



HDIL Creating Value

Microstructures | Megastructures | Infrastructure
Housing Development and Infrastructure Ltd.



WE RESOLVE.
WE RISE.

16th ANNUAL REPORT 2011-12



Housing Development and Infrastructure Ltd.



Resilience

where the determination is great, the difficulties cannot get greater.

We, at HDIL, focus on this single point perspective to influence our functionality across every sector of operation and lead us towards growth.

A turbulent tide is moving through the market and making situations difficult for every market player. But we have always believed that fortune favours the brave at heart and strong at mind. It is this strong belief, backed by strategy and resolve, which allows us to dream big and fulfil it.

We have faced every obstacle in its eye, and emerged victorious. Our unwavering commitment to turn every dream into a cherishing reality has made us a preferred choice for driving growth.

**Today, as we enter into the fast lane of progress
we resolve to rise even further.**

Corporate Information



<p>BOARD OF DIRECTORS Rakesh Kumar Wadhawan Executive Chairman</p> <p>Sarang Wadhawan Vice Chairman & Managing Director</p> <p>Waryam Singh Director</p> <p>Ashok Kumar Gupta Director</p> <p>Satya Pal Talwar Independent Director</p> <p>Lalit Mohan Mehta Independent Director</p> <p>Shyam Sunder Dawra Independent Director</p> <p>Sunil Behari Mathur Independent Director</p> <p>Ramesh Chander Kapoor Independent Director</p> <p>Raj Kumar Aggarwal Independent Director</p>	<p>INVESTOR GRIEVANCES & SHARE TRANSFER COMMITTEE Sarang Wadhawan Waryam Singh Lalit Mohan Mehta</p>	<p>IDBI Bank Limited Canara Bank India Infrastructure Finance Company Limited Indian Bank Indian Overseas Bank Infrastructure Leasing & Financial Services Limited 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.</p>		
	<p>FINANCE COMMITTEE Rakesh Kumar Wadhawan Sarang Wadhawan Waryam Singh Satya Pal Talwar</p>			
	<p>PROJECT COMMITTEE Satya Pal Talwar Sarang Wadhawan Waryam Singh</p>			
	<p>CHIEF FINANCIAL OFFICER K. P. Devassy</p>			
	<p>VICE PRESIDENT COMPANY SECRETARY & LEGAL Darshan D. Majmudar</p>		<p>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</p>	
	<p>AUDITORS M/s. Thar & Co. Chartered Accountants</p>			
	<p>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</p>		<p>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 E-mail: einword.ris@karvy.com</p>	
	<p>BOARD COMMITTEES</p> <p>AUDIT COMMITTEE Satya Pal Talwar Ashok Kumar Gupta Shyam Sunder Dawra Raj Kumar Aggarwal</p>			
	<p>REMUNERATION COMMITTEE Ashok Kumar Gupta Satya Pal Talwar Raj Kumar Aggarwal</p>			

Chairman's Message



Dear Shareholders,

The year 2011-12 was a year of major economic upheaval, marked by sluggish growth, global uncertainties and low market sentiments. The real estate sector in India was severely impacted by the liquidity crisis, high inflation, slowdown of growth, consumption and investment cycle. The slowdown in the economy and the rise in real estate prices during previous years plummeted demand across all segments of the sector leading to a decline in overall growth in Real Estate sector during the year.

The Reserve Bank of India ("RBI") increased the interest rates, to restrict inflationary forces and to curtail excessive spending. As a result, the cost of borrowings also increased thus affecting the overall performance of the sector and thus needless to say, the industry cannot be completely immune to such repercussions. Residential segment of Real Estate saw curtailed demand due to rising mortgage rates. Changes in regulations within Mumbai and its development control regulations also contributed to the delays in its approval processes.

Amidst this environment, your Company has not only managed to stay on its course but has also sought to explore newer avenues. I believe that the year ahead will continue to be characterized by a series of challenges as the Government intends to balance rapid economic growth and inflation concerns but your Company shall strive to withstand such volatile environment and successfully attempt to implement a series of strategic actions to mitigate risks.

Projects of your Company include Slum Rehabilitation as well as free sale buildings. MMRDA has already 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 and thus, we are proud to say that we do not just construct, but develop and contribute to a better city through social upliftment. Your Company remains steadfast in its resolve to play a small but pivotal role in becoming a harbinger of growth; in building an India and where every Indian has a home to call his own.

Your Company fared well during the quarter ended 31st March, 2012 compared to corresponding quarter in the previous year ended 31st March, 2011. Consolidated net profit was increased by 70% from ₹ 18,521.39 lacs to ₹ 31,551.27 lacs. Revenue rose by 13% from ₹ 55,265.44 lacs to ₹ 62,512.01 lacs. In fact, its net debt has been reduced by almost ₹ 45,456.32 lacs. However, the gap between the actual performance and the envisaged growth can be attributed mainly to the delay in progress/ completion of some of our projects due external reasons beyond our control.

Entertainment represents other business opportunities for HDIL. Through our subsidiary HDIL Entertainment, Company has entered into Entertainment industry, developing and operating movie multiplexes under the brand name "*Kulraj Broadway*". During the year under review, one more Company was added in our list of Subsidiaries namely HC Infracity Private Limited. This backward and forward integration strategy has helped us create value across the real estate spectrum and implement stringent quality controls. The HDIL Group will continue to deliver value and ensure business practices that are second to none. We will build a better habitat for our customers, today and tomorrow.

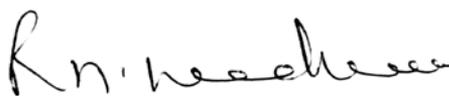
Since inception the Company has always strived to set the benchmark for a fast growing industry, customer centric approach, uncompromising business ethics, timeless values and transparency in all spheres of business conduct and is determined to live up to its stakeholders expectations. To achieve this, our employees are actively encouraged to think, evolve and act, as individual development is the key to our success. Investing in people's ideas adds value, and endows them with the passion to make a difference. HDIL is an organization where quality meets excellence, technology meets aesthetics and passion meets perfection.

Let me assure you that your Company is confident of weathering the ongoing challenges successfully and stands firm in its commitment of ensuring that it continues to efficiently implement all strategic imperatives and necessary action plans to further strengthen its performance.

We would like to thank hereby, all our stakeholders for reposing their trust in not only our performance but also our potential. We are grateful to them for standing strong by our side during these uncertain and trying circumstances.

We look forward to your continued support as we navigate into a more hopeful and prosperous future.

Yours sincerely,



Rakesh Kumar Wadhawan
Executive Chairman

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EXPANDING BEYOND THE BOUNDARIES



IMPERIAL COUNTY, NOIDA



CYBER CITY, KOCHI



RESIDENTIAL PARK, VIRAR



LEISURE HOTEL, JUHU



MIAL SLUM REHABILITATION PROJECT, KURLA



BROADWAY MALL, INDORE

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the members of Housing Development and Infrastructure Limited will be held on Tuesday, 14th August, 2012 at 11.30 a.m. at National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Statement of Profit and Loss of the Company for the financial year from 1st April, 2011 to 31st March, 2012 and the Balance Sheet as at 31st March, 2012 together with the report of the Auditors and Directors thereon.
2. To appoint Director in place of Shri. Waryam Singh, retiring by rotation, and being eligible offers himself for re-appointment.
3. To appoint Director in place of Shri. Ashok Kumar Gupta, retiring by rotation, and being eligible offers himself for re-appointment.
4. To appoint Director in place of Shri. Satya Pal Talwar, 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.

