2nd July, 2009 (date of allotment). The Company has received Rs. 60/- per share warrant being 25% of the exercise price.

13. Loan funds:

Secured loans:

1) Term Loans from Banks:

a) Bank of India:

- (I) Secured by registered mortgage of free sale component to be generated on the piece and parcel of land bearing survey No. 236A and 194 (pt) admeasuring about 18,199.08 sq. mtr. on the property situated at Ghatkopar (East) together with buildings constructed or to be constructed thereon. The term loan repayable in 48 equal monthly installment of Rs. 208.35 lacs commencing from April 2011. The rate of interest is BPLR + 0.75% p.a.
- (II) The other term loan secured by hypothecation of construction materials, other movable assets and receivables of Airport Slum Rehabilitation Project as well as Non-agricultural land admeasuring 92,060 sq. mtrs. at Village Sasunavghar, Taluka Vasai. Repayable in 4 quarterly installment of Rs. 5,000 Lacs after moratorium of two years from first disbursement. Interest rate is BPLR.

b) Life Insurance Corporation of India:

Term loan is secured by registered mortgage of land admeasuring about 21,07,399 sq. ft. along with structures to be constructed thereon situated in Village Chandansar, Virar (East) Dist. Thane and land admeasuring about 22.50 acres at Kochi. Rate of interest is 13% p.a. payable monthly. Repayment by sixteen equal quarterly installment beginning from November, 2010.

c) Central Bank of India:

Secured by registered mortgage of property admeasuring 10 acres at Kurla. Rate of interest BPLR + 0.50% payable monthly. Repayable in 12 equal bi-monthly installment of Rs. 2,500 Lacs each commencing from June, 2011.

d) Punjab National Bank:

- (I) Secured by equitable mortgage of land admeasuring 2,63,870 sq. mtrs. at village Dongre, Taluka Vasai, District Thane. Rate of interest is BPLR+TP+1.50%. Repayment in 12 monthly installment of Rs. 1,666.67 Lacs commencing from July, 2010.
- (II) Secured by registered mortgage of all the rights of land admeasuring 15,554.54 sq.mtrs. bearing CTS No. 866B (A) at village Ambivali, Taluka Andheri, District Mumbai suburban as well as FSI pertaining to the plot of land bearing CTS 866-A admeasuring 93,327.4 sq. mtrs. Rate of interest is BPLR +TP +3%. Repayment in 12 quarterly installment commencing from 18th June, 2010.

e) Punjab and Sind Bank:

Secured by 1,52,955 sq. mtrs. of non-agricultural plots of land situated at Village Chandansar, Virar (E) owned by Privilege Power and Infrastructure Private Limited carrying interest at BPLR + 0.25% + TP + RP payable monthly. Repayment in 36 equal monthly installment of Rs. 277.78 Lacs commencing from July, 2009.

f) United Bank of India:

Secured by registered mortgage of land admeasuring 1,07,760 sq. mtrs. situated at Kopri (Chandansar), Virar East, Dist. Thane, owned by Privilege Power and Infrastructure Private Limited. Rate of interest BPLR + 150 basis points payable monthly. Repayable in 10 quarterly installment of Rs. 1,000 lacs each after moratorium of 6 months from the date of first disbursement.

g) The Jammu and Kashmir Bank:

Secured by registered mortgage of non-agricultural property of Privilege Power and Infrastructure Pvt. Ltd. admeasuring 2,31,490 sq. mtrs. situated at Kopri, Virar (E). Rate of interest PLR payable monthly. Repayable in 10 equal quarterly installments of Rs. 2,000 Lacs each. The first installment to commence after moratorium of 6 months from the date of first disbursement.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

h) UCO Bank:

- (I) Secured by registered mortgage of immovable property (non-agricultural) admeasuring 1,29,600 sq. mtrs. situated at Village Doliv, Taluka Vasai, Dist. Thane. Rate of interest BPLR + 0.75% payable monthly. Repayable in 10 quarterly installment of Rs. 2,000 Lacs each after moratorium of 6 months from the date of first disbursement.
- (II) Secured by registered mortgage on proposed building located at CTS No. 866/B of village Ambivali, Versova, Andheri (West), Mumbai having a saleable area - Residential 10.77 Lacs sq. ft. and commercial area 12.05 Lacs sq. ft. total 22.82 Lacs sq. ft. Rate of interest BPLR + 0.50% with monthly rests. Repayable in 16 quarterly installment of Rs. 1,563 Lacs each after moratorium of 12 months from the date of first disbursement.

II) Term Loans from financial Institution:

i) IL & FS:

Secured by registered mortgage of immovable properties admeasuring 132.61 acres situated at Village Doliv and Kharadi - 76 acres, Dahisar - 23.5 acres, Maljipada - 30.11 acres and Kasarali - 3 acres, owned by Privilege Power and Infrastructure Private Limited. Rate of interest is 12.50% payable monthly. Repayment in 20 quarterly installment commencing from August, 2012.

III) Secured Redeemable Non-Convertible Debentures (Listed):

- i) 2500 (2500) Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest rate of 11.75% p.a. payable monthly are issued on private placement basis to Life Insurance Corporation of India. The debentures are secured by 2,88,940 Sq. mtrs non-agricultural land situated at village Doliv and Village Kharadi, Vasai, District Thane. These Secured Non-Convertible Debentures are redeemable in eighteen equal monthly installment of Rs. 1,388.89 Lacs commencing from October, 2010.
- ii) 3000 (3000) Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest at the rate of 11.75% p.a. payable monthly are issued on private placement basis to Life Insurance Corporation of India. The debentures are secured by 2,88,940 sq. mtrs. non-agricultural land situated at village Dolive and Village Kharadi, Vasai, District Thane. These Secured Non-Convertible Debentures are redeemable in eighteen equal monthly installment of Rs. 1,666.67 Lacs commencing from October, 2010.

IV) Secured Redeemable Non-Convertible Debentures (Non-listed):

- i) 1,000 (3,000) Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest with a floor of 11.95% p.a. and upper cap of 12.25% p.a. payable monthly are issued on private placement basis to Life Insurance Corporation of India. Secured by registered mortgage of non-agricultural land admeasuring 3,195.82 sq. mtrs. situated at survey No. 37, mauje Ishwarpura, Taluka Radi, Mehsana and 2,88,940 sq. mtrs. non-agricultural land situated at village Dolive and Village Kharadi, Vasai, District Thane. These Secured Non-Convertible Debentures are redeemable in eighteen equal monthly installment of Rs. 1,666.67 Lacs commencing from October, 2010.
- ii) 150 (150) Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest @ 13.25% p.a. payable quarterly are issued on private placement basis to General Insurance Corporation. These Secured Non-Convertible Debentures are redeemable after 24 months from the date of allotment. Secured by registered first mortgage and charge on *pari passu* basis on commercial property located at commercial building No. 5 known as HDIL Towers, Bandra. These secured redeemable non-convertible debentures are redeemable on 22nd June, 2010.
- iii) 400 (400) Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest @ 13.25% p.a. payable monthly are issued on private placement basis to Punjab National Bank. These Secured Non-Convertible Debentures are redeemable after 24 months from the date of allotment. Secured by land admeasuring 3,477.20 sq. mtrs. situated at Village Kurla, Greater Mumbai. These secured redeemable non-convertible debentures are redeemable on 4th January, 2011.
- iv) 12,750 (Nil) Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest at the rate of 12% p.a. payable quarterly are issued on Private Placement basis to various banks. Secured by immovable property of 7,01,719.06 sq. mtrs. equivalent to 173.40 acres at village Kasarali, Taluka Vasai, District Thane which is owned by Privilege Power and Infrastructure Private Limited. These Secured Non-Convertible Debentures are redeemable at 33% in third and fourth year and 34% at the end of fifth year. These debentures will be listed at Bombay Stock exchange.

Note :

- i) All the above loans and debentures have been personally guaranteed by Executive Chairman and Managing Director of the Company.
- ii) IDBI Trustee is trustee to all the Debentures issued.
- iii) The debentures issued to Life Insurance Corporation of India are further secured by registered mortgage of first to nine floors except Ground, 3rd, 4th and 6th floors of commercial building known as HDIL Towers, Bandra (East), Mumbai.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

14. Investment in Joint Ventures

M/s. D. S. Corporation: (Fixed Capital Rs. 1,00,000/-)

Share of profit - 45%, other partners and share of profit are (1) Prithvi Realtors & Hotels Pvt. Ltd. - 20%, (2) Sapphire Land Development Private Limited - 5%, (3) Awas Developers & Constructions Private Limited - 8%, (4) Emerald Realtors Private Limited - 8% (5) Serveall Constructions Private Limited - 8% and (6) Satyam Realtors Private Limited - 6%.

M/s. Fine Developers: (Fixed Capital Rs. Nil)

Share of profit - 90%, other partner and share of profit is Sapphire Land Developers Private Limited - 10%.

M/s. Mahul Construction Corporation:- (Fixed Capital Rs. 50,000/-)

Share of profit - 85%, other partners and share of profit (1) Shri Waryam Singh - 5%, (2) Shri Sarang Wadhawan - 5% and (3) Shri Sunpreet Singh - 5%

15. Earnings per share has been computed as under:

		31st March, 2010	31st March, 2009
(a) Net profit after tax as per profit and loss account	Rs. in lacs	60,229.56	72,120.78
(b) MAT Credit entitlement and excess provision for tax	Rs. in lacs	(563.51)	10,921.58
(c) Net Profit attributable to Equity Shareholders	Rs. in lacs	59,666.05	83,042.36
(d) Number of shares used in computing earnings per share			
Basic	Nos.	327,375,278	275,492,676
Diluted	Nos.	334,996,367	275,492,676
(e) Basic Earning per share		18.23	30.14
(f) Diluted Earning per share		17.81	30.14
(g) Nominal value per equity share is Rs. 10/-			

16. Micro, Small and Medium Enterprises

Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
i) Principal amount remaining unpaid as on 31st March, 2010.	-	-
ii) Interest due thereon as on 31st March, 2010.	-	-
iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, alongwith the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
v) Interest accrued and remaining unpaid as at 31st March, 2010.	-	-
vi) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

17. On 10th September, 2009 search and seizure action has been conducted by Income Tax department in the business premises of the Company as well as residential premises of the two directors. As a consequence thereof the Company has made a disclosure of Rs. 350 Crores under Section 132 (4) of Income Tax Act, 1961 as income of current financial year 2009-10. The said income as well as the probable tax liabilities are duly accounted for in accordance with the provisions of Income Tax Act, 1961.

18. Figures for the previous accounting year have been regrouped, rearranged, restated and reclassified wherever necessary. Accordingly, amounts and other disclosures for the previous accounting year are included as an integral part of the current accounting year financial statement and are to be read in relation to the amounts and other disclosures relating to the current accounting year.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

D. Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile.

I. Registration Details			
Registration No:	101379	State Code:	11
Balance Sheet Date:	31-03-2010		
II. Capital raised during the year (Amount in Rs. lacs)			
Public Issue	0.00	Rights Issue	0.00
Bonus Issue	0.00	Private Placement	8,335.00
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lacs)			
Total Liabilities	1,200,933.18	Total Assets	1,200,933.18
Sources of Funds			
Paid-Up Capital	35,884.27	Reserves and Surplus	668,090.08
Secured Loans	405,171.69	Unsecured Loans	-
Deferred Tax Liability	533.32	Share Warrant	7,800.00
Application of Funds			
Net Fixed Assets	18,298.05	Investments	59,647.64
Net Current Assets	1,039,533.67	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil		
IV. Performance of company (Amount in Rs. lacs)			
Turnover (Sales and other income)	159,958.24	Total Expenditure	86,429.82
Profit before Tax	73,528.42	Profit after Tax	60,229.57
Earnings Per Share – (in Rs.)	18.23	Dividend Rate %	0
Generic names of principal products/services of the Company (As per monetary Terms)			
Item Code No. (ITC Code)	NA	Product Description	NA

Signatures to Schedule A to W

For **THAR & CO.**
Chartered Accountants
Firm Registration No. 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

K. P. Devassy
Chief Financial Officer

Darshan D. Majmudar
Company Secretary

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Executive Chairman

Waryam Singh
Director

Shyam Sunder Dawra
Director

Lalit Mohan Mehta
Director

Sarang Wadhawan
Managing Director

Satya Pal Talwar
Director

Surinder Kumar Soni
Director

Raj Kumar Aggarwal
Director

Place: Mumbai
Date: 28th May, 2010

NOTICE

NOTICE is hereby given that Twenty Sixth Annual General Meeting of the members of PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED, will be held on Thursday, the 20th day of May, 2010 at 12:00 noon at the registered office of the Company situated at 3rd Floor, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai – 400 051 to transact the following business:

ORDINARY BUSINESS

1. To consider, review and adopt the Audited Balance Sheet as on 31st March, 2010 and the Profit and Loss Account for the year ended 31st March, 2010 along with the schedules forming part of accounts and notes thereto and the Director's Report and the Auditor's Report thereon.
2. To appoint Director in place of Mr. Sarang Wadhawan, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. To re-appoint M/s. Thar & Co., Chartered Accountants, Mumbai, who retire at the ensuing Annual General Meeting to act as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, who being eligible have offered themselves for re-appointment and to authorise the Board to fix their remuneration.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Chairman

Place: Mumbai

Date: 20th April, 2010

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board resolution authorising the representatives to attend and vote at the annual general meeting.

DIRECTORS' REPORT

The Members of
Privilege Power and Infrastructure Private Limited

Dear Members,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2010.

1. Financial Results

(Rs. '000)

Particulars	2009-10	2008-09
Gross Sales and Other Receipts	16,231.69	51,782.48
Profit before Depreciation and Taxation	3,938.32	6,030.23
Depreciation	1,238.25	1,209.30
Profit before Tax	2,700.07	4,820.93
Less: Provision for tax	879.16	1,321.00
Less: Fringe benefit tax	-	87.27
Add: Deferred tax asset/(liability)	(900.47)	7.01
Add: MAT credit entitlement	-	816.76
Profit after Taxation	920.44	4,236.43
Balance brought forward	58,756.87	52,067.90
Profit carried to Balance Sheet	59,678.86	58,756.88

2. Dividend

To conserve the resources, your Directors do not recommend payment of any dividend on the equity shares for the year.

3. Directors

In accordance with the provisions of Section 255 of the Companies Act, 1956, Mr. Sarang Wadhawan retire by rotation at the forthcoming annual general meeting and, being eligible, has offered himself for re-appointment.

4. Resignation of Company Secretary

During the year, Mr. Ajay Tipte has resigned from the post of Company Secretary with effect from 30th November, 2009.

5. Auditors

M/s. Thar & Co., Chartered Accountants, Statutory Auditors of the Company, holds office up to the conclusion of the forthcoming annual general meeting and has given their consent for re-appointment.

The Company has received a written confirmation from M/s. Thar & Co. to the effect that their appointment, if made, would be in conformity within the limits prescribed in Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

6. Registered Office

Name of the premises where the registered office of the Company is situated is changed from "Dheeraj Arma" to "HDIL Towers" pursuant to this change, the address of the registered office of the Company will be "3rd Floor, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai - 400 051".

7. Particulars of Employees

During the year the Company has not paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

8. Secretarial Compliance Certificate

As per the provisions of Section 383A of the Companies Act, 1956, every company having a paid-up share capital of Rupees Ten Lakhs to Five Crores has to obtain a certificate from a Secretary in Whole Time Practice. The said certificate is required to confirm that the Company has complied with all the provisions of the Act during the year under review. In respect of compliance of the aforesaid provision, the Company has obtained the necessary certificate from the Secretary in Whole Time Practice and the same is attached to the Board's report in pursuance of the provisions of Section 217 of the Companies Act, 1956.

9. Conservation of Energy, Technological Absorption and Foreign Exchange Earnings and Outgo

- As the Company is engaged in the business of developing SEZ and land development, Conservation of Energy, Technological Absorption is not applicable to the Company.
- Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) is Earnings – Nil (P.Y. - Nil), Outgo – Nil (P.Y.- Nil).
- The Company has no outstanding dues to small scale industries.

10. Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- the Directors have selected such accounting policies and applied them consistently and made judgements 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 and of the profit of the Company for that period;
- the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis.

11. Acknowledgement

Your Directors express their sincere thanks to the banks for its assistance and co-operation extended from time to time. The Directors also gratefully acknowledge the patronage extended by the clients for their continued trust and confidence reposed in us.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai
Date: 20th April, 2010

AUDITORS' REPORT

To the members of PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED,

1. We have audited the attached balance sheet of PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED as at 31st March, 2010 and also profit and loss account and the cash flow statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit and also profit and loss account and the cash flow statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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 paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to in paragraph 3 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 the books;
 - (c) the balance sheet, profit and 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, the profit and loss account and cash flow statement dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) on the basis of written representations received from directors of the Company as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010,
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date, and
 - (iii) in the case of the cash flow statement, of the cash flow for the year ended on that date.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 20th April, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2010 of Privilege Power and Infrastructure Private Limited.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The Fixed assets have been physically verified by the management during the year in accordance with the phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancy has been noticed on such verification.
(c) The Company has not disposed of any of the fixed assets during the year and hence the going concern assumption is not affected.
2. (a) As explained to us, the physical verification of the inventory has been conducted by the management at reasonable intervals during the year.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed during the physical verification of inventories as compared to the book records were not material having regard to the size of the operations of the Company and have been dealt with in the books of account.
3. (a) According to information and explanations given to us, the Company has not granted loans, secured or unsecured during the year to the companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has taken unsecured demand loan from its holding company. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 3,14,22,56,244 and the year end balance is Rs. 3,14,22,56,244.
(c) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loan, are not prima facie prejudicial to the interest of the Company.
(d) The said loan taken from its holding company is repayable on demand and there is no repayment schedule.
(e) In respect of the loan taken by the Company, the same is repayable on demand and therefore the question of overdue amount does not arise.
4. In our opinion and according to the information and explanations given to us, there exists adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and for the development of real estate. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in to the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in the pursuance of such contracts or arrangements, entered into the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposit from the public. Hence the reporting requirements of this clause are not applicable.
7. According to the information and explanations given to us by the management, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed for maintenance of cost record under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us by the management and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax and other material statutory dues applicable to it. There were no dues on account of cess under Section 441A of the Companies Act, 1956, since the Central Government has not notified the date of the commencement of the section.
(b) According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.

ANNEXURE TO THE AUDITORS' REPORT

- (c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty and Cess, which have not been deposited on account of any dispute.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
 11. The Company does not have any dues to a financial institution or bank, accordingly, the Clause No. 4 (xi) of the Order is not applicable.
 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. Therefore, the provisions of Clause 4(xiii) of the Order, are not applicable to the Company.
 14. According to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
 15. The Company has given guarantee and provided its land as security for loans taken by its holding company from banks and financial institutions. The terms and conditions of the same are not prejudicial to the interest of the Company.
 16. According to the information and explanations given to us, the Company has not taken any term loan during the year and accordingly we have nothing to report on Clause 4 (xvi) of the Order.
 17. According to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
 18. According to the information and explanations given to us, 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. According to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
 20. The Company has not raised any money by way of public issue.
 21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 20th April, 2010

BALANCE SHEET AS AT

	Schedules	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	20,752.00		20,752.00	
Reserves and surplus	B	104,417.02	125,169.02	103,495.04	124,247.04
Loan funds					
Unsecured loans	C		3,142,256.24		2,571,063.28
Deferred tax liability	D		384.02		-
Total			3,267,809.28		2,695,310.32
APPLICATION OF FUNDS					
Fixed assets					
Gross block	E	18,911.15		18,864.15	
Less: Depreciation		6,886.63		5,648.37	
Net block			12,024.52		13,215.78
Investments	F		3,805.93		1,805.93
Deferred tax asset	D		-		516.45
Current assets, loans and advances					
Inventories	G	3,447,684.19		2,960,643.79	
Sundry debtors	H	19,326.21		15,123.96	
Cash and bank balances	I	5,524.32		1,131.23	
Loans and advances	J	120,984.84		17,589.05	
			3,593,519.56		2,994,488.03
Less: Current liabilities and provisions					
Current Liabilities	K	340,789.26		313,485.16	
Provisions	L	751.47		1,230.71	
			341,540.73		314,715.87
Net current assets			3,251,978.83		2,679,772.16
Miscellaneous expenditure	M		-		-
Total			3,267,809.28		2,695,310.32
Notes to Accounts	V				

As per our report of even date attached

For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

Place: Mumbai
 Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Sarang Wadhawan
 Director

PROFIT AND LOSS FOR ACCOUNT THE YEAR ENDED

	Schedules	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
INCOME			
Turnover	N	-	50,000.00
Other income	O	16,231.69	1,782.48
Variation in inventory - stock-in-trade	P	12,275.75	-
- work-in-progress	Q	474,764.66	562,460.80
		503,272.10	614,243.28
EXPENDITURE			
Purchases	R	119,712.07	359,832.77
Employees remuneration and welfare expenses	S	5,031.32	4,768.73
Administrative expenses	T	11,274.42	9,527.65
Finance expenses	U	362,297.02	233,056.20
Remuneration to auditors		1,015.45	1,015.45
Filing fees paid to Registrar of Companies		3.50	12.25
Depreciation	E	1,238.25	1,209.30
		500,572.03	609,422.35
Operating Profit before Tax		2,700.07	4,820.93
Less: Provision for tax		879.16	1,321.00
Less: Provision for tax on Fringe benefits		-	87.27
Add: Deferred tax asset/(liability)		(900.47)	7.01
Add: MAT credit entitlement		-	816.76
Operating Profit after Tax		920.44	4,236.43
Balance brought forward from previous year		58,756.87	52,067.90
Add: Deferred tax asset of earlier year		-	295.04
Add: Excess provision no longer required		1.55	2,157.51
Profit available for appropriation		59,678.86	58,756.88
Appropriations:		-	-
Profit carried to Balance Sheet		59,678.86	58,756.88
Earnings per share (Amount in Rs.)			
Equity shares of par value Rs. 100/- each			
Basic and diluted (in Rs.)		4.44	32.23
Number of shares used in computing basic and diluted earnings per share		207,520	207,520
Notes to Accounts	V		

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
A. Cash flow from operating activities				
Net profit before tax		2,700.07		4,820.93
Adjustments for:				
(1) Depreciation	1,238.26		1,209.30	
(2) Interest expenses	362,297.02		233,056.20	
(3) Investment Income	(65.00)	363,470.28	(1,782.48)	232,483.02
Operating profit before working capital changes		366,170.35		237,303.95
Adjustments for:				
Decrease/(Increase) in inventory	(487,040.41)		(562,460.80)	
Decrease/(Increase) in sundry debtors	(4,202.25)		(6,842.30)	
Decrease/(Increase) in other receivables	(103,395.79)		115,806.83	
(Decrease)/Increase in trade and other payables	26,670.19		(499,838.78)	
Net movement in working capital		(567,968.26)		(953,335.05)
Cash generated from operations		(201,797.91)		(716,031.10)
Less: Direct taxes paid (net of refunds)		722.94		493.60
Net cash from operating activities		(202,520.85)		(716,524.70)
B. Cash flows from investing activities				
(1) Purchase of investments	(2,000.00)		-	
(2) Investment income	65.00		1,782.48	
(3) Purchase of fixed assets	(47.00)	(1,982.00)	(311.36)	1,471.12
Net cash from investing activities		(1,982.00)		1,471.12
C. Cash flows from financing activities				
(1) Proceeds from borrowings	571,192.96		943,143.28	
(2) Interest paid	(362,297.02)	208,895.94	(233,056.20)	710,087.08
Net cash from financing activities		208,895.94		710,087.08
Net increase in cash and cash equivalents (A + B + C)		4,393.09		(4,966.50)
Cash and cash equivalents at the beginning of the year		1,131.23		6,097.73
Cash and cash equivalents at the end of the year		5,524.32		1,131.23
Components of cash and cash equivalents as at 31st March,		2010		2009
Cash on hand		5,152.32		574.76
With banks - on current account		372.00		556.47
		5,524.32		1,131.23

Notes: 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement".

2) Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

Place: Mumbai
Date: 20th April, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)								
SCHEDULE "A"										
SHARE CAPITAL										
Authorised:										
1,50,00,000 (Previous year 1,50,00,000) Equity shares of Rs. 100/- each	1,500,000.00	1,500,000.00								
Issued, Subscribed and Paid-up										
2,07,520 (Previous year 2,07,520) Equity shares of Rs. 100/- each fully paid-up	20,752.00	20,752.00								
Total	20,752.00	20,752.00								
SCHEDULE "B"										
RESERVES AND SURPLUS										
General Reserve										
Balance as per last Balance Sheet	44,738.16	48,868.36								
Less: Cost of increasing authorised share capital written off	-	4,130.20								
	44,738.16	44,738.16								
Profit and Loss Account	59,678.86	58,756.88								
Total	104,417.02	103,495.04								
SCHEDULE "C"										
UNSECURED LOANS										
From a holding company	3,142,256.24	2,571,063.28								
Total	3,142,256.24	2,571,063.28								
SCHEDULE "D"										
DEFERRED TAX ASSETS/(LIABILITY)										
Arising on account of timing difference										
Related to fixed assets	(636.29)	128.76								
Provision for gratuity	46.59	185.22								
Provision for encashment of leave	113.44	202.47								
Provision for bonus	92.24	-								
Total	(384.02)	516.45								
SCHEDULE "E"										
FIXED ASSETS										
	(Rs. '000)									
DESCRIPTION	COST				DEPRECIATION				NET BLOCK	
	As at 01-04-2009	Additions during the year	Deletions during the year	As at 31-03-2010	Up to 31-03-2009	For the year	On Sale of assets	Up to 31-03-2010	As at 31-03-2010	As at 31-03-2009
Office Premises	4,204.35	-	-	4,204.35	641.28	68.53	-	709.81	3,494.55	3,563.08
Books	11.33	-	-	11.33	3.77	0.54	-	4.30	7.03	7.57
Office Equipments	4,779.29	47.00	-	4,826.29	860.99	225.24	-	1,086.24	3,740.05	3,918.30
Computers	3,719.85	-	-	3,719.85	1,824.10	518.80	-	2,342.90	1,376.95	1,895.75
Furniture and fixtures	4,019.23	-	-	4,019.23	1,069.72	222.78	-	1,292.51	2,726.72	2,949.51
Vehicles	2,130.10	-	-	2,130.10	1,248.51	202.36	-	1,450.87	679.23	881.59
Total	18,864.15	47.00	-	18,911.15	5,648.37	1,238.25	-	6,886.63	12,024.53	13,215.80
As per last balance sheet	18,552.80	311.36	-	18,864.15	4,439.07	1,209.30	-	5,648.38	13,215.78	27,281.14

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE " F "		
IMMOVABLE PROPERTY		
Investment in property	1,305.93	1,305.93
Long-Term Investments (at cost)		
Investments other than trade		
Unquoted		
Punjab & Maharashtra Co-op. Bank Limited		
1,00,000 (Previous year 20,000) equity shares of Rs. 25/- each fully paid-up	2,500.00	500.00
Total	3,805.93	1,805.93
SCHEDULE "G"		
INVENTORIES		
Stock-in-trade (lower of cost or net realisable value)	101,800.03	89,524.28
Work-in-progress (at cost)	3,345,884.16	2,871,119.51
Total	3,447,684.19	2,960,643.79
SCHEDULE "H"		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	13,886.35	9,976.73
Other debts		
Unsecured, considered good	5,439.86	5,147.23
Total	19,326.21	15,123.96
SCHEDULE "I"		
CASH AND BANK BALANCES		
Cash on hand	5,152.32	574.76
Balances with scheduled banks:		
On current accounts	372.00	556.47
Total	5,524.32	1,131.23
SCHEDULE "J"		
LOANS AND ADVANCES		
Unsecured considered good		
Advances recoverable in cash or in kind or for value to be received:		
Advances for land purchase	116,293.72	12,360.00
Loans to employees	140.75	52.91
Security deposits	4,158.90	3,624.53
Income tax refund receivable	85.36	1,358.48
Prepaid expenses	306.11	193.13
Total	120,984.84	17,589.05

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "K"		
CURRENT LIABILITIES		
(a) Creditors for goods and services:		
(1) Total outstanding dues of micro enterprises and small enterprises	-	-
(2) Total outstanding dues of creditors other than micro enterprises and small enterprises	306,615.07	265,191.54
(b) Advances from customers	867.38	244.87
(c) Other liabilities	33,306.81	48,048.75
Total	340,789.26	313,485.16
SCHEDULE "L"		
PROVISIONS		
Provision for fringe benefit tax	209.39	379.75
Less: Fringe benefit tax paid	215.04	292.48
	(5.65)	87.27
Provision for income tax	2,396.38	9,650.35
Less: Tax paid	2,157.14	9,658.69
	239.24	(8.34)
Provision for gratuity	150.77	550.25
Provision for encashment of leave	367.11	601.53
Total	751.47	1,230.71
SCHEDULE "M"		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Expenses on increasing authorised share capital:		
Balance as per last Balance sheet	-	4,130.20
Less: Transferred to General reserve	-	4,130.20
Total	-	-

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "N"		
TURNOVER		
Sale of land	-	50,000.00
Total	<u>-</u>	<u>50,000.00</u>
SCHEDULE "O"		
OTHER INCOME		
Rent and compensation (TDS Rs. 4,40,018, previous year Rs. 3,71,494/-)	2,326.23	1,707.48
Maintainance charges	13,515.46	-
Dividend (on shares of co-operative bank)	65.00	75.00
Car parking	325.00	-
Total	<u>16,231.69</u>	<u>1,782.48</u>
SCHEDULE "P"		
VARIATION IN STOCK-IN-TRADE		
Closing Stock		
Stock-in-trade	101,800.03	89,524.28
Opening stock		
Stock-in-trade	89,524.28	89,524.28
Total	<u>12,275.75</u>	<u>-</u>
SCHEDULE "Q"		
VARIATION IN WORK-IN-PROGRESS		
Closing stock		
Work-in-progress	3,345,884.17	2,871,119.51
Opening stock		
Work-in-progress	2,871,119.51	2,308,658.71
Total	<u>474,764.66</u>	<u>562,460.80</u>
SCHEDULE "R"		
PURCHASES		
Land	99,577.66	327,255.61
Other civil materials	20,134.41	32,577.16
Total	<u>119,712.07</u>	<u>359,832.77</u>
SCHEDULE "S"		
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES		
Salaries, wages and bonus	4,133.07	3,798.38
Gratuity	189.61	82.61
Company's contributions to provident and other funds	370.96	339.80
Welfare expenses	337.68	547.94
Total	<u>5,031.32</u>	<u>4,768.73</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "T"		
ADMINISTRATIVE EXPENSES		
Printing and stationery	255.79	-
Advertisement expenses	42.62	50.00
Electricity charges	101.17	306.12
Maintenance expenses	10,390.87	8,453.82
Conveyance	167.54	446.79
Rent paid	120.00	120.00
Communication expenses	196.43	150.92
Total	11,274.42	9,527.65
SCHEDULE "U"		
FINANCE EXPENSES		
Project specific interest	362,297.02	233,056.20
Total	362,297.02	233,056.20

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE "V"

1. SIGNIFICANT ACCOUNTING POLICIES:

A. Nature of operations

Privilege Power and Infrastructure Private Limited is engaged in the business of real estate, developing, operating and maintaining infrastructure facilities.

B. Statement of significant accounting policies

1. a) Basis of preparation

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention on an accrual basis and comply in all material respects with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

c) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

2. Fixed assets and depreciation

Fixed assets are capitalised at cost inclusive of expenses incidental thereto. Depreciation on fixed assets has been provided on straight-line method at the rates and in the manner as specified in Schedule XIV to the Companies Act, 1956.

3. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments and are carried at lower of cost and fair value determined on an individual investment basis whereas all other investments are classified as long-term investments and are carried at cost except provision for diminution in value is made to recognise a decline other than temporary as specified in Accounting Standard (AS 13) on "Accounting for Investments".

4. Inventories

Inventories are valued as follows:

Work-in-progress	At cost. Cost includes direct materials, labour, construction expenses and borrowing costs.
Stock-in-trade	Lower of cost or net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to effect the sale.

5. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale

a) Unit in real estate

Revenue is recognised when the significant risks and rewards of ownership of the units in real estates have passed to the buyer.

b) Rent and License fee

Revenue is recognised on accrual basis.

c) Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the Balance sheet date.

6. Borrowing cost

Borrowing costs which have a direct nexus and are directly attributable to the construction projects or fixed assets are charged to the projects/ fixed assets and other borrowing costs are expensed as period cost as specified in Accounting Standard (AS 16) on "Borrowing Costs".

7. Employees retirement benefits:

a) Company's contribution in respect of Employees' Provident Fund is made to Government provident fund and is charged to profit and loss account.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

- b) Gratuity and Leave encashment payable at the time of retirement are charged to profit and loss account on the basis of actuarial valuation.

8. Income taxes

- (i) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- (ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
- (iii) At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

9. Segment reporting policies

The main business of the Company is real estate development and construction of residential and commercial properties, operating and maintaining infrastructure facilities and all other related activities revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting".

