

CORPORATE INFORMATION

BOARD OF DIRECTORS

Rakesh Kumar Wadhawan

Executive Chairman

Sarang Wadhawan

Managing Director

Waryam Singh

Director

Ashok Kumar Gupta

Director

Satya Pal Talwar

Independent Director

Lalit Mohan Mehta

Independent Director

Shyam Sunder Dawra

Independent Director

Surinder Kumar Soni

Independent Director

Sunil Behari Mathur

Independent Director

Ramesh Chander Kapoor

Independent Director

Raj Kumar Aggarwal

Independent Director

BOARD COMMITTEES

AUDIT COMMITTEE

Satya Pal Talwar
Ashok Kumar Gupta
Shyam Sunder Dawra
Raj Kumar Aggarwal

REMUNERATION COMMITTEE

Ashok Kumar Gupta
Satya Pal Talwar
Raj Kumar Aggarwal

INVESTOR GRIEVANCES & SHARE TRANSFER COMMITTEE

Sarang Wadhawan
Waryam Singh
Lalit Mohan Mehta

FINANCE COMMITTEE

Rakesh Kumar Wadhawan
Sarang Wadhawan
Waryam Singh
Satya Pal Talwar

PROJECT COMMITTEE

Satya Pal Talwar
Sarang Wadhawan
Waryam Singh

AUDITORS

M/s. Thar & Co.
Chartered Accountants

CHIEF FINANCIAL OFFICER

K. P. Devassy

VICE PRESIDENT COMPANY SECRETARY & LEGAL

Darshan D. Majmudar

BANKERS/FINANCIAL INSTITUTIONS

Allahabad Bank
Andhra Bank
Axis Bank Limited
Bank of Baroda
Bank of India
Central Bank of India
Corporation Bank
Dena Bank
HDFC Bank Limited
IDBI Bank Limited
India Infrastructure Finance Company Limited
Indian Bank
Indian Overseas Bank
Infrastructure Leasing & Financial
Life Insurance Corporation of India
Oriental Bank of Commerce
Punjab & Maharashtra Co-op. Bank
Punjab National Bank
Punjab & Sind Bank
State Bank of India
Syndicate Bank
The Jammu & Kashmir Bank Limited
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank
Yes Bank Ltd.

REGISTERED OFFICE

9-01, HDIL Towers,
Anant Kanekar Marg,
Bandra (East), Mumbai - 400 051
Tel.: 022 - 6788 8000
Fax: 022 - 6788 8175
website: www.hdil.in

REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Pvt. Ltd.
Plot No. 17 to 24,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 081
Tel.: 040 - 2343 1551
Fax: 040 - 2342 0814
Website: www.karvy.com
email: einword.ris@karvy.com

CHAIRMAN'S MESSAGE



As the global economy contorted its way through the past several fiscals, it is precisely the mechanisms and strategies that we put in place over the years that have helped HDIL survive global meltdowns and real estate turmoil to return robust numbers through these unsure times.

Dear Shareholders,

Nobody can predict the future with any level of accuracy. But what one can do is minimise the risks associated with it, by developing mechanisms to deal with potential future issues.

As the global economy contorted its way through the past several fiscals, it is precisely the mechanisms and strategies that we put in place over the years that have helped HDIL survive global meltdowns and real estate turmoil to return robust numbers through these unsure times.

In 2007, who could have foretold what was to come? All was well with the world, as the national GDP ticked away at a never-before pace. The real estate market was in the midst of an unprecedented boom as well. It was a good business to be in.

For us at HDIL, even better. We were only just named India's fastest growing real estate company. Mumbai, the epicentre of our plans, was jockeying to occupying its place amongst the world's most strategically important cities. Reassuringly, 90% of our land reserves lay within the Mumbai Metropolitan Region.

Then the world went into a spiral. The much documented economic crash of 2008 took its toll across the globe. Established businesses were struggling to survive. New entrants were wiped out. Everything looked bleak.

We not only survived, but when the turnaround happened, we were already back in the fast lane. Simply because we had already developed mechanisms and strategies to deal with imponderables. When off-take in the residential and commercial space dried up, we focused our efforts on slum rehabilitation. In a city like Mumbai, the unlocking of vital land for civic development is critical to its global aspirations.

Our cumulative slum rehabilitation program is unique in that it is the largest urban rehabilitation scheme of its kind in the country and amongst the largest in the entire world. When completed, over a million slum dwellers will have been relocated and, in fact, have access to a lifestyle hitherto unthinkable to them. Not only will they have a legal home to call their own, with larger living area, they would also be set into a milieu that promotes better living with roads, streetlights, hospitals, schools, community centres and other amenities.

In a single stroke we are not only contributing to a better city but also to social upliftment. Phase I of our program for MIAL Slum Rehabilitation, due for completion in 2012, involves clearing up vital airport land of slums. Mumbai can now push through its airport expansion plans with a clear conscience and zero impediment, even as some 30,000 lesser-privileged people experience a vastly improved lifestyle as they move into the new properties we have built for them. Having way for the balance 50,000 to 100,000 towards.

After the turmoil of 2008, late 2009 and 2010 signalled the turnaround. Especially in India, whose sheer scale helped it insulate itself far better than other struggling economies. The real estate market experienced an amazingly quick turnaround. Both retail and corporate off-take was brisk. Strategy to the fore again, as we turned focus once again to residential and commercial properties.

Around our happy hunting ground, Mumbai, interest in real estate was peaking again; so much that our projects in Goregaon, Andheri, Kurla, Nalur, Mulund, Virar and Palghar were clocking up sales at a frenetic pace – some even attaining 90-100% sales at early construction stages.

Mumbai, of course, is a barometer for the rest of the country. A precursor and trend setter, even in real estate; we decided the time had come to spread our wings and explore other hotbeds of real estate potential.

Not arbitrarily, but with deeply thought-out strategy. Mumbai's own satellite townships, Palghar and Virar, presented the perfect test case. Mumbai's sister city, Pune, was next. Then we headed southward. We identified Bengaluru as the market also in the throes of a real estate boom. Even as I write this, we are being proved accurate in our thinking again.

Going further afield, Hyderabad opens up a whole new world of opportunity. Another of India's IT cities, the potential for hospitality-related construction is immense. Through our associate company, HDIL Leisures, we are exploring a variety of hotels, service apartment complexes and mixed-use projects...even venturing into fine dining restaurants. Through the Kulraj Broadway multiplexes, HDIL Entertainment is fulfilling our aspirations to carve out a niche in entertainment as well.

The biggest news of the last year is the memorandum we have signed with the Government of Kerala for developing a mega SEZ, all of 10 million square feet of developed property spread over 70 acres. Located at Kalamassery in Kochi, this IT-centric zone will reinforce Kerala's thrust to make itself a global IT destination. From a more secular perspective, it will generate some 60,000 new jobs, while the construction itself will open up vast employment opportunities in the state. Total launches in the last year are 5.

We are very excited about our Kerala venture. It represents a landmark effort in terms of both scale and environmental consciousness. While the ₹ 2300 crore project will do wonders for our own bottom line, its green-building concept – where even sewage will be internally treated and 80% of the total area dedicated to greening – will become a paradigm for similar projects in the future.

To reassure investors and all stakeholders further, I am delighted to inform each one of you that, over the past year, we successfully completed QIPs that cumulatively raised \$ 250 million.

Let me assure each one of you that HDIL remains stronger than ever. Having weathered the most difficult of times through astute leadership, strategy and vision, we are confident that the measures we took when creating your company, will help us withstand every roadblock that destiny foists in our path.

HDIL isn't just about me or my board of directors. Nor the senior management or the workforce. It is about all of us plus everyone who has staked their time, energy and monies on the company. And yes, even pride. Because, whoever we are, whatever we do, the pride that comes from being associated with one of India's largest and most stable real estate development companies is immense and reassuring.

Rest assured, in good times or in bad, your company will remain stable as ever.

Yours sincerely,

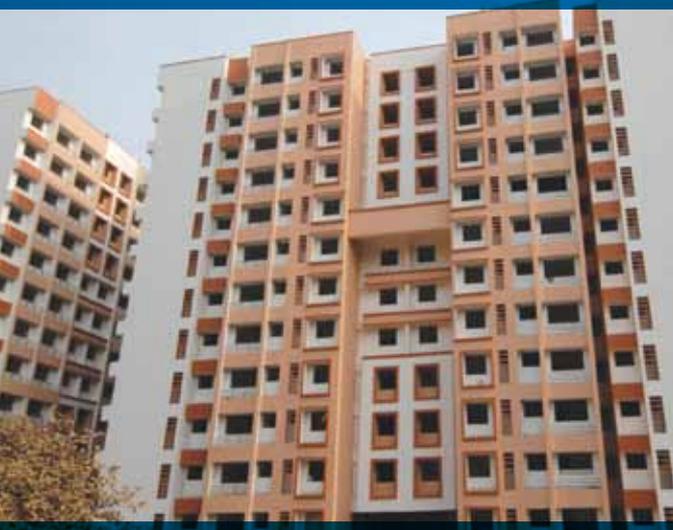


Rakesh Kumar Wadhawan
Executive Chairman

EXPANDING MUMBAI'S HORIZONS

When one considers that some 60% of Mumbai's habitable land is overrun by slums, their rehabilitation is vital to the megapolis' aspiration of becoming an irrefutable global city. The biggest fallout of this effort is already being felt through the ambitious MIAL Slum Rehabilitation Project. The largest urban rehabilitation scheme in the entire country, when all its phases are complete, 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.

Already by 2012, it is estimated that 30,000 occupants of the erstwhile slums on airport land, will be relocated in the properties we have newly constructed. It's a social outreach as well, as vast swathes of hitherto lesser privileged families will now have access to infrastructure that will infinitely improve their quality of life.



MIAL SLUM REHABILITATION PROJECT, KURLA



MIAL SLUM REHABILITATION PROJECT, KURLA

MIAL Slum Rehabilitation Project at Premier Compound, Kurla

Sr. No.	Project	Type	Launched	Area (sq. ft.)
1	Rehabilitation Building	SRA	June, 2008	75,34,010
2	Premier Residency	Residential	March, 2009	12,58,151
3	Premier Exotica	Residential	June, 2010	6,18,652

EXPANSION AT THE CORE

As the real estate sector turned around, we refocused on residential and commercial development. Rightly timed, a slew of our projects received a resounding response with sales picking up briskly even at early stages of construction – some of them achieving 90-100% sales in a very short time.

Having developed an unparalleled equity in Mumbai, the country's commercial capital remained the centre of our residential project plans. Surveys had shown that the crying need of a city starved of space, was affordable housing.

In a city whose topography and real estate values defines the movement of its working population in one direction in the morning and the reverse by evening, it made eminent sense to focus on affordable housing in the suburbs.

Our projects at Andheri, Goregaon, Kurla, Virar Nahur and Mulund were excellently received. Confirming our status as Mumbai's leading developer.



MAJESTIC TOWER, NAHUR



WHISPERING TOWERS, MULUND

Sr. No.	Project	Type	Launched	Area (sq. ft.)
1	Galaxy, Kurla	Residential	April, 2009	4,77,540
2	Harmony, Oshiwara	Residential	May, 2010	40,595
3	Harmony, Oshiwara	Retail	May, 2010	70,435
4	Metropolis, Andheri	Residential	March, 2009	7,30,265
5	Metropolis, Andheri	Commercial	August, 2009	14,94,775
6	Majestic Tower, Nahur	Residential	October, 2009	12,72,950
7	SRA, Nahur	SRA	October, 2010	9,66,760
8	Meadows, Goregaon*	Residential and Retail	May, 2010	9,00,114

* Through its Subsidiary Company Guruashish Construction Private Limited

STRETCHING MUMBAI'S HORIZONS

Having underlined our leadership status in Mumbai. It was time to look beyond. The satellite townships of Palghar and Virar presented us with the perfect canvas for expansion. Real estate realities had pushed Mumbai's workforce further north, making these suburbs outposts popular and affordable residential options.

The region also represented an improvement in lifestyle given that people could afford larger residences set amidst greener milieus.

But, with the region tending towards self sufficiency, commercial and industrial activity is also booming. It made eminent strategic sense to simultaneously develop industrial facilities.

Response to both, our residential and industrial parks, have been very encouraging.



RESIDENTIAL PARK, VIRAR



PARADISE CITY - PHASE I, PALGHAR



PARADISE CITY , PALGHAR

Sr. No.	Project	Type	Launched	Area (sq. ft.)
1	HDIL Industrial Park, Virar	Industrial	October, 2009	14,65,534
2	HDIL Residential Park, Virar	Residential	February, 2010	5,34,170
3	Paradise City, Palghar	Residential	December, 2010	35,02,099
4	Paradise City, Palghar	Retail	December, 2010	89,235

NEW HORIZONS FOR EXPANSION

Having firmly established Mumbai Metropolitan Region as our territory, it was time to look beyond.

Mumbai's eternal twin city Pune was the strategic first choice. From there, we identified Bengaluru as the new hotspot of real estate potential. The other IT city of Hyderabad opened up newer horizons, while Delhi is the latest addition to our widening radar.

The South has particularly opened up endless possibilities, especially with HDIL's Cyber City, the ₹ 2300 crore SEZ coming up in Kochi, Kerala. A catalyst for the state's economic growth, it will generate a large number of jobs, even as its green-building concepts will lay down a benchmark for the future.



CYBER CITY, KOCHI



CYBER CITY, KOCHI



CYBER CITY, KOCHI

EXPANDING LATERALLY AND VERTICALLY

Our foray into hospitality is manifested by our development activity in Hyderabad. Through our associate company, HDIL Leisures, 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. Elegance and construction values will equally be in evidence in our hotel property being developed in Versova, Andheri in suburbs Mumbai.

Entertainment is the other thrust of our two-pronged foray into construction verticals. Through our subsidiary, HDIL Entertainment, under the brand name “Kulraj Broadway”, we have already given Kolkata, Bhandup, Borivali and Vasai in Mumbai, the popular malls and multiplex experience.



METROPOLIS, VERSOVA



DREAMS MALL, BHANDUP



KULRAJ BROADWAY, KOLKATA



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NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the members of Housing Development and Infrastructure Limited will be held on Friday, 12th day of August, 2011 at 11.00 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 financial year from 1st April, 2010 to 31st March, 2011 and the Balance Sheet as at 31st March, 2011 together with the report of the Auditor's and Directors' thereon.
2. To appoint Director in place of Shri Lalit Mohan Mehta, retiring by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in place of Shri. Shyam Sunder Dawra, retiring by rotation and being eligible offers himself for re-appointment.
4. To appoint Director in place of Shri. Sunil Behari Mathur, 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 firm 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. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution:

Re-appointment of Mr. Sarang Wadhawan, as Managing Director

"RESOLVED THAT pursuant to provisions of the Section(s), 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and such other consents, approvals and permissions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities while granting such approvals, permissions and sanctions, and pursuant to the approval of the remuneration committee of the Board at their meeting held on 16th March, 2011 and the Board of Directors at their meeting held on 27th May, 2011, approval of the Company be accorded to the re-appointment of Mr. Sarang Wadhawan as Managing Director of the Company for a period of five years with effect from 1st April, 2011 on such salary and perquisites as are set out in the explanatory statement annexed hereto with a liberty to the Board of Directors to alter and vary the terms and conditions of the re-appointment and remuneration.

RESOLVED FURTHER THAT the aggregate of remuneration in any financial year shall not exceed the limits prescribed under Section 198 and 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as amended from time to time.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company, the remuneration and perquisites set out in the aforesaid agreement be paid to Mr. Sarang Wadhawan, Managing Director as minimum remuneration provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the ceiling provided in Section II of part II of Schedule XIII or such other amount and perquisites as may be provided from time to time or any equivalent statutory re-enactment thereof.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds and things and execute all such documents, instruments as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

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

Payment of commission to Non-Executive Directors

"RESOLVED THAT pursuant to provisions of Section(s) 198, 309(4) and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof and the Articles of Association of the Company and subject to applicable statutory approval(s), the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) for making payment of Commission up to 1% of the net profit to Non-Executive Directors of the Company subject to maximum amount of ₹ 2,00,00,000/- (Rupees Two Crores only), annually, for three financial years commencing from 2011-12 upto financial year 2013-14."

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

Date: 27th May, 2011

Place: Mumbai

Darshan D. Majmudar

Vice President - Company Secretary & Legal

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 Annual General Meeting ("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 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 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 11th August, 2011 to 12th August, 2011 (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 in writing 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/ e-mail/ 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. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail addresses, the members are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate column in the Green Initiative Form and register the same with Karvy Computershare Private Limited. **Postage for sending the green initiative form will be born by the Company.**

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

ITEM NO. 6

The Board of Directors vide circular resolution dated 17th March, 2011 duly confirmed by the Board of Directors at their meeting held on 27th May, 2011 had approved the re-appointment of Mr. Sarang Wadhawan as Managing Director of the Company for a period of five years with effect from 1st April, 2011. Mr. Sarang Wadhawan has provided dedicated and meritorious services towards the growth of the Company. The term of Mr. Sarang Wadhawan as Managing Director shall expire on 31st March, 2016 on such remuneration and terms and conditions as approved by the Remuneration Committee of the Board of Directors are mentioned hereunder:

1. **Salary/Remuneration:** ₹ 25,00,000/- per month. Further increments as and when approved by the Board of Directors and members of the Company.
2. **Perquisites and Allowances:** In addition to the above, he shall also be eligible to perquisites and allowances like rent free furnished/ semi-furnished accommodation/ House Rent Allowance/ Stay in a hotel; expenditure incurred by the Company on gas, electricity, water and on furnishings to be valued as per the Income Tax Rules; Medical Reimbursement; Hospitalisation expenses; Leave travel concession for the self and the family, Retirement benefits like Provident fund, Gratuity etc. as per the laws applicable from time-to-time; club fees; a chauffer driven car with maintenance cost of the car and reimbursement of fuel expenses at actuals; communication facility including phone at the residence (personal long distance calls will be borne by him), as per the Rules of Company, as applicable not exceeding ₹ 25,00,000/- per month.

The perquisites and allowances shall be valued as per the Income Tax Rules, wherever applicable. In absence of any such Rules, they shall be evaluated at actual cost.

Overall Remuneration:

The aggregate of salary, perquisites and allowances in any one financial year shall not exceed the limits prescribed under Section(s) 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as amended from time to time.

In the event of loss or inadequacy of profit in any financial year during the currency of tenure of services of the Managing Director,

the payment of Salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Schedule XIII of the Companies Act, 1956.

As required under the Companies Act, 1956 and provisions contained in Articles of Association of the Company, approval of the members is required to re-appoint Mr. Sarang Wadhawan as Managing Director of the Company on above terms.

Your Board is of opinion that Mr. Sarang Wadhawan's experience and skill will benefit the Company immensely, hence recommends resolution for the approval of members.

None of the Directors, except Mr. Rakesh Kumar Wadhawan who is related to Mr. Sarang Wadhawan and Mr. Sarang Wadhawan deemed to be interested or concerned in passing of this resolution, as it relates to his appointment and payment of remuneration.

No Sitting fees shall be paid to him for attending the Meetings of the Board of Directors or any Committee thereof.

Total remuneration to be restricted to ₹ 6 Crores per annum.

This should also be considered as an abstract of the terms of the appointment of Managing Director and Memorandum as to the nature of the concern or interest of the Directors in the said appointment, as required under Section 302 of the Companies Act, 1956 or any amendment or modification thereof.

ITEM NO. 7

In order to bring the remuneration of Non-Executive Directors commensurate with the time and effort put in by them, the Board of Directors of the company (the Board) at its meeting held on 27th May, 2011, subject to approval of Members of Company and other applicable statutory approval(s), approved payment of commission aggregating to ₹ 2,00,00,000 (Rupees Two Crores only) annually in such proportion as may be decided by the Board of Directors to Non-Executive Directors for a period of 3 (three) years from the financial year ended 31st March, 2012; provided total commission payable to such Directors shall not exceed 1% of the net profits of the Company as computed in the manner referred to under Section 198(1) of the Companies Act, 1956. Payment of such commission will be in addition to the sitting fees for attending meetings of the Board/Committees.

The Non-Executive Directors of the Company may be deemed to be interested or concerned in passing of the *Special Resolution* to the extent of the commission that may be received by them.

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

Darshan D. Majmudar

Vice President - Company Secretary & Legal

Date: 27th May, 2011

Place: Mumbai

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(S):

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri Lalit Mohan Mehta, Shri Shyam Sunder Dawra and Shri Sunil Behari Mathur retires by rotation at the forthcoming Annual General Meeting. Shri Lalit Mohan Mehta, Shri Shyam Sunder Dawra and Shri Sunil Behari Mathur 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 Lalit Mohan Mehta	Shri Shyam Sunder Dawra	Shri Sunil Behari Mathur
Date of Birth	20th January, 1944	11th October, 1943	11th October, 1944
Nationality	Indian	Indian	Indian
Date of Appointment	14th June, 2006	14th June, 2006	14th June, 2006
Qualification	An art graduate from Punjab University and has a Master's Degree in Development Studies including a course comprising aspects of economics, political science and sociology, from University of Bath in the United Kingdom.	Master's Degree in English from the Punjab University and a Master's Degree in Business Administration from the University of Leeds, England.	Qualified Chartered Accountant
Shareholding in Co.	Nil	Nil	Nil
List of Directorship details (excluding Pvt. Ltd. Co.)	–	Ambinence Limited Steel Strips Infrastructure Ltd. SAB Industries Limited	Axis Bank Limited Cholamandalam MS General Insurance Company Limited DCM Shriram Industries Limited General Insurance Corporation of India Limited Hindustan Oil Exploration Company Limited Havells India Limited Infrastructure Leasing & Financing Services Limited ITC Limited IDFC Trustee Co. Limited National Stock Exchange of India Limited National Collateral Management Services Limited Orbis Financial Corporation Limited Ultra Tech Cement Limited
Chairman/ Members of Committee of Board of Directors of Companies	Nil	Nil	DCM Shriram Industries Limited – Member, Audit Committee Hindustan Oil Exploration Company Limited – Member, Audit Committee Orbis Financial Corporation Limited – Member, Audit Committee Cholamandalam MS General Insurance Company Limited – Member, Audit Committee Axis Bank Limited – Member, Investor Grievance Committee, Chairman, Audit Committee Havells India Limited – Chairman, Audit Committee ITC Limited - Chairman, Audit Committee General Insurance Corporation of India Limited - Chairman, Audit Committee
Relationship with Directors inter-se	Nil	Nil	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 15th Annual Report on the business and operations of the Company together with the audited accounts for the financial year ended 31st March, 2011.

1. FINANCIAL PERFORMANCE

(₹ In Lacs)

Particulars	2010-11	2009-10
Gross sales and other receipts	1,92,276	1,59,958
Profit before interest, depreciation, amortisation and taxation	1,64,374	1,25,680
Interest	57,796	51,642
Depreciation and Amortisation	725	510
Operational profit before tax	1,05,853	73,528
Less: Exceptional items	450	-
Less: Provision for Tax and other adjustments	15,667	13,862
Profit after taxation and other adjustments	89,736	59,666
Balance brought forward	58,292	60,542
Profit available for appropriation	1,48,028	1,20,208
Less: Transferred to General Reserve	58,292	-
Less: Debentures Redemption Reserve	43,334	61,916
Profit carried to Balance Sheet	46,402	58,292
Net Worth	9,63,709	7,11,774

2. OPERATIONS

The Turnover of the Company increased by 20.20% and stood at ₹ 1,92,276 lacs as against ₹ 1,59,958 Lacs in the previous year. The Company's Profit from Operations for the year ended 31st March, 2011 increased by 43.35 % to ₹ 1,05,403 lacs as against ₹ 73,528 lacs in the corresponding period of the previous year. Company launched Residential as well as Commercial projects admeasuring 57,40,218 sq. ft. of saleable area. Details of Projects forms part of the Management's Discussion and Analysis forming part of the report appearing separately in the annual report.

During the year under review there was accidental fire on 18th November, 2010 at the office premises due to this, the equipments, computer systems, statutory records, registers, correspondence and drawing plans were extensively damaged. Exceptional loss of ₹ 450 lacs represents net write off to Profit and Loss Account on account of accidental fire. There was no casualty in the said mishap.

3. DIVIDEND

With a view to control Inflationary trend, Government/RBI has implemented such policy that restricts the investments in the real estate sector, thereby, affecting availability of liquidity in the business. Given the circumstances, Board deems it fit not to recommend payment of any Dividend for the year and conserve resources.

4. MANAGEMENT'S DISCUSSION AND ANALYSIS

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management's Discussion and Analysis, which forms part of this Report as 'Annexure II'.

5. SUBSIDIARY COMPANIES

As at 31st March, 2011, Your Company had 10 subsidiaries as listed below:

1. Blue Star Realtors Private Limited;
2. BKC Developers Private Limited;
3. Excel Arcade Private Limited;
4. Guruashish Construction Private Limited;
5. HDIL Commercial Properties Private Limited (formerly known as HDIL Leisure Pvt. Ltd.)
6. HDIL Entertainment Private Limited;
7. Lashkaria Construction Private Limited; (w.e.f. 12th October, 2010)
8. Mazda Estates Private Limited;
9. Privilege Power and Infrastructure Private Limited and
10. Ravijyot Finance and Leasing Private Limited

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

The Ministry of Corporate Affairs (MCA) vide its Circular No. 5/12/2007 – CL-III dated 8th February, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956 to companies from attaching the accounts of their subsidiaries in their annual reports subject to fulfillment of certain conditions prescribed. The Board of Directors of the Company at its Meeting held on 27th May, 2011 noted the provisions of the circular of MCA and passed the necessary resolution granting the requisite approvals for not attaching the Balance Sheet, Profit and Loss Account, report of the board of directors and report of the auditors of each of the subsidiary companies to the accounts of the Company for fiscal 2011. The Company will make available these documents/details upon request by any Member of the Company at its Registered Office and also at the registered offices of the concerned subsidiaries. As required by Accounting Standard–21 (AS – 21) issued by the Institute of Chartered Accountants of India, the Company's consolidated financial statements included in this Annual Report incorporate the accounts of its subsidiaries. A summary of key financials of the HDIL Subsidiaries is also included in this Annual Report.

6. DEBENTURES

During the year under review, the Company has issued on private placement basis Secured Non-Convertible Redeemable Debentures of ₹ 10 lacs each aggregating to ₹ 35,000 lacs to various financial institutions/banks. Debentures amounting to ₹ 157,500 lacs out of total Debentures aggregating to ₹ 1,66,750 lacs are listed at Bombay Stock Exchange Limited (BSE). During

the year, Non-Convertible Redeemable Debentures aggregating to ₹ 28,820 lacs have been redeemed. The Company's debt has been rated by CARE with "A+" rating.

An amount of ₹ 43,334 lacs has been transferred to Debenture Redemption Reserve.

7. SHARE CAPITAL

During the year 2010-2011, your Company's issued, subscribed and paid up share capital has increased in the following manner:

- On 29th July, 2010, Company has allotted 50,00,000 equity shares of ₹ 10/- each at a premium of ₹ 230/- per equity share from the balance 50,00,000 warrants issued to Mr. Rakesh Kumar Wadhawan, Promoter of the Company on preferential basis as per SEBI (ICDR) Regulations, 2009. Subsequent to the issue of Equity Shares to Mr. Rakesh Kumar Wadhawan, the paid up Share Capital of the Company has been increased from ₹ 36,684.26 lacs to ₹ 37,184.26 lacs.
- On 17th September, 2010, Company has allotted 43,161,310 equity shares of ₹ 10/- each at a premium of ₹ 258.18/- per equity share aggregating to ₹ 1,15,750 lacs to Qualified Institutional Buyers. Subsequent to the issue of Equity Shares to the Qualified Institutional Buyers, the paid up Share Capital of the Company has been increased from ₹ 37,184.26 lacs to ₹ 41,500.40 lacs.

Pursuant to the approval of shareholders' in the 14th Annual General Meeting for issue of Convertible Warrants to Mr. Sarang Wadhawan, your Company have allotted 2,60,00,000 Convertible Warrants of ₹ 10/- each at a premium of ₹ 265/- per Warrant to Mr. Sarang Wadhawan, Promoter of the Company. Company has received the subscription amount as prescribed under SEBI (ICDR), Regulations, 2009 from Mr. Sarang Wadhawan.

The Paid-up Share Capital of your Company as on 31st March, 2011 was ₹ 41,500.40 lacs comprising of 41,50,03,986 Equity Shares of ₹ 10/- each.

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

8. DIRECTORS

Mr. Sarang Wadhawan has been re-appointed as a Managing Director of the Company for the period of five years with effect from 1st April, 2011. The terms and conditions of his re-appointment, including his remuneration, are subject to approval of the Members.

At the 15th Annual General Meeting, Mr. Lalit Mohan Mehta, Mr. Shyam Sunder Dawra and Mr. Sunil Behari Mathur retire by rotation and being eligible, offer themselves for re-appointment.

The above re-appointments form part of the Notice of the forthcoming 15th Annual General Meeting and the respective resolutions are recommended for your approval.

Profile of the Directors, as required under Clause 49 of the Listing Agreement, is part of the explanatory statement to the Notice of the 15th Annual General Meeting.

9. GROUP

The names of the Promoters and entities comprising the 'group' are disclosed in the Annual Report for the purpose of the SEBI

(Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as '**Annexure IV**'.

10. RESERVES

Your Company has transferred ₹ 43,334 lacs to Debenture Redemption Reserve and ₹ 58,292 lacs to General Reserve. With this addition, the total General Reserves of the Company stood at ₹ 3,27,662 lacs.

During the year, due to issue of equity shares by way of QIP/ allotment of warrants there has been addition of ₹ 1,38,462 lacs to Securities Premium Account.

11. 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, 2011 is annexed hereto.

12. 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.

13. 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, 2011, the applicable accounting standards have been followed and no material departures have been made from the same.
- That 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 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, 2011 on a going concern basis.

14. CORPORATE GOVERNANCE

We adhere to the principles of Corporate Governance mandated by the Securities and Exchange Board of India and have implemented all the prescribed stipulations. As required by Clause 49 VI of the Listing Agreement, a detailed report on Corporate Governance forms part of this Report as '**Annexure III**'. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached to the Corporate Governance Report.

The Board of Directors has perused the 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs and have already adopted most of the recommendations of the guidelines and recognises the importance of continuous assessment of governance practices to create long-term value for the stakeholders. The board would consider adopting the remaining provisions of the said guidelines as and when deemed appropriate.

15. 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.

16. LISTING FEES

The equity 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 shares are also traded in the dematerialised segment for all investors compulsorily and the Company had entered into agreements with the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for custodial services.

17. AUDITORS

M/s. Thar & Co., Chartered Accountants, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting and offers themselves for re-appointment. A Certificate from them has been received to the effect that their re-appointment as Statutory Auditors of the Company, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

18. 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.

19. INVESTORS' RELATION AND GRIEVANCES

Investors' relations have been cordial during the year. As a part of compliance, the Company has formed Investor Grievance and Share Transfer Committee to deal with the issues relating to investors. There were no investors' grievances pending as on 31st March, 2011. A confirmation to this effect has been received from the Company's Registrar and Share Transfer Agent.

Green Initiative

Recently Ministry of Corporate Affairs (MCA) has initiated correspondences by Corporates to shareholder through electronic

mode; the Company has decided to participate wholeheartedly in the said initiative. All the shareholders are requested to join the said program by sending their preferred e-mail addresses to the Registrar and Share Transfer Agent.

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

Information in terms of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the 'Annexure 1' to this report.

21. PARTICULARS OF EMPLOYEES

Your Directors place on record their deep appreciation for the contribution made by the employees of the Company at all levels. Relations between employees and the management continued to be cordial during the year.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, this Report and Accounts are being sent to all the Members of the Company, excluding the Statement of Particulars of Employees. Any member interested in obtaining a copy of the said statement may write to the Company Secretary of the Company.

22. ACKNOWLEDGEMENT

Your Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by the employees of the Company and its subsidiaries at all levels 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, support and confidence.

For and on behalf of the Board of Directors

Date: 27th May, 2011
Place: Mumbai

Rakesh Kumar Wadhawan
Executive Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Annexure 'I'

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 ended 31st March, 2011.

1. Conservation of Energy

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 optimum use of energy.

Exploring and implementing solutions in the Projects for Energy Efficiency systems both for Passive Energy Efficiency (Selection of Low energy consumption devices, Insulation materials, Power factor correction devices etc.) and Active Energy Efficiency (Optimise through Automation and Control devices for HVAC Systems, Lighting Controls and Variable Speed drive devices implementation, monitoring and controlling for Energy Efficiency).

Initiatives are taken for energy efficiency systems for Buildings in various phases like design, building and occupation by considering various options and appropriate measures for energy conservation, use of single glazing/double glazing, use of UPVC doors/windows, using BMS systems etc.

2. Research and Development

The Company has undertaken Research and Development (R & D) activity in development of technology in the area of construction. In today's competitive market where it is obvious need to construct with optimum cost, reduced schedule while maintaining highest standard of quality, our Company is actively 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
- study, Analysis and use of various shuttering patterns for economy and conservation time
- Optimisation of resources and their recycling for further use
- use of environment friendly materials and developing green building concept
- analysis and study of trade off among various services for optimization.

Profiled steel sheeting is being used for economic design of slab. Speed of construction, cost and quality improved massively by using Western Forms Systems especially for mass housing projects like affordable housing and we are exploring such systems in addition to Mivan shuttering system, which can be used almost 250 times. Energy efficient Green building concept is being explored for our projects by appropriate methodologies like using fly ash bricks, using fly ash and blast furnace slag admixture concrete which is sulphate and chloride resistant and thereby protecting steel from corrosion.

Emphasis is given on time, cost and quality and setting an efficient trade-off among these three variables of Project management in 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.

To facilitate improved efficiency in Business Operations, SAP Business ERP system is being used for integrating all Business Functions of the Company from Planning, Execution, Monitoring and Control of the Projects including MIS of the Business Operations thereby enhancing the efficiency of the Business Operations.

In addition to the extensive use of many popular CAD tools like AUTOCAD for 2D design and drafting, STADDPRO and ETABS for structural analysis, 3D Modelling tools like Revit etc., we are exploring and evaluating various technical software 5D tools for integrating BIM and Project Management Lifecycle.

4. Foreign Exchange Earnings and Outgo

(₹ in Lacs)

Year	2010-11	2009-10
Foreign exchange earnings	-	-
Foreign exchange outgo	268.75	104.28

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (ANNEXURE II TO THE DIRECTORS' REPORT)

GENERAL PERFORMANCE REVIEW

India continues to be the second fastest growing economy in the Asia Pacific region. Despite the global meltdown effect of the past two years, the growth rate of Indian economy is estimated to be around 8% and it is expected to sustain the same until year 2020. Infrastructure development integrated with real estate development has been the backbone of such sustained growth and continues to be the focal point for our economy. Your Company has sustained growth and aspires to do so in the coming years.

The Central Statistics Office pegged the GDP growth rate for 2010-11 at 8.6%, indicative of higher growth levels achieved during the year. Agriculture is estimated to grow at 5.4% while Industry and Services sector at 8.1% and 9.6% respectively. The Reserve Bank of India (RBI) has hiked the interest rate during the quarter to deflate the rising inflation and further hike in the interest rate is also anticipated. The Institute of Economic Growth has projected that the inflation rate is expected to dip to 6.5% by mid-year 2011. Despite the strengthening interest rate, the RBI expects the GDP rate for the current financial year to remain at the estimated 8.6% level.

INDUSTRY OVERVIEW

Real Estate sector witnessed a turnaround with signs of economic stabilization and moderate growth in global economic performance during the fiscal year. Property markets in India began to exhibit for a short while 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 resumption of construction of stalled projects and a few new launches as well.

Presently industry is facing lack of direction and confidence, and is in a consolidation phase. Post subprime crisis in the west and melt down in Middle east, Asia continues to be growth area of the global economy.

Reserve Bank of India's recent increase in lending rates will invariably lead to higher cost of funds for both developers as well as end users. This coupled with slowdown in demand and a tightening liquidity situation will keep capital values under pressure. However, many developers believe that positive economic environment together with good increase in salaries will improve demand over the next 3 to 6 months. On the other hand rental values are expected to witness some increase owing to rise in demand particularly in north and far north suburbs.

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 year 2010, fresh supply of retail space across major cities in India stood at approximately 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 retail space is anticipated across major cities in current year.
- Retailer demand likely to remain cautious in the first half of 2011-12.
- The main demand drivers are likely to be hypermarkets, multiplexes and quick service restaurants (QSR's)

The Union Budget for 2010-11 promised 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 complete market recovery, marked by revival in rents, increased absorption and reduced vacancy is likely to occur by the year end.

BUSINESS OVERVIEW

In 1st Quarter of 2011, Mumbai's residential market was characterised by slowdown in sales, inventory pile up, cautious investor activity and hardening home loan interest rates. As a result, residential property registrations in the city – a key indicator to assess demand – recorded a drop in sales as compared to corresponding period in 2010. To stimulate demand, developers refrained from any increase in capital values.

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.

Details of various Residential and Commercial Projects of HDIL are as under:

Sr. No.	Project	Type	Area (sq. ft.)
1	MIAL, Kurla	SRA	75,34,010
2	Premier Residency, Kurla	Residential	12,58,151
3	Premier Exotica, Kurla	Residential	6,18,652
4	Galaxy, Kurla	Residential	4,77,540
5	Harmony, Oshiwara	Residential	40,595
6	Harmony, Oshiwara	Retail	70,435
7	Metropolis, Andheri	Residential	7,30,265
8	Majestic Tower, Nahur	Residential	12,72,950
9	SRA, Nahur	SRA	9,48,660
10	*Meadows, Goregaon	Residential and Retail	9,00,114
11	HDIL Industrial Park, Virar	Industrial	14,65,534
12	HDIL Residential Park, Virar	Residential	5,34,170
13	Paradise City, Palghar	Residential	35,02,099
14	Paradise City, Palghar	Retail	89,235

Note: * Through its Subsidiary Company, Guruashish Construction Private Limited.

During the year 2010-2011 under review, your Company launched 57,40,218 sq. ft. of saleable area in suburbs as well as the extended suburbs (Palghar) with encouraging response. Work has already started in all the projects and is expected to be completed as scheduled. Projects include Rehabilitation as well as sale buildings. MMRDA has started the process of shifting of eligible slum dwellers from Mumbai International Airport slums (MIAL) to Kurla Premiere compound and have issued Allotment letters to the eligible slum dwellers for the 1st phase.

ENTERTAINMENT

Our multiplex business is operated under the brand name “Kulraj Broadway”. Presently there are four multiplexes operational-

- A three screen multiplex at Vasai having seating capacity of 1001 persons,
- A four screen multiplex at Kandivali having seating capacity of 636 persons,
- A six screen multiplex at Bhandup having seating capacity of 1334 persons and
- A four screen multiplex at Kolkata having seating capacity of 799 persons.

HUMAN RESOURCES, INDUSTRIAL RELATIONS

Industrial relations at all locations were cordial. The total number of persons employed in the Company as on 31st March, 2011 is 1077.

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 unauthorized 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 organization.

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

This report contains forward looking statements containing words such as, ‘expects’, ‘anticipates’, ‘estimates’ ‘believes’ ‘plans’ ‘intends’ ‘will’ ‘projects’ ‘seen to be’ and so on. All statements are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate and will materialize in the said order or manner or realized. The Company’s performance and results or achievements could thus differ from those projected in any forward looking statements. The Company assumes no responsibility to publicly amend modify or revise such statements based on subsequent events or developments.