By order of the Board of Directors

Housing Development and Infrastructure Limited

Date: 30th May, 2012

Darshan D. Majmudar

Place: Mumbai

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. The Company has already notified closure of Register of Members and Transfer Books from 10th August, 2012 to 14th August, 2012 (both days inclusive) for the Annual General Meeting.
4. 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.
5. 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.

6. Members who are holding Company’s shares in dematerialised mode are requested to bring details of their Depository Account Number for identification.
7. 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, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
8. 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.
9. 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.

**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 Companies Act, 1956 and the Articles of Association of the Company Shri Waryam Singh, Shri Ashok Kumar Gupta and Shri Satya Pal Talwar retires by rotation at the forthcoming Annual General Meeting. Shri Waryam Singh, Shri Ashok Kumar Gupta and Shri Satya Pal Talwar 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 Directors are as under:

Name of Directors	Shri Waryam Singh	Shri Ashok Kumar Gupta	Shri Satya Pal Talwar
Date of Birth	15/12/1951	20/05/1950	14/06/1939
Nationality	Indian	Indian	Indian
Date of Appointment	27/04/2006	27/04/2006	14/06/2006
Qualifications	A Commerce graduate from Mumbai University	Qualified Chartered Accountant and also holds L.L.B Degree from the Government Law College Mumbai.	An Art graduate, holds L.L.B degree and is a Certified Associate Member from the Indian Institute of Bankers ("CAIB")
Shareholding in Co.	79,97,400 Equity Shares of ₹ 10/- each	10,05,800 Equity Shares of ₹ 10/- each	NIL
Areas of Expertise	Banking, Finance, Civil Construction and Land Development	Investment Schemes, Restructuring, other Corporate Law matters and Accountancy	Banking, Finance and Planning
List of Directorship details (excluding Pvt. Ltd. Co.)	<ol style="list-style-type: none"> 1. Broadcast Initiatives Limited 2. Mi Marathi Media Limited 3. Privilege Hi-Tech Infrastructure Limited 	NIL	<ol style="list-style-type: none"> 1. Reliance Life Insurance Company Limited 2. Reliance General Insurance Company Limited 3. Crompton Greaves Limited 4. Videocon Industries Limited 5. Reliance Communications Limited 6. Reliance Infratel Limited 7. Kalpatru Power Transmission Limited 8. Uttam Galva Steels Limited 9. GTL Infrastructure Limited 10. SPS Ispat & Power Limited 11. Samvardhana Motherson Finance Limited
Chairman/members of Committee of Board of Directors of Companies	NIL	NIL	<ol style="list-style-type: none"> 1. Reliance Life Insurance Co. Limited-Chairman - Audit Committee 2. Reliance General Insurance Co. Limited -Member - Audit Committee 3. Crompton Greaves Limited - Member - Audit Committee 4. Videocon Industries Limited - Chairman-Audit Committee 5. Reliance Communication Limited - Chairman -Audit Committee 6. Reliance Communication Limited - Member - Investor Grievance Committee 7. Reliance Infratel Limited- Member - Audit Committee 8. Samvardhana Motherson Finance Limited - Member- Audit Committee
Relationship with Directors inter-se	NIL	NIL	NIL

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 16th Annual Report of your Company on the business and operations of the Company together with the "Management Discussion and Analysis", "Corporate Governance Report", and "Audited Financial Accounts" for the Financial Year (FY) ended 31st March, 2012.

1. FINANCIAL PERFORMANCE

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Gross sales and other receipts	1,06,667.64	1,92,275.96	2,05,765.86	1,89,659.52
Profit before finance cost, depreciation, amortisation exceptional items and taxation	1,00,214.49	1,64,260.93	1,55,713.25	1,69,390.45
Finance Cost	57,833.31	57,690.31	62,494.09	62,426.21
Depreciation and Amortisation	844.18	724.92	8,582.59	8,375.64
Operational profit before exceptional items and tax	41,537.00	1,05,845.70	84,636.57	98,588.60
Less: Exceptional items	–	449.57	782.34	449.57
Less: Provision for Tax	2,841.32	15,754.62	2,904.30	15,904.62
Less: Minority Interest	–	–	(2.53)	56.69
Add: Share of profit/(loss) of Associates	–	–	29.00	(2.06)
Profit for the year	38,695.68	89,641.51	80,981.46	82,175.66
Balance brought forward	46,402.46	58,292.41	30,889.73	50,289.29
Add: Other adjustments	956.21	94.96	974.25	51.19
Profit available for appropriation	86,054.35	1,48,028.88	1,12,845.44	1,32,516.14
Less: Transferred to General Reserve	–	58,292.41	–	58,292.41
Less: Transferred to Debentures Redemption Reserve	82,250.00	43,334.00	1,33,250.00	43,334.00
Closing Balance	3,804.35	46,402.47	(20,404.56)	30,889.73
Net Worth	10,03,660.70	9,63,708.85	10,30,967.24	9,48,703.66

2. PERFORMANCE REVIEW

The Turnover of the Company decreased by 44.52% and stood at ₹ 106,667.64 lacs as against ₹ 192,275.96 Lacs in the previous year. The Company's Profit from Operations for the year ended 31st March, 2012 decreased by 60.76 % to ₹ 41,537.00 lacs as against ₹ 105,845.70 lacs in the corresponding period of the previous year. During the year, Company's standalone net debt has been reduced by almost ₹ 45,456.32 lacs, currently standing at ₹ 374,083.11 lacs (10.83% lower than the previous year). Company has launched residential projects admeasuring 8,50,680 sq. ft.

3. DIVIDEND

With a view to conserve the resources and to meet the fund requirements for Company's on-going projects and also its growth plans, your Directors have not recommended any payment of dividend for the year 2011-12.

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.

5. SUBSIDIARY COMPANIES

As at 31st March, 2012, your Company has following subsidiaries:

Sr. No	Name of the Subsidiaries
1	Blue Star Realtors Private Limited
2	BKC Developers Private Limited
3	Excel Arcade Private Limited
4	Guruashish Construction Private Limited
5	HDIL Entertainment Private Limited
6	Lashkaria Construction Private Limited
7	HDIL Commercial Properties Private Limited (up to 30.06.2011)
8	Mazda Estates Private Limited
9	Privilege Power and Infrastructure Private Limited
10	Ravijyot Finance and Leasing Private Limited
11	HC Infracity Private Limited (with effect from 30.11.11)

Review of Operations and future plans of some of the Subsidiary Companies:

- Blue Star Realtors Private Limited:** The Company has received notification for IT-SEZ in Kochi. The Company proposes to monetize the same through strategic Joint Venture (JV) and Private Equity Investment.
- Guruashish Construction Private Limited:** The Company has a large Residential and Commercial project at Siddhartha Nagar at Goregaon Mumbai for 1,65,800 sq. mtr. of construction valued at ₹ 48500.00 lacs .