10. Earnings per share

Basic earnings per share are calculated by dividing the net profit/loss for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year. The average number of equity shares outstanding during the year is adjusted for event of bonus issue to the existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

11. Impairment

- i) The carrying amount of assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amount, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.
- ii) After impairment, depreciation is provided on the assets revised carrying amount over its remaining useful life.
- iii) A previously recognised impairment loss is increased or decreased depending on change in circumstances. However, an impairment loss is not decreased to an amount higher than the carrying amount that would have been determined has no impairment loss been recognised.

12. Foreign currency transaction

Foreign currency transactions are accounted for at the rates prevailing on the date of transaction. Year-end current assets and liabilities are translated at the exchange rate ruling on the date of Balance Sheet. Exchange differences on conversion are adjusted to;

- i) cost of fixed assets, if the same relates to acquisition of fixed assets.
- ii) profit and loss account, if it relates to the monetary items.

13. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

14. Contingent liabilities:

Contingent liabilities are not provided for in this account, and if any, the same is reflected in notes to account.

C. Other Notes:

1. Related Party

- A. List of related parties with whom transactions have taken place during the year and relationship:
Housing Development and Infrastructure Limited - Holding Company

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

B. Transactions with related party

(Rs. '000)

Nature of transaction	31st March, 2010				31st March, 2009			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/ advances received	275,755.82	-	-	275,755.82	780,671.68	-	-	780,671.68
Rent paid	120.00	-	-	120.00	120.00	-	-	120.00
Interest paid	328,263.49	-	-	328,263.49	210,074.48	-	-	210,074.48
Outstanding as at year end- Due from	-	-	-	-	-	-	-	-
Outstanding as at year end- Due to	3,142,256.24	-	-	3,142,256.24	2,571,063.28	-	-	2,571,063.28

C. Key management personnel

Not Applicable

D. Enterprise significantly influenced by key management personnel

Not Applicable

2. The Company has adopted Accounting Standard 15 (revised 2005) - Employee benefits ("AS-15"). Pursuant to adoption, the Company has determined the liability for gratuity and leave encashment in accordance with revised AS - 15.

A) Gratuity Plan:

- i) The AS-15 (Revised 2005) stipulates that the rate used to discount post employment benefit obligation (both funded and non-funded) should be determined by reference to market yields at the balance sheet date on government bonds. The currency and terms of the government bonds should be consistent with the currency and estimated terms of the post-employment benefit obligation.
- ii) Estimated future salary increases take account of inflation, seniority, promotion and other retirement factors, such as supply and demand in the employment market.

The following table set out the status of the gratuity plan as required under AS-15.

- a) Reconciliation of opening and closing balance of the present value of the defined benefit obligation:

(Rs '000)

	31st March, 2010	31st March, 2009
Obligations at the beginning of the year	550.25	467.65
Interest cost @ 8.25% (Previous year 8%)	45.40	37.41
Current service cost	91.74	76.52
Benefits paid	-	-
Actuarial (gain) loss on defined benefits obligation	88.06	(31.33)
Obligation at the year end	775.45	550.25

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

- b) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(Rs. '000)

	31st March, 2010	31st March, 2009
Opening fair value of plan assets	-	-
Expected return	26.51	-
Actuarial gains and (losses)	9.08	-
Assets distributed on settlements	-	-
Contribution by employer	589.09	-
Benefits paid	-	-
Closing fair value of plan assets	624.68	-

- c) Amounts to be recognised in the Balance Sheet

(Rs. '000)

	31st March, 2010	31st March, 2009
Present value of Defined benefits obligation as on	775.45	550.25
Fair value of plan assets as on	624.68	-
Liability recognised in balance sheet	150.77	550.25

- d) Gratuity cost for the year

(Rs. '000)

	31st March, 2010	31st March, 2009
Current service cost	91.74	67.22
Interest cost on obligation	45.40	18.04
Expected return on plan assets	(26.51)	-
Net actuarial (gain) loss	78.98	(31.33)
Expense recognised in the statement of Profit and Loss	189.61	53.93

B) Leave encashment liability:

- i) The AS-15 (Revised 2005) stipulates that the rate used to discount post employment benefit obligation (both funded and non-funded) should be determined by reference to market yields at the balance sheet date on government bonds. The currency and terms of the government bonds should be consistent with the currency and estimated terms of the post-employment benefit obligation.
- ii) Estimated future salary increases take account of inflation, seniority, promotion and other retirement factors, such as supply and demand in the employment market.

The following table set out the status of the leave encashment plan as required under AS 15

- a) Reconciliation of opening and closing balance of the present value of the defined benefit obligation:

(Rs. '000)

	31st March, 2010	31st March, 2009
Obligations at the beginning of the year	601.53	530.61
Interest cost @ 8.25% (Previous year 8%)	49.63	42.45
Current service cost	52.97	79.89
Benefits paid	-	-
Actuarial (gain) loss on defined benefits obligation	(337.02)	(51.42)
Obligation at the year end	367.11	601.53

NOTES TO ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

b) Amounts to be recognised in the Balance Sheet

(Rs. '000)

Amounts to be recognised in the Balance Sheet	31st March, 2010	31st March, 2009
Present value of Defined benefits obligation as on	367.11	601.53
Fair value of plan assets as on	-	-
Liability recognised in balance sheet	367.11	601.53

c) Leave Encashment cost for the year

(Rs. '000)

Leave encashment cost for the year	31st March, 2010	31st March, 2009
Current service cost	52.97	77.60
Interest cost on obligation	49.63	40.28
Expected return on plan assets	-	-
Net actuarial (gain) loss	(337.02)	(90.72)
Expense recognised in the statement of Profit and Loss	(234.42)	27.16

C) Valuation Assumptions

Considering the above stipulation in the case of gratuity and leave encashment, the following assumptions have been made.

- i) Mortality : LIC (1994-96) published table of mortality rates.
- ii) Discount Rate : 8.25 percent (previous year 8 percent)
- iii) Salary Growth : 7 percent per annum
- iv) Expected rate of return : 9 percent
- v) Withdrawals : 5% at younger ages reducing to 1% at older ages
- vi) Retirement age : 60 years

3. Remuneration to Auditors

(Rs. '000)

	31st March, 2010	31st March, 2009
A. Audit fees	165.45	165.45
B. Taxation matters	850.00	850.00
C. Other services	NIL	NIL
	1,015.45	1,015.45

4. Capital commitments

(Rs. '000)

	31st March, 2010	31st March, 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	NIL	NIL

5. Contingent Liabilities not provided for

(Rs. '000)

	31st March, 2010	31st March, 2009
Guarantee and security for holding company	9,300,000	9,300,000

6. Supplementary statutory information

(Rs. '000)

	31st March, 2010	31st March, 2009
i) Director's remuneration	NIL	NIL
ii) Earnings in foreign currency	NIL	NIL
iii) Value of imports calculated on CIF basis	NIL	NIL
iv) Expenditure in foreign currency	NIL	NIL

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

7. Licensed capacity, installed capacity, etc.

With regard to Clause 3 (ii) of Part II of Schedule VI to the Companies Act, 1956, the Company is of the view that in respect of its real estate operations, the Company does not fall under the category of clause 3 (ii) (a) "Manufacturing Company" or Clause 3 (ii) (b) "Trading Company" or Clause 3 (ii) (c) "Company rendering or supplying services", but falls under the category of "Other Companies" as given in Clause 3 (ii) (e). As such, quantitative data for opening stock, purchases and closing stock have not been given.

8. In the case of acquisition of land for development and construction, the rights are acquired from the owners of the land and the conveyance and registration thereof will be executed between the original owners and the ultimate purchasers as per trade practice. As a result, in the intermediate period, generally, the land is not registered in the name of the Company.
9. In the opinion of the management, the current assets and loans and advances are not less than as stated, if realised in the ordinary course of business.
10. The income tax assessments have been completed up to the assessment year 2007-08. There is no pending tax demand on the Company.

11. Earnings per equity share:	31st March, 2010	31st March, 2009
a) profit or loss attributable to equity shareholders		
Profit after tax	Rs. '000 920.45	4,236.43
Add: Deferred tax asset of earlier year	Rs. '000 -	295.04
Add: Excess provision no longer required	Rs. '000 1.54	2,157.51
	Rs. '000 921.99	6,688.98
b) number of equity shares of Rs. 10/- each	Nos. 207,520	207,520
c) EPS - Basic	Rs. 4.44	32.23
- Diluted	Rs. 4.44	32.23

12. Micro, small and medium enterprises

- (a) As on 31st March, 2010 there are no reported Micro, Small and Medium Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes any dues.
 - (b) The above information takes into account only those suppliers who have furnished the details in response to the enquiries made by the Company for this purpose.
13. The Company has provided security to its holding Company for securing their following loans from Secured Loan - NCDs by creating a charge secured by immovable property of 7,01,719.06 sq. meters equivalent to 173.40 acres at village Kasarali, Taluka Vasai, District Thane, in favour of various banks.

Secured Loan - Term loan

Jammu & Kashmir Bank

Secured by registered mortgage of non-agricultural property of the Company admeasuring 2,31,490 sq. meters situated at Kopri, Virar (E).

IL & FS

Secured by registered mortgage of immovable properties admeasuring 132.61 acres situated at Village Doliv and Kharadi - 76 acres, Dahisar - 23.5 acres, Maljipada - 30.11 acres and Kasarali - 3 acres which is owned by the Company

Punjab & Sind Bank

Secured by 1,52,955 sq. meters of non-agricultural plots of land situated at Village Chandansar, Virar (E) owned by the Company

United Bank of India

Secured by registered mortgage of land admeasuring 1,07,760 sq.meters situated at Kopri (Chandansar), Virar East, Dist. Thane which is owned by the Company.

14. Figures in brackets represent previous year's figures. Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

NOTES TO ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

15. Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details		
Registration No.		U65990MH1984PTC
State Code		11
Balance Sheet Date		31-Mar-2010
II. Capital Raised during the Year		(Rs. '000)
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
III. Position of Mobilisation and Deployment of Funds		(Rs. '000)
Total Liabilities		3,609,350
Total Assets		3,609,350
Sources of Funds		(Rs. '000)
Paid-up capital		20,752
Reserves and Surplus		104,417
Secured loans		-
Unsecured loans		3,142,256
Deferred Tax Liability		384
Application of Funds		(Rs. '000)
Net Fixed Assets		12,024
Investments		3,806
Net Current Assets		3,251,979
Deffered Tax Assets		-
Miscellaneous Expenditure		-
Accumulated Losses		-
IV. Performance of Company		(Rs. '000)
Turnover		-
Total Expenditure		12,513
Profit before tax		2,700
Profit after tax		920
Earning per share - Basic Rs.		4.44
Dividend rate		-
V. Generic Names of Three Principal Products/Services of Company		
(as per monetary terms)		
Item Code No. (ITC Code)		NA
Product Description		NA

Signatures to Schedule A to V

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of BLUE STAR REALTORS PRIVATE LIMITED, will be held on Monday the 24th day of May, 2010 at 12.00 noon at Dewan Tower, Station Road, Vasai (West), Thane - 401 202, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited balance sheet as at 31st March, 2010 and profit and loss account for the year ended on that date, report of the Board of Directors and auditors thereon.
2. To appoint auditors to hold office for the period commencing from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To appoint Director in place of Shree Sarang Wadhawan, who retires by rotation at this meeting and being eligible offers himself for re-appointment.

For and on behalf of the Board of Directors

Sarang Wadhawan

Chairman

Place: Vasai

Date: 24th April, 2010

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the board resolution authorizing the representatives to attend and vote at the annual general meeting.

DIRECTORS' REPORT

To the members,

Your Directors are pleased to submit the Twentieth Annual Report together with the audited statement of accounts for the year ended 31st March, 2010.

1. Financial Results

(Rs. '000)

	31st March, 2010	31st March, 2009
Gross sales and other receipts	109.88	11,275.00
Profit before depreciation and taxation	47.89	1,585.27
Depreciation	8.06	25.89
Profit before tax	39.83	1,559.38
Less: Provision for tax	6.15	423.00
Less: Provision for tax on fringe benefits	-	2.75
Less: Deferred tax liabilities/(assets)	(27.84)	0.96
Profit after tax	5.84	1,134.60
Balance brought forward	803.26	75.09
Less: Amortisation of expenses for increasing authorised share capital	-	405.46
Less : Short provision of income tax of earlier years	23.93	-
Add: Deferred tax asset for earlier year	-	0.96
Profit carried to balance sheet	785.18	805.20

2. Dividend

In the absence of sufficient profits, your Directors do not recommend payment of any dividend on the equity shares for the year.

3. Appointment of Directors

In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Sarang Wadhawan retire by rotation at the forthcoming annual general meeting and, being eligible, has offered himself for re-appointment.

4. Appointment of Auditors

M/s. Thar & Co., Chartered Accountants, auditors of the Company retire at the Annual General Meeting and being eligible for re-appointment offer themselves for re-appointment. A letter has been received from them that their re-appointment, if made, will be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

5. (a) During the year the Company has not employed any employee, therefore has not paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.
- (b) During the year the Company has not undertaken any research and development activity or development of any technology in the area of construction activities.
- (c) Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) of Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is,

(Rs. '000)

	31st March, 2010	31st March, 2009
(a) Earnings	Nil	Nil
(b) Outgo	Nil	Nil

(d) The Company has no outstanding dues to small scale industries or Micro, Small and Medium Enterprises.

6. As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that,

- i) in the preparation of the annual accounts, the applicable accounting standards to the extent applicable, have been followed;
- ii) the 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 and the profit of the Company for that period;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis.

7. Acknowledgement

Your Directors express their sincere thanks to the bankers and business associates for their assistance and co-operation extended from time to time.

For and on behalf of the Board of Directors

Sarang Wadhawan
Chairman

Place: Vasai

Date: 24th April, 2010

AUDITORS' REPORT

To the members of BLUE STAR REALTORS PRIVATE LIMITED,

1. We have audited the attached balance sheet of BLUE STAR REALTORS PRIVATE LIMITED, as at 31st March, 2010 and also profit and loss account and cash flow statement 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order"), 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 paragraphs 4 and 5 of the Order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that;
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 - (c) the balance sheet, profit and 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, the profit and loss account and cash flow statement dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - (e) on the basis of written representations received from directors of the Company, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in confirmative with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date, and
 - (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 24th April, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2010 of Blue Star Realtors Private Limited.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The physical verification of the fixed assets was conducted by the management at reasonable intervals. No material discrepancy was noticed on such verification.
(c) During the year, the Company has disposed of fixed assets comprising of entire furniture and fixtures and vehicle. Based on the information and explanations given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of said fixed assets has not affected the going concern status of the Company.
2. (a) The stocks of building materials, stores and work-in-progress have been physically verified on the last day of the year by the management. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. During the physical verification of inventories no discrepancy has been noticed as compared to the book records.
3. (a) According to information and explanations given to us the Company has not granted loans secured or unsecured to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has taken unsecured demand loan from its holding company. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 2,23,79,53,748 and the year end balance is Rs. 2,23,79,53,748.
(c) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loan, are not prima facie prejudicial to the interest of the Company.
(d) The said loan taken from its holding company is repayable on demand and there is no repayment schedule.
(e) In respect of the loan taken by the Company, the same is repayable on demand and therefore the question of overdue amount 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 with regard to purchases of inventories. During the course of our audit, we have not observed any major weakness in the internal controls.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, Clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.
6. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. According to the information and explanations given to us by the management, the Company has provided sufficient internal checks at various stages, therefore, we are informed that, at present, the Company does not have formal internal audit.
8. To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under Clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for any of the products of the Company.
9. (a) According to the information and explanations given to us by the management and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax and other material statutory dues applicable to it. There were no dues on account of cess under Section 441A of the Companies Act, 1956, since the Central Government has not notified the date of the commencement of the section.
(b) According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty and Cess, which have not been deposited on account of any dispute.

ANNEXURE TO THE AUDITORS' REPORT

10. The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. The Company does not have any dues to a financial institution or bank, accordingly, the Clause No. 4 (xi) of the Order is not applicable.
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. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. The Company has given guarantee and provided its land as security for loans taken by its holding company from financial institutions. The terms and conditions of the same are not prejudicial to the interest of the Company.
16. According to the information and explanations given to us, the Company has not taken any term loan during the year and accordingly we have nothing to report on Clause 4 (xvi) of the Order.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, 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. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by way of public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 24th April, 2010

BALANCE SHEET AS AT

	Schedules	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
SOURCES OF FUNDS					
Shareholders' Fund					
Share capital	A	34,000.00		34,000.00	
Reserves and surplus	B	9,219.04	43,219.04	9,237.13	43,237.13
Loan Funds					
Unsecured loan	C	2,237,953.75	2,237,953.75	1,930,432.56	1,930,432.56
Total			2,281,172.79		1,973,669.69
APPLICATION OF FUNDS					
Fixed Assets					
Gross block	D	-		960.72	
Less: Depreciation		-		886.05	
Net block			-		74.67
Investments	E		2,500.00		500.00
Deferred Tax Asset	F		-		27.84
Current Assets, Loans and Advances					
Inventories	G	2,300,196.14		2,021,592.44	
Cash and bank balances		2,939.43		208.82	
Loan and advances		8.00		-	
		2,303,143.57		2,021,801.26	
Less: Current Liabilities and Provisions					
Current liabilities	H	24,428.53		48,295.99	
Provisions		42.25		438.09	
		24,470.78		48,734.08	
Net current assets			2,278,672.79		1,973,067.18
Miscellaneous Expenditure	I		-		-
Total			2,281,172.79		1,973,669.69
Notes to Accounts	O				

As per our report of even date attached

For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

Place: Mumbai
 Date: 24th April, 2010

For and on behalf of the Board of Directors

Sarang Wadhawan
 Chairman

Hetin Sakhuja
 Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
INCOME			
Sale of property		-	11,200.00
Other income	J	109.88	75.00
Variation in inventory	K	278,603.70	219,658.11
		278,713.58	230,933.11
EXPENDITURE			
Development expenses	L	2,119.51	8,245.97
Project specific interest on loan	M	276,484.19	221,035.98
Administrative expenses	N	4.34	4.74
Remuneration to auditors		55.15	55.15
Filing fees paid to the Registrar of Companies		2.50	6.00
Depreciation		8.06	25.89
		278,673.75	229,373.73
Profit before tax		39.83	1,559.38
Less: Provision for tax on fringe benefits		-	2.75
Less: Provision for tax		6.15	423.00
Less: Deferred tax asset (Reversal)		27.84	-
Less: Deferred tax liabilities		-	0.96
Profit after tax		5.84	1,132.67
Balance brought forward		803.26	75.09
Less: Amortisation of expenses for increasing authorised share capital		-	405.46
Add: Deferred tax asset for earlier year		-	0.96
Less: Short provision of income tax of earlier years		23.93	-
Balance carried to balance sheet		785.17	803.26
Earnings per share of Rs. 10/- each fully paid - Basic		(0.01)	0.21
- Diluted		(0.01)	0.21
Notes to Accounts	O		

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 24th April, 2010

For and on behalf of the Board of Directors

Sarang Wadhawan
Chairman

Hetin Sakhuja
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
A. Cash flow from operating activities				
Net profit before tax		39.83		1,559.38
Adjustments for :				
(1) Depreciation	8.06		25.89	
(2) Investment income	(65.00)		(75.00)	
(3) Profit on sale of fixed assets	(44.88)	(101.82)	-	(49.11)
Operating profit before working capital changes		(61.99)		1,510.27
Movements in working capital :				
Decrease/(Increase) in inventories	(278,603.70)		(219,658.10)	
Decrease/(Increase) in other receivables	(8.00)		9,087.67	
(Decrease)/Increase in trade and other payables	(23,867.47)		22,237.89	
Net movement in working capital		(302,479.17)		(188,332.54)
Cash used in operations		(302,541.16)		(186,822.27)
Less: Direct taxes paid (net of refund)		425.92		-
Net cash used in operating activities		(302,967.08)		(186,822.27)
B. Cash flows from investing activities				
(1) Investment income	65.00		75.00	
(2) Purchase of shares	(2,000.00)		-	
(3) Sale of fixed assets	111.50	(1,823.50)	-	75.00
Net cash used in investing activities		(1,823.50)		75.00
C. Cash flows from financing activities				
(1) Proceeds from borrowings	307,521.19	307,521.19	182,994.48	182,994.48
Net cash from financing activities		307,521.19		182,994.48
Net increase in cash and cash equivalents (A + B + C)		2,730.61		(3,752.79)
Cash and cash equivalents at the beginning of the year		208.82		3,961.61
Cash and cash equivalents at the end of the year		2,939.43		208.82
Components of cash and cash equivalents as at 31st March		2010		2009
Cash on hand		181.13		69.78
With banks - on current account		2,758.30		139.04
Total		2,939.43		208.82

Notes:

- 1) The above cash flow statement has been prepared under the "indirect method" as set out in accounting standard - 3 "Cash Flow Statement".
- 2) Figures in the brackets indicate outflow.

As per our report of even date attached

 For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

Sarang Wadhawan
 Chairman

Hetin Sakhuja
 Director

 Place: Mumbai
 Date: 24th April, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised share capital		
34,00,000 (Previous year 34,00,000) Equity shares of Rs.10/- each	34,000.00	34,000.00
16,00,000 (Previous year 16,00,000) Preference shares of Rs.10/- each	16,000.00	16,000.00
Total	50,000.00	50,000.00
Issued, subscribed and paid-up		
34,00,000 (previous year 34,00,000) Equity shares of Rs.10/- each fully paid.	34,000.00	34,000.00
Total	34,000.00	34,000.00
SCHEDULE "B"		
RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last balance sheet	600.00	600.00
	600.00	600.00
Capital Redemption Reserve		
Balance as per last balance sheet	6,207.20	6,207.20
	6,207.20	6,207.20
Share Premium Account		
Balance as per last balance sheet	1,626.67	1,626.67
	1,626.67	1,626.67
Profit and loss account	785.17	803.26
	785.17	803.26
Total	9,219.04	9,237.13
SCHEDULE "C"		
Loan Funds		
Unsecured loan		
From a holding company	2,237,953.75	1,930,432.56
Total	2,237,953.75	1,930,432.56

SCHEDULE "D"

FIXED ASSETS

(Rs. '000)

DESCRIPTION	COST				DEPRECIATION				NET BLOCK	
	As on 01/04 /2009	Additions during the year	Sales during the year	As on 31/03/2010	Up to 01/04/2009	For the year	On asset sold	Up to 31/03/2010	As on 31/03/2010	As on 31/03/2009
Furniture and Fixtures	12.71	-	12.71	-	11.16	0.12	11.28	-	-	1.55
Vehicles	948.01	-	948.01	-	874.89	7.94	882.83	-	-	73.12
Total	960.72	-	960.72	-	886.05	8.06	894.11	-	-	74.67
Previous Year	960.72	-	-	960.72	860.16	25.89	-	886.05	74.67	100.56

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "E"		
Investments (at cost)		
In shares		
Unquoted (other than trade investments) (long-term)		
Punjab and Maharashtra Co-Operative Bank Limited		
1,00,000 (Previous year 20,000) Equity shares of Rs.25/- each fully paid	2,500.00	500.00
Total	2,500.00	500.00
SCHEDULE "F"		
Deffered tax assets		
Arising on account of timing difference		
Related to fixed assets	27.84	27.84
Less: written back	27.84	-
Total	-	27.84
SCHEDULE "G"		
Current Assets, Loans and Advances		
(I) Current assets		
(a) Inventory (at cost)		
Work-in-progress	2,300,196.14	2,021,592.44
Total (a)	2,300,196.14	2,021,592.44
(b) Cash and Bank balances		
Cash in hand	181.13	69.78
Cash at scheduled bank on current account	2,758.30	139.04
Total (b)	2,939.43	208.82
Total - (I) (a+b)	2,303,135.57	2,021,801.26
(II) Loans and advances		
Prepaid expenses	8.00	-
Total - (II)	8.00	-
Total (I) + (II)	2,303,143.57	2,021,801.26
SCHEDULE "H"		
Current Liabilities and Provisions		
(I) Current liabilities		
(a) Creditors for goods and services		
(i) Total outstanding dues of micro enterprises and small enterprises.	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises.	49.64	55.15
	49.64	55.15
(b) Other liabilities	24,378.89	48,240.84
Total - (I)	24,428.53	48,295.99
(II) Provisions		
Provision for Fringe Benefit Tax	2.75	2.75
Less: Fringe benefit tax paid	3.05	3.05
Total (a)	(0.30)	(0.30)
Provision for taxation	465.42	444.80
Less: Tax Paid	422.87	6.41
Total (b)	42.55	438.09
Total (II) (a+b)	42.25	438.09
Total - (I) + (II)	24,470.78	48,734.08
SCHEDULE "I"		
Miscellaneous Expenditure		
(to the extent not written off or adjudsted)		
Expenses for increasing authorised share capital		
Balance as per last balance sheet	-	405.46
Less: Written off during the year	-	405.46
Total	-	-

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "J"		
Other income		
Dividend (on shares of co-operative bank)	65.00	75.00
Profit on sale of fixed assets	44.88	-
Total	109.88	75.00
SCHEDULE "K"		
Variation in inventory		
Closing Stock		
Work-in-progress	2,300,196.14	2,021,592.44
Less: Opening stock		
Work-in-progress	2,021,592.44	1,801,934.33
Total	278,603.70	219,658.11
SCHEDULE "L"		
Development expenses		
Construction material	-	2,807.47
Labour charges	-	935.82
Other development expenses	511.70	701.17
Professional fees	1,607.81	2,095.20
Salary, wages and bonus	-	1,706.31
Total	2,119.51	8,245.97
SCHEDULE "M"		
Finance expenses		
Project specific interest on loan	276,484.19	221,035.98
Total	276,484.19	221,035.98
SCHEDULE "N"		
Administrative expenses		
Bank charges	0.88	3.65
TDS filling charges	0.18	0.25
Demat charges	0.83	0.84
Interest on late payment of Statutory dues	0.40	-
Miscellaneous expenses	0.05	-
Profession Tax	2.00	-
Total	4.34	4.74

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE : "O"

A. Statement of significant accounting policies:

a) i) **Basis of preparation:**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention on an accrual basis and comply in all material respects with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

ii) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

iii) **Use of estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

b) **Revenue recognition:**

The Company follows completed project method of accounting ("Project Completion Method of Accounting"). Allocable expenses incurred during the year are debited to work-in-progress account. The income is accounted for as and when the projects get completed or substantially completed and then revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

c) **Fixed assets:**

Fixed assets are stated at cost of acquisition or construction less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised and includes financing costs relating to borrowed funds attributable to construction.

d) **Depreciation on fixed assets:**

Depreciation is provided on Written Down Value (WDV) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

e) **Impairment:**

i. The carrying amounts of assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

ii. After impairment, depreciation is provided on the assets revised carrying amount over its remaining useful life.

iii. A previously recognised impairment loss is increased or decreased depending on change in circumstances. However, an impairment loss is not decreased to an amount higher than the carrying amount that would have been determined has no impairment loss been recognised.

f) **Investment:**

Long term investments are carried at cost of purchase plus cost of transfer wherever applicable, after providing for any diminution of a permanent nature.

g) **Inventories:**

Inventories are valued as follows:

Work-in-progress At cost. Cost includes direct materials, labour, construction expenses and borrowing costs.

Stock-in-trade Lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

h) **Borrowing cost:**

Borrowing costs which have a direct nexus and are directly attributable to the projects are charged to the project and other borrowing costs are expensed as period costs.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

i) Earnings per equity share:

Basic earnings per share are calculated by dividing the net profit/loss for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year. The average number of equity shares outstanding during the year is adjusted for event of bonus issue to the existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

j) Segment reporting policies:

The main business of the Company is real estate development and construction of residential and commercial properties, and all other related activities revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting".

k) Taxes on income:

(i) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

(ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

(iii) At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

l) Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

m) Contingent liabilities:

Contingent liabilities are not provided for and, if any, the same is disclosed by way of note.

B. OTHER NOTES:

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
1. a) Contingent liabilities not provided for:	Nil	Nil
b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	190.26
c) Security provided for term loan availed by the holding company	3,000,000	3,000,000

2. Licensed and Installed Capacities:

With regard to Clause 3 (ii) of Part II of Schedule VI to the Companies Act, 1956, the Company is of the view that in respect of its real estate operations, the Company does not fall under the category of Clause 3 (ii)(a) "Manufacturing Company" or clause 3 (ii)(b) "Trading Company" or Clause 3 (ii)(c) "Company rendering or supplying services", but falls under the category of "Other Companies" as given in Clause 3 (ii)(e). As such, quantitative data for opening stock, purchases and closing stock have not been given.

NOTES TO ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
3. Remuneration to auditors:		
a) Audit fees (inclusive of service tax)	55.15	55.15
b) Taxation matters	-	-
c) Other matters	-	-
	<u>55.15</u>	<u>55.15</u>
4. Earnings in foreign exchange	Nil	Nil
5. Value of imports on C.I.F. basis	Nil	Nil
6. Expenditure in foreign currency	Nil	Nil

7. Micro, Small and Medium Enterprises

- (a) As on 31st March, 2010 there are no reported Micro, Small and Medium Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes any dues.
- (b) The above information takes into account only those suppliers who have furnished the details in response to the enquiries made by the Company for this purpose.

- 8.** In the case of acquisition of land for development and construction, the rights are acquired from the owners of the land and the conveyancing and registration thereof will be executed between the original owners and the ultimate purchasers as per trade practice. As a result, in the intermediate period, generally, the land is not registered in the name of the Company.
- 9.** In the opinion of the management, the current assets and loans and advances are not less than as stated, if realised in ordinary course of business.

		31st March, 2010	31st March, 2009
10. Earnings per equity share			
a) Profit or loss attributable to equity shareholders			
Profit after tax	Rs. '000	5.84	1,132.67
Less: Short provision of income tax of earlier years	Rs. '000	23.93	-
Less: Amortisation of expenses for increasing authorised share capital	Rs. '000	-	405.46
Add: Deferred tax of earlier years	Rs. '000	-	0.96
	Rs. '000	<u>(18.08)</u>	<u>728.18</u>
b) Equity shares (weighted average)	Nos.	3,400,000	3,400,000
c) EPS - Basic	Rs.	(0.01)	0.21
- Diluted	Rs.	(0.01)	0.21

11. Related party disclosure:

1. List of related parties with whom transactions have taken place during the current accounting year and relationship:
 Housing Development & Infrastructure Limited - Holding Company Rs. '000

Nature of transaction	31st March, 2010				31st March, 2009			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances repaid	88,111.16	-	-	88,111.16	18,377.88	-	-	18,377.88
Interest paid	243,788.91	-	-	243,788.91	212,847.95	-	-	212,847.95
Outstanding as at year end- Due from	-	-	-	-	-	-	-	-
Outstanding as at year end- Due to	2,237,953.75	-	-	2,237,953.75	1,930,432.56	-	-	1,930,432.56

2. Key management personnel
 Not applicable
3. Enterprise significantly influenced by key management personnel
 Not applicable

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

12. Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.
13. **Balance Sheet Abstract and Company's General Business Profile:**

I. Registration Details			
Registration No:	U45200MH1990PTCO55968	State Code:	11
Balance Sheet Date:	31-03-2010		
II. Capital raised during the year (Rs. '000)			
Public Issue	0.00	Rights Issue	0.00
Bonus Issue	0.00	Private Placement	0.00
III. Position of Mobilisation and Deployment of Funds (Rs. '000)			
Total Liabilities	2,305,644	Total Assets	2,305,644
Sources of Funds			
Paid-up Capital	34,000	Reserves and Surplus	9,219
Secured Loans	0.00	Unsecured Loans	2,237,954
Deferred Tax Liability	0.00		
Application of Funds			
Net Fixed Assets	0.00	Investments	2,500
Net Current Assets	2,278,673	Miscellaneous Expenditure	0.00
Accumulated Losses	0.00		
IV. Performance of company (Rs. '000)			
Turnover (Sales and other income)	0.00	Total Expenditure	70
Profit before Tax	40	Profit after Tax	6
Earnings Per Share – (in Rs.)	(0.01)	Dividend Rate %	0
Generic names of three principal products/services of the Company (As per monetary Terms)			
Item Code No. (ITC Code)	NA	Product Description	NA

Signatures to Schedule A to O

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Sarang Wadhawan
Chairman

Hetin Sakhuja
Director

Place: Mumbai
Date: 24th April, 2010

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the members of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED, will be held on Monday, 24th day of May, 2010 at 5.30 p.m. at Laxmi Palace, 76, Mathuradas Road, Kandivali (West), Mumbai - 400 067 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and auditors thereon.
2. To appoint auditors to hold office for the period commencing from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
3. (a) To appoint Directors in place of Shri Rakesh Kumar Wadhawan, who retires by rotation at this meeting and being eligible offers himself for re-appointment.

(b) To appoint Directors in place of Smt. Geeta Shah, who retires by rotation at this meeting and being eligible offers herself for re-appointment.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Chairman

Place: Mumbai

Date: 24th April, 2010

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board resolution authorising the representatives to attend and vote at the annual general meeting.

DIRECTORS' REPORT

To the Members,

Your directors are pleased to submit the Fifteenth Annual Report with the audited statement of accounts for the year ended 31st March, 2010.