CORPORATE GOVERNANCE REPORT (ANNEXURE III TO THE DIRECTORS' REPORT)

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

The Company's understanding on Corporate Governance is to observe optimal level of ethics in all its dealings, to ensure efficient conduct of the affairs of the Company to achieve its goal of maximizing value for all its stakeholders.

II. BOARD OF DIRECTORS:

a) Composition of Board:

The Board comprises of experts from diverse professions, and represents a combination of Executive and Non-Executive Directors in conformity with the

Particulars	Composition of the Board		Minimum Requirement as per Clause 49
	No. of Directors	% of Total Directors	
Non-Executive Directors	9	81.81%	50%
(therein Independent Directors)	(7)	(63.63)%	50%
Whole-time Directors	2	18.19%	-
Total	11	100%	-

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

The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are Directors. None of the independent directors of the Company resigned or were removed in the last financial year. Hence, no replacement was made within a period of 180 days for the resigned/removed director.

requirement of Clause 49 of the Listing Agreement with the Stock Exchanges in this regard. As the Chairman of the Board is Executive Director, atleast half of the Board should comprises of Independent Directors. As on 31st March, 2011 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:

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.

The Composition of the Board, Directorship/Committee positions in other Companies as on 31st March, 2011, Number of Meetings held and attended during the year are as follows:

Sr. No.	Name of the Director	Category ¹	Attendance Particulars			No. of other Directorships and Committee Memberships/ Chairmanships excluding HDIL			Relationship with other Directors Inter-se
			Number of Board Meetings		Last AGM (27.08.2010)	Other Directorships ²	Committee ³		
			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	3	-	1	Son of Executive Chairman
3.	Mr. Waryam Singh	NED	5	5	Yes	3	-	-	
4.	Mr. Ashok Kumar Gupta	NED	5	4	Yes	2	-	-	
5.	Mr. Satya Pal Talwar	NED (I)	5	4	Yes	10	4	4	
6.	Mr. Lalit Mohan Mehta	NED (I)	5	5	Yes	-	-	-	
7.	Mr. Shyam Sunder Dawra	NED (I)	5	5	Yes	3	-	-	
8.	Mr. Surinder Kumar Soni	NED (I)	5	4	No	1	-	-	
9.	Mr. Sunil Behari Mathur	NED (I)	5	1	No	13	4	5	
10.	Mr. Ramesh Chander Kapoor	NED (I)	5	3	No	1	-	-	
11.	Mr. Raj Kumar Aggarwal	NED (I)	5	5	Yes	1	1	-	

Notes:

- (1) Category: NED – Non-Executive and Non-Independent Director, NED (I) Non-Executive Director and Independent.
- (2) Doesn't include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.
- (3) Includes only Audit Committee and Investor Grievance and Share Transfer Committee of Public Limited Companies.

b) Board Meetings:

During the Financial Year 2010-2011, 5 (five) meetings were held on 28th May, 2010, 29th July, 2010, 27th August, 2010, 11th November, 2010 and 11th February, 2011.

The gap between any two Meetings did not exceed four months.

Agenda papers containing all necessary information/documents are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as a part of Agenda Papers, the same are tabled at the meeting or/and the presentations are made by the concerned managers to the Board. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

The information as specified in Annexure IA to Clause 49 of the Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and consideration.

III. COMMITTEES OF DIRECTORS
A. Mandatory Committees
i. Audit Committee of Directors:
Composition and Attendance

The Audit Committee comprises of experts specializing in accounting/financial management. The Chairman of the Audit Committee is a Non-executive and Independent Director. The present composition of the Audit Committee is as follows:

Name	Category	Designation	No. of Meetings during FY 2010-11	
			Held	Attended
Mr. Satya Pal Talwar	Independent Director	Chairman	4	3
Mr. Ashok Kumar Gupta	Non-Executive and Non-Independent Director	Member	4	3
Mr. Shyam Sunder Dawra	Independent Director	Member	4	4
Mr. Raj Kumar Aggarwal	Independent Director	Member	4	4

During the Financial Year 2010-11, 4 (four) Meetings were held on 28th May, 2010, 29th July, 2010, 11th November, 2010 and 11th February, 2011.

The Chief Financial Officer, Internal Auditor and the Statutory Auditors are permanent invitees to the Meetings.

Terms of reference

The powers and terms of reference of the Audit Committee are as mentioned in the Clause 49 II (C), (D) and (E) of the Listing Agreement and Section 292A of the Companies Act, 1956.

The terms of reference are briefly described below:

1. Overview of the Company's financial reporting process and the disclosure of its financial information.
2. Recommend the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and fixation of audit fees and approving payments for any other services.
3. Review with Management, the annual and quarterly financial statements before submission to the Board.
4. Review with Management, performance of statutory and internal auditors and adequacy of the internal control systems.
5. Review the adequacy of the internal audit function.
6. Discussions with the internal auditor of any significant findings and follow-ups thereon.
7. Reviewing the findings of any internal investigations by the Internal auditor.
8. 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.
9. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
10. Review the following information:
 - Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions;
 - Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal audit reports relating to internal control weaknesses;
 - The appointment, removal and remuneration of the Chief Internal Auditor; and
 - The financial statements, in particular, the investments made by unlisted subsidiary Companies. In addition to the above, the following disclosures are made to the Audit Committee, as and when applicable:
 - Basis of related party transactions;
 - Disclosure of Accounting Treatment and
 - Utilisation/application of proceed from public issues, rights issues, preferential issues, etc., if any.

The Audit Committee is vested with the necessary powers, as defined in its Charter, to achieve its objectives. The Chairman of the Audit Committee was present at the 14th Annual General Meeting held on 27th August, 2010.

ii. Investor Grievance and Share Transfer Committee of Directors:

Composition

The Investor Grievance and Share Transfer Committee has been constituted to attend to and redress the investors' grievances.

The present composition of the Investor Grievance and Share Transfer Committee is as follows:

Name	Category	Designation	No. of Meetings during FY 2010-11	
			Held	Attended
Mr. Waryam Singh	Non-Executive and Non-Independent Director	Chairman	4	4
Mr. Sarang Wadhawan	Managing Director	Member	4	4
Mr. Lalit Mohan Mehta	Independent Director	Member	4	4

During the Financial Year 2010-11, the Committee met on 28th May, 2010, 29th July, 2010, 11th November, 2010 and 11th February, 2011.

Mr. Darshan D. Majmudar, Vice President Legal & Company Secretary, is the "Compliance Officer" pursuant to the requirement of the Securities and Exchange Board of India (SEBI) Regulations and Listing Agreement.

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

1. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non-receipt of balance sheet etc.
2. Review of the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Transfer Agent.
3. Look into transfer, transmission and rematerialization of shares.
4. Issue split and/or 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, if any, including power to delegate the same to Registrar and Transfer agents.

Investors' Complaints

The Company and Karvy Computershare Private Ltd.,

Registrar & Share Transfer Agent (RTA), attend to all grievances of the investors received directly or through SEBI, Stock Exchanges etc.

The details of complaints received, cleared/pending during the Financial Year 2010-11 is given below:

No. of complaints received	:	15
No. of complaints resolved	:	15
No. of complaints pending	:	Nil

Number of complaints received during the year as a percentage of total number of members as on 31st March, 2011, is 0 %.

B. Non-mandatory Committees

i. Remuneration Committee of Directors (Remuneration Committee)

Composition

The Remuneration Committee has been constituted to determine 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 Whole-time Directors and other key management personnel in our Company.

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

The Remuneration Committee has met once during the year on 16th March, 2011 and it has been reconstituted as under with the following members:

1. Mr. Satya Pal Talwar,
2. Mr. Ashok Kumar Gupta and
3. Mr. Raj Kumar Aggarwal (w.e.f. 27th May, 2011)

Remuneration Policy

1. For Whole-time Directors

The Board of Directors/the Remuneration Committee of Directors is authorised to decide the remuneration of the Whole-time Directors, subject to the approval of the Members and Central Government, if required. The remuneration structure comprises of Salary, Perquisites, Retirement Benefits, Performance Linked Incentive (PLI), as applicable from time to time. Annual increments are decided by the Remuneration Committee within the salary grade approved by the Members. In addition to the above remuneration, Whole-time Directors are paid Special Allowance and certain other Perquisites as per the Rules of the Company. They are also entitled to the Company's Retirement Benefits as per the law/policy applicable from time to time.

2. For Non-Executive Directors

The elements of the remuneration package of the Non-Executive Directors consist of annual commission in addition to sitting fees.

Sitting Fees

The Non-Executive Directors are paid sitting fees of

₹ 20,000/- each for attending Board Meeting, Audit Committee Meeting, Remuneration Committee and Investor Grievance and Share Transfer Committee Meeting.

Commission

As approved by the Shareholders, Commission is payable at a rate not exceeding 1% per annum of the Net Profits of the Company computed in the manner referred to in Section 309 of the Companies Act, 1956 subject to a maximum amount of ₹ 1,50,00,000/- (Rupees One Crore and Fifty Lacs only) on an annual basis for the period of three years i.e from 2008-2009 to 2010-2011.

The actual amount of Commission payable to each Non-Executive Director is decided by the Board on the following criteria:

- Number of Board Meetings attended.
- Number of various Committee Meetings attended.
- Role and responsibility as Chairman/Member of the Board.
- Role and responsibility as Chairman/Member of the Committee.
- Overall contribution and role outside the Meetings.

The details of remuneration paid/payable to the Whole-time and Non-Executive Directors for the Financial Year 2010-2011:

(₹ in Lacs)

Director	Relation with HDIL	Remuneration paid during 2010-11			
		Sitting fees	Salary and Perquisites	Commission*	Total
Mr. Rakesh Kumar Wadhawan	Executive Chairman	-	1,200	0	1,200
Mr. Sarang Wadhawan	Managing Director	-	600	0	600
Mr. Waryam Singh	NED	1.8	-	12.5	14.3
Mr. Ashok Kumar Gupta	NED	1.6	-	12.5	14.1
Mr. Satya Pal Talwar	NED (I)	1.6	-	12.5	14.1
Mr. Lalit Mohan Mehta	NED (I)	1.8	-	12.5	14.3
Mr. Shyam Sunder Dawra	NED (I)	1.8	-	12.5	14.3
Mr. Surinder Kumar Soni	NED (I)	0.8	-	12.5	13.3
Mr. Sunil Behari Mathur	NED (I)	0.2	-	12.5	12.7
Mr. Ramesh Chander Kapoor	NED (I)	0.6	-	12.5	13.1
Mr. Raj Kumar Aggarwal	NED (I)	1.8	-	12.5	14.3

*Subject to the approval of Annual Accounts for the Financial Year 2010-11 by the Members at the 15th Annual General Meeting to be held on 12th August, 2011. None of the Non-Executive Directors has any pecuniary interest in the Company, except for Sitting Fees and Commission, if any, paid/payable to them by the Company.

Number of equity shares held by the Directors as on 31st March, 2011:

Name	Category	No. of Shares held
Mr. Rakesh Kumar Wadhawan	Executive Chairman	7,60,47,661
Mr. Sarang Wadhawan	Managing Director	1,27,59,115
Mr. Waryam Singh	NED	79,97,400
Mr. Ashok Kumar Gupta	NED	10,05,800
Mr. Satya Pal Talwar	NED (I)	Nil
Mr. Lalit Mohan Mehta	NED (I)	Nil
Mr. Shyam Sunder Dawra	NED (I)	Nil
Mr. Surinder Kumar Soni	NED (I)	Nil
Mr. Sunil Behari Mathur	NED (I)	Nil
Mr. Ramesh Chander Kapoor	NED (I)	Nil
Mr. Raj Kumar Aggarwal	NED (I)	Nil

ii. Finance Committee (FC) – Committee of Management:

Composition

Name	Designation
Mr. Rakesh Kumar Wadhawan, Chairman	Executive Chairman
Mr. Satya Pal Talwar, Member	NED (I)
Mr. Waryam Singh, Member	NED
Mr. Sarang Wadhawan, Member	Managing Director

The FC authorises opening/closing of bank accounts, availing of credit facilities, to borrow money otherwise than on debentures, giving of loans, intercorporate deposits, guarantees, make/sell the investments of the Company, Corporate affairs etc. The FC Meetings are held as and when required. 18 Meetings of the FC were held during the Financial Year 2010-11.

IV. SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. Paid-up Capital and Free Reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year ended on 31st March, 2011.

The Company monitors the performance of its subsidiaries, inter alia, by the following means:

- The Financial Statements, in particular the investments made by the unlisted subsidiary companies, are reviewed by the Company's Audit Committee as well as by the Board.
- The Minutes of Board Meetings of the subsidiaries are noted at the Board Meetings of the Company.
- Details of significant transactions and arrangements entered into by the unlisted subsidiary. Companies are placed before the Company's Board, as and when applicable.

V. CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

As required by Clause 49 V of the Listing Agreement, the CEO and CFO certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting has been obtained from Mr. Sarang Wadhawan (Managing Director/CEO) and Mr. K. P. Devassy (CFO).

VI. RISK MANAGEMENT FRAMEWORK

The Company has in place a mechanism to inform the Board about the risk assessment and minimisation procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

VII. BUSINESS CONDUCT GUIDELINES (BCGS)

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.

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 Housing Development and Infrastructure Limited for the year ended 31st March, 2011 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

VIII. CODE OF CONDUCT FOR PREVENTION 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 the 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.

IX. GENERAL BODY MEETINGS

Details of Venue, day, date and time where the last three Annual General Meetings (AGM) of the Company were held:-

Financial Year	Location	Type of meeting	Day and Date	Time
2009-10	National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	AGM	Friday, 27.08.2010	11.30 a.m.
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	Friday, 04.09.2009	10.00 a.m.
2007-08	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020	AGM	Monday, 21.07.2008	11.30 a.m.

The details of Special Resolutions passed in the last three AGM:

Date	Brief particulars of the Resolution
27.08.2010	1. Further Issue of Capital. 2. Loans/Investments/Corporate Guarantees not exceeding ₹ 2,500 crores. 3. Issue of Warrants to Promoter of the Company on a preferential basis.
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. Issue of Bonus Shares.

Resolutions Passed through Postal Ballot:

During the previous financial year, no resolutions were passed through postal Ballot in accordance with Section 192A of the Companies Act, 1956.

X. DISCLOSURES

- Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed elsewhere in this Annual Report.
- The Company has not entered into any other transaction of a material nature with the Promoters, Directors or the Management, their subsidiaries or relatives, etc. that may have a potential conflict with the interests of the Company at large.
- With regard to matters related to capital markets, the Company has complied with all requirements of the Listing Agreement as well as SEBI regulations and guidelines. No penalties were imposed or strictures passed against the Company by the Stock Exchanges, SEBI or any other statutory authorities during the last three years in this regard.
- Disclosures have also been received from the senior managerial personnel relating to the financial and commercial transactions in which they or their relatives may have a personal interest. However, none of these transactions have potential conflict with the interests of the Company at large.

XI. MEANS OF COMMUNICATION

- The Quarterly/Annual Financial Results of the Company are published in English newspapers viz "Economic Times", "Free Press Journal", "Mint", "Financial Express" and in vernacular newspaper viz "Nav Shakti".
- The following are also promptly displayed on the Company's website www.hdil.in:
 - Financial Results, Shareholding Pattern, Annual Report and the Presentations, as and when made, to the media and analysts in the 'Investor Relations' Section.
 - Official press releases in the 'Press' Section.

- Information about the Shareholding Pattern and other specified details are now electronically filed through the Corporate Filing and Dissemination System (CFDS) as required under the Listing Agreement. Investors can view this information by visiting the website www.corpfiling.co.in.

XII. 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."

XIII. 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 cognizance of complaints made and suggestions given by the employees. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken.

XIV. REVIEW OF DIRECTORS' RESPONSIBILITY STATEMENT

The Board in its report has confirmed that the annual accounts for the year ended 31st March, 2011 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XV. GENERAL SHAREHOLDERS INFORMATION

a)

AGM day, date, venue and time	Friday, 12th August, 2011, National Stock Exchange of India Limited, Exchange Plaza, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051 at 11:00 a.m.
Financial year	1st April, 2010 to 31st March, 2011
Financial Calendar (2011-12)	First Quarter Results for the Quarter Ended 30th June, 2011: 12th August, 2011 Second Quarter Results for the Quarter Ended 30th September, 2011: 14th November, 2011 Third Quarter Results for the Quarter Ended 31st December, 2011: 14th February, 2012 Fourth Quarter Un-audited Results for the Quarter Ended 31st March, 2012: 15th May, 2012
Date of Book Closure	11th August, 2011 to 12th August, 2011 (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

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 1st April, 2010;	34	2,761
2.	Number of shareholders who approached issuer for transfer of shares from suspense account during the year;	1	29
3.	Number of shareholders to whom shares were transferred from suspense account during the year;	1	29
4.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31st March, 2011;	33	2,732

Fees:

- i. **Custodial fees:** The Company has paid custodial fees for the financial year 2011-12 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 31st March, 2011.
- ii. **Listing fees:** The Company has paid the listing fees to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial year 2011-12 on the basis of Share listed on the Stock Exchanges as on 31st March, 2011.

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.

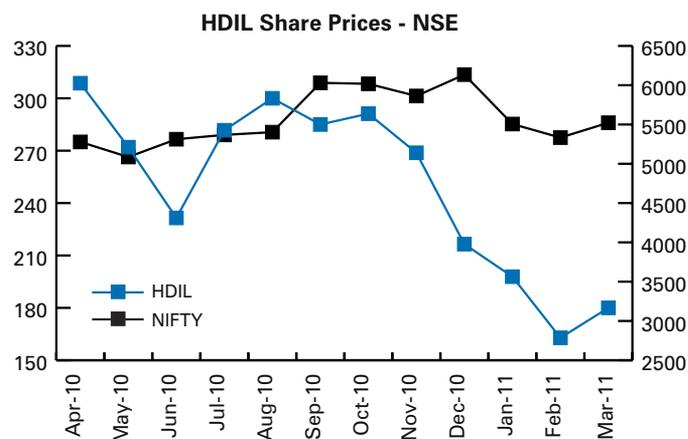
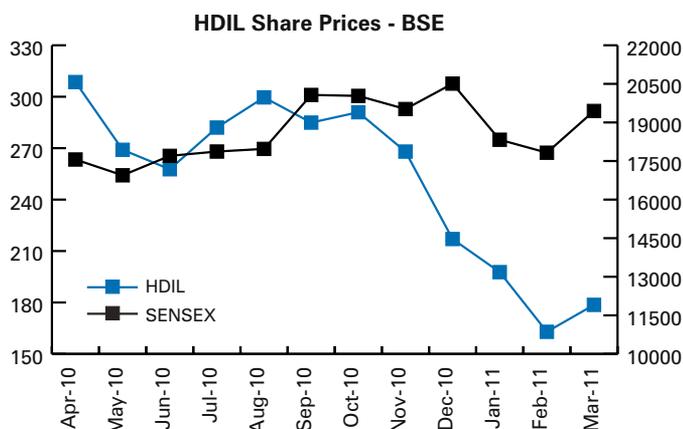
Procedure for claiming Unpaid Dividend

By the terms 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.

Year	Dividend	Date of Declaration	Last date of transfer to the Investor Education and Protection Fund	Unpaid Dividend as on 31st March, 2011
2007-2008	Interim	30th July, 2007	4th September, 2014	₹ 2,91,878.00
2007-2008	Final	21st July, 2008	26th August, 2015	₹ 6,73,866.18

d) Market price data:

Month	Stock Exchange					
	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	Share Price		Sensex	Share Price		Nifty
	High (₹)	Low (₹)		High (₹)	Low (₹)	
April, 2010	308.55	262.40	17,558.71	308.65	262.00	5,278.00
May, 2010	269.05	201.90	16,944.63	272.00	201.70	5,086.30
June, 2010	257.70	214.50	17,700.90	231.50	217.15	5,312.50
July, 2010	282.00	237.00	17,868.29	281.70	236.50	5,367.60
August, 2010	299.60	248.80	17,971.12	300.00	248.90	5,402.40
September, 2010	284.90	250.60	20,069.12	285.00	250.20	6,029.95
October, 2010	290.95	244.10	20,032.34	291.20	244.10	6,017.70
November, 2010	268.00	160.10	19,521.25	268.80	160.00	5,862.70
December, 2010	217.00	177.10	20,509.09	216.50	177.00	6,134.50
January, 2011	197.70	129.00	18,327.76	197.85	128.60	5,505.90
February, 2011	162.90	122.50	17,823.40	162.85	122.20	5,333.25
March, 2011	178.60	150.65	19,445.22	180.00	150.30	5,522.30



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 - 44655000; Toll free No. 1800-3454-001
 Fax: 040- 23420814
 E-mail: einward.ris@karvy.com

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 Investor Grievance and Share Transfer Committee generally once in every fortnight. Investor Grievance and Share Transfer 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 dematerialization 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 31st March, 2011:

Share holding of nominal value	Share Holders		Share Amount	
	Number	% to Total	₹	% to Total
1	2	3	4	5
Upto 1 - 5000	2,05,967	96.05	16,44,55,460	3.96
5001 - 10000	4,786	2.23	3,63,12,230	0.87
10001 - 20000	1,939	0.90	2,86,22,870	0.69
20001 - 30000	530	0.25	1,35,03,510	0.33
30001 - 40000	218	0.10	77,73,330	0.19
40001 - 50000	143	0.07	66,58,030	0.16
50001 - 100000	292	0.14	2,11,58,090	0.51
100001 and above	573	0.27	3,87,15,56,340	93.29
TOTAL	2,14,448	100.00	4,15,00,39,860	100.00

Shareholding Pattern as on 31st March, 2011

Sr. No.	Category of Shareholder	Number of Shares	As a percentage of (A+B)
(A)	PROMOTER'S HOLDING		
(1)	Indian Promoter	16,00,25,808	38.56
(2)	Foreign	-	-
	TOTAL A = A (1) + A (2)	16,00,25,808	38.56
(B)	NON-PROMOTER'S HOLDING		
(1)	INSTITUTIONS		
(a)	Mutual Funds /UTI	10,18,351	0.25
(b)	Financial Institutions/ Banks	8,89,611	0.20
(c)	Insurance Companies	3,14,372	0.08
(d)	Foreign Institutional Investors	16,40,75,156	39.54
(2)	NON-INSTITUTIONS		
(a)	Bodies Corporate	4,20,58,818	10.13
(b)	Individuals	4,22,73,117	10.19
(c)	Others		
	Non Resident Indians	10,85,972	0.26
	Trusts	1,05,455	0.03
	Overseas Corporate Bodies	13	0.00
	Directors and their Relatives	19,71,258	0.47
	Clearing Members	11,86,055	0.29
	TOTAL B = B (1) + B (2)	25,49,78,178	61.44
	GRAND TOTAL (A+B)	41,50,03,986	100.00

h) Dematerialization of shares and liquidity:

As at 31st March, 2011, 99.96% of shareholding aggregating to 41,48,40,877 was held in dematerialized form with NSDL and CDSL, while 0.04 % aggregating to 1,63,109 was held in physical form.

ISIN: INE191I01012

i) Outstanding GDRs/ ADRs/ Warrants:

There are no outstanding GDRs/ ADRs as on 31st March, 2011, likely to have an impact on the Equity Share Capital of the Company, except 2,60,00,000 convertible warrants outstanding which were allotted to Mr. Sarang 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
 E-mail: info@hdil.in

For and on behalf of the Board of Directors

Date: 27th May, 2011
 Place: Mumbai

Rakesh Kumar Wadhawan
 Executive Chairman

“ANNEXURE – IV”

Persons constituting group coming within the definition of “group” for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

Sr. No.	Name of the Company/Partnerships Firm
1	Anand Shree (Bombay) Holding Private Limited
2	Bidco Studs Private Limited
3	BKC Developers Private Limited
4	Blue Star Realtors Private Limited
5	Broadcast Initiatives Limited
6	Dewan Realtors Private Limited
7	Dinshaw Trapinex Builders Private Limited
8	Excel Arcade Private Limited
9	Guruashish Construction Private Limited
10	HDIL Commercial Properties Private Limited (formerly HDIL Leisure Private Limited)
11	HDIL Leisures Private Limited (formerly D.S. Corporation, converted under part IX of the Companies Act, 1956)
12	HDIL Entertainment Private Limited
13	HDIL Financial Services Private Limited
14	HDIL Securities Private Limited
15	HDIL Trustee Company Private Limited
16	Heritage Housing Development (India) Private Limited
17	Libra Realtors Private Limited
18	Libra Hotels Private Limited
19	Lashkaria Construction Private Limited
20	Live India Television Networks Private Limited
21	Mazda Estates Private Limited
22	Mi Marathi Media Limited (formerly Sri Adhikari Brothers Media Limited)
23	Privilege Ports & Energy Private Limited (formerly HDIL Energy Private Limited)
24	Prithvi Realtors & Hotels Private Limited
25	Privilege Airways Private Limited
26	Privilege Breweries Private Limited
27	Privilege Distilleries Private Limited
28	Privilege Health Care Services Private Limited (formerly HDIL Health Care Services Private Limited)
29	Privilege Hi-Tech Infrastructure Limited (formerly GFM Infrastructure Limited)
30	Privilege Industries Limited
31	Privilege Oil & Gas Private Limited (formerly HDIL Oil & Gas Private Limited)
32	Privilege Power and Infrastructure Private Limited
33	Ravijyot Finance and Leasing Private Limited
34	Suansa Hospitality Services Private Limited
35	Technocraft Media Private Limited
36	Wadhawan Livestock Private Limited
37	Vijaydurg Ports Private Limited
38	Fine Developers (Partnership Firm)

CERTIFICATE ON 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 31st March, 2011, 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

Jayesh R. Thar
(Proprietor)
Membership No. 32917

Date: 27th May, 2011
Place: Mumbai

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 to Board that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2011 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.

Date: 27th May, 2011
Place: Mumbai

sd/-
K. P. Devassy
Chief Financial Officer

sd/-
Sarang Wadhawan
Managing Director/CEO

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, 2011 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 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 3(C) 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011,
 - (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: 27th May, 2011

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, 2011 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) During the year, due to the fire, extensive damage had occurred to the substantial part of the fixed assets, these fixed assets were fully insured. According to the information and explanations given to us, we are of the opinion that the damage by fire to the 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.
(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 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 properly 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 its ten subsidiary companies. In respect of the said loans, the maximum amount outstanding at any time during the year is ₹ 97,380.42 lacs and the year end balance is ₹ 97,380.42 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.

ANNEXURE TO THE AUDITORS' REPORT

- (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, 2011 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. 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 investments 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 B-9 (d) of Schedule V. 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.
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,
- (a) During the year, 1,30,00,000 share warrants were converted into one equity share of ₹ 10/- each at a premium of ₹ 230/- per share, out of balance warrants issued in previous year to one of the promoter of the Company.
- (b) During the year, Company has issued 2,60,00,000 convertible warrants to one of the promoter of the Company at ₹ 275/- per warrant which is to be converted into one equity share each on preferential basis. The price at which the shares/warrants issued during the year is not prejudicial to the interest of the Company.
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. During the year, Company has allotted 4,31,61,310 equity shares of ₹ 10/- each at premium of ₹ 258.18 each on private placement basis aggregating to ₹ 1,15,750 lacs to Qualified Institutional Buyers and the proceeds of the same have been utilised for the objects of the issue.
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: 27th May, 2011

BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in lacs)		31st March, 2010 (₹ in lacs)	
SOURCES OF FUNDS					
Shareholders' funds					
Share capital	A	41,500.40		35,884.27	
Reserves and surplus	B	896,288.45		668,090.08	
Share warrants		25,920.00	963,708.85	7,800.00	711,774.35
Loan funds					
Secured loans	C	419,539.43		405,171.69	
Unsecured loans		-	419,539.43	-	405,171.69
Deferred tax liability (Net)	D		656.94		533.32
	Total		1,383,905.22		1,117,479.36
APPLICATION OF FUNDS					
Fixed assets					
Gross block	E	18,839.41		19,053.08	
Less: Accumulated depreciation		1,067.77		983.07	
Net block		17,771.64		18,070.01	
Capital work-in-progress		9,107.37	26,879.01	228.04	18,298.05
Investments					
	F		78,595.26		59,647.64
Current assets, loans and advances					
Inventories	G	1,008,648.32		803,366.24	
Sundry debtors	H	34,284.83		20,071.76	
Cash and bank balances	I	22,600.73		78,738.79	
Other current asset	J	255.28		279.07	
Loans and advances	K	414,116.71		220,531.63	
		1,479,905.87		1,122,987.49	
Less: Current liabilities and provisions					
Current liabilities	L	187,683.59		80,227.48	
Provisions	M	13,791.33		3,226.34	
		201,474.92		83,453.82	
Net current assets			1,278,430.95		1,039,533.67
	Total		1,383,905.22		1,117,479.36
Significant Accounting Policies and Notes on Accounts	V				

The accompanying Schedules A to V forms an integral part of these accounts

As per our report of even date attached

For and on behalf of the Board of Directors

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

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Managing Director

Waryam Singh
Director

Ashok Kumar Gupta
Director

Surinder Kumar Soni
Director

Shyam Sunder Dawra
Director

Jayesh R. Thar
(Proprietor)
Membership No. 032917

K. P. Devassy
Chief Financial Officer

Lalit Mohan Mehta
Director

Ramesh Chander Kapoor
Director

Place: Mumbai
Date: 27th May, 2011

Darshan D. Majmudar
Vice President - Company
Secretary & Legal

Satya Pal Talwar
Director

Raj Kumar Aggarwal
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
INCOME			
Turnover	N	180,262.63	149,199.17
Other income	O	12,013.33	10,759.07
		192,275.96	159,958.24
EXPENDITURE			
Variation in stock-in-trade	P	(1,984.32)	(3,915.07)
Variation in work-in-progress	Q	(239,533.82)	(155,281.58)
Transfer to Investment/Fixed assets		(10,524.69)	(6,907.17)
Cost of construction, Land and development expenses	R	269,559.58	191,476.69
Project specific interest	S	49,615.01	43,664.96
Employees' remuneration and welfare expenses	T	4,172.94	2,602.82
Administrative expenses	U	6,209.19	6,301.36
Interest	S	8,181.30	7,977.53
Depreciation/Amortisation	E	724.92	510.28
Share of loss from partnership firm		3.04	-
		86,423.15	86,429.82
Operating Profit before exceptional items		105,852.81	73,528.42
Less: Exceptional items		449.57	-
Operating Profit after exceptional items but before Tax		105,403.24	73,528.42
Less: Provision for tax		15,631.00	13,000.00
Less: Provision for wealth tax		7.11	5.68
Less: Deferred tax liability/(asset)		123.62	293.17
Operating Profit after Tax		89,641.51	60,229.57
Balance brought forward from previous year		58,292.41	60,542.35
Add/(Less): Excess/(Short) Provision for taxation no longer required		94.96	(563.51)
Profit available for appropriation		148,028.88	120,208.41
Appropriations:			
Less: Transferred to General Reserve		58,292.41	-
Less: Transferred to Debenture Redemption Reserve		43,334.00	61,916.00
Profit Carried to Balance Sheet		46,402.47	58,292.41
Earnings per share - Basic (Amount in ₹)		22.88	18.23
- Diluted (Amount in ₹)		22.48	17.81
Equity shares of ₹ 10/- each			
Number of shares used in computing earnings per share			
Basic		392,140,256	327,375,278
Diluted		399,138,563	334,996,367
Significant Accounting Policies and Notes on Accounts	V		

The accompanying Schedules A to V forms an integral part of these accounts

As per our report of even date attached

For and on behalf of the Board of Directors

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

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Managing Director

Waryam Singh
Director

Ashok Kumar Gupta
Director

Surinder Kumar Soni
Director

Shyam Sunder Dawra
Director

Jayesh R. Thar
(Proprietor)
Membership No. 032917

K. P. Devassy
Chief Financial Officer

Lalit Mohan Mehta
Director

Ramesh Chander Kapoor
Director

Place: Mumbai
Date: 27th May, 2011

Darshan D. Majmudar
Vice President - Company
Secretary & Legal

Satya Pal Talwar
Director

Raj Kumar Aggarwal
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in lacs)		31st March, 2010 (₹ in lacs)	
A.				
Cash flow from operating activities				
Net profit before tax	105,403.24		73,528.42	
Adjustments for :				
(1) Depreciation	724.92		510.28	
(2) Interest expenses	8,181.30		7,977.53	
(3) Profit on sale of units of mutual funds	(253.20)		(127.31)	
(4) Interest received	(9,541.67)		(7,934.84)	
(5) Dividend received	(6.20)		(6.20)	
(6) Loss on sale of investments	-		108.36	
(7) Loss by fire	449.57		-	
(8) Loss on sale of fixed assets	3.29	(441.99)	15.37	543.19
Operating profit before working capital changes	104,961.25		74,071.61	
Movements in working capital:				
Decrease/(Increase) in inventory	(202,945.00)		(166,103.82)	
Decrease/(Increase) in sundry debtors	(14,213.07)		(3,532.02)	
Decrease/(Increase) in other receivables	(193,334.00)		(2,309.33)	
(Decrease)/Increase in trade and other payables	107,520.19		18,941.91	
Net movement in working capital	(302,971.88)		(153,003.26)	
Cash generated from operations	(198,010.63)		(78,931.65)	
Less: Direct taxes paid (net of refunds)	5,042.24		12,014.85	
Net cash from operating activities	(203,052.87)		(90,946.50)	
B.				
Cash flows from investing activities				
(1) (Increase)/Decrease in capital work-in-progress	(9,422.29)		(1,249.38)	
(2) (Increase)/Decrease in investments (net)	(19,107.63)		(29,926.85)	
(3) Interest received	9,541.67		7,934.84	
(4) Dividend received	6.20		6.20	
(5) Purchase of fixed assets	(2,797.00)		(2,942.20)	
(6) Profit on sale of units of mutual funds	253.20		127.31	
(7) Sale of fixed assets	3.23		12.91	
Net cash from investing activities	(21,522.62)		(26,037.17)	
C.				
Cash flows from financing activities				
(1) Proceeds from borrowings	99,504.77		198,114.25	
(2) Repayment of borrowings	(85,137.03)		(207,274.53)	
(3) Proceeds from share warrants	49,320.00		39,000.00	
(4) Increase in share capital including share premium	115,750.00		168,840.00	
(5) Share issue expenses	(2,819.01)		(2,496.26)	
(6) Interest paid	(8,181.30)		(7,977.53)	
Net cash used in financing activities	168,437.43		188,205.93	
Net increase in cash and cash equivalents (A + B + C)	(56,138.06)		71,222.26	
Cash and cash equivalents at the beginning of the year	78,738.79		7,516.53	
Cash and cash equivalents at the end of the year	22,600.73		78,738.79	
Components of cash and cash equivalents as at	31st March, 2011		31st March, 2010	
Cash on hand	40.24		600.53	
With banks - on current account	2,771.68		29,132.79	
- on deposit account	19,788.81		49,005.47	
Total	22,600.73		78,738.79	

- 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.
 - During the year Company has allotted 1,30,00,000 Equity shares of ₹ 10/- each at a premium of ₹ 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

Place: Mumbai
Date: 27th May, 2011

K. P. Devassy
Chief Financial Officer

Darshan D. Majmudar
Vice President - Company
Secretary & Legal

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Waryam Singh
Director

Surinder Kumar Soni
Director

Lalit Mohan Mehta
Director

Satya Pal Talwar
Director

Sarang Wadhawan
Managing Director

Ashok Kumar Gupta
Director

Shyam Sunder Dawra
Director

Ramesh Chander Kapoor
Director

Raj Kumar Aggarwal
Director

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised:		
50,00,00,000 (previous year 50,00,00,000) Equity Shares of ₹ 10/- each	50,000.00	50,000.00
Issued, Subscribed and Paid Up		
41,50,03,986 (previous year 35,88,42,676) Equity Shares of ₹ 10/-each fully paid-up	41,500.40	35,884.27
(Of the above 23,12,20,595 Equity Shares of ₹ 10/- each were allotted as fully paid-up bonus shares by way of capitalisation of General Reserve and Securities Premium)	41,500.40	35,884.27
SCHEDULE "B"		
RESERVE AND SURPLUS		
Securities Premium Account		
Balance as per last Balance Sheet	342,081.58	152,872.84
Add: Received during the year	141,333.87	191,705.00
Less: Share issue expenses written off	2,871.97	2,496.26
	480,543.48	342,081.58
Debenture Redemption Reserve		
Balance as per last Balance Sheet	27,166.00	68,750.00
Add: Transferred from Profit and Loss Account	43,334.00	61,916.00
Less: Transferred to General Reserve	28,820.00	103,500.00
	41,680.00	27,166.00
General Reserve		
Balance as per last Balance Sheet	240,550.09	137,050.09
Add: Transferred from Profit and Loss Account	58,292.41	-
Add: Transferred from Debenture Redemption Reserve	28,820.00	103,500.00
	327,662.50	240,550.09
Profit and Loss Account	46,402.47	58,292.41
	46,402.47	58,292.41
	896,288.45	668,090.08
SCHEDULE "C"		
LOAN FUNDS		
SECURED LOANS *		
20,418 (previous year 19,800) Redeemable Non-Convertible Debentures of ₹ 10 lacs each	204,180.00	198,000.00
Loans from Scheduled Banks	160,688.64	159,818.95
Term loans from Financial Institutions	54,670.79	47,352.74
* Security details of these loans are given in Notes on Accounts Schedule V at serial No. B-16.	419,539.43	405,171.69

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "D"		
DEFERRED TAX LIABILITY (NET)		
Arising on account of timing differences		
Liabilities		
Related to fixed assets	762.89	613.54
	<u>762.89</u>	<u>613.54</u>
Assets		
Bonus payable	50.37	40.92
Provision for gratuity	(4.11)	4.44
Provision for encashment of leave	59.69	34.86
	<u>105.95</u>	<u>80.22</u>
	<u>656.94</u>	<u>533.32</u>

SCHEDULE "E" FIXED ASSETS

Description	Cost				Depreciation				Net Block	
	As at 1st April, 2010	Additions	Deletions	As at 31st March, 2011	Up to 31st March, 2010	For the year	On sale or adjustment	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Own assets:										
Tangible assets:										
Freehold Land	557.09	136.19	-	693.28	-	-	-	-	693.28	557.09
Buildings	13,738.55	2,821.00	1,303.93	15,255.62	313.15	397.27	119.78	590.64	14,664.98	13,425.40
Plant and Machinery	1,380.87	417.94	1,243.61	555.20	60.66	40.95	74.73	26.88	528.32	1,320.21
Office Equipments	625.47	149.03	373.98	400.52	88.19	33.27	71.81	49.65	350.87	537.28
Computers	333.39	312.22	316.31	329.30	139.89	50.65	157.88	32.66	296.64	193.50
Furniture and Fixtures	1,438.32	311.40	1,403.84	345.88	183.32	62.07	211.81	33.58	312.30	1,255.00
Vehicles	804.69	395.96	117.40	1,083.25	139.63	81.39	3.41	217.61	865.64	665.06
Total (A)	18,878.38	4,543.74	4,759.07	18,663.05	924.84	665.60	639.42	951.02	17,712.03	17,953.54
Intangible Assets:										
Computer softwares	174.70	6.50	4.84	176.36	58.23	59.32	0.80	116.75	59.61	116.47
Total (B)	174.70	6.50	4.84	176.36	58.23	59.32	0.80	116.75	59.61	116.47
Total (A) + (B)	19,053.08	4,550.24	4,763.91	18,839.41	983.07	724.92	640.22	1,067.77	17,771.64	18,070.01
Previous year	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
Capital Work-in-Progress									9,107.37	228.04