3. **HDIL Entertainment Private Limited:** The Company proposes to spread its presence by opening of 3 screens in at a Multiplex Delhi, 2 screens in Multiplex at Baramati Near Pune, add 2 screens in a Multiplex at Mumbai and add 5 more screens in a Multiplex at Kolkata in the year 2012-13. The Company intends to reach its target of 100 screens all over India by the year 2014.

4. **Privilege Power and Infrastructure Private Limited:** The Company is holding large land bank in Vasai and Virar belt having huge growth potential and proposes to monetize this very soon.

5. **HC Infracity Private Limited:** The Company is engaged in to Real estate development and has been allotted land in Yamuna expressway project in Delhi.

The Ministry of Corporate Affairs (MCA) vide its General Circular No. 3/2011 dated 21st February, 2011 read together with General circular No. 2/2011 dated 8th February, 2011 issued modifying their circular No. 5/12/2007-CL-III 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 30th May, 2012 in line with the circular of MCA have passed the necessary resolution granting the requisite approvals for not attaching the Balance Sheet, statement of Profit & 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 the fiscal year 2011-12. The Company will make available these documents/details upon request by any Member of the Company at its Registered Office. As required by Accounting Standard-21 (AS-21) prescribed by the Companies (Accounting standards) Rules, 2006, 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 ₹ 9,250.00 lacs to various financial institutions/banks. Out of total Debentures issued, debentures amounting to ₹ 166,750.00 lacs are listed on Bombay Stock Exchange Limited (BSE). The Debentures were given "A" rating by CARE.

An amount of ₹ 82,250.00 lacs have been transferred to Debenture Redemption Reserve.

7. SHARE CAPITAL

Pursuant to the approval of the shareholders, the Company had on 9th September, 2010 issued and allotted 2,60,00,000 Share Warrants to Mr. Sarang Wadhawan Promoter of the Company on preferential basis. Out of the said warrants your Company has converted 40,00,000 warrants into equity shares of ₹ 10/- each at a premium of ₹ 265/- per equity share as on 31st March 2012. Subsequent to the issue of Equity Shares, the paid up Share Capital of the Company has been increased from ₹ 41,500.40 lacs to ₹ 41,900.40 lacs. The said 40,00,000 Equity Shares are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

As per regulation 75 of the Securities and Exchange Board of India (Issue of Capital And Disclosure requirements) Regulations, 2009 amended upto 30/01/2012, the Warrants so issued needs to be fully subscribed and converted within 18 months from the date of warrants so issued. As on 31st March, 2012, outstanding 2,20,00,000 share warrants were not converted in to equity shares until the expiry of the 18 months period ending on 8th March, 2012 and accordingly the money lying with the Company against the outstanding warrants has been forfeited.

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

At the 16th Annual General Meeting, Shri Waryam Singh, Shri Ashok Kumar Gupta and Shri Satya Pal Talwar retire by rotation and being eligible, offer themselves for re-appointment.

The above re-appointments form part of the Notice of the forthcoming 16th Annual General Meeting and the respective resolutions are recommended for your approval.

Profile of the Directors retiring by rotation and proposed to be re appointed as required under Clause 49 of the Listing Agreement, is part of the explanatory statement to the Notice of the 16th Annual General Meeting.

During the period under review, the composition of the Board underwent the following change:

Shri Surinder Kumar Soni has resigned from the directorship of the Company w.e.f. 15th November, 2011 due to his health related issues. The Board would like to place on record it's appreciation towards the contribution and guidance received from him during his tenure.

9. RESERVES

Your Company has transferred ₹ 82,250.00 lacs to Debenture Redemption Reserve.

10. 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.

11. 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, 2012, 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) That the Directors have prepared the annual accounts for the year ended 31st March, 2012 on a going concern basis.

12. CORPORATE GOVERNANCE

Your Company acknowledges its responsibilities to its Stakeholders and believes that Corporate Governance helps to achieve commitment and goals to enhance stakeholder value by focusing towards all stakeholders. Your Company maintains highest levels of transparency, accountability and good management practices through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal and ethical responsibilities. Your Company is committed to meeting the aspirations of all our stakeholders.

The Company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance enshrined in the Clause 49 VI of the Listing Agreement. A detailed report on Corporate Governance forms part of this Report. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached to the Corporate Governance Report.

13. 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.

14. 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.

15. STATUTORY 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.

With respect to the Auditors observation regarding the payment of statutory dues mentioned in their report, the Company has made payment of such dues subsequently.

16. 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.

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. As mandated by the Central Government the Company is taking necessary steps to comply with the requirement of maintaining cost account record.

17. 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, 2012. A confirmation to this effect has been received from the Company's Registrar and Share Transfer Agent.

18. PARTICIPATION IN THE GREEN INITIATIVE

Your Company continues to wholeheartedly participate in the Green Initiative undertaken by the Ministry of Corporate Affairs (MCA) for correspondences by Corporates to its shareholders through electronic mode. All the shareholders are requested to join the said program by sending their preferred e-mail addresses to the Registrar and Share Transfer Agent.

19. CSR ACTIVITIES

The details of the CSR activities undertaken by the Company forms part of the Corporate Governance Report.

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, for the year ended 31st March 2012.

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.

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 optimisation.

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.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lacs)

Year	2011-12	2010-11
Foreign exchange earnings	-	-
Foreign exchange outgo	50.31	268.75

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

Place: Mumbai
Date: 30th May, 2012

Rakesh Kumar Wadhawan
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GENERAL PERFORMANCE REVIEW

For Indian economy, recovery was interrupted this year due to intensification of debt crises in Euro zone, political turmoil in Middle East, rise in crude oil prices, inflationary trends, devaluation of Rupee against major currency of the world etc. India however remains front runner in economic growth in any cross-country comparison. If India can build on its economic strength, it can be a source of stability for world economy and a safe destination for restless global capital. Infrastructure development integrated with real estate development has been the backbone of such sustained growth and continues to be the focal point of our economy. Your Company has sustained growth and aspires to do so in the coming years.

As per the Reserve Bank of India, India's GDP growth in the fiscal year 2012-13 expected to be 7.6 per cent +/- 0.25 per cent. Headline inflation expected to moderate further in next few months and remain stable thereafter. Twelfth Five Year Plan to be launched with the aim of "faster, sustainable and more inclusive growth". During Twelfth Plan period, investment in infrastructure to go up to ₹ 50 lakh crore with half of this, expected from private sector.

INDUSTRY OVERVIEW

There were several headwinds that prevented the sector from delivering to its full potential. High property prices and rising home loan interest rates kept the home buyers away from the property market. Property transactions in major Indian cities were down by 20-40% for the year. The Indian real estate industry has been on a roller coaster ride since 2007, riding through many highs and lows. The industry reached new heights with increased development activity during 2007 and early 2008, characterised by growth in demand and increased foreign investments. However, by mid-2008, this scenario took a U-turn, as the industry witnessed a decline due to the ripple effect of the global economic slowdown following US sub-prime mortgage crises.