1. Financial Results

(Rs. '000)

	31st March, 2010	31st March, 2009
Gross sales and other receipts	50	-
Profit/(Loss) before depreciation and taxation	41	(21)
Depreciation	-	-
Profit/(Loss) before tax	41	(21)
Less: Provision for taxation	6	-
Profit/(Loss) after tax	35	(21)
Balance brought forward	(21)	-
Balance carried forward to balance sheet	14	(21)

2. Dividend

On account of insufficient profit, your directors do not recommend payment of any dividend on the equity shares.

3. Appointment of Directors

In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Rakesh Kumar Wadhawan and Smt. Geeta Shah retire by rotation at the forthcoming annual general meeting and, being eligible, have offered themselves for re-appointment.

4. Appointment of Auditors

M/s. Vipul Bheda & Associates, Chartered Accountants, Auditors of the Company retire at the Annual General Meeting and being eligible for re-appointment offer themselves for re-appointment. A letter has been received from them that their re-appointment, if made, will be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

5. (a) During the year the Company has not employed any employee, therefore has not paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.
- (b) During the year the Company has not undertaken any research and development activity.
- (c) Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) of Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is,

(Rs. '000)

	31st March, 2010	31st March, 2009
(a) Earnings	Nil	Nil
(b) Outgo	Nil	Nil

- (d) The Company has no outstanding dues to Small Scale Industries or Micro, Small and Medium Enterprises.

6. As required under Section 217(2AA) of the Companies Act, 1956, your directors confirm that,

- i) in the preparation of the annual accounts, the applicable accounting standards, to the extent applicable, have been followed;

- ii) the directors have selected such accounting policies and applied them consistently and made judgements 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 and profit of the Company for the year;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

7. Acknowledgement:

Your directors express their sincere thanks to the bank for its assistance and co-operation extended from time to time.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai
Date: 24th April, 2010

AUDITORS' REPORT

To the members of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED,

1. We have audited the attached balance sheet of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED, as at 31st March, 2010 and also profit and loss account and cash flow statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") 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 paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 the books;
 - (c) the balance sheet, profit and 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, the profit and loss account and cash flow statement dealt with by this report comply with Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act 1956, to the extent applicable;
 - (e) on the basis of written representations received from Directors of the Company, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010,
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date, and
 - (iii) in the case of the cash flow statement, of the cash flow for the year ended on that date.

For **VIPUL BHEDA & ASSOCIATES**

Chartered Accountants

Firm Registration No.: 117487W

Vipul Bheda

Proprietor

Membership No. 103694

Place: Mumbai

Date: 24th April, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2010 of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED.

1. (a) As the Company does not have any fixed assets, we do not have comments on the maintenance of record.
(b) In view of reply to 1 (a), we do not have to offer comments on physical verification of fixed asset.
(c) In view of reply to 1 (a), we do not have to offer comment on going concern status of the Company.
2. (a) The inventory has been physically verified on the last day of the year by the management. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. During the physical verification of inventories no discrepancy has been noticed as compared to the book records.
3. (a) According to information and explanations given to us, the Company has not granted loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has taken unsecured demand loan from its holding company. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 1,15,03,98,284/- and the year end balance is Rs. 1,15,03,98,284/-.
(c) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loan, are not *prima facie* prejudicial to the interest of the Company.
(d) The said loan taken from its holding company is repayable on demand and there is no repayment schedule.
(e) In respect of the loan taken by the Company, the same is repayable on demand and therefore the question of overdue amount 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 with regard to purchases of goods and rendering of services. During the year the Company has not effected any sale of goods. During the course of our audit, we have not observed any major weakness in the internal controls.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.
6. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. The Company is not listed on any stock exchange or paid-up capital and reserve as at the commencement of the financial year did not exceed Rs. 50 lakhs and also an average annual turnover for immediately preceding three years did not exceed Rs. 5 crores, clause (vii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 in respect of internal audit, is not applicable to the Company for the current year.
8. The Central Government has not prescribed for maintenance of cost record under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us by the management and on the basis of our examination of books of account of the Company, the Company is generally regular in depositing with appropriate authorities, statutory dues applicable to it. There were no dues on account of cess under Section 441A of the Companies Act, 1956, since the Central Government has not notified the date of the commencement of the section.
(b) According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Custom duty and Excise duty and cess, which have not been deposited on account of any dispute.
10. The Company does not have accumulated losses at the end of financial year and has not incurred cash losses during the financial year covered by the audit but has incurred cash losses in the immediately preceding financial year.
11. The Company does not have any dues to a financial institution or bank, accordingly, the clause No. 4 (xi) of the Order is not applicable.

ANNEXURE TO THE AUDITORS' REPORT

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. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the Company has not availed any term loan during the period under audit.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, 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. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by way of public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **VIPUL BHEDA & ASSOCIATES**

Chartered Accountants
Firm Registration No.: 117487W

Vipul Bheda
Proprietor
Membership No. 103694

Place: Mumbai
Date: 24th April, 2010

BALANCE SHEET AS AT

	Schedules	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
SOURCES OF FUNDS					
Shareholders' Fund					
Share capital	A		100.00		100.00
Reserve and Surplus	B		13.95		-
Loan Funds					
Unsecured loan	C		1,150,398.28		903,107.59
Total			1,150,512.23		903,207.59
APPLICATION OF FUNDS					
Current Assets, Loans and Advances					
Inventories	D	1,102,817.05		107,316.19	
Cash and bank balances		166.25		127.06	
Loans and advances		59,115.28		819,117.28	
		<u>1,162,098.58</u>		<u>926,560.53</u>	
Less: Current Liabilities and Provisions					
Current liabilities	E	11,585.04		23,373.50	
Provisions		1.31		-	
		<u>11,586.35</u>		<u>23,373.50</u>	
Net current assets			1,150,512.23		903,187.03
Profit and Loss Account					
			-		20.56
Total			1,150,512.23		903,207.59
Notes to accounts	I				

As per our report of even date attached

For **VIPUL BHEDA & ASSOCIATES**
 Chartered Accountants
 Firm Registration No.: 117487W

Vipul Bheda
 Proprietor
 Membership No. 103694

Place: Mumbai
 Date: 24th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Jayesh T. Shah
 Director

PROFIT AND LOSS FOR THE YEAR ENDED

	Schedules	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
INCOME			
Other income (TDS Rs. 5 thousand, (previous year - Nil))		50.00	-
Variation in inventory	F	995,500.86	107,316.19
		995,550.86	107,316.19
EXPENDITURE			
Land and development expenses	G	878,766.43	4,263.35
Finance expenses		116,734.44	103,052.83
Administrative expenses	H	2.67	13.57
Remuneration to auditors		5.00	4.00
Filing fees paid to the Registrar of Companies		1.50	3.00
		995,510.04	107,336.75
Profit/(Loss) before tax		40.82	(20.56)
Provision for tax		6.31	-
Profit/(Loss) after tax		34.51	(20.56)
Profit /(Loss) available for appropriation		34.51	(20.56)
Appropriations			
Balance brought forward		(20.56)	-
Balance carried forward to balance sheet		13.95	(20.56)
Earnings per equity share of Rs. 10/- each - Basic		3.45	(2.06)
- Diluted		3.45	(2.06)
Notes to accounts	I		

As per our report of even date attached

For **VIPUL BHEDA & ASSOCIATES**

Chartered Accountants
 Firm Registration No.: 117487W

Vipul Bheda

Proprietor
 Membership No. 103694

Place: Mumbai

Date: 24th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Jayesh T. Shah
 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
A. Cash flow from operating activities				
Net profit before tax		40.82		(20.56)
Adjustments for:		-		-
(1) Operating profit before working capital changes		40.82		(20.56)
Movements in working capital:				
(Increase)/Decrease in Work-in-progress	(995,500.86)		(107,316.19)	
(Increase)/Decrease in other receivables	760,002.00		19,238.10	
(Decrease)/Increase in trade and other payables	(11,788.46)		23,328.57	
Net movement in working capital		(247,287.32)		(64,749.52)
Cash used in operations		(247,246.50)		(64,770.08)
Less: Direct taxes paid (net of refunds)		5.00		-
Net cash used in operating activities		(247,251.50)		(64,770.08)
B. Cash flows from investing activities				
Net cash used in investing activities		-		-
C. Cash flows from financing activities				
(1) Proceeds from borrowings	247,290.69		64,707.59	
Net cash from financing activities		247,290.69		64,707.59
Net increase in cash and cash equivalents (A + B + C)		39.19		(62.49)
Cash and cash equivalents at the beginning of the year		127.06		189.55
Cash and cash equivalents at the end of the year		166.25		127.06
Cash and cash equivalents as at 31st March,		2010		2009
Cash on hand		76.67		32.01
With banks - on current account		89.58		95.05
		166.25		127.06

Notes: 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement".

2) Figures in the brackets indicate outflow.

As per our report of even date attached

For **VIPUL BHEDA & ASSOCIATES**
Chartered Accountants
Firm Registration No.: 117487W

For and on behalf of the Board of Directors

Vipul Bheda
Proprietor
Membership No. 103694

Rakesh Kumar Wadhawan
Chairman

Jayesh T. Shah
Director

Place: Mumbai
Date: 24th April, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "A"		
SHAREHOLDERS FUND:		
Authorised Share Capital		
5,00,000 (Previous year 5,00,000) Equity shares of Rs. 10/- each	5,000.00	5,000.00
Total	5,000.00	5,000.00
Issued, subscribed and paid-up		
10,000 (Previous year 10,000) Equity shares of Rs. 10/- each fully paid	100.00	100.00
Total	100.00	100.00
SCHEDULE "B"		
RESERVE AND SURPLUS		
Profit and Loss account	13.95	-
Total	13.95	-
SCHEDULE "C"		
LOAN FUNDS		
Unsecured loan		
From a holding company	1,150,398.28	903,107.59
Total	1,150,398.28	903,107.59
SCHEDULE "D"		
CURRENT ASSETS, LOANS AND ADVANCES		
I) CURRENT ASSETS		
(a) Inventories		
Work-in-Progress (at cost)	1,102,817.05	107,316.19
Total	1,102,817.05	107,316.19
(b) Cash and Bank Balances		
Cash in hand	76.67	32.01
Cash at scheduled banks on current accounts	89.58	95.05
Total	166.25	127.06
Total (I) (a+b)	1,102,983.30	107,443.25
II) LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received:		
a) Advances for land purchase	6,078.00	765,365.00
b) Other advances	53,037.28	53,752.28
Total (II)	59,115.28	819,117.28
Total (I+II)	1,162,098.58	926,560.53

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "E"		
Current Liabilities and Provisions		
(I) CURRENT LIABILITIES		
(a) Creditors for goods and services		
(1) Total outstanding dues to Micro, Small and Medium Enterprises.	-	-
(2) Total outstanding dues of other than Micro, Small and Medium Enterprise	5.00	21.59
(b) Other liabilities	11,580.04	23,351.91
Total (I)	11,585.04	23,373.50
(II) PROVISIONS		
Provision for taxation	6.31	-
Less: Tax paid	5.00	-
Total (II)	1.31	-
Total (I+II)	11,586.35	23,373.50

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "F"		
VARIATION IN INVENTORY		
Closing stock		
Work-in-progress	1,102,817.05	107,316.19
Less: Opening stock		
Work-in-progress	107,316.19	-
Total	995,500.86	107,316.19
SCHEDULE "G"		
LAND AND DEVELOPMENT EXPENSES		
Land	878,766.43	3,856.17
Construction expenses	-	407.18
Total	878,766.43	4,263.35
SCHEDULE "H"		
ADMINISTRATIVE EXPENSES		
Bank charges	2.32	7.21
Professional fees	-	1.00
Sundry expenses	0.35	5.36
Total	2.67	13.57

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE "I"

A. SIGNIFICANT ACCOUNTING POLICIES:

1. a) Basis of Preparation:

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

c) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

2. Inventories:

Work-in-progress : At cost. Cost includes direct materials, labour, construction expenses and direct borrowing cost related to the particular project.

3. Revenue Recognition:

The Company follows completed project method of accounting ("Project Completion Method of Accounting"). Allocable expenses incurred during the year are debited to work-in-progress account. The income is accounted for as and when the projects get completed or substantially completed and then revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

4. Sale:

Unit in real estate:

Revenue is recognised when the significant risks and rewards of ownership of the units in real estate have passed to the buyer.

5. Borrowing Cost:

Borrowing costs, which have a direct nexus and are directly attributable to the construction projects or fixed assets are charged to the projects / fixed assets and other borrowing costs are expensed out as period cost as specified in Accounting Standard (AS 16) on "Borrowing Costs".

6. Taxes on income:

(i) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

(ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

(iii) At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

7. Earnings per share:

Basic earnings per share are calculated by dividing the net profit / (loss) for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year. The average number of equity shares outstanding during the year is adjusted for event of fresh issue of equity shares.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

8. Segment Reporting Policies:

The main business of the Company is real estate development and construction of residential and commercial properties, operating and maintaining infrastructure facilities and all other related activities revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting".

9. Impairment:

- (i) The carrying amount of assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amount, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.
- (ii) After impairment, depreciation is provided on the assets revised carrying amount over its remaining useful life.
- (iii) A previously recognised impairment loss is increased or decreased depending on change in circumstances. However, an impairment loss is not decreased to an amount higher than the carrying amount that would have been determined has no impairment loss been recognised.

10. Provisions:

A Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

11. Contingent Liabilities:

Contingent liabilities are not provided for and, if any, the same is disclosed by way of note.

B. OTHER NOTES:

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
1. a) Contingent liabilities not provided for:	Nil	Nil
b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	Nil

2. Licensed capacity, installed capacity, etc.

With regard to clause 3 (ii) of Part II of Schedule VI to the Companies Act, 1956, the Company is of the view that in respect of its real estate operations, the Company does not fall under the category of clause 3(ii)(a) "Manufacturing Company" or Clause 3 (ii)(b) "Trading Company" or clause 3 (ii)(c) "Company rendering or supplying services", but falls under the category of "Other Companies" as given in clause 3(ii)(e). As such, quantitative data for opening stock, purchases and closing stock have not been given.

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
3. Earnings in foreign exchange	Nil	Nil
4. Value of imports on C.I.F. basis	Nil	Nil
5. Expenditure in foreign currency	Nil	Nil
6. Remuneration to auditors:		
a) Audit fees	5.00	4.00
b) Taxation matters	Nil	Nil
c) Other matters	Nil	Nil
	5.00	4.00

7. In the case of acquisition of land for development and construction, the rights are acquired from the owners of the land and the conveyancing and registration thereof will be executed between the original owners and the ultimate purchasers as per trade practice. As a result, in the intermediate period, generally, the land is not registered in the name of the Company.
8. In the opinion of the management, the current assets, loans and advances are not less than as stated, if realised in the ordinary course of business.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

9. Micro, Small and Medium Enterprises:

- As on 31st March, 2010 there are no reported Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes any dues.
- The above information takes into account only those suppliers who have furnished the details in response to the enquiries made by the Company for this purpose.

10. Earnings per equity share:

		31st March, 2010	31st March, 2009
		(Rs. '000)	(Rs. '000)
a. Profit or loss attributable to equity shareholders	(Rs. '000)		
b. Weighted average number equity shares of Rs. 10/- each	Nos.	10,000	10,000
c. EPS (in Rs.)			
- basic	Rs.	3.45	(2.06)
- diluted	Rs.	3.45	(2.06)

- Deferred tax Liability/Asset: As on the balance sheet date there exists no item which causes timing difference between the book and tax profits.
- Figures for the previous accounting year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous accounting year are included as an integral part of the current accounting year financial statement and are to be read in relation to the amounts and other disclosures relating to the current accounting year.

13. Related Party Disclosure

- List of related parties with whom transactions have taken place during the year and relationship
 Housing Development and Infrastructure Limited - Holding Company
 Ravi Ashish Land Developers Ltd. - Associate Company

Description	31st March, 2010	31st March, 2009
	(Rs. '000)	(Rs. '000)
Loan received	143,070.37	14,993.47
Interest on loan	115,800.36	103,052.83
Amount outstanding (due to) at the end of the year	1,150.40	903.11
2. Associates		
Ravi Ashish Land Developers Ltd.		
Advance refunded	715.00	3,464.00
3. Key management personnel		
Not applicable		
4. Enterprise significantly influenced by key management personnel		
Not applicable		

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

14. Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details	
Registration No.	U67120MH1995PTC086603
State Code	11
Balance Sheet Date	31st March, 2010
II. Capital Raised during the Year (Rs. '000)	
Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement	-
III. Position of Mobilisation & Deployment of Funds (Rs. '000)	
Total Liabilities	1,162,099
Total Assets	1,162,099
Sources of Funds (Rs. '000)	
Paid up capital	100
Reserves & Surplus	14
Secured loans	-
Unsecured loans	1,150,398
Application of Funds (Rs. '000)	
Net Fixed Assets	-
Investments	-
Net Current Assets	1,150,512
Miscellaneous Expenditure	-
Accumulated Losses	-
IV. Performance of Company (Rs. '000)	
Turnover	-
Total Expenditure	9
Profit/(Loss) before tax	41
Profit/(Loss) after tax	35
Earnings per share [in Rs.]	3.45
Dividend rate	-
V. Generic Names of Three Principal Products/Services of Company	
(as per monetary terms)	
Item Code No. (ITC Code)	NA
Product Description	NA

Signatures to Schedule A to I

As per our report of even date attached

For **VIPUL BHEDA & ASSOCIATES**

Chartered Accountants

Firm Registration No.: 117487W

Vipul Bheda

Proprietor

Membership No. 103694

Place: Mumbai

Date: 24th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Chairman

Jayesh T. Shah

Director

NOTICE

Notice is hereby given that the Third Annual General Meeting of the members of HDIL ENTERTAINMENT PRIVATE LIMITED, will be held on Thursday, the 20th day of May, 2010 at 9-14, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai - 400 051 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as at 31st March, 2010 and profit and loss account for the year ended on 31st March, 2010 and report of the board of directors and auditors thereon.
2. To appoint auditors to hold office for the period commencing from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To appoint Director in place of Shri Rakesh Kumar Wadhawan, who retires by rotation at this meeting and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

4. To appoint a director in place of Mr. Ashok Kumar Gupta who was appointed by the Board of Directors, as an additional director of the Company with effect from 2nd November, 2009 and who holds office upto the date of the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, and being eligible offers himself for re-appointment.

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

"RESOLVED THAT Mr. Ashok Kumar Gupta who was appointed as an additional director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of director be and is hereby appointed as director of the Company."

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai
Date: 20th April, 2010

Notes:

1. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item no. 4 set out above, is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.
3. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board resolution authorising the representatives to attend and vote at the annual general meeting.

Explanatory statement under Section 173 (2) of the Companies Act, 1956 attached to notice calling Annual General Meeting to be held on 20th May, 2010.

Item no. 4

The Board of Directors co-opted Shri Ashok Kumar Gupta as an additional director of the Company at its meeting held on 2nd November, 2009. Pursuant to the applicable clause of Articles of Association read with the provisions of the Section 260 of the Companies Act, 1956, being additional director of the Company, he holds office up to the date of the ensuing Annual General Meeting. He has a wide range of experience and exposure in the business akin to the business carried on by the Company and your directors feel that Company would benefit from his experience.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai
Date: 20th April, 2010

DIRECTORS' REPORT

To the members,

Your Directors are pleased to submit the Third Annual Report with the audited statement of accounts for the year ended on 31st March, 2010.

1. Financial results

(Rs. '000)

	31st March, 2010	31st March, 2009
Gross sales and other receipts	101,208.67	30,661.16
Loss before depreciation and taxation	(39,579.49)	(17,383.17)
Depreciation	(977.03)	(477.58)
Loss before tax	(40,556.52)	(17,860.75)
Less: Tax on Fringe Benefit	-	(67.86)
Less: Deferred tax liability	127.35	11.10
Loss after taxation	(40,683.87)	(17,939.71)
Preliminary and other expenses written off	-	(705.95)
Balance brought forward	(21,604.05)	(2,958.39)
Loss carried to Balance Sheet	(62,287.92)	(21,604.05)

2. Dividend

On account of losses for the year, your directors do not recommend payment of any dividend for the year.

3. Nature of Business and Future Plans

With the brand name of "Kulraj Broadway" HDIL Entertainment Private Limited has forayed into the entertainment business with an objective of creating one stop entertainment zones for the entire family. The Company has the following core business interests;

i) Exhibitions (Multiplex)

Around Seven Lacs patrons were proudly entertained by "Kulraj Broadway" during the period 2009-10. In the fiscal year 2010-11 we plan to start operations of 3 multiplex's scaling-up our total screen count to 25. Each of these multiplex's is at various stage of fit out/regulatory approvals. All of them are located at strategic locations in the Mumbai Metropolitan Region making "Kulraj Broadway" a key player in the exhibition industry.

ii) Restaurants

There are plans to develop 4 theme based Restaurants at Dreams The Mall, Bhandup.

iii) Mall Management

The Company plans to venture in Mall Management with the starting of Dreams The Mall, Bhandup.

"Kulraj Broadway" will continue to follow its expansion plan and seek to generate measured growth over the next year and beyond. We expect higher revenues in each business as most of the planned business will be operational by end of 2010.

4. Appointment of Directors

- In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Rakesh Kumar Wadhawan retire by rotation at the forthcoming annual general meeting and, being eligible, has offered himself for re-appointment.
- Pursuant to the provisions of Section 260 of the Companies Act, 1956 Shri Ashok Kumar Gupta was appointed as an additional director of the Company with effect from 2nd November, 2009. He hold office up to the date of ensuing Annual General Meeting and is eligible for re-appointment. Members are requested to appoint the director.

5. Appointment of auditors

M/s. Thar & Co., Chartered Accountants, auditors of the Company retire at the Annual General Meeting and being eligible for re-appointment offer themselves for re-appointment. A letter has been received from them that their re-appointment, if made, will be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

- Statement Pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules 1975, for the year ended on 31st March, 2010.

Description

Name
 Designation
 Remuneration
 Qualification
 Date of appointment
 Experience (in years)
 Age (in years)
 Last employment

Details

Mukesh Gupta
 Chief Executive Officer
 Rs. 35,15,622/-
 Diploma in Hotel Management & Catering Technology,
 1st April, 2008
 20
 46
 Era E-Zone

- b) During the year, the Company has not undertaken any research and development activity.
 c) Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) of Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is,

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
(a) Earnings	Nil	Nil
(b) Outgo	Nil	Nil

- d) The Company has no outstanding dues to Small Scale Industries or Micro, Small and Medium Enterprises.

7. As required under Section 217(2AA) of the Companies Act, 1956, your directors confirm that,

- i) in the preparation of the annual accounts, the applicable accounting standards, to the extent applicable, have been followed;
 ii) the 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 and loss of the Company for the said financial year;
 iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 iv) the directors have prepared the annual accounts on a going concern basis.

8. Acknowledgements

Your directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all level and wish to convey their appreciation to the Banks, Financial Institutions, Government Authorities, patrons and other business associates for the excellent assistance and co-operation received and wish to place on record their gratitude to the members for their trust, support and confidence.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Place: Mumbai
 Date: 20th April, 2010

AUDITORS' REPORT

To the members of HDIL ENTERTAINMENT PRIVATE LIMITED,

1. We have audited the attached balance sheet of HDIL ENTERTAINMENT PRIVATE LIMITED, as at 31st March, 2010 and also profit and loss account and the cash flow statement for the year ended on 31st March, 2010 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order"), 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 paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 the books;
 - (c) the balance sheet, profit and 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 statement dealt with by this report comply with accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
 - (e) on the basis of written representations received from directors of the Company, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010,
 - (ii) in the case of the profit and loss account, of the loss for the year ended as on that date, and
 - (iii) in the case of the cash flow statement, of the cash flows for the year ended as on that date.

For **THAR & CO.**

Chartered Accountants

Firm Registration No. 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 20th April, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended on 31st March, 2010 of HDIL ENTERTAINMENT PRIVATE LIMITED

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) Physical verification of all the fixed assets as at 31st March, 2010 was conducted by the management on the last day of the year. In our opinion, the frequency of physical verification is reasonable. No material discrepancy has been noticed on such verification.
(c) The Company has not disposed off any of its fixed assets during the year and hence the going concern assumption is not affected.
2. (a) As explained to us, the physical verification of the inventory has been conducted by the management at reasonable intervals during the year.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed during the physical verification of inventories as compared to the book records were not material having regard to the size of the operations of the Company and have been dealt with in the books of account.
3. (a) According to information and explanations given to us the Company has not granted loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has taken unsecured demand loan from its holding company. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 7,35,99,629/- and the year end balance is Rs. 7,35,99,629/-.
(c) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loan, are not prima facie prejudicial to the interest of the Company.
(d) The said loan taken from its holding company is repayable on demand and there is no repayment schedule.
(e) In respect of the loan taken by the Company, the same is repayable on demand and therefore the question of overdue amount 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 with regard to purchases of inventories and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal controls.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of Companies Act, 1956 exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.
6. As the company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. This being the third year since the incorporation of the Company and also paid-up capital and reserves as at the commencement of the financial year did not exceed Rupees fifty lakhs, we do not have to offer our comment on the internal audit system.
8. The Central Government has not prescribed for maintenance of cost record under Section 209(1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us by the management and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including

ANNEXURE TO THE AUDITORS' REPORT

Provident fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax and other material statutory dues applicable to it. There were no dues on account of cess under Section 441A of the Companies Act, 1956, since the Central Government has not notified the date of the commencement of the section.

- (b) According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Custom duty and Excise duty and cess, which have not been deposited on account of any dispute.
10. As the Company is registered for a period less than five years, we do not have to offer our comment on the accumulated losses, net worth and cash losses.
 11. The Company does not have any dues to a financial institution or bank, accordingly, the clause No. 4(xi) of the Order is not applicable.
 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. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
 14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
 15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. In our opinion and according to the information and explanations given to us, the Company has not availed any term loan during the year under audit. Hence, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
 17. In our opinion and according to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
 18. According to the information and explanations given to us, 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. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
 20. The Company has not raised any money by way of public issue.
 21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **THAR & CO.**

Chartered Accountants

Firm Registration No. 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 20th April, 2010

BALANCE SHEET AS AT

	Schedules	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
SOURCES OF FUNDS					
Shareholders' Fund					
Share capital	A		100.00		100.00
Loan Fund					
Unsecured loan	B		73,599.63		27,508.46
Deferred tax liability	C		404.30		276.94
Total			74,103.93		27,885.40
APPLICATION OF FUNDS					
Fixed Assets					
Gross block	D	12,378.58		3,147.66	
Less: Accumulated depreciation		1,546.55		569.53	
Net block		10,832.03		2,578.13	
Capital work-in-progress		-	10,832.03	4,544.32	7,122.45
Investments					
	E		2,500.00		-
Current Assets, Loans and Advances					
Inventories	F	544.18		454.09	
Sundry debtors		2,006.34		15.83	
Cash and bank balances		4,076.06		1,466.05	
Other current assets		4.65		0.48	
Loans and advances		13,059.45		2,029.74	
		19,690.68		3,966.19	
Less: Current Liabilities and Provisions					
Current liabilities	G	20,314.28		4,005.66	
Provision		892.42		801.63	
		21,206.70		4,807.29	
Net current assets			(1,516.02)		(841.10)
Miscellaneous Expenditure (To the extent not written off or adjusted)	H		-		-
Profit and Loss Account					
Total			62,287.92		21,604.05
Notes to Account	P		74,103.93		27,885.40

As per our report of even date attached

 For **THAR & CO.**
 Chartered Accountants
 Firm Registration No. 110958W

Jayesh R. Thar
 Proprietor
 Membership No. 032917

 Place: Mumbai
 Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Sarang Wadhawan
 Director

PROFIT AND LOSS FOR THE YEAR ENDED

	Schedules	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
INCOME			
Turnover	I	101,002.27	30,309.60
Other income	J	116.31	13.83
Variation in inventory	K	90.09	337.73
		101,208.67	30,661.16
EXPENDITURE			
Operating expenses	L	109,400.63	29,655.09
Employee's remuneration and welfare expenses	M	19,521.17	12,293.55
Administrative expenses	N	6,555.82	2,503.92
Finance expenses	O	5,160.57	3,469.82
Depreciation	D	977.03	477.58
Remuneration to auditors		120.15	120.15
Filing fees paid to the Registrar of Companies		1.20	1.80
Pre-operative expenses written off for current year		28.62	-
		141,765.19	48,521.91
Loss before tax		(40,556.52)	(17,860.75)
Less: Provision for tax on fringe benefits		-	(67.86)
Less: Deferred tax liability		127.35	11.10
Loss after tax		(40,683.87)	(17,939.71)
Appropriations			
Balance brought forward from last year		(21,604.05)	(2,958.39)
Preliminary and other expenses written off		-	705.95
Balance carried to balance sheet		(62,287.92)	(21,604.05)
Earnings per equity share of Rs. 10/- each - Basic		(4,068.39)	(1,723.38)
- Diluted		(4,068.39)	(1,723.38)
Notes to Accounts	P		

As per our report of even date attached

 For **THAR & CO.**
 Chartered Accountants
 Firm Registration No. 110958W

Jayesh R. Thar
 Proprietor
 Membership No. 032917

 Place: Mumbai
 Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Sarang Wadhawan
 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
A. Cash flow from operating activities				
Net profit before tax		(40,556.53)		(17,860.75)
Adjustments for:				
(1) Depreciation	977.03		477.58	
(2) Pre-operative expenses written off	28.62	1,005.65	-	477.58
Operating profit before working capital changes		(39,550.88)		(17,383.17)
Movements in working capital:				
Decrease/(Increase) in inventories	(90.09)		(337.73)	
Decrease/(Increase) in sundry debtors	(1,990.51)		(13.44)	
Decrease/(Increase) in other receivables	(11,033.88)		170.00	
(Decrease)/Increase in trade and other payables	16,467.44		(1,615.47)	
Net movement in working capital		3,352.96		(1,796.64)
Cash used in operations		(36,197.92)		(19,179.81)
Less: Direct taxes paid (net of refunds)		68.03		6.55
Net cash used in operating activities		(36,265.95)		(19,186.36)
B. Cash flows from investing activities				
1) Pre-operative expenses	(28.62)		-	
2) Capital work in progress	-		(4,544.32)	
3) Investing in Shares	(2,500.00)		-	
4) Purchase of fixed assets	(4,686.59)	(7,215.21)	(185.42)	(4,729.74)
Net cash used in investing activities		(7,215.21)		(4,729.74)
C. Cash flows from financing activities				
Proceeds from borrowings	46,091.17		24,687.17	
	-	46,091.17	-	24,687.17
Net cash from financing activities		46,091.17		24,687.17
Net increase in cash and cash equivalents (A + B + C)		2,610.01		771.07
Cash and cash equivalents at the beginning of the year		1,466.05		694.98
Cash and cash equivalents at the end of the year		4,076.06		1,466.05
Cash and cash equivalents as at 31st March,		2010		2009
Cash on hand		240.10		37.21
With banks - on current accounts		3,785.96		1,378.84
With banks - on fixed deposit accounts		50.00		50.00
		4,076.06		1,466.05

Notes: 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement".

2) Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants
Firm Registration No. 110958W

Jayesh R. Thar
Proprietor
Membership No. 032917

Place: Mumbai
Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "A"		
SHAREHOLDERS' FUND		
Authorised share capital		
50,000 Equity shares of Rs. 10/- each	500.00	500.00
	500.00	500.00
Issued, subscribed and paid up		
10,000 Equity shares of Rs. 10/- each fully paid	100.00	100.00
	100.00	100.00
SCHEDULE "B"		
LOAN FUND		
Unsecured loan from a holding company	73,599.63	27,508.46
	73,599.63	27,508.46
SCHEDULE "C"		
DEFERRED TAX LIABILITY		
Arising on account of timing differences		
Related to fixed assets	1,090.90	503.68
Provision for bonus	(412.31)	-
Provision for gratuity	2.02	(95.62)
Provision for encashment of leave	(269.23)	(131.12)
Preliminary expenses written off	(7.08)	-
	404.30	276.94

SCHEDULE "D"
FIXED ASSETS

(Rs. '000)

DESCRIPTION	COST				DEPRECIATION				NET BLOCK	
	as at 01/04/2009	additions during the year	sale during the year	as at 31/03/2010	up to 31/03/2009	for the year	on asset sold	up to 31/03/2010	as at 31/03/2010	as at 31/03/2009
(A) Tangible assets										
Plant and machinery	18.78	153.32	-	172.10	0.40	13.12	-	13.52	158.58	18.38
Concession equipments	-	94.23	-	94.23	-	6.62	-	6.62	87.61	-
Office equipments	66.09	1,994.84	-	2,060.93	51.40	125.31	-	176.71	1,884.22	14.69
Computers	2,219.72	5,410.68	-	7,630.40	415.29	689.70	-	1,104.99	6,525.41	1,804.43
Furniture and fixture	9.90	309.02	-	318.92	9.90	8.43	-	18.33	300.59	-
(B) Intangible assets										
Computer softwares	598.00	1,268.83	-	1,866.83	68.46	110.31	-	178.77	1,688.06	529.54
Logo and trademark	179.78	-	-	179.78	20.58	18.00	-	38.58	141.20	159.20
Website	55.39	-	-	55.39	3.49	5.54	-	9.03	46.36	51.90
Total (A+B)	3,147.66	9,230.92	-	12,378.58	569.52	977.03	-	1,546.55	10,832.03	2,578.14
Previous year	2,962.24	185.42	-	3,147.66	91.95	477.58	-	569.53	2,578.13	2,870.29
Capital Work-in-Progress										4,544.00

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "E"		
INVESTMENTS (At Cost) (Non-Trade)		
Unquoted Shares		
Punjab & Maharashtra Co-op Bank Limited		
1,00,000 (Previous year Nil) Equity Shares of Rs. 25/- each fully paid up		
	2,500.00	-
	2,500.00	-
SCHEDULE "F"		
CURRENT ASSETS, LOANS AND ADVANCES		
(i) Current assets		
a) Inventories (at cost)		
Food and beverages	382.12	246.36
Others	162.06	207.73
	544.18	454.09
b) Sundry debtors		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-
Other debts	2,006.34	15.83
	2,006.34	15.83
c) Cash and bank balances		
Cash in hand	240.10	37.21
Balances with scheduled banks:		
On current accounts	3,785.96	1,378.84
On deposit accounts*	50.00	50.00
*(pledged as security for bank gaurantee)		
	4,076.06	1,466.05
d) Other current assets		
Interest accrued on fixed deposit	4.65	0.48
	4.65	0.48
	6,631.23	1,936.45
(ii) Loans and advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received		
Goods and services	10,231.91	25.05
Loans to employees	321.75	56.25
Prepaid expenses	597.97	166.16
Security deposits	1,894.09	1,768.55
Income Tax Refund receivable	13.73	13.73
	13,059.45	2,029.74
	19,690.68	3,966.19

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "G"		
CURRENT LIABILITIES AND PROVISIONS		
(i) Current liabilities		
1. Sundry creditors		
a) total outstanding dues of micro enterprises and small enterprises and	-	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises	15,064.23	2,397.02
	15,064.23	2,397.02
2. Advances from customers	-	4.93
3. Other liabilities	5,250.05	1,603.71
	20,314.28	4,005.66
(ii) Provisions		
Provision for fringe benefit tax	67.86	67.86
Less: Tax paid	68.03	-
	(0.17)	67.86
Provision for gratuity	21.31	309.44
Provision for leave encashment	871.28	424.33
	892.42	801.63
	21,206.70	4,807.29
SCHEDULE "H"		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
a) Preliminary expenses		
Balance as per last year	-	16.40
Less: Written off during the year	-	16.40
	-	-
b) Pre-operative Expenses		
Balance as per last year	-	689.55
Less: Written off during the year	-	689.55
	-	-

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "I"		
TURNOVER		
Box office sales	72,621.01	19,405.67
Sales of food and beverages	20,712.82	7,398.91
Parking charges	826.42	220.38
Income from game zone	3,714.33	2,265.21
Income from restaurant	1,750.00	-
Income from Kiosk rent	662.95	-
Income from hiring place	128.00	-
Income from advertisements (TDS Rs. 168/-, Previous year - Rs. 6,927/-)	586.74	1,019.43
	101,002.27	30,309.60
SCHEDULE "J"		
Other income		
Miscellaneous income	21.17	13.35
Interest on electricity deposit	90.98	-
Interest on fixed deposit	4.16	0.48
	116.31	13.83
SCHEDULE "K"		
Variation in inventory		
Closing stock in trade	544.18	454.09
Opening stock in trade	454.09	116.36
	90.09	337.73
SCHEDULE "L"		
Operating expenses		
Purchases	7,330.64	3,182.71
Film share and other expenses	37,195.32	10,881.23
Programming charges	727.22	1.53
Advertisement/Business promotion expenses	8,691.94	1,844.43
Electricity charges	8,261.10	3,331.39
Diesel purchases	5,163.61	1,258.50
Housekeeping expenses	7,317.61	682.79
Entertainment tax	20,059.87	4,891.81
Maharashtra value added tax	1,081.94	726.90
Parking management fees	421.14	49.49
Other operating costs	13,150.24	2,804.31
	109,400.63	29,655.09

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "M"		
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES		
Salaries, wages and bonus	17,226.57	10,796.79
Gratuity	172.57	309.44
Contribution to provident fund and other funds	1,325.97	799.35
Staff welfare expenses	423.30	125.89
Staff uniforms	357.76	262.08
Labour registration charges	15.00	-
	19,521.17	12,293.55
SCHEDULE "N"		
ADMINISTRATIVE EXPENSES		
Repairs and maintenance		-
To machinery	1,250.77	271.07
To other assets	2,219.24	242.01
Donation	5.00	25.00
Professional, consultancy and legal fees	965.52	689.33
Printing and stationery	267.86	134.84
Communication expenses	481.01	458.17
Travelling and conveyance expenses	583.11	262.77
Rent-office premises	198.54	201.94
Professional Tax	2.50	5.00
Other Administrative Expenses	582.30	213.79
	6,555.85	2,503.92
SCHEDULE "O"		
FINANCE EXPENSES		
Bank interest	-	1,891.95
Interest on loan from holding company	5,135.15	1,560.63
Bank charges	25.42	17.24
	5,160.57	3,469.82

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

SCHEDULE "P"

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) i) **Basis of preparation**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention on an accrual basis and comply in all material respects with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

ii) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

iii) **Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

b) **Fixed Assets**

Fixed Assets are carried at cost of acquisition or cost of construction, as reduced by accumulated depreciation/amortisation.

c) **Depreciation on fixed assets and amortisation of intangible assets**

i) On fixed assets depreciation is provided on straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Individual items of fixed assets added during the financial year, costing upto Rs. 5,000/- each, are fully depreciated in the year the fixed asset put to use.

ii) Intangible assets are amortised over a period of ten years from the date the asset put to use.

d) **Investments**

Long-term investments are carried at cost of purchase plus cost of transfer wherever applicable, after providing for any diminution of a permanent nature.

e) **Inventories**

Inventories are valued at cost. Cost is determined using FIFO method.

f) **Revenue recognition**

i) Income from box office is recognised as and when the movie is exhibited. Income from food and beverages, is recognised at the point of sale on the counter. Income is net of refunds and complimentary issues.

ii) Income from Gamezone is recognised as and when the customer purchases the coupons/coins.

iii) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv) Miscellaneous income is accounted for on accrual basis.

g) **Borrowing cost**

Borrowing costs which have a direct nexus and are directly attributable to the projects are charged to the project and other borrowing costs are expensed as period costs.

h) **Employees retirement benefits**

i) **Provident Fund**

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due.

ii) **Gratuity**

Retirement gratuity liability of employees is a defined benefit obligation and reflects the actuarial valuation of the future gratuity liability.

iii) **Leave encashment**

Long-term compensated absences are provided on the basis of actuarial valuation as at the end of the year.

(iv) **Actuarial gains/losses**

Actuarial gains/losses, if any, are immediately taken to the profit and loss account and are not deferred.

NOTES TO ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

i) Taxes on income

- i) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
- iii) At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

j) Segment reporting policies

The main business of the Company is operation of multiplexes in India and all other related activities revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting".

k) Earning per equity share

Basic earning per equity share are calculated by dividing the net profit/loss for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year. The average number of equity shares outstanding during the year is adjusted for event of bonus issue to the existing shareholders.

For the purpose of calculating diluted earnings per equity share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

l) Impairment

- i) The carrying amounts of assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.
- ii) After impairment, depreciation is provided on the assets revised carrying amount over its remaining useful life.
- iii) A previously recognised impairment loss is increased or decreased depending on change in circumstances. However, an impairment loss is not decreased to an amount higher than the carrying amount that would have been determined has no impairment loss been recognised.

m) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) Leases

Lease rentals under an operating lease, are recognised as an expense in the statement of profit and loss account on a straight line basis over the lease term.

o) Contingent liabilities:

Contingent liabilities are not provided for and, if any, the same is disclosed by way of note.

B. OTHER NOTES

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
1. a) Contingent liabilities not provided for:		
Guarantees provided by the bank	50.00	50.00
b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	Nil
2. Licensed and Installed capacities	N.A.	N.A.

NOTES TO ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

3. a) In view of the diverse nature of food and beverages sold by the Company, in the opinion of the management, it is not practical to give quantitative details thereof. Consequently, quantitative information regarding purchases, turnover, opening/closing stocks in respect of the same are not given. All items of food and beverages are indigenously procured.
- b) Other information required to be given under Part II of Schedule VI of the Companies Act, 1956 to the extent not applicable is not given.

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
4. Remuneration to auditors:		
Audit fees	120.15	120.15
Taxation matters	0.00	0.00
Total	120.15	120.15
5. Earnings in foreign exchange	Nil	Nil
6. Value of imports on C.I.F. basis	Nil	Nil
7. Expenditure in foreign currency	Nil	Nil

8. In the opinion of the management, the current assets and loans and advances are not less than as stated, if realised in the ordinary course of business.

9. Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

10. Disclosure in respect of Operating Lease

Assets received on lease:

A) General description of the leased assets - furnished office space

(i) Future Leased rentals are determined on the basis of agreed terms.

(ii) At the expiry of the lease term, the Company has the option either to return the assets or extend the term by giving notice in writing.

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
B) Lease payment recognised in the profit and loss account	198.54	201.94
C) Future Lease Rental payments		
i) Not later than one year	115.82	198.54
ii) Later than one year and not later than five years	-	115.82
iii) Later than five years	-	-

11. Earning per equity share

		31st March, 2010	31st March, 2009
a. Profit or loss attributable to equity shareholders			
Loss after tax	Rs. '000	(40,683.87)	(17,939.71)
Less: Preliminary and other expenses written off	Rs. '000	-	705.95
	Rs. '000	(40,684)	(17,234)
b. Number of equity shares of Rs. 10/- each	Nos.	10,000	10,000
c. EPS - Basic	Rs.	(4,068.39)	(1,723.38)
- Diluted	Rs.	(4,068.39)	(1,723.38)

12. Micro, Small and Medium Enterprises

a) As on 31st March, 2010 there are no reported Micro, Small and Medium Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes any dues.

b) The above information takes into account only those suppliers who have furnished the details in response to the enquiries made by the Company for this purpose.

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

13. Gratuity Plan

- i) The AS-15 (Revised 2005) stipulates that the rate used to discount post employment benefit obligation (both funded and non-funded) should be determined by reference to market yields at the balance sheet date on government bonds. The currency and terms of the government bonds should be consistent with the currency and estimated terms of the post-employment benefit obligation.
- ii) Estimated future salary increases take account of inflation, seniority, promotion and other retirement factors, such as supply and demand in the employment market.

The following table set out the status of the gratuity plan as required under AS-15.

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
a) Reconciliation of opening and closing balance of the present value of the defined benefit obligation:		
Obligations at the beginning of the year	309.44	-
Interest cost @8.25% (Previous year 8%)	25.53	-
Current service cost	275.29	214.44
Benefits paid	-	-
Actuarial (gain) loss on defined benefits obligation	(100.42)	94.99
Obligation at year end	509.84	309.43
b) Changes in Fair Value of Planned Assets		
Opening Fair Value of Plan Assets as on 01-Apr-2009	-	-
Expected Return @9%	20.73	-
Actuarial Gains/(Losses)	7.10	-
Contribution by employer	460.69	-
Changed Fair Value of Planned Assets as on 31st March, 2010	488.52	-
c) Amounts to be recognised in the Balance Sheet		
Present value of Defined benefits obligation as on	509.84	309.43
Fair value of plan assets as on	488.53	-
Liability recognised in balance sheet	21.31	309.43
d) Gratuity cost for the year		
Current service cost	275.29	-
Interest cost on obligation	25.53	-
Expected return on plan assets	(20.73)	-
Net actuarial (Gain) loss	(107.52)	-
Expense recognised in the statement of profit & loss	172.57	-

iii) Valuation Assumptions

Considering the above stipulation, the following assumptions have been made.

Mortality	: LIC (1994-96) Published Table of Mortality rates
Discount Rate	: 8.25% per annum (Previous year 8%)
Salary Growth	: 7% per annum
Expected rate of return	: 9%
Withdrawals	: 5% at younger ages reducing to 1% at older ages
Retirement age	: 60 years

14. Leave encashment liability

- i) The AS-15 (Revised 2005) stipulates that the rate used to discount post employment benefit obligation (both funded and non-funded) should be determined by reference to market yields at the balance sheet date on government bonds. The currency and terms of the government bonds should be consistent with the currency and estimated terms of the post-employment benefit obligation.

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

- ii) Estimated future salary increases take account of inflation, seniority, promotion and other retirement factors, such as supply and demand in the employment market.

The following table set out the status of the leave encashment plan as required under AS-15.

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
A) Reconciliation of opening and closing balance of the present value of the defined benefit obligation:		
Obligations at the beginning of the year	424.33	-
Interest cost @8.25% (Previous year 8%)	35.01	-
Current service cost	247.81	187.20
Benefits paid	-	-
Actuarial (gain)/loss on defined benefits obligation	164.13	237.13
Obligation at year end	871.28	424.33
B) Amounts to be recognised in the Balance Sheet		
Present value of Defined benefits obligation as on	871.28	424.33
Fair value of plan assets as on	-	-
Liability recognised in balance sheet	871.28	424.33
C) Leave Encashment cost for the year		
Current service cost	247.81	187.20
Interest cost on obligation	35.01	-
Expected return on plan assets	-	-
Net actuarial (Gain) loss	164.13	237.13
Expense recognised in the statement of profit & loss	446.95	424.33

- iii) Valuation Assumptions

Considering the above stipulation, the following assumptions have been made.

Mortality	: LIC (1994-96) published Table of Mortality Rates
Discount Rate	: 8.25% per annum (Previous year 8%)
Salary Growth	: 7% per annum
Expected rate of return	: Nil
Withdrawals	: 5% at younger ages reducing to 1% at older ages
Retirement age	: 60 years

15. Related Party

- a) List of related parties with whom transactions have taken place during the year and relationship:

Holding Company

Housing Development and Infrastructure

- b) Transactions with related party

(Rs. '000)

Nature of transaction	31st March, 2010				31st March, 2009			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	26,266.57	-	-	26,266.57	22,854.35	-	-	22,854.35
Interest paid	5,135.15	-	-	5,135.15	1,560.63	-	-	1,560.63
Lease rent paid	198.54	-	-	198.54	201.94	-	-	201.94
Salary paid	-	-	3,515.62	3,515.62	-	-	3,270.51	3,270.51
Share of revenue paid	14,596.31	-	-	14,596.31	4,582.62	-	-	4,582.62
Outstanding at the end of the year due to	73,599.63	-	-	73,599.63	27,508.46	-	-	27,508.46

- c) Key Managerial Person

Mr. Mukesh Gupta - Chief Executive Officer

- d) Enterprise significantly influenced by key management personnel

Not applicable

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

16. Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details	
Registration No.	U92100MH2007PTC172998
State Code	11
Balance Sheet Date	31st March, 2010
II. Capital Raised during the Year (Rs. '000)	
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
III. Position of Mobilisation & Deployment of Funds (Rs. '000)	
Total Liabilities	95,311
Total Assets	95,311
Sources of Funds	
Paid up capital	100
Reserves & Surplus	-
Secured loans	-
Unsecured loans	73,600
Deferred Tax Liability	404
Application of Funds	
Net Fixed Assets	10,832
Investments	2,500
Net Current Assets	(1,516)
Miscellaneous Expenditure	-
Accumulated Losses	62,288
IV. Performance of Company (Rs. '000)	
Turnover	101,002
Total Expenditure	141,765
Profit/(Loss) before tax	(40,557)
Profit/(Loss) after tax	(40,684)
Earning per share (In Rs.)	(4,068.39)
Dividend rate	-
V Generic Names of Three Principal Products/Services of Company	
(as per monetary terms)	
Item Code No. (ITC Code)	NA
Product Description	NA

Signatures to Schedule A to P

For **THAR & CO.**
Chartered Accountants
Firm Registration No. 110958W

Jayesh R. Thar
Proprietor
Membership No. 032917

Place: Mumbai
Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

NOTICE

Notice is hereby given that the Second Annual General Meeting of the members of HDIL LEISURE PRIVATE LIMITED, will be held on Thursday, the 20th day of May, 2010 at 5.30 p.m. at 9th floor, HDIL Towers, Anant Kanekar Marg, Bandra (E), Mumbai - 400 051 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as at 31st March, 2010 and profit and loss account for the year ended on that date and report of the Board of Directors and auditors thereon.
2. To appoint auditors to hold office for the period commencing from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To appoint Director in place of Shri Rakesh Kumar Wadhawan, who retire by rotation at this meeting and being eligible offers himself for re-appointment.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai

Date: 20th April, 2010

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board resolution authorising the representatives to attend and vote at the annual general meeting.

DIRECTORS' REPORT

To the members,

Your directors are pleased to submit the Second Annual Report with the audited statement of accounts for the year ended 31st March, 2010.

1. Financial Results

(Rs. '000)

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
Gross sales and other receipts	889.26	0.00
Profit/(Loss) before depreciation, amortisation and taxation	850.08	(10,061.30)
Depreciation and amortisation	23.75	(50.02)
Profit/(Loss) before tax	60.78	(10,111.32)
Less: Provision for tax	9.39	91.54
Add: Deferred tax asset	2,835.68	31.81
Profit/(Loss) after tax	2,887.07	(10,171.05)
Balance brought forward	(10,171.05)	0.00
Loss carried to Balance Sheet	(7,283.98)	(10,171.05)

2. Dividend

On account of losses, your directors do not recommend payment of any dividend for the year.

3. Business activities

We have already established contact with various international hotel operators and are in the advance stages of discussion with these operators for finalising the management agreements. Steps are being taken for strategic investment in the companies with similar line of activity.

4. Directors

In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Rakesh Kumar Wadhawan retire by rotation at the forthcoming annual general meeting and, being eligible, has offered himself for re-appointment.

5. Appointment of Auditors

M/s. Thar & Co., Chartered Accountants, auditors of the Company retire at the Annual General Meeting and being eligible for re-appointment offer themselves for reappointment. A letter has been received from them that their re-appointment, if made, will be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

6. Registered Office

Name of the premises where the registered office of the Company is situated is changed from "Dheeraj Arma" to "HDIL Towers" pursuant to this change, the address of the registered office of the Company will be "9th Floor, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai - 400 051".

7. Authorised Capital

The authorised capital of the company is increased from 50,000 equity shares of Rs. 10/- each i.e. Rs. 5,00,000/- to 1,00,00,000 equity shares of Rs. 10/- each i.e., Rs. 10,00,00,000 to meet the requirement resources.

8. (a) During the year, the Company has not paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 to any of its employee.
- (b) During the year, the Company has not undertaken any research and development activity.
- (c) Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) of Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is,

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
(a) Earnings	Nil	Nil
(b) Outgo	4,175.79	151.80

(d) The Company has no outstanding dues to small scale industries or Micro, Small and Medium Enterprises.

9. As required under Section 217(2AA) of the Companies Act, 1956, your directors confirm that,

- i) in the preparation of the annual accounts, the applicable accounting standards, to the extent applicable, have been followed;
- ii) the 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 and profit of the Company for that year;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

10. Acknowledgement

Your Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all level and wish to convey their appreciation to the banks for the excellent assistance and co-operation received and wish to place on record their gratitude to the members for their trust and support and confidence.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Place: Mumbai

Date: 20th April, 2010

AUDITORS' REPORT

To the members of HDIL LEISURE PRIVATE LIMITED,

1. We have audited the attached balance sheet of HDIL LEISURE PRIVATE LIMITED, as at 31st March, 2010 and also profit and loss account and cash flow statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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 paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 the books;
 - (c) the balance sheet, profit and 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, the profit and loss account and cash flow statement dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - (e) on the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause(g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010,
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date, and
 - (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **THAR & CO.**

Chartered Accountants

Firm Registration No. 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 20th April, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2010 of HDIL LEISURE PRIVATE LIMITED.

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) Physical verification of all the fixed assets as at 31st March, 2010 was conducted by the management on the last day of the year. In our opinion, the frequency of physical verification is reasonable. No material discrepancy has been noticed on such verification.
(c) The company has not disposed off any of the fixed assets during the year and hence the going concern assumption is not affected.
2. (a) As the Company does not have any inventory, we do not have to offer comment on physical verification.
(b) In view of reply to 2(a), we do not have to offer comment on procedures for physical verification of inventory.
(c) In view of reply to 2(a), we do not have to offer comment on maintenance of records of inventory.
3. (a) According to information and explanations given to us, the company has not granted loans, secured or unsecured, to the companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has taken unsecured demand loan from its holding Company. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 15,71,07,797/- and the year end balance is Rs. 15,71,07,797/-.
(c) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loan, are not *prima facie* prejudicial to the interest of the Company.
(d) The said loan taken from its holding company is repayable on demand and there is no repayment schedule.
(e) In respect of the loan taken by the Company, the same is repayable on demand and therefore the question of overdue amount 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 with regard to purchases of services and fixed assets and provision of services. During the course of our audit, we have not observed any major weakness in the internal controls.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, clause (v)(b) of paragraph 4 of the Order is not applicable to the Company for the current year.
6. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. The Company is not listed on any stock exchange or paid-up capital and reserve as at the commencement of the financial year did not exceed Rs. 50 lakhs or this being the second year since its incorporation, clause(vii) of paragraph 4 of the Companies (Auditors' Report) order, 2003 in respect of internal audit, is not applicable to the Company for the current year.
8. To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for any of the products of the Company.
9. (a) According to the information and explanations given to us by the management and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax and other material statutory dues applicable to it. There were no dues on account of cess under Section 441A of the Companies Act, 1956, since the Central Government has not notified the date of the commencement of the section.
(b) According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable arrears of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Custom duty and Excise duty and cess, which have not been deposited on account of any dispute.
10. As the Company is registered for a period less than five years, we do not have to offer our comment on the accumulated losses, net worth and cash losses.
11. As per the information and explanations given to us by the management, the Company has not defaulted in repayment of dues to banks or financial institutions as at the balance sheet date.

ANNEXURE TO THE AUDITORS' REPORT

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. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for the intended use.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, 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. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by way of public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **THAR & CO.**

Chartered Accountants

Firm Registration No. 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 20th April, 2010

BALANCE SHEET AS AT

	Schedules	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
SOURCES OF FUNDS					
Shareholders' Fund					
Share capital	A		100.00		100.00
Loan Funds					
Secured loan	B	500,000.00		-	
Unsecured loan		157,107.80	657,107.80	9,576.55	9,576.55
Total			657,207.80		9,676.55
APPLICATION OF FUNDS					
Fixed assets					
Gross block	C	202.53		164.23	
Less: Depreciation		44.05		20.30	
		158.48		143.93	
Capital Work-in-Progress		187,871.42		-	
		188,029.90	188,029.90	143.93	143.93
Investment					
	D		2,500.00		-
Deferred Tax Assets					
	E		2,867.49		31.81
Current Assets, Loans and Advances					
Sundry debtors	F	871.48		-	
Cash and Bank balances		3,590.99		105.38	
Loans and advances		456,649.09		92.96	
		461,111.56		198.34	
Less: Current Liabilities and Provisions					
Current Liabilities	G	4,370.43		646.79	
Provisions		214.70		221.79	
Net current assets		4,585.13		868.58	
Profit and Loss Account					
			456,526.43		(670.24)
			7,283.98		10,171.05
Total			657,207.80		9,676.55
Notes to accounts					
	K				

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants
Firm Registration No. 110958W

Jayesh R. Thar
Proprietor
(ICAI Membership No. 032917)

Place: Mumbai
Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

HDIL LEISURE PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2010 (Rs. '000)	For the period 4th April, 2008 to 31st March, 2009 (Rs. '000)
INCOME			
Other income (TDS Rs. 0.18 lacs (previous year Nil))		889.26	-
		889.26	-
EXPENDITURE			
Employee remuneration and welfare expenses	H	-	3,512.01
Administrative expenses	I	-	6,036.07
Finance expenses	J	-	501.59
Audit fees		11.03	11.03
Filing fees paid to the Registrar of Companies		4.40	0.60
Depreciation		23.75	20.30
Preliminary expenses written off		-	29.72
Expenses for increasing authorised share capital		789.30	-
		828.48	10,111.32
Profit/(Loss) before tax		60.78	(10,111.32)
Less: Provision for tax		9.39	-
Less: Provision for tax on fringe benefits		-	91.54
Add: Deferred tax assets		2,835.68	31.81
Profit/(Loss) after tax		2,887.07	(10,171.05)
Profit available for appropriation		2,887.07	(10,171.05)
Appropriations			
Balance brought forward		(10,171.05)	-
Balance carried forward to balance sheet		(7,283.98)	(10,171.05)
Earnings per equity share of Rs. 10/- each - Basic		288.71	(1,017.11)
- Diluted		288.71	(1,017.11)
Notes to accounts	K		

As per our report of even date attached

 For **THAR & CO.**
 Chartered Accountants
 Firm Registration No. 110958W

Jayesh R. Thar
 Proprietor
 (ICAI Membership No. 032917)

 Place: Mumbai
 Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Sarang Wadhawan
 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2010		For the period 4th April, 2008 to 31st March, 2009	
	(Rs. '000)		(Rs. '000)	
A. Cash flow from operating activities				
Net profit before tax		60.78		(10,111.32)
Adjustments for:				
(1) Depreciation	23.75		20.30	
(2) Incorporation expenses	-		29.72	
(3) Expenses for increasing authorised share capital	789.30	813.05	-	50.02
Operating profit before working capital changes		873.83		(10,061.30)
Movements in working capital:				
Decrease/(Increase) in sundry debtors	(871.48)		-	
Decrease/(Increase) in other receivables	(456,556.13)		(92.96)	
Increase/(Decrease) in trade and other payables	3,716.55		777.04	
Net movement in working capital		(453,711.06)		684.08
Cash used in operations		(452,837.23)		(9,377.22)
Less: Direct taxes paid (net of refunds)		9.39		-
Net cash used in operating activities		(452,846.62)		(9,377.22)
B. Cash flows from investing activities				
(1) Purchase of fixed assets	(38.30)		(164.23)	
(2) Capital work-in-progress	(187,871.42)			
(3) Acquisition of Investments	(2,500.00)	(190,409.72)	-	(164.23)
Net cash used in investing activities		(190,409.72)		(164.23)
C. Cash flows from financing activities				
(1) Proceeds from borrowings	647,531.25		9,576.55	
(2) Issue of shares	-		100.00	
(3) Incorporation expenses	-		(29.72)	
(4) Expenses for increasing authorised share capital	(789.30)		-	
Net cash from financing activities		646,741.95		9,646.83
Net increase in cash and cash equivalents (A + B + C)		3,485.61		105.38
Cash and cash equivalents at the beginning of the year		105.38		-
Cash and cash equivalents at the end of the year		3,590.99		105.38
Cash and cash equivalents as at 31st March,		2010		2009
Cash on hand		23.57		-
With banks - on current accounts		3,567.42		105.38
		3,590.99		105.38

Notes: 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement".

2) Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar
Proprietor
(ICAI Membership No. 032917)

Place: Mumbai
Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "A"		
SHAREHOLDERS' FUND		
Authorised share capital		
1,00,00,000 (Previous year 50,000) Equity shares of Rs. 10/- each	100,000.00	500.00
	100,000.00	500.00
Issued, subscribed and paid-up:		
10,000 (Previous year 10,000) Equity shares of Rs. 10/- each fully paid	100.00	100.00
	100.00	100.00
SCHEDULE "B"		
LOAN FUNDS		
(a) Secured loan		
Term loan from Yes Bank Limited (For security details Ref. Note No. 9)	500,000.00	-
	500,000.00	-
(b) Unsecured loan		
From a holding company	157,107.80	9,576.55
	157,107.80	9,576.55

SCHEDULE "C"

FIXED ASSETS

(Rs. '000)

DESCRIPTION	COST			DEPRECIATION					NET BLOCK	
	As on 01-04-2009	Additions during the year	Sale	As on 31-03-2010	Up to 31-03-2009	For the year	On sales	Up to 31-03-2010	As on 31-03-2010	As on 31-03-2009
Computer systems	107.33	-	-	107.33	15.31	17.40	-	32.71	74.62	92.02
Office equipment	47.10	38.30	-	85.40	3.05	4.39	-	7.44	77.96	44.05
Intangible assets										
Computer software	9.80	-	-	9.80	1.94	1.96	-	3.90	5.90	7.86
Total	164.23	38.30	-	202.53	20.30	23.75	-	44.05	158.48	143.93
Previous year	-	164.23	-	164.23	-	20.30	-	20.30	143.93	-
Capital work-in-progress	-	-	-	-	-	-	-	-	187,871.42	-

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "D"		
Investment		
Investments other than trade		
Unquoted		
Punjab & Maharashtra Co-Op. Bank Limited	2,500.00	-
1,00,000 (Previous year nil) Equity shares of Rs. 25/- each fully paid up		
	2,500.00	-

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "E"		
DEFERRED TAX ASSETS		
Arising on account of timing difference		
Related to fixed assets	(22.31)	(17.62)
Garatuity	17.35	17.35
Leave encashment	22.90	22.90
Preliminary expenses written off	7.35	9.18
Carry forward business loss	2,842.20	-
	2,867.49	31.81
SCHEDULE "F"		
CURRENT ASSETS, LOANS AND ADVANCES		
(A) Current Assets		
(i) Sundry Debtors		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	-	-
Other debts		
Unsecured, considered good	871.48	-
	(I) 871.48	-
(ii) Cash and Bank balances		
a) Cash in hand	23.57	-
b) Cash at scheduled banks on current accounts	3,567.42	105.38
	(II) 3,590.99	105.38
	Total (I + II) 4,462.47	105.38
(B) Loans and Advances		
a) Advances recoverable in cash or in kind or for value to be received	455,543.75	88.76
b) Prepaid expenses	105.34	4.20
c) Security deposit	1,000.00	-
	456,649.09	92.96
	Total (A + B) 461,111.56	198.34
SCHEDULE "G"		
CURRENT LIABILITIES AND PROVISIONS		
(I) Current Liabilities		
(1) Creditors for goods and services		
(a) Total outstanding dues of micro enterprises and small enterprises.	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises.	2,720.95	321.72
(2) Other liabilities	1,649.48	325.07
	(I) 4,370.43	646.79
(II) Provisions		
Provision for taxation	9.39	-
Less: Tax paid	17.79	-
	(8.40)	-
Provision for tax on Fringe benefits	91.54	91.54
Less: Tax paid	95.84	-
	(4.30)	91.54
Provision for gratuity	26.10	56.13
Provision for leave encashment	201.30	74.12
	(II) 214.70	221.79
	Total (I+II) 4,585.13	868.58

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	For the period 4th April, 2008 to 31st March, 2009 (Rs. '000)
SCHEDULE "H"		
EMPLOYEE REMUNERATION AND WELFARE EXPENSES		
Salaries, wages and bonus	-	3,392.47
Gratuity	-	56.13
Contribution to Provident fund and other funds	-	41.79
Staff Welfare expenses	-	21.62
	-	3,512.01
SCHEDULE "I"		
ADMINISTRATIVE EXPENSES		
Business promotion expenses	-	53.66
Brokerage	-	146.07
Repairs and maintenance	-	21.24
Other administrative expenses	-	93.67
Printing and stationery	-	46.87
Travelling and conveyance expenses	-	1,089.79
Professional fees	-	3,706.64
Rent Paid	-	789.75
Stamping and registration	-	7.70
Postage	-	6.25
Telephone expenses	-	74.43
	-	6,036.07
SCHEDULE "J"		
FINANCE EXPENSES		
Bank charges	-	11.38
Interest on loan	-	490.21
	-	501.59

NOTES TO ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

SCHEDULE "K"

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

a) i) **Basis of preparation**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention on an accrual basis and comply in all material respects with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

ii) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

iii) **Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

b) **Fixed assets**

Fixed assets are stated at cost of acquisition or construction less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised and includes financing costs relating to borrowed funds attributable to construction or acquisition of fixed assets, up to the date the asset is put to use.

c) **Depreciation on fixed assets and amortisation of intangible assets**

i) On fixed assets depreciation is provided on straight line (SLM) basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Individual items of fixed assets added during the financial year, costing upto Rs. 5,000/- each, are fully depreciated in the year of acquisition.

ii) Intangible assets are amortised over a period of five years from the date the asset put to use.

d) **Impairment**

i) The carrying amounts of assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

ii) After impairment, depreciation is provided on the assets revised carrying amount over its remaining useful life.

iii) A previously recognised impairment loss is increased or decreased depending on change in circumstances. However, an impairment loss is not decreased to an amount higher than the carrying amount that would have been determined has no impairment loss been recognised.

e) **Borrowing cost**

Borrowing costs which have a direct nexus and are directly attributable to the projects are charged to the project and other borrowing costs are expensed as period costs.

f) **Employees retirement benefits**

i) Company's contribution in respect of Employees' Provident Fund is made to Government provident fund and is charged to profit and loss account.

ii) Gratuity and Leave encashment payable at the time of retirement are charged to profit and loss account on the basis of actuarial valuation.

g) **Leases**

Lease rentals under an operating lease, are recognised as an expense in the statement of profit and loss account on a straight line basis over the lease term.

h) **Foreign currency transaction**

Foreign currency transactions are accounted for at the rates prevailing on the date of transaction. Year-end current assets and liabilities are translated at the exchange rate ruling on the date of balance sheet. Exchange differences on conversion are adjusted to;

i) cost of fixed assets, if the same relates to acquisition of fixed assets.

ii) profit and loss account, if it relates to the monetary items.