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "F"		
INVESTMENTS (AT COST) (NON-TRADE)		
Long Term		
Investments in immovable properties		
Leased out at HDIL Towers	2,976.88	3,650.00
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 ₹ 25/- each fully paid-up	47.50	47.50

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "F" (Contd.)		
In subsidiary company (Unquoted Shares)		
Privilege Power and Infrastructure Private Limited 1,50,00,000 (previous year 2,07,520) Equity Shares of ₹ 100/- each fully paid-up	32,846.03	746.35
HDIL Entertainment Private Limited 1,00,00,000 (previous year 10,000) Equity Shares of ₹ 10/- each fully paid-up	2,698.30	1.00
Blue Star Realtors Private Limited 34,00,000 (previous year 34,00,000) Equity Shares of ₹ 10/- each fully paid-up	1,348.52	1,348.52
Blue Star Realtors Private Limited 12,84,780 (previous year Nil) 0.01% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid-up	321.20	-
Ravijyot Finance & Leasing Private Limited 6,000 (previous year 6,000) Equity Shares of ₹ 10/- each fully paid-up	0.60	0.60
Excel Arcade Private Limited 10,000 (previous year 10,000) Equity Shares of ₹ 10/- each fully paid-up	601.50	601.50
Mazda Estates Private Limited 14,000 (previous year 14,000) Equity Shares of ₹ 10/- each fully paid-up	2,706.75	2,706.75
HDIL Commercial Properties Private Limited (formerly - HDIL Leisure Private Limited) 10,000 (previous year 10,000) Equity Shares of ₹ 10/- each fully paid-up	1.00	1.00
Guruashish Construction Private Limited 11,00,000 (previous year 11,00,000) Equity Shares of ₹ 100/- each fully paid-up	24,548.75	24,548.75
BKC Developers Private Limited 8,500 (previous year 6,000) Equity Shares of ₹ 10/- each fully paid-up	9,288.20	5,515.45
Lashkaria Construction Private Limited 69,00,000 (previous year Nil) Equity Shares of ₹ 10/- each fully paid-up	690.00	-
Other corporates (Unquoted)		
HDIL Infraprojects Private Limited Nil (previous year 1,80,00,000) Equity Shares of ₹ 10/- each fully paid-up	-	1,800.00
Privilege Ports and Energy Private Limited (formerly - HDIL Energy Private Limited) Nil (previous year 2,600) Equity Shares of ₹ 10/- each fully paid-up	-	0.26
UM Architectures and Contractors Limited Nil (previous year 20,000) Equity Shares of ₹10/- each fully paidup	-	1,768.81
Privilege Health Care Services Private Limited (formerly- HDIL Health Care Services Private Limited) Nil (previous year 1,000) Equity Shares of ₹ 10/- each fully paid-up	-	0.10
Privilege Ports and Energy Private Limited(formerly - HDIL Energy Private Limited) Nil (previous year 7,19,500) 0.01% Redeemable Preference Shares of ₹ 10/- each fully paid-up	-	71.95
HDIL Leisures Private Limited (formerly D. S. Corporation) 20,25,000 (previous year Nil) Equity Shares of ₹ 10/- each fully paid-up	202.50	-
Current Investments (at lower of cost or market value)		
In Mutual Funds		
JM Mutual Fund		
30,211.97 (previous year 30,211.97) units of JM Money Manager Super Plus Plan of ₹ 10/- each fully paid-up (NAV 31st March, 2011 ₹ 4.18 lacs (previous year ₹ 3.92 lacs))	3.80	3.80
In Capital Account with Joint venture		
(Refer Note No. B-17 of Schedule - V)	-	16,521.57
	78,595.26	59,647.64

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "G"		
INVENTORIES		
Finished Goods (lower of cost or net realisable value)	22,504.44	20,520.12
Work-in-progress (at cost)	986,143.88	782,846.12
	1,008,648.32	803,366.24
SCHEDULE "H"		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	980.73	1,879.29
Other debts		
Unsecured, considered good	33,304.10	18,192.47
	34,284.83	20,071.76
SCHEDULE "I"		
CASH AND BANK BALANCES		
Cash on hand	40.24	600.53
Balances with scheduled banks:		
On current accounts	2,771.68	29,132.79
On deposit accounts *	19,788.81	49,005.47
	22,600.73	78,738.79
* (includes fixed deposits of ₹ 3,024.20 lacs (previous year ₹ 2,943.65 lacs) pledged with bank as security for bank guarantees)		
SCHEDULE "J"		
OTHER CURRENT ASSET		
Interest accrued on fixed deposits	255.28	279.07
	255.28	279.07
SCHEDULE "K"		
LOANS AND ADVANCES (UNSECURED CONSIDERED GOOD)		
Loan to subsidiaries	97,380.42	73,594.02
Loan to associates	9,051.62	-
Advances recoverable in cash or in kind or for value to be received		
Goods and services	7,588.37	6,494.06
Land purchase/ tenancy/ claims/ development rights	298,422.50	138,681.13
Loans to employees	51.32	33.25
Prepaid expenses	96.96	129.41
Security deposits	1,513.14	1,599.76
Other receivable	12.38	-
	414,116.71	220,531.63

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ 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	43,652.74	27,560.46
(b) Advances from customers	118,012.19	41,003.69
(c) Investor education and protection fund		
i) Unpaid dividend	9.66	10.46
ii) Share application money refundable	10.14	10.14
Sub-Total	19.80	20.60
(d) Other liabilities	25,977.89	11,581.03
(e) Interest accrued but not due on loans	20.97	61.70
	187,683.59	80,227.48
SCHEDULE "M"		
PROVISIONS		
Provision for taxation	46,096.11	41,848.42
Provision for tax on fringe benefits	193.50	193.50
Provision for wealth tax	17.09	11.46
	46,306.70	42,053.38
Less: Taxes paid	32,695.07	38,942.66
	13,611.63	3,110.72
Provision for gratuity	-	13.06
Provision for encashment of leave	179.70	102.56
	13,791.33	3,226.34

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "N"		
TURNOVER		
Sale of commercial and residential units	4,212.69	6,060.75
Sale of development rights/ FSI/ Land/ TDR/ Materials	176,049.94	143,138.42
	180,262.63	149,199.17
SCHEDULE "O"		
OTHER INCOME		
Rent and compensation (TDS ₹ 81.75 lacs (previous year ₹ 195.51 lacs))	1,850.17	2,064.27
Dividend received (From Co-operative Bank)	6.20	6.20
Flat cancellation charges	46.47	19.87
Interest received (TDS ₹ 801.29 lacs (previous year ₹ 749.82 lacs))	9,541.67	7,934.84
Income from investments	253.20	127.31
Interest on capital with partnership firms	-	352.23
Share of revenue of Entertainment business	250.20	145.96
Miscellaneous income	65.42	108.39
	12,013.33	10,759.07
SCHEDULE "P"		
VARIATION IN STOCK-IN-TRADE		
Opening stock-in-trade	20,520.12	16,605.05
Closing stock-in-trade	22,504.44	20,520.12
	(1,984.32)	(3,915.07)
SCHEDULE "Q"		
VARIATION IN WORK-IN-PROGRESS		
Opening work-in-progress	782,846.12	627,564.54
Less: Adjustment during the year (Transfer to Subsidiary)	36,236.06	-
	746,610.06	627,564.54
Closing work-in-progress	986,143.88	782,846.12
	(239,533.82)	(155,281.58)
SCHEDULE "R"		
COST OF CONSTRUCTION AND DEVELOPMENT		
Land	34,626.01	4,882.21
Tenancy/ claims/ FSI/ development rights	90,711.93	40,258.73
Construction materials and other expenses	144,221.64	146,335.75
	269,559.58	191,476.69
SCHEDULE "S"		
FINANCE EXPENSES		
Project specific interest	49,615.01	43,664.96
Other interest	8,075.30	7,906.72
Bank charges	106.00	70.81
	57,796.31	51,642.49

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "T"		
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES		
Salaries, wages and bonus	3,549.46	2,257.60
Gratuity	92.01	36.97
Contribution towards Employee's State Insurance, Provident and other funds	244.47	152.90
Welfare expenses	287.00	155.35
	4,172.94	2,602.82
SCHEDULE "U"		
ADMINISTRATIVE EXPENSES		
Advertisement and sales promotion expenses	833.71	454.04
Commission and brokerage	21.65	59.29
Electricity charges	83.86	127.23
Insurance charges	1.81	0.95
Other administrative expenses	494.68	714.14
Loss on sale of investments	-	108.36
Loss on sale of fixed assets	3.29	15.37
Membership and subscription	11.17	6.68
Printing and stationery	206.47	162.49
Security charges	62.87	56.11
Professional fees	346.00	372.80
Rent, rates and taxes	258.68	249.12
Repairs and maintenance to buildings	69.34	113.77
Repairs and maintenance to other assets	29.10	53.75
Stamping and registration	5.52	8.24
Communication expenses	183.30	137.05
Postages and telegram expenses	33.32	22.65
Travelling and conveyance expenses	1,062.08	1,060.46
Directors remuneration and sitting fees	1,924.50	1,924.90
Remuneration to auditors	236.48	126.18
Donations	341.27	527.55
Filing fees paid to the Registrar of Companies	0.09	0.23
	6,209.19	6,301.36

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

SCHEDULE "V"

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.
- 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) Tangible assets

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 softwares: 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 recognised 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 ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

- a) **Sale:**
 - i) **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.
 - ii) **Sale/trading of goods and materials:**
 Sales are recognised when goods are supplied and are recorded net of returns, trade discounts, rebates and sales taxes.
- 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 from joint ventures:**
 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 period.

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 period 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.

(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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

- (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 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.

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 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

a) 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) Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership during the leased term, are classified as operating leases. Operating lease payments are charged to 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 sectors.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

2. Related party disclosure

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

Subsidiaries

1. Privilege Power and Infrastructure Private Limited
2. HDIL Entertainment Private Limited
3. Blue Star Realtors Private Limited
4. Ravijyot Finance & Leasing Private Limited
5. Excel Arcade Private Limited
6. Mazda Estates Private Limited
7. HDIL Commercial Properties Private Limited (Formerly: HDIL Leisure Private Limited)
8. Guruashish Construction Private Limited
9. BKC Developers Private Limited
10. Lashkaria Construction Private Limited w.e.f. 12.10.2010

Associates

HDIL Leisures Private Limited w.e.f. 12.08.2010 (Formerly: D.S. Corporation)

Enterprise significantly influenced by Key Management Personnel

1. Privilege Airways Private Limited
2. Privilege Industries Limited
3. Privilege Health Care Services Private Limited (formerly HDIL Health Care Services Private Limited)

B. Transactions with related party

Nature of transaction	31st March, 2011					31st March, 2010				
	Subsidiary	Enterprises influenced by Key Management Personnel	Joint Ventures/ Associates	Key Management Personnel	Total	Subsidiary	Enterprises influenced by Key Management Personnel	Joint Ventures/ Associates	Key Management Personnel	Total
Loans/advances paid	55,901.79	-	8,162.22	-	64,064.01	11,640.35	-	-	-	11,640.35
Loans/advances received	5,242.90	-	-	-	5,242.90	128.40	-	-	-	128.40
Investment in partnership firm	-	-	-	-	-	-	-	1,856.38	-	1,856.38
Investment in Equity/ preference shares	35,801.62	-	202.50	-	36,004.12	525.00	-	-	-	525.00
Interest received	6,980.57	-	988.22	-	7,968.79	7,338.47	-	352.23	-	7,690.70
Lease rent received	2.85	2.40	-	-	5.25	3.59	2.80	-	-	6.39
Share of revenue received	250.20	-	-	-	250.20	145.96	-	-	-	145.96
Share of profit received	-	-	(3.04)	-	(3.04)	-	-	-	-	-
Directors remuneration	-	-	-	1,800.00	1,800.00	-	-	-	1,800.00	1,800.00
Salary paid	-	-	-	88.25	88.25	-	-	-	57.73	57.73
Development right purchased	-	-	-	-	-	1,571.85	-	-	-	1,571.85
Sale of fixed assets/ commercial units	2,196.41	4,001.01	-	-	6,197.42	-	-	-	-	-
Travelling expenses	-	702.47	-	-	702.47	-	768.18	-	-	768.18
Outstanding as at year end - Due from	97,380.42	-	9,051.62	-	106,432.04	73,595.81	-	16,521.56	-	90,117.37
Outstanding as at year end - Due to	-	461.00	-	-	461.00	-	664.66	-	-	664.66

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

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

3. Remuneration to Auditors

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ 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	130.30	20.00
	236.48	126.18

4. Managerial Remuneration

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ 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	112.50
c) Sitting fees	12.00	13.20
	1,924.50	1,925.70

5. Computation of net profits for Commission payable to the Non-Executive Directors

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
Profit before tax as per profit and loss account	105,403.24	73,528.42
Add: Remuneration to the Executive Chairman and Managing Director	1,800.00	1,800.00
Commission to Non-Executive Directors	112.50	112.50
Sitting fees	12.00	13.20
Depreciation charged in account	724.92	510.28
Net loss on sale of fixed assets as per account	3.29	15.37
Net loss on sale of Investment as per account	-	108.36
	108,055.95	76,088.13
Less: Depreciation as per Section 350 of the Companies Act, 1956	724.92	510.28
Net profit as per Section 349 of the Companies Act, 1956	107,331.03	75,577.85
Commission payable to Non-Executive Directors @ 1% of the net profit	1,073.31	755.78
Restricted to	150.00	150.00

6. 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

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.

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
Obligations at beginning of period	92.67	67.64
Interest cost @ 8.25% (Previous year @ 8.25%)	7.65	5.58
Current service cost	75.34	34.28
Benefits paid	(5.05)	(17.47)
Actuarial (gain) loss on defined benefits obligation	22.11	2.64
Obligation at period end	192.72	92.67

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	79.61	-
Expected return	12.23	3.44
Actuarial gains and (losses)	0.86	2.09
Assets distributed on settlements	-	-
Contribution by employer	117.45	91.55
Benefits paid	(5.05)	(17.47)
Closing fair value of plan assets	205.10	79.61

iii) Amounts to be recognised in the Balance Sheet

Projected benefits obligation, at the end of the period	192.72	92.67
Fair value of plan assets at end of the period	205.10	79.61
Net asset/(liability) recognised in the balance sheet	12.38	(13.06)

iv) Gratuity cost for the year

Current service cost	75.34	34.28
Interest cost on obligation	7.65	5.58
Expected return on plan assets	(12.23)	(3.44)
Net actuarial (gain)/loss	21.25	0.55
Expense recognised in the statement of profit and loss	92.01	36.97

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

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.

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
Obligations at beginning of the period	102.56	71.60
Interest cost @ 8.25% (Previous year @ 8.25%)	8.46	5.91
Current service cost	41.76	24.48
Benefits paid	-	-
Actuarial (gain) loss on defined benefits obligation	26.92	0.57
Obligation at year end	179.70	102.56

ii) Amounts to be recognised in the Balance Sheet

Projected benefits obligation, at the end of the year	179.70	102.56
Fair value of plan assets at end of the year	-	-
Net asset/(liability) recognised in the balance sheet	(179.70)	(102.56)

iii) Leave Encashment cost for the year

Current service cost	41.76	24.48
Interest cost on obligation	8.46	5.91
Expected return on plan assets	-	-
Net actuarial (gain)/loss	26.92	0.57
Expense recognised in the statement of profit and loss	77.14	30.96

C) Valuation Assumptions:

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
i) Discount Rate	8.25%	8.25%
ii) Salary Growth	7.00%	7.00%
iii) Expected rate of return		
Gratuity	9.00%	9.00%
Leave encashment	-	-
iv) Mortality : LIC (1994-96)		
v) Withdrawals : 5% at younger ages reducing to 1% to older ages		
vi) Retirement age : 60 years as applicable		

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

7. Disclosure in respect of operating leases:

A) 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 ₹ 1,850.17 lacs (previous year ₹ 2,064.27 lacs).

c) Total minimum lease payments receivable

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
The total of minimum lease payments for the year:		
Not more than one year	1,505.37	1,463.12
Not less than one year and not more than five years	2,705.75	2,779.66
More than five years	128.44	178.88

B) Assets taken on lease:

a) General description of leasing arrangement

- i) Leased assets: Residential 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 paid or payable for the year is recognised in the profit and loss account ₹ 29.97 lacs (previous year ₹ Nil)

c) Total minimum lease payments payable

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
The total of minimum lease payments for year :		
Not more than one year	30.59	-
Not less than one year and not more than five years	12.53	-
More than five years	-	-

8. Capital commitments

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	736.42	94.99

9. Contingent Liabilities not provided for

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ 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 In the opinion of the management the above claims are not sustainable.	20,247.35	21,550.00
b) Guarantees provided by the bank	3,024.20	2,933.65
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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

10. Supplementary statutory information

	31-Mar-2011 (₹ in lacs)	31-Mar-2010 (₹ in lacs)
i) Earnings in foreign currency	Nil	Nil
ii) Expenditure in foreign currency		
- Legal fees	77.30	66.53
- Other matters	191.45	37.75
iii) Value of imports calculated on CIF basis		
- Capital goods	10.81	285.40
- Construction materials and other expenses	143.47	Nil

11. 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.

12. 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.
13. a) During the year, 1,30,00,000 share warrants were converted into one equity share of ₹ 10/- each at a premium of ₹ 230/- per share, out of balance warrants issued in previous year to one of the promoter of the Company.
 During the year, Company has issued 2,60,00,000 convertible warrants to one of the promoter of the Company at ₹ 275/- per warrant which is to be converted into one equity share each on preferential basis. The price at which the shares/warrants issued during the year is not prejudicial to the interest of the Company.
- b) During the year, Company has allotted 4,31,61,310 equity shares of ₹ 10/- each at premium of ₹ 258.18 each on private placement basis aggregating to ₹ 1,15,750 lacs to Qualified Institutional Buyers and the proceeds of the same have been utilised for the objects of the issue.
14. With effect from 1st July, 2010, the Finance Act, 2010 has inserted an Explanation, according to which the activity of construction would be deemed to be a taxable service provided by builder/promoter/ developer to the prospective buyer unless the entire payment for the property is paid by the prospective buyer or on his behalf after the completion of construction. In view of the writ petition filed by Maharashtra Chamber of Housing Industry, challenging the levy of service tax, the Company is awaiting the final decision in the matter. In case matter is decided against the industry, the Company will have to pay ₹ 1,292.52 lacs with interest toward estimated service tax liabilities and the same will be recovered from the customers and will be paid to the Revenue.
15. The Government of Maharashtra has introduced the composite scheme of levying MVAT @1% of the aggregate amount specified in the sale agreement or value specified for the purpose of stamp duty in respect of agreement under Bombay Stamp Act, 1958 whichever is higher, which are registered on or after 1st April, 2010. However, in view of stay granted by Bombay High Court in writ petition filed by Maharashtra Chamber of Housing Industry, the Company is awaiting the final decision in the matter. In case matter is decided against the industry, the Company will have to pay ₹ 417.63 lacs toward estimated MVAT liabilities and the same will be recovered from the customers and will be paid to the Revenue.

16. Loan funds:

Secured loans:

I) 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.mtrs. on the property situated at Ghatkopar (East)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

together with buildings constructed or to be constructed thereon. The term loan repayable in 48 equal monthly installment of ₹ 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 ₹ 5,000 lacs each after moratorium of two years from first disbursement. Interest rate is BPLR.

b) Central Bank of India:

Secured by registered mortgage of property admeasuring 10 acres situated at Premier Road, Off. LBS Marg, in Greater Mumbai, Village Kurla, Taluka Kurla, Mumbai. Rate of interest BPLR+ 0.50% payable monthly. Repayable in 12 equal bi-monthly installment of ₹ 2,500 lacs each commencing from June, 2011.

c) Punjab National Bank:

(I) Secured by equitable mortgage of land admeasuring 2,50,015 sq. mtrs. at Village Shirgaon, Chandansar Road, Virar (E), Taluka Vasai, District Thane. Rate of interest is BPLR+TP+1.50%. Repayment in 12 monthly installment of ₹ 1,666.67 lacs from July, 2010.

(II) Secured by *pari-passu* charge on registered mortgage of all the rights in Land admeasuring 15,554.55 sq. mtrs. bearing CTS No. 866B (1) at Village Ambivali, Taluka Andheri, Mumbai Suburban District as well as FSI pertaining to the plot of land bearing CTS 866-A admeasuring 93,327.40 sq.mtrs and right to TDR of the entire layout of 1,24,436.50 sq.mtrs. Rate of interest is BPLR +TP +3%. Repayment in 12 quarterly installment from 18th June, 2010.

d) Punjab and Sind Bank:

I) Secured by 1,52,955 sq. mtrs. of non-agricultural plot of Land situated at Village Chandansar, Virar (E) owned by Privilege Power and Infrastructure Private Limited, a subsidiary of the Company carrying interest at BPLR + 0.25% + TP + RP payable monthly. Repayment in 36 equal monthly instalment of ₹ 277.78 lacs from July, 2009.

II) Secured by exclusive charge on B & D Wings out of A, B, C & D wings, equivalent to 6,75,500 sq. ft. of saleable area of the proposed building of Majestic Tower, at Village Nahur, Mulund, Mumbai at the part of the Plot of CTS 300/ A-1 and 1021/B of Village Bhandup and CTS No. 771 of Village Nahur, Mulund, Mumbai and further 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, a subsidiary of the Company. Rate of Interest PLR + 1% payable monthly. Repayable in 36 monthly instalment of ₹ 347.22 lacs each after moratorium of 24 months from the date of first disbursement.

e) 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, a subsidiary of the Company. Rate of interest BPLR + 150 basis points payable monthly. Repayable in 10 quarterly instalment of ₹ 1,000 lacs each after moratorium of 6 months from the date of first disbursement.

f) The Jammu and Kashmir Bank:

Secured by registered mortgage of non-agricultural property of Privilege Power and Infrastructure Private Limited, a subsidiary of the Company, admeasuring 2,91,610 sq. mtrs. situated at Kopri, Virar (E). Rate of interest PLR payable monthly. Repayable in 10 equal quarterly installment of ₹ 2,000 lacs each. The first installment to commence after moratorium of 6 months from the date of first disbursement.

g) 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 ₹ 2,000 lacs each after moratorium of 6 months from the date of first disbursement.

ii) Secured by *pari-passu* charge on registered mortgage of all the rights in land admeasuring 15,554.55 sq. mtrs. bearing CTS No. 866B (1) at Village Ambivali, Taluka Andheri, Mumbai Suburban District as well as FSI pertaining

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

to the plot of land bearing CTS 866-A admeasuring 93,327.40 sq. mtrs. and right to TDR of the entire layout of 1,24,436.50 sq. mtrs. Rate of interest BPLR + 0.50% with monthly rests. Repayable in 16 quarterly installment of ₹ 1,563 lacs each after moratorium of 12 months from the date of first disbursement.

h) **Oriental Bank of Commerce:**

Secured by exclusive charge on A & C Wings out of A, B, C & D wings, equivalent to 6,75,500 sq. ft. of saleable area of the proposed building of Majestic tower, at Nahur, Mulund, Mumbai at the part of the Plot of CTS 300/ A-1 and 1021/B of Village Bhandup and CTS No. 771 of Village Nahur, Mulund, Mumbai. Rate of Interest PLR + 1% payable monthly. Repayable in 36 monthly instalment of ₹ 347.22 lacs each after moratorium of 24 months from the date of first disbursement.

i) **Allahabad Bank :-**

Secured by registered mortgage over the total construction area of 12,07,076 sq.ft. which includes free sale area admeasuring approximately 7,29,075 sq.ft. at CTS No. 551/27,552(pt), 552/1, 552/5 to 12 of Village Nahur, Taluka Kurla, 'T' ward, Mumbai together with the structure standing thereon at LBS Marg, Nahur Village, Mulund, Mumbai and further secured by Non-agricultural Land situated at Village Chandansar admeasuring 45,342 sq. mtrs. owned by Privilege Power and Infrastructure Private Limited, a subsidiary of the Company. Rate of Interest base rate + 5% payable monthly. Repayable in 12 equal quarterly installments after moratorium of 24 months from the date of first disbursement.

II) **Overdraft from Banks:**

a) **Punjab and Maharashtra Co-operative Bank Limited:**

Secured by pledge of Fixed deposit receipts with the bank, current rate of interest @7.5%p.a.

III) **Term Loans from Financial Institution:**

i) **IL & FS:**

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

ii) **Life Insurance Corporation of India:**

Term loan is secured by registered mortgage of property situated at Village Doliv and Village Khardi admeasuring 2,88,940 sq. mtrs. and further secured by mortgage of first to nine floors except 3rd, 4th and 6th floors of commercial building area admeasuring 1,95,846 sq. ft. situated at HDIL Towers, Bandra (East), Mumbai. Rate of interest is 13% p.a. payable monthly. Repayment by sixteen equal quarterly installment from November, 2010.

IV) **Secured Redeemable Non-Convertible Debentures (Listed):**

i) 11,500 (11,500) out of the total issue size of 11,500, Secured Redeemable Non-Convertible Debentures of ₹ 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 Non-agricultural Land admeasuring to about 173.40 acres i.e. 7,01,992 sq. mtrs. situated at village Kasarali, Taluka Vasai, District Thane which is owned by Privilege Power and Infrastructure Private Limited, a subsidiary of the Company. These Secured Non-Convertible Debentures are redeemable at 33% in third and fourth year and 34% at the end of fifth year.

ii) 4,250 (1,250) out of the total issue size of 5175, Secured Redeemable Non-Convertible Debentures of ₹ 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 Non-agricultural Land admeasuring to about 36.36 acres situated at Village Kopri, Taluka Vasai, District Thane which is owned by Privilege Power and Infrastructure Private Limited a subsidiary, of the Company. These Secured Non-Convertible Debentures are redeemable at 33% in third and fourth year and 34% at the end of fifth year.

V) **Secured Redeemable Non-Convertible Debentures (Non-listed):**

i) 1,527 (2,500) Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each fully paid carrying interest with a floor of 11.75% p.a. payable monthly are issued on private placement basis to Life Insurance Corporation of

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

India. The debentures are secured by 2,88,940 sq. mtrs Non-agricultural land situated at Village Doliv and Village Khardi, Vasai, District Thane and further secured by mortgage of first to nine floors except 3rd, 4th and 6th floors of commercial building area admeasuring 1,95,846 sq. ft. situated at HDIL Towers, Bandra (East), Mumbai. These Secured Non-Convertible Debentures are redeemable in eighteen equal monthly installment of ₹ 1,388.89 lacs from October, 2010.

- ii) 808 (1,000) Secured Redeemable Non-Convertible Debentures of ₹ 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. The debentures are secured by 2,88,940 sq. mtrs non agricultural land situated at Village Doliv and Village Khardi, Vasai, District Thane and further secured by mortgage of first to nine floors except 3rd, 4th and 6th floors of commercial building area admeasuring 1,95,846 sq. ft. situated at HDIL Towers, Bandra (East), Mumbai. These Secured Non – Convertible Debentures are redeemable in eighteen equal monthly installment of ₹ 1,666.67 lacs from October, 2010.
- iii) 1,833 (3,000) Secured Redeemable Non-Convertible Debentures of ₹ 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 of Non-agricultural Land situated at Village Doliv and Village Khardi, Vasai, District Thane and further secured by mortgage of first to nine floors except 3rd, 4th and 6th floors of commercial building area admeasuring 1,95,846 sq. ft. situated at HDIL Towers, Bandra (East), Mumbai. These Secured Non-Convertible Debentures are redeemable in eighteen equal monthly installment of ₹ 1,666.67 lacs from October, 2010.
- iv) 500 (Nil) out of the total issue size of 2000, Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each fully paid carrying interest @ 11.50% p.a. payable quarterly are issued on private placement basis to Bank of India. Secured by registered mortgage of Land admeasuring 395.24 sq. mtrs. situated at Survey No. 255 (comprised old Survey No. 255 and 256/03), mauje Maharajpura, Taluka Kadi, Mehsana, Gujarat. These Secured Non-Convertible Debentures are redeemable in bullet payment after one year.

- Notes:**
- i) All the above loans and debentures have been personally guaranteed by Executive Chairman and Managing Director of the Company.
 - ii) IDBI Trustee is the trustee to all the Debentures issued.
 - iii) Securities of the debentures issued to Life Insurance Corporation of India are shared on pari-passu basis for the term loan of Life Insurance Corporation of India.

17. Investment in Joint Ventures

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

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

18. Earnings per share has been computed as under:

		31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
(a) Net profit after tax as per profit and loss account	₹ in lacs	89,641.51	60,229.56
(b) Excess/(Short) Provision for taxation no longer required	₹ in lacs	94.96	(563.51)
(c) Net Profit attributable to Equity Shareholders	₹ in lacs	89,736.47	59,666.05
(d) Number of shares used in computing earnings per share			
Basic	Nos.	392,140,256	327,375,278
Diluted	Nos.	399,138,563	334,996,367
(e) Basic Earnings per share		22.88	18.23
(f) Diluted Earnings per share		22.48	17.81
(g) Nominal value per equity share is ₹ 10/-			

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

19. 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, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
i) Principal amount remaining unpaid as on 31st March, 2011	-	-
ii) Interest due thereon as on 31st March, 2011	-	-
iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with 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, 2011	-	-
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.	-	-

20. The Income tax, Fringe benefit tax and Wealth tax assessments have been completed up to the assessment year 2007-08. For the Assessment Year 2005-06 an appeal was filed by the Company against the Assessment Order and the appeal was decided in favour of the Company but Income tax department had also preferred an appeal before ITAT, Mumbai which is pending for final disposal. The Company has already deposited the tax demanded. However block assessment for the duration of 6 years is in the process.

21. Fixed assets:

Due to fire at the registered office of the Company situated on 9th floor at HDIL Towers, extensive damage had occurred to the property and records of the Company. The office building got affected, furniture and fixtures and other movable assets aggregating to ₹ 1,811.96 lacs were damaged. The loss of ₹ 449.57 lacs net of insurance claim has been accounted for under exceptional item in profit and loss account.

22. 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 ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

C. 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:	31/03/2011		
II. Capital raised during the year (Amount in ₹ lacs)			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	5,616.13
III. Position of Mobilisation and Deployment of Funds (Amount in ₹ lacs)			
Total Liabilities	1,585,380.14	Total Assets	1,585,380.14
Sources of Funds			
Paid-Up Capital	41,500.40	Reserves and Surplus	896,288.45
Secured Loans	419,539.43	Unsecured Loans	Nil
Deferred Tax Liability	656.94	Share Warrant	25,920.00
Application of Funds			
Net Fixed Assets	26,879.01	Investments	78,595.26
Net Current Assets	1,278,430.95	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil		
IV. Performance of company (Amount in ₹ lacs)			
Turnover (Sales and other income)	192,275.96	Total Expenditure	86,872.72
Profit before Tax	105,403.24	Profit after Tax	89,641.51
Earnings Per Share – (in ₹)	22.88	Dividend Rate %	-
Generic names of principal products/services of the Company (As per monetary Terms)			
Item Code No. (ITC Code)	NA	Product Description	NA

The accompanying Schedules A to V forms an integral part of these accounts

Signatures to Schedule A to V

For and on behalf of the Board of Directors

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

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Managing Director

Waryam Singh
Director

Ashok Kumar Gupta
Director

Surinder Kumar Soni
Director

Shyam Sunder Dawra
Director

Jayesh R. Thar
(Proprietor)
Membership No. 032917

K. P. Devassy
Chief Financial Officer

Lalit Mohan Mehta
Director

Ramesh Chander Kapoor
Director

Place: Mumbai
Date: 27th May, 2011

Darshan D. Majmudar
Vice President - Company
Secretary & Legal

Satya Pal Talwar
Director

Raj Kumar Aggarwal
Director

NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the members of PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED, will be held on Wednesday, 10th August, 2011 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, 2011 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and auditors thereon.
2. To appoint Director in place of Shri Rakeshkumar Wadhawan, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. 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.

For and on behalf of the Board of Directors

Shri Rakeshkumar Wadhawan
(Chairman)

Place: Mumbai

Date: 10th May, 2011

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 Twenty Seventh Annual Report with the audited statement of accounts for the year ended 31st March, 2011.

1. Financial Results:

(₹ in thousands)

	31st March, 2011	31st March, 2010
Gross sales and other receipts	87,703.42	16,231.69
Profit/(Loss) before depreciation and taxation	(9,126.70)	3,938.32
Depreciation	1,247.55	1,238.26
Profit/(Loss) before tax	(10,374.25)	2,700.07
Less: Provision for tax	-	879.16
Add: Deferred tax asset/(liability)	138.57	(900.47)
Profit/(Loss) after taxation	(10,235.68)	920.44
Less: Short provision for FBT for earlier year	5.65	-
Add: Excess provision for tax	-	1.55
Balance brought forward	59,678.86	58,756.87
Profit carried to Balance Sheet	49,437.53	59,678.86

2. Dividend:

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

3. Directors:

In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Rakeshkumar Wadhawan retires 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 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, Technology 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,

(₹ in thousands)

	31st March, 2011	31st March, 2010
(a) Earnings -	Nil	Nil
(b) Outgo -	Nil	Nil

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

DIRECTORS' REPORT

7. Directors' Responsibility Statement

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 loss 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 employees, suppliers, business associates and banks.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai

Date: 10th May, 2011

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, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011,
 - (ii) in the case of the Profit and Loss Account, of the loss 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: 10th May, 2011

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, 2011 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 on the last day of accounting year 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 off 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 ₹ 11,11,180.89 thousands and the year end balance is ₹ 11,11,180.89 thousands.
(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 hence 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 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 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, 2011 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 at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit but did not incur 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. 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 and its fellow subsidiary 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 issued 1,47,92,480 equity shares to its holding company covered in the register maintained under Section 301 of the Companies Act, 1956 and the terms and conditions of such issue is not prejudicial to the interest of the Company.
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: 10th May, 2011

BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	1,500,000.00		20,752.00	
Reserves and surplus	B	<u>1,824,895.85</u>	3,324,895.85	<u>104,417.02</u>	125,169.02
Loan funds					
Unsecured loans	C		1,111,180.89		3,142,256.24
Deferred tax liability	D		245.45		384.02
Total			<u>4,436,322.19</u>		<u>3,267,809.28</u>
APPLICATION OF FUNDS					
Fixed assets					
Gross block	E	19,071.94		18,911.15	
Less: Depreciation		<u>8,134.18</u>		<u>6,886.63</u>	
Net block			10,937.76		12,024.52
Investments					
	F		3,924.93		3,805.93
Current assets, loans and advances					
Inventories	G	3,682,995.50		3,447,684.19	
Sundry debtors	H	20,986.46		19,326.21	
Cash and bank balances	I	4,977.18		5,524.32	
Loans and advances	J	<u>1,082,365.36</u>		<u>120,984.84</u>	
			<u>4,791,324.50</u>		<u>3,593,519.56</u>
Less: Current liabilities and provisions					
Current Liabilities	K	369,406.00		340,789.25	
Provisions	L	<u>459.00</u>		<u>751.48</u>	
			<u>369,865.00</u>		<u>341,540.73</u>
Net current assets			4,421,459.50		3,251,978.83
Total			<u>4,436,322.19</u>		<u>3,267,809.28</u>
Significant accounting policies and notes on accounts	U				

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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
INCOME			
Turnover	M	67,651.36	-
Other income	N	20,052.06	16,231.69
Variation in inventory - stock-in-trade	O	(24,663.96)	12,275.75
- work-in-progress	P	259,975.27	474,764.66
		323,014.73	503,272.10
EXPENDITURE			
Purchases	Q	64,876.82	119,712.07
Employees remuneration and welfare expenses	R	5,069.76	5,031.32
Administrative expenses	S	11,132.84	11,274.41
Finance expenses	T	190,028.69	362,297.02
Compensation paid		60,013.00	-
Remuneration to auditors		1,015.45	1,015.45
Filing fees paid to Registrar of Companies		4.87	3.50
Depreciation	E	1,247.55	1,238.26
		333,388.98	500,572.03
Operating Profit/(Loss) before Tax		(10,374.25)	2,700.07
Less: Provision for tax		-	879.16
Add: Deferred tax asset/(liability)		138.57	(900.47)
Operating Profit/(Loss) after Tax		(10,235.68)	920.44
Balance brought forward from previous year		59,678.86	58,756.87
Less: Short provision for FBT for earlier year		5.65	-
Add: Excess provision no longer required		-	1.55
Profit available for appropriation		49,437.53	59,678.86
Appropriations:			
Profit carried to Balance Sheet		49,437.53	59,678.86
Earnings per share (Amount in ₹)			
Equity shares of par value ₹ 100/- each - Basic		(1.07)	4.44
- Diluted		(1.07)	4.44
Wighted average number of shares used in computing basic and diluted earnings per share		9,609,864	207,520
Significant accounting policies and notes on accounts	U		

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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
A Cash flow from operating activities				
Net profit before tax		(10,374.25)		2,700.07
Adjustments for:				
(1) Depreciation	1,247.55		1,238.26	
(2) Interest expenses	190,028.68		362,297.01	
(3) Investment Income	(65.00)	191,211.23	(65.00)	363,470.27
Operating profit before working capital changes		180,836.98		366,170.34
Adjustments for:				
Decrease/(Increase) in inventory	(235,311.31)		(487,040.40)	
Decrease/(Increase) in sundry debtors	(1,660.25)		(4,202.24)	
Decrease/(Increase) in other receivables	(961,380.52)		(103,395.79)	
(Decrease)/Increase in trade and other payables	28,441.16		26,670.19	
Net movement in working capital		(1,169,910.92)		(567,968.24)
Cash generated from operations		(989,073.94)		(201,797.90)
Less: Direct taxes paid (net of refunds)		122.53		722.95
Net cash from operating activities		(989,196.47)		(202,520.85)
B. Cash flows from investing activities				
(1) Purchase of investments	(119.00)		(2,000.00)	
(2) Investment income	65.00		65.00	
(3) Purchase of fixed assets	(160.79)	(214.79)	(47.00)	(1,982.00)
Net cash from investing activities		(214.79)		(1,982.00)
C. Cash flows from financing activities				
(1) Proceeds from issue of equity shares	3,209,968.16		-	
(2) Proceeds from borrowings	(2,031,075.36)		571,192.95	
(3) Interest paid	(190,028.68)	988,864.12	(362,297.01)	208,895.94
Net cash from financing activities		988,864.12		208,895.94
Net increase in cash and cash equivalents (A + B + C)		(547.14)		4,393.09
Cash and cash equivalents at the beginning of the year		5,524.32		1,131.23
Cash and cash equivalents at the end of the year		4,977.18		5,524.32
Components of cash and cash equivalents as at 31st March,		2011		2010
Cash on hand		4,972.85		5,152.32
With banks - on current account		4.33		372.00
		4,977.18		5,524.32