However, the Indian real estate industry is witnessing some vibrancy and upbeat market sentiments after the steep corrections during the global financial crisis in 2008-09. Global economic performance is improving and so are the prospects of Indian businesses. The residential segment makes up most of the real estate industry in the country. Growth in this segment is primarily driven by increasing urbanisation, rise in the number of white-collar professionals and rising incomes, etc. The residential segment is again witnessing growth in demand for luxury and super premium homes among the globe-trotting executives, new and successful businessmen, Non-resident Indians (NRIs), etc. However, this sub-segment is currently experiencing low volumes due to steep price rise and hike in interest rates; this may be a short-term lull and with minor corrections the segment may continue to grow.

The commercial real estate segment (primarily office space) is growing in tandem with the country's booming economy. The demand for office space is driven by the influx of multinational

companies and growth in services sector. Overall, on pan-India basis, the demand for office space is expected to approximately total 180 million sq. ft. by 2013, with seven major cities (Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, and Pune) catering to 75% of the total demand.

Although the retail real estate segment has the smallest pie in the real estate industry, it is growing rapidly and the demand for good quality mall space is fuelled by the growth in organised retail and the entry of international retailers into India. Over the past few years, retail has become one of the fastest growing industries in the country.

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.

BUSINESS OVERVIEW

The year 2011-12 can best be described as a lackluster year for Indian real estate sector. 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. The Slowdown can also be attributed to changes in Development Control Regulation and major policy changes in F.S.I.

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.

Being a professionally managed company, we look into the intricacies of designing, developing and construction of each Project with an eye to perfection. Our efficient team of Engineers, Architects, Designers, Structural Consultants & Human Resource Personnel, leaves no stone unturned to infuse class and quality in our Projects. With a Glorious Clientele, Network of Investors & Financers, Efficient Supply Chain and Banker Relations, we are set to achieve newer benchmarks in Real Estate Industry. We carry forward our zeal for delivering maximum customer delight keenly Project after Project.

During the year 2011-12 under review, your Company launched 8,50,680 sq. ft. of saleable area in suburbs. 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 five 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
- A four screen multiplex at Kolkata having seating capacity of 799 persons and
- A four screen multiplex at Indore having seating capacity of 1037 persons.

Its future plans include opening and managing of 3 screens in Delhi, 2 screens in Baramati, 2 screens in Mumbai and 5 screens in Kolkata in the year 2012-13. The Company intends to reach its target of 100 screens all over India by the year 2014.

OPPORTUNITIES, THREATS AND RISK PERCEPTIONS

➤ Opportunities:

The Indian Housing market has been growing quite well for the past few years and it is one of the fastest growing markets in the World. Although the market was hit hard in 2008 due to severe economic crisis across the world, the market has emerged much stronger thereafter. With the entry of numerous Real Estate Developers, availability of Finance options, and rising demand for residential property, the Country’s Housing Industry is witnessing tremendous growth.

Nearly 28 per cent of India’s population lives in Cities and Urban Areas – a figure that is expected to rise to 40 per cent by 2020. Further, Real Estate companies are coming up with various Residential and Commercial Projects to fulfil the demand for Residential and Office Properties.

Affordable Housing Segment accounts for the major share in the Indian Housing Industry, in terms of both Volume and Value. Apart from affordable Housing Segment, other Segments are also showing promising future prospects. Luxury and medium Housing Segment have shown a tremendous growth in the past and we anticipate that these segments will grow significantly in the coming years. Your Company has plans to launch a major project under the affordable housing segment.

Presently, the affordable Housing is basically targeting at economically weaker class and low income groups and constitutes majority of the Indian Housing Industry, both in terms of Value and Volume. However, Medium Housing Segment is also witnessing tremendous growth, especially in Tier-1 and Tier-2 Cities. Besides, luxury Housing is also expected to witness significant growth in coming years as this market segment is comparatively very small and has huge potential for further developments. As far as super luxury Housing segment is concerned, latest Industry trends and

developments are skewed towards the segment. MNCs have again began hiring expat employees who are provided with the luxury Housing benefits. Additionally, high net worth NRIs are also propelling demand for luxury Housing in the Country. Both these factors are expected to sustain the growth of luxury Housing segment in long run.

➤ Threats and Risks Perception:

Continuing to harden interest rates by Reserve Bank could have a short-term dampening impact on the Real Estate Sector. The reason behind this hike is the financial measures applied by Reserve Bank to hold and tame inflation. The increased prices of the essential Raw Material like Cement, Bricks and Steel and increase in Labour cost led to the rise of the overall construction cost. The hike in interest rates may have a ripple effect on the Real Estate Sector with construction cost going up.

Due to significant increase in Land and Construction cost it become difficult for the Builder and Developers to reduce the prices of finished products to absorb the impact of the increased EMI as a result of rise in the rate of interest. One more difficulty that the developers may face can be delay in getting approvals from the State and Central Government and various other authorities.

The Company operates in a highly fragmented and competitive Industry. The competition varies depending upon the size, nature and complexity of the Project to be executed. Fluctuations in operating costs can often lead to spiralling costs and overshooting budgets. This can lead to delays in the completion of Projects.

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

STRATEGY FOR THE YEAR AHEAD

The key components of our strategy will be focused around:

- Customer Loyalty and hence a strong Brand Image
- Strategically conceived and positioned projects and,
- Financial Strength and Liquidity

Customer focus will be at the core of our strategy to remain a strong brand in the Mumbai real estate market. We will keep exploring how to improve our sales efficiency through innovative pricing strategy, customised sales agreements and higher project visibility. Greater transparency and comfort to our customers as well as aligning our execution and sale agreements will help us further optimise our cash inflows.

Ramping up of our execution capabilities will remain a part of our continuous improvement measures. This will help bring greater visibility to our projects, which in turn will speed up our sales.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

We, at HDIL aim at making it a better place to work by providing an atmosphere of trusteeship, competition and challenge, thereby providing opportunities for personal and professional growth, through training and ample career enhancement opportunities.

We believe in harnessing and honing the individual core competencies thereby aligning them to our business goals.

Human Resource and Industrial Relations in HDIL continues to be core strength and always endeavours to work towards having sound, proactive and progressive HR strategies and practices in place so as to align Company's objectives and employee aspirations. The function continues to strive towards ensuring that the HR philosophy is translated into action.

HDIL group now has a high caliber, well experienced, multifunctional team of around 903 employees across various Group Companies.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has a proper and adequate system of Internal Controls, to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposal and commercial transactions are authorised, recorded and reported correctly. Internal Control System of the Company has been devised through its extensive experience that ensures control over various functions in its business. The Company has adequate Internal Control Systems in place, commensurate with its size and nature of operations. The Internal Auditor, inter alia, covers all significant areas of the Company's operations and submits the Report to the Audit Committee of the Company for their review in its meetings. The performance of the Company is regularly reviewed by the Audit Committee and/or the Board of Directors to ensure that it is

in consonance with the overall corporate policy and in line with pre-set objectives.

INFORMATION TECHNOLOGY AND SECURITY

In today's era of modern technology, Information Technology plays a very vital and significant role in any organization's growth. Company's IT function takes care of all the IT-related aspects across the group (including all Business Units), from infrastructure Management to procurement of Industry specific standard software and their implementation, implementation of advanced technological products that are reviewed from time-to-time.

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.