NOTES TO ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

i) Earning per equity share

Basic earnings per share are calculated by dividing the net profit/loss for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year. The average number of equity shares outstanding during the year is adjusted for event of bonus issue to the existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

j) Segment reporting policies

Identification of segments: The Company is yet to commence the business, however considering the nature of companies business and operations, there are no separate reportable segments in accordance with the requirements of Accounting Standard - 17 (AS - 17) "Segment Reporting".

k) Taxes on income

i) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

iii) At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

l) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

B. OTHER NOTES:

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
1. a) Contingent liabilities not provided for	NIL	NIL
b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,753,189.47	NIL
2. Licensed and Installed capacities	N.A.	N.A.
3. a) During the year, as the Company has not carried out any activity hence quantity information relating to turnover, actual production, etc., is not given.		
b) Other information required to be given under Part II of Schedule VI of the Companies Act, 1956 to the extent not applicable is not given.		
	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
4. Remuneration to auditors:		
Audit fees	11.03	11.03
Taxation matters	-	-
Total	11.03	11.03
5. Earnings in foreign exchange	Nil	Nil
6. Value of imports on C.I.F. basis	Nil	Nil
7. Expenditure in foreign currency:		
Professional fees	3,816.40	-
Conference expenses	93.74	-
Travelling expenses	265.65	151.80
Total	4,175.79	151.80

NOTES TO ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

8. Loan fund - Term Loan from Yes Bank Limited

Term loan will be secured by way of first exclusive charge on the project and property built thereon and current assets of the project. It will be further secured by corporate guarantee of the holding company and personal guarantees of Directors. Repayable in 20 quarterly installments after a moratorium of 36 months from the date of first disbursement.

9. Figures for the previous accounting period have been regrouped, rearranged, restated and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous accounting period are included as an integral part of the current accounting year financial statement and are to be read in relation to the amounts and other disclosures relating to the current accounting year.

Figures for the current year are for twelve months and hence not comparable with the figures of the previous period which are of eleven months and twenty-six days.

10. In the opinion of the management, the current assets and loans and advances are not less than as stated, if realised in ordinary course of business.

11. Earnings per equity share

		31st March, 2010	31st March, 2009
a. Profit or loss attributable to equity shareholders	(Rs. '000)	2,887.07	(10,171.05)
b. Number of equity shares of Rs. 10/- each	Nos.	10,000	10,000
c. EPS - Basic	Rs.	288.71	(1,017.11)
- Diluted	Rs.	288.71	(1,017.11)

12. Operating lease

Assets received on

a) General Description

- Leased Assets: Residential Premises.
- Future Leased rental are determined on the basis of agreed terms.
- At the expiry of the lease term, the Company has the option either to return the assets or extend the term by giving notice in writing.

- b) Lease payment recognised in the profit and loss account Rs. 802,942*

* Lease payments during the year has formed part of capital work in progress.

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
c) Future Lease Rental payments		
a) For a period not later than one year	722.07	802.94
b) For a period later than one year and not later than five years	Nil	722.07
c) For a period later than five years	Nil	Nil

13. Micro, Small and Medium Enterprises

- As on 31st March, 2010 there are no reported Micro, Small and Medium Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes any dues.
- The above information takes into account only those suppliers who have furnished the details in response to the enquiries made by the Company for this purpose.

14. Related party disclosures

- List of related parties with whom transactions have taken place during the current accounting period and relationship:
 Housing Development and Infrastructure Limited - Holding Company

NOTES TO ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

b) Transaction with Related Party

Nature of transaction	31st March, 2010				31st March, 2009			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/ advances received	142,211.38	-	-	142,211.38	9,086.34	-	-	9,086.34
Interest paid	5,952.12	-	-	5,952.12	490.21	-	-	490.21
Salary paid	-	-	2,122.77	2,122.77	-	-	2,411.65	2,411.65
Outstanding as at year end- Due from	-	-	-	-	-	-	-	-

C. Key management personnel:

Name	Designation
Shri Romel Bhog	Chief Executive Officer

D. Enterprise significantly influenced by key management personnel

Not applicable

* Salary paid during the year has formed part of capital work in progress

15. The Company has adopted Accounting Standard 15 (Revised 2005)- Employee benefits ("AS-15"). Pursuant to adoption, the Company has determined the liability for gratuity and leave encashment in accordance with revised AS - 15.

a) Gratuity Plan

- The AS-15 (Revised 2005) stipulates that the rate used to discount post employment benefit obligation (both funded and non-funded) should be determined by reference to market yields at the balance sheet date on government bonds. The currency and terms of the government bonds should be consistent with the currency and estimated terms of the post-employment benefit obligation.
- Estimated future salary increases take account of inflation, seniority, promotion and other retirement factors, such as supply and demand in the employment market.

The following table set out the status of the gratuity plan as required under AS - 15.

a) Reconciliation of opening and closing balance of the present value of the defined benefit obligation:

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
Obligations at the beginning of year	56.13	-
Interest cost @ 8.25% (Previous year 8%)	4.63	-
Current service cost	50.05	56.13
Benefits paid	-	-
Actuarial (gain) loss on defined benefits obligation	(10.72)	-
Obligation at year end	100.09	56.13

b) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
Opening fair value of plan assets	-	-
Expected return	3.09	-
Actuarial gains and (losses)	1.04	-
Assets distributed on settlements	-	-
Contribution by employer	68.64	-
Benefits paid	-	-
Closing fair value of plan assets	72.77	-

NOTES TO ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

c) Amounts to be recognised in the Balance Sheet

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
Present value of Defined benefits obligation as on	100.09	56.13
Less: Fair value of plan assets as on	72.77	-
Liability recognised in balance sheet	27.332	56.13

d) Gratuity cost for the year/period

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
Current service cost	50.05	56.13
Interest cost on obligation	4.63	-
Expected return on plan assets	(3.09)	-
Net actuarial (gain) loss	(11.76)	-
Expense recognised in the statement of profit and loss *	39.83	56.13

* Gratuity for the current year has formed part of capital work in progress

b) Leave encashment liability

- The AS-15 (Revised 2005) stipulates that the rate used to discount post employment benefit obligation (both funded and non-funded) should be determined by reference to market yields at the balance sheet date on government bonds. The currency and terms of the government bonds should be consistent with the currency and estimated terms of the post-employment benefit obligation.
- Estimated future salary increases take account of inflation, seniority, promotion and other retirement factors, such as supply and demand in the employment market.

The following table set out the status of the leave encashment plan as required under AS-15.

a) Reconciliation of opening and closing balance of the present value of the defined benefit obligation:

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
Obligations at the beginning of the year	74.12	-
Interest cost @ 8.25% (Previous year 8%)	6.11	-
Current service cost	82.90	74.12
Benefits paid	-	-
Actuarial (gain) loss on defined benefits obligation	38.17	-
Obligation at year end	201.30	74.12

b) Amounts to be recognised in the Balance Sheet

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
Present value of Defined benefits obligation as on	201.30	74.12
Fair value of plan assets as on	-	-
Liability recognised in balance sheet	201.30	74.12

c) Leave Encashment cost for the year/period

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
Current service cost	82.90	74.12
Interest cost on obligation	6.11	-
Expected return on plan assets	-	-
Net actuarial (gain) loss	38.17	-
Expense recognised in the statement of profit and loss *	127.18	74.12

* Leave encashment for the current year have formed part of capital work in progress

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

C) Valuation Assumptions

Considering the above stipulation in the case of gratuity and leave encashment, the following assumptions have been made.

	31st March, 2010	31st March, 2009
i) Discount Rate	8.25%	8.00%
ii) Salary Growth	7.00%	7.00%
iii) Expected rate of return		
Gratuity	9.00%	0%
Leave encashment	N.A.	N.A.

16. Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details		
Registration No.		U70102MH2008PTC180858
State Code		11
Balance Sheet Date		31st March, 2010
II. Capital Raised during the Year		(Rs. '000)
Public Issue		-
Rights Issue		-
Bonus Issue		-
Private Placement		-
III. Position of Mobilisation & Deployment of Funds		(Rs. '000)
Total Liabilities		661,793
Total Assets		661,793
Sources of Funds		(Rs. '000)
Paid up capital		100
Reserves & Surplus		-
Secured loans		-
Unsecured loans		657,108
Deferred Tax Liability		-
Application of Funds		(Rs. '000)
Net Fixed Assets		188,030
Investments		2,500
Deferred tax asset		2,868
Net Current Assets		456,526
Miscellaneous Expenditure		-
Accumulated Losses		7,284
IV. Performance of Company		(Rs. '000)
Turnover		-
Total Expenditure		828
Profit / (Loss) before tax		61
Profit / (Loss) after tax		2,887
Earning per share (Amount in Rs.)		288.71
Dividend rate		-
V. Generic Names of Three Principal Products/Services of Company		
(as per monetary terms)		
Item Code No. (ITC Code)		NA
Product Description		NA

Signatures to Schedule A to K

For **THAR & CO.**
Chartered Accountants
Firm Registration No. 110958W

Jayesh R. Thar
Proprietor
(ICAI Membership No. 032917)

Place: Mumbai
Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

NOTICE

Notice is hereby given that the Third Annual General Meeting of the members of EXCEL ARCADE PRIVATE LIMITED, will be held on Thursday, 20th day of May, 2010 at 4.00 p.m. at HDIL Towers, 3rd floor, Anant Kanekar Marg, Bandra (East), Mumbai - 400 051 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and auditors thereon.
2. To appoint auditors to hold office for the period commencing from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To appoint Director in place of Shree Rakesh Kumar Wadhawan, who retires by rotation at this meeting and being eligible offers himself for re-appointment.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai
Date: 20th April, 2010

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. The instrument appointing proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.
2. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board resolution authorising the representatives to attend and vote at the annual general meeting.

DIRECTORS' REPORT

To the members,

Your Directors are pleased to submit the Third Annual Report with the audited statement of accounts for the year ended 31st March, 2010.

1. Financial Results:

(Rs. '000)

	31st March, 2010	31st March, 2009
Gross sales and other receipts	187.45	-
Profit/(Loss): before depreciation and taxation	148.78	(42.58)
Depreciation	-	-
Profit/(Loss) before tax	148.78	(42.58)
Less: Provision for tax	40.72	-
Add: Deferred tax assets	2.31	3.81
Profit/(Loss) after taxation	110.37	(38.77)
Less: Short provision for tax on Fringe Benefits	-	9.81
Balance brought forward	(72.75)	(24.17)
Profit/(Loss) carried to Balance Sheet	37.62	(72.75)

2. Dividend:

On account of insufficient profit, your Directors do not recommend payment of any dividend on the equity shares.

3. Appointment of Directors:

In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Rakesh Kumar Wadhawan retire by rotation at the forthcoming annual general meeting and, being eligible, has offered himself for re-appointment.

4. Appointment of Auditors:

M/s. Thar & Co., Chartered Accountants, auditors of the Company retire at the Annual General Meeting and being eligible for re-appointment offer themselves for re-appointment. A letter has been received from them that their appointment, if made, will be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

5. Particulars of Employees:

During the year the Company has no employee, therefore, particulars of remuneration paid in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not given.

6. Registered Office:

Name of the premises where the registered office of the Company is situated is changed from "Dheeraj Arma" to "HDIL Towers", pursuant to this change, the address of the registered office of the Company will be "3rd Floor, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai - 400 051".

7. Conservation of Energy, Technological Absorption and Foreign Exchange Earnings and Outgo:

- The Company is focused to optimise consumption of energy, power and other energy sources wherever possible. We emphasis towards safe and clean environment and continues to adhere to all regulatory requirements and guidelines.
- During the year the Company has not undertaken any research and development activity or development of any technology.
- Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) of Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is,

(Rs. '000)

	31st March, 2010	31st March, 2009
(a) Earnings	Nil	Nil
(b) Outgo	Nil	Nil

- The Company has no outstanding dues to Small Scale Industries or Micro, Small and Medium Enterprises.

8. As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that,
- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
 - ii) the Directors have selected such accounting policies and applied them consistently and made judgements 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 and profit of the Company for that period;
 - iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - iv) the directors have prepared the annual accounts on a going concern basis.

9. Acknowledgement:

Your Directors would like to place on record their sincere appreciation for the support and assistance extended by the suppliers, business associates and banks.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Chairman

Place: Mumbai

Date: 20th April, 2010

AUDITORS' REPORT

To the members of EXCEL ARCADE PRIVATE LIMITED,

1. We have audited the attached Balance Sheet of EXCEL ARCADE PRIVATE LIMITED, as at 31st March, 2010 and also profit and loss account and cash flow statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing and accounting standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order"), 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 paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 the books;
 - (c) the balance sheet, profit and 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, the profit and loss account and cash flow statement dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956, to the extent applicable;
 - (e) on the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause(g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date, and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 20th April, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2010 of Excel Arcade Private Limited.

1. (a) As the Company does not have any fixed assets, we do not have to offer comment on maintenance of its record.
(b) In view of reply to 1 (a), we do not have to offer comment on physical verification of fixed assets.
(c) In view of reply to 1 (a), we do not have to offer comment on going concern status of the Company.
2. (a) The stocks of building materials and stores and work-in-progress have been physically verified on the last day of the year by the management. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. During the physical verification of inventories no discrepancy has been noticed as compared to the book records.
3. (a) According to information and explanations given to us, the Company has not granted loans, secured or unsecured during the year to the companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub clause (b), (c) and (d) are not applicable.
(b) The Company has taken unsecured demand loan from its holding company. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs.18,07,26,794 and the year end balance is Rs.18,07,26,794.
(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the aforesaid loans, are not prima facie prejudicial to the interest of the Company.
(d) The said loan is repayable on demand and there is no repayment schedule and therefore the question of overdue amount 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 with regard to purchases of goods. During the year the Company has not effected any sale of goods or services. During the course of our audit, we have not observed any major weakness in the internal controls.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, Clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.
6. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. The Company is not listed on any stock exchange or paid-up capital and reserve as at the commencement of the financial year did not exceed Rs. 50 lakhs or this being the third year since its incorporation, Clause (vii) of paragraph 4 of the Order in respect of internal audit, is not applicable to the Company for the current year.
8. The Central Government has not prescribed for maintenance of cost record under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us by the management and on the basis of our examination of books of account of the Company, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues to the extent applicable, with appropriate authorities. There were no dues on account of cess under Section 441A of the Companies Act 1956, since the Central Government has not notified the date of the commencement of the section.
(b) According to the information and explanations given to us by the management there are no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty and other material statutory dues which were outstanding as at 31st March, 2010 for the period of six months from the date they became payable.
(c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty, which have not been deposited on account of any dispute.
10. As the Company is registered for a period less than five years, we do not have to offer our comment on the accumulated losses, net worth and cash losses.

ANNEXURE TO THE AUDITORS' REPORT

11. The Company does not have any dues to a financial institution or bank, accordingly, the Clause No. 4 (xi) of the Order is not applicable.
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. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments, accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the Company has not taken any term loan. Therefore, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, 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. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by way of public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 20th April, 2010

BALANCE SHEET AS AT

	Schedules	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
SOURCES OF FUNDS					
Shareholders' Funds:					
Share capital	A	100.00		100.00	
Reserves and surplus	B	37.62	137.62	-	100.00
Loan Funds:					
Unsecured loans	C		180,726.79		135,940.49
Total			180,864.41		136,040.49
APPLICATION OF FUNDS					
Deffered Tax Asset	D		6.12		3.81
Current Assets, Loans and Advances:					
Inventories	E	187,207.24		139,723.85	
Sundry debtors		183.70		-	
Cash and bank balances		87.12		124.89	
Loans and advances		250.00		-	
		187,728.06		139,848.74	
Less: Current Liabilities and Provisions:					
Current liabilities	F	6,832.80		3,884.81	
Provisions		36.97		-	
		6,869.77		3,884.81	
Net current assets			180,858.29		135,963.93
Miscellaneous Expenditure: (To the extent not written off or adjusted)	G		-		-
Profit and Loss Account:			-		72.75
Total			180,864.41		136,040.49
Notes to Accounts	K				

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

EXCEL ARCADE PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
INCOME			
Other income (TDS Rs. 3,749/- Previous year - Nil)		187.45	0.00
Variation in inventory	H	47,483.39	36,694.63
Total		47,670.84	36,694.63
EXPENDITURE			
Construction expenses	I	28,679.69	22,590.24
Interest and finance expenses	J	18,803.70	14,104.39
Remuneration to auditors		27.57	27.57
Filing fees paid to the Registrar of Companies		11.10	0.05
Preliminary expenses written off		0.00	14.96
Total		47,522.06	36,737.21
Profit/(Loss) before tax		148.78	(42.58)
Less: Provision for tax		40.72	0.00
Add: Deffered tax assets		2.31	3.81
Profit/(Loss) after taxation		110.37	(38.77)
Less: Short provision for tax on fringe benefits		0.00	9.81
Loss brought forward from previous year		72.75	24.17
Balance carried to Balance sheet		37.62	(72.75)
Earnings per share of Rs. 10/- each fully paid - Basic		11.04	(9.69)
- Diluted		11.04	(9.69)
Notes to Accounts	K		

As per our report of even date attached

 For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

 Place: Mumbai
 Date: 20th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Sarang Wadhawan
 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
A. Cash flow from operating activities				
Net profit before tax		148.78		(42.58)
Adjustments for:				
(1) Preliminary expenses written off	-		14.96	
		-		14.96
Operating profit before working capital changes		148.78		(27.62)
Movements in working capital :				
Decrease/(Increase) in inventory	(47,483.39)		(36,694.63)	
Decrease/(Increase) in sundry debtors	(183.70)		-	
Decrease/(Increase) in other receivables	(250.00)		-	
Increase/(Decrease) in trade and other payables	2,947.99		(100,358.81)	
Net movement in working capital		(44,969.10)		(137,053.44)
Cash generated from operations		(44,820.32)		(137,081.06)
Less: Direct taxes paid (net of refunds)		3.75		13.38
Net cash from operating activities		(44,824.07)		(137,094.44)
B. Cash flows from investing activities				
Net cash from investing activities		-		-
C. Cash flows from financing activities				
(1) Proceeds from borrowings	44,786.30	44,786.30	135,940.49	135,940.49
Net cash used in financing activities		44,786.30		135,940.49
Net increase in cash and cash equivalents (A + B + C)		(37.77)		(1,153.95)
Cash and cash equivalents at the beginning of the year		124.89		1,278.84
Cash and cash equivalents at the end of the year		87.12		124.89
Components of cash and cash equivalents as at 31st March,		2010		2009
Cash on hand		82.61		82.67
With banks - on current account		4.51		42.22
		87.12		124.89

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement".
- Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

Place: Mumbai
Date: 20th April, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised		
50,000 (Previous year 50,000) Equity shares of Rs. 10/- each	500.00	500.00
Issued, subscribed and paid up		
10,000 (previous year 10,000) Equity shares of Rs. 10/- each fully paid up	100.00	100.00
Total	100.00	100.00
SCHEDULE "B"		
RESERVE AND SURPLUS:		
Profit and Loss Account	37.62	-
Total	37.62	-
SCHEDULE "C"		
UNSECURED LOANS		
From a holding company	180,726.79	135,940.49
Total	180,726.79	135,940.49
SCHEDULE "D"		
DEFERRED TAX ASSETS		
Arising on account of timing difference in Preliminary expenses written off	6.12	3.81
Total	6.12	3.81
SCHEDULE "E"		
CURRENT ASSETS, LOANS AND ADVANCES		
(I) CURRENT ASSETS		
(a) Inventory (at cost)		
Work-in-progress	187,207.24	139,723.85
Total (a)	187,207.24	139,723.85
(b) Sundry debtors (Unsecured, considered good) Outstanding for a period exceeding six months	-	-
Other debts	183.70	-
Total (b)	183.70	-
(c) Cash and Bank balances		
Cash in hand	82.61	82.67
Cash at scheduled banks on current account	4.51	42.22
Total (c)	87.12	124.89
Total (a+b+c)	187,478.06	139,848.74
(II) LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	250.00	-
	250.00	-
Total (I+II)	187,728.06	139,848.74

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

		31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "F"			
CURRENT LIABILITIES AND PROVISIONS			
(I) CURRENT LIABILITIES			
(a) Creditors for goods and services			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises.		181.85	156.07
(b) Advances from customers		6,134.65	522.00
(c) Other liabilities		516.30	3,206.74
Total (I)		6,832.80	3,884.81
(II) PROVISIONS			
	40.72		-
Provision for income tax	3.75	36.97	-
Less :- Tax paid			-
	13.38		13.38
Provision for tax on freinge benefits	13.38	-	13.38
Less: Tax paid			
Total (II)		36.97	-
Total (I+II)		6,869.77	3,884.81
SCHEDULE "G"			
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Preliminary expenses			
Balance as per last balance sheet	-		14.96
Less: Wiritten off/amortised during the period	-	-	14.96
Total		0.00	0.00

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "H"		
VARIATION IN INVENTORY		
Closing Stock		
- Work in Process	187,207.24	139,723.85
Less: Opening Stock		
- Work in Process	139,723.85	103,029.22
Total	47,483.39	36,694.63
SCHEDULE "I"		
CONSTRUCTION EXPENSES		
Advertisement expenses	32.50	546.00
Donation	5.00	-
Electricity charges	46.19	80.90
Labour charges	318.72	185.00
Development expenses	30.00	-
Legal fees	-	50.00
Building materials	-	29.00
Security charges	649.01	493.15
Tenants dislocation expenses	27,596.50	21,206.19
Miscellaneous expenses	1.77	-
Total	28,679.69	22,590.24
SCHEDULE "J"		
FINANCE & INTEREST CHARGES		
Interest expenses	18,787.59	14,088.42
Bank charges	15.56	9.69
Bank interest	0.55	6.28
Total	18,803.70	14,104.39

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE : "K"

A. Significant accounting policies:

a) Basis of preparation:

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

c) Use of estimates:

The preparation of financial statement require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

d) Inventories:

Work-in-progress: At cost. Cost includes direct materials, labour, construction expenses and direct borrowing cost related to the particular project.

e) Revenue recognition:

The Company follows completed project method of accounting ("Project Completion Method of Accounting"). Allocable expenses incurred during the year are debited to work-in-progress account. The income is accounted for as and when the projects get completed or substantially completed and then revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Unit sale in real estate:

Revenue is recognised when the significant risks and rewards of ownership of the units in real estate have passed to the buyer.

f) Borrowing cost:

Borrowing costs, which have a direct nexus and are directly attributable to the construction projects or fixed assets are charged to the projects/fixed assets and other borrowing costs are expensed out as period cost as specified in Accounting Standard (AS-16) on "Borrowing Costs".

g) Taxes on income:

(i) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

(ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profit.

(iii) At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

h) Earnings per share:

Basic earnings per share are calculated by dividing the net profit/(loss) for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year. The average number of equity shares outstanding during the year is adjusted for event of fresh issue of shares.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

i) Impairment:

- i. The carrying amount of assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amount, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.
- ii. After impairment, depreciation is provided on the assets revised carrying amount over its remaining useful life.
- iii. A previously recognised impairment loss is increased or decreased depending on change in circumstances. However, an impairment loss is not decreased to an amount higher than the carrying amount that would have been determined has no impairment loss been recognised.

j) Segment Reporting Policies:

The main business of the Company is real estate development and construction of residential and commercial properties, and other related activities revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting".

k) Provisions:

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

l) Contingent liabilities:

Contingent liabilities are not provided for and, if any, the same is disclosed by way of note.

B. OTHER NOTES

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
1. a) Contingent liabilities not provided for:	Nil	Nil
b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	Nil

2. Licensed and installed capacities and actual production:

With regard to Clause 3 (ii) of Part II of Schedule VI to the Companies Act, 1956, the Company is of the view that in respect of its real estate operations, the Company does not fall under the category of Clause 3 (ii) (a) "Manufacturing Company" or Clause 3 (ii) (b) "Trading Company" or Clause 3 (ii) (c) "Company rendering or supplying services", but falls under the category of "Other Companies" as given in Clause 3 (ii) (e). As such, quantitative data for opening stock, purchases and closing stock have not been given.

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
3. Earnings in foreign exchange	Nil	Nil
4. Value of imports on C.I.F. basis	Nil	Nil
5. Expenditure in foreign currency	Nil	Nil
6. Remuneration to auditors:		
a) Audit fees	27.57	27.57
b) Taxation matters	-	-
c) Other matters	-	-
	<u>27.57</u>	<u>27.57</u>

7. In the case of acquisition of land for development and construction, the rights are acquired from the owners of the land and the conveyancing and registration thereof will be executed between the original owners and the ultimate purchasers as per trade practice. As a result, in the intermediate period, generally, the land is not registered in the name of the Company.

8. In the opinion of the management, the current assets, loans and advances are not less than as stated, if realised in the ordinary course of business.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

9. Micro, Small and Medium Enterprises:

- (a) As on 31st March, 2010 there are no reported Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes any dues.
- (b) The above information takes into account only those suppliers who have furnished the details in response to the enquiries made by the Company for this purpose.

		31st March, 2010	31st March, 2009
10. Earnings per equity share:			
a. Profit or loss attributable to equity shareholders			
Profit/(Loss) after tax	Rs. '000	110.37	(38.77)
Less: Short provision for tax on fringe benefits	Rs. '000	-	9.81
		110.37	(48.58)
b. Weighted average number equity shares of Rs. 10/- each	Nos.	10,000	10,000
c. EPS - Basic	Rs.	11.04	(4.86)
- Diluted	Rs.	11.04	(4.86)

11. Related party disclosure:

- List of related parties with whom transactions have taken place during the current accounting period and relationship:
Housing Development and Infrastructure Limited - Holding Company
- Transaction with Related Party

Nature of transaction	31st March, 2010				31st March, 2009			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	28,515.40	-	-	28,515.40	26,044.50	-	-	26,044.50
Interest paid	18,666.97	-	-	18,666.97	14,088.42	-	-	14,088.42
Outstanding as at year end - Due from	-	-	-	-	-	-	-	-
Outstanding as at year end- Due to	180,726.79	-	-	180,726.79	135,940.49	-	-	135,940.49

- Key management personnel
Not applicable
- Enterprise significantly influenced by key management personnel
Not applicable

12. Figures for the previous accounting year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous accounting year are included as an integral part of the current accounting year financial statement and are to be read in relation to the amounts and other disclosures relating to the current accounting year.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

13. Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details			
Registration No	U45400MH2007PTC169321	State Code:	11
Balance Sheet Date:	31-03-2010		
II. Capital raised during the year (Rs. '000)			
Public Issue	0.00	Rights Issue	0.00
Bonus Issue	0.00	Private Placement	0.00
III. Position of Mobilisation and Deployment of Funds (Rs. '000)			
Total Liabilities	187,734	Total Assets	187,734
Sources of Funds			
Paid-Up Capital	100	Reserves and Surplus	38
Unsecured Loans	180,727	Deferred Tax Liability	0.00
Application of Funds			
Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	180,858	Deferred Tax Assets	7
Miscellaneous Expenditure	Nil	Accumulated Losses	Nil
IV. Performance of company (Rs. '000)			
Turnover	Nil	Total Expenditure	39
Profit/(Loss) before Tax	149	Profit/(Loss) after Tax	110
Earnings Per Share (in Rs.)	11.04	Dividend Rate %	0
Generic Names of Three Principal Products/Services of the Company (As per monetary Terms)			
Item Code No. (ITC Code)	NA	Product Description	NA

Signatures to Schedule A to K

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

Place: Mumbai
Date: 20th April, 2010

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the members of MAZDA ESTATES PRIVATE LIMITED, will be held on Friday, the 21st day of May, 2010 at 10.30 a.m. at 3rd Floor, HDIL Towers, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai 400 051 to transact the following business.

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the audited balance sheet as at 31st March, 2010 and profit and loss account for the year ended on that date, report of the Board of Directors and auditors thereon.
- 2 To appoint auditors to hold office for the period commencing from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
- 3 To appoint Director in place of Shri Rakesh Kumar Wadhawan, who retire by rotation at this meeting and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

- 4 To appoint a director in place of Shri Waryam Singh who was appointed by the Board of Directors, as an additional director of the Company with effect from 2nd November, 2009 and who holds office upto the date of the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, and being offers himself for re-appointment.

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

“RESOLVED THAT Shri Waryam Singh who was appointed as an additional director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of director be and is hereby appointed as director of the Company.”

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai
Date: 21st April, 2010

Notes :

1. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business under item no. 4 set out above, is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.
3. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the board resolution authorizing the representatives to attend and vote at the annual general meeting.

Explanatory statement under Section 173 (2) of the Companies Act, 1956 attached to notice calling Annual General Meeting to be held on Friday, the 21st day of May, 2010.

Item No. 4

The Board of Directors co-opted Shri Waryam Singh as an additional Director of the Company at its meeting held on 2nd November, 2009. Pursuant to the applicable clause of Articles of Association read with the provisions of the Section 260 of the Companies Act, 1956, being additional director of the Company, he holds office up to the date of the ensuing Annual General Meeting. He has a wide range of experience and exposure in the business akin to the business carried on by the Company and your directors feel that Company would benefit from his experience.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai
Date: 21st April, 2010

DIRECTORS' REPORT

To the members,

Your Directors are pleased to submit the Eighth Annual Report with the audited statement of accounts for the year ended 31st March, 2010.

1. Financial Results:

(Rs. '000)

	31st March, 2010	31st March, 2009
Gross sales and other receipts	150	-
Profit/(Loss): before depreciation and taxation	130	(31)
Depreciation	-	-
Profit/(Loss) before tax	130	(31)
Add: Excess provision for tax	-	-
Less: Tax expense	20	-
Profit/(Loss) after taxation	110	(31)
Balance brought forward	(101)	(70)
Profit/(Loss) carried to Balance Sheet	9	(101)

2. Dividend

On account of insufficient profit, your directors do not recommend payment of any dividend for the year.

3. Appointment of Directors

- In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Rakesh Kumar Wadhawan retire by rotation at the forthcoming annual general meeting and, being eligible, has offered himself for re-appointment.
- Pursuant to the provisions of Section 260 of the Companies Act, 1956 Shri Waryam Singh was appointed as an additional Director of the Company with effect from 2nd November, 2009. He holds office up to the date of ensuing Annual General Meeting and is eligible for re-appointment.

4. Appointment of Auditors

M/s. Thar & Co., chartered accountants, Auditors of the Company retire at the Annual General Meeting and being eligible for re-appointment offer themselves for re-appointment. A letter has been received from them that their re-appointment, if made, will be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

5. Registered Office

Name of the premises where the registered office of the Company is situated is changed from "Dheeraj Arma" to "HDIL Towers" pursuant to this change, the address of the registered office of the Company will be "9th Floor, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai - 400 051".

- During the year the Company has not employed any person hence not paid remuneration in excess of limits prescribed by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.
- During the year the Company has not undertaken any research and development activity.
- Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) of Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is,

(Rs. '000)

	31st March, 2010	31st March, 2009
(a) Earnings	Nil	Nil
(b) Outgo	Nil	Nil

- The Company has no outstanding dues to Small Scale Industries or Micro, Small and Medium Enterprises.

7. As required under Section 217(2AA) of the Companies Act, 1956, your directors confirm that,

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- the 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 and profit of the Company for that period;

- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

8. Acknowledgement

Your directors would like to place on record their sincere appreciation for the support and assistance extended by the Company's suppliers, business associates and banks.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai
Date: 21st April, 2010

AUDITORS' REPORT

To the members of MAZDA ESTATES PRIVATE LIMITED,

1. We have audited the attached balance sheet of MAZDA ESTATES PRIVATE LIMITED, as at 31st March, 2010 and also profit and loss account and the cash flow statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing and accounting standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order"), 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 paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 the books;
 - (c) the balance sheet, profit and 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, the profit and loss account and cash flow statement dealt with by this report comply with Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - (e) on the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date, and
 - (iii) in the case of the cash flow statement, of the cash flow for the year ended on that date.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 21st April, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2010 of MAZDA ESTATES PRIVATE LIMITED.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The physical verification of the fixed assets was conducted by the management at reasonable intervals. No material discrepancy was noticed on such verification.
(c) During the year, the Company has disposed of fixed assets comprising of entire furniture and fixtures. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of said fixed assets has not affected the going concern status of the Company.
2. (a) As explained to us, the physical verification of the inventory has been conducted by the management at reasonable intervals during the year.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. During the physical verification of inventories no discrepancy has been noticed as compared to the book records.
3. (a) According to information and explanations given to us, the Company has not granted loans, secured or unsecured during the year to the companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has taken unsecured demand loan from its holding company. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 26,10,716/- and the year end balance is Rs. 26,10,716/-.
(c) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loan, are not prima facie prejudicial to the interest of the Company.
(d) The said loan taken from the holding company is repayable on demand and there is no repayment schedule.
(e) In respect of the loan taken by the Company, the same is repayable on demand and therefore the question of overdue amount 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 with regard to purchases of inventories and sale of services. During the course of our audit, we have not observed any major weakness in the internal controls.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.
6. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. The Company is not listed on any stock exchange or paid-up capital and reserve as at the commencement of the financial year did not exceed Rs. 50 lakhs, clause (vii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 in response of internal audit, is not applicable to the Company for the current year.
8. The Central Government has not prescribed for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us by the management and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax and other material statutory dues applicable to it. There were no dues on account of cess under Section 441A of the Companies Act, 1956, since the Central Government has not notified the date of the commencement of the section.
(b) According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Custom duty and Excise duty and cess, which have not been deposited on account of any dispute.