- 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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised:		
1,50,00,000 (previous year 1,50,00,000) Equity shares of ₹ 100/- each	1,500,000.00	1,500,000.00
Issued, Subscribed and Paid Up		
1,50,00,000 (previous year 2,07,520) Equity shares of ₹ 100/- each fully paid-up	1,500,000.00	20,752.00
Total	1,500,000.00	20,752.00
SCHEDULE "B"		
RESERVES AND SURPLUS		
Securities Premium Account		
Received during the year	1,730,720.16	-
General Reserve		
Balance as per last Balance Sheet	44,738.16	44,738.16
Profit and Loss Account	49,437.53	59,678.86
Total	1,824,895.85	104,417.02
SCHEDULE "C"		
UNSECURED LOANS		
From holding Company	1,111,180.89	3,142,256.24
Total	1,111,180.89	3,142,256.24
SCHEDULE "D"		
DEFERRED TAX LIABILITY/(ASSETS)		
Arising on account of timing difference		
Related to fixed assets	497.72	636.29
Provision for gratuity	(46.59)	(46.59)
Provision for encashment of leave	(113.44)	(113.44)
Provision for bonus	(92.24)	(92.24)
Total	245.45	384.02
SCHEDULE "E"		
FIXED ASSETS		

Description	COST			DEPRECIATION					NET BLOCK	
	As at 1st April, 2010	Additions during the year	Sale	As at 31st March, 2011	Up to 31st March, 2010	For the year	On Sale of assets	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Office Premises	4,204.36	-	-	4,204.36	709.81	68.53	-	778.34	3,426.01	3,494.55
Books	11.33	-	-	11.33	4.30	0.54	-	4.84	6.49	7.03
Office Equipments	4,826.28	142.63	-	4,968.91	1,086.24	234.07	-	1,320.31	3,648.60	3,740.05
Computers	3,719.85	18.16	-	3,738.01	2,342.90	519.26	-	2,862.16	875.85	1,376.95
Furniture and fixtures	4,019.23	-	-	4,019.23	1,292.51	222.78	-	1,515.29	2,503.94	2,726.72
Vehicles	2,130.10	-	-	2,130.10	1,450.87	202.37	-	1,653.23	476.87	679.23
Total	18,911.15	160.79	-	19,071.94	6,886.63	1,247.55	-	8,134.18	10,937.76	12,024.52
Previous year	18,864.15	47.00	-	18,911.15	5,648.38	1,238.26	-	6,886.63	12,024.52	13,215.78

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "F"		
INVESTMENTS		
Long Term (at cost)		
In immovable property		
Investment in property	1,305.93	1,305.93
Investments other than trade		
Unquoted shares		
Punjab and Maharashtra Co-op. Bank Limited		
1,00,000 (previous year 1,00,000) equity shares of ₹ 25/- each fully paid-up	2,500.00	2,500.00
Privilege Hi Tech Infrastructure Limited (Formerly known as GFM Infrastructure Limited)		
11,900 (previous year Nil) Equity shares of ₹ 10/- each fully paid	119.00	-
Total	3,924.93	3,805.93
SCHEDULE "G"		
INVENTORIES		
Stock-in-trade (lower of cost or net realisable value)	77,136.06	101,800.02
Work-in-progress (at cost)	3,605,859.44	3,345,884.17
Total	3,682,995.50	3,447,684.19
SCHEDULE "H"		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	16,299.18	13,886.35
Other debts		
Unsecured, considered good	4,687.28	5,439.86
Total	20,986.46	19,326.21
SCHEDULE "I"		
CASH AND BANK BALANCES		
Cash on hand	4,972.85	5,152.32
Balances with scheduled banks:		
On current accounts	4.33	372.00
Total	4,977.18	5,524.32
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	201,350.15	116,293.72
Loans to employees	131.33	140.75
Security deposits	610.90	4,158.90
Income tax refund receivable	231.02	85.36
Prepaid expenses	337.48	306.11
Other advances	879,643.90	-
Other receivables	60.58	-
Total	1,082,365.36	120,984.84

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

		31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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.		61,051.57	306,615.06
(b) Advances from customers		1,082.57	867.38
(c) Other liabilities		307,271.86	33,306.81
Total		369,406.00	340,789.25
SCHEDULE "L"			
PROVISIONS			
Provision for fringe benefit tax	91.38		209.39
Less: Fringe benefit tax paid	91.38		215.04
		-	(5.65)
Provision for income tax	2,200.15		2,396.39
Less: Tax paid	2,083.44		2,157.14
		116.71	239.25
Provision for gratuity		-	150.77
Provision for encashment of leave		342.29	367.11
Total		459.00	751.48

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "M"		
TURNOVER		
Sale of shops	67,651.36	-
Total	67,651.36	-
SCHEDULE "N"		
OTHER INCOME		
Rent and compensation (TDS ₹ 263.62 thousands, previous year ₹ 440.02 thousands)	2,537.26	2,326.23
Maintainance charges	17,445.22	13,515.46
Dividend (on shares of co-operative bank)	65.00	65.00
Interest on income tax refund	4.58	-
Car parking	-	325.00
Total	20,052.06	16,231.69
SCHEDULE "O"		
VARIATION IN STOCK-IN-TRADE		
Closing stock		
Stock in trade	77,136.06	101,800.02
Less: Opening stock		
Stock in trade	101,800.02	89,524.27
Total	(24,663.96)	12,275.75
SCHEDULE "P"		
VARIATION IN WORK-IN-PROGRESS		
Closing stock		
Work-in-progress	3,605,859.44	3,345,884.17
Less: Opening stock		
Work-in-progress	3,345,884.17	2,871,119.51
Total	259,975.27	474,764.66
SCHEDULE "Q"		
PURCHASES		
Land	16,725.97	99,577.66
Other civil materials	48,150.85	20,134.41
Total	64,876.82	119,712.07
SCHEDULE "R"		
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES		
Salaries, wages and bonus	4,227.62	4,133.07
Gratuity	(25.62)	189.61
Company's contributions to provident and other funds	399.86	370.96
Welfare expenses	467.90	337.68
Total	5,069.76	5,031.32

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "S"		
ADMINISTRATIVE EXPENSES		
Printing and stationery	90.89	255.79
Advertisement expenses	-	42.61
Electricity charges	102.36	101.17
Maintenance expenses	10,327.53	10,390.87
Conveyance	308.21	167.54
Rent paid	120.00	120.00
Communication expenses	183.85	196.43
Total	11,132.84	11,274.41
SCHEDULE "T"		
FINANCE EXPENSES		
Project specific interest	190,028.69	362,297.02
Total	190,028.69	362,297.02

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "U"

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 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 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 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 effect the sale.

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 and then revenue is recognized 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.

b) Gratuity and Leave encashment payable at the time of retirement are charged to Profit and Loss Account on the basis of actuarial valuation.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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 fresh issue of shares, if any.

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 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 had 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 their 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 disclosure

- A. List of related parties with whom transactions have taken place during the year and relationship:
 - Housing Development and Infrastructure Limited - Holding Company
 - Privilege Healthcare Services Private Limited (Formerly HDIL Healthare Services Private Limited) - Associate

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

B. Enterprise influenced by key management personnel - Not applicable

C. Transactions with related party

(₹ in thousands)

Nature of transaction	31st March, 2011				31st March, 2010			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	1,045,626.16	-	-	1,045,626.16	275,755.82	-	-	275,755.82
Proceeds from issue of equity shares	3,209,968.16	-	-	3,209,968.16	-	-	-	-
Rent paid	120.00	-	-	120.00	120.00	-	-	120.00
Interest paid	148,074.05	-	-	148,074.05	328,263.49	-	-	328,263.49
Sale of shop	-	67,651.37	-	67,651.37	-	-	-	-
Outstanding as at year end- Due to	1,111,180.89	-	-	1,111,180.89	3,142,256.24	-	-	3,142,256.24

D. 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:

(₹ in thousands)

	31st March, 2011	31st March, 2010
Obligations at the beginning of the year	775.45	550.25
Interest cost @ 8.25% (Previous year 8.25%)	63.97	45.40
Current service cost	84.42	91.74
Benefits paid	-	-
Actuarial (gain)/loss on defined benefits obligation	(106.16)	88.06
Obligation at the year end	817.68	775.45

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

(₹ in thousands)

	31st March, 2011	31st March, 2010
Opening fair value of plan assets	624.68	-
Expected return	64.58	26.51
Actuarial gains and (losses)	3.27	9.08
Assets distributed on settlements	-	-
Contribution by employer	185.73	589.09
Benefits paid	-	-
Closing fair value of plan assets	878.26	624.68

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

c) Amounts to be recognised in the Balance Sheet

	(₹ in thousands)	
	31st March, 2011	31st March, 2010
Present value of Defined benefits obligation as on	817.68	775.45
Fair value of plan assets as on	878.26	624.68
Liability recognised in balance sheet	(60.58)	150.77

d) Gratuity cost for the year

	(₹ in thousands)	
	31st March, 2011	31st March, 2010
Current service cost	84.42	91.74
Interest cost on obligation	63.97	45.40
Expected return on plan assets	(64.58)	(26.51)
Net actuarial (gain)/loss	(109.43)	78.98
Expense recognised in the statement of Profit and Loss	(25.62)	189.61

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:

	(₹ in thousands)	
	31st March, 2011	31st March, 2010
Obligations at the beginning of the year	367.11	601.53
Interest cost @ 8.25% (Previous year 8.25%)	30.29	49.63
Current service cost	48.78	52.97
Benefits paid	-	-
Actuarial (gain)/loss on defined benefits obligation	(103.89)	(337.02)
Obligation at the year end	342.29	367.11

b) Amounts to be recognised in the Balance Sheet

	(₹ in thousands)	
	31st March, 2011	31st March, 2010
Present value of Defined benefits obligation as on	342.29	367.11
Fair value of plan assets as on	-	-
Liability recognised in balance sheet	342.29	367.11

c) Leave Encashment cost for the year

	(₹ in thousands)	
	31st March, 2011	31st March, 2010
Current service cost	48.78	52.97
Interest cost on obligation	30.29	49.63
Expected return on plan assets	-	-
Net actuarial (gain)/loss	(103.89)	(337.02)
Expense recognised in the statement of Profit and Loss	(24.82)	(234.42)

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

(₹ in thousands)

	31st March, 2011	31st March, 2010
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

(₹ in thousands)

	31st March, 2011	31st March, 2010
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

(₹ in thousands)

	31st March, 2011	31st March, 2010
Guarantee and security for holding Company/fellow subsidiary Company	22,908,688	16,259,069

6. Supplementary statutory information

(₹ in thousands)

	31st March, 2011	31st March, 2010
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

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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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 2008-09. There is no pending tax demand on the Company.
11. **Earnings per equity share:**

		31st March, 2011	31st March, 2010
a)	Profit or loss attributable to equity shareholders		
	Profit after tax	₹ in thousands (10,235.68)	920.44
	Less: Short provision for FBT for earlier year	₹ in thousands 5.65	-
	Add: Excess provision no longer required	₹ in thousands -	1.55
		₹ in thousands (10,241.33)	922.00
b)	Weighted average number of equity shares of ₹ 10/- each	Nos. 9,609,864	207,520
	- Basic	₹ (1.07)	4.44
	- Diluted	₹ (1.07)	4.44

12. **Disclosure in respect of operating leases:**

Assets given on lease:

- a) General description of leasing arrangement
- Leased assets: Leasing of commercial premises.
 - Future lease rentals are determined on the basis of agreed terms.
 - 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 for the year ₹ 2537.26 thousands (previous year ₹ 2326.23 thousands)
- c) Total minimum lease payments receivable.

(₹ in thousands)

	31st March, 2011	31st March, 2010
Not more than one year	2,600.04	2,537.26
Not less than one year and not more than five years	2,886.45	4,957.49
More than five years	529.00	1,058.00

13. **Micro, small and medium enterprises**

- (a) As on 31st March, 2011 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.

14. i) The Company has provided security to its holding Company for securing following loans

Secured Loan - Non-Convertible Debentures

- a) 11,500 Secured Redeemable Non-Convertible Debentures

Secured by Non-agricultural Land admeasuring to about 173.40 acres i.e. 7,01,992 sq. mtrs. situated at village Kasarali, Taluka Vasai, District Thane in favour of various banks.

- b) 4,250 Secured Redeemable Non-Convertible Debentures

Secured by Non-agricultural Land admeasuring to about 36.36 acres situated at Village Kopri, Taluka Vasai, District Thane.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Secured Loan - Term loan

a) Jammu and Kashmir bank

Secured by registered mortgage of non-agricultural property of the Company admeasuring 2,91,610 sq. mtrs. situated at Kopri, Virar (E).

b) 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.

c) Punjab and Sind bank

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

d) United Bank of India

Secured by registered mortgage of land admeasuring 1,07,760 sq.mtrs. situated at Kopri (Chandansar), Virar East, Dist. Thane.

e) Allahabad Bank

Secured by Non-agricultural Land situated at Village Chandansar admeasuring 45,342 sq. mtrs.

ii) The Company has also provided security to its fellow subsidiary Company for securing following loan

Secured Loan - Term loan

a) Union Bank of India

Secured by registered mortgage of Non-agricultural property area admeasuring 1,23,365 sq. mtrs. situated at Village Chandansar and area admeasuring 1,23,360 sq. mtrs. situated at Village Doliv, Khardi, Koshimbi, Dahisar and Kasarali, owned by the Company.

- 15.** 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 ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

16. Balance Sheet Abstract and Company's General Business profile:

I. Registration Details	
Registration No.	U65990MH1984PTC033927
State Code	11
Balance Sheet Date	31st March, 2011
II. Capital Raised during the Year (₹ in thousands)	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	1,479,248
III. Position of Mobilisation and Deployment of Funds (₹ in thousands)	
Total Liabilities	4,806,187
Total Assets	4,806,187
Sources of Funds (₹ in thousands)	
Paid-up capital	1,500,000
Reserves and Surplus	1,824,896
Secured loans	-
Unsecured loans	1,111,181
Deferred Tax Liability	245
Application of Funds (₹ in thousands)	
Net Fixed Assets	10,938
Investments	3,925
Net Current Assets	4,421,459
Deffered Tax Assets	-
Miscellaneous Expenditure	-
Accumulated Losses	-
IV. Performance of Company (₹ in thousands)	
Turnover	67,651
Total Expenditure	12,380
Profit before tax	(10,374)
Profit after tax	(10,236)
Earning per share - Basic ₹	(1.07)
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 U

 For **THAR & CO.**

 Chartered Accountants
 Firm Registration No.: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

 Place: Mumbai
 Date: 10th May, 2011

NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the members of HDIL ENTERTAINMENT PRIVATE LIMITED, will be held on Wednesday the 10th August, 2011 at 10.30 a.m. at First 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, 2011 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 Director in place of Shri Ashok Kumar Gupta, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. 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.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai

Date: 10th May, 2011

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. 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 Fourth Annual Report with the audited statement of accounts for the financial year ended 31st March, 2011.

1. Financial results

(₹ in thousands)

	31st March, 2011	31st March, 2010
Gross sales and other receipts	290,403.15	101,118.58
Profit/(Loss) before depreciation and taxation	13,576.69	39,579.52
Less: Depreciation	17,082.72	977.02
Loss before tax	3,506.03	40,556.54
Less: Deferred tax liability	5,665.53	127.35
Loss after taxation	9,171.56	40,683.89
Loss brought forward	62,287.94	21,604.05
Less: Short Provision for Tax on Fringe Benefits	19.87	-
Loss carried to Balance Sheet	71,479.37	62,287.94

2. Dividend

On account of losses for the year, your Directors do not recommend payment of any dividend on the equity shares 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 Eleven Lac patrons were proudly entertained by "Kulraj Broadway" during the period 2010-2011. In order to create a Pan-India Level Brand Recognition "Kulraj Broadway" made its first existence outside Mumbai Metropolitan by starting a Multiplex in the heart of Kolkatta City in the year 2010-11. In the fiscal year 2011-12 we plan to start operations of 2 Properties scaling-up our total screen count to 23. Each of these multiplex's is at various stages of fit out/regulatory approvals. All of them are located at strategic locations in the respective cities making "Kulraj Broadway" a key player in the exhibition industry.

ii) Restaurants

Company intends to explore opportunities in the Food and Beverage industry by bringing two major international franchisees in Mumbai and other Metropolitan cities in India.

iii) Mall Management

During the current year Company started its Mall Management Business with The Dreams Mall at Bhandup and intends to continue the same and also venture into Mall Management at other Malls.

"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 2011.

4. Re-appointment of directors

In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Ashok Kumar Gupta retires 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 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.

6. (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.
- (b) During the year the Company has not undertaken any research and development activity.

DIRECTORS' REPORT

- (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,

(₹ in thousands)

	31st March, 2011	31st March, 2010
(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 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 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, commitments and dedication displayed by employees at all level and wish to convey their appreciation to the Banks, 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: 10th May, 2011

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, 2011 and also Profit and Loss Account and the Cash Flow statement for the year 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, 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011,
 - (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: 10th May, 2011

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, 2011 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, 2011 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) During the year, the Company has not disposed off its fixed assets which affects the going concern assumption.
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 ₹ 2,71,736.07 thousands and the year end balance is ₹ 39,775.32 thousands.
- (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 hence 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. 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 ₹ 50 Lakhs and also an average annual turnover for immediately preceding three consecutive financial years did not exceed ₹ 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.

ANNEXURE TO THE AUDITORS' REPORT

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, 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, 2011 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.
10. As the Company is registered for a period of less than five years, we do not have to offer our comments 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 issued 99,90,000 equity shares to its holding company covered in the register maintained under Section 301 of the Companies Act, 1956 and the terms and conditions of such issue is not prejudicial to the interest of the Company.
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: 10th May, 2011

BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
SOURCES OF FUNDS					
Shareholders' Fund					
Share capital	A	100,000.00		100.00	
Reserve and surplus	B	169,040.50	269,040.50	–	100.00
Loan Fund					
Unsecured loan	C		39,775.32		73,599.63
Deferred tax liability	D		6,069.83		404.30
Total			314,885.65		74,103.93
APPLICATION OF FUNDS					
Fixed Assets					
Gross block	E	496,067.27		12,378.58	
Less: Accumulated depreciation		18,628.84		1,546.56	
Net block		477,438.43		10,832.02	
Capital work-in-progress		6,365.47	483,803.90	–	10,832.02
Investments					
	F		2,500.00		2,500.00
Current Assets, Loans and Advances					
	G				
Inventories		584.67		544.18	
Sundry debtors		113,091.08		2,006.34	
Cash and bank balances		8,330.05		4,076.06	
Other Current Assets		121.97		4.64	
Loans and advances		37,961.25		12,988.18	
		160,089.02		19,619.40	
Less: Current Liabilities and Provisions					
	H				
Current liabilities		401,801.07		20,243.01	
Provisions		1,185.57		892.42	
		402,986.64		21,135.43	
Net current assets			(242,897.62)		(1,516.03)
Profit and Loss Account			71,479.37		62,287.94
Total			314,885.65		74,103.93
Significant Accounting Policies and Notes on 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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
INCOME			
Turnover	I	290,136.93	101,002.27
Other income	J	266.22	116.31
Variation in inventory	K	40.49	90.08
		290,443.64	101,208.66
EXPENDITURE			
Operating expenses	L	211,882.56	109,427.37
Employee's remuneration and welfare expenses	M	28,010.20	19,506.17
Administrative expenses	N	18,419.24	6,544.10
Finance expenses	O	17,938.59	5,160.57
Depreciation	D	17,082.72	977.02
Remuneration to auditors		613.28	120.15
Filing fees paid to the Registrar of Companies		3.08	1.20
Pre-operative expenses		–	28.62
		293,949.67	141,765.20
Loss before tax		3,506.03	40,556.54
Less: Deferred tax liability		5,665.53	127.35
Loss after tax		9,171.56	40,683.89
Loss brought forward from previous year		62,287.94	21,604.05
Less: Short Provision for tax on fringe benefits		19.87	–
Amount available for appropriation		(71,479.37)	(62,287.94)
Appropriations:		–	–
Balance carried to balance sheet		(71,479.37)	(62,287.94)
Earnings per equity share of ₹ 10/- each - Basic		(1.22)	(4,068.39)
- Diluted		(1.22)	(4,068.39)
Weighted average number of equity shares		75,36,713	10,000
Significant Accounting Policies and Notes on 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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
A. Cash Flow from operating activities				
Net profit before tax		(3,506.03)		(40,556.54)
Adjustments for:				
1) Depreciation	17,082.72		977.02	
2) Pre-operative expenses	–	17,082.72	28.62	1,005.64
Operating profit before working capital changes		13,576.69		(39,550.90)
Movements in working capital:				
Decrease/(Increase) in inventories	(40.49)		(90.08)	
Decrease/(Increase) in sundry debtors	(111,084.74)		(1,990.51)	
Decrease/(Increase) in other receivables	(25,090.40)		(11,033.88)	
(Decrease)/Increase in trade and other payables	381,851.04		16,467.44	
Net movement in working capital		245,635.41		3,352.97
Cash used in operations		259,212.10		(36,197.93)
Less: Direct taxes paid (net of refunds)		19.70		68.03
Net cash used in operating activities		259,192.40		(36,265.96)
B. Cash Flows from investing activities				
1) Preoperative expenses	–		(28.62)	
2) Capital work-in-progress	(6,365.47)		(2,500.00)	
3) Sale of Fixed Assets	19.97		–	
4) Purchases of fixed assets	(483,709.10)	(490,054.60)	(4,686.59)	(7,215.21)
Net cash used in investing activities		(490,054.60)		(7,215.21)
C. Cash Flows from financing activities				
1) Proceeds from borrowings	(33,824.31)		46,091.17	
2) Increase in Share Capital including share premium	268,940.50	235,116.19	–	46,091.17
Net cash from financing activities		235,116.19		46,091.17
Net increase in cash and cash equivalents (A + B + C)		4,253.99		2,610.00
Cash and cash equivalents at the beginning of the year		4,076.06		1,466.06
Cash and cash equivalents at the end of the year		8,330.05		4,076.06
Cash and cash equivalents as at 31st March		2011		2010
Cash on hand		584.70		240.09
With banks - on current accounts		3,192.35		3,785.97
With banks - on fixed deposit accounts		4,553.00		50.00
		8,330.05		4,076.06

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 **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
(Director)

Sarang Wadhawan
(Director)

Place: Mumbai
Date: 10th May, 2011

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "A"		
SHAREHOLDERS' FUND:		
Authorised share capital		
1,00,00,000 (previous year 50,000) Equity shares of ₹ 10/- each	100,000.00	500.00
Issued, subscribed and paid up :		
1,00,00,000 (previous year 10,000) Equity shares of ₹ 10/- each fully paid	100,000.00	100.00
Total	100,000.00	100.00
SCHEDULE "B"		
RESERVE AND SURPLUS		
Securities Premium Account	169,830.00	-
Less: Expenses of increasing authorised share capital	(789.50)	-
Total	169,040.50	-
SCHEDULE "C"		
LOAN FUNDS		
Unsecured loan from holding company	39,775.32	73,599.63
Total	39,775.32	73,599.63
SCHEDULE "D"		
DEFERRED TAX LIABILITY (NET)		
Arising on account of timing differences		
Liabilities		
Related to fixed assets	6,989.96	1,090.90
Total (a)	6,989.96	1,090.90
Assets		
Bonus Payable	415.62	412.31
Provision for gratuity	132.86	(2.02)
Provision for leave encashment	366.35	269.23
Preliminary expenses written off	5.30	7.07
Total (b)	920.13	686.59
Total (a-b)	6,069.83	404.31

SCHEDULE "E"

FIXED ASSETS

DESCRIPTION	COST			DEPRECIATION				NET BLOCK		
	As at 1st April, 2010	Additions during the year	Sale during the year	As at 31st March, 2011	Up to 31st March, 2010	For the year	On asset sold	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
(A) Tangible assets										
Leasehold Land	-	185,080.90	-	185,080.90	-	-	-	-	185,080.90	-
Plant and machinery	266.32	150,996.08	-	151,262.40	20.14	6,681.02	-	6,701.16	144,561.24	246.18
Furniture and fixture	318.92	144,376.78	-	144,695.70	18.33	8,595.58	-	8,613.91	136,081.79	300.59
Office equipments	2,060.93	225.40	20.40	2,265.93	176.71	195.98	0.43	372.26	1,893.67	1,884.22
Computers	7,630.40	2,336.16	-	9,966.56	1,105.01	1,343.55	-	2,448.56	7,518.00	6,525.39
Total	10,276.57	483,015.32	20.40	493,271.49	1,320.19	16,816.13	0.43	18,135.89	475,135.60	8,956.38
(B) Intangible assets										
Computer softwares	1,866.83	693.78	-	2,560.61	178.77	243.07	-	421.84	2,138.77	1,688.06
Logos and trademarks	179.78	-	-	179.78	38.56	17.98	-	56.54	123.24	141.22
Website Development	55.39	-	-	55.39	9.03	5.54	-	14.57	40.82	46.36
Total	2,102.00	693.78	-	2,795.78	226.36	266.59	-	492.95	2,302.83	1,875.64
Total (A+B)	12,378.57	483,709.10	20.40	496,067.27	1,546.55	17,082.72	0.43	18,628.84	477,438.43	10,832.02
Capital Work-in-Progress									6,365.47	-
Total									483,803.90	10,832.02
Previous year	3,147.66	9,230.91	-	12,378.57	569.53	977.02	-	1,546.55	10,832.02	2,578.13

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "F"		
INVESTMENTS (At Cost) (Non-Trade) (Long Term)		
Unquoted Shares		
Punjab & Maharashtra Co-op Bank Limited		
1,00,000 (previous year 100,000) Equity Shares of ₹ 25/- each fully paid-up	2,500.00	2,500.00
Total	2,500.00	2,500.00
SCHEDULE "G"		
CURRENT ASSETS, LOANS AND ADVANCES		
(i) Current assets		
a) Inventories (at cost)		
Food and beverages	474.58	382.12
Others	110.09	162.06
Total	584.67	544.18
b) Sundry debtors		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	102,503.28	-
Other debts	10,587.80	2,006.34
Total	113,091.08	2,006.34
c) Cash and bank balances		
Cash in hand	584.70	240.09
Balances with scheduled banks:		
On current accounts	3,192.35	3,785.97
On deposit accounts*	4,553.00	50.00
*(pledged as security for bank guarantee)		
Total	8,330.05	4,076.06
d) Other Current Assets		
Interest Accrued on Fixed Deposits	121.97	4.64
Total	122,127.77	6,631.22
	(a+b+c+d)	
(ii) Loans and advances		
Unsecured considered good		
Advances recoverable in cash or in kind or for value to be received		
Goods and services	25,849.92	10,160.64
Loans to employees	399.28	321.75
Prepaid expenses	1,739.31	597.97
Security deposits	9,590.87	1,894.09
Income Tax Refund receivable	316.65	13.73
Other Receivables	65.22	-
Total	37,961.25	12,988.18
Total	160,089.02	19,619.40
	(i+ii)	

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "H"		
CURRENT LIABILITIES AND PROVISIONS		
(i) Current liabilities		
1. Sundry creditors		
a) total outstanding dues of micro enterprises and small enterprises	-	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises	82,317.65	17,841.48
Total	82,317.65	17,841.48
2. Advances from customers	1,049.46	-
3. Other liabilities	318,433.96	2,401.53
Total	401,801.07	20,243.01
(ii) Provisions		
Provision for fringe benefit tax	20	67.86
Less: Tax paid	20	68.03
Total	-	(0.17)
Provision for Gratuity	-	21.31
Provision for leave encashment	1,185.57	871.28
Total	1,185.57	892.42
Total	(i + ii) 402,986.64	21,135.43

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "I"		
TURNOVER		
Box office sales	112,057.25	72,621.01
Sales of food and beverages	31,180.98	20,712.82
Parking charges (TDS current year ₹ 5.58 thousands : previous year Nil)	1,469.34	826.42
Income from game zone	9,896.69	3,714.33
Income from restaurant	6,263.76	1,750.00
Income from Kiosk rent (TDS current year ₹ 65.25 thousands : previous year Nil)	3,642.78	662.95
Income from Banquet etc. (TDS current year ₹ 85.48 thousands : previous year Nil)	3,027.14	128.00
Mall Management Charges	119,092.27	-
Income from advertisements (TDS current year ₹ 49.97 thousands : previous year ₹ 0.02 thousands)	3,506.72	586.74
Total	290,136.93	101,002.27
SCHEDULE "J"		
OTHER INCOME		
Miscellaneous income	24.24	21.17
Income from Sale of Tender Documents	43.00	-
Profit on Sale of Fixed Assets	0.43	-
Interest on electricity deposit	67.40	90.98
Interest on Income Tax Refund	0.79	-
Interest on fixed deposit (TDS current year ₹ 13.04 thousands : previous year Nil)	130.36	4.16
Total	266.22	116.31
SCHEDULE "K"		
VARIATION IN INVENTORY		
Closing stock-in-trade	584.67	544.18
Opening stock-in-trade	544.18	454.10
Total	40.49	90.08
SCHEDULE "L"		
OPERATING EXPENSES		
Purchases	11,212.81	7,330.64
Film share and other expenses	60,125.37	37,195.32
Programming charges	856.89	727.22
Advertisement/Business promotion expenses	2,646.65	8,691.94
Electricity charges	34,376.74	8,261.10
Diesel purchases	25,459.08	5,174.91
Housekeeping expenses	14,050.66	7,317.61
Entertainment tax	32,815.70	20,059.87
Maharashtra value added tax	1,509.24	1,081.94
Parking management fees	580.85	421.14
Other operating costs	28,248.57	13,165.68
Total	211,882.56	109,427.37

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "M"		
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES		
Salaries, wages and bonus	24,364.41	17,226.57
Gratuity	436.46	172.57
Contribution to provident fund and other funds	2,009.89	1,325.97
Staff welfare expenses	1,199.44	781.06
Total	28,010.20	19,506.17
SCHEDULE "N"		
ADMINISTRATIVE EXPENSES		
Repairs and maintenance		
To machinery	8,090.09	1,250.77
To other assets	3,101.36	2,219.24
Professional, consultancy and legal fees	2,585.48	965.52
Printing and stationery	419.73	267.86
Communication expenses	1,095.09	481.01
Travelling and conveyance expenses	1,027.18	583.11
Rent - Office premises	150.00	198.54
Profession tax	2.50	2.50
Other Administrative Expenses	1,861.31	570.55
Donations	86.50	5.00
Total	18,419.24	6,544.10
SCHEDULE "O"		
FINANCE EXPENSES		
Interest on loan	17,717.98	5,135.15
Bank charges	220.61	25.42
Total	17,938.59	5,160.57

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

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 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 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 ₹ 5.00 thousands 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) Income from Mall Management, Hiring Place, Advertisement, Kiosk hiring and Banquet Hall are recognised on accrual basis.

v) 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/fixed assets are charged to the project/fixed assets 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

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.

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) Earnings per equity share:

Basic earnings 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 fresh issue of equity shares, if any.

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 had 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 their 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
1. a) Contingent liabilities not provided for:		
Gaurantees provided on behalf of the Company by Bank	4,553.00	50.00
Show Tax Payable	180.26	Nil
b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	22,231.52	Nil
2. Licensed and Installed capacities	N.A.	N.A.

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.

4. Remuneration to Auditors:

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
Audit fees	120.15	120.15
Taxation matters	–	–
Others	493.13	–
	613.28	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 and multiplexes
- Future Leased rentals 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.

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
B) Lease payment recognised in the profit and loss account	259.50	198.54
C) Future Lease Rental payments		
i) Not later than one year	26,088.00	115.82
ii) Later than one year and not later than five years	104,352.00	–
iii) Later than five years	–	–

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

11. Earning per equity share:

		31st March, 2011	31st March, 2010
a.	Profit or loss attributable to equity shareholders		
	Loss after tax	(₹ in thousands) 9,171.56	40,683.89
	Less: Short Provision for tax on fringe benefits	(₹ in thousands) 19.87	–
		(₹ in thousands) (9,151.43)	(40,683.89)
b.	Number of equity shares of ₹ 10/- each	Nos. 75,36,713	10,000
c.	EPS - Basic	₹ (1.22)	(4,068.39)
	- Diluted	₹ (1.22)	(4,068.39)

12. Micro, Small and Medium Enterprises:

- As on 31st March, 2011 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.

13. The Company has adopted Accounting Standard 15 (revised 2005) – Employee benefit (“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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
Obligations at the beginning of the year	509.84	309.44
Interest cost @8.25% (previous year 8.25%)	42.06	25.53
Current service cost	440.93	275.29
Benefits paid	–	–
Actuarial (gain)/loss on defined benefits obligation	29.62	(100.42)
Obligation at year end	1,022.45	509.84
b) Changes in Fair Value of Planned Assets		
Opening Fair Value of Plan assets	488.52	–
Expected Return @9%	67.50	20.73
Actuarial gains/(losses)	8.65	7.10
Contribution by employer	523.00	460.69
Changed Fair Value of Planned assets	1,087.67	488.52
c) Amounts to be recognised in the Balance Sheet		
Present value of Defined benefits obligation as on	1,022.45	509.84
Fair value of plan assets as on	1,087.67	488.53
Liability recognised in Balance Sheet	(65.22)	21.31
d) Gratuity cost for the year		
Current service cost	440.93	275.29
Interest cost on obligation	42.06	25.53
Expected return on plan assets	(67.50)	(20.73)
Net actuarial (gain)/loss	20.97	(107.52)
Expense recognised in the statement of Profit and Loss	436.46	172.57

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

B. Leave encashment liability:

- i) The AS-15 (Revised 2005) stipulates that the rate used to discount post employment benefit obligation (both funded & 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:

	31st March, 2011 (₹in thousands)	31st March, 2010 (₹in thousands)
Obligations at the beginning of the year	871.28	424.33
Interest cost @8.25%(Previous year 8.25%)	71.88	35.01
Current service cost	289.81	247.81
Benefits paid	-	-
Actuarial (gain)/loss on defined benefits obligation	(47.39)	164.13
Obligation at year end	1,185.58	871.28
b) Amounts to be recognised in the Balance Sheet		
Present value of Defined benefits obligation as on	1,185.58	871.28
Fair value of plan assets as on	-	-
Liability recognised in Balance Sheet	1,185.58	871.28
c) Leave Encashment cost for the year		
Current service cost	289.81	247.81
Interest cost on obligation	71.88	35.01
Expected return on plan assets	-	-
Net actuarial (gain)/loss	(47.39)	164.13
Expense recognised in the statement of Profit and Loss	314.30	446.95

C. Valuation Assumptions

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

Mortality	: LIC (1994-96) published table of Mortality Rates
Discount Rate	: 8.25% (previous year 8.25%)
Salary Growth	: 7% per annum
Expected rate of return	: 9% (Gratuity), Not Applicable (Leave encashment)
Withdrawals	: 5% at younger ages reducing to 1% at older ages
Retirement age	: 60 years

14. Related Party:

List of related parties with whom transactions have taken place during the year and relationship:

Holding Company

Housing Development and Infrastructure Limited

Key Managerial Person

Mr. Mukesh Gupta - CEO

Enterprise significantly influenced by key management personnel

Not applicable

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

Transactions with related party

(₹ in thousands)

Nature of transaction	31st March 2011				31st March 2010			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	16,837.18	-	-	16,837.18	26,266.57	-	-	26,266.57
Issue of Shares	269,730.00	-	-	269,730.00	-	-	-	-
Interest paid	8,979.81	-	-	8,979.81	5,135.15	-	-	5,135.15
Purchase of Fixed Assets	219,641.01	-	-	219,641.01	-	-	-	-
Lease rent paid	165.45	-	-	165.45	198.54	-	-	198.54
Salary paid	-	-	4,376.59	4,376.59	-	-	3,515.62	3,515.62
Share of revenue paid	25,020.04	-	-	25,020.04	14,596.31	-	-	14,596.31
Outstanding at the end of the year Due to	39,775.32	-	-	39,775.32	73,599.63	-	-	73,599.63

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

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

I. Registration Details	
Registration No.	U92100MH2007PTC172998
State Code	11
Balance Sheet Date	31st March, 2011
II. Capital Raised during the year (₹ in Thousands)	
Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement	99,900
III. Position of Mobilisation and Deployment of Funds (₹ in Thousands)	
Total Liabilities	646,393
Total Assets	646,393
Sources of Funds (₹ in Thousands)	
Paid-up capital	100,000
Reserves and Surplus	169,041
Secured loans	-
Unsecured loans	39,775
Deferred Tax Liability	6,070
Application of Funds (₹ in Thousands)	
Net Fixed Assets	483,804
Investments	2,500
Net Current Assets	(242,897)
Accumulated Losses	71,479
IV. Performance of company (₹ in Thousands)	
Turnover	290,403
Total Expenditure	293,950
Profit/(Loss) before tax	(3,547)
Profit/(Loss) after tax	(9,172)
Earning per share (In ₹)	(1.22)
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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Director)

Sarang Wadhawan
(Director)

BLUE STAR REALTORS PRIVATE LIMITED

NOTICE

Notice is hereby given that the Twenty first Annual General Meeting of the members of BLUE STAR REALTORS PRIVATE LIMITED, will be held on Thursday the 11th August, 2011 at 10.00 a.m. 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, 2011 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and auditors thereon.
2. To appoint Director in place of Shri Ashok Kumar Gupta, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. 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.

For and on behalf of the Board of Directors

Sarang Wadhawan

(Chairman)

Place: Vasai

Date: 10th May, 2011

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 Twenty first Annual Report together with the audited statement of accounts for the year ended 31st March, 2011.

1. Financial Results

(₹ in thousands)

	31st March, 2011	31st March, 2010
Gross sales and other receipts	75.00	109.88
Profit before depreciation and taxation	2.71	47.89
Depreciation	-	8.05
Profit before tax	2.71	39.84
Less: Provision for tax	0.84	6.16
Less: Deferred tax (written back)	-	27.83
Profit after tax	1.87	5.86
Balance brought forward	785.17	803.25
Less: Short provision of income tax of earlier years	-	23.93
Add: Excess provision of tax of earlier years	36.09	-
Profit carried to balance sheet	823.13	785.18

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 Ashok Kumar Gupta 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,

(₹ in thousands)

	31st March, 2011	31st March, 2010
(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,

- in the preparation of the annual accounts, the applicable accounting standards to the extent applicable, 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 the 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.

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: 10th May, 2011

BLUE STAR REALTORS PRIVATE LIMITED

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, 2011 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 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - (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: 10th May, 2011

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, 2011 of Blue Star Realtors 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 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) 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 ₹ 22,47,576.44 thousands and the year end balance is ₹ 22,47,576.44 thousands.
(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 sale of goods and 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 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. 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, 2011 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.
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.