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 materialise in the said order or manner or realised. 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

INTRODUCTION

Corporate governance provides a roadmap for a Company, helping the management of a Company to make decisions based on the rule of law, benefits to stakeholders, and practical processes. It allows a Company to set realistic goals, and methodologies for attaining those goals by adopting fair and transparent policies.

Because there are so many interested parties, it's inefficient to allow them to control the Company directly. Instead, the Company operates under a system of regulations that allow stakeholders to have a voice in the affairs of the Company commensurate with their stake, yet allow the Company to continue operating in an efficient manner. Corporate governance also takes into account audit procedures in order to monitor outcomes and how closely they adhere to goals and to motivate the organisation as a whole to work toward corporate goals. By using corporate governance procedures wisely and sharing results, a corporation can motivate all stakeholders to work toward the corporation's goals by demonstrating the benefits, to stakeholders, of the corporation's success.

Primarily, though, corporate governance refers to the framework of all rules and relationships by which a Company must abide, including internal processes as well as governmental regulations and the demands of stakeholders. It also takes into account systems and processes, which deal with the daily working of the daily working of the business, reporting requirements, audit information, and long-term goal plans.

The detailed report on compliance by the Company of the Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with Stock Exchange is set out below:

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

Good Corporate Governance practice lies at the foundation of your Company's ethos. Your Company does not view Corporate Governance principles as a set of binding obligations, but believes in using it as a framework to be followed in spirit. This is reflected in the Company's philosophy on Corporate Governance.

The Company acknowledges its responsibilities to its Stakeholders. The Company believes that Corporate

Governance helps to achieve commitment and goals to enhance stakeholder value by focusing towards all stakeholders. The core values of the Company are based on integrity, emphasis on quality and transparency in its dealings with all stakeholders. Any good corporate governance provides an appropriate framework for the Board, its committees and the executive Management to carry out the objectives that are in the interest of the Company and the Stakeholders. The Company maintains highest levels of transparency, accountability and good management practices through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal and ethical responsibilities. The Company is committed to meeting the aspirations of all its stakeholders.

The Company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance enshrined in the Listing Agreement.

II. BOARD OF DIRECTORS:

(a) Composition of Board:

The Board is responsible for the overall conduct of the Company's business and has the powers, authorities and duties vested in it by and pursuant to the relevant laws and the Articles of Association of the Company.

The Board comprises of experts from diverse professions, and represents a combination of Executive and Non-Executive Directors in conformity with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges in this regard. As the Chairman of the Board is Executive Director, at least half of the Board should comprises of Independent Directors. As on 31st March, 2012 the strength of the Board of Directors is 10 out of which 6 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:

Category	Name of Directors	Designation	No. of shares held on 31st March, 2012
Promoter Directors	Mr. Rakesh Kumar Wadhawan	Executive Chairman	7,60,47,661
	Mr. Sarang Wadhawan	Vice Chairman & Managing Director	91,59,115
Non-Executive Non-Independent Director	Mr. Waryam Singh	Director	79,97,400
	Mr. Ashok Kumar Gupta	Director	10,05,800
Non-Executive and Independent Director	Mr. Satya Pal Talwar	Director	Nil
	Mr. Lalit Mohan Mehta	Director	Nil
	Mr. Shyam Sunder Dawra	Director	Nil
	Mr. Surinder Kumar Soni*	Director	Nil
	Mr. Sunil Behari Mathur	Director	Nil
	Mr. Ramesh Chander Kapoor	Director	Nil
	Mr. Raj Kumar Aggarwal	Director	Nil

* Ceased to be the Director w.e.f. 15th November, 2011.

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

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, 2012, 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 12.08.2011	Other Directorships ²	Committee ³		
			Held	Attended	Attended		Chairmanship	Membership	
1	Mr. Rakesh Kumar Wadhawan	Executive Chairman	4	4	Yes	3	-	-	Father of Managing Director
2	Mr. Sarang Wadhawan	Vice Chairman and Managing Director	4	4	Yes	3	-	1	Son of Executive Chairman
3	Mr. Waryam Singh	NED	4	4	Yes	3	-	-	-
4	Mr. Ashok Kumar Gupta	NED	4	3	Yes	-	-	-	-
5	Mr. Satya Pal Talwar	NED (I)	4	3	Yes	11	4	5	-
6	Mr. Lalit Mohan Mehta	NED (I)	4	3	Yes	-	-	-	-
7	Mr. Shyam Sunder Dawra	NED (I)	4	4	Yes	3	1	2	-
8	Mr. Surinder Kumar Soni *	NED (I)	4	3	Yes	1	-	-	-
9	Mr. Sunil Behari Mathur	NED (I)	4	2	Yes	13	4	7	-
10	Mr. Ramesh Chander Kapoor	NED (I)	4	4	Yes	-	-	-	-
11	Mr. Raj Kumar Aggarwal	NED (I)	4	4	Yes	1	1	-	-

* Ceased to be the Director w.e.f. 15th November, 2011.

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.

Notes:

1. Category: NED – Non-Executive 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 2011-2012, 4 (Four) meetings were held on 27th May, 2011, 12th August, 2011, 11th November, 2011 and 14th February, 2012.

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

(c) Board Procedures:

The procedures with respect to Board Meetings and the Meetings of the Committees thereof are in compliance with the requirements of the Companies Act, 1956, the Secretarial Standards (SS-1) prescribed for Board Meetings by the Institute of Company Secretaries of India, Listing Agreement with the stock exchange(s) and other applicable laws and regulations.

The Board meets at least once a quarter to review quarterly performance and financial results. Notices of Board Meeting along with agenda papers are circulated well in advance to the Directors. All material information is incorporated in the agenda papers for facilitating focused discussions at the meeting and the same are circulated in advance to the Directors.

The Board is also free to recommend inclusion of any matter for discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting. The Board is also free to recommend inclusion of any matter for discussion in consultation with the Chairman.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board meeting, on the overall performance of the Company.

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

III. COMMITTEES OF DIRECTORS

In compliance with the Listing Agreement (both mandatory and non-mandatory) and SEBI Regulations, as on 31st March, 2012, the Board has four committees viz. Audit Committee, Shareholders'/Investors' Grievance Committee, Remuneration Committee, Finance Committee.

The Committees have optimum combination of Executive, Non-Executive and/or Independent Directors. The Committees are constituted with specific terms of reference and scope to deal with specific matters expediently. The details of the committees constituted by the Board are given below:

A. MANDATORY COMMITTEES

i. Audit Committee of Directors:

(a) 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 2011-12	
			Held	Attended
Mr. Satya Pal Talwar	Non-Executive and Independent Director	Chairman	4	3
Mr. Ashok Kumar Gupta	Non-Executive and Non Independent Director	Member	4	3
Mr. Shyam Sunder Dawra	Non-Executive and Independent Director	Member	4	4
Mr. Raj Kumar Aggarwal	Non-Executive and Independent Director	Member	4	4

During the Financial Year 2011-12, 4 (four) Meetings were held on 27th May, 2011, 11th August, 2011, 11th November, 2011 and 14th February, 2012.

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

(b) 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 of the Board of Directors of the Company, inter-alia, provides an assurance to the Board on the adequacy of internal control systems and financial disclosures.