ANNEXURE TO THE AUDITORS' REPORT

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year. However the Company had incurred cash losses in the immediately preceding financial year.
11. The Company does not have any dues to a financial institution or bank, accordingly, the clause No. 4(xi) of the Order is not applicable.
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. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments, accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the Company has not taken any term loan during the year and accordingly we have nothing to report on clause 4(xvi) of the Order.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, 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. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by way of public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 21st April, 2010

BALANCE SHEET AS AT

	Schedules	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
SOURCES OF FUNDS					
Shareholders' Fund:					
Share capital	A	140.00		140.00	
Reserves and surplus	B	8.67	148.67	-	140.00
Loan Funds:					
Unsecured loans	C		2,610.72		2,294.31
Total			2,759.39		2,434.31
APPLICATION OF FUNDS					
Fixed Assets:					
Gross block	D	-		15.64	
Less: Depreciation		-		9.43	
Net block			-		6.21
Current Assets, Loans and Advances:					
Inventories	E	2,690.60		2,402.18	
Cash and bank balances		97.90		32.16	
		<u>2,788.50</u>		<u>2,434.34</u>	
Less: Current Liabilities and Provisions:					
Current liabilities	F	24.05		107.32	
Provisions		5.06		-	
		<u>29.11</u>		<u>107.32</u>	
Net Current Assets			2,759.39		2,327.02
Profit and Loss Account			-		101.08
Total			2,759.39		2,434.31
Notes to Accounts	J				

As per our report of even date attached

 For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

 Place: Mumbai
 Date: 21st April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Sarang R. Wadhawan
 Director

MAZDA ESTATES PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
INCOME			
Other Income	G	150.26	-
Variation in Stocks	H	288.42	253.30
		438.68	253.30
EXPENDITURE			
Administrative expenses	I	2.54	1.19
Finance expenses		288.42	251.93
Remuneration to auditors		16.55	16.55
Filing fees paid to the Registrar of Companies		0.89	13.55
Depreciation		0.47	1.37
		308.87	284.59
Profit/(Loss) before tax		129.81	(31.29)
Less: Provision for tax		20.06	-
Profit/(Loss) after taxation		109.75	(31.29)
Loss brought forward from previous year		101.08	69.79
Balance carried to Balance Sheet		8.67	(101.08)
Earnings per share of Rs. 10/- each		7.84	(2.23)
- Basic			
- Diluted		7.84	(2.23)
Notes to Accounts	J		

As per our report of even date attached

 For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

 Place: Mumbai
 Date: 21st April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Sarang R. Wadhawan
 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
A. Cash flow from operating activities				
Net profit before tax		129.81		(31.29)
Adjustments for :				
(1) Depreciation	0.47		1.37	
(2) Profit on sale of fixed assets	(0.26)	0.21	-	1.37
Operating profit before working capital changes		130.02		(29.92)
Movements in working capital :				
Decrease/(Increase) in inventories	(288.41)		(253.30)	
(Decrease)/Increase in trade and other payables	(83.27)		12.63	
Net movement in working capital		(371.68)		(240.67)
Cash used in operations		(241.66)		(270.59)
Less : Direct taxes paid (net of refund)		15.01		-
Net cash used in operating activities		(256.67)		(270.59)
B. Cash flow from investing activities				
Sale of fixed assets	6.00	6.00		-
Net cash used in investing activities		6.00		-
C. Cash flow from financing activities				
Proceeds from borrowings	316.41	316.41	269.31	269.31
Net cash from financing activities		316.41		269.31
Net increase in cash and cash equivalents (A + B + C)		65.74		(1.28)
Cash and cash equivalents at the beginning of the year		32.16		33.44
Cash and cash equivalents at the end of the year		97.90		32.16
Components of cash and cash equivalents as at 31st March,		2010		2009
Cash on hand		40.16		32.16
With banks - on current account		57.74		-
		97.90		32.16

Notes:

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement".
- Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Sarang R. Wadhawan
Director

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised		
50,000 (Previous year 50,000) Equity shares of Rs. 10/- each	500.00	500.00
Issued, subscribed and paid up		
14,000 (Previous year 14,000) Equity shares of Rs. 10/- each fully paid up	140.00	140.00
	140.00	140.00
SCHEDULE "B"		
RESERVE AND SURPLUS		
Surplus		
Profit and Loss Account	8.67	-
	8.67	-
SCHEDULE "C"		
UNSECURED LOANS		
From a holding company	2,610.72	2,294.31
	2,610.72	2,294.31

SCHEDULE "D"

FIXED ASSETS

(Rs. '000)

DESCRIPTION	COST				DEPRECIATION			NET BLOCK		
	As at 01.04.2009	Additions during the year	Sale during the year	As at 31.03.2010	As at 31.03.2009	For the year	On assets sold or discarded	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Furniture and fixtures	15.64	-	15.64	-	9.43	0.47	9.90	-	-	6.21
Total	15.64	-	15.64	-	9.43	0.47	9.90	-	-	6.21
Previous Year	15.64	-	-	15.64	8.06	1.37	-	9.43	6.21	7.58

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "E"		
CURRENT ASSETS, LOANS AND ADVANCES		
(I) CURRENT ASSETS		
(a) Inventory (at cost)		
Work-in-progress	2,690.60	2,402.18
(b) Cash and Bank balances		
Cash in hand	40.16	32.16
Cash at scheduled bank in current account	57.74	-
	97.90	32.16
Total (a+b)	2,788.50	2,434.34

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "F"		
CURRENT LIABILITIES AND PROVISIONS		
(I) CURRENT LIABILITIES		
(a) Creditors for goods and services		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	16.55	50.23
	<u>16.55</u>	<u>50.23</u>
(b) Other Liabilities	7.50	57.09
Total (a + b)	24.05	107.32
(II) PROVISIONS		
Provision for taxation	20.06	-
Less: Taxes paid (TDS)	15.00	-
	<u>5.06</u>	<u>-</u>
Total (I+II)	29.11	107.32

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "G"		
OTHER INCOME		
Professional fees (TDS Rs. 0.15 lacs (Previous Year - Nil))	150.00	-
Profit on sale of fixed assets	0.26	-
	<u>150.26</u>	<u>-</u>
SCHEDULE "H"		
VARIATION IN STOCKS		
Closing Stock		
- Work in Process	2,690.60	2,402.18
Less: Opening Stock		
- Work in Process	2,402.18	2,148.88
	<u>288.42</u>	<u>253.30</u>
SCHEDULE "I"		
ADMINISTRATION EXPENSES		
Bank charges	0.22	1.19
Miscellaneous expenses	2.32	-
	<u>2.54</u>	<u>1.19</u>

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE : "J"

A. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention on an accrual basis and comply in all material respects with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the year reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

d) Fixed assets:

Fixed assets are stated at cost of acquisition or construction less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised and includes financing costs relating to borrowed funds attributable to construction or acquisition of fixed assets, up to the date the asset is put to use.

e) Depreciation on fixed assets:

Depreciation is provided on Written Down Value (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

f) Inventories:

Work-in-progress : At cost

Cost includes direct materials, labour, construction expenses and direct borrowing cost related to the particular project.

Stock-in-trade : Lower of cost or net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

g) Revenue recognition:

The Company follows completed project method of accounting ("Project Completion Method of Accounting"). Allocable expenses incurred during the year are debited to work-in-progress account. The income is accounted for as and when the projects get completed or substantially completed and then revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Unit in real estate:

Revenue is recognised when the significant risks and rewards of ownership of the units in real estate have passed to the buyer.

h) Earning per share:

Basic earnings per share are calculated by dividing the net profit/(loss) for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year. The average number of equity shares outstanding during the year is adjusted for event of fresh issue of shares.

For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

i) Impairment:

i. The carrying amount of assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

ii. After impairment, depreciation is provided on the assets revised carrying amount over its remaining useful life.

iii. A previously recognised impairment loss is increased or decreased depending on change in circumstances. However, an impairment loss is not decreased to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

j) Income taxes:

- (i) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- (ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
- (iii) At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

k) Segment reporting policies:

The main business of the Company is real estate development and construction of residential and commercial properties in India and other related activities revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting".

l) Provisions:

A Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

m) Contingent liabilities:

Contingent liabilities are not provided for and, if any, the same is disclosed by way of note.

B. OTHER NOTES

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
1) a) Contingent liabilities not provided for	Nil	Nil
b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	Nil

2) Licensed capacity, installed capacity, etc.

With regard to clause 3(ii) of Part II of Schedule VI to the Companies Act, 1956, the Company is of the view that in respect of its real estate operations, the Company does not fall under the category of clause 3(ii)(a) "Manufacturing Company" or clause 3(ii)(b) "Trading Company" or clause 3(ii)(c) "Company rendering or supplying services", but falls under the category of "Other Companies" as given in clause 3(ii)(e). As such, quantitative data for opening stock, purchases and closing stock have not been given.

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
3) Earnings in foreign exchange	Nil	Nil
4) Value of imports on C.I.F. basis	Nil	Nil
5) Expenditure in foreign currency	Nil	Nil
6) Remuneration to auditors:		
a) Audit fees	16.55	16.55
b) Taxation matters	-	-
c) Other matters	-	-
Total	16.55	16.55

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

- 7) Figures for the previous accounting year have been regrouped, rearranged, restated and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous accounting year are included as an integral part of the current accounting year financial statement and are to be read in relation to the amounts and other disclosures relating to the current accounting year.
- 8) In the case of acquisition of land for development and construction, the rights are acquired from the owners of the land and the conveyancing and registration thereof will be executed between the original owners and the ultimate purchasers as per trade practice. As a result, in the intermediate period, generally, the land is not registered in the name of the Company.
- 9) In the opinion of the management, the current assets, loans and advances are not less than as stated, if realised in ordinary course of business.
- 10) Micro, Small and Medium Enterprises**
- (a) As on 31st March, 2010 there are no reported Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes any dues.
- (b) The above information takes into account only those suppliers who have furnished the details in response to the enquiries made by the Company for this purpose.

		31st March, 2010	31st March, 2009
11) Earning per equity share:			
a. Profit or loss attributable to	Rs. '000	109.75	(31.29)
b. Number of equity shares of Rs. 10/- each	Nos.	14,000	14,000
c. EPS - Basic	Rs.	7.84	(2.23)
- Diluted	Rs.	7.84	(2.23)

12) Related party disclosure

- a) List of related parties with whom transactions have taken place during the current accounting year and relationship:
Housing Development and Infrastructure Limited - Holding Company

Nature of transaction	31st March, 2010				31st March, 2009			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	65.54	-	-	65.54	74.47	-	-	74.47
Interest paid	288.42	-	-	288.42	251.93	-	-	251.93
Outstanding as at year end - Due from	-	-	-	-	-	-	-	-
Outstanding as at year end- Due to	2,610.72	-	-	2,610.72	2,294.31	-	-	2,294.31

- b) Key management personnel:
Not applicable
- c) Enterprise significantly influenced by key management personnel:
Not applicable

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

13) Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details			
Registration No.	U70100MH2004PTC136339	State Code:	11
Balance Sheet Date:	31-03-2010		
II. Capital raised during the year			(Rs. '000)
Public Issue	0.00	Rights Issue	0.00
Bonus Issue	0.00	Private Placement	0.00
III. Position of Mobilisation and Deployment of Funds			(Rs. '000)
Total Liabilities	2,789	Total Assets	2,789
Sources of Funds			
Paid-Up Capital	140	Reserves and Surplus	9
Unsecured Loans	2,610	Deferred Tax Liability	0.00
Application of Funds			
Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	2,759	Accumulated Losses	Nil
Miscellaneous Expenditure	Nil		
IV. Performance of company			(Rs. '000)
Turnover	Nil	Total Expenditure	20
Profit/(Loss) before Tax	130	Profit/(Loss) after Tax	110
Earning Per Share (in Rs.)	7.84	Dividend Rate %	0
V. Generic Names of Three Principal Products/Services of the Company (As per monetary Terms)			
Item Code No. (ITC Code)	NA	Product Description	NA

Signatures to Schedules A to J

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Rakesh Kumar Wadhawan
Chairman

Sarang R. Wadhawan
Director

Place: Mumbai
Date: 21st April, 2010

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the members of GURUASHISH CONSTRUCTION PRIVATE LIMITED, will be held on Friday, 21st day of May, 2010 at 5.30 p.m. at the Registered Office of the Company situated at 3rd Floor, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai 400 051 to transact the following business.

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and auditors thereon.
- 2 To appoint auditors to hold office for the period commencing from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
- 3 To appoint Director in place of Shree Rakeshkumar Wadhawan, who retires by rotation at this meeting and being eligible offers himself for re-appointment.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Chairman

Place: Mumbai

Date: 21st April, 2010

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. The instrument appointing proxy should, however, be deposited at the registered office of the Company not less than forty eight hours before the commencement of the meeting.
2. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the board resolution authorizing the representatives to attend and vote at the annual general meeting.

DIRECTORS' REPORT

To the members,

Your Directors are pleased to submit the Tenth Annual Report with the audited statement of accounts for the year ended 31st March, 2010.

1. Financial Results

(Rs. '000)

	31st March, 2010	31st March, 2009
Gross sales and other receipts	157,184.56	-
Profit/(Loss) before depreciation and taxation	1,378.50	(17.65)
Depreciation	-	-
Profit/(Loss) before tax	1,378.50	(17.65)
Less: Provision for tax	462.30	-
Profit/(Loss) after taxation	916.20	(17.65)
Less: Expenses for increasing authorised share capital	-	(802.00)
Balance brought forward	(891.51)	(71.86)
Profit/(Loss) carried to Balance Sheet	24.69	(891.51)

2. Dividend

In the absence of sufficient profits, your Directors do not recommend payment of any dividend on the equity shares for the year.

3. Directors

In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Rakeshkumar Wadhawan retire by rotation at the forthcoming annual general meeting and, being eligible, has offered himself for re-appointment.

4. Appointment of Auditors

M/s. Thar & Co., chartered accountants, auditors of the Company retire at the Annual General Meeting and being eligible for re-appointment offer themselves for re-appointment. A letter has been received from them that their re-appointment, if made, will be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

5. Particulars of Employees

During the year the Company has not employed any person hence has not paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

6. Conservation of Energy, Technological Absorption and Foreign Exchange Earnings and Outgo:

- The Company focused to optimise consumption of energy, power and other energy sources wherever possible. We emphasis towards safe and clean environment and continues to adhere to all regulatory requirements and guidelines.
- During the year the Company has not undertaken any research and development activity or development of any technology.
- Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) of Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is,

(Rs. '000)

	31st March, 2010	31st March, 2009
(a) Earnings	Nil	Nil
(b) Outgo	Nil	Nil

- The Company has no outstanding dues to Small Scale Industries or Micro, Small and Medium Enterprises.

7. During the year the Company allotted 6,00,000 equity shares of Rs. 100 each to Housing Development and Infrastructure Limited. Pursuant to this allotment the Company has become 100% subsidiary of Housing Development & Infrastructure Limited.

8. Name of the premises where the registered office of the Company is situated is changed from "Dheeraj Arma" to "HDIL Towers" pursuant to this change, the address of the registered office of the Company will be "3rd Floor, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai - 400 051".

9. As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that,

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgements 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 and profit of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis.

10. Acknowledgement

Your Directors would like to place on record their sincere appreciation for the support and assistance extended by the Company's suppliers, business associates and banks.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai
Date: 21st April, 2010

AUDITORS' REPORT

To the members of GURUASHISH CONSTRUCTION PRIVATE LIMITED,

1. We have audited the attached balance sheet of GURUASHISH CONSTRUCTION PRIVATE LIMITED, as at 31st March, 2010, profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing and accounting standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order"), 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 paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to in paragraph 3 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 the books;
 - (c) the balance sheet, profit and 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 statement dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) on the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010,
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date, and
 - (iii) in the case of the cash flow statement, of the cash flow for the year ended on that date.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 21st April, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2010 of Guruashish Construction Private Limited.

1. (a) As the Company does not have any fixed assets, we do not have comment on maintenance of its record.
(b) In view of reply to 1 (a), we do not have to offer comment on physical verification of fixed asset.
(c) In view of reply to 1 (a), we do not have to offer comment on going concern status of the Company.
2. (a) Generally, the inventories are physically verified on the last day of the year by the management. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. During the physical verification of inventories no discrepancy has been noticed as compared to the book records.
3. (a) According to information and explanations given to us, the Company has not granted loans, secured or unsecured to the companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company had taken unsecured demand loan from its holding company. In respect of the said loan, the maximum amount outstanding at any time during the year was Rs.204100000/- and the year end balance is Rs. Nil.
(c) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loans, are not prima facie prejudicial to the interest of the Company.
(d) The said loan is repayable on demand and there is no repayment schedule and therefore the question of overdue amount does not arise.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets i.e. capital work in-progress and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of Companies Act, 1956 exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.
6. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. According to the information and explanations given to us by the management, the Company has provided sufficient internal checks at various stages, therefore, we are informed that, at present, the Company does not have formal internal audit.
8. The Central Government has not prescribed for maintenance of cost record under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us by the management and on the basis of our examination of books of account of the Company, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues to the extent applicable, with appropriate authorities. There were no dues on account of cess under Section 441A of the Companies Act 1956, since the Central Government has not notified the date of the commencement of the section.
(b) According to the information and explanations given to us there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, which were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us by the management there are no dues of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty and Excise Duty, which have not been deposited on account of any dispute.

ANNEXURE TO THE AUDITORS' REPORT

10. The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit however the Company had incurred cash loss in the immediately preceding financial year.
11. The Company does not have any dues to a financial institution or bank, accordingly, the Clause No. 4 (xi) of the Order is not applicable.
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. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments, accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, during the year the Company has not availed any term loan.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, 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. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. Being a private limited company, by its article, the Company is prohibited to raise any money by way of the public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2010

BALANCE SHEET AS AT

	Schedules	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
SOURCES OF FUNDS					
Shareholders' Fund:					
Share capital	A	110,000.00		50,000.00	
Reserves and surplus	B	3,974.19	113,974.19	-	50,000.00
Total			113,974.19		50,000.00
APPLICATION OF FUNDS					
Fixed Assets:					
Capital work-in-progress	C		6,270.75		5,558.54
Current Assets, Loans and Advances:					
Inventories	D	81,871.71		191,083.58	
Cash and bank balances		27,230.92		464.98	
Loans and advances		-		5,204.64	
		<u>109,102.63</u>		<u>196,753.20</u>	
Less: Current Liabilities and Provisions:					
Current liabilities	E	936.89		153,203.25	
Provisions		462.30		-	
		<u>1,399.19</u>		<u>153,203.25</u>	
Net current assets			107,703.44		43,549.95
Profit and Loss Account:					
			-		891.51
Total			113,974.19		50,000.00
Notes to Accounts					
	I				

As per our report of even date attached

For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

Place: Mumbai
 Date: 21st April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Waryam Singh
 Director

PROFIT AND LOSS FOR THE YEAR ENDED

	Schedules	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
INCOME			
Sale		157,184.56	-
Variation in inventory	F	(109,211.87)	32,983.52
Total		47,972.69	32,983.52
EXPENDITURE			
Construction expenses	G	21,351.00	32,296.97
Finance and other expenses	H	25,221.69	686.55
Remuneration to auditors		16.50	16.55
Filing fees paid to the Registrar of Companies		5.00	1.10
Total		46,594.19	33,001.17
Profit/(Loss) before tax		1,378.50	(17.65)
Less: Provision for tax		462.30	-
Profit/(Loss) after taxation		916.20	(17.65)
Less: Expenses for increasing share capital written off		-	(802.00)
Loss brought forward from previous year		891.51	71.86
Balance carried to Balance sheet		24.69	(891.51)
Earnings per share of Rs. 100/- each fully paid - Basic		1.12	(1.64)
- Diluted		1.12	(1.64)
Notes to Accounts	I		

As per our report of even date attached

For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

Place: Mumbai
 Date: 21st April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Waryam Singh
 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
A. Cash flow from operating activities				
Net profit before tax		1,378.50		(17.65)
Adjustments for :				
Depreciation		-		-
Operating profit before working capital changes		1,378.50		(17.65)
Movements in working capital :				
Decrease / (Increase) in inventory	109,211.87		(32,983.52)	
Decrease / (Increase) in other receivables	5,204.64		123,195.36	
Increase / (Decrease) in trade and other payables	(152,266.36)		(38,877.40)	
Net movement in working capital		(37,849.85)		51,334.44
Cash generated from operations		(36,471.35)		51,316.79
Less: Direct taxes paid (net of refunds)		-		-
Net cash from operating activities		(36,471.35)		51,316.79
B. Cash flows from investing activities				
(1) Increase in Capital Work-in-progress	(712.21)	(712.21)	(354.74)	(354.74)
Net cash from investing activities		(712.21)		(354.74)
C. Cash flows from financing activities				
(1) Proceeds from borrowings	-		(50,802.00)	
(2) Expenses relating to increase in authorised share capital	(1,050.50)		-	
(3) Proceeds of equity share issue (including share premium)	65,000.00		-	
Net cash used in financing activities		63,949.50		(50,802.00)
Net increase in cash and cash equivalents (A + B + C)		26,765.94		160.05
Cash and cash equivalents at the beginning of the year		464.98		304.93
Cash and cash equivalents at the end of the year		27,230.92		464.98
Components of cash and cash equivalents as at 31st March,		2010		2009
Cash on hand		30.82		30.94
With banks - on current account		27,200.10		434.04
		<u>27,230.92</u>		<u>464.98</u>

Notes:

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement".
- Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Waryam Singh
Director

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised		
25,00,000 (Previous year 10,00,000) Equity shares of Rs.100/- each	250,000.00	100,000.00
Issued, subscribed and paid-up		
11,00,000 (Previous year 5,00,000) Equity shares of Rs.100/- each fully paid-up	110,000.00	50,000.00
	110,000.00	50,000.00
SCHEDULE "B"		
RESERVE AND SURPLUS		
Securities premium account		
Balance as per last balance sheet	-	-
Add: Received during the year	5,000.00	-
	5,000.00	-
Less: Expenses for increasing authorised share capital	1,050.50	-
	3,949.50	-
Surplus		
Profit and Loss Account	24.69	-
	24.69	-
	3,974.19	-

SCHEDULE "C"

FIXED ASSETS

(Rs. '000)

	COST				DEPRECIATION				NET BLOCK	
	As at 01-04-09	Additions during the year	Sale or adjustment	As at 31-03-10	Up to 31-03-09	For the year	On sale	Up to 31-03-10	As at 31-03-10	As at 31-03-09
Total	-	-	-	-	-	-	-	-	-	-
Capital work-in-progress	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	-	-	-	-	-	-	-	-	6,270.75	5,558.54

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "D"		
CURRENT ASSETS, LOANS AND ADVANCES		
(I) Current Assets		
(a) Inventory (at cost)		
Work-in-progress	81,871.71	191,083.58
	<u>81,871.71</u>	<u>191,083.58</u>
(b) Cash and Bank balances:		
Cash in hand	30.82	30.94
Cash at schedule banks on current accounts	27,200.10	434.04
	<u>27,230.92</u>	<u>464.98</u>
Total (a + b)	<u>109,102.63</u>	<u>191,548.56</u>
(II) Loans and Advances		
(a) Advances to supplier	-	5,204.64
	<u>-</u>	<u>5,204.64</u>
Total (I+II)	<u>109,102.63</u>	<u>196,753.20</u>
SCHEDULE "E"		
CURRENT LIABILITIES AND PROVISIONS		
(I) Current Liabilities		
(a) Creditors for goods and services		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	449.85	298.81
	<u>449.85</u>	<u>298.81</u>
(b) Advances from customers	-	152,876.27
(c) Other liabilities (TDS Payable)	487.04	28.17
Total (a + b + c)	<u>936.89</u>	<u>153,203.25</u>
(II) Provisions		
Provision for taxation	462.30	-
Total (I+II)	<u>1,399.19</u>	<u>153,203.25</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "F"		
VARIATION IN INVENTORY		
Closing stock		
Work-in-progress	81,871.71	191,083.58
Less: Opening stock		
Work-in-progress	191,083.58	158,100.06
	(109,211.87)	32,983.52
SCHEDULE "G"		
CONSTRUCTION AND OTHER EXPENSES		
Purchase of construction materials	-	224.97
Site expenses	-	302.12
BMC Charges	3,070.50	-
Compensation to tenants	-	31,304.60
Professional fees	18,280.00	220.20
Printing and stationery	-	20.11
Security charges	-	220.36
Miscellaneous expenses	0.50	4.61
	21,351.00	32,296.97
SCHEDULE "H"		
FINANCE AND OTHER EXPENSES		
Interest expenses	25,218.75	597.21
Bank charges	2.94	89.34
	25,221.69	686.55

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE "I"

A. Statement of significant accounting policies:

a) Basis of Preparation:

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

d) Fixed assets:

Fixed assets are stated at cost of acquisition or construction less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised and includes financing costs relating to borrowed funds attributable to construction or acquisition of fixed assets, up to the date the asset is put to use.

e) Depreciation on fixed assets :

At present there is no fixed asset to charge the depreciation.

f) Inventories:

Inventories are valued as follows:

Work-in-progress: At cost. Cost includes direct materials, labour, construction expenses and direct borrowing cost related with the particular project.

g) Revenue Recognition:

The Company follows completed project method of accounting ("Project Completion Method of Accounting"). Allocable expenses incurred during the year are debited to work-in-progress account. The income is accounted for as and when the projects get completed or substantially completed and then revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

h) Taxes on income:

(i) Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

(ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

(iii) At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

i) Earnings per share:

Basic earnings per share are calculated by dividing the net profit/(loss) for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year. The average number of equity shares outstanding during the year is adjusted for event of fresh issue of equity shares.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

j) Segment reporting policies:

The main business of the Company is real estate development and construction of residential and commercial properties, and all other related activities which revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS - 17) on "Segment Reporting".

k) Impairment:

- i. The carrying amount of assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amount, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.
- ii. After impairment, depreciation is provided on the assets revised carrying amount over its remaining useful life.
- iii. A previously recognised impairment loss is increased or decreased depending on change in circumstances. However, an impairment loss is not decreased to an amount higher than the carrying amount that would have been determined has no impairment loss been recognised.

l) Provisions:

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

m) Contingent liabilities:

Contingent liabilities are not provided for and, if any, the same is disclosed by way of note.

B. Other Notes:

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
1. a) Contingent liabilities not provided for:	Nil	Nil
b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	190.26

2. Licensed and installed capacities and actual production etc.:

With regard to clause 3 (ii) of Part II of Schedule VI to the Companies Act, 1956, the Company is of the view that in respect of its real estate operations, the Company does not fall under the category of Clause 3 (ii)(a) "Manufacturing Company" or Clause 3 (ii)(b) "Trading Company" or Clause 3 (ii)(c) "Company rendering or supplying services", but falls under the category of "Other Companies" as given in Clause 3 (ii)(e). As such, quantitative data for opening stock, purchases and closing stock have not been given.

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
3. Earnings in foreign exchange	Nil	Nil
4. Value of imports on C.I.F. basis	Nil	Nil
5. Expenditure in foreign currency	Nil	Nil
6. Remuneration to auditors:		
a) Audit fees	16.50	16.55
b) Taxation matters	-	-
c) Other matters	-	-
	16.50	16.55

7. In the case of acquisition of land for development and construction, the rights are acquired from the owners of the land and the conveyancing and registration thereof will be executed between the original owners and the ultimate purchasers as per trade practice. As a result, in the intermediate period, generally, the land is not registered in the name of the Company.

8. In the opinion of the management, the current assets, loans and advances are not less than as stated, if realised in ordinary course of business.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

9. Micro, Small and Medium Enterprises :

- As on 31st March, 2010 there are no reported Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes any dues.
- The above information takes into account only those suppliers who have furnished the details in response to the enquiries made by the Company for this purpose.

10. Earnings per equity share:

		31st March, 2010	31st March, 2009
a) Profit/(loss) after tax as per profit and loss account	(Rs. '000)	916.20	(17.65)
Expenses for increasing share capital written off	(Rs. '000)	-	(802.00)
Net Profit attributable to Equity Shareholders	(Rs. '000)	916.20	(819.65)
b) Weighted average number of equity shares used as denominator for calculating EPS	Nos.	816,986	500,000
c) Earning per share - Basic	Rs.	1.12	(1.64)
d) Earning per share - Diluted	Rs.	1.12	(1.64)
e) Nominal value per equity share is Rs. 100/-			

11. Related party disclosure:

- List of related parties with whom transactions have taken place during the current accounting year and relationship:
Housing Development & Infrastructure Limited - Holding Company

Nature of transaction	31st March, 2010				31st March, 2009			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances repaid	44,556.00	-	-	44,556.00	26,044.50	-	-	26,044.50
Interest paid	14,604.60	-	-	14,604.60	10,895.99	-	-	10,895.99
Sales	157,184.56	-	-	157,184.56	-	-	-	-
Outstanding as at year end-Due from	-	-	-	-	-	-	-	-
Outstanding as at year end-Due to	-	-	-	-	-	-	-	-

- Key management personnel
Not applicable
- Enterprise significantly influenced by key management personnel
Not applicable

- Previous years figures have been re-arranged/regrouped wherever necessary, to facilitate comparison with current year figures.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

13. Balance Sheet Abstract and Company's General Business Profile.

I. Registration Details			
Registration No:	U45200MH2000PTC126895	State Code:	11
Balance Sheet Date:	31-Mar-2010		
II. Capital raised during the year (Rs. '000)			
Public Issue	-	Rights Issue	-
Bonus Issue	-	Private Placement	60,000
III. Position of Mobilisation and Deployment of Funds (Rs. '000)			
Total Liabilities	115,373	Total Assets	115,373
Sources of Funds			
Paid-Up Capital	110,000	Reserves and Surplus	3,974
Secured Loans	-	Unsecured Loans	-
Application of Funds			
Net Fixed Assets	6,271	Investments	-
Net Current Assets	107,703	Miscellaneous Expenditure	-
Accumulated Losses	-		
IV. Performance of company (Rs. '000)			
Turnover (Sales and other income)	157,185	Total Expenditure	49,594
Profit/(Loss) before Tax	1,379	Profit/(Loss) after Tax	916
Earnings Per Share – (Amount in Rs.)	1.12	Dividend Rate %	-
V. Generic names of three principal products/services of the Company (As per monetary Terms)			
Item Code No. (ITC Code)	Nil	Product Description	NA

Signatures to Schedule A to I

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Waryam Singh
Director

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the members of BKC DEVELOPERS PRIVATE LIMITED, will be held on Tuesday, 25th day of May, 2010 at 5.30 p.m. at 10th Floor, Dev Plaza, S.V. Road, Opp. Andheri Fire Station, Andheri (West), Mumbai - 400 058 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and auditors thereon.
2. To appoint auditors to hold office for the period commencing from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To appoint Director in place of Shree Vijay Thakordas Thakkar, who retires by rotation at this meeting and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

4. To appoint director Shri Rakesh Kumar Wadhwan who was appointed as additional director of the Company by the Board of Director with effect from 23rd February, 2010 and who holds office up to the date of the forthcoming Annual General Meeting and is eligible for re-appointment.
5. To appoint director Shri Sarang Wadhawan, who was appointed as additional director of the Company by the Board of Director with effect from 23rd February, 2010 and who holds office up to the date of the forthcoming Annual General Meeting and is eligible for re-appointment.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Chairman

Place: Mumbai

Date: 25th April, 2010

Notes:

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No. 3 and 4 set out above, is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
3. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board resolution authorising the representatives to attend and vote at the annual general meeting.

Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 attached to notice convening Annual General Meeting to be held on Tuesday, 25th day of May, 2010

Item No. 4 and 5

The Board of Directors co-opted Shri Rakesh Kumar Wadhwan and Shri Sarang Wadhwan as additional directors of the Company at its meeting held on 23rd February, 2010. Pursuant to the applicable clause of Articles of Association read together with the provisions of the Section 260 of the Companies Act, 1956, Shri Rakesh Kumar Wadhwan and Shri Sarang Wadhwan hold office up to the date of the ensuing Annual General Meeting. They have a wide range of experience and exposure in the business akin to the business carried on by the Company and your directors feel that Company would benefit from their experience.