BLUE STAR REALTORS PRIVATE LIMITED

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. 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 issued 12,84,780 preference shares to its holding company covered in the register maintained under Section 301 of the Companies Act, 1956 and the terms and conditions of such issue is not prejudicial to the interest of the Company.
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 : 10th May, 2011

BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
SOURCES OF FUNDS					
Shareholders' Fund					
Share capital	A	46,847.80		34,000.00	
Reserves and surplus	B	28,528.70	75,376.50	9,219.04	43,219.04
Loan Funds					
Unsecured loan	C	2,247,576.44	2,247,576.44	2,237,953.75	2,237,953.75
Total			2,322,952.94		2,281,172.79
APPLICATION OF FUNDS					
Investments	D		2,500.00		2,500.00
Deferred Tax Asset	E		–		–
Current Assets, Loans and Advances					
Inventories	F	2,630,681.88		2,300,196.14	
Cash and bank balances		245.06		2,939.43	
Loans and advances		6.00		8.30	
		<u>2,630,932.94</u>		<u>2,303,143.87</u>	
Less: Current Liabilities and Provisions					
Current liabilities	G	310,479.16		24,428.53	
Provisions		0.84		42.55	
		<u>310,480.00</u>		<u>24,471.08</u>	
Net current assets			2,320,452.94		2,278,672.79
Total			2,322,952.94		2,281,172.79
Significant Accounting Policies and Notes on Accounts	M				

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: 10th May, 2011

For and on behalf of the Board of Directors

Sarang Wadhawan
 (Director)

Hetin Sakhuja
 (Director)

BLUE STAR REALTORS PRIVATE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
INCOME			
Other income	H	75.00	109.88
Variation in inventory	I	330,485.74	278,603.70
		330,560.74	278,713.58
EXPENDITURE			
Development expenses	J	45,047.08	2,119.51
Project specific interest on loan	K	285,438.66	276,484.19
Other financial charges	K	4.56	0.88
Administrative expenses	L	5.71	3.46
Remuneration to auditors		55.15	55.15
Filing fees paid to the Registrar of Companies		6.87	2.50
Depreciation		-	8.05
		330,558.03	278,673.74
Profit before tax		2.71	39.84
Less: Provision for tax		0.84	6.16
Less: Deferred tax asset (written back)		-	27.83
Profit after tax		1.87	5.85
Balance brought forward		785.17	803.25
Less: Short provision of tax of earlier years		-	23.93
Add: Excess provision of tax of earlier years		36.09	-
Balance carried to balance sheet		823.13	785.17
Earnings per equity share of ₹ 10/- fully paid			
		- Basic (₹)	(0.01)
		- Diluted (₹)	(0.01)
Significant accounting policies and notes on accounts	M		

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: 10th May, 2011

For and on behalf of the Board of Directors

Sarang Wadhawan
 (Director)

Hetin Sakhuja
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
A. Cash Flow from operating activities				
Net profit before tax		2.71		39.84
Adjustments for:				
(1) Depreciation	-		8.05	
(2) Investment income	(65.00)		(65.00)	
(3) Profit on sale of fixed assets	-	(65.00)	(44.88)	(101.83)
Operating profit before working capital changes		(62.29)		(61.99)
Movements in working capital:				
Decrease/(Increase) in inventories	(330,485.74)		(278,603.70)	
Decrease/(Increase) in other receivables	2.00		(8.00)	
(Decrease)/Increase in trade and other payables	286,050.64		(23,867.47)	
Net movement in working capital		(44,433.10)		(302,479.17)
Cash used in operations		(44,495.39)		(302,541.16)
Less: Direct taxes paid (net of refund)		6.17		425.92
Net cash used in operating activities		(44,501.56)		(302,967.08)
B. Cash Flows from investing activities				
(1) Investment income	65.00		65.00	
(2) Purchase of shares	-		(2,000.00)	
(3) Sale of fixed assets	-	65.00	111.50	(1,823.50)
Net cash used in investing activities		65.00		(1,823.50)
C. Cash Flows from financing activities				
(1) Proceeds from borrowings	9,622.69		307,521.18	
(2) Proceeds from issue of preference share capital	32,119.50	41,742.19	-	307,521.18
Net cash from financing activities		41,742.19		307,521.18
Net increase in cash and cash equivalents (A + B + C)		(2,694.37)		2,730.60
Cash and cash equivalents at the beginning of the year		2,939.43		208.83
Cash and cash equivalents at the end of the year		245.06		2,939.43
Components of cash and cash equivalents as at 31st March		2011		2010
Cash on hand		184.84		181.13
With banks - on current account		60.22		2,758.30
Total		245.06		2,939.43

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

Sarang Wadhawan
 (Director)

Hetin Sakhuja
 (Director)

 Place: Mumbai
 Date: 10th May, 2011

BLUE STAR REALTORS PRIVATE LIMITED
**SCHEDULES ANNEXED TO AND FORMING
PART OF THE BALANCE SHEET AS AT**

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised share capital		
34,00,000 (previous year 34,00,000) Equity shares of ₹ 10/- each	34,000.00	34,000.00
16,00,000 (previous year 16,00,000) Preference shares of ₹ 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 ₹ 10/- each fully paid.	34,000.00	34,000.00
12,84,780 (previous year Nil) 0.1% Non-cumulative Redeemable Preference shares of ₹ 10/- each fully paid.	12,847.80	-
Total	46,847.80	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
Securities Premium Account		
Balance as per last balance sheet	1,626.67	1,626.67
Add: Received during the year	19,271.70	-
	20,898.37	1,626.67
Surplus		
Profit and loss account	823.13	785.17
	823.13	785.17
Total	28,528.70	9,219.04
SCHEDULE "C"		
LOAN FUNDS		
Unsecured loan		
From holding company	2,247,576.44	2,237,953.75
Total	2,247,576.44	2,237,953.75
SCHEDULE "D"		
INVESTMENTS (AT COST)		
In shares		
Unquoted (other than trade investments) (long-term)		
Punjab and Maharashtra Co-operative Bank Limited	2,500.00	2,500.00
1,00,000 (previous year 1,00,000) Equity shares of ₹ 25/- each fully paid		
Total	2,500.00	2,500.00

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "E"		
DEFERRED TAX ASSETS		
Arising on account of timing difference		
Related to fixed assets	-	27.83
Less: written back	-	27.83
Total	-	-
SCHEDULE "F"		
CURRENT ASSETS, LOANS AND ADVANCES		
(I) Current assets		
(a) Inventory (at cost)		
Work-in-progress	2,630,681.88	2,300,196.14
Total (a)	2,630,681.88	2,300,196.14
(b) Cash and Bank balances		
Cash in hand	184.84	181.13
Cash at scheduled bank on current account	60.22	2,758.30
Total (b)	245.06	2,939.43
Total - (I) (a + b)	2,630,926.94	2,303,135.57
(II) Loans and advances		
Advances recoverable in cash or in kind or for value to be received		
Prepaid expenses	6.00	8.00
Total (a)	6.00	8.00
Fringe benefit tax paid	3.05	3.05
Less: Provision for Fringe benefit tax	3.05	2.75
Total (b)	-	0.30
Total - (II) (a + b)	6.00	8.30
Total (I) + (II)	2,630,932.94	2,303,143.87
SCHEDULE "G"		
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.	962.54	49.64
(b) Other liabilities	309,516.62	24,378.89
Total - (I)	310,479.16	24,428.53
(II) Provisions		
Provision for taxation	429.87	465.42
Less: Tax paid	429.03	422.87
Total - (II)	0.84	42.55
Total (II) + (II)	310,480.00	24,471.08

BLUE STAR REALTORS PRIVATE LIMITED
**SCHEDULES ANNEXED TO AND FORMING
 PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "H"		
OTHER INCOME		
Dividend (on shares of co-operative bank)	65.00	65.00
Sale of scrap	10.00	-
Profit on sale of fixed assets	-	44.88
Total	75.00	109.88
SCHEDULE "I"		
VARIATION IN INVENTORY		
Closing stock		
work-in-progress	2,630,681.88	2,300,196.14
Less: Opening stock		
work-in-progress	2,300,196.14	2,021,592.44
Total	330,485.74	278,603.70
SCHEDULE "J"		
DEVELOPMENT EXPENSES		
Construction material	7,126.54	-
Other development expenses	17,077.18	511.70
Professional fees	20,843.36	1,607.81
Total	45,047.08	2,119.51
SCHEDULE "K"		
FINANCE EXPENSES		
Project specific interest on loan	285,438.66	276,484.19
Other financial charges	4.56	0.88
Total	285,443.22	276,485.07
SCHEDULE "L"		
ADMINISTRATIVE EXPENSES		
TDS filling charges	0.09	0.18
Demat charges	2.21	0.83
Interest on late payment of statutory dues	-	0.40
Sundry expenses	1.41	0.05
Profession tax	2.00	2.00
Total	5.71	3.46

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE : "M"

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

c) **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.

d) **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.

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 fresh issue of shares, if any.

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.

BLUE STAR REALTORS PRIVATE LIMITED
**NOTES ON ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2011**

- (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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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
	c) Security provided for term loan availed by the holding company	Nil	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.

		31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
3.	Remuneration to auditors:		
	a) Audit fees (inclusive of service tax)	55.15	55.15
	b) Taxation matters	-	-
	c) Other services	-	-
		<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, 2011 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011

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, 2011	31st March, 2010
10.	Earnings per equity share:			
a)	Profit or loss attributable to equity shareholders			
	Profit after tax	(₹ in thousands)	1.87	5.85
	Add: Excess provision of tax of earlier years	(₹ in thousands)	36.09	-
	Less: Short provision of income tax of earlier years	(₹ in thousands)	-	23.93
		(₹ in thousands)	37.96	(18.08)
b)	Equity shares (weighted average)	Nos.	3,400,000	3,400,000
c)	EPS - Basic	₹	0.01	(0.01)
	- Diluted	₹	0.01	(0.01)

11. Related party disclosures

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

2. Transaction with Related Party

(₹ in thousands)

Nature of transaction	31st March, 2011				31st March, 2010			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	-	-	-	-	88,111.16	-	-	88,111.16
Loans/advances repaid	180,496.42	-	-	180,496.42	-	-	-	-
Issue of preference shares	12,847.80	-	-	12,847.80	-	-	-	-
Securities premium received	19,271.70	-	-	19,271.70	-	-	-	-
Interest paid	246,931.79	-	-	246,931.79	243,788.91	-	-	243,788.91
Outstanding as at year end- Due to	2,247,576.44	-	-	2,247,576.44	2,237,953.75	-	-	2,237,953.75

3. Key Management Personnel:

Not applicable

4. Enterprise significantly influenced by key management personnel

Not applicable

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.

BLUE STAR REALTORS PRIVATE LIMITED
**NOTES ON ACCOUNTS
 FOR THE YEAR ENDED 31ST MARCH, 2011**
13 Balance Sheet Abstract and Company's General Business profile:

I. Registration Details	
Registration No.	U45200MH1990PTC55968
State Code	11
Balance Sheet Date	31st March, 2011
II. Capital Raised during the Year (₹ in thousands)	
Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement	12,848
III. Position of Mobilisation and Deployment of Funds (₹ in thousands)	
Total Liabilities	2,633,433
Total Assets	2,633,433
Sources of Funds (₹ in thousands)	
Paid-up capital	46,848
Reserves and Surplus	28,529
Secured loans	-
Unsecured loans	2,247,576
Deferred tax liability	-
Application of Funds (₹ in thousands)	
Net Fixed Assets	-
Investments	2,500
Deferred tax assets	-
Net Current Assets	2,320,453
Miscellaneous Expenditure	-
Accumulated Losses	-
IV. Performance of company (₹ in thousands)	
Turnover	-
Total Expenditure	72
Profit/(Loss) before tax	3
Profit/(Loss) after tax	2
Earnings per share [in ₹]	0.01
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 M

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

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

 Place: Mumbai
 Date: 10th May, 2011

For and on behalf of the Board of Directors

Sarang Wadhawan
 (Director)

Hetin Sakhuja
 (Director)

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the members of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED, will be held on Thursday, 11th August, 2011 at 3.00 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, 2011 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and auditors thereon.
2. To appoint Director in place of Shri Sarang Wadhawan who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. To appoint Director in place of Shri Jayesh Shah who retires by rotation at this meeting and being eligible offers himself for re-appointment.
4. 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.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

(Chairman)

Place: Mumbai

Date: 10th May, 2011

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 Sixteenth Annual Report with the audited statement of accounts for the year ended 31st March, 2011.

1. Financial Results

(₹ in thousands)

	31st March, 2011	31st March, 2010
Gross sales and other receipts	125.00	50.00
Profit before depreciation and taxation	117.71	40.83
Depreciation	116.25	–
Profit before tax	1.46	40.83
Less: Provision for tax	0.27	6.31
Less: Deferred tax liability	0.45	–
Profit after tax	0.74	34.52
Balance brought forward	13.96	(20.56)
Balance carried forward to balance sheet	14.70	13.96

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 Sarang Wadhawan and Shri Jayesh Shah retires 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(1 B) of the Companies Act, 1956.

5. 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.

6. (a) During the year the Company has not undertaken any research and development activity.

(b) 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,

(₹ in thousands)

	31st March, 2011	31st March, 2010
(a) Earnings	Nil	Nil
(b) Outgo	Nil	Nil

(c) 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, to the extent applicable, 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 the year;

DIRECTORS' REPORT

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 employees, business associates and banks for their 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: 10th May, 2011

AUDITORS' REPORT

To the Mmembers of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED,

1. We have audited the attached balance sheet of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED, as at 31st March, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 2011,
 - (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 **VIPUL BHEDA & ASSOCIATES**

Chartered Accountants

Firm Registration No. 117487W

Vipul Bheda

(Proprietor)

Membership No. 103694

Place: Mumbai

Date: 10th May, 2011

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, 2011 of RAVIJYOT FINANCE & LEASING 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 on the last day of accounting year 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 off any of the fixed assets during the year and hence the going concern assumption is not affected.
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 ₹ 14,07,519.36 thousands and the year end balance is ₹ 14,07,519.36 thousands.
(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 hence 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 fixed assets and 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 ₹ 50 lakhs and also an average annual turnover for immediately preceding three consecutive years did not exceed ₹ 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, 2011 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.
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.

ANNEXURE TO THE AUDITORS' REPORT

11. The Company does not have any dues to a financial institution or bank, accordingly, provisions of the Clause No. 4 (xi) of the Order are 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 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: 10th May, 2011

BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
SOURCES OF FUNDS					
Shareholders' Fund					
Share capital	A		100.00		100.00
Reserve and Surplus	B		14.70		13.96
LOAN FUNDS					
Unsecured loan	C		1,407,519.36		1,150,398.28
DEFERRED TAX LIABILITY	D		0.45		–
Total			<u>1,407,634.51</u>		<u>1,150,512.24</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross block	E		1,963.72		–
Less: Accumulated depreciation			<u>116.25</u>		<u>–</u>
Net block			1,847.47		–
Current Assets, Loans and Advances					
Inventories	F		1,250,490.88		1,102,817.05
Cash and bank balances			1,500.29		166.25
Loans and advances			<u>160,074.53</u>		<u>59,115.28</u>
			<u>1,412,065.70</u>		<u>1,162,098.58</u>
Less: Current Liabilities and Provisions					
Current liabilities	G		6,278.39		11,585.03
Provisions			<u>0.27</u>		<u>1.31</u>
			<u>6,278.66</u>		<u>11,586.34</u>
Net current assets			1,405,787.04		1,150,512.24
Total			<u>1,407,634.51</u>		<u>1,150,512.24</u>
Significant Accounting Policies and Notes on Accounts	L				

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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Jayesh T. Shah
 (Director)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
INCOME			
Other income (TDS - Nil, previous year ₹ 5 thousands)	H	125.00	50.00
Variation in inventory	I	147,673.82	995,500.87
		147,798.82	995,550.87
EXPENDITURE			
Land and development expenses	J	60.50	878,766.43
Finance expenses		147,613.32	116,734.44
Administrative expenses	K	0.94	2.67
Remuneration to auditors		5.00	5.00
Filing fees paid to the Registrar of Companies		1.35	1.50
Depreciation		116.25	–
		147,797.36	995,510.04
Profit before tax		1.46	40.83
Less: Provision for tax		0.27	6.31
Less: Deferred tax liability		0.45	–
Profit after tax		0.74	34.52
Add: Balance brought forward		13.96	(20.56)
Balance carried forward to balance sheet		14.70	13.96
Earnings per equity share of ₹ 10/- each - Basic (₹)		0.07	3.45
- Diluted (₹)		0.07	3.45
Significant Accounting Policies and Notes on Accounts	L		

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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Jayesh T. Shah
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
A. Cash Flow from operating activities				
Net profit before tax		1.46		40.83
Adjustments for:				
(1) Depreciation		116.25		-
Operating profit before working capital changes		117.71		40.83
Movements in working capital:				
Decrease/(Increase) in Work-in-progress	(147,673.82)		(995,500.87)	
Decrease/(Increase) in other receivables	(100,959.25)		760,002.00	
(Decrease)/Increase in trade and other payables	(5,306.64)		(11,788.46)	
Net movement in working capital		(253,939.71)		(247,287.33)
Cash used in operations		(253,822.00)		(247,246.50)
Less: Direct taxes paid (net of refunds)		1.31		5.00
Net cash used in operating activities		(253,823.31)		(247,251.50)
B. Cash Flows from investing activities				
Purchase of fixed assets		(1,963.72)		-
Net cash used in investing activities		(1,963.72)		-
C. Cash Flows from financing activities				
(1) Proceeds from borrowings	257,121.07		247,290.69	
Net cash from financing activities		257,121.07		247,290.69
Net increase in cash and cash equivalents (A + B + C)		1,334.04		39.19
Cash and cash equivalents at the beginning of the year		166.25		127.06
Cash and cash equivalents at the end of the year		1,500.29		166.25
Cash and cash equivalents as at 31st March		2011		2010
Cash on hand		1,388.00		76.67
With banks - on current account		112.29		89.58
		<u>1,500.29</u>		<u>166.25</u>

- 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

Vipul Bheda
 (Proprietor)
 Membership No. 103694

Place: Mumbai
 Date: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Jayesh T. Shah
 (Director)

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "A"		
SHAREHOLDERS FUND:		
Authorised share capital		
5,00,000 (previous year 5,00,000) Equity shares of ₹ 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 ₹ 10/- each fully paid	100.00	100.00
Total	100.00	100.00
SCHEDULE "B"		
RESERVE AND SURPLUS		
Profit and Loss account	14.70	13.96
Total	14.70	13.96
SCHEDULE "C"		
LOAN FUNDS		
Unsecured loan		
From holding company	1,407,519.36	1,150,398.28
Total	1,407,519.36	1,150,398.28
SCHEDULE "D"		
Deferred tax liability/(asset)		
Arising on account of timing difference		
Related to fixed assets	77.11	–
Unabsorbed depreciation	(76.66)	–
Total	0.45	–

SCHEDULE E FIXED ASSETS

(₹ in thousand)

Description	COST				DEPRECIATION				NET BLOCK	
	As on 01-04-2010	Additions during the year	Sale	As on 31-03-2011	Up to 31-03-2010	For the year	On sale	Up to 31-3-2011	As on 31-03-2011	As on 31-03-2010
Office equipments	–	701.58	–	701.58	–	23.92	–	23.92	677.67	–
Computers	–	300.75	–	300.75	–	40.33	–	40.33	260.42	–
Furniture and fixtures	–	961.39	–	961.39	–	52.00	–	52.00	909.38	–
Total	–	1,963.72	–	1,963.72	–	116.25	–	116.25	1,847.47	–
Previous year	–	–	–	–	–	–	–	–	–	–

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

	31st March, 2011 (₹in thousands)	31st March, 2010 (₹in thousands)
SCHEDULE "F"		
CURRENT ASSETS, LOANS AND ADVANCES		
I) Current Assets		
a) Inventories		
Work-in-Progress (at cost)	1,250,490.88	1,102,817.05
Total (a)	1,250,490.88	1,102,817.05
b) Cash and bank balances		
Cash in hand	1,388.00	76.67
Cash at scheduled banks on current accounts	112.29	89.58
Total (b)	1,500.29	166.25
Total (I) (a+b)	1,251,991.17	1,102,983.30
(II) LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received :		
a) Advances for land purchase	49,370.47	6,078.00
b) Other advances	110,704.06	53,037.28
Total (II)	160,074.53	59,115.28
Total (I+II)	1,412,065.70	1,162,098.58
SCHEDULE "G"		
CURRENT LIABILITES 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	1,599.23	5.00
b) Other liabilities	4,679.16	11,580.03
Total (I)	6,278.39	11,585.03
(II) Provisions		
Provision for taxation	6.58	6.31
Less: Tax paid	6.31	5.00
Total (II)	0.27	1.31
Total (I+II)	6,278.66	11,586.34

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

	31st March, 2011 (₹in thousands)	31st March, 2010 (₹in thousands)
SCHEDULE "H"		
OTHER INCOME		
Professional fees received	-	50.00
Sale of scrap	125.00	-
Total	125.00	50.00
SCHEDULE "I"		
VARIATION IN INVENTORY		
Closing stock		
Work-in-progress	1,250,490.87	1,102,817.05
Less: Opening stock		
Work-in-progress	1,102,817.05	107,316.18
Total	147,673.82	995,500.87
SCHEDULE "J"		
LAND AND DEVELOPMENT EXPENSES		
Land	-	878,766.43
Development expenses	60.50	-
Total	60.50	878,766.43
SCHEDULE "K"		
ADMINISTRATIVE EXPENSES		
Bank charges	-	2.32
Sundry expenses	0.94	0.35
Total	0.94	2.67

SIGNIFICANT ACCOUNTING POLICIES NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "L"

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. a) 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.

b) Depreciation on fixed assets:

Depreciation is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

3. Inventories:

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

4. 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.

5. 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.

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 out as period cost as specified in Accounting Standard (AS-16) on "Borrowing Costs".

7. 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.

SIGNIFICANT ACCOUNTING POLICIES NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

8. 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, if any.

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.

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. Impairment:

- 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.
- 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.

11. 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 their 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.

12. Contingent liabilities:

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

B. OTHER NOTES:

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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	5.00
b) Taxation matters	Nil	Nil
c) Other matters	Nil	Nil
	5.00	5.00

SIGNIFICANT ACCOUNTING POLICIES NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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, 2011 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.

10. **Earnings per equity share:**

		31st March, 2011	31st March, 2010
a. Profit or loss attributable to equity shareholders	(₹ in thousands)	0.74	34.52
b. Weighted average number equity shares of ₹ 10/- each	Nos.	10,000	10,000
c. EPS (in ₹)			
- Basic	₹	0.07	3.45
- Diluted	₹	0.07	3.45

11. 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
- Transactions with related Parties

(₹ in thousands)

Nature of transaction	31st March, 2011				31st March, 2010			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	124,377.32	-	-	124,377.32	143,070.37	-	-	143,070.37
Loans/advances repaid	-	-	-	-	-	715.00	-	715.00
Intrest paid	147,493.07	-	-	147,493.07	115,000.36	-	-	115,000.36
Outstanding at the end of the year-Due to	1,407,519.36	-	-	1,407,519.36	1,150,398.28	-	-	1,150,398.28

- Key management personnel
Not applicable
- Enterprise significantly influenced by key management personnel
Not applicable
- 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.

SIGNIFICANT ACCOUNTING POLICIES NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

13. Balance Sheet Abstract and Company's General Business profile:

I. Registration Details	
Registration No.	U67120MH1995PTC086603
State Code	11
Balance Sheet Date	31st March, 2011
II. Capital Raised during the Year (₹ in Thousands)	
Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement	-
III. Position of Mobilisation and Deployment of Funds (₹ in Thousands)	
Total Liabilities	1,413,913
Total Assets	1,413,913
Sources of Funds (₹ in Thousands)	
Paid up capital	100
Reserves and Surplus	15
Secured loans	-
Unsecured loans	1,407,519
Application of Funds (₹ in Thousands)	
Net Fixed Assets	1,847
Investments	-
Net Current Assets	1,405,787
Miscellaneous Expenditure	-
Accumulated Losses	-
IV. Performance of Company (₹ in Thousands)	
Turnover	-
Total Expenditure	124
Profit/(Loss) before tax	1
Profit/(Loss) after tax	1
Earnings per share [in ₹]	0.07
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

Signature to Schedule A to L

 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
 (Director)

Jayesh T. Shah
 (Director)

 Place: Mumbai
 Date: 10th May, 2011

NOTICE

Notice is hereby given that the Third Annual General Meeting of the members of HDIL COMMERCIAL PROPERTIES PRIVATE LIMITED (Formerly HDIL Leisure Private Limited), will be held on Tuesday, the 9th August, 2011 at 5.30 p.m. at 1st 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, 2011 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 Director in place of Shri Waryam Singh, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. 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.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai
Date : 20th May, 2011

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, 2011.

1. Financial Results

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
Gross sales and other receipts	62.94	889.26
Profit before depreciation, amortisation and taxation	44.66	873.83
Depreciation and amortisation	43.45	813.05
Profit before tax	1.21	60.78
Less: Provision for tax	0.22	9.39
Add: Deferred tax asset	20.10	2,835.69
Profit after tax	21.09	2,887.08
Balance brought forward	(7,283.98)	(10,171.06)
Less: Short Provision for tax on fringe benefits for earlier year	4.32	-
Loss carried to Balance Sheet	(7,267.21)	(7,283.98)

2. Dividend

On account of acculated losses, your Directors do not recommend payment of any dividend on the equity shares.

3. Business activities

The Company is in process of identifying various commercial properties and thereafter tie it up for its business.

4. Directors

In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Waryam Singh retires 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 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.

6. (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) 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.
- (c) During the year the Company has not undertaken any research and development activity.
- (d) 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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
(a) Earnings	Nil	Nil
(b) Outgo	83.18	4,175.79

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

DIRECTORS' REPORT

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 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 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 May, 2011

AUDITORS' REPORT

To the Members of HDIL COMMERCIAL PROPERTIES PRIVATE LIMITED,

1. We have audited the attached Balance Sheet of HDIL COMMERCIAL PROPERTIES PRIVATE LIMITED (Formerly Known as HDIL Leisure Private Limited), as at 31st March, 2011, 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011,
 - (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 May, 2011

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, 2011 of HDIL COMMERCIAL PROPERTIES PRIVATE LIMITED (Formerly Known as 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, 2011 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) Except disposal of capital work-in-progress the Company has not disposed off any of the fixed assets during the year and according to information and explanations given to us 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 ₹ 4,13,792.54 thousands and the year end balance is ₹ 0/-.
(c) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loan, were not prima facie prejudicial to the interest of the Company.
(d) The said loan taken from its holding company was repayable on demand and there is no repayment schedule.
(e) In respect of the loan taken by the Company, the same was repayable on demand and the same has been repaid in full.
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, fixed assets and Sale of goods. 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. 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 ₹ 50 lakhs or this being the Third 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, 2011 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. 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.
 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 May, 2011

BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
Sources of Funds					
Shareholders' Fund					
Share capital	A		100.00		100.00
Loan Funds					
Secured loan	B	241,000.00		500,000.00	
Unsecured loan		-	241,000.00	157,107.80	657,107.80
Total			241,100.00		657,207.80
Application of Funds					
Fixed assets					
Gross block	C	339.22		202.53	
Less: Depreciation		87.50		44.05	
		251.72		158.48	
Capital Work-in-Progress		-		187,871.42	
			251.72		188,029.90
Investment	D		2,500.00		2,500.00
Deferred Tax Assets	E		2,887.59		2,867.49
Current Assets, Loans and Advances					
Sundry debtors	F	-		871.48	
Cash and Bank balances		753.48		3,590.99	
Loans and advances		235,208.76		456,649.09	
		235,962.24		461,111.56	
Less: Current Liabilities and Provisions					
Current liabilities	G	7,222.43		4,370.43	
Provisions		546.33		214.70	
		7,768.76		4,585.13	
Net current assets			228,193.48		456,526.43
Profit and Loss Account			7,267.21		7,283.98
Total			241,100.00		657,207.80
Significant accounting policies and notes on accounts	L				

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: 20h May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

HDIL COMMERCIAL PROPERTIES PRIVATE LIMITED
 (Formerly HDIL Leisure Private Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
Income					
Other income (TDS Nil, previous year ₹ 17.79 thousands)	H		62.94		889.26
			<u>62.94</u>		<u>889.26</u>
Expenditure					
Construction and other expenses	I	41,284.79		121,098.35	
Employees remuneration and welfare expenses	J	9,762.99		5,410.17	
Finance expenses	K	135,095.22		61,362.90	
		<u>186,143.00</u>		<u>187,871.42</u>	
Less: Transferred to Capital Work-in-Progress		<u>186,143.00</u>	-	<u>187,871.42</u>	-
Audit fees			11.03		11.03
Filing fees paid to the Registrar of Companies			7.25		4.40
Depreciation			43.45		23.75
Expenses for increasing authorised share capital			-		789.30
			<u>61.73</u>		<u>828.48</u>
Profit before tax			1.21		60.78
Less: Provision for tax			0.22		9.39
Add: Deferred tax assets			20.10		2,835.69
Profit after tax			21.09		2,887.08
Balance brought forward			(7,283.98)		(10,171.06)
Less: Short Provision for tax on fringe benefits for earlier year			4.32		-
Balance carried forward to Balance Sheet			<u>(7,267.21)</u>		<u>(7,283.98)</u>
Earnings per equity share of ₹10/- each - Basic (₹)			1.68		288.71
- Diluted (₹)			1.68		288.71
Significant accounting policies and notes on accounts	L				

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: 20h May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
A. Cash flow from operating activities				
Net profit before tax		1.21		60.78
Adjustments for:				
(1) Depreciation	43.45		23.75	
(2) Expenses for increasing authorised share capital	-	43.45	789.30	813.05
Operating profit before working capital changes		44.66		873.83
Movements in working capital:				
Decrease/(Increase) in sundry debtors	871.48		(871.48)	
Decrease/(Increase) in other receivables	221,440.33		(456,556.13)	
(Decrease)/Increase in trade and other payables	3,170.69		3,716.55	
Net movement in working capital		225,482.50		(453,711.06)
Cash used in operations		225,527.16		(452,837.23)
Less : Direct taxes paid (net of refunds)		(8.40)		9.39
Net cash used in operating activities		225,535.56		(452,846.62)
B. Cash flows from investing activities				
(1) Purchase of fixed assets	(136.69)		(38.29)	
(2) Transfer of Capital work-in-progress	187,871.42		(187,871.42)	
(3) Acquisition of Investments	-	187,734.73	(2,500.00)	(190,409.71)
Net cash used in investing activities		187,734.73		(190,409.71)
C. Cash flows from financing activities				
(1) Proceeds from borrowings	(416,107.80)		647,531.24	
(2) Expenses for increasing authorised share capital	-		(789.30)	
Net cash from financing activities		(416,107.80)		646,741.94
Net increase in cash and cash equivalents (A + B +C)		(2,837.51)		3,485.61
Cash and cash equivalents at the beginning of the year		3,590.99		105.38
Cash and cash equivalents at the end of the year		753.48		3,590.99
Cash and cash equivalents as at 31st March		2011		2010
Cash on hand		24.00		23.57
With banks – on current accounts		729.48		3,567.42
		753.48		3,590.99

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
 (Director)

Sarang Wadhawan
 (Director)

 Place: Mumbai
 Date: 20h May, 2011

HDIL COMMERCIAL PROPERTIES PRIVATE LIMITED
 (Formerly HDIL Leisure Private Limited)

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "A"		
SHAREHOLDERS' FUND		
Authorised share capital		
1,00,00,000 (previous year 1,00,00,000) Equity shares of ₹ 10/- each	100,000.00	100,000.00
Issued, subscribed and paid-up:		
10,000 (previous year 10,000) Equity shares of ₹ 10/- each fully paid	100.00	100.00
Total	100.00	100.00
SCHEDULE "B"		
LOAN FUNDS		
(a) Secured loan		
Term loan from Yes Bank Limited (For security details Ref. Note No. 8)	241,000.00	500,000.00
Total	241,000.00	500,000.00
(b) Unsecured loan		
From holding company	-	157,107.80
Total	-	157,107.80

SCHEDULE "C"

FIXED ASSETS

(₹ in thousands)

DESCRIPTION	COST				DEPRECIATION				NET BLOCK	
	As on 01-04-2010	Additions during the year	Sale/ Adjustment	As on 31-03-2011	Up to 31-03-2010	For the year	On sales	Up to 31-03-2011	As on 31-03-2011	As on 31-03-2010
Tangible assets										
Computer systems	107.33	96.39	-	203.72	32.71	35.71	-	68.42	135.30	74.62
Office equipment	85.40	40.30	-	125.70	7.44	5.78	-	13.22	112.48	77.96
Intangible assets										
Computer softwares	9.80	-	-	9.80	3.90	1.96	-	5.86	3.94	5.90
Total	202.53	136.69	-	339.22	44.05	43.45	-	87.50	251.72	158.48
Previous year	164.24	38.29	-	202.53	20.30	23.75	-	44.05	158.48	143.93
Capital work-in-progress*										187,871.42

* During the year capital work-in-progress of ₹ 3,74,014.42 thousands (comprises of previous year's balance of ₹ 1,87,871.42 thousands and current year's expenses of ₹ 1,86,143.00 thousands) is transferred to other Company.

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "D"		
INVESTMENT		
(Long term) (Other than trade) (At cost)		
Unquoted		
Punjab & Maharashtra Co-op. Bank Limited 1,00,000 (previous year 1,00,000) Equity shares of ₹ 25/- each fully paid-up	2,500.00	2,500.00
Total	2,500.00	2,500.00

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "E"		
DEFERRED TAX ASSETS		
Arising on account of timing difference		
Related to fixed assets	13.43	(22.31)
Gratuity	17.35	17.35
Leave encashment	22.90	22.90
Preliminary expenses written off	3.67	7.35
Carry forward business loss	2,830.24	2,842.20
Total	2,887.59	2,867.49
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	24.00	23.57
b) Cash at scheduled banks on current accounts	729.48	3,567.42
(ii)	753.48	3,590.99
Total (i + ii)	753.48	4,462.47
(B) Loans and Advances		
a) Advances recoverable in cash or in kind or for value to be received	235,193.39	455,543.75
b) Prepaid expenses	15.37	105.34
c) Security deposit	-	1,000.00
Total (A + B)	235,208.76	456,649.09
Total (A + B)	235,962.24	461,111.56
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.	895.99	2,720.95
(2) Other liabilities	3,523.94	1,649.48
(3) Interest accrued but not due on term loan	2,802.50	-
(I)	7,222.43	4,370.43
(II) Provisions		
Provision for taxation	9.62	9.39
Less: Tax paid	9.39	17.78
	0.23	(8.39)
Provision for tax on Fringe benefits	95.85	91.54
Less: Tax paid	95.85	95.85
	-	(4.31)
Provision for gratuity	31.12	26.10
Provision for leave encashment	514.98	201.30
(II)	546.33	214.70
Total (I+II)	7,768.76	4,585.13

HDIL COMMERCIAL PROPERTIES PRIVATE LIMITED
 (Formerly HDIL Leisure Private Limited)

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "H"		
OTHER INCOME		
Sale of scrap	62.53	-
Interest on income tax refund	0.41	-
Labour charges received	-	889.26
Total	62.94	889.26
SCHEDULE "I"		
CONSTRUCTION AND OTHER EXPENSES		
Purchase of Construction Material	37,970.63	-
Conference expenses	50.00	93.74
Business promotion expenses	24.81	117.97
Brokerage	-	5,735.60
Other Development expenses	5.00	-
Electricity charges	774.83	-
Legal expenses	11.03	-
Travelling and conveyance expenses	188.00	570.46
Professional Fees	1,067.29	113,529.12
Repairs and maintenance	14.85	20.00
Other administrative expenses	9.81	49.50
Printing and stationery	44.10	25.78
Rent Paid	1,075.00	802.94
Stamping and registration	-	2.40
Telephone expenses	49.44	150.84
Total	41,284.79	121,098.35
SCHEDULE "J"		
EMPLOYEES REMUNERATION AND WELFARE EXPENSES		
Salaries, wages and bonus	8,955.23	5,161.64
Gratuity	343.92	39.83
Contribution to Provident fund and other funds	425.92	185.87
Staff Welfare expenses	37.92	22.83
Total	9,762.99	5,410.17
SCHEDULE "K"		
FINANCE EXPENSES		
Bank charges	159.38	57.60
Interest on loan	119,715.07	35,841.05
Interest on overdraft	15,220.77	25,464.25
Total	135,095.22	61,362.90

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "L"

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 ₹ 5.00 thousands 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) **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 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".

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) **Borrowing cost**

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

g) **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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

h) 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.

i) Foreign currency transaction

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

j) 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 fresh issue of shares, if any.

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.

k) 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".

l) 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.

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. Provision is 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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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	1,753,189.47
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.		

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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	83.18	265.65
Total	83.18	4,175.79

8. Loan fund – Term Loan from Yes Bank Limited

Term loan was secured by way of first exclusive charge on the project and property built at Juhu Hotel, Juhu Tara Road, Juhu Village, Vile-Parle (West), Mumbai and current assets of the project. It was further secured by corporate guarantee of the holding Company and personal guarantees of Promoter Directors. The loan has been paid in full on 19th May, 2011.

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.

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, 2011	31st March, 2010
a) Profit attributable to equity shareholders			
Profit after tax	(₹ in thousands)	21.09	2,887.08
Less: Short Provision for tax on fringe benefits	(₹ in thousands)	4.32	-
	(₹ in thousands)	16.77	2,887.08
b) Number of equity shares of ₹ 10/- each	Nos.	10,000	10,000
c) EPS - Basic	₹	1.68	288.71
- Diluted	₹	1.68	288.71

12. Operating lease

Assets received

a) General Description

- i) Leased Assets: Residential Premises.
- ii) Future Leased rental are determined on the basis of agreed terms.
- iii) 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 ₹ 1075.00 thousands

* Lease payments during the year has formed part of capital work-in-progress.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
c) Future Lease Rental payments		
a) For a period not later than one year	Nil*	722.07
b) For a period later than one year and not later than five years	Nil	Nil
c) For a period later than five years	Nil	Nil
* As on 31/03/2011 lease of residential premises has been terminated.		