In fulfilling the above role, the Audit Committee has the powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Chairman of the Audit Committee was present at the 15th Annual General Meeting held on 12th August, 2011.

ii. Investor Grievance and Share Transfer Committee of Directors:

(a) Composition

The Committee has been constituted to specifically look into issues relating to redressal of the Investors/Shareholders complaints including complaints relating to transfer of shares, non-receipt of Annual Report and non-receipt of declared dividends and/or any other matter relating to Shareholders/Investors.

Name of Member	Position	Category
Mr. Waryam Singh	Chairman	Non-Executive and Non-Independent
Mr. Sarang Wadhawan	Member	Vice Chairman and Managing Director
Mr. Lalit Mohan Mehta	Member	Non-Executive and Independent Director

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

(b) Meetings:

During the period under review, the Committee has met once on 27th May, 2011.

Details of Compliance Officer

NAME OF THE COMPLIANCE OFFICER	Mr. Darshan D. Majmudar (Vice President – Company Secretary & Legal)
CONTACT DETAILS	5th Floor, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai-400051
E-MAIL ID	darshan.majmudar@hdil.in

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

- Investor relations and redressal of shareholders grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet etc.
- Review of the periodicity and effectiveness of the share transfer process, statutory certifications, and depository related issues and activities of the Registrar and Transfer Agent.
- Look into transfer, transmission and rematerialisation of shares.
- Issue split and/or duplicate Share certificates as requested by the members and
- 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 Limited, 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 2011-12 is given below:

No. of complaints received	: 9
No. of complaints resolved	: 9
No. of complaints pending	: Nil

Number of complaints received during the year as a percentage of total number of members as on 31st March, 2012, is 0%.

B. NON-MANDATORY COMMITTEES

i. Remuneration Committee of Directors (Remuneration Committee)

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.

(a) Composition:

The remuneration committee comprises of three (3) directors. Our Company Secretary acts as secretary to the committee. The composition of the remuneration committee is as follows:

Name of Member	Position	Category
Mr. Satya Pal Talwar	Chairman	Non-Executive and Independent Director
Mr. Ashok Kumar Gupta	Member	Non-Executive and Non-Independent Director
Mr. Raj Kumar Aggarwal (w.e.f. 27th May, 2011)	Member	Non-Executive and Independent Director

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

(b) Terms of Reference

- Determining Remuneration Policy of the Company;
- Recommending remuneration including periodic revision, performance bonus, incentives, commission, stock options, other services, perquisites and benefits payable to the Managing, Whole-time and other Director(s) including their relatives;
- Framing policies and fixation of compensation including salaries, incentives, bonuses, promotions, benefits, stock options and performance targets for executives of the Company; and
- Ensuring due compliance with the provisions pertaining to the Managerial Remuneration and Remuneration to the Board of Directors, as per the compliances of the Companies Act, 1956.

(c) 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.

(d) 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.

(e) Commission

As approved by the Shareholders in the meeting held on 12th August, 2011, 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 ₹ 2,00,00,000/- (Rupees Two Crores Only), annually, for three financial years commencing from 2011-12 upto financial year 2013-14.

The details of remuneration paid/payable to the Whole time and Non-Executive Directors for the Financial Year 2011-2012:

(₹ in Lacs)

Director	Relation with HDIL	Remuneration paid during 2011-12			
		Sitting fees	Salary and Perquisites	Commission*	Total
Mr. Rakesh Kumar Wadhawan	Executive Chairman	-	100.00	0	100.00
Mr. Sarang Wadhawan	Vice Chairman and Managing Director	-	50.00	0	50.00
Mr. Waryam Singh	NED	1.0	-	6.25	7.25
Mr. Ashok Kumar Gupta	NED	0.4	-	6.25	6.65
Mr. Satya Pal Talwar	NED (I)	1.2	-	6.25	7.45
Mr. Lalit Mohan Mehta	NED (I)	0.8	-	6.25	7.05
Mr. Shyam Sunder Dawra	NED (I)	1.6	-	6.25	7.85
Mr. Surinder Kumar Soni #	NED (I)	0.6	-	3.91	4.51
Mr. Sunil Behari Mathur	NED (I)	0.4	-	6.25	6.65
Mr. Ramesh Chander Kapoor	NED (I)	0.8	-	6.25	7.05
Mr. Raj Kumar Aggarwal	NED (I)	1.6	-	6.25	7.85

For the part of the year upto 15th November, 2011

* Subject to the approval of Annual Accounts for the Financial Year 2011-12 by the Members at the 16th Annual General Meeting to be held on 14th August, 2012. 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.

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

(a) Terms of reference

The terms of reference of the Committee are as follows:

- To borrow money not exceeding more than the amount as decided by the shareholders u/s 293(1) (d) of the Companies Act, 1956 and to modify/restructure terms of any security of existing loans, debentures or such other securities and issue guarantees/securities on behalf of the Company and to allot shares, warrants, debentures etc;
- To buy and sell the investments of the Company;
- To open banking account, avail various banking services and to give/modify instructions for operation of banking accounts;

- To authorise and/or appoint lawyers, advocates, persons, firm (s), to make representations and to sign, execute, swear, affirm, file affidavits, declaration, vakalatnama, written statement, rejoinder(s), replies, submit necessary documents,. Enter into various agreements on behalf of the Company,
- To authorise and appoint any person(s) to appear before any authority, government / statutory bodies, courts or Company.
- To appoint attorneys in any matter for and on behalf of the Company.
- To develop, submit and apply for bid/tender for any projects whether related to the Company's object or not.

8. To make application(s) for registration under any act, statute, regulations, authority in the name of the Company and/or to authorise to do so on behalf of the Company.

(b) Composition

Name	Position	Designation
Mr. Rakesh Kumar Wadhawan	Chairman	Executive Chairman
Mr. Sarang Wadhawan	Member	Vice Chairman and Managing Director
Mr. Satya Pal Talwar	Member	Non-Executive and Independent Director
Mr. Waryam Singh	Member	Non-Executive and Non Independent Director

(c) Meetings

During the Financial Year 2011-12, the Committee has met 13 (Thirteen) times on 06th June, 2011, 16th June, 2011, 28th June, 2011, 15th July, 2011, 5th September, 2011, 29th September, 2011, 14th October, 2011, 27th October, 2011, 12th November, 2011, 16th January, 2012, 19th January, 2012, 9th March, 2012 and 20th March, 2012.

IV GENERAL BODY MEETINGS:

- a) 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
2010-11	National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	AGM	Friday, 12.08.2011	11.00 a.m.
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.

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

Date	Brief particulars of the Resolution
12.08.2011	1. Re-appointment of Mr. Sarang Wadhawan, as Managing Director 2. Payment of commission to Non-Executive Directors
27.08.2010	1. Further Issue of Capital 2. Loans/ Investments/ Corporate Guarantees not exceeding ₹ 2,500.00 lacs 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

c) Resolutions Passed through Postal Ballot:

During the previous financial year, no resolutions were adopted which required Postal Ballot in accordance with Section 192A of the Companies Act, 1956.