None of the Directors except Shri Rakesh Kumar Wadhawan and Shri Sarang Wadhawan are concerned or interested in the resolutions.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Chairman

Place: Mumbai

Date: 25th April, 2010

DIRECTORS' REPORT

To the members,

Your Directors are pleased to submit the Seventh Annual Report with the audited statement of accounts for the year ended 31st March, 2010.

1. Financial Results

(Rs. '000)

	31st March, 2010	31st March, 2009
Gross sales and other receipts	516.25	9,398.96
Profit before depreciation and taxation	455.53	6,190.33
Depreciation	-	-
Profit before tax	455.53	6,190.33
Less: Provision for tax	164.55	-
Add: Deferred tax assets	7.00	-
Profit after tax	297.98	6,190.33
Balance brought forward	(6,099.93)	(12,290.26)
Balance carried to balance sheet	(5,801.95)	(6,099.93)

2. Dividend

In view of losses, your Directors do not recommend payment of any dividend on the equity shares for the year.

3. Appointment of Directors

- In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Vijay Thakordas Thakkar retire by rotation at the forthcoming annual general meeting and, being eligible, has offered himself for re-appointment.
- Pursuant to the provisions of Section 260 of the Companies Act, 1956 Shri Rakesh Kumar Wadhawan was appointed as additional director of the Company with effect from 23rd February, 2010. He holds office up to the date of ensuing Annual General Meeting and is eligible for re-appointment. Members are requested to appoint the director.
- Pursuant to the provisions of Section 260 of the Companies Act, 1956 Shri Sarang Wadhawan was appointed as additional director of the Company with effect from 23rd February, 2010. He holds office up to the date of ensuing Annual General Meeting and is eligible for re-appointment. Members are requested to appoint the director.

4. Appointment of Auditors

M/s. Bhuta Shah & Co., Chartered Accountants, Statutory Auditors of the Company had communicated their inability to continue as Statutory Auditors of the Company w.e.f. 26th March, 2010. Accordingly in the Extra Ordinary General Meeting held on 26th March, 2010 M/s. Thar & Co., Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company.

M/s. Thar & Co., Chartered Accountants, Auditors of the Company retire at the Annual General Meeting and being eligible for re-appointment offer themselves for re-appointment. A letter has been received from them that their re-appointment, if made, will be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

- In response to the comment of auditors in Clause 9 (b) of their report your Directors would like to state that the said amount of TDS has not been deposited by the Company as the accounts are yet to be reconciled with the parties and the Company is awaiting confirmations from the parties involved.
- During the year the Company has not employed any employee, therefore has not paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.
 - During the year the Company has not undertaken any research and development activity.
 - Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) of Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is,

(Rs. '000)

	31st March, 2010	31st March, 2009
(a) Earnings	Nil	Nil
(b) Outgo	Nil	Nil

- The Company has no outstanding dues to small scale industries or Micro, Small and Medium Enterprises.

7. As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:
- i) in the preparation of the annual accounts, the applicable accounting standards, to the extent applicable, have been followed;
 - ii) the Directors have selected such accounting policies and applied them consistently and made judgements 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 and profit of the Company for the year;
 - iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - iv) the Directors have prepared the annual accounts on a going concern basis.

8. Acknowledgement

Your Directors express their sincere thanks to the bank for its assistance and co-operation extended from time to time.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Chairman

Place: Mumbai

Date: 25th April, 2010

AUDITORS' REPORT

To the members of BKC DEVELOPERS PRIVATE LIMITED,

1. We have audited the attached balance sheet of BKC DEVELOPERS PRIVATE LIMITED, as at 31st March, 2010 and also profit and loss account and cash flow statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") 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 paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 the books;
 - (c) the balance sheet, profit and 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, the profit and loss account and cash flow statement dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - (e) on the basis of written representations received from Directors of the Company, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, and
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010,
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date, and
 - (iii) in the case of the cash flow statement, of the cash flow for the year ended on that date.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th April, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2010 of BKC Developers Private Limited.

1. (a) As the Company does not have any fixed assets, we do not have comments on the maintenance of record.
(b) In view of reply to 1 (a), we do not have to offer comments on physical verification of fixed assets.
(c) In view of reply to 1 (a), we do not have to offer comment on going concern status of the Company.
2. (a) The inventory has been physically verified on the last day of the year by the management. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. During the physical verification of inventories no discrepancy has been noticed as compared to the book records.
3. (a) According to information and explanations given to us, the Company has not granted loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has taken unsecured demand loan from its holding company. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 41,47,48,824/- and the year end balance is Rs. 41,47,48,824/- .
(c) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loan, are not prima facie prejudicial to the interest of the Company.
(d) The said loan taken from the holding company is repayable on demand and there is no repayment schedule.
(e) In respect of the loan taken by the Company, the same is repayable on demand and therefore the question of overdue amount 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 with regard to sale of services. During the course of our audit, we have not observed any major weakness in the internal controls.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, Clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.
6. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. The Company is not listed on any stock exchange or paid-up capital and reserve as at the commencement of the financial year did not exceed Rs. 50 lakhs and also an average annual turnover for immediately preceding three years did not exceed Rs. 5 crores, Clause (vii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 in respect of internal audit, is not applicable to the Company for the current year.
8. The Central Government has not prescribed for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us by the management and on the basis of our examination of books of account of the Company, the Company is generally regular in depositing with appropriate authorities, statutory dues applicable to it. There were no dues on account of cess under Section 441A of the Companies Act 1956, since the Central Government has not notified the date of the commencement of the section.
(b) According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable except TDS payable on interest of Rs. 34,68,451/-.
(c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty and Cess, which have not been deposited on account of any dispute.
10. The Company have accumulated losses at the end of financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. The Company does not have any dues to a financial institution or bank, accordingly, the Clause No. 4 (xi) of the Order is not applicable.

ANNEXURE TO THE AUDITORS' REPORT

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. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the Company has not availed any term loan during the period under audit.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, 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. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by way of public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **THAR & CO.**

Chartered Accountants

Firm Registration No.: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th April, 2010

BALANCE SHEET AS AT

	Schedules	31st March, 2010 (Rs. '000)		31st March, 2009 (Rs. '000)	
SOURCES OF FUNDS					
Shareholders' Fund					
Share capital	A		100.00		100.00
Loan Fund					
Unsecured loan	B		414,748.82		414,748.82
Total			414,848.82		414,848.82
APPLICATION OF FUNDS					
Deferred Tax Assets	C		7.00		-
Current Assets, Loans and Advances					
Inventories	D		106,893.93		106,893.93
Sundry debtors			505.93		-
Cash and bank balances			86.31		859.55
Loans and advances			305,466.26		306,090.40
			412,952.43		413,843.88
Less: Current Liabilities and Provisions					
Current liabilities	E		3,758.33		5,125.01
Provisions			154.23		-
			3,912.56		5,125.01
Net current assets			409,039.87		408,718.87
Miscellaneous Expenditure	F		-		30.02
Profit and Loss Account			5,801.95		6,099.93
Total			414,848.82		414,848.82
Notes to Accounts	I				

As per our report of even date attached

For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

Place: Mumbai
 Date: 25th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Chairman

Sarang Wadhawan
 Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
INCOME			
Other Income (TDS Rs. 10,325/- Previous year Nil)		516.25	9,398.96
Variation in inventory	G	-	41.14
		516.25	9,440.10
EXPENDITURE			
Administrative expenses	H	1.92	3,204.99
Remuneration to auditors		27.58	41.18
Filing fees paid to the Registrar of Companies		1.20	3.60
Preliminary expenses written off		30.02	-
		60.72	3,249.77
Profit before tax		455.53	6,190.33
Provision for tax		164.55	-
Add: Deferred tax assets		7.00	-
Profit after tax		297.98	6,190.33
Profit available for appropriation		297.98	6,190.33
Appropriations			
Balance brought forward		(6,099.93)	(12,290.26)
Balance carried forward to balance sheet		(5,801.95)	(6,099.93)
Earnings per share of Rs. 10/- each fully paid - Basic		0.03	0.62
- Diluted		0.03	0.62
Notes to Accounts	I		

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants
Firm Registration No.: 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 25th April, 2010

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
A. Cash flow from operating activities		
Net profit before tax	455.53	6,190.33
Adjustments for:		
Interest income	-	(9,398.96)
Interest paid	-	3,153.59
Preliminary expenses written off	30.02	-
Operating profit before working capital changes	485.55	(55.04)
Movements in working capital :		
(Increase)/Decrease in sundry debtors	(505.93)	-
(Increase)/Decrease in Work-in-progress	-	(41.14)
(Increase)/Decrease in other receivables	624.14	152,536.04
Increase/(Decrease) in trade and other payables	(1,366.68)	(4,189.28)
Net movement in working capital	(1,248.47)	148,305.62
Cash used in operations	(762.92)	148,250.58
Less: Direct taxes paid (net of refunds)	10.32	-
Net cash used in operating activities	(773.24)	148,250.58
B. Cash flows from investing activities		
Net cash used in investing activities	-	-
C. Cash flows from financing activities		
(1) Proceeds from borrowings	-	(153,689.08)
(2) Interest income	-	9,398.96
(3) Interest paid	-	(3,153.59)
	-	(147,443.71)
Net cash from financing activities	-	(147,443.71)
Net increase in cash and cash equivalents (A + B + C)	(773.24)	806.87
Cash and cash equivalents at the beginning of the year	859.55	52.68
Cash and cash equivalents at the end of the year	86.31	859.55
Cash and cash equivalents as at 31st March,	2010	2009
Cash on hand	34.63	43.00
With banks - on current account	51.68	816.55
	86.31	859.55

Notes:

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement".
- Figures in the brackets indicate outflow.

As per our report of even date attached

 For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

Rakesh Kumar Wadhawan
 Chairman

Sarang Wadhawan
 Director

 Place: Mumbai
 Date: 25th April, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "A"		
Shareholders Fund:		
Authorised share capital		
1,00,000 (Previous year 1,00,000) Equity shares of Rs.10/- each	1,000.00	1,000.00
Total	1,000.00	1,000.00
Issued, subscribed and paid up		
10,000 (Previous year 10,000) Equity shares of Rs.10/- each fully paid	100.00	100.00
Total	100.00	100.00
SCHEDULE "B"		
Loan Fund		
Unsecured loan		
From a holding company	414,748.82	-
From others	-	414,748.82
Total	414,748.82	414,748.82
SCHEDULE "C"		
Deferred Tax Assets		
Arising on account of timing difference in Preliminary expenses written off	7.00	-
Total	7.00	-
SCHEDULE "D"		
Current assets, Loans and advances		
A. Current assets		
(I) Inventory		
Work-in-progress (at cost)	106,893.93	106,893.93
Total (I)	106,893.93	106,893.93
(II) Sundry debtors		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	-	-
Other debts		
Unsecured, considered good	505.93	-
Total (II)	505.93	-
(III) Cash and bank balances		
a) Cash in hand	34.63	43.00
b) Cash at scheduled banks on current accounts	51.68	816.55
Total (III)	86.31	859.55
Total A (I+II+III)	107,486.17	107,753.48
B. Loans and advances		
Advances recoverable in cash or in kind or for value to be received:		
Advance tax paid	13,434.29	13,434.29
Other advances	292,031.97	292,656.11
Total (B)	305,466.26	306,090.40
Total (A+B)	412,952.43	413,843.88

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "E"		
Current Liabilities and Provisions		
(I) Current liabilities		
(a) Creditors for goods and services		
(1) Total outstanding dues to Micro, Small and Medium Enterprises.	-	-
(2) Total outstanding dues of other than Micro, Small and Medium Enterprise	49.72	78.72
(b) Advances from customers	304.00	1,574.66
(c) Other liabilities	3,404.61	3,471.63
Total (I)	3,758.33	5,125.01
(II) Provisions		
Provision for taxation	154.23	-
Total (II)	154.23	-
Total (I+II)	3,912.56	5,125.01
SCHEDULE "F"		
Miscellaneous Expenditure		
(to the extent not written off or adjudsted)		
Preliminary expenses		
Balance as per last balance sheet	30.02	30.02
Less: Written off during the year	30.02	-
Total	-	30.02

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
SCHEDULE "G"		
Variation in inventory		
Closing stock		
Work-in-progress	106,893.93	106,893.93
Less: Opening stock		
Work-in-progress	106,893.93	106,852.79
Total	-	41.14
SCHEDULE "H"		
Administrative Expenses		
Security Charges	-	41.14
Bank charges	1.92	10.26
Interest on Loan	-	3,153.59
Total	1.92	3,204.99

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE : "I"

A Significant accounting policies:

1. a) Basis of preparation:

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

2. Inventories:

Work-in-progress: At cost. Cost includes direct materials, labour, construction expenses and direct borrowing cost related to the particular project.

3. Revenue recognition:

To be in line with its holding Company the Company has decided to follow completed project method of accounting ("Project Completion Method of Accounting"). Allocable expenses incurred during the year are debited to work-in-progress account. The income is accounted for as and when the projects get completed or substantially completed and then revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

4. Sale:

Unit in real estate:

Revenue is recognised when the significant risks and rewards of ownership of the units in real estate have passed to the buyer.

5. Borrowing cost:

Borrowing costs, which have a direct nexus and are directly attributable to the construction projects or fixed assets are charged to the projects /fixed assets and other borrowing costs are expensed out as period cost as specified in Accounting Standard (AS-16) on "Borrowing Costs".

6. Taxes on income:

(i) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

(ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

(iii) At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

7. Earnings per share:

Basic earnings per share are calculated by dividing the net profit/(loss) for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year. The average number of equity shares outstanding during the year is adjusted for event of fresh issue of equity shares.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

8. Segment reporting policies:

The main business of the Company is real estate development and construction of residential and commercial properties, operating and maintaining infrastructure facilities and all other related activities revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting".

9. Impairment:

- The carrying amounts of assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.
- After impairment, depreciation is provided on the assets revised carrying amount over its remaining useful life.
- A previously recognised impairment loss is increased or decreased depending on change in circumstances. However, an impairment loss is not decreased to an amount higher than the carrying amount that would have been determined has no impairment loss been recognised.

10. Provisions:

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

11. Contingent liabilities:

Contingent liabilities are not provided for and, if any, the same is disclosed by way of note.

B. OTHER NOTES

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
1. a) Contingent liabilities not provided for:	Nil	Nil
b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	Nil

2. Licensed capacity, installed capacity, etc.

With regard to Clause 3 (ii) of Part II of Schedule VI to the Companies Act, 1956, the Company is of the view that in respect of its real estate operations, the Company does not fall under the category of Clause 3(ii)(a) "Manufacturing Company" or Clause 3 (ii)(b) "Trading Company" or Clause 3 (ii)(c) "Company rendering or supplying services", but falls under the category of "Other Companies" as given in Clause 3(ii)(e). As such, quantitative data for opening stock, purchases and closing stock have not been given.

	31st March, 2010 (Rs. '000)	31st March, 2009 (Rs. '000)
3. Earnings in foreign exchange	Nil	Nil
4. Value of imports on C.I.F. basis	Nil	Nil
5. Expenditure in foreign currency	Nil	Nil
6. Remuneration to auditors:		
a) Audit fees	27.58	41.18
b) Taxation matters	Nil	Nil
c) Other matters	Nil	Nil
	<u>27.58</u>	<u>41.18</u>

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

7. In the case of acquisition of land for development and construction, the rights are acquired from the owners of the land and the conveyancing and registration thereof will be executed between the original owners and the ultimate purchasers as per trade practice. As a result, in the intermediate period, generally, the land is not registered in the name of the Company.
8. In the opinion of the management, the current assets, loans and advances are not less than as stated, if realised in the ordinary course of business.
9. Micro, Small and Medium Enterprises:
- (a) As on 31st March, 2010 there are no reported Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes any dues.
- (b) The above information takes into account only those suppliers who have furnished the details in response to the enquiries made by the Company for this purpose.

		31st March, 2010	31st March, 2009
10. Earnings per equity share			
a) Profit or loss attributable to equity shareholders	Rs. '000	297.98	6,190.33
b) Weighted average number equity shares of Rs. 10/- each	Nos.	10,000	10,000
c) EPS - Basic	Rs.	0.03	0.62
- Diluted	Rs.	0.03	0.62

11. The Company has changed the method of accounting from "Percentage completion method" to "project completion method" during the current year, since there is no addition in the inventory of work-in-process during the year, the effect of change in the method of accounting on current year's profit and loss account is nil.
12. Figures for the previous accounting year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous accounting year are included as an integral part of the current accounting year financial statement and are to be read in relation to the amounts and other disclosures relating to the current accounting year.
13. **Related party disclosure**
1. List of related parties with whom transactions have taken place during the current accounting year and relationship:
Housing Development & Infrastructure Limited - Holding Company

(Rs. '000)

Nature of transaction	31st March, 2010				31st March, 2009			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances repaid	414,748.82	-	-	414,748.82	-	-	-	-
Outstanding as at year end- Due from	-	-	-	-	-	-	-	-
Outstanding as at year end- Due to	414,748.82	-	-	414,748.82	-	-	-	-

2. Key management personnel
Not applicable
3. Enterprise significantly influenced by key management personnel
Not applicable

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

14. Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details			
Registration No.	U74999MH2003PTC143045	State Code:	11
Balance Sheet Date:	31-03-2010		
II. Capital raised during the year (Rs. '000)			
Public Issue	0.00	Rights Issue	0.00
Bonus Issue	0.00	Private Placement	0.00
III. Position of Mobilisation and Deployment of Funds (Rs. '000)			
Total Liabilities	418,761.38	Total Assets	418,761.38
Sources of Funds			
Paid-up Capital	100.00	Reserves and Surplus	0.00
Secured Loans	0.00	Unsecured Loans	414,748.82
Application of Funds			
Net Fixed Assets	0.00	Investments	0.00
Deferred Tax Assets	7.00	Net Current Assets	409,039.87
Miscellaneous Expenditure	0.00	Accumulated Losses	5,801.95
IV. Performance of company (Rs. '000)			
Turnover	0.00	Total Expenditure	60.72
Profit /(Loss) before Tax	455.53	Profit/(Loss) after Tax	297.98
Earnings Per Share – (in Rs.)	0.03	Dividend Rate %	0
V. Generic Names of three Principal Products/Services of the Company (As per monetary Terms)			
Item Code No. (ITC Code)	NA	Product Description	NA

Signatures to Schedule A to I

For **THAR & CO.**
 Chartered Accountants
 Firm Registration No.: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

Rakesh Kumar Wadhawan
 Chairman

Sarang Wadhawan
 Director

Place: Mumbai
 Date: 25th April, 2010

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors,

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

1. We have audited the attached consolidated balance sheet of **HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED** (the Company) and its subsidiaries (collectively referred to as 'the Group') as at 31st March, 2010 and also the, consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of Rs.11,620.99 lacs as at 31st March, 2010, the total revenues (including other income) of Rs. 0.50 lacs, total expenditure of Rs. 0.09 lacs and net cash inflow amounting to Rs. 0.39 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, notified by Companies (Accounting Standard) Rule, 2006.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at 31st March, 2010;
 - (ii) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
 - (iii) in the case of consolidated cash flow statement, of the consolidated cash flows for the year ended on that date.

For **THAR & CO.**

Chartered Accountants

Firm Registration Number: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place : Mumbai

Date: 28th May, 2010

CONSOLIDATED BALANCE SHEET AS ON

Schedules		31st March, 2010 (Rs. in lacs)		31st March, 2009 (Rs. in lacs)	
SOURCES OF FUNDS					
Shareholders' funds					
Share Capital	A	35,884.27		27,549.27	
Reserves and surplus	B	660,602.62		414,632.73	
Minority interest		0.46		0.32	
Share warrant		7,800.00	704,287.35	-	442,182.32
Loan funds					
Secured loans	C	410,171.69		409,331.97	
Unsecured loans		-	410,171.69	5,000.00	414,331.97
Deferred tax liability	D		631.05		302.59
Total	Total		1,115,090.09		856,816.88
APPLICATION OF FUNDS					
Fixed assets					
Gross block	E	19,368.00		6,538.30	
Less : Accumulated depreciation/ amortisation and impairment		1,067.84		562.00	
Net block		18,300.16		5,976.30	
Capital work-in-progress		2,169.46	20,469.62	1,517.05	7,493.35
Goodwill on consolidation	F		25,906.03		4,784.69
Investments	G		24,290.77		24,908.75
Deffered tax assets	H		118.66		64.93
Current assets, loans and advances					
Inventories	I	875,665.29		691,280.01	
Sundry debtors	J	20,298.91		16,691.13	
Cash and bank balances	K	79,176.78		7,548.93	
Other current asset	L	279.12		201.31	
Loans and advances	M	156,492.94		170,772.42	
		1,131,913.04		886,493.80	
Less : Current liabilities and provisions					
Current liabilities	N	84,356.09		65,204.27	
Provisions	O	3,251.94		1,724.37	
		87,608.03		66,928.64	
Net current assets			1,044,305.01		819,565.16
Miscellaneous expenditure (to the extent not written off or adjusted)	P		-		-
Total	Total		1,115,090.09		856,816.88
Notes to accounts	Y		-		-

As per our report of even date attached

 For **THAR & CO.**

Chartered Accountants

Firm Registration No. 110958W

For and on behalf of the Board

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

K. P. Devassy
 Chief Financial Officer

Darshan D. Majmudar
 Company Secretary

Rakesh Kumar Wadhawan
 Executive Chairman

Waryam Singh
 Director

Shyam Sunder Dawra
 Director

Lalit Mohan Mehta
 Director

Sarang Wadhawan
 Managing Director

Satya Pal Talwar
 Director

Surinder Kumar Soni
 Director

Raj Kumar Aggarwal
 Director

 Place: Mumbai
 Date: 28th May, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
INCOME			
Turnover	Q	150,212.45	172,844.13
Other income	R	3,451.01	5,398.32
		153,663.46	178,242.45
EXPENDITURE			
Variation in stock in trade	S	(4,038.73)	(13,734.48)
Variation in work-in-progress	T	(176,217.39)	(125,258.37)
Transfer to Investment / Fixed assets		(6,966.69)	(618.70)
Cost of Construction, development and operating expenses	U	201,359.17	169,516.96
Project specific interest	V	47,721.06	53,674.72
Employees' remuneration and welfare expenses	W	2,850.72	2,207.51
Administrative expenses	X	6,578.15	9,083.52
Interest	V	4,618.32	5,817.36
Depreciation, amortisation and impairment		7,231.16	837.14
Expenses of increasing authorised share capital written off		8.48	153.80
		83,144.25	101,679.46
Operating profit before tax		70,519.21	76,562.99
Less: Provision for tax		13,015.89	9,207.77
Less: Provision for tax on fringe benefits		-	133.63
Less: Provision for wealth tax		5.68	3.34
Less: Deferred tax liability		303.44	89.60
Add: Deferred tax asset		28.45	0.43
Add: MAT Credit entitlement		-	8.17
Profit after tax (before adjustment for minority interest)		57,222.65	67,137.25
Less: Minority interest		1.33	(54.61)
Balance brought forward from previous year		55,444.34	57,238.93
Earlier year item:			
Income tax / Deferred tax		(564.07)	10,946.02
Other than tax		-	(11.34)
Adjustments for subsidiaries added / delinked		128.48	(1.13)
Profit available for appropriation		112,230.07	135,364.34
Appropriations:			
Transferred to General Reserve		-	57,367.07
Transferred to Debenture Redemption Reserve		61,916.00	22,500.00
Profit (after adjustment for minority interest)		50,314.07	55,497.27
Less: Losses of minority adjusted against majority interest		22.81	54.06
Less: Preacquisition profit		1.78	(1.13)
Profit carried to Balance sheet		50,289.48	55,444.34
Earnings per share - Basic (Amount in Rs.)		17.35	28.57
- Diluted (Amount in Rs.)		16.95	28.57
Equity shares of par value Rs. 10/- each			
Number of shares used in computing earnings per share			
Basic		327,375,278	275,492,676
Diluted		334,996,367	275,492,676
Notes to accounts	Y		

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants

Firm Registration No. 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

K. P. Devassy
Chief Financial Officer

Darshan D. Majmudar
Company Secretary

For and on behalf of the Board

Rakesh Kumar Wadhawan
Executive Chairman

Waryam Singh
Director

Shyam Sunder Dawra
Director

Lalit Mohan Mehta
Director

Sarang Wadhawan
Managing Director

Satya Pal Talwar
Director

Surinder Kumar Soni
Director

Raj Kumar Aggarwal
Director

Place: Mumbai
Date: 28th May, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2010 (Rs. in lacs)		31st March, 2009 (Rs. in lacs)	
A Cash flow from operating activities				
Net profit before tax		70,519.21		76,562.99
Adjustments for:				
(1) Depreciation / amortisation / impairment	7,231.16		837.14	
(2) Expenses of increasing authorised share capital	8.48		153.80	
(3) Interest expenses	4,618.32		5,817.36	
(4) Interest received	(596.41)		(2,485.96)	
(5) Income from investments	(134.81)		(2,228.96)	
(6) Loss on sale of Investments	108.36		-	
(7) Loss on sale of assets	14.92		3.16	
Operating profit before working capital changes		11,250.02		2,096.54
Movements in working capital:		81,769.23		78,659.53
Decrease / (Increase) in inventory	(191,351.97)		(138,992.85)	
Decrease / (Increase) in sundry debtors	(3,607.77)		(11,025.15)	
Decrease / (Increase) in other receivables	14,189.44		(39,883.87)	
Increase / (Decrease) in trade and other payables	19,247.58		7,557.27	
Net movement in working capital		(161,522.72)		(182,344.60)
Cash generated from / (used in) operations		(79,753.49)		(103,685.07)
Less : Direct taxes paid (net of refunds)		12,017.61		6,286.37
Net cash from / (used in) operating activities		(91,771.10)		(109,971.44)
B Cash flows from investing activities				
(1) Sale of fixed assets	13.69		2.46	
(2) Sale / (Purchase) of investments	46.84		(5,727.17)	
(3) Interest received	596.41		2,485.96	
(4) Income from investments	134.81		2,228.96	
(5) (Increase) / Decrease in capital work-in-progress	(3,165.55)		(994.59)	
(6) Purchase of fixed assets (including Goodwill)	(31,076.55)		(5,253.61)	
Net cash from / (used in) investing activities		(33,450.35)		(7,257.99)
C Cash flows from financing activities				
(1) Proceeds from issue of equity shares	168,840.00		-	
(2) Proceeds from Share warrants	39,000.00		-	
(3) Proceeds from borrowings	203,114.25		250,137.02	
(4) Repayments of borrowings	(207,274.53)		(147,079.37)	
(5) Interest paid	(4,618.32)		(5,817.36)	
(6) Dividend paid (including dividend distribution tax)	(0.26)		(7,513.21)	
(7) Expenses of increasing authorised share capital	-		(0.30)	
(8) Share issue expenses	(2,484.56)		-	
Net cash from/ (used in) financing activities		196,576.58		89,726.78
Net increase/(decrease) in cash and cash equivalents (A+B+C)		71,355.13		(27,502.65)
Cash and cash equivalents at the beginning of the year	7,548.93		35,050.62	
Less : Delink of subsidiary	(0.45)		(0.20)	
Add : Upon addition of new subsidiaries	273.17		1.16	
Cash and cash equivalents at the end of the year		79,176.78		7,548.93
Components of cash and cash equivalents as at 31st March		2010		2009
Cash on hand		659.15		101.15
With banks - on current account		29,511.66		2,171.63
- on deposit account		49,005.97		5,276.15
		79,176.78		7,548.93

Notes : 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement".
 2) Figures in the brackets indicate outflow.
 3) During the year Company has allotted 1,30,00,000 Equity shares of Rs. 10/- each at a premium of Rs.230/- per share against conversion of warrants. The same has not been considered for the purpose of cash flow.

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants
Firm Registration No. 110958W

Jayesh R. Thar
(Proprietor)
Membership No. 032917

K. P. Devassy
Chief Financial Officer

Darshan D. Majmudar
Company Secretary

For and on behalf of the Board

Rakesh Kumar Wadhawan
Executive Chairman

Waryam Singh
Director

Shyam Sunder Dawra
Director

Lalit Mohan Mehta
Director

Sarang Wadhawan
Managing Director

Satya Pal Talwar
Director

Surinder Kumar Soni
Director

Raj Kumar Aggarwal
Director

Place: Mumbai
Date: 28th May, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised :		
50,00,00,000 (P.Y.-50,00,00,000) Equity shares of Rs.10/- each	<u>50,000.00</u>	<u>50,000.00</u>
Issued, subscribed and paid up		
35,88,42,676 (P.Y. 27,54,92,676) Equity Share of Rs.10/-each fully paid-up. (Of the above 23,12,20,595 Equity shares of Rs. 10/- each were allotted as fully paid-up bonus shares by way of capitalisation of General Reserve and Securities Premium)	<u>35,884.27</u>	<u>27,549.27</u>
	<u><u>35,884.27</u></u>	<u><u>27,549.27</u></u>
SCHEDULE "B"		
RESERVE AND SURPLUS		
Capital reserve		
Balance as per last balance sheet	6.00	6.00
	6.00	6.00
Capital redemption reserve		
Balance as per last balance sheet	62.07	62.07
	62.07	62.07
Securities Premium Reserve		
Balance as per last balance sheet	152,872.85	158,994.91
Add: Received during the year	191,705.00	-
Less: Issue expenses written off	2,496.26	-
Less: Utilised for issue of fully paid bonus shares	-	6,122.06
	<u>342,081.59</u>	<u>152,872.85</u>
Debenture redemption reserve		
Balance as per last balance sheet	68,750.00	71,250.00
Add: Transferred from Profit and Loss Account	61,916.00	22,500.00
Less: Transferred to General Reserve	<u>103,500.00</u>	<u>25,000.00</u>
	27,166.00	68,750.00
General reserve		
Balance as per last balance sheet	137,497.47	55,171.70
Add: Transferred from Profit and Loss Account	-	57,367.07
Add: Transferred from Debenture Redemption Reserve	103,500.00	25,000.00
Less: Cost of increasing authorised share capital written off	-	41.30
	<u>240,997.47</u>	<u>137,497.47</u>
Profit and Loss Account	50,289.48	55,444.34
	<u><u>660,602.61</u></u>	<u><u>414,632.73</u></u>
SCHEDULE "C"		
LOAN FUNDS		
Secured loans		
19,800 (P.Y. 15,900) Redeemable Non-Convertible Debentures of Rs. 10 lacs each	198,000.00	159,000.00
Term loan from Scheduled Banks	164,818.95	220,331.97
Term loan from Financial Institutions	<u>47,352.74</u>	<u>30,000.00</u>
	<u><u>410,171.69</u></u>	<u><u>409,331.97</u></u>
Unsecured loans		
Nil (50) Redeemable non convertible debentures of Rs.100 lacs each	-	5,000.00
	-	<u>5,000.00</u>
SCHEDULE "D"		
DEFERRED TAX LIABILITY		
Arising on account of timing difference		
Related to fixed assets	631.03	302.59
Provision for gratuity	0.02	-
	<u>631.05</u>	<u>302.59</u>

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT

SCHEDULE "E"

FIXED ASSETS

(Rs. in lacs)

DESCRIPTION	COST			DEPRECIATION					NET BLOCK	
	as at 01-04-2009	additions during the year #	deletions during the year	as at 31-03-2010	up to 31-03-2009	for the year	on sale or adjustment	up to 31-03-2010	as at 31-03-2010	as at 31-03-2009
Freehold land	557.09	-	-	557.09	-	-	-	-	557.09	557.09
Buildings	3,875.75	9,904.85	-	13,780.60	135.65	184.60	-	320.25	13,460.35	3,740.10
Plant and Machinery	178.68	1,204.02	-	1,382.70	12.64	48.19	-	60.83	1,321.87	166.04
Office Equipments	584.82	114.59	3.27	696.14	71.30	30.02	0.36	100.96	595.18	513.52
Computers	321.41	133.44	6.88	447.97	123.72	54.76	3.79	174.69	273.28	197.69
Furniture and Fixtures	478.07	1,003.82	0.20	1,481.69	101.05	95.50	0.12	196.43	1,285.26	377.02
Vehicles	534.05	350.17	58.22	826.00	116.70	61.39	23.94	154.15	671.85	417.35
Total (A)	6,529.87	12,710.89	68.57	19,172.19	561.06	474.46	28.21	1,007.31	18,164.88	5,968.81
Intangible Asset										
Computer software	8.43	187.38	-	195.81	0.94	59.59	-	60.53	135.28	7.49
Total (B)	8.43	187.38	-	195.81	0.94	59.59	-	60.53	135.28	7.49
Total (A + B)	6,538.30	12,898.27	68.57	19,368.00	562.00	534.05	28.21	1,067.84	18,300.16	5,976.30
Previous year	5,755.32	796.08	13.10	6,538.30	315.15	254.33	7.48	562.00	5,976.30	5,440.17
Capital Work-in-Progress									2,169.46	1,517.05

Includes Fixed Assets of new subsidiaries.