13. Micro, Small and Medium Enterprises:

- As on 31st March, 2011 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
- Transactions with Related Party

(₹ in thousands)

Nature of transaction	31st March, 2011				31st March, 2010			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	-	-	-	-	142,211.38	-	-	142,211.38
Loans/advances repaid	179,380.03	-	-	179,380.03	-	-	-	-
Interest paid	24,746.93	-	-	24,746.93	5,952.12	-	-	5,952.12
Salary Paid #	-	-	2,614.44	2,614.44	-	-	2,122.77	2,122.77
Outstanding as at year end- Due to	-	-	-	-	157,107.80	-	-	157,107.80

Salary paid during the year has formed part of capital work-in-progress

- Key management personnel:

Name	Designation
Shri Romel Bhog	Chief Executive Officer

- Enterprise significantly influenced by key management personnel
Not applicable

- 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
Obligations at the beginning of year	100.09	56.13
Interest cost @ 8.25% (previous year 8.25%)	8.26	4.63
Current service cost	241.41	50.05
Benefits paid	-	-
Actuarial (gain)/loss on defined benefits obligation	120.27	(10.72)
Obligation at year end	470.03	100.09

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
Opening fair value of plan assets	72.77	-
Expected return	21.86	3.09
Actuarial gains and (losses)	4.16	1.04
Adjustment to the opening fund	(0.27)	-
Contribution by employer	340.39	68.64
Benefits paid	-	-
Closing fair value of plan assets	438.91	72.77

- c) Amounts to be recognised in the Balance Sheet

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
Present value of Defined benefits obligation as on	470.03	100.09
Less: Fair value of plan assets as on	438.91	72.77
Liability recognised in balance sheet	31.12	27.32

- d) Gratuity cost for the year

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
Current service cost	241.41	50.05
Interest cost on obligation	8.26	4.63
Expected return on plan assets	(21.86)	(3.09)
Net actuarial (gain)/loss	116.11	(11.76)
Expense recognised in the statement of Profit and Loss *	343.92	39.83

* Gratuity for the current year has formed part of capital work-in-progress

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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
Obligations at the beginning of the year	201.30	74.12
Interest cost @ 8.25% (previous year 8.25%)	16.61	6.11
Current service cost	119.12	82.90
Benefits paid	-	-
Actuarial (gain) loss on defined benefits obligation	177.95	38.17
Obligation at year end	514.98	201.30

- b) Amounts to be recognised in the Balance Sheet

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
Present value of Defined benefits obligation as on	514.98	201.30
Fair value of plan assets as on	-	-
Liability recognised in balance sheet	514.98	201.30

- c) Leave Encashment cost for the year

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
Current service cost	119.12	82.90
Interest cost on obligation	16.61	6.11
Expected return on plan assets	-	-
Net actuarial (gain)/loss	177.95	38.17
Expense recognised in the statement of profit and loss *	313.68	127.18

* Leave encashment for the current year has formed part of capital work-in-progress

C) Valuation Assumptions

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

	31st March, 2011	31st March, 2010
i) Discount Rate	8.25%	8.25%
ii) Salary Growth	7.00%	7.00%
iii) Expected rate of return		
Gratuity	9.00%	9.00%
Leave encashment	N.A.	N.A.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

16. Balance Sheet Abstract and Company's General Business profile:

I. Registration Details	
Registration No.	U70102MH2008PTC180858
State Code	11
Balance Sheet Date	31st March, 2011
II. Capital Raised during the Year (₹ in thousands)	
Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement	-
III. Position of Mobilization & Deployment of Funds (₹ in thousands)	
Total Liabilities	248,869
Total Assets	248,869
Sources of Funds (₹ in thousands)	
Paid-up capital	100
Reserves and Surplus	-
Secured loans	241,000
Unsecured loans	-
Deferred Tax Liability	-
Application of Funds (₹ in thousands)	
Net Fixed Assets	252
Investments	2,500
Deferred tax asset	2,888
Net Current Assets	228,193
Miscellaneous Expenditure	-
Accumulated Losses	7,267
IV. Performance of company (₹ in thousands)	
Turnover	-
Total Expenditure	62
Profit/(Loss) before tax	1
Profit/(Loss) after tax	21
Earning per share (Amount in ₹)	1.68
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 L

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

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

 Place: Mumbai
 Date: 20th May, 2011

NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the members of EXCEL ARCADE PRIVATE LIMITED, will be held on Tuesday, 9th August, 2011 at 12.00 noon 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, 2011 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Shri Sarang Wadhawan, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. 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.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai
Date: 10th May, 2011

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 Fourth Annual Report with the audited statement of accounts for the year ended 31st March, 2011.

1 Financial Results:

	(₹ in thousands)	
	31st March, 2011	31st March, 2010
Gross sales and other receipts	33.00	187.45
Profit before depreciation and taxation	3.98	148.78
Depreciation	-	-
Profit before tax	3.98	148.78
Less: Provision for tax	0.74	40.72
Add: Deferred tax assets/(liability)	(1.16)	2.31
Profit after taxation	2.08	110.37
Add: Excess provision for tax no longer required	2.13	-
Balance brought forward	37.62	(72.75)
Profit carried to Balance Sheet	41.83	37.62

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 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 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 Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not given.

6 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,

(₹ in thousands)

	31st March, 2011	31st March, 2010
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 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.

8 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: 10th May, 2011

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, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011,
 - (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 Number: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 10th May, 2011

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, 2011 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 ₹ 49,002.86 thousands and the year end balance is ₹ 49,002.86 thousands.
(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 purchase and 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, during the year there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 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 ₹ 50 lakhs and also an average annual turnover for immediately preceding three consecutive years did not exceed ₹ 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, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom 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, 2011 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, Custom 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.
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 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 Number: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 10th May, 2011

BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
SOURCES OF FUNDS					
Shareholders' Funds:					
Share capital	A	100.00		100.00	
Reserves and surplus	B	41.83	141.83	37.62	137.62
Loan Funds:					
Unsecured loans	C		49,002.86		180,726.79
Total			49,144.69		180,864.41
APPLICATION OF FUNDS					
Investments:					
	D		1.00		-
Deferred Tax Asset					
	E		4.97		6.12
Current Assets, Loans and Advances:					
Inventories		249,816.92		187,207.24	
Sundry debtors		-		183.70	
Cash and bank balances		1,669.44		87.12	
Loans and advances		101,550.00		250.00	
		353,036.36		187,728.06	
Less: Current Liabilities and Provisions:					
Current liabilities	G	303,896.90		6,832.80	
Provisions		0.74		36.97	
		303,897.64		6,869.77	
Net current assets			49,138.72		180,858.29
Total			49,144.69		180,864.41
Significant accounting policies and notes on accounts	L				

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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Director)

Sarang Wadhawan
(Director)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
INCOME			
Other income	H	33.00	187.45
Variation in inventory	I	62,609.68	47,483.39
Total		62,642.68	47,670.84
EXPENDITURE			
Construction expenses	J	33,222.26	28,679.69
Finance expenses	K	29,387.41	18,803.70
Remuneration to auditors		27.58	27.58
Filing fees paid to the Registrar of Companies		1.45	11.09
Total		62,638.70	47,522.06
Profit before tax		3.98	148.78
Less: Provision for tax		0.74	40.72
Add/(Less): Deferred tax assets/(Liability)		(1.16)	2.31
Profit after taxation		2.08	110.37
Profit/(Loss) brought forward from previous year		37.62	(72.75)
Add: Excess provision for tax no longer required		2.13	-
Balance carried to Balance Sheet		41.83	37.62
Earnings per equity share of ₹ 10/- fully paid - Basic (₹)		0.42	11.04
- Diluted (₹)		0.42	11.04
Significant accounting policies and notes on accounts	L		

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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
A. Cash Flow from operating activities				
Net profit before tax		3.98		148.78
Adjustments for:				
Operating profit before working capital changes		3.98		148.78
Movements in working capital:				
Decrease/(Increase) in inventory	(62,609.68)		(47,483.39)	
Decrease/(Increase) in sundry debtors	183.70		(183.70)	
Decrease/(Increase) in other receivables	(101,300.00)		(250.00)	
(Decrease)/Increase in trade and other payables	297,064.10		2,948.00	
Net movement in working capital		133,338.12		(44,969.09)
Cash generated from operations		133,342.10		(44,820.31)
Less: Direct taxes paid (net of refunds)		34.84		3.76
Net cash from operating activities		133,307.26		(44,824.07)
B. Cash Flow from investing activities				
Purchase of investments		(1.00)		-
Net cash from investing activities		(1.00)		-
C. Cash Flow from financing activities				
Proceeds from borrowings	(131,723.94)	(131,723.94)	44,786.30	44,786.30
Net cash used in financing activities		(131,723.94)		44,786.30
Net increase in cash and cash equivalents (A + B + C)		1,582.32		(37.77)
Cash and cash equivalents at the beginning of the year		87.12		124.89
Cash and cash equivalents at the end of the year		1,669.44		87.12
Components of cash and cash equivalents as at 31st March,		2011		2010
Cash on hand		56.84		82.61
With banks - on current account		1,612.60		4.51
		1,669.44		87.12

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
 (Director)

Sarang Wadhawan
 (Director)

Place: Mumbai
 Date: 10th May, 2011

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE A		
SHARE CAPITAL		
Authorised		
50,000 (previous year 50,000) Equity shares of ₹ 10/- each	500.00	500.00
Issued, subscribed and paid up		
10,000 (previous year 10,000) Equity shares of ₹ 10/- each fully paid-up	100.00	100.00
Total	100.00	100.00
SCHEDULE B		
RESERVE AND SURPLUS:		
Profit and Loss Account	41.83	37.62
Total	41.83	37.62
SCHEDULE C		
UNSECURED LOANS		
From holding company	49,002.86	180,726.79
Total	49,002.86	180,726.79
SCHEDULE D		
INVESTMENTS (at cost)		
In shares		
Unquoted (other than trade investments) (long-term)		
Punjab & Maharashtra Co-operative Bank Limited		
40 (previous year Nil) Equity shares of ₹ 25/- each fully paid-up	1.00	-
Total	1.00	-
SCHEDULE E		
DEFERRED TAX ASSETS		
Arising on account of timing difference in Preliminary expenses written off	4.97	6.12
Total	4.97	6.12

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE F		
CURRENT ASSETS, LOANS AND ADVANCES		
(I) Current Assets		
(a) Inventory		
Work in progress (at cost)	249,816.92	187,207.24
Total (a)	249,816.92	187,207.24
(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	56.84	82.61
Cash at scheduled banks on current account	1,612.60	4.51
Total (c)	1,669.44	87.12
Total (a + b + c)	251,486.36	187,478.06
(II) Loans And Advances		
Advances recoverable in cash or in kind or for value to be received	101,000.00	-
Advance for land purchase	550.00	250.00
Total II	101,550.00	250.00
Total (I + II)	353,036.36	187,728.06
SCHEDULE G		
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	75.40	181.85
(b) Advances from customers	-	6,134.65
(c) Other liabilities	303,821.50	516.30
Total (I)	303,896.90	6,832.80
(II) Provisions		
Provision for income tax	39.33	40.72
Less: Tax paid	38.59	3.75
Total (a)	0.74	36.97
Provision for tax on fringe benefits	13.38	13.38
Less: Tax paid	13.38	13.38
Total (b)	-	-
Total (II) (a+b)	0.74	36.97
Total (I + II)	303,897.64	6,869.77

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE H		
OTHER INCOME		
Sale of scrap	33.00	-
Labour Charges Received	-	187.45
Total	33.00	187.45
SCHEDULE I		
VARIATION IN INVENTORY		
Closing Stock		
- Work-in-Progress	249,816.92	187,207.24
Less: Opening Stock		
- Work-in-Progress	187,207.24	139,723.85
Total	62,609.68	47,483.39
SCHEDULE J		
CONSTRUCTION EXPENSES		
Advertisement expenses	57.00	32.50
Donation	-	5.00
Electricity charges	26.01	46.19
Labour charges	468.00	318.72
Development expenses	-	30.00
Lease rent and other expenses	2,361.94	-
Security charges	602.24	649.01
Tenants dislocation expenses	29,705.71	27,596.50
Miscellaneous expenses	1.36	1.77
Total	33,222.26	28,679.69
SCHEDULE K		
FINANCE EXPENSES		
Interest expenses	28,774.48	18,788.14
Stamp duty and registration charges	600.80	-
Bank charges	12.13	15.56
Total	29,387.41	18,803.70

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE L

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.

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.

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 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.

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, if any.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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 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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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	27.58
b) Taxation matters	-	-
c) Other matters	-	-
	27.58	27.58

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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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:**
- As on 31st March, 2011 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.

		31st March, 2011	31st March, 2010
10. Earnings per equity share:			
a.	Profit or loss attributable to equity shareholders		
	Profit/(Loss) after tax (₹ in thousands)	2.08	110.37
	Add: Excess provision for tax (₹ in thousands)	2.13	-
		4.21	110.37
b.	Weighted average number of equity shares of ₹ 10/- each	Nos. 10,000	10,000
c.	EPS - Basic (₹)	0.42	11.04
	- Diluted (₹)	0.42	11.04

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

(₹ in thousands)

Nature of transaction	31st March, 2011				31st March, 2010			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	-	-	-	-	28,515.40	-	-	28,515.40
Loans/advances repaid	147,575.88	-	-	147,575.88	-	-	-	-
Interest paid	17,613.27	-	-	17,613.27	18,666.97	-	-	18,666.97
Outstanding as at year end - Due to	49,002.86	-	-	49,002.86	180,726.79	-	-	180,726.79

- 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 ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

I. Registration Details	
Registration No.	U45400MH2007PTC169321
State Code	11
Balance Sheet Date	31st March, 2011
II. Capital Raised during the Year (₹ in thousands)	
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
III. Position of Mobilisation & Deployment of Funds (₹ in thousands)	
Total Liabilities	353,042
Total Assets	353,042
Sources of Funds (₹ in thousands)	
Paid-up capital	100
Reserves & Surplus	42
Unsecured loans	49,003
Deferred Tax Liability	-
Application of Funds (₹ in thousands)	
Net Fixed Assets	-
Investments	1
Net Current Assets	49,139
Deffered Tax Assets	5
Miscellaneous Expenditure	-
Accumulated Losses	-
IV. Performance of Company (₹ in thousands)	
Turnover	-
Total Expenditure	29
Profit/(Loss) before tax	4
Profit/(Loss) after tax	2
Earning per share (in ₹)	0.42
Dividend rate	-
V. Generic Names of Three Principal Products/Services of Company	
(as per monetary terms)	
Item Code No. (ITC Code)	NIL
Product Description	N.A.

Signatures to Schedule A to L

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

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Director)

Sarang Wadhawan
(Director)

NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the members of MAZDA ESTATES PRIVATE LIMITED, will be held on Wednesday, 10th August, 2011 at 2.30 p.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, 2011 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Shri Waryam Singh, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. 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.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai

Date: 10th May, 2011

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 Ninth Annual Report with the audited statement of accounts for the year ended 31st March, 2011.

1. Financial Results

(₹ in thousands)

	31st March, 2011	31st March, 2010
Gross sales and other receipts	25.00	150.26
Profit before depreciation and taxation	3.74	130.28
Depreciation	-	0.47
Profit before tax	3.74	129.81
Less: Provision for taxation	1.13	20.06
Profit after taxation	2.61	109.75
Balance brought forward	8.68	(101.07)
Less: Short provision for tax of earlier years	0.01	-
Profit carried to Balance Sheet	11.28	8.68

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 Waryam Singh 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. During the year the Company has not employed any employee, therefore has not paid remuneration in excess of limits prescribed under the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

6. (a) 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.

(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,

(₹ in thousands)

	31st March, 2011	31st March, 2010
(a) Earnings	Nil	Nil
(b) Outgo	Nil	Nil

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

DIRECTORS' REPORT

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 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 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 business associates and banks.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Place: Mumbai
Date: 10th May, 2011

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, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 2011;
 - (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: 10th May, 2011

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, 2011 of MAZDA ESTATES 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) 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 ₹ 2,921.73 thousands and the year end balance is ₹ 2,921.73 thousands.
(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 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 ₹ 50 lakhs and also an average annual turnover for immediately preceding three consecutive financial years did not exceed ₹ 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 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, 2011 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.
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.

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. 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 Secion 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: 10th May, 2011

BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
SOURCES OF FUNDS					
Shareholders' Fund:					
Share capital	A	140.00		140.00	
Reserves and surplus	B	11.28	151.28	8.68	148.68
Loan Funds:					
Unsecured loans	C		2,921.73		2,610.71
Total			3,073.01		2,759.39
APPLICATION OF FUNDS					
Current Assets, Loans and Advances:					
Inventories	D	3,016.83		2,690.59	
Cash and bank balances		73.85		97.90	
		3,090.68		2,788.49	
Less: Current Liabilities and Provisions:					
Current liabilities	E	16.54		24.04	
Provisions		1.13		5.06	
		17.67		29.10	
Net Current Assets			3,073.01		2,759.39
Total			3,073.01		2,759.39
Significant accounting policies and notes on 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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Director)

Sarang Wadhawan
(Director)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
INCOME			
Other Income	F	25.00	150.26
Variation in Inventory	G	326.24	288.42
Total		351.24	438.68
EXPENDITURE			
Administrative expenses	H	1.90	2.32
Project specific interest on loan		326.24	288.42
Other financial charges		1.01	0.22
Remuneration to auditors		16.55	16.54
Filing fees paid to the Registrar of Companies		1.80	0.90
Depreciation		-	0.47
Total		347.50	308.87
Profit before tax		3.74	129.81
Less: Provision for tax		1.13	20.06
Profit after tax		2.61	109.75
Profit/(Loss) brought forward from previous year		8.68	(101.07)
Less: Short provision for tax for earlier years		0.01	-
Balance carried to Balance Sheet		11.28	8.68
Earnings per equity share of ₹ 10/- each - Basic (₹)		0.19	7.84
- Diluted (₹)		0.19	7.84
Significant accounting policies and notes on 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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
A. Cash Flow from operating activities				
Net profit before tax		3.74		129.81
Adjustments for:				
(1) Depreciation	-		0.47	
(2) Profit on sale of fixed assets	-	-	(0.26)	0.21
Operating profit before working capital changes		3.74		130.02
Movements in working capital:				
Decrease/(Increase) in inventories	(326.24)		(288.42)	
(Decrease)/Increase in trade and other payables	(7.51)		(83.27)	
Net movement in working capital		(333.75)		(371.69)
Cash used in operations		(330.01)		(241.67)
Less: Direct taxes paid (net of refund)		5.06		15.00
Net cash used in operating activities		(335.07)		(256.67)
B. Cash Flow from investing activities				
(1) Sale of fixed assets		-		6.00
Net cash used in investing activities		-		6.00
C. Cash Flow from financing activities				
Proceeds from borrowings		311.02		316.41
Net cash from financing activities		311.02		316.41
Net increase in cash and cash equivalents (A + B + C)		(24.05)		65.74
Cash and cash equivalents at the beginning of the year		97.90		32.16
Cash and cash equivalents at the end of the year		73.85		97.90
Components of cash and cash equivalents as at 31st March,		2011		2010
Cash on hand		38.80		40.16
With banks - on current account		35.05		57.74
		73.85		97.90

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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Director)

Sarang Wadhawan
(Director)

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised		
50,000 (previous year 50,000) Equity Shares of ₹ 10/- each	500.00	500.00
Issued, subscribed and paid-up		
14,000 (previous year 14,000) Equity Shares of ₹ 10/- each fully paid-up	140.00	140.00
Total	140.00	140.00
SCHEDULE "B"		
RESERVE AND SURPLUS		
Profit and Loss Account	11.28	8.68
Total	11.28	8.68
SCHEDULE "C"		
UNSECURED LOANS		
From holding Company	2,921.73	2,610.72
Total	2,921.73	2,610.72
SCHEDULE "D"		
CURRENT ASSETS, LOANS AND ADVANCES		
(I) CURRENT ASSETS		
(a) Inventory		
Work-in-progress (at cost)	3,016.83	2,690.59
(b) Cash and Bank balances		
Cash in hand	38.80	40.16
Cash at scheduled bank in current account	35.05	57.74
Total	73.85	97.90
Total (a + b)	3,090.68	2,788.49
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	16.54	16.54
Total (a)	16.54	16.54
(b) Other liabilities	-	7.50
Total (a + b)	16.54	24.04
(II) PROVISIONS		
Provision for taxation	21.19	20.06
Less: Taxes paid	20.06	15.00
	1.13	5.06
Total (I + II)	17.67	29.10

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "F"		
OTHER INCOME		
Professional fees (TDS Nil, previous year - ₹ 15.00 thousands)	-	150.00
Sale of scrap	25.00	-
Profit on sale of fixed assets	-	0.26
Total	25.00	150.26
SCHEDULE "G"		
VARIATION IN STOCKS		
Closing Stock		
- Work-in-Process	3,016.83	2,690.59
Less: Opening Stock		
- Work-in-Process	2,690.59	2,402.17
Total	326.24	288.42
SCHEDULE "H"		
ADMINISTRATION EXPENSES		
Miscellaneous expenses	1.90	2.32
Total	1.90	2.32

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "I"

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) 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.

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 recognized 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.

f) 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, if any.

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.

g) 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 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 ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

(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) 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".

i) 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 their 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.

j) Contingent liabilities:

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

B. OTHER NOTES:

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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	16.54
b) Taxation matters	-	-
c) Other matters	-	-
	16.55	16.54

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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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, 2011 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, 2011	31st March, 2010
11. Earnings per equity share:			
a) Profit attributable to equity shareholders			
Profit after tax	(₹ in thousands)	2.61	109.75
Less: Short provision for tax	(₹ in thousands)	0.01	-
	(₹ in thousands)	2.60	109.75
b) Number of equity shares of ₹ 10/- each fully paid	Nos.	14,000	14,000
c) EPS - Basic	(₹)	0.19	7.84
- Diluted	(₹)	0.19	7.84

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
- b) Transactions with related party

(₹ in thousands)

Nature of transaction	31st March, 2011				31st March, 2010			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	17.41	-	-	17.41	65.54	-	-	65.54
Interest paid	326.24	-	-	326.24	288.42	-	-	288.42
Outstanding as at year end - Due to	2,921.73	-	-	2,921.73	2,610.72	-	-	2,610.72

- c) Key management personnel:
Not applicable
- d) Enterprise significantly influenced by key management personnel
Not applicable

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

13. Balance Sheet Abstract and Company's General Business profile:

I. Registration Details	
Registration No.	U70100MH2004PTC136339
State Code	11
Balance Sheet Date	31st March, 2011
II. Capital Raised during the Year (₹ in Thousands)	
Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement	-
III. Position of Mobilisation and Deployment of Funds (₹ in thousands)	
Total Liabilities	3,091
Total Assets	3,091
Sources of Funds (₹ in thousands)	
Paid-up capital	140
Reserves and Surplus	11
Unsecured loans	2,922
Deferred Tax Liability	-
Application of Funds (₹ in thousands)	
Net Fixed Assets	-
Investments	-
Net Current Assets	3,073
Miscellaneous Expenditure	-
Accumulated Losses	-
IV. Performance of Company (₹ in thousands)	
Turnover	-
Total Expenditure	21
Profit/(Loss) before tax	4
Profit/(Loss) after tax	3
Earning per share (in ₹)	0.19
Dividend rate	-
V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)	
Item Code No. (ITC Code)	NIL
Product Description	N.A.

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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Director)

Sarang Wadhawan
(Director)

GURUASHISH CONSTRUCTION PRIVATE LIMITED

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of GURUASHISH CONSTRUCTION PRIVATE LIMITED, will be held on Tuesday, 9th August, 2011 at 2.30 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, 2011 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and auditors thereon.
2. To appoint Director in place of Shri Waryam Singh, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. 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.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

(Chairman)

Place: Mumbai

Date: 10th May, 2011

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 Eleventh Annual Report with the audited statement of accounts for the year ended 31st March, 2011.

1 Financial Results:

(₹ in thousand)

	31st March, 2011	31st March, 2010
Gross sales and other receipts	59.98	157,184.56
Profit before depreciation and taxation	27.53	1,378.50
Depreciation	8.49	-
Profit before tax	19.03	1,378.50
Less: Provision for tax	2.94	462.30
Less: Deferred tax liability	14.82	-
Profit after taxation	1.27	916.20
Add: Excess provision for tax	0.01	-
Balance brought forward	24.70	(891.50)
Profit carried to Balance Sheet	25.98	24.70

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 Waryam Singh retires 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 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.

6 Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

- The Company focuses 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,

(₹ in thousand)

	31st March, 2011	31st March, 2010
(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 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;
- 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;
- 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.

8 Acknowledgement:

Your directors would like to place on record their sincere appreciation for the support and assistance extended by the Company's employees, suppliers, business associates and banks.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai

Date: 10th May, 2011

GURUASHISH CONSTRUCTION PRIVATE LIMITED

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, 2011, 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011,
 - (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: 10th May, 2011

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, 2011 of Guruashish Construction 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 on the last day of accounting year 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) 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 ₹ 33,42,949.30 thousands and the year end balance is ₹ 33,42,949.30 thousands.
(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 and for the sale of goods. 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, Custom 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.

GURUASHISH CONSTRUCTION PRIVATE LIMITED

ANNEXURE TO THE AUDITORS' REPORT

- (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, Custom Duty and Excise Duty, which were outstanding as at 31st March, 2011 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, 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. 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.
 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: 10th May, 2011

BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in thousand)		31st March, 2010 (₹ in thousand)	
SOURCES OF FUNDS					
Shareholders' Fund:					
Share capital	A	110,000.00		110,000.00	
Reserves and surplus	B	3,975.48	113,975.48	3,974.20	113,974.20
Loan Funds:					
Secured Loans	C	1,000,000.00		-	
Unsecured loans		3,342,949.30	4,342,949.30	-	-
Deferred Tax Liability	D		14.82		-
Total			4,456,939.60		113,974.20
APPLICATION OF FUNDS					
Fixed Assets:					
Gross Block	E	272.63		-	
Less: Depreciation		8.49		-	
Net block		264.14		-	
Capital work-in-progress		-	264.14	6,270.75	6,270.75
Current Assets, Loans and Advances:					
Inventories		4,655,574.25		81,871.71	
Cash and bank balances		730.95		27,230.92	
Loans and advances		1,481,003.63		-	
		<u>6,137,308.83</u>		<u>109,102.63</u>	
Less: Current Liabilities and Provisions:					
Current liabilities	G	1,680,630.43		936.88	
Provisions		2.94		462.30	
		<u>1,680,633.37</u>		<u>1,399.18</u>	
Net current assets			4,456,675.46		107,703.45
Total			4,456,939.60		113,974.20
Significant accounting policies and notes on accounts	L				

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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Waryam Singh
 (Director)

GURUASHISH CONSTRUCTION PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in thousand)	31st March, 2010 (₹ in thousand)
INCOME			
Sales		-	157,184.56
Other income	H	59.98	-
Variation in inventory	I	4,573,702.54	(109,211.87)
Total		4,573,762.52	47,972.69
EXPENDITURE			
Cost of construction, Land and development expenses	J	4,259,664.66	21,351.00
Finance expenses	K	314,037.89	25,221.69
Remuneration to auditors		27.58	16.50
Filing fees paid to the Registrar of Companies		4.87	5.00
Depreciation		8.49	-
Total		4,573,743.49	46,594.19
Profit/(Loss) before tax		19.03	1,378.50
Less: Provision for tax		2.94	462.30
Less: Deferred tax liability		14.82	-
Profit/(Loss) after taxation		1.27	916.20
Profit/(Loss) brought forward from previous year		24.70	(891.50)
Add: Excess provision for tax		0.01	-
Balance carried to Balance Sheet		25.98	24.70
Earnings per share of ₹ 100/- each fully paid		0.0012	1.1214
		- Basic (₹)	1.1214
		- Diluted (₹)	1.1214
Significant accounting policies and notes on accounts	L		

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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Waryam Singh
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in thousand)		31st March, 2010 (₹ in thousand)	
A. Cash Flow from operating activities				
Net profit before tax		19.03		1,378.50
Adjustments for:				
(1) Depreciation		8.49		-
Operating profit before working capital changes		27.52		1,378.50
Movements in working capital:				
Decrease/(Increase) in inventory	(4,573,702.54)		109,211.87	
Decrease/(Increase) in other receivables	(1,481,003.62)		5,204.64	
(Decrease)/Increase in trade and other payables	1,679,693.55		(152,266.37)	
Net movement in working capital		(4,375,012.61)		(37,849.86)
Cash generated from operations		(4,374,985.09)		(36,471.36)
Less: Direct taxes paid (net of refunds)		462.29		-
Net cash from operating activities		(4,375,447.38)		(36,471.36)
B. Cash Flows from investing activities				
(1) (Increase)/decrease in Capital Work-in-progress	6,270.75		(712.21)	
(2) Purchase of fixed assets	(272.64)		-	
Net cash from investing activities		5,998.11		(712.21)
C. Cash Flows from financing activities				
(1) Proceeds from borrowings	4,342,949.30		-	
(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		4,342,949.30		63,949.50
Net increase in cash and cash equivalents (A + B + C)		(26,499.97)		26,765.93
Cash and cash equivalents at the beginning of the year		27,230.92		464.99
Cash and cash equivalents at the end of the year		730.95		27,230.92
Components of cash and cash equivalents as at 31st March,		2011		2010
Cash on hand		228.97		30.82
With banks - on current account		501.98		27,200.10
Total		730.95		27,230.92

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
 (Director)

Waryam Singh
 (Director)

Place: Mumbai
 Date: 10th May, 2011

GURUASHISH CONSTRUCTION PRIVATE LIMITED
**SCHEDULES ANNEXED TO AND FORMING
PART OF THE BALANCE SHEET AS AT**

	31st March, 2011 (₹ in thousand)	31st March, 2010 (₹ in thousand)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised		
25,00,000 (previous year 25,00,000) Equity shares of ₹ 100/- each	250,000.00	250,000.00
Issued, subscribed and paid-up		
11,00,000 (previous year 11,00,000) Equity shares of ₹ 100/- each fully paid-up	110,000.00	110,000.00
Total	110,000.00	110,000.00
SCHEDULE "B"		
RESERVE AND SURPLUS		
Securities premium account		
Balance as per last balance sheet	3,949.50	-
Add: Received during the year	-	5,000.00
	3,949.50	5,000.00
Less: Expenses for increasing authorised share capital	-	1,050.50
	3,949.50	3,949.50
Surplus		
Profit and Loss Account	25.98	24.70
	25.98	24.70
Total	3,975.48	3,974.20
SCHEDULE "C"		
LOAN FUNDS		
a) Secured loan		
Term loan from Scheduled Bank (For security details ref. note no. 8)	1,000,000.00	-
Total (a)	1,000,000.00	-
b) Unsecured loan		
From Holding Company	3,342,949.30	-
Total (b)	3,342,949.30	-
Total (a + b)	4,342,949.30	-
SCHEDULE "D"		
DEFERRED TAX LIABILITY		
Arising on account of timing difference related to fixed assets	14.82	-
Total	14.82	-

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

SCHEDULE "E"

FIXED ASSETS

(₹ in thousand)

Particulars	Cost				Depreciation				Net Block	
	As at 1st April, 2010	Additions	Sale or adj.	As at 31st March, 2011	Up to 31st March, 2010	For the year	On sale	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Computers	-	131.20	-	131.20	-	4.23	-	4.23	126.97	-
Counting Machine	-	33.75	-	33.75	-	0.83	-	0.83	32.91	-
Telephone Instruments	-	25.20	-	25.20	-	0.13	-	0.13	25.07	-
Furniture and Fixtures	-	82.48	-	82.48	-	3.30	-	3.30	79.19	-
Total	-	272.63	-	272.63	-	8.49	-	8.49	264.14	-
Previous year	-	-	-	-	-	-	-	-	-	-
Capital work-in-progress *	-	-	-	-	-	-	-	-	-	6,270.75

* In the previous year expenses related to office at site was shown as capital work-in-progress. However, presently it has been transferred to work-in-progress.

	31st March, 2011 (₹ in thousand)	31st March, 2010 (₹ in thousand)
SCHEDULE "F"		
CURRENT ASSETS, LOANS AND ADVANCES		
(I) Current Assets		
(a) Inventory		
Work-in-progress (at cost)	4,655,574.25	81,871.71
Total (a)	4,655,574.25	81,871.71
(b) Cash and Bank balances:		
Cash in hand	228.97	30.82
Cash at schedule banks on current accounts	501.98	27,200.10
Total (b)	730.95	27,230.92
Total I (a + b)	4,656,305.20	109,102.63
(II) Loans and Advances		
Advances recoverable in cash or in kind or for value to be received		
(a) For goods and services	1,479,891.03	-
(b) Security deposits	1,065.00	-
(c) Prepaid expenses	47.59	-
Total II	1,481,003.63	-
Total (I + II)	6,137,308.83	109,102.63
SCHEDULE "G"		
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	167,571.48	449.84
	167,571.48	449.84
(b) Advances from customers	1,493,234.54	-
(c) Interest accrued but not due on term loan	2,636.99	-
(d) Other liabilities	17,187.42	487.04
Total (a + b + c + d)	1,680,630.43	936.88
(II) Provisions		
Provision for taxation	465.23	462.30
Less: Income tax paid	462.29	-
	2.94	462.30
Total (I + II)	1,680,633.37	1,399.18

GURUASHISH CONSTRUCTION PRIVATE LIMITED
**SCHEDULES ANNEXED TO AND FORMING
 PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**

	31st March, 2011 (₹ in thousand)	31st March, 2010 (₹ in thousand)
SCHEDULE "H"		
OTHER INCOME		
Sundry balances written back	54.98	-
Sale of scrap	5.00	-
Total	59.98	-
SCHEDULE "I"		
VARIATION IN INVENTORY		
Closing stock		
Work-in-progress	4,655,574.25	81,871.71
Less: Opening stock		
Work-in-progress	81,871.71	191,083.58
Total	4,573,702.54	(109,211.87)
SCHEDULE "J"		
COST OF CONSTRUCTION, LAND AND DEVELOPMENT EXPENSES		
Land	157,102.00	-
Purchase of tenancy rights	2,103,915.00	-
Construction material and other expenses	1,998,647.66	21,351.00
Total	4,259,664.66	21,351.00
SCHEDULE "K"		
FINANCE EXPENSES		
Interest expenses	313,890.04	25,218.75
Bank charges	147.85	2.94
Total	314,037.89	25,221.69

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "L"

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:

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.

f) Inventories:

Inventories are valued as follows:

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

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, if any.

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.

GURUASHISH CONSTRUCTION PRIVATE LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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 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.

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, 2011 (₹ in thousand)	31st March, 2010 (₹ in thousand)	
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 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, 2011 (₹ in thousand)	31st March, 2010 (₹ in thousand)
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	16.50
	b) Taxation matters	-	-
	c) Other matters	-	-
		27.58	16.50

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. Term loan from Union Bank of India is secured by registered mortgage of Non-agricultural property area admeasuring 1,23,365 Sq. mtrs. situated at Village Chandansar and area admeasuring 1,23,360 Sq. mtrs. situated at Village Doliv, Khardi, Koshimbi, Dahisar and Kasarali, owned by Privilege Power and Infrastructure Private Limited, a fellow subsidiary of the

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Company. Rate of interest 13.75% payable monthly. Repayable in 20 quarterly installments of ₹ 1,000 lakhs each. The first installments to commence from December, 2012.

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, 2011 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, 2011	31st March, 2010
11.	Earnings per equity share:			
a)	Profit after tax as per profit and loss account	(₹ in thousand)	1.27	916.20
	Add: Excess provision for tax	(₹ in thousand)	0.01	-
	Net Profit attributable to Equity Shareholders	(₹ in thousand)	1.28	916.20
b)	Weighted average number of equity shares used as denominator for calculating EPS	Nos.	1,100,000	816,986
c)	Earning per share - Basic	(₹)	0.0012	1.1214
d)	Earning per share - Diluted	(₹)	0.0012	1.1214
e)	Nominal value per equity share is ₹ 100/-			

12. 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
- Transaction with related party

(₹ in thousand)

Nature of transaction	31st March, 2011				31st March, 2010			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances repaid	-	-	-	-	44,556.00	-	-	44,556.00
Loans/advances received	3,296,126.05	-	-	3,296,126.05	-	-	-	-
Interest Paid	52,025.83	-	-	52,025.83	14,604.60	-	-	14,604.60
Sales	-	-	-	-	157,184.56	-	-	157,184.56
Outstanding as at year end - Due to	3,342,949.30	-	-	3,342,949.30	-	-	-	-

3. Key management personnel

Not applicable

4. Enterprise significantly influenced by key management personnel

Not applicable

13. Previous year figures have been re-arranged/regrouped wherever necessary, to facilitate comparison with current year figures.

GURUASHISH CONSTRUCTION PRIVATE LIMITED
**NOTES ON ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2011**
14. Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details	
Registration No.	U45200MH2000PTC126895
State Code	11
Balance Sheet Date	31st March, 2011
II. Capital Raised during the Year (₹ in thousand)	
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
III. Position of Mobilisation and Deployment of Funds (₹ in thousand)	
Total Liabilities	6,137,573
Total Assets	6,137,573
Sources of Funds (₹ in thousand)	
Paid-up-capital	110,000
Reserves and Surplus	3,975
Secured loans	1,000,000
Unsecured loans	3,342,949
Deferred tax liability	15
Application of Funds (₹ in thousand)	
Net Fixed Assets	264
Investments	-
Net Current Assets	4,456,675
Miscellaneous Expenditure	-
Accumulated Losses	-
IV. Performance of Company (₹ in thousand)	
Turnover	-
Total Expenditure	41
Profit/(Loss) before tax	19
Profit/(Loss) after tax	1
Earnings per share [Amount in ₹]	0.0012
Dividend rate	-
V. Generic Names of Three Principal Products/Services of Company (₹ in thousand)	
(as per monetary terms)	
Item Code No. (ITC Code)	NIL
Product Description	NA

Signatures to Schedule A to L

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

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Director)

Waryam Singh
(Director)

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the members of BKC DEVELOPERS PRIVATE LIMITED, will be held on Tuesday, 9th August, 2011 at 10.30 a.m. at 5th 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, 2011 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and auditors thereon.
2. To appoint Director in place of Shri Rakeshkumar Wadhawan, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. 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.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai

Date: 10th May, 2011

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 Eighth Annual Report with the audited statement of accounts for the year ended 31st March, 2011.

1. Financial Results

(₹ in thousands)

	31st March, 2011	31st March, 2010
Gross sales and other receipts	39.00	516.25
Profit before depreciation and taxation	2.92	455.52
Depreciation	-	-
Profit before tax	2.92	455.52
Less: Provision for taxation	1.00	164.55
Add: Deferred tax asset	-	7.42
Profit after tax	1.92	298.39
Add: Excess provision for tax of earlier years	1.14	-
Balance brought forward	(5,801.54)	(6,099.93)
Balance carried to Balance Sheet	(5,798.48)	(5,801.54)

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 Rakeshkumar Wadhawan retires 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. 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.

6. (a) During the year the Company has not employed any employee, therefore has not paid remuneration in excess of limits prescribed under 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,

(₹ in thousands)

	31st March, 2011	31st March, 2010
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.