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

V. DISCLOSURES:

1. Statutory Compliance, Penalties and Strictures

There were no instances of non-compliance nor have any penalties, strictures been imposed by the Stock Exchanges or Securities and Exchange Board of India or any other statutory authority during the last three years on any matter related to the capital markets.

2. Materially significant related party transactions:

Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed elsewhere in this Annual Report.

3. 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

4. Details of compliance with mandatory requirements and adoption of non-mandatory requirements

The Company has complied with all the mandatory requirements of Listing Agreement. The Company has also adopted the non-mandatory requirement of Remuneration Committee to the extent in point "III. B" above and has not adopted other non-mandatory requirements. Adoption of other non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board.

5. Disclosure for Risk Management

As a part of the overall risk management strategy, the Company consistently insures its assets and operations against a wide range of risks. The Company continues to follow a suitable strategy to review and modify its risk profile by eliminating and significantly reducing key business risks. 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.

VI. SUBSIDIARIES

The Company has two material non-listed Indian subsidiary namely Privilege Power and Infrastructure Private Limited and Guruashish Construction Private Limited whose turnover or networth (i.e. Paid-up Capital and Free Reserve) exceeds 20% of the consolidated turnover or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year ended on 31st March, 2012.

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.

VII. CSR ACTIVITIES

At HDIL, our commitment to good governance, ethical conduct and social responsibility is our way of doing business, and is strongly aligned with our drive to create and increase value for all stakeholders. ***We define CSR as conducting business in ways that provide social, environmental and economic benefits for the communities and geographies where we operate.***

HDIL has perennially focused on its Eco-Conscious Perspective to promote eco-friendly operational practices such as Sewage Treatment Plant (STP), recycling of water, rain water harvesting, plantation of trees, usage of solar energy, use of construction material which is environment friendly. Also, the Annual Report of the Company is made of recycled paper.

Our commitment towards our workforce encompasses their safety, health and well-being, through measures like providing safety and training for all the construction labourers on sites. Safety cells at all sites are also implemented for the labourers. The Company provides for medical insurance for approximately around 900 employees and their family members.

VIII. CODE OF CONDUCT

The Company has laid down a Code of Conduct in consonance with the requirements of Clause 49 of the Listing Agreement for all its Board members and senior management personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. The Code highlights Corporate Governance as the cornerstone for sustained management performance, for serving all the stakeholders and for instilling pride of association.

The Code is applicable to all Directors and specified senior management executives. The Code impresses upon

Directors and senior management executives to uphold the interest of the Company and its stakeholders and to endeavor to fulfill all the fiduciary obligations towards them. Another important principle on which the code is based is that the Directors and Senior Management Executives shall act in accordance with the highest standard of honesty, integrity, fairness and ethical conduct and shall exercise utmost good faith, due care and integrity in performing their duties. The Code has been posted on the website of the Company www.hdil.in.

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

Declaration affirming compliance of Code of Conduct by Mr. Sarang Wadhawan, Vice Chairman & 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 Vice Chairman & 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, 2012 and a copy of the Code of Conduct is put on the website of the Company viz. www.hdil.in."

Sd/-

Sarang Wadhawan
 Vice Chairman & Managing Director

IX. 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.

A declaration to this effect signed by the Vice Chairman & Managing Director is appended to this Report.

X. 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 (Vice Chairman and Managing Director/CEO) and Mr. K. P. Devassy (CFO).

XI. MEANS OF COMMUNICATION

- The Quarterly/Annual Financial Results of the Company are published in English newspapers viz. "Free Press Journal", 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.corpfilings.co.in.

XII. REVIEW OF DIRECTORS' RESPONSIBILITY STATEMENT

The Board in its report has confirmed that the annual accounts for the year ended 31st March, 2012 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XIII. GENERAL SHAREHOLDERS INFORMATION:

AGM day, date , venue and time	14th August, 2012, National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 at 11.30 a.m.
Financial year	1st April, 2011 to 31st March, 2012
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: 30th May, 2012

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

(a) Fees:

- Custodial fees:** The Company has paid custodial fees for the financial year 2012-13 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, 2012.
- 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 2012-13 on the basis of Share listed on the Stock Exchanges as on 31st March, 2012.

(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, 2012 (₹ in lacs)
2007-2008	Interim	30th July, 2007	4th September, 2014	2.91
2007-2008	Final	21st July, 2008	26th August, 2015	6.71

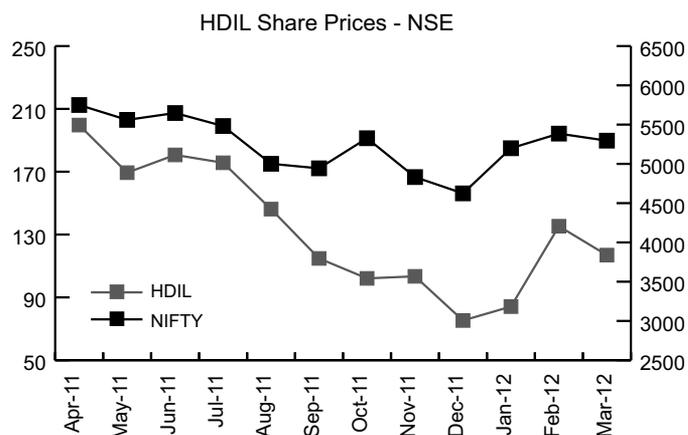
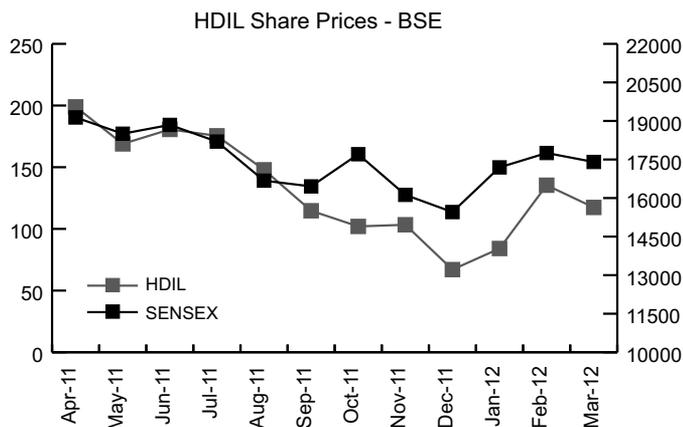
(c) Unclaimed Shares

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, 2011;	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, 2012;	33	2,732

(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, 2011	198.90	158.50	19,135.96	199.70	157.80	5,749.50
May, 2011	168.90	135.05	18,503.28	169.40	135.10	5,560.15
June, 2011	180.65	148.05	18,845.87	180.70	147.70	5,647.40
July, 2011	175.45	140.70	18,197.20	175.70	140.80	5,482.00
August, 2011	147.90	95.00	16,676.75	146.20	94.90	5,001.00
September, 2011	114.70	96.45	16,453.76	114.80	96.35	4,943.25
October, 2011	102.00	89.20	17,705.01	102.10	89.00	5,326.60
November, 2011	103.35	60.05	16,123.46	103.40	59.75	4,832.05
December, 2011	67.00	52.30	15,454.92	75.30	52.20	4,624.30
January, 2012	84.10	52.10	17,193.55	84.15	52.05	5,199.25
February, 2012	135.40	77.15	17,752.68	135.30	77.00	5,385.20
March, 2012	117.40	80.55	17,404.20	116.90	79.05	5,295.55



(e) Registrar and Share Transfer Agent

M/s. Karvy Computershare Private Limited

Plot No. 17 to 24, Vittal Rao 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 a half-yearly certificate of compliance with the

share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges within stipulated time.