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "F"		
GOODWILL ON CONSOLIDATION		
Balance as per last balance sheet	4,784.69	911.13
Add / (Less): Goodwill / (Capital reserve) on acquisition of interest in subsidiary	27,818.45	4,456.37
Less: Impairment during the year	6,697.11	582.81
	25,906.03	4,784.69
SCHEDULE "G"		
INVESTMENTS (AT COST)(NON-TRADE)		
Long Term		
Investments in immovable property		
Investment in property at HDIL Towers	3,650.00	4,112.79
Investment in property - Pali Arcade	313.72	313.72
Investment in property - Flats at Virar	13.06	13.06
Other than trade (Unquoted Shares)		
Punjab & Maharashtra Co-op. Bank Limited	147.50	57.50
5,90,000 (previous year 2,30,000) Equity shares of Rs.25/- each fully paid-up		
Other corporates (Unquoted)		
HDIL Energy Private Limited	71.95	71.95
7,19,500 (previous year 7,19,500) Redeemable Preference shares of Rs. 10/- each fully paid up		
HDIL Infraproject Private Limited	1,800.00	1,800.00
1,80,00,000 (previous year 1,80,00,000) Equity Shares of Rs.10/- each fully paid-up		
UM Architectures and Contractors Limited	1,768.81	1,768.81
20,000 (previous year 20,000) Equity Shares of Rs.10/- each fully paid-up		
Realking Hotels Private Limited (formerly - S.G.S. Hotels & Resorts Ltd.)	-	2,440.00
Nil (previous year 3,45,000) Equity Shares of Rs. 10/- each fully paid-up		
HDIL Health Care Services Pvt. Ltd.	0.10	-
1,000 (previous year Nil) Equity Shares of Rs. 10/- each fully paid-up		
HDIL Energy Private Limited	0.26	0.26
2,600 (previous year 2,600) Equity shares of Rs. 10/- each fully paid up		

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "G" (Contd.)		
In Mutual Funds		
UTI Liquid Cash Plan Institutional - Growth Option	-	17.70
Nil (previous year 12,39,799) units of Rs. 1,000/- each		
JM Mutual Fund	3.80	-
30,211.97 (previous year Nil) units of JM Money Manager Super plus plan of Rs. 10/- each (NAV as on 31st March, 2010 Rs. 3.92 lacs)		
In Capital Account with Joint ventures (Refer note No. 12 of Schedule - Y)	16,521.56	14,312.96
	24,290.76	24,908.75
SCHEDULE "H"		
DEFERRED TAX ASSETS		
Arising on account of timing difference		
Preliminary expenses written off	0.28	0.13
Related to fixed assets	-	1.57
Provision for gratuity	5.08	29.08
Bonus Payable	45.96	-
Provision for encashment of leave	38.92	34.15
Carry forward business loss	28.42	-
	118.66	64.93
SCHEDULE "I"		
INVENTORIES		
Finished goods (Stock of flats/ shops / TDR) (lower of cost or net realisable value)	21,538.13	16,605.05
Stores and spares (at cost)	1.62	897.32
Food and beverages (at cost)	3.82	2.46
Work-in-progress (at cost)	854,121.72	673,775.18
	875,665.29	691,280.01
SCHEDULE "J"		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	2,018.15	2,279.51
OTHER DEBTS		
Unsecured, considered good	18,280.76	14,411.62
	20,298.91	16,691.13
SCHEDULE "K"		
CASH AND BANK BALANCES		
Cash on hand	659.15	101.15
Balances with scheduled banks:		
On current accounts	29,511.66	2,171.63
On deposit accounts *	49,005.97	5,276.15
*(Includes Fixed deposits of Rs. 2,943.65 lacs (previous year Rs. 2,938.65 lacs) pledged with bank as security for bank guarantees)		
	79,176.78	7,548.93
SCHEDULE "L"		
OTHER CURRENT ASSET		
Interest accrued on fixed deposits	279.12	201.31
	279.12	201.31

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "M"		
LOANS AND ADVANCES		
UNSECURED CONSIDERED GOOD		
Advances recoverable in cash or kind or for value to be received:		
Goods and services	6,596.37	2,482.63
Land purchase/ tenancy/ claims/ development rights	144,462.79	164,743.11
Loans to employees	37.87	23.67
Prepaid expenses	139.59	75.56
Security deposits	1,670.29	3,433.73
Other advances	3,586.03	13.72
	<u>156,492.94</u>	<u>170,772.42</u>
SCHEDULE "N"		
CURRENT LIABILITIES		
(a) Sundry Creditors		
i) total outstanding dues of micro enterprises and small enterprises; and	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	30,810.20	33,042.27
(b) Advances from customer	41,192.55	18,817.14
(c) Investor education and protection fund		
i) Unpaid dividend	10.46	10.72
ii) Share application money refundable	10.14	10.31
Sub-total	<u>20.60</u>	<u>21.03</u>
(d) Other liabilities	12,271.03	12,780.30
(e) Interest accrued but not due on loans	61.70	543.53
	<u>84,356.08</u>	<u>65,204.27</u>
SCHEDULE "O"		
PROVISIONS		
Provision for taxation	41,883.97	28,385.89
Provision for tax on fringe benefits	196.67	200.87
Provision for wealth tax	11.46	5.77
Less: Advance tax	<u>38,972.15</u>	<u>27,027.55</u>
	3,119.95	1,564.98
Provision for gratuity	15.04	76.79
Provision for encashment of leave	116.96	82.60
	<u>3,251.95</u>	<u>1,724.37</u>
SCHEDULE "P"		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary expenses		
Balance as per last balance sheet	-	36.72
Add: Expenses incurred during the year	-	(36.33)
Less: Written off during the year	-	0.39
	-	-
Cost of increasing authorised share capital		
Balance as per last balance sheet	-	198.87
Less: Written off during the year	-	198.87
	-	-
Deferred Revenue Expenditure		
Add: Expenses incurred during the year	-	1,200.00
Less: Written off during the year	-	1,200.00
	-	-
Preoperative expenses		
Balance as per last balance sheet	-	6.90
Less: Written off during the year	-	6.90
	-	-

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "Q"		
TURNOVER		
Sale of commercial and residential units	6,060.75	30,622.66
Sale of FSI/ Land/ TDR	143,138.42	141,918.38
Revenue from Entertainment business	1,001.76	303.09
Parking charges	11.52	-
	150,212.45	172,844.13
SCHEDULE "R"		
OTHER INCOME		
Rent and compensation - (T.D.S. Rs. 195.51 lacs (P.Y. Rs. 295.26 lacs))	2,084.65	2,198.61
Dividend received (From Co-operative Bank)	7.57	4.87
Building maintenance	135.15	-
Flat cancellation charges	19.87	0.65
Interest received (TDS Rs. 749.82 lacs (P.Y. Rs. 1,037.70 lacs))	596.41	1,593.41
Income from investment	127.24	17.70
Miscellaneous receipts (TDS Rs. 0.52 lac (P.Y. Nil))	127.44	674.13
Share of profit from partnership firm	-	7.77
Profit on sale of fixed assets	0.45	-
Foreign exchange variation	-	8.62
Interest on capital with partnership firms	352.23	892.56
	3,451.01	5,398.32
SCHEDULE "S"		
VARIATION IN STOCK-IN-TRADE		
Opening stock-in-trade	17,504.84	3,770.36
Closing stock-in-trade	21,543.57	17,504.84
	(4,038.73)	(13,734.48)
SCHEDULE "T"		
VARIATION IN WORK-IN-PROGRESS		
Opening work-in-progress	673,775.17	548,516.80
(Desubsidiarised)/acquired during the year	4,129.16	-
Closing work-in-progress	854,121.72	673,775.17
	(176,217.39)	(125,258.37)
SCHEDULE "U"		
COST OF CONSTRUCTION, DEVELOPMENT AND OPERATING EXPENSES		
Land	5,877.98	33,484.01
Tenancy/ claims/ development rights	38,686.88	60,806.47
Construction materials and other expenses	155,846.27	74,932.90
Box office Purchases and operating expenses	948.04	293.58
	201,359.17	169,516.96

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
SCHEDULE "V"		
EMPLOYEE'S REMUNERATION AND WELFARE EXPENSES		
Salaries, wages and bonus	2,475.51	1,901.39
Gratuity	40.59	35.28
Company's contribution to provident and other funds	169.66	124.57
Welfare expenses	164.96	146.27
	<u>2,850.72</u>	<u>2,207.51</u>
SCHEDULE "W"		
ADMINISTRATIVE EXPENSES		
Advertisement/ exhibition/ sales promotion expenses	454.49	3,041.52
Commission and brokerage	59.29	123.02
Electricity charges	128.24	102.17
Insurance charges	0.95	1.41
Other administrative expenses	873.59	1,019.32
Loss on sale of investment	108.36	-
Loss on sale of fixed assets	15.37	3.16
Printing and stationery	167.83	110.47
Professional fees	382.46	265.38
Rent, rates and taxes	249.42	268.52
Repairs and maintenance to other assets	306.13	36.29
Stamping and registration	5.24	6.96
Communication expenses	166.47	184.74
Travelling and conveyance expenses	1,068.12	1,646.41
Directors remuneration and sitting fees	1,924.90	1,962.20
Remuneration to auditors	139.13	138.95
Donations	527.60	172.51
Filing fees paid to the Registrar of Companies	0.56	0.49
	<u>6,578.15</u>	<u>9,083.52</u>
SCHEDULE "X"		
FINANCE EXPENSES		
Project specific interest	47,721.06	53,674.72
Other interest	4,618.32	5,817.36
	<u>52,339.38</u>	<u>59,492.08</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNT

SCHEDULE "Y"

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010:

1. Basis of Preparation

- a) The accompanying consolidated financial statements include the accounts of HDIL and its subsidiaries. All the subsidiaries have been incorporated in India. The details of the subsidiaries are as follows:

Name of the Subsidiaries	Percentage of holding
Privilege Power and Infrastructure Private Limited	100%
HDIL Entertainment Private Limited	100%
Blue Star Realtors Private Limited	100%
Excel Arcade Private Limited	100%
Mazda Estate Private Limited	100%
HDIL Leisure Private Limited	100%
Guruashish Construction Private Limited	100%
Ravijyot Finance & Leasing Private Limited	60%
BKC Developers Private Limited	60%

The consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The consolidated financial statements have been prepared to comply in all material respects with Accounting Standard (AS) 21- 'Consolidated Financial Statements' and other applicable accounting standards as applicable, notified by the Companies Accounting Standards Rules, 2006 (as amended) to reflect the financial position and the results of operations of the Group.

The financial statements of the subsidiary are drawn upto the same reporting date as that of the Company i.e. 31st March, 2010. The consolidated financial statements of the Group have been prepared based on line-by-line consolidation of the balance sheet, statement of profit and loss and cash flows of the Company and its subsidiaries. Inter-company balances and intra-company transactions and resulting unrealised profits have been eliminated on consolidation.

The accounting policies have been consistently applied by the Group and are consistent with those used in previous year.

As per the Press Release dated 04/05/2010 from Ministry of Corporate Affairs, Companies covered in Phase I of implementation of IFRS will prepare their financial statements for financial year 2011-12 in accordance with the first set of Accounting Standards (i.e. the converged Accounting Standards) but will show previous years' figures as per the financial statements for the financial year 2010-11 i.e. as per non-converged accounting standards.

- b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.
- c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

2. Principles of consolidation

The consolidated financial statements relate to the Company and its subsidiaries and joint ventures (hereinafter together with the Company collectively referred to as 'the Group'). In the preparation of these consolidated financial statements, investments in Subsidiaries and joint ventures have been accounted for in accordance with Accounting Standard (AS) 21 (Consolidated Financial Statements) and Accounting Standard (AS) 27 (Financial Reporting of Interest in Joint Ventures) respectively. The consolidated financial statements are prepared on the following basis:-

- (a) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-Group balances and intra-Group transactions and also unrealised profits or losses, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.
- (b) Interest in the assets, liabilities, income and expenses of the joint ventures are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealised profits/losses are eliminated to the extent of Company's proportionate share, except where cost cannot be recovered.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNT

- (c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- (d) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of Profit and Loss account being the profit or loss on disposal of investment in subsidiary.
- (e) Minority interest's share in net profits of consolidated subsidiaries for the period is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Group. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.
- (f) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand alone financial statements.
- (g) An interest in jointly controlled entities which is acquired and held exclusively with a view to its subsequent disposal in the near/foreseeable future is accounted for as an investment in accordance with Accounting Standard (AS) 13, Accounting for Investment.

3. Segment reporting policies

As the Group operates on a backward integration model and its business activity primarily falls within a single business segment which constitutes real estate development, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting'. The Group operates primarily in India and there is no other significant geographical segments.

4. Goodwill

Goodwill is tested for impairment on an annual basis. If on testing, any impairment exists, the carrying amount of goodwill is reduced to the extent of any impairment loss and such loss is recognised in the profit and loss account.

5. Other Significant accounting Policies:

These are set out in the notes to accounts under significant accounting Policies for financial statements of the respective companies Privilege Power and Infrastructure Private Limited, HDIL Entertainment Private Limited, Blue Star Realtors Private Limited, Ravijyot Finance & Leasing Private Limited, Excel Arcade Private Limited, Mazda Estate Private Limited, HDIL Leisure Private Limited, Guruashish Construction Private Limited and BKC Developers Private Limited

B. OTHER NOTES:

1. Related party disclosure

- A. List of related parties with whom transactions have taken place during the year and relationship:

Subsidiaries

Privilege Power and Infrastructure Private Limited
 HDIL Entertainment Private Limited
 Blue Star Realtors Private Limited
 Ravijyot Finance & Leasing Private Limited
 Guruashish Construction Private Limited
 Excel Arcade Private Limited
 Mazda Estate Private Limited
 HDIL Leisure Private Limited
 BKC Developers Private Limited
 HDIL Oil & Gas Private Limited (Upto 22nd February, 2010)

Associates

Nil

Enterprise significantly influenced by key management personnel

Privilege Airways Private Limited
 Privilege Industries Limited
 Ravi Ashish Land Developers Limited
 HDIL Oil & Gas Private Limited (w.e.f. 23rd February, 2010)

Joint Ventures

D. S. Corporation
 Fine Developers
 Mahul Construction Corporation

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNT

B. Transactions with related party

(Rs. in lacs)

Nature of transaction	31st March, 2010				31st March, 2009			
	Enterprises influenced by Key Management Personnel	Joint Ventures	Key Management Personnel	Total	Enterprises influenced by Key Management Personnel	Joint Ventures	Key Management Personnel	Total
Loans/advances paid	7.15	-	-	7.15	1,054.48	-	-	1,054.48
Investment in partnership firm	-	1,856.38	-	1,856.38	-	(7,473.09)	-	(7,473.09)
Interest received	-	352.23	-	352.23	-	892.56	-	892.56
Lease rent received	2.80	-	-	2.80	1.50	-	-	1.50
Share of profit received	-	-	-	-	-	3.77	-	3.77
Directors Remuneration	-	-	1,800.00	1,800.00	-	-	1,800.00	1,800.00
Salary Paid	-	-	114.11	114.11	-	-	29.40	29.40
Development right purchased	-	-	-	-	12,300.75	-	-	12,300.75
Travelling expenses	768.18	-	-	768.18	-	-	-	-
Outstanding as at year end - Due from	-	16,521.56	-	16,521.56	12,912.50	14,312.96	-	27,225.46
Outstanding as at year end - Due to	664.66	-	-	664.66	144.48	-	-	144.48

C. Key management personnel

Name	Designation
Shri Rakesh Kumar Wadhawan	Executive Chairman
Shri Sarang Wadhawan	Managing Director
Shri K. P. Devassy	Chief Financial Officer
Shri Darshan Majmudar	Vice President - Company Secretary & Legal
Shri Mukesh Gupta	Chief Executive Officer (HDIL Entertainment Private Limited)
Shri Romel Bhog	Chief Executive Officer (HDIL Leisure Private Limited)

2. Remuneration to auditors

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
a) Audit fees	70.63	70.45
b) Taxation matters	28.50	28.50
c) Management consultancy	20.00	20.00
d) Other services	20.00	20.00
	139.13	138.95

3. Managerial remuneration

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
a) Remuneration to Executive Chairman and Managing Director	1,800.00	1,800.00
b) Commission to Non-Executive Directors	112.50	150.00
c) Sitting fees	13.20	12.20
	1,925.70	1,962.20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNT

4. The Company has adopted Accounting Standard 15 (Revised 2005) - Employee benefits ("AS-15"). Pursuant to adoption, the Company has determined the liability for gratuity and leave encashment in accordance with Revised AS-15.

The Company has created Employee's Group Gratuity Fund with Life Insurance Corporation of India, and obtained Group Gratuity Assurance Policy from LIC for the benefit of employees.

A) Gratuity plan:

The following table set out the status of the gratuity plan as required under AS-15.

i) Reconciliation of opening and closing balance of the present value of the defined benefit obligation:

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
Obligations at beginning of year	76.79	41.52
Interest cost @ 8.25% (previous year @ 8%)	6.81	3.32
Current service cost	37.98	35.27
Benefits paid	(17.47)	-
Actuarial (gain)/loss on defined benefit obligation	2.41	(3.32)
Obligation at year end	106.52	76.79

ii) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
Opening fair value of plan assets	-	-
Expected return	3.95	-
Actuarial gains and (losses)	2.26	-
Assets distributed on settlements	-	-
Contribution by employer	102.74	-
Benefits paid	(17.47)	-
Closing fair value of plan assets	91.48	-

iii) Amounts to be recognised in the Balance Sheet

Projected benefits obligation, at the end of the year	106.52	76.79
Fair value of plan assets at end of the year	91.48	-
Net asset/(liability) recognised in the balance sheet	15.04	76.79

iv) Gratuity cost for the year

Current service cost	38.45	35.27
Interest cost on obligation	6.34	3.32
Expected return on plan assets	(3.94)	-
Net actuarial (gain)/loss	0.14	(3.32)
Expense recognised in the statement of profit and loss	40.99 *	35.27

* includes Rs. 0.40 lac related to a Subsidiary Company which forms part of its Capital work-in-progress.

B) Leave encashment liability:-

The following table set out the status of the leave encashment plan as required under AS-15.

i) Reconciliation of opening and closing balance of the present value of the defined benefit obligation:

	31-Mar-2010 (Rs. in lacs)	31-Mar-2009 (Rs. in lacs)
Obligations at beginning of year	82.60	31.21
Interest cost @ 0.08	6.85	2.49
Current service cost	28.29	35.70
Benefits paid	-	-
Actuarial (gain)/loss on defined benefits obligation	(0.78)	13.20
Obligation at year end	116.96	82.60

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNT

ii) Amounts to be recognised in the balance sheet

Present value of Defined benefits obligation as on	116.96	82.60
Fair value of plan assets as on	-	-
Liability recognised in balance sheet	116.96	82.60

iii) Leave Encashment cost for the year

Current service cost	28.32	35.70
Interest cost on obligation	6.82	2.49
Expected return on plan assets	-	-
Net actuarial (gain)/loss	(0.78)	13.20
Expense recognised in the statement of profit and loss	34.36	51.39

C) Valuation assumptions

Considering the above stipulation in the case of gratuity and leave encashment, the following assumptions have been made.

	31st March, 2010	31st March, 2009
i) Discount Rate	8.25%	8.00%
ii) Salary Growth	7.00%	7.00%
iii) Expected rate of return		
- Gratuity	9.00%	-
- Leave encashment	-	-

5. Capital commitments

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	94.99	754.93

6. Contingent liabilities not provided for

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
a. Claims against the Company not acknowledged as debts represented suits filed by the parties in the High Court, Bombay and disputed by the Company		
(i) Relating to failure to handover multiplex premises.	NIL	3,737.79
(ii) Other matters	21,550.00	6,317.00
	21,550.00	10,054.79
In the opinion of the management the above claims are not sustainable.		
b. Guarantees provided by the bank	2,933.65	2,939.15
c. Letter of credits provided by the bank	NIL	405.00
d. Against demand promissory note executed as security for performance	27,500.00	27,500.00
e. Corporate guarantee issued on behalf of wholly owned subsidiary Company	22,000.00	NIL

7. Supplementary statutory information

	31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
i) Earnings in foreign currency	NIL	NIL
ii) Expenditure in foreign currency		
- Professional fees	66.53	NIL
- Other matters	37.75	196.95
iii) Value of imports calculated on CIF basis		
- Capital goods	285.40	69.20
- Construction materials and other expenses	NIL	57.15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNT

8. Licensed capacity, installed capacity, etc.

With regard to Clause 3(ii) of Part II of Schedule VI to the Companies Act, 1956, the Company is of the view that in respect of its real estate operations, the Company does not fall under the category of clause 3(ii)(a) "Manufacturing Company" or Clause 3(ii)(b) "Trading Company" or Clause 3(ii)(c) "Company rendering or supplying services", but falls under the category of "Other Companies" as given in Clause 3(ii)(e). As such, quantitative details of opening stock, purchases and closing stock are not required to be furnished.

9. In the opinion of the management, the value of current assets and loans and advances are not less than as stated, if realised in the ordinary course of business.
10. a) During the year Company has allotted to QIB 7,03,50,000 equity shares of Rs. 10/- each at premium of Rs. 230/- each and 2,60,00,000 share warrants of Rs. 240/- each were allotted to one of the promoter. Out of which 1,30,00,000 share warrants have been converted into equity shares of Rs. 10/- each at premium of Rs. 230/- each.
- b) 1,30,00,000 outstanding share warrants are entitled for conversion into one equity share of Rs. 10/- each at a premium of Rs. 230/- per share at any time between six months to eighteen months from 2nd July, 2009 (date of allotment). The Company has received Rs. 60/- per share warrant being 25% of the exercise price.

11. Loan funds:

Secured loans: -

l) Term Loans from Banks:

a) Bank of India:

- (I) Secured by registered mortgage of free sale component to be generated on the piece and parcel of land bearing survey No. 236A and 194 (pt) admeasuring about 18199.08 sq.mtrs. on the property situated at Ghatkopar (East) together with buildings constructed or to be constructed thereon. The term loan repayable in 48 equal monthly installment of Rs. 208.35 lacs commencing from April 2011. The rate of interest is BPLR + 0.75% p.a.
- (II) The other term loan secured by hypothecation of construction materials, other movable assets and receivables of Airport Slum Rehabilitation Project as well as Non agricultural land admeasuring 92,060 sq. mtrs. at Village Sasunavghar, Taluka Vasai. Repayable in 4 quarterly installment of Rs. 5,000 Lacs after moratorium of two years from first disbursement. Interest rate is BPLR.

b) Life Insurance Corporation of India:

Term loan is secured by registered mortgage of land admeasuring about 2107399 sq. ft. along with structures to be constructed thereon situated in Village Chandansar, Virar (East) Dist. Thane and land admeasuring about 22.50 acres at Kochi. Rate of interest is 13% p.a. payable monthly. Repayment by sixteen equal quarterly installment beginning from November, 2010.

c) Central Bank of India:

Secured by registered mortgage of property admeasuring 10 acres at Kurla. Rate of interest BPLR+ 0.50% payable monthly. Repayable in 12 equal bi-monthly installment of Rs. 2,500 Lacs each commencing from June, 2011.

d) Punjab National Bank:

- (I) Secured by equitable mortgage of land admeasuring 2,63,870 sq.mtrs. at village Dongre, Taluka Vasai, District Thane. Rate of interest is BPLR+TP+1.50%. Repayment in 12 monthly installment of Rs. 1,666.67 lacs commencing from July, 2010.
- (II) Secured by registered mortgage of all the rights of land admeasuring 15,554.54 sq. mtrs. bearing CTS No. 866B (A) at village Ambivali, Taluka Andheri, District Mumbai suburban as well as FSI pertaining to the plot of land bearing CTS 866-A admeasuring 93,327.4 sq.mtrs. Rate of interest is BPLR +TP +3%. Repayment in 12 quarterly installment commencing from 18th June, 2010.

e) Punjab and Sind Bank:

Secured by 1,52,955 sq. mtrs. of non-agricultural plots of land situated at Village Chandansar, Virar (E) owned by Privilege Power and Infrastructure Private Limited carrying interest at BPLR + 0.25% + TP + RP payable monthly. Repayment in 36 equal monthly installment of Rs. 277.78 Lacs commencing from July, 2009.

f) United Bank of India:

Secured by registered mortgage of land admeasuring 1,07,760 sq.mtrs. situated at Kopri (Chandansar), Virar East, Dist. Thane, owned by Privilege Power and Infrastructure Private Limited. Rate of interest BPLR + 150 basis points payable monthly. Repayable in 10 quarterly installment of Rs.1,000 Lacs each after moratorium of 6 months from the date of first disbursement.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNT

g) The Jammu and Kashmir Bank:

Secured by registered mortgage of non agricultural property of Privilege Power and Infrastructure Pvt. Ltd. admeasuring 2,31,490 sq. mtrs. situated at Kopri, Virar (E). Rate of interest PLR payable monthly. Repayable in 10 equal quarterly installment of Rs. 2,000 Lacs each. The first installment to commence after moratorium of 6 months from the date of first disbursement.

h) UCO Bank:

(I) Secured by registered mortgage of immovable property (non-agricultural) admeasuring 1,29,600 sq. mtrs. situated at Village Doliv, Taluka Vasai, Dist. Thane. Rate of interest BPLR + 0.75% payable monthly. Repayable in 10 quarterly installment of Rs. 2,000 Lacs each after moratorium of 6 months from the date of first disbursement.

(II) Secured by registered mortgage on proposed building located at CTS No. 866/B of village Ambivali, Versova, Andheri (west), Mumbai having a saleable area - Residential 10.77 Lacs sq. ft. and commercial area 12.05 Lacs sq. ft. total 22.82 Lacs sq. ft. Rate of interest BPLR + 0.50% with monthly rests. Repayable in 16 quarterly installment of Rs.1,563 Lacs each after moratorium of 12 months from the date of first disbursement.

i) Yes bank:

Secured by way of first exclusive charge on the project and property built thereon and current assets of the project. It is further secured by corporate guarantee of the holding company and personal guarantees of Directors, repayable in 20 quarterly installment after a moratorium of 36 months from the date of first disbursement.

II) Term Loans from financial Institution:

i) IL & FS:

Secured by registered mortgage of immovable properties admeasuring 132.61 acres situated at Village Doliv and Kharadi - 76 acres, Dahisar - 23.5 acres, Maljipada - 30.11 acres and Kasarali - 3 acres, owned by Privilege Power and Infrastructure Private Limited. Rate of interest is 12.50% payable monthly. Repayment in 20 quarterly installment commencing from August, 2012.

III) Secured Redeemable Non-Convertible Debentures (Listed):

i) 2,500 (2,500) Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest rate of 11.75% p.a. payable monthly are issued on private placement basis to Life Insurance Corporation of India. The debentures are secured by 2,88,940 sq. mtrs non-agricultural land situated at village Doliv and Village Kharadi, Vasai, District Thane. These Secured Non-Convertible Debentures are redeemable in eighteen equal monthly installment of Rs. 1388.89 Lacs commencing from October, 2010.

ii) 3,000 (3,000) Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest at the rate of 11.75% p.a. payable monthly are issued on private placement basis to Life Insurance Corporation of India. The debentures are secured by 2,88,940 sq. mtrs. non-agricultural land situated at village Dolive and Village Kharadi, Vasai, District Thane. These Secured Non-Convertible Debentures are redeemable in eighteen equal monthly installment of Rs. 1,666.67 Lacs commencing from October, 2010.

IV) Secured Redeemable Non-Convertible Debentures (Non listed):

i) 1,000 (3,000) Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest with a floor of 11.95% p.a. and upper cap of 12.25% p.a. payable monthly are issued on private placement basis to Life Insurance Corporation of India. Secured by registered mortgage of non agricultural land admeasuring 3,195.82 sq. mtrs situated at survey no. 37, mauje Ishwarapura, Taluka Radi, Mehsana and 2,88,940 sq. mtrs. non-agricultural land situated at village Dolive and Village Kharadi, Vasai, District Thane. These Secured Non-Convertible Debentures are redeemable in eighteen equal monthly installment of Rs. 1,666.67 Lacs commencing from October, 2010.

ii) 150 (150) Secured Redeemable Non – Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest @ 13.25% p.a. payable quarterly are issued on private placement basis to General Insurance Corporation. These Secured Non-Convertible Debentures are redeemable after 24 months from the date of allotment. Secured by registered first mortgage and charge on pari passu basis on commercial property located at commercial building No. 5 known as HDIL Towers, Bandra. These secured redeemable non-convertible debentures are redeemable on 22nd June, 2010.

iii) 400 (400) Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest @ 13.25% p.a. payable monthly are issued on private placement basis to Punjab National Bank. These Secured Non-Convertible Debentures are redeemable after 24 months from the date of allotment. Secured by land admeasuring 3477.20 sq. mtrs. situated at Village Kurla, Greater Mumbai. These secured redeemable non-convertible debentures are redeemable on 4th January, 2011.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNT

- iv) 12,750 (Nil) Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest at the rate of 12% p.a. payable quarterly are issued on Private Placement basis to various banks. Secured by immovable property of 7,01,719.06 sq. mtrs equivalent to 173.40 acres at village Kasarali, Taluka Vasai, District Thane which is owned by Privilege Power and Infrastructure Private Limited. These Secured Non-Convertible Debentures are redeemable at 33% in third and fourth year and 34% at the end of fifth year. These debentures will be listed at Bombay Stock exchange.

- Notes:
- All the above loans and debentures have been personally guaranteed by Executive Chairman and Managing Director.
 - IDBI Trustee is trustee to all the Debentures issued.
 - The debentures issued to Life Insurance Corporation of India are further secured by registered mortgage of first to nine floors except Ground, 3rd, 4th and 6th floors of commercial building known as HDIL Towers, Bandra (East), Mumbai.

12. Investment in Joint Ventures:

The holding Company has interest in various partnership firms and details regarding such interest is appearing in the note No. 14 to notes to accounts of the holding Company.

13. Earnings per share has been computed as under:

		31-Mar-2010	31-Mar-2009
a)	Net profit after tax as per profit and loss account (Rs. in lacs)	57,222.65	67,137.25
	Minority interest (Rs. in lacs)	(1.33)	54.61
	Adjustment for earlier year item (Rs. in lacs)	(564.07)	11,517.49
	Adjustment for subsidiaries added/delinked (Rs. in lacs)	128.48	(1.13)
		<u>56,785.73</u>	<u>78,708.22</u>
b)	Number of shares used in computing earnings per share		
	Basic Nos.	32,73,75,278	27,54,92,676
	Diluted Nos.	33,49,96,367	27,54,92,676
c)	Basic Earnings per share	17.35	28.57
d)	Diluted Earnings per share	16.95	28.57
e)	Nominal value per equity share is Rs. 10/-		

14. The consolidated results for the year ended 31st March, 2010 are not comparable with the previous year, due to change in Investments in subsidiary Company during the year. Two new subsidiary companies viz. Guruashish Construction Private Limited and BKC Developers Private Limited are added whereas there is delinking of Investment in subsidiary company viz. HDIL Oil & Gas Private Limited.

15. Figures for the previous accounting period have been regrouped, rearranged, restated and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous accounting period are included as an integral part of the current accounting period financial statement and are to be read in relation to the amounts and other disclosures relating to the current accounting period.

Prior period adjustment are made to the extent of rectification, rearrangement, reclassification and regrouping.

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants

Firm Registration No. 110958W

For and on behalf of the Board

Jayesh R. Thar
(Proprietor)
Membership No. 032917

K. P. Devassy
Chief Financial Officer

Rakesh Kumar Wadhawan
Executive Chairman

Sarang Wadhawan
Managing Director

Darshan D. Majmudar
Company Secretary

Waryam Singh
Director

Satya Pal Talwar
Director

Shyam Sunder Dawra
Director

Surinder Kumar Soni
Director

Place: Mumbai
Date: 28th May, 2010

Lalit Mohan Mehta
Director

Raj Kumar Aggarwal
Director

Housing Development and Infrastructure Limited
Registered Office: 9-01, HDIL Towers, Anant Kanekar Marg, Bandra (E), Mumbai - 400 051.

ATTENDANCE SLIP
14th Annual General Meeting

I hereby record my presence at the 14th Annual General Meeting of the Company held on Friday, 27th day of August, 2010 at 11.30 a.m. at National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.

.....
 Name of the Shareholder/Proxy (IN BLOCK LETTERS)

.....
 Signature of Shareholder/Proxy

Folio No.

DP ID No.

Client ID No.

No. of Shares

NOTE: Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover the same at the entrance, duly signed.

Housing Development and Infrastructure Limited
Registered Office: 9-01, HDIL Towers, Anant Kanekar Marg, Bandra (E), Mumbai - 400 051.

PROXY FORM
14th Annual General Meeting

I/We of

..... being member/members of

Housing Development and Infrastructure Limited, hereby appoint

of or failing

of as my/our proxy to vote attend and for me/us on my/our behalf at the 14th Annual General Meeting of the Company to be held on Friday, 27th day of August, 2010 at 11.30 a.m. at National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 and at any adjournment(s) thereof, if any.

Signed this..... day of 2010.

Signature of Shareholder

Re. 1/-
 Revenue
 Stamp

Folio No.

DP ID No.

Client ID No.

No. of Shares

NOTE: The Proxy completed in all respect must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting.

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9-01, HDIL Towers, Anant Kanekar Marg, Bandra (E), Mumbai 400 051.
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