DIRECTORS' REPORT

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: 10th May, 2011

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, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 2011,
 - (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: 10th May, 2011

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, 2011 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 ₹ 4,66,282.68 thousands and the year end balance is ₹ 4,66,282.68 thousands.
(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 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 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 reserves as at the commencement of the financial year did not exceed ₹ 50 lakhs and also an average annual turnover for immediately preceding three consecutive financial years did not exceed ₹ 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, 2011 for a period of more than six months from the date they became payable except TDS payable on interest of ₹ 2,820.45 thousands.
(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: 10th May, 2011

BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
SOURCES OF FUNDS					
Shareholders' Fund					
Share capital	A		100.00		100.00
Loan Funds					
Unsecured loan	B		466,282.68		414,748.82
Total			466,382.68		414,848.82
APPLICATION OF FUNDS					
Deferred Tax Assets					
	C		7.42		7.42
Current Assets, Loans and Advances					
	D				
Inventories		158,827.51		106,893.93	
Sundry debtors		-		505.92	
Cash and bank balances		163.43		86.30	
Loans and advances		304,866.26		305,466.26	
		<u>463,857.20</u>		<u>412,952.41</u>	
Less: Current liabilities and provisions					
	E				
Current liabilities		3,279.42		3,758.33	
Provisions		1.00		154.22	
		<u>3,280.42</u>		<u>3,912.55</u>	
Net Current Assets			460,576.78		409,039.86
Miscellaneous Expenditure					
	F		-		-
Profit and Loss Account					
			5,798.48		5,801.54
Total			466,382.68		414,848.82
Significant Accounting Policies and Notes on 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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
INCOME			
Other Income (TDS ₹ Nil previous year ₹ 10.33 thousands)		39.00	516.25
Variation in inventory	G	51,933.58	-
		51,972.58	516.25
EXPENDITURE			
Project specific interest on loan		51,933.58	-
Other financial charges		0.56	1.93
Administrative expenses	H	4.52	-
Remuneration to auditors		27.58	27.58
Filing fees paid to the Registrar of Companies		3.42	1.20
Preliminary expenses written off		-	30.02
		51,969.66	60.73
Profit before tax		2.92	455.52
Less: Provision for tax		1.00	164.55
Add: Deferred tax assets		-	7.42
Profit after tax		1.92	298.39
Balance brought forward		(5,801.54)	(6,099.93)
Add: Excess provision for tax of earlier years		1.14	-
Profit available for appropriation		(5,798.48)	(5,801.54)
Appropriations		-	-
Balance carried forward to balance sheet		(5,798.48)	(5,801.54)
Earnings per equity share of ₹ 10/- each - Basic (₹)		0.31	29.84
- Diluted (₹)		0.31	29.84
Significant Accounting Policies and Notes on 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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
A. Cash Flow from operating activities				
Net profit before tax		2.91		455.53
Adjustments for:				
Preliminary expenses written off		-		30.02
Operating profit before working capital changes		2.91		485.55
Movements in working capital:				
Decrease/(Increase) in sundry debtors	505.92		(505.93)	
Decrease/(Increase) in Work-in-progress	(51,933.57)		-	
Decrease/(Increase) in other receivables	600.00		624.14	
(Decrease)/Increase in trade and other payables	(478.91)		(1,366.68)	
Net movement in working capital		(51,306.56)		(1,248.47)
Cash used in operations		(51,303.65)		(762.92)
Less: Direct taxes paid (net of refunds)		153.08		10.33
Net cash used in operating activities		(51,456.73)		(773.25)
B. Cash Flows from investing activities				
Net cash used in investing activities		-		-
C. Cash Flows from financing activities				
(1) Proceeds from borrowings	51,533.85		-	
Net cash from financing activities		51,533.85		-
Net increase in cash and cash equivalents (A + B + C)		77.12		(773.25)
Cash and cash equivalents at the beginning of the year		86.31		859.55
Cash and cash equivalents at the end of the year		163.43		86.30
Cash and cash equivalents as at 31st March		2011		2010
Cash on hand		6.76		34.62
With banks - on current account		156.67		51.68
		163.43		86.30

- 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: 10th May, 2011

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Director)

Sarang Wadhawan
(Director)

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "A"		
SHAREHOLDERS FUND:		
Authorised share capital		
1,00,000 (previous year 1,00,000) Equity shares of ₹ 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 ₹ 10/- each fully paid	100.00	100.00
Total	100.00	100.00
SCHEDULE "B"		
LOAN FUNDS		
Unsecured loan		
From holding company	466,282.68	414,748.82
Total	466,282.68	414,748.82
SCHEDULE "C"		
DEFERRED TAX ASSETS		
Arising on account of timing difference in Preliminary expenses written off		
	7.42	7.42
Total	7.42	7.42
SCHEDULE "D"		
CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
(I) Inventory		
Work-in-progress (at cost)	158,827.51	106,893.93
Total (I)	158,827.51	106,893.93
(II) Sundry debtors		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	-	-
Other debts	-	-
Unsecured, considered good	-	505.92
Total (II)	-	505.92
(III) Cash and bank balances		
a) Cash in hand	6.76	34.62
b) Cash at scheduled banks on current accounts	156.67	51.68
Total (III)	163.43	86.30
Total A (I + II + III)	158,990.94	107,486.15
B. LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received:		
Income tax paid (TDS)	2,129.80	13,434.29
Other advances	291,431.97	292,031.97
Income tax refund receivable	11,304.49	-
Total (B)	304,866.26	305,466.26
Total (A+B)	463,857.20	412,952.41

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "E"		
CURRENT LIABILITES 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	27.58	49.73
(b) Advances from customers	304.00	304.00
(c) Other liabilities	2,947.84	3,404.60
Total (I)	3,279.42	3,758.33
(II) Provisions		
Provision for taxation	164.40	164.55
Less: Taxes paid	163.40	10.33
Total (II)	1.00	154.22
Total (I + II)	3,280.42	3,912.55
SCHEDULE "F"		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjudsted)		
Preliminary expenses		
Balance as per last balance sheet	-	30.02
Less: Written off during the year	-	30.02
Total	-	-

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE "G"		
VARIATION IN INVENTORY		
Closing stock		
Work-in-progress	158,827.51	106,893.93
Less: Opening stock		
Work-in-progress	106,893.93	106,893.93
Total	51,933.58	-
SCHEDULE "H"		
ADMINISTRATIVE EXPENSES		
Printing and stationery	1.00	-
Sundry expenses	3.52	-
Total	4.52	-

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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, if any.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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:

- 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 asset's 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.

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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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	27.58
b) Taxation matters	Nil	Nil
c) Other matters	Nil	Nil
	27.58	27.58

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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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, 2011 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, 2011	31st March, 2010
10. Earnings per equity share			
a)	Profit or loss attributable to equity shareholders		
	Profit after tax (₹ in thousands)	1.92	298.39
	Add: Excess provision for tax of earlier years (₹ in thousands)	1.15	-
		3.07	298.39
b)	Weighted average number equity shares of ₹10/- each	Nos. 10,000	10,000
c)	EPS (in ₹)		
	- Basic ₹	0.31	29.84
	- Diluted ₹	0.31	29.84

11. 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
- Transactions with related parties

(₹ in thousands)

Nature of transaction	31st March, 2011				31st March, 2010			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	4,854.07	-	-	4,854.07	414,748.82	-	-	414,748.82
Interest paid	51,866.43	-	-	51,866.43	-	-	-	-
Outstanding as at year end- Due to	466,282.68	-	-	466,282.68	414,748.82	-	-	414,748.82

- 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 ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

13. Balance Sheet Abstract and Company's General Business profile:

I. Registration Details	
Registration No.	U74999MH2003PTC143045
State Code	11
Balance Sheet Date	31st March, 2011
II. Capital Raised during the Year (₹ in thousands)	
Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement	-
III. Position of Mobilisation & Deployment of Funds (₹ in thousands)	
Total Liabilities	469,663
Total Assets	469,663
Sources of Funds (₹ in thousands)	
Paid-up capital	100
Reserves and Surplus	-
Secured loans	-
Unsecured loans	466,283
Application of Funds (₹ in thousands)	
Net Fixed Assets	-
Investments	-
Deffered Tax Assets	7
Net Current Assets	460,577
Miscellaneous Expenditure	-
Accumulated Losses	5,799
IV. Performance of company (₹ in thousands)	
Turnover	-
Total Expenditure	36
Profit/(Loss) before tax	3
Profit/(Loss) after tax	2
Earnings per share [in ₹]	0.31
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 **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
(Director)

Sarang Wadhawan
(Director)

Place: Mumbai
Date: 10th May, 2011

NOTICE

Notice is hereby given that the 11th Annual General Meeting of the members of LASHKARIA CONSTRUCTION PRIVATE LIMITED, will be held on Thursday, 11th August, 2011 at 5.30 p.m. at the Registered Office of the Company situated at 102, Diamond Apartment, Near Air India Building, New Link Road, Jogeshwari (West), Mumbai - 400 102 to transact the following business.

A) ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date, report of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Shri Arshad Lashkaria, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. 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.

B) SPECIAL BUSINESS:

4. To consider, review and if thought fit, to pass with or without modification(s) following resolution as ordinary resolution:
"RESOLVED THAT Shri Rakesh Kumar Wadhawan, who was appointed as an Additional Director of the Company, on 30th September, 2010 by the Board of Directors holds the office of Additional Director upto the date of ensuing Annual General Meeting as per the provision of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received the notice in writing proposing his candidature for the office of a Director be and is hereby appointed as a Director of the Company."
5. To consider, review and if thought fit, to pass with or without modification(s) following resolution as ordinary resolution:
"RESOLVED THAT Shri Raiees Belim, who was appointed as an Additional Director of the Company, on 30th September, 2010 by the Board of Directors holds the office of Additional Director upto the date of ensuing Annual General Meeting as per the provision of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received the notice in writing proposing his candidature for the office of a Director be and is hereby appointed as a Director of the Company."

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai
Date: 10th May, 2011

Notes:

1. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the meeting is annexed hereto.
2. 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.
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 IN RESPECT OF THE SPECIAL BUSINESS MENTIONED IN THE NOTICE OF THE ANNUAL GENERAL MEETING OF THE COMPANY

ITEM No. 4

The Board of Directors co-opted Shri Rakesh Kumar Wadhawan as additional director of the Company at its meeting held on 30th September, 2010. Pursuant to the provisions of the Section 260 of the Companies Act, 1956, Shri Rakesh Kumar Wadhawan hold 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.

The Directors recommended his appointment as a Director of the Company and to pass a resolution in Item no. 4 as an ordinary resolution.

None of the Directors except Mr. Rakesh Kumar Wadhawan is interested in the resolution.

ITEM No. 5

The Board of Directors co-opted Shri Raiees Belim as additional directors of the Company at its meeting held on 30th September, 2010. Pursuant to the provisions of the Section 260 of the Companies Act, 1956, Shri Raiees Belim hold 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.

The Directors recommended his appointment as a Director of the Company and to pass a resolution in Item no. 5 as an ordinary resolution.

None of the Directors except Mr. Raiees Belim is interested in the resolution.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai
Date: 10th May, 2011

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to submit the Eleventh Annual Report with the audited statement of accounts for the year ended 31st March, 2011.

1 Financial Results:

(₹ in thousands)

	31st March, 2011	31st March, 2010
Gross sales and other receipts	273,670.88	183,100.34
Profit before depreciation and taxation	64,132.08	21,984.59
Depreciation	2,243.87	1,707.41
Profit before tax	61,888.21	20,277.18
Less: Provision for tax	21,528.30	7,400.00
Add: Deferred tax Asset	176.38	23.50
Profit after taxation	40,536.29	12,900.68
Less: Balance transferred to General Reserve	17,400.00	-
Add/(Less): Excess/(Short) Provision of Income Tax/Tax on Fringe Benefits	17.90	(2,523.08)
Balance brought forward	25,980.10	20,906.91
Appropriation	-	5,304.41
Profit carried to Balance Sheet	49,134.29	25,980.10

2 Dividend:

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

3 Directors:

- In accordance with the provisions of Section 255 of the Companies Act, 1956, Shri Arshad Lashkaria retires 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 and Shri Raiees Belim were appointed as additional directors of the Company with effect from 30th September, 2010. They hold office upto the date of ensuing Annual General Meeting and are eligible for re-appointment. Pursuant to Section 257 of the Companies Act, 1956, the Company has received a notice from a member signifying his intention to propose the candidature of Shri Rakesh Kumar Wadhawan and Shri Raiees Belim as Directors in the ensuing Annual General Meeting. Accordingly resolutions for the aforesaid appointments are included in the notice of the Annual General Meeting.

4 Appointment of Auditors:

M/s. U. D. Kachare & 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 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, Technology 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,

(₹ in thousands)

	31st March, 2011	31st March, 2010
(a) Earnings	Nil	Nil
(b) Outgo	Nil	Nil

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

DIRECTORS' REPORT

7 Directors' Responsibility Statement:

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 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 Explanations to the observation made by the auditor with regards to non payment of Maharashtra Value Added Tax and Service Tax respectively are self explanatory.

9 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: 10th May, 2011

AUDITORS' REPORT

To the members of LASHKARIA CONSTRUCTION PRIVATE LIMITED

- 1 We have audited the attached Balance Sheet of LASHKARIA CONSTRUCTION PRIVATE LIMITED, as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 (the 'Act') and on the basis of such check of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give 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 purposes of our audit;
 - (b) in our opinion, proper books of account as required by the law have been kept by the Company, so far as appears from our examination of those books;
 - (c) the Balance Sheet, the 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 the written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 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 read together with significant accounting policies and notes thereon 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, 2011;
 - (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 **U. D. KACHARE & CO.**

Chartered Accountants

Firm Registration No. 104513W

Uday D. Kachare

(Proprietor)

Membership No. 38046

Place: Mumbai

Date: 10th May, 2011

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, 2011 of Lashkaria Construction Private Limited.

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
(b) As explained to us, all the fixed assets have been physically verified by the management on last day of the financial year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
(c) In our opinion, the Company has not disposed of any of its fixed assets.
- 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 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 inventories. As explained to us, there are no material discrepancies noticed on physical verification of inventories as compared to the book records.
- 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) According to information and explanations given to us, the Company has granted loans, free of interest to four entities listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 4,907.00 thousand and the year end balance of loans granted to such parties was ₹ 1,532.00 thousand.
 - (b) The principal amount are repayable on demand and there is no repayment schedule.
 - (c) 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 ₹ 10,73,852.30 thousand and the year end balance is ₹ 10,73,852.30 thousand.
 - (d) 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.
 - (e) The said loan taken from its holding company is repayable on demand hence there is no repayment schedule.
 - (f) 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 inventory, 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) 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 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. 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

ANNEXURE TO THE AUDITORS' REPORT

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, 2011 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 except the sum of ₹ 1,432.00 thousand of Maharashtra Value Added Tax on sale of immovable property on which stay has been granted by the Bombay High Court and the sum of ₹ 3,638.50 thousand of service tax on sale of immovable property, the levy of which has been challenged in writ petition by Maharashtra Chamber of Housing Industry and the Company is awaiting the final decision of the court.
- 10 The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
- 11 As per the information and explanations given to us by the management, the Company has not defaulted in repayment of dues to bank.
- 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.
- 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 issued 68,65,000 equity shares to its directors and holding company covered in the register maintained under Section 301 of the Companies Act, 1956 and the terms and conditions of such issue are not prejudicial to the interest of the Company.
- 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 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 **U. D. KACHARE & CO.**

Chartered Accountants

Firm Registration No. 104513W

Uday D. Kachare

(Proprietor)

Membership No. 38046

Place: Mumbai

Date: 10th May, 2011

BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
SOURCES OF FUNDS					
Shareholders' Fund:					
Share capital	A	100,000.00		950.00	
Reserves and surplus	B	49,134.29		38,980.10	
Share application money		-	149,134.29	800.00	40,730.10
LOAN FUNDS:					
Secured Loans	C	3,019.00		3,359.57	
Unsecured loans		1,070,833.30	1,073,852.30	-	3,359.57
Total			1,222,986.59		44,089.67
APPLICATION OF FUNDS					
Fixed Assets:					
Gross Block	D	15,697.73		13,207.95	
Less: Depreciation		8,510.03		6,266.16	
Net block			7,187.70		6,941.79
Investments:					
Deferred Tax Asset	F		614.88		438.50
Current Assets, Loans and Advances:					
Inventories	G	655,600.49		86,804.12	
Sundry debtors	H	48,487.00		60,077.48	
Cash and bank balances	I	18,448.72		10,183.74	
Other current asset	J	131.54		366.13	
Loans and advances	K	420,011.85		41,425.35	
		1,142,679.60		198,856.82	
Less: Current Liabilities and Provisions:					
Current liabilities	L	81,775.31		158,795.13	
Provisions	M	120.28		3,352.31	
		81,895.59		162,147.44	
Net current assets			1,060,784.01		36,709.38
Miscellaneous Expenditure:	N		-		-
Total			1,222,986.59		44,089.67
Significant Accounting Policies and Notes on accounts	T				

The accompanying schedules A to T forms an integral part of these accounts

As per our report of even date attached

For and on behalf of the Board of Directors

For **U. D. KACHARE & CO.**
 Chartered Accountants
 Firm Registration No. 104513W

Uday D. Kachare
 (Proprietor)
 Membership No. 38046

Rakesh Kumar Wadhawan
 (Director)

Aslam Y. Lashkaria
 (Director)

Place: Mumbai
 Date: 10th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
INCOME			
Turnover		272,359.78	182,959.35
Other Income	O	1,311.10	140.99
Total		273,670.88	183,100.34
EXPENDITURE			
Variation in inventory	P	(569,521.37)	27,217.62
Construction expenses		753,374.69	113,017.17
Finance and other expenses	Q	611.81	1,336.86
Employees' remuneration and welfare expenses	R	5,313.10	2,858.18
Administrative expenses	S	18,765.25	16,606.77
Remuneration to auditors		212.68	75.15
Depreciation		2,243.87	1,707.41
Preliminary expenses written off		-	4.00
Expenses of increasing authorised share capital written off		782.64	-
Total		211,782.67	162,823.16
Profit before tax		61,888.21	20,277.18
Less: Provision for tax		21,500.00	7,400.00
Less: Provision for Wealth tax		28.30	-
Add: Deferred tax assets		176.38	23.50
Net Profit after taxation		40,536.29	12,900.68
Balance brought forward from previous year		25,980.10	20,906.91
Less: Transferred to General Reserve		17,400.00	-
Add/(Less): Excess/(Short) Provision of Income Tax/Tax on Fringe benefits		17.90	(2,523.08)
Profit available for appropriation		49,134.29	31,284.51
Appropriations			
Interim Dividend		-	130.00
Tax on Interim Dividend		-	22.32
Proposed Dividend (Final)		-	130.00
Tax on Proposed Dividend		-	22.09
Transferred to General Reserve		-	5,000.00
Balance carried to Balance Sheet		49,134.29	25,980.10
Earnings per share - Basic (Amount in ₹)		7.27	3.31
- Diluted (Amount in ₹)		7.27	3.31
Equity shares of ₹ 10/- each			
Number of shares used in computing earnings per share			
Basic		5,485,163	3,135,000
Diluted		5,485,163	3,135,000
Significant Accounting Policies and Notes on accounts	T		

The accompanying schedules A to T forms an integral part of these accounts

As per our report of even date attached

For and on behalf of the Board of Directors

For **U. D. KACHARE & CO.**
 Chartered Accountants
 Firm Registration No. 104513W

Uday D. Kachare
 (Proprietor)
 Membership No. 38046

Rakesh Kumar Wadhawan
 (Director)

Aslam Y. Lashkaria
 (Director)

Place: Mumbai
 Date: 10th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in thousands)		31st March, 2010 (₹ in thousands)	
A. Cash Flow from operating activities				
Net profit before tax		61,888.21		20,277.18
Adjustments for:				
Depreciation	2,243.87		1,707.41	
Interest paid	611.81		1,336.86	
Expenses of increasing share capital written off	782.64		-	
Preliminary Expenses written off	-	3,638.32	4.00	3,048.27
Operating Profit before working capital changes		65,526.53		23,325.45
Movements in working capital:				
Decrease/(Increase) in inventory	(568,796.37)		27,217.61	
Decrease/(Increase) in sundry debtors	11,590.48		(44,021.23)	
Decrease/(Increase) in other receivables	(378,351.91)		(15,830.06)	
Increase/(Decrease) in trade and other payables	(77,019.82)		32,316.07	
Net movement in working capital		(1,012,577.62)		(317.61)
Cash generated from operations		(947,051.09)		23,007.84
Less: Direct taxes paid (net of refunds)		24,568.01		7,518.00
Net cash from operating activities		(971,619.10)		15,489.84
B. Cash Flows from investing activities				
Purchase of Investment	(154,400.00)		-	
Purchase of fixed assets	(2,489.79)		(4,849.10)	
Net cash from investing activities		(156,889.79)		(4,849.10)
C. Cash Flows from financing activities				
Proceeds from borrowings	1,072,483.30		3,500.00	
Repayment of borrowing	(1,990.57)		(6,541.05)	
Expenses relating to increase in authorised share capital	(782.64)		-	
Dividend paid	(174.41)		(130.00)	
Interest paid	(611.81)		(1,336.86)	
Proceeds of equity share issue	67,850.00		1,571.40	
Net cash used in financing activities		1,136,773.87		(2,936.51)
Net increase in cash and cash equivalents (A + B + C)		8,264.98		7,704.23
Cash and cash equivalents at the beginning of the year		10,183.74		2,479.51
Cash and cash equivalents at the end of the year		18,448.72		10,183.74
Components of cash and cash equivalents as at		31st March, 2011		31st March, 2010
Cash on hand		1,682.51		1,291.89
With banks - On Current account		14,392.37		7,391.85
- On Deposit account		2,373.84		1,500.00
		18,448.72		10,183.74

- 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 bracket indicate outflow.

As per our report of even date attached

For and on behalf of the Board of Directors

For **U. D. KACHARE & CO.**
 Chartered Accountants
 Firm Registration No. 104513W

Uday D. Kachare
 (Proprietor)
 Membership No. 38046

Place: Mumbai
 Date: 10th May, 2011

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Rakesh Kumar Wadhawan
 (Director)

Aslam Y. Lashkaria
 (Director)

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE A		
SHARE CAPITAL		
Authorised		
1,00,00,000 (previous year 1,00,00,000) Equity shares of ₹ 10/- each	100,000.00	100,000.00
Issued, subscribed and paid-up		
1,00,00,000 (previous year 95,000) Equity shares of ₹ 10/- each fully paid-up	100,000.00	950.00
(Of the above 30,40,000 equity shares of ₹ 10/- each were allotted as fully paid-up bonus shares by way of capitalisation of General Reserve)	100,000.00	950.00
SCHEDULE B		
RESERVE AND SURPLUS		
General Reserve		
Balance as per last Balance Sheet	13,000.00	13,000.00
Add: Transferred from Profit and Loss Account	17,400.00	-
	30,400.00	13,000.00
Less: Utilised for issue of bonus shares	30,400.00	-
	-	13,000.00
Profit and Loss Account	49,134.29	25,980.10
Total	49,134.29	38,980.10
SCHEDULE C		
SECURED LOANS		
Term Loan from Bank and Financial Institutions	3,019.00	3,359.57
* Security details of these loans are given in Notes to Accounts Schedule T at serial No. B-7		
UNSECURED LOANS		
From Holding Company	1,070,833.30	-
Total	1,073,852.30	3,359.57

SCHEDULE D

FIXED ASSETS

(₹ in thousands)

Particulars	COST			DEPRECIATION				NET BLOCK		
	As at 01-Apr-2010	Addi- tions	Dele- tions	As at 31-Mar-2011	Up to 01-Apr-2010	For the year	On sale or adjust- ments	Upto 31-Mar-2011	As at 31-Mar-2011	As at 31-Mar-2010
Computers	323.62	87.06	-	410.68	201.66	77.22	-	278.88	131.80	121.96
Office Equipments	187.98	71.82	-	259.80	16.98	26.00	-	42.98	216.82	171.00
Furniture and Fixtures	83.61	-	-	83.61	27.27	10.20	-	37.47	46.14	56.34
Vehicles	12,612.73	2,330.91	-	14,943.64	6,020.25	2,130.45	-	8,150.70	6,792.94	6,592.48
Total	13,207.94	2,489.79	-	15,697.73	6,266.16	2,243.87	-	8,510.03	7,187.70	6,941.78
Previous year	8,358.85	4,849.10	-	13,207.95	4,558.75	1,707.41	-	6,266.16	6,941.79	3,800.10

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE E		
INVESTMENTS (at cost) (non-trade) (Long-Term)		
(Unquoted Shares)		
Lashkaria Housing & Infrastructure (P) Ltd.		
15,440 (previous year Nil) 10% Redeemable Non Cumulative Preference Shares of ₹ 10/- each fully paid	154,400.00	-
Total	154,400.00	-
SCHEDULE F		
DEFERRED TAX ASSET		
Arising on account of timing differences		
Related to fixed assets	614.88	438.50
Total	614.88	438.50
SCHEDULE G		
INVENTORIES		
Work-in-progress (at cost)	655,600.49	86,804.12
Total	655,600.49	86,804.12
SCHEDULE H		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	23,150.00	8,818.73
Other debts		
Unsecured, considered good	25,337.00	51,258.75
Total	48,487.00	60,077.48
SCHEDULE I		
CASH AND BANK BALANCES		
Cash in hand	1,682.51	1,291.89
Balances with scheduled banks:		
On current accounts	14,392.37	7,391.85
On deposit accounts	2,373.84	1,500.00
Total	18,448.72	10,183.74
SCHEDULE J		
OTHER CURRENT ASSET		
Interest accrued on fixed deposits	131.54	366.13
Total	131.54	366.13

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE K		
LOANS AND ADVANCES		
Unsecured considered good		
Advances recoverable in cash or in kind or for value to be received		
Land purchase/tenancy/claims/development rights	420,006.85	41,327.16
Prepaid expenses	5.00	7.50
Security deposits	-	90.69
Total	420,011.85	41,425.35
SCHEDULE L		
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	44,530.80	107,606.41
(b) Advances from Customers	32,058.90	49,145.07
(c) Other liabilities	5,185.61	47.86
(d) Unsecured loan from Barclays Bank	-	1,995.79
Total	81,775.31	158,795.13
SCHEDULE M		
PROVISIONS		
Provision for taxation	28,928.30	12,500.00
Less: Advance Tax	28,808.02	9,322.10
	120.28	3,177.90
Proposed Dividend	-	130.00
Dividend Distribution Tax	-	44.41
Total	120.28	3,352.31
SCHEDULE N		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses		
Balance as per last Balance Sheet	-	4.00
Less: Written off during the year	-	4.00
Total	-	-

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE O		
OTHER INCOME		
Interest received [(TDS ₹ 15.47 thousand (previous year ₹ 14.00 thousand)]	154.72	140.99
Sale of scrap	1,153.85	-
Miscellaneous income	2.53	-
Total	1,311.10	140.99
SCHEDULE P		
VARIATION IN INVENTORY		
Work-in-progress		
Opening stock	86,804.12	114,021.74
Less: Adjustment	725.00	-
	86,079.12	114,021.74
Less: Closing stock	655,600.49	86,804.12
Total	(569,521.37)	27,217.62
SCHEDULE Q		
FINANCE AND OTHER EXPENSES		
Interest	593.06	1,317.38
Bank Charges	18.75	19.48
Total	611.81	1,336.86
SCHEDULE R		
STAFF COST		
Salaries, bonus and other payments	5,013.54	2,545.17
Staff Welfare	299.56	313.01
Total	5,313.10	2,858.18

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

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
SCHEDULE S		
ADMINISTRATIVE EXPENSES		
Advertisement and sales promotion expenses	2,120.34	1,124.75
Brokerage Charges	1,256.25	2,403.95
Electricity Charges	970.02	1,326.75
Insurance Charges	177.12	523.01
Other administrative expenses	224.18	281.80
Printing and Stationery	224.57	131.29
Legal and Professional fees	1,173.65	3,472.73
Rent, Rates and Taxes	480.00	1,375.66
Repair and Maintenance	119.36	95.22
Communication expenses	371.82	378.34
Postage and Courier	18.11	10.23
Travelling and conveyance expenses	2,361.22	943.04
Directors' Remuneration	6,600.00	3,900.00
Donations	2,668.61	640.00
Total	18,765.25	16,606.77

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE T

A STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation:

- a) 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. Fixed assets and depreciation:

Fixed assets are capitalised at cost inclusive of expenses incidental thereto. Depreciation is provided on Written Down Value (WDV) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

3. Investment:

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:

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

5. Revenue Recognition:

- a) Revenue from sale of units in real estate is recognised upon transfer of all significant risks and rewards of ownership of such unit in real estate, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/agreements, except for contracts where the Company still has obligation to perform substantial acts even after the transfer of all significant risks and rewards. In such cases, the revenue is recognised on percentage of completion method, when the stage of completion of each project reaches a reasonable level of progress. Revenue is recognised in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Land costs are not included for the purpose of computing the percentage of completion.
- b) Interest:
Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- c) Dividends:
Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

6. Employees benefits:

- a) Short-term employee benefits:

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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

- b) Long-term employee benefits:
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 period when the contributions to the respective funds are due.

However as on the last day of the financial year, the Company has determined the services of all the existing employees, no provision for retirement benefits have been considered in these accounts.

7. Taxes on income:

- a) 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.
- b) 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.
- c) 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.

8. 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".

9. 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 if any.

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.

10. 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.

11. 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 their 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.

12. Contingent liabilities:

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

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

B OTHER NOTES:

	31st March, 2011 (₹ in thousands)	31st March, 2010 (₹ in thousands)
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. Earnings in foreign exchange	Nil	Nil
3. Value of imports on C.I.F. basis	Nil	Nil
4. Expenditure in foreign currency	Nil	Nil
5. Remuneration to auditors:		
a) Audit fees	157.21	75.15
b) Taxation matters	-	-
c) Other matters	55.47	85.98*
(*amount is included in Legal and Professional fees)	212.68	161.13
6. Managerial Remuneration		
a) Remuneration to the Director	6,600.00	3,900.00
	6,600.00	3,900.00

7. a) Term loan from HDFC Bank is secured by hypothecation of Vehicle (Ford). Interest is payable monthly. Repayable in 36 equal monthly installment of ₹ 52.26 thousand each.
 b) The other term loan from HDFC Bank is secured by hypothecation of Vehicle (Mercedes Benz) Interest is payable monthly. Repayable in 36 equal monthly installment of ₹ 109.48 thousand each.

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.

9. Micro, Small and Medium Enterprises:

- a) As on 31st March, 2011 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.

10. Related party disclosure:

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

Holding Company

Housing Development and Infrastructure Limited

Associates

Not applicable

- b) Transaction with related party

(₹ in thousands)

Nature of transaction	31st March, 2011				31st March, 2010			
	Holding Company	Enterprises influenced by Key Management Personnel	Key Management Personnel	Total	Holding Company	Enterprises influenced by Key Management Personnel	Key Management Personnel	Total
Purchase and contract charges	-	57,520	-	57,520	-	34,300	-	34,300
Loans/advances received	1,119,178	-	-	1,119,178	-	5,000	-	5,000
Loans/advances given	-	211,850	-	211,850	-	53,350	-	53,350
Investment in preference shares	-	154,400	-	154,400	-	-	-	-
Rent	-	-	480	480	-	-	-	-
Sale	-	780,000	-	780,000	-	-	-	-
Directors Remuneration	-	-	6,600	6,600	-	-	3,900	3,900
Outstanding as at year end- Due from	-	15,320	-	15,320	-	652	-	652
Outstanding as at year end- Due to	1,070,833	-	-	1,070,833	-	-	-	-

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

c) Key management personnel

Name	Designation
Aslam Y. Lashkaria	Director
Vaseem Lashkaria	Director
Hasam Lashkaria	Director
Arshad Lashkaria	Director

d) Enterprise significantly influenced by key management personnel

Lashkaria Housing & Infrastructure Private Limited
 Lashkaria Infrastructure Development
 Lashkaria Construction
 Anam Associates
 Shabnam Associates
 Pacific Construction Co.
 Perfect Construction Co.

11. Earnings per equity share:

		31st March, 2011	31st March, 2010
a) Profit after tax as per Profit and Loss Account	(₹ in thousands)	40,536.29	12,900.68
Excess/(Short) Provision of Income Tax/FBT	(₹ in thousands)	17.90	(2,523.08)
Net Profit attributable to Equity Shareholders	(₹ in thousands)	<u>40,554.19</u>	<u>10,377.60</u>
b) Weighted average number of equity shares used as denominator for calculating EPS	Nos.	5,580,068	3,135,000
c) Earning per share - Basic	(₹)	7.27	3.31
d) Earning per share - Diluted	(₹)	7.27	3.31
e) Nominal value per Equity share is ₹ 10/-			

12. 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.

13. Previous year's figures have been rearranged/regrouped wherever necessary, to facilitate comparison with current year figures.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

I. Registration Details	
Registration No.	U70100MH2000PTC128723
State Code	11
Balance Sheet Date	31st March, 2011
II. Capital Raised during the Year (₹ in thousands)	
Public Issue	-
Rights Issue	-
Bonus Issue	30,400
Private Placement	68,650
III. Position of Mobilisation & Deployment of Funds (₹ in thousands)	
Total Liabilities	1,304,882
Total Assets	1,304,882
Sources of Funds (₹ in thousands)	
Paid-up capital	100,000
Reserves & Surplus	49,134
Secured loans	3,019
Unsecured loans	1,070,833
Application of Funds (₹ in thousands)	
Net Fixed Assets	7,188
Investments	154,400
Deferred Tax Assets	614
Net Current Assets	1,060,784
IV. Performance of Company (₹ in thousands)	
Turnover	272,360
Total Expenditure	211,783
Profit before tax	61,888
Profit after tax	40,536
Earning per share (Amount in ₹)	7.27
Dividend rate	-
V. Generic Names of Three Principal Products/Services of Company	
(as per monetary terms)	
Item Code No. (ITC Code)	NIL
Product Description	NA

Signatures to Schedules A to T

For and on behalf of the Board of Directors

 For **U. D. KACHARE & CO.**
 Chartered Accountants
 Firm Registration No. 104513W

Uday D. Kachare
 Proprietor
 Membership No. 38046

 Place: Mumbai
 Date: 10th May, 2011

Rakesh Kumar Wadhawan
 (Director)

Aslam Y. Lashkaria
 (Director)

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, 2011 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 subsidiaries whose financial statements reflect total assets of ₹ 27,187.95 lacs as at March 31, 2011, the total revenues (including other income) of ₹ 2,737.96 lacs, total expenditure of ₹ 2119.06 lacs and net cash inflow amounting to ₹ 95.99 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, 2011;
 - (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 No. 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 27th May, 2011

CONSOLIDATED BALANCE SHEET AS AT

	Schedules	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SOURCES OF FUNDS			
Shareholders' funds			
Capital	A	41,500.40	35,884.27
Reserves and surplus	B	881,283.26	660,602.61
Share warrants		25,920.00	7,800.00
Loan funds			
Secured loans	C	431,979.62	410,171.69
Minority interest		462.78	0.46
Deferred tax liability	D	842.80	631.05
	Total	1,381,988.86	1,115,090.08
APPLICATION OF FUNDS			
Fixed assets			
Gross block	E	24,173.53	19,368.00
Less: Depreciation		1,422.62	1,067.84
Net block		22,750.91	18,300.16
Capital work-in-progress		9,171.02	2,169.46
		31,921.93	20,469.62
Goodwill on consolidation	F	22,025.67	25,906.03
Investments	G	5,200.60	24,290.76
Deferred tax assets	H	157.70	118.66
Current assets, loans and advances			
Inventories	I	1,141,524.20	875,665.29
Sundry debtors	J	36,110.48	20,298.91
Cash and bank balances	K	22,969.66	79,176.78
Other current asset	L	257.81	279.12
Loans and advances	M	354,966.77	156,492.94
		1,555,828.92	1,131,913.04
Less: Current liabilities and provisions			
Current liabilities	N	219,331.45	84,356.08
Provisions	O	13,814.51	3,251.95
		233,145.96	87,608.03
Net current assets		1,322,682.96	1,044,305.01
	Total	1,381,988.86	1,115,090.08
Significant Accounting Policies and Notes on Accounts	X		

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

For and on behalf of the Board of Directors

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

Rakesh Kumar Wadhawan
 Chairman

Sarang Wadhawan
 Managing Director

Waryam Singh
 Director

Ashok Kumar Gupta
 Director

Surinder Kumar Soni
 Director

Shyam Sunder Dawra
 Director

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

K. P. Devassy
 Chief Financial Officer

Lalit Mohan Mehta
 Director

Ramesh Chander Kapoor
 Director

Place: Mumbai
 Date: 27th May, 2011

Darshan D. Majmudar
 Vice President - Company
 Secretary & Legal

Satya Pal Talwar
 Director

Raj Kumar Aggarwal
 Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Schedules	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
INCOME			
Turnover	P	184,998.89	150,212.45
Other income	Q	4,988.79	3,451.01
		189,987.68	153,663.46
EXPENDITURE			
Variation in stock-in-trade	R	(1,738.07)	(4,038.73)
Variation in work-in-progress	S	(263,289.44)	(176,217.39)
Transfer to Investment/Fixed assets		(12,386.12)	(6,966.69)
Cost of Construction, development and operating expenses	T	286,661.13	201,359.17
Project specific interest	U	54,173.03	47,721.06
Employees' remuneration and welfare expenses	V	4,639.17	2,850.72
Administrative expenses	W	6,582.43	6,490.58
Interest	U	8,363.04	4,705.89
Depreciation, amortisation and impairment	E	8,375.64	7,231.16
Expenses of increasing authorised share capital written off		7.83	7.89
Preliminary expenses written off		-	0.59
Share of loss from partnership firm		3.04	-
		91,391.68	83,144.25
Operating profit before tax and Exceptional Items		98,596.00	70,519.21
Exceptional Items		449.57	-
Operating profit before tax		98,146.43	70,519.21
Less: Provision for tax		15,727.53	13,015.89
Less: Provision for wealth tax		7.40	5.68
Less: Deferred tax liability		180.44	303.44
Add: Deferred tax asset		3.35	28.45
Profit after tax (before adjustment of minority interest)		82,234.41	57,222.65
Less: Minority interest		56.69	1.33
Less: Share of loss of Associates		2.06	-
Balance brought forward from previous year		50,289.48	55,444.34
Earlier year item:			
Income tax/Deferred tax		95.23	(564.07)
Adjustments for subsidiaries added/delinked		249.99	128.48
Profit available for appropriation		132,810.36	112,230.07
Appropriations:			
Transferred to General Reserve		58,292.41	-
Transferred to Debenture Redemption Reserve		43,334.00	61,916.00
Profit (after adjustment of minority interest)		31,183.95	50,314.07
Less: Losses of minority adjusted against majority interest		-	22.81
Less: Preacquisition profit		294.23	1.78
Profit carried to Balance sheet		30,889.72	50,289.48
Earnings per share - Basic (Amount in ₹)		21.04	17.35
- Diluted (Amount in ₹)		20.67	16.95
Equity shares of ₹ 10/- each			
Number of shares used in computing earnings per share			
Basic		392,140,256	327,375,278
Diluted		399,138,563	334,996,367
Significant Accounting Policies and Notes on Accounts	X		

The accompanying Schedules A to V 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

Place: Mumbai
Date: 27th May, 2011

K. P. Devassy
Chief Financial Officer

Darshan D. Majmudar
Vice President - Company
Secretary & Legal

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Waryam Singh
Director

Surinder Kumar Soni
Director

Lalit Mohan Mehta
Director

Satya Pal Talwar
Director

Sarang Wadhawan
Managing Director

Ashok Kumar Gupta
Director

Shyam Sunder Dawra
Director

Ramesh Chander Kapoor
Director

Raj Kumar Aggarwal
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2011 (₹ in lacs)		31st March, 2010 (₹ in lacs)	
A. Cash flow from operating activities				
Net profit before tax		98,146.43		70,519.21
Adjustments for:				
(1) Depreciation/amortisation	8,375.64		7,231.16	
(2) Expenses of increasing authorised share capital written off	7.83		0.59	
(3) Preliminary expenses written off	-		7.89	
(4) Interest expenses	8,363.04		4,705.89	
(5) Interest received	(2,564.68)		(596.41)	
(6) Income from investments	(260.70)		(134.81)	
(7) Loss on sale of Investment	-		108.36	
(8) Profit on sale of assets	-		(0.45)	
(9) Loss by fire	449.57		-	
(10) Loss on sale of assets	3.29		15.37	
		<u>14,373.99</u>		<u>11,337.59</u>
Operating profit before working capital changes		112,520.42		81,856.80
Movements in working capital:				
Decrease/(Increase) in inventory	(265,858.91)		(191,351.97)	
Decrease/(Increase) in sundry debtors	(15,811.57)		(3,607.77)	
Decrease/(Increase) in other receivables	(197,090.14)		14,189.44	
Increase/(Decrease) in trade and other payables	135,044.60		19,247.58	
Net movement in working capital		<u>(343,716.02)</u>		<u>(161,522.72)</u>
Cash generated from/(used in) operations		(231,195.60)		(79,665.92)
Less: Direct taxes paid (net of refunds)		5,145.56		12,017.61
Net cash from/(used in) operating activities		<u>(236,341.16)</u>		<u>(91,683.53)</u>
B. Cash flows from investing activities				
(1) Sale of fixed assets	3.23		13.69	
(2) Sale/(Purchase) of investments	18,984.44		46.84	
(3) Interest received	2,564.68		596.41	
(4) Income from investments	260.70		134.81	
(5) (Increase)/Decrease in capital work-in-progress	(7,001.56)		(3,165.55)	
(6) Purchase of fixed assets (including addition to Goodwill)	(10,488.33)		(31,076.55)	
		<u>4,323.16</u>		<u>(33,450.35)</u>
Net cash from/(used in) investing activities		4,323.16		(33,450.35)
C. Cash flows from financing activities				
(1) Proceeds from issue of equity shares	115,750.00		168,840.00	
(2) Proceeds from Share warrants	49,320.00		39,000.00	
(3) Proceeds from borrowings	120,415.86		203,114.25	
(4) Repayments of borrowings	(98,607.93)		(207,274.53)	
(5) Interest paid	(8,363.04)		(4,705.89)	
(6) Dividend paid	(0.81)		(0.26)	
(7) Expenses towards increase in share capital	(2,887.69)		(2,484.56)	
		<u>175,626.39</u>		<u>196,489.01</u>
Net cash from/(used in) financing activities		175,626.39		196,489.01
Net increase/(decrease) in cash and cash equivalents (A + B + C)		(56,391.61)		71,355.13
Cash and cash equivalents at the beginning of the year	79,176.78		7,548.93	
Less: Delink of subsidiary	-		(0.45)	
Add: Upon addition of new subsidiaries	184.49		273.17	
Cash and cash equivalents at the end of the year		<u>22,969.66</u>		<u>79,176.78</u>
Components of cash and cash equivalents as at				
Cash on hand		31st March, 2011		31st March, 2010
With banks - on current account		131.93		659.15
- on deposit account		2,979.66		29,511.66
		<u>19,858.07</u>		<u>49,005.97</u>
Total		22,969.66		79,176.78

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 ₹ 10/- each at a premium of ₹ 230/- per share against conversion of warrants. The same has not been considered for the purpose of Cash flow.

The accompanying Schedules A to V 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

Place: Mumbai
Date: 27th May, 2011

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K. P. Devassy
Chief Financial Officer

Darshan D. Majmudar
Vice President - Company
Secretary & Legal

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Chairman

Waryam Singh
Director

Surinder Kumar Soni
Director

Lalit Mohan Mehta
Director

Satya Pal Talwar
Director

Sarang Wadhawan
Managing Director

Ashok Kumar Gupta
Director

Shyam Sunder Dawra
Director

Ramesh Chander Kapoor
Director

Raj Kumar Aggarwal
Director

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "A"		
SHARE CAPITAL		
Authorised:		
50,00,00,000 (previous year 50,00,00,000) Equity Shares of ₹ 10/- each	<u>50,000.00</u>	<u>50,000.00</u>
Issued, subscribed and paid up		
41,50,03,986 (previous year 35,88,42,676) Equity Shares of ₹ 10/- each fully paid-up. (Of the above 23,12,20,595 Equity Shares of ₹ 10/- each were allotted as fully paid-up bonus shares by way of capitalisation of General Reserve and Securities Premium)	<u>41,500.40</u>	<u>35,884.27</u>
	<u>41,500.40</u>	<u>35,884.27</u>
SCHEDULE "B"		
RESERVE AND SURPLUS		
Capital Reserve		
Balance as per last balance sheet	<u>6.00</u>	<u>6.00</u>
	6.00	6.00
Capital Redemption Reserve		
Balance as per last balance sheet	<u>62.07</u>	<u>62.07</u>
	62.07	62.07
Securities Premium Account		
Balance as per last balance sheet	342,081.59	152,872.85
Add: Received during the year	141,333.87	191,705.00
Less: Issue expenses written off	<u>2,879.87</u>	<u>2,496.26</u>
	480,535.59	342,081.59
Debenture Redemption Reserve		
Balance as per last balance sheet	27,166.00	68,750.00
Add: Transferred from Profit and Loss Account	43,334.00	61,916.00
Less: Transferred to General Reserve	<u>28,820.00</u>	<u>103,500.00</u>
	41,680.00	27,166.00
General Reserve		
Balance as per last balance sheet	240,997.47	137,497.47
Add: Transferred from Profit and Loss Account	58,292.41	-
Add: Transferred from Debenture Redemption Reserve	<u>28,820.00</u>	<u>103,500.00</u>
	328,109.88	240,997.47
Profit and Loss Account	<u>30,889.72</u>	<u>50,289.48</u>
	<u>881,283.26</u>	<u>660,602.61</u>
SCHEDULE "C"		
LOAN FUNDS		
Secured Loans*		
20,418 (previous year 19,800) Redeemable Non-Convertible Debentures of ₹ 10 lacs each	204,180.00	198,000.00
Term loan from Scheduled Banks	173,128.83	164,818.95
Term loan from Financial Institutions	54,670.79	47,352.74
* Security details of these loans are given in Notes on Accounts Schedule X at Serial No. 13	<u>431,979.62</u>	<u>410,171.69</u>
SCHEDULE "D"		
DEFERRED TAX LIABILITY		
Arising on account of timing difference		
Related to fixed assets	838.69	631.03
Provision for gratuity	4.11	0.02
	<u>842.80</u>	<u>631.05</u>

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

SCHEDULE "E"

FIXED ASSETS

(₹ in lacs)

Description	Cost				Depreciation					Net Block		
	As at 1st April, 2010	Addition on Acquisition	Additions during the year	Deletions during the year	As at 31st March, 2011	Up to 31st March, 2010	Addition on Acquisition	For the year	On sale of assets	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Own assets:												
Tangible assets:												
Freehold Land	557.09	-	136.19	-	693.28	-	-	-	-	-	693.28	557.09
Leasehold Land	-	-	1,850.81	-	1,850.81	-	-	-	-	-	1,850.81	-
Buildings	13,780.60	-	2,821.00	1,303.93	15,297.67	320.25	-	397.95	119.78	598.42	14,699.25	13,460.35
Plant and Machinery	1,383.65	-	1,927.90	1,243.61	2,067.94	60.90	-	107.76	74.73	93.93	1,974.01	1,322.75
Office Equipments	695.19	2.04	161.28	374.18	484.33	100.90	0.30	38.00	71.82	67.38	416.95	594.29
Computers	447.97	4.00	341.16	316.32	476.81	174.69	2.40	70.46	157.88	89.67	387.14	273.28
Furniture and Fixtures	1,481.69	0.84	1,765.61	1,403.84	1,844.30	196.42	0.33	150.85	211.81	135.79	1,708.51	1,285.27
Vehicles	826.00	147.44	397.96	117.40	1,254.00	154.14	70.83	94.09	3.41	315.65	938.35	671.86
Total (A)	19,172.19	154.32	9,401.91	4,759.28	23,969.14	1,007.30	73.86	859.11	639.43	1,300.84	22,668.30	18,164.89
Intangible Assets:												
Softwares	193.46	-	13.43	4.83	202.06	60.06	-	61.77	0.81	121.02	81.04	133.40
Logos and trademarks	1.80	-	-	-	1.80	0.39	-	0.18	-	0.57	1.23	1.41
Website Development	0.55	-	-	-	0.55	0.09	-	0.06	-	0.15	0.40	0.46
Total (B)	195.81	-	13.43	4.83	204.41	60.54	-	62.01	0.81	121.74	82.67	135.27
Total (A + B)	19,368.00	154.32	9,415.34	4,764.11	24,173.55	1,067.84	73.86	921.12	640.24	1,422.58	22,750.97	18,300.16
Previous year	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
Capital Work-in-Progress											9,171.02	2,169.46

SCHEDULE "F"

GOODWILL ON CONSOLIDATION

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
Balance as per last balance sheet	25,906.03	4,784.69
Add: Goodwill(Net) on acquisition of interest in subsidiaries	3,574.15	27,818.45
	29,480.18	32,603.14
Less: Impairment during the year	7,454.51	6,697.11
	22,025.67	25,906.03

SCHEDULE "G"

INVESTMENTS(AT COST)(NON-TRADE)

Long Term

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
Investment in immovable property		
Investment in property at HDIL Towers	2,976.88	3,650.00
Investment in property - Flats at Virar	13.06	13.06
Investment in property - Pali Arcade	313.72	313.72
Other than trade (Unquoted Shares)		
Punjab & Maharashtra Co-op. Bank Limited	147.51	147.50
5,90,040 (previous year 5,90,000) Equity shares of ₹ 25/- each fully paid-up		
Other corporates (Unquoted)		
Privilege Ports and Energy Private Limited(formerly - HDIL Energy Private Limited)	-	0.26
Nil (previous year 2,600) Equity shares of ₹ 10/- each fully paid-up		
Privilege Ports and Energy Private Limited (formerly - HDIL Energy Private Limited)	-	71.95
Nil (previous year 7,19,500) 0.01% Redeemable Preference Shares of ₹ 10/- each fully paid-up		
HDIL Infraprojects Private Limited	-	1,800.00
Nil (previous year 1,80,00,000) Equity shares of ₹ 10/- each fully paid-up		
UM Architectures and Contractors Limited	-	1,768.81
Nil (previous year 20,000) Equity shares of ₹ 10/- each fully paid-up		

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "G" (Contd.)		
Privilege Health Care Services Private Limited (formerly- HDIL Health Care Services Private Limited)	-	0.10
Nil (previous year 1,000) Equity shares of ₹ 10/- each fully paid-up		
Privilege Hi-Tech Infrastructure Limited (formerly GFM (India) Infrastructure Limited)	1.19	-
11,900 (Previous year Nil) Equity shares of ₹ 10/- each fully paid-up		
Lashkaria Housing and Infrastructure Private Limited	1,544.00	-
15,440 (previous year Nil) 0.01% Redeemable preference shares of ₹ 10/- each fully paid-up		
HDIL Leisures Private Limited (formerly D. S. Corporation)	202.50	-
20,25,000 (previous year Nil) Equity shares of ₹ 10/- each fully paid-up		
Less: Proportionate share of post acquisition loss	(2.06)	-
In Mutual Funds		
JM Mutual Fund	3.80	3.80
30,211.97 (previous year 30,211.97) units of JM Money Manager Super Plus Plan of ₹ 10/- each fully paid-up		
(NAV 31st March, 2011 ₹ 4.18 lacs (previous year ₹ 3.92 lacs))		
In Capital Account with Joint venture	-	16,521.56
	5,200.60	24,290.76
SCHEDULE "H"		
DEFERRED TAX ASSETS		
Arising on account of timing difference in,		
Preliminary expenses written off	0.21	0.28
Related to fixed assets	6.28	-
Provision for gratuity	1.97	5.08
Bonus payable	55.45	45.96
Provision for encashment of leave	64.72	38.92
Carry forward business loss/unabsorbed depreciation	29.07	28.42
	157.70	118.66
SCHEDULE "I"		
INVENTORIES		
Finished goods (Stock of flats/shops/TDR) (lower of cost or net realisable value)	23,275.80	21,538.12
Stores and spares (at cost)	1.10	1.62
Food and beverages (at cost)	4.74	3.82
Work-in-progress (at cost)	1,118,242.56	854,121.73
	1,141,524.20	875,665.29
SCHEDULE "J"		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	2,168.76	2,018.15
OTHER DEBTS		
Unsecured, considered good	33,941.72	18,280.76
	36,110.48	20,298.91

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "K"		
CASH AND BANK BALANCES		
Cash on hand	131.93	659.15
Balances with scheduled banks:		
On current accounts	2,979.66	29,511.66
On deposit accounts *	19,858.07	49,005.97
* (Includes Fixed deposits of ₹ 3,069.73 lacs (previous year ₹ 2,943.65 lacs pledged with bank as security for bank gurantees)		
	22,969.66	79,176.78
SCHEDULE "L"		
OTHER CURRENT ASSET		
Interest accrued on fixed deposits	257.81	279.12
	257.81	279.12
SCHEDULE "M"		
LOANS AND ADVANCES (UNSECURED CONSIDERED GOOD)		
Loan to associates	9,051.62	-
Advances recoverable in cash or kind or for value to be received:		
Goods and services	22,645.78	6,596.37
Land purchase/ tenancy/ claims/ development rights	311,411.53	144,462.79
Loans to employees	56.62	37.87
Prepaid expenses	118.47	139.59
Security deposits	1,625.81	1,670.29
Income tax refund receivable	5.48	-
Other receivable	10,051.46	3,586.03
	354,966.77	156,492.94
SCHEDULE "N"		
CURRENT LIABILITIES		
(a) Sundry Creditors		
i) Micro, Small and Medium Enterprises	-	-
ii) Others	47,243.23	30,810.20
(b) Advances from customers	133,289.49	41,192.55
(c) Investor education and protection fund		
i) Unpaid Dividend	9.66	10.46
ii) Share Application Money Refundable	10.14	10.14
	19.80	20.60
(d) Other liabilities	38,703.57	12,271.03
(e) Interest accrued but not due on loans	75.36	61.70
	219,331.45	84,356.08
SCHEDULE "O"		
PROVISIONS		
Provision for taxation	46,418.76	41,883.97
Provision for fringe benefit tax	195.73	196.67
Provision for wealth tax	17.09	11.46
	46,631.58	42,092.10
Less: Taxex paid	33,017.51	38,972.15
	13,614.07	3,119.95
Provision for gratuity	0.31	15.04
Provision for encashment of leave	200.13	116.96
	13,814.51	3,251.95

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "P"		
TURNOVER		
Sale of commercial and residential units	6,047.58	6,060.75
Sale of development rights/ FSI/ TDR/ materials	176,049.94	143,138.42
Revenue from entertainment business (TDS ₹ 2.01 lacs (previous year ₹ Nil))	2,886.68	1,001.76
Parking charges (TDS ₹ 0.06 lacs (previous year ₹ Nil))	14.69	11.52
	184,998.89	150,212.45
SCHEDULE "Q"		
OTHER INCOME		
Rent and compensation (TDS ₹ 85.39 lacs (previous year ₹ 195.51 lacs))	1,872.84	2,084.65
Dividend received (From Co-operative Bank)	7.50	7.50
Building maintenance	-	135.15
Flat cancellation charges	46.47	19.87
Interest Received (TDS ₹ 801.58 lacs (previous year ₹ 749.81 lacs))	2,564.68	596.41
Income from investments	253.20	127.31
Miscellaneous receipts (TDS ₹ Nil (previous year ₹ 0.52 lacs))	244.10	127.44
Profit on sale of fixed assets	-	0.45
Interest from partnership firm	-	352.23
	4,988.79	3,451.01
SCHEDULE "R"		
VARIATION IN STOCK-IN-TRADE		
Opening stock-in-trade	21,543.57	17,504.84
Closing stock-in-trade	23,281.64	21,543.57
	(1,738.07)	(4,038.73)
SCHEDULE "S"		
VARIATION IN WORK-IN-PROGRESS		
Opening work-in-progress	854,121.72	673,775.17
Addition during year	831.40	4,129.16
	854,953.12	677,904.33
Closing work-in-progress	1,118,242.56	854,121.72
	(263,289.44)	(176,217.39)
SCHEDULE "T"		
COST OF CONSTRUCTION, DEVELOPMENT AND OPERATING EXPENSES		
Land	36,364.28	5,877.98
Tenancy/ claims/ FSI/ development rights	111,751.08	38,686.88
Construction materials and other expenses	136,677.14	155,846.27
Box office Purchases and operating expenses	1,868.63	948.04
	286,661.13	201,359.17
SCHEDULE "U"		
FINANCE EXPENSES		
Project specific interest	54,173.03	47,721.06
Other interest	8,254.71	4,634.61
Bank charges	108.33	71.28
	62,536.07	52,426.95

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
SCHEDULE "V"		
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES		
Salaries, wages and bonus	3,961.54	2,475.51
Gratuity	99.56	40.59
Contribution towards Employee's State Insurance, Provident and other funds	272.83	169.66
Welfare expenses	305.24	164.96
	4,639.17	2,850.72
SCHEDULE "W"		
ADMINISTRATIVE EXPENSES		
Advertisement and sales promotion expenses	838.35	454.49
Commission and brokerage	21.65	59.29
Electricity charges	90.26	128.24
Insurance charges	2.27	0.95
Other administrative expenses	618.66	723.23
Loss on sale of investments	-	108.36
Loss on sale of assets	3.29	15.37
Membership and subscription	11.17	6.68
Printing and stationery	212.30	167.83
Security charges	62.87	56.11
Professional fees	373.14	382.46
Rent, rates and taxes	263.48	249.42
Repairs and maintenance to buildings	69.33	113.77
Repairs and maintenance to machinery	110.00	11.41
Repairs and maintenance to other assets	31.39	180.95
Stamping and registration	5.52	5.24
Communication expenses	198.08	143.82
Postages and telegram expenses	33.41	22.65
Travelling and conveyance expenses	1,090.35	1,068.12
Directors remuneration and sitting fees	1,924.50	1,924.90
Remuneration to auditors	256.38	139.13
Donations	365.59	527.60
Filing fees paid to the Registrar of Companies	0.44	0.56
	6,582.43	6,490.58

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

SCHEDULE "X"

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011:

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 Estates Private Limited	100%
HDIL Commercial Properties Private Limited (Formerly: HDIL Leisure Private Limited)	100%
Guruashish Construction Private Limited	100%
Ravijyot Finance & Leasing Private Limited	60%
BKC Developers Private Limited	85%
Lashkaria Construction Private Limited	69%

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, 2011. 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.

- 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. Principles of consolidation

The consolidated financial statements relate to the Company and its subsidiaries, associate and joint venture (hereinafter together with the Company collectively referred to as 'the Group'). In the preparation of these consolidated financial statements, investments in Subsidiaries, Associates and Joint Ventures have been accounted for in accordance with Accounting Standard (AS) 21 (Consolidated Financial Statements), Accounting Standard (AS) 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and Accounting Standard (AS) 27 (Financial Reporting of Interests 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.
- 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

- 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) Investment in Associate Company has been accounted under the equity method as per (AS 23) - "Accounting for Investments in Associates in consolidated Financial Statements".
- h) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Profit and Loss account to the extent such change is attributable to the associates Profit and Loss Account and through its reserves for the balance, based on available information.
- i) One of the subsidiary, Lashkaria Construction Private Limited follows the Percentage Completion method, whereas holding company and other subsidiaries follows Project Completion method of accounting, in respect of inventories of real estate developments. At the year end there are no incomplete project included in inventory of Lashkaria Construction Private Limited. There is no impact of this, on the consolidated profit of the group.
- j) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- k) 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 Investments.

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 viz. 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 Estates Private Limited, HDIL Commercial Properties Private Limited (Formerly known as HDIL Leisure Private Limited), Guruashish Construction Private Limited, BKC Developers Private Limited and Lashkaria Construction Private Limited.

B. OTHER NOTES:

1. Related party disclosure

A. List of related parties with whom transactions have taken place during the current accounting period 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 Estates Private Limited
 HDIL Commercial Properties Private Limited (Formerly known as HDIL Leisure Private Limited)
 BKC Developers Private Limited
 Lashkaria Construction Private Limited w.e.f. 12.10.2010

Associates

HDIL Leisures Private Limited w.e.f. 12.08.2010 (Formerly: D.S. Corporation)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

Enterprise significantly influenced by key management personnel

Privilege Airways Private Limited
 Privilege Industries Limited
 Privilege Health Care Services Private Limited (formerly HDIL Health Care Services Private Limited)
 Ravi Ashish Land Developers Limited
 Lashkaria Housing and Development Private Limited
 Lashkaria Infrastructure Development
 Lashkaria Construction
 Shabnam Associates
 Perfect Construction Company
 Pacific Construction Company

B. Transactions with related party

(₹ in lacs)

Nature of transaction	31st March, 2011				31st March, 2010			
	Enterprises influence by Key Management Personnel	Joint Venture/ Associates	Key Management Personnel	Total	Enterprises influence by Key Management Personnel	Joint Venture/ Associates	Key Management Personnel	Total
Loans/advances paid/(received)	175.80	8,162.22	-	8,338.02	7.15	-	-	7.15
Investment in partnership firm	-	-	-	-	-	1,856.38	-	1,856.38
Investment in Equity/preference shares	1,544.00	202.50	-	1,746.50	-	352.23	-	352.23
Interest received	-	988.22	-	988.22	-	-	-	-
Lease rent received/(paid)	(2.40)	-	-	(2.40)	2.80	-	-	2.80
Share of profit received	-	(3.04)	-	(3.04)	-	-	-	-
Directors Remuneration	-	-	1,800.00	1,800.00	-	-	1,800.00	1,800.00
Salary Paid	-	-	158.16	158.16	-	-	114.11	114.11
Sale of commercial units	4,677.52	-	-	4,677.52	-	-	-	-
Expenses	739.58	-	-	739.58	768.18	-	-	768.18
Outstanding as at year end - Due from	4.63	9,051.62	-	9,056.25	-	16,521.56	-	16,521.56
Outstanding as at year end - Due to	461.00	-	-	461.00	664.66	-	-	664.66

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 Commercial Properties Private Limited (Formerly known as - HDIL Leisure Private Limited))

2. Remuneration to Auditors

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
a) Audit fees	72.31	70.63
b) Taxation matters	28.50	28.50
c) Management consultancy	20.00	20.00
d) Other services	135.57	20.00
	256.38	139.13

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

3. Managerial Remuneration

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
a) Remuneration to Executive Chairman and Managing Director	1,800.00	1,800.00
b) Commission to Non-Executive Directors	112.50	112.50
c) Sitting fees	12.00	13.20
	1,924.50	1,925.70

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.

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
Obligations at beginning of year	106.52	76.79
Interest cost @ 8.25% (previous year @ 8.25%)	8.79	6.34
Current service cost	83.01	38.45
Benefits paid	(5.05)	(17.47)
Actuarial (gain)/loss on defined benefit obligation	22.55	2.41
Obligation at year end	215.82	106.52

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

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
Opening fair value of plan assets	91.48	-
Expected return	13.76	3.95
Actuarial gains and (losses)	1.02	2.26
Assets distributed on settlements	-	-
Contribution by employer	127.94	102.74
Benefits paid	(5.05)	(17.47)
Closing fair value of plan assets	229.15	91.48

c) Amounts to be recognised in the Balance Sheet

Projected benefits obligation, at the end of the year	215.82	106.52
Fair value of plan assets at end of the year	229.15	91.48
Net asset/(liability) recognised in the balance sheet	(13.33)	15.04

d) Gratuity cost for the year

Current service cost	83.01	38.45
Interest cost on obligation	8.79	6.34
Expected return on plan assets	(13.77)	(3.95)
Net actuarial (gain)/loss	21.53	0.15
Expense recognised in the statement of profit and loss	99.56	40.99 *

* includes ₹ 0.40 lacs related to Subsidiary Company which forms part of its Capital work-in-progress.

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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

- 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:

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
Obligations at beginning of year	116.95	82.60
Interest cost @ 8.25% (Previous year @ 8.25%)	9.65	6.82
Current service cost	46.34	28.32
Benefits paid	-	-
Actuarial (gain)/loss on defined benefits obligation	27.19	(0.78)
Obligation at year end	200.13	116.96

b) Amounts to be recognised in the balance sheet

Present value of Defined benefits obligation as on	200.13	116.96
Fair value of plan assets as on	-	-
Liability recognised in balance sheet	200.13	116.96

c) Leave Encashment cost for the year

Current service cost	46.34	28.32
Interest cost on obligation	9.65	6.82
Expected return on plan assets	-	-
Net actuarial (gain)/loss	27.19	(0.78)
Expense recognised in the statement of profit and loss	83.18	34.36

C) Valuation assumptions:

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

	31st March, 2011	31st March, 2010
i) Discount Rate	8.25%	8.25%
ii) Salary Growth	7.00%	7.00%
iii) Expected rate of return		
- Gratuity	9.00%	9.00%
- Leave encashment	-	-

5. Capital commitments

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	958.73	94.99

6. Contingent liabilities not provided for

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ 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 In the opinion of the management the above claims are not sustainable.	20,247.35	21,550.00
b) Guarantees provided by the bank	3,069.73	2,933.65
c) Letter of credits provided by the bank	NIL	NIL
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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

7. Supplementary statutory information

	31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
i) Earnings in foreign currency	NIL	NIL
ii) Expenditure in foreign currency		
- Professional fees	77.30	66.53
- Other matters	191.45	37.75
iii) Value of imports calculated on CIF basis		
- Capital goods	10.81	285.40
- Construction materials and other expenses	143.47	NIL

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 realized in the ordinary course of business.

10. a) During the year, 1,30,00,000 share warrants were converted into one equity share of ₹ 10/- each at a premium of ₹ 230/- per share, out of balance warrants issued in previous year to one of the promoter of the Company.

During the year, Company has issued 2,60,00,000 convertible warrants to one of the promoter of the Company at ₹ 275/- per warrant which is to be converted into one equity share each on preferential basis. The price at which the shares/warrants issued during the year is not prejudicial to the interest of the Company.

b) During the year, Company has allotted 4,31,61,310 equity shares of ₹ 10/- each at premium of ₹ 258.18 each on private placement basis aggregating to ₹ 1,15,750 Lacs to Qualified Institutional Buyers and the proceeds of the same have been utilised for the objects of the issue.

11. With effect from 1st July 2010, the Finance Act, 2010 has inserted an Explanation, according to which the activity of construction would be deemed to be a taxable service provided by builder/promoter/ developer to the prospective buyer unless the entire payment for the property is paid by the prospective buyer or on his behalf after the completion of construction. In view of the writ petition filed by Maharashtra Chamber of Housing Industry, challenging the levy of service tax, the Company is awaiting the final decision in the matter. In case matter is decided against the industry, the Company will have to pay ₹ 1,292.52 lacs with interest toward estimated service tax liabilities and the same will be recovered from the customers and will be paid to the Revenue.

12. The Government of Maharashtra has introduced the composite scheme of levying MVAT @1% of the aggregate amount specified in the sale agreement or value specified for the purpose of stamp duty in respect of agreement under Bombay Stamp Act, 1958 whichever is higher, which are registered on or after 1st April, 2010. However, in view of stay granted by Bombay High Court in writ petition filed by Maharashtra Chamber of Housing Industry, the Company is awaiting the final decision in the matter. In case matter is decided against the industry, the Company will have to pay ₹ 417.63 lacs toward estimated MVAT liabilities and the same will be recovered from the customers and will be paid to the Revenue.

13. Loan funds:

Secured loans:

I) 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. 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 ₹ 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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

Sasunavghar, Taluka Vasai. Repayable in 4 quarterly installment of ₹ 5,000 lacs each after moratorium of two years from first disbursement. Interest rate is BPLR.

b) Central Bank of India:

Secured by registered mortgage of property admeasuring 10 acres situated at Premier Road, Off. LBS Marg, in Greater Mumbai, Village Kurla, Taluka Kurla, Mumbai. Rate of interest BPLR+ 0.50% payable monthly. Repayable in 12 equal bi-monthly installment of ₹ 2,500 lacs each commencing from June, 2011.

c) Punjab National Bank:

(I) Secured by equitable mortgage of land admeasuring 2,50,015 sq. mtrs. at Village Shirgaon, Chandansar Road, Virar (E), Taluka Vasai, District Thane. Rate of interest is BPLR+TP+1.50%. Repayment in 12 monthly installment of ₹ 1,666.67 lacs from July, 2010.

(II) Secured by *pari-passu* charge on registered mortgage of all the rights in Land admeasuring 15,554.55 sq. mtrs. bearing CTS No. 866B (1) at Village Ambivali, Taluka Andheri, Mumbai Suburban District as well as FSI pertaining to the plot of land bearing CTS 866-A admeasuring 93,327.40 sq. mtrs and right to TDR of the entire layout of 1,24,436.50 sq. mtrs. Rate of interest is BPLR +TP +3%. Repayment in 12 quarterly installment from 18th June, 2010.

d) Punjab and Sind Bank:

I) Secured by 1,52,955 sq. mtrs. of non-agricultural plot of Land situated at Village Chandansar, Virar (E) owned by Privilege Power and Infrastructure Private Limited, one of the subsidiary of the Company carrying interest at BPLR + 0.25% + TP + RP payable monthly. Repayment in 36 equal monthly installment of ₹ 277.78 lacs from July, 2009.

II) Secured by exclusive charge on B & D Wings out of A, B, C & D wings, equivalent to 6,75,500 Sq. ft. of saleable area of the proposed building of Majestic Tower, at Nahur, Mulund, Mumbai at the part of the Plot of CTS 300/ A-1 and 1021/B of Village Bhandup and CTS No. 771 of Village Nahur, Mulund, Mumbai and further 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, one of the subsidiary of the Company. Rate of Interest PLR + 1% payable monthly. Repayable in 36 monthly instalment of ₹ 347.22 lacs each after moratorium of 24 months from the date of first disbursement.

e) 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, one of the subsidiary of the Company. Rate of interest BPLR + 150 basis points payable monthly. Repayable in 10 quarterly instalment of ₹ 1,000 lacs each after moratorium of 6 months from the date of first disbursement.

f) The Jammu and Kashmir Bank:

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

g) 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 ₹ 2,000 lacs each after moratorium of 6 months from the date of first disbursement.

(II) Secured by *pari-passu* charge on registered mortgage of all the rights in land admeasuring 15,554.55 sq. mtrs. bearing CTS No. 866B (1) at Village Ambivali, Taluka Andheri, Mumbai Suburban District as well as FSI pertaining to the plot of land bearing CTS 866-A admeasuring 93,327.40 sq. mtrs and right to TDR of the entire layout of 1,24,436.50 sq. mtrs. Rate of interest BPLR + 0.50% with monthly rests. Repayable in 16 quarterly instalment of ₹ 1,563 lacs each after moratorium of 12 months from the date of first disbursement.

h) Oriental Bank of Commerce:

Secured by exclusive charge on A & C Wings out of A, B, C & D wings, equivalent to 6,75,500 sq. ft. of saleable area of the proposed building of Majestic tower, at Nahur, Mulund, Mumbai at the part of the Plot of CTS 300/ A-1 and

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

1021/B of Village Bhandup and CTS No. 771 of Village Nahur, Mulund, Mumbai. Rate of Interest PLR + 1% payable monthly. Repayable in 36 monthly instalment of ₹ 347.22 lacs each after moratorium of 24 months from the date of first disbursement.

i) Allahabad Bank:

Secured by registered mortgage over the total construction area of 12,07,076 sq. ft. which includes free sale area admeasuring approximately 7,29,075 sq. ft. at CTS No. 551/27,552(pt), 552/1, 552/5 to 12 of Village Nahur, Taluka Kurla, 'T' ward, Mumbai together with the structure standing thereon at LBS Marg, Nahur Village, Mulund, Mumbai and further secured by Non-agricultural Land situated at Village Chandansar admeasuring 45,342 sq. mtrs. owned by Privilege Power and Infrastructure Private Limited, one of the subsidiary of the Company. Rate of Interest base rate + 5% payable monthly. Repayable in 12 equal quarterly installments after moratorium of 24 months from the date of first disbursement.

j) Union Bank of India:

Term loan from Union Bank of India has been taken by Guruashish Construction Private Limited, one of the subsidiary of the Company is secured by registered mortgage of Non-agricultural property area admeasuring 1,23,365 Sq. mtrs. situated at Village Chandansar and area admeasuring 1,23,360 sq. mtrs. situated at Village Doliv, Khardi, Koshimbi, Dahisar and Kasarali, owned by Privilege Power and Infrastructure Private Limited, one of the subsidiary of the Company. Rate of interest 13.75% payable monthly. Repayable in 20 quarterly installments of ₹ 1000 lacs each. The first instalments to commence from December 2012.

k) Yes Bank Limited:

Term loan from Yes Bank Limited has been taken by HDIL Commercial Properties Private Limited (formerly known as HDIL Leisure Private Limited) one of the subsidiary of the Company is secured by way of first exclusive charge on the project and property built at Juhu Hotel, Juhu Tara Road, Juhu Village, Vile-Parle(West), Mumbai and current assets of the project. It is further secured by corporate guarantee of the holding Company and personal guarantees of Promoter Directors of the HDIL Commercial Properties Private Limited (formerly known as HDIL Leisure Private Limited) one of the subsidiary of the Company, Loan is fully repaid on 19th May, 2011.

l) HDFC Bank:

I) Term loan from HDFC Bank has taken by Lashkaria Construction Private Limited, one of the subsidiary of the Company is secured by hypothecation of Vehicle (Ford). Interest is payable monthly. Loan is repayable in 36 equal monthly instalment of ₹ 0.52 lacs each.

II) The other term loan from HDFC Bank has taken by Lashkaria Construction Private Limited, one of the subsidiary of the Company is secured by hypothecation of Vehicle -Mercedes Benz. Interest is payable monthly. Loan is repayable in 36 equal monthly instalment of ₹ 1.09 lacs each.

II) Overdraft from Banks:

a) Punjab and Maharashtra Co-operative Bank Limited:

Secured by pledge of Fixed deposit receipts with the bank, current rate of interest @7.5%p.a.

III) Term Loans from financial Institution:

a) IL & FS:

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

b) Life Insurance Corporation of India:

Term loan is secured by registered mortgage of property situated at Village Doliv and Village Khardi admeasuring 2,88,940 sq. mtrs. and further secured by mortgage of first to nine floors except 3rd, 4th and 6th floors of commercial building area admeasuring 1,95,846 sq. ft. situated at HDIL Towers, Bandra (East), Mumbai. Rate of interest is 13% p.a. payable monthly. Repayment by sixteen equal quarterly installment from November, 2010.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

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

- i) 11,500 (11,500) out of the total issue size of 11,500, Secured Redeemable Non-Convertible Debentures of ₹ 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 Non-agricultural Land admeasuring to about 173.40 acres i.e. 7,01,992 sq. mtrs. situated at village Kasarali, Taluka Vasai, District Thane which is owned by Privilege Power and Infrastructure Private Limited, one of the subsidiary of the Company. These Secured Non-Convertible Debentures are redeemable at 33% in third and fourth year and 34% at the end of fifth year.
- ii) 4,250 (1,250) Out of the total issue size of 5175, Secured Redeemable Non-Convertible Debentures of ₹ 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 Non-agricultural Land admeasuring to about 36.36 acres situated at Village Kopri, Taluka Vasai, District Thane which is owned by Privilege Power and Infrastructure Private Limited one of the subsidiary, of the Company. These Secured Non-Convertible Debentures are redeemable at 33% in third and fourth year and 34% at the end of fifth year.

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

- i) 1,527 (2,500) Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each fully paid carrying interest with a floor 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 Khardi, Vasai, District Thane and further secured by mortgage of first to nine floors except 3rd, 4th and 6th floors of commercial building area admeasuring 1,95,846 sq. ft. situated at HDIL Towers, Bandra(East), Mumbai. These Secured Non-Convertible Debentures are redeemable in eighteen equal monthly installment of ₹ 1,388.89 lacs from October, 2010.
- ii) 808 (1,000) Secured Redeemable Non-Convertible Debentures of ₹ 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. The debentures are secured by 2,88,940 sq. mtrs Non-agricultural Land situated at Village Doliv and Village Khardi, Vasai, District Thane and further secured by mortgage of first to nine floors except 3rd, 4th and 6th floors of commercial building area admeasuring 1,95,846 sq. ft. situated at HDIL Towers, Bandra(East), Mumbai. These Secured Non-Convertible Debentures are redeemable in eighteen equal monthly instalment of ₹ 1,666.67 lacs from October, 2010.
- iii) 1,833 (3,000) Secured Redeemable Non-Convertible Debentures of ₹ 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 of Non-agricultural Land situated at Village Doliv and Village Khardi, Vasai, District Thane and further secured by mortgage of first to nine floors except 3rd, 4th and 6th floors of commercial building area admeasuring 1,95,846 sq. ft. situated at HDIL Towers, Bandra (East), Mumbai. These Secured Non-Convertible Debentures are redeemable in eighteen equal monthly installment of ₹ 1,666.67 lacs from October, 2010.
- iv) 500 (Nil) Out of the total issue size of 2000, Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each fully paid carrying interest @ 11.50% p.a. payable quarterly are issued on private placement basis to Bank of India. Secured by registered mortgage of Land admeasuring 395.24 sq. mtrs. situated at Survey No. 255 (comprised old Survey No. 255 and 256/03), mauje Maharajpura, Taluka Kadi, Mehsana, Gujarat. These Secured Non-Convertible Debentures are redeemable in bullet payment after one year.

- Notes:**
- 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) Securities of the debentures issued to Life Insurance Corporation of India are shared on *pari-passu* basis for the term loan of Life Insurance Corporation of India.

14. Investment in partnership firms:

The holding Company has interest in a partnership firm and details regarding such interest is appearing in the Note No.17 to notes to accounts of the holding Company.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

15. Earnings per share has been computed as under:

		31st March, 2011 (₹ in lacs)	31st March, 2010 (₹ in lacs)
a) Net profit after tax as per profit and loss account		82,234.41	57,222.65
Minority interest		(56.69)	(1.33)
Adjustment for earlier year item		95.23	(564.07)
Adjustment for subsidiaries added/delinked		249.99	128.48
Net Profit attributable to equity shareholders		82,522.94	56,785.73
(b) Number of shares used in computing earnings per share			
Basic	Nos.	392,140,256	327,375,278
Diluted	Nos.	399,138,563	334,996,367
(c) Basic Earnings per share		21.04	17.35
(d) Diluted Earnings per share		20.67	16.95
(e) Nominal value per equity share is ₹ 10/-			

16. The consolidated results for the year ended 31st March, 2011 are not comparable with the previous year, due to change in Investments in subsidiary Company during the year. One new subsidiary companies viz. Lashkaria Construction Private Limited is added.

17. Fixed assets:

Due to fire at the registered office of the Company situated on 9th floor at HDIL Towers, extensive damage had occurred to the property and records of the Company. The office building got affected, furniture and fixtures and other movable assets aggregating to ₹ 1,811.96 lacs were damaged. The loss of ₹ 449.57 lacs net of insurance claim has been accounted for under exceptional item in profit and loss account.

18. 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.

The accompanying Schedules A to X forms an integral part of these Accounts

As per our report of even date attached

For and on behalf of the Board of Directors

For **THAR & CO.**

Chartered Accountants

Firm Registration No. 110958W

Rakesh Kumar Wadhawan

Chairman

Sarang Wadhawan

Managing Director

Waryam Singh

Director

Ashok Kumar Gupta

Director

Surinder Kumar Soni

Director

Shyam Sunder Dawra

Director

Jayesh R. Thar

(Proprietor)

Membership No. 032917

K. P. Devassy

Chief Financial Officer

Lalit Mohan Mehta

Director

Ramesh Chander Kapoor

Director

Place: Mumbai

Date: 27th May, 2011

Darshan D. Majmudar

Vice President - Company

Secretary & Legal

Satya Pal Talwar

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

15th Annual General Meeting

I hereby record my presence at the 15th Annual General Meeting of the Company held on Friday, 12th day, August, 2011 at 11.00 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

E-mail ID

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
15th Annual General Meeting

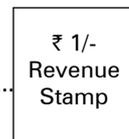
I/We of
 being member/members of

Housing Development and Infrastructure Limited, hereby appoint
 of or failing him/her

..... of
 as my/our proxy to attend and vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held on Friday, 12th day of August, 2011 at 11.00 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 2011.

Signature of Shareholder



Folio No.

DP ID No.

Client ID No.

No. of Shares

E-mail ID

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.