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

(g) Distribution of Shareholding as on 31st March, 2012

Shareholding of nominal value	Shareholders		Share Amount	
	Number	% to Total	(₹ in lacs)	% to Total
1	2	3	4	5
Upto 1 - 5000	2,47,740	92.89	2437.17	5.82
5001 - 10000	10,490	3.93	808.94	1.93
10001 - 20000	4,574	1.71	678.64	1.62
20001 - 30000	1,397	0.52	355.41	0.85
30001 - 40000	608	0.23	219.81	0.52
40001 - 50000	408	0.15	189.98	0.45
50001 - 100000	622	0.23	455.01	1.09
100001 and above	872	0.33	36755.44	87.72
TOTAL	2,66,711	100.00	4,19,00,39,860.00	100.00

(h) Shareholding Pattern as on 31st March, 2012

Sr. No.	Category of Shareholder	Number of Shares	As a percentage of (A+B)
(A)	PROMOTER'S HOLDING		
(1)	Indian Promoter	15,65,36,808	37.36
(2)	Foreign	0	0
	Total A=A(1)+A(2)	15,65,36,808	37.36
(B)	NON-PROMOTER'S HOLDING		
(1)	INSTITUTIONS		
(a)	Mutual Funds/UTI	3,22,102	0.08
(b)	Financial Institutions/ Banks	5,08,664	0.12
(c)	Insurance Companies	3,14,372	0.08
(d)	Foreign Institutional Investors	15,09,64,870	36.03
(2)	NON-INSTITUTIONS		
(a)	Bodies Corporate	4,54,77,361	10.85
(b)	Individuals	5,37,94,373	12.84
(c)	Others		
	Non-Resident Indians	18,69,784	0.45
	Trusts	3,457	0.00
	Overseas Corporate Bodies	13	0.00
	Directors and their Relatives	17,96,258	0.43
	Clearing Members	74,15,924	1.77
	Total B=B(1)+B(2)	26,24,67,178	62.64
	GRAND TOTAL (A+B)	41,90,03,986	100.00

(i) Dematerialisation of shares and liquidity:

As at 31st March, 2012, 99.98% of shareholding aggregating to 41,89,02,730 was held in dematerialised form with NSDL and CDSL, while 0.02% aggregating to 1,01,256 was held in physical form.

ISIN: INE191I01012

(j) Outstanding GDRs/ ADRs/ Warrants:

There are no outstanding GDRs/ ADRs/ Warrants as on 31st March, 2012, likely to have an impact on the Equity Share Capital of the Company.

(k) 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

Place: Mumbai
 Date: 30th May, 2012

Rakesh Kumar Wadhawan
 Executive Chairman

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, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges of India.

The compliance of conditions of 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.1109W

Jayesh Thar
(Proprietor)
Membership No. 32917

Date: 30th May, 2012
Place: Mumbai

CEO/CFO CERTIFICATE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

We have reviewed the audited balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements for the quarter and year ended 31st March, 2012.

1. These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
2. We are responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the Company; and they have also disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and what they have done or propose to do to rectify these;
3. We have also disclosed to the auditors as well as the Audit Committee, instances of significant fraud, if any, that involves management or employees having a significant role in the Company's internal control systems; and
4. We have indicated to the auditors, the Audit Committee and in the notes on accounts, whether or not there were significant changes in internal control and/or of accounting policies during the quarter.

Date: 30th May, 2012
Place: Mumbai

sd/-
Sarang Wadhawan
Vice Chairman & Managing Director

sd/-
K. P. Devassy
Chief Financial Officer

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, 2012 together with Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 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, 2012,
 - (ii) in the case of the Statement of Profit and Loss, 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: 30th May, 2012

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, 2012 of Housing Development and Infrastructure Limited.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, all the fixed assets have been physically verified periodically by the management in accordance with the programme of verification, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) As explained to us, 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 ₹ 1,02,960.44 lacs and the year end balance is ₹ 75,618.68 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 sale of units in real estate and for sale of services. 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 Lacs 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 Sections 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. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
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, Customs duty Excise duty and other material statutory dues which were outstanding as at 31st March, 2012 for the period of six months from the date they became payable, other than Tax Deducted at Source on Works Contract Under Section 31 (1) (b) (i) of the Maharashtra Value Added Tax Act, 2002 of ₹ 83.88 lacs, Service Tax of ₹ 1,162.10 lacs and Maharashtra Value Added Tax Under Section 4 of the Maharashtra Value Added Tax Act, 2002 of ₹ 647.80 lacs.
- (c) According to the information and explanations given to us by the management there are no dues of Wealth tax, Sales tax, Service tax, Customs duty and Excise duty, which have not been deposited on account of any dispute, except Income tax demand of ₹ 34,114/- lacs for the Assessment Year 2005-06 to 2010-11 for which the Company is in appeal before Commissioner of Income Tax (Appeal) - 41, Mumbai.
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 not given guarantee for loans taken by others from banks and 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 and the Cash Flow of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956, except, 2,60,00,000 Share Warrants of ₹ 275/- each have been allotted to one of the Promoter, with due consent of the members and relevant authorities, which entitles for conversion of each warrant into one equity share of ₹ 10/- each at a premium of ₹ 265/- within a period of 18 months from the date of allotment. 40,00,000 warrants have been converted into equity shares of the Company in the current year. The prices at which such shares are allotted are not prima facie prejudicial to the interests 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. 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: 30th May, 2012

BALANCE SHEET AS AT

Particulars	Note No.	31st March, 2012 (₹ in lacs)		31st March, 2011 (₹ in lacs)	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	41,900.40		41,500.40	
(b) Reserves and Surplus	3	961,760.30		896,288.45	
(c) Money received against share warrants	4	-	1,003,660.70	25,920.00	963,708.85
(2) Non-Current Liabilities					
(a) Long-term borrowings	5	124,673.63		151,376.00	
(b) Deferred tax liabilities (Net)	6	1,310.96		656.94	
(c) Long-term provisions	7	204.48	126,189.07	179.70	152,212.64
(3) Current Liabilities					
(a) Short-term borrowings	8	114,076.53		135,408.99	
(b) Trade payables	9	53,901.22		43,055.51	
(c) Other current liabilities	10	321,608.25		277,382.52	
(d) Short-term provisions	11	18,014.88	507,600.88	13,611.63	469,458.65
Total			1,637,450.65		1,585,380.14
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets	12				
(i) Tangible assets		17,139.08		17,712.03	
(ii) Intangible assets		377.82		59.61	
(iii) Capital work-in-progress		686.25	18,203.15	9,107.37	26,879.01
(b) Non-current investments	13		129,595.00		78,595.25
(c) Other non-current assets	14		1,229.25		-
(2) Current assets					
(a) Current investments	15	600.00		-	
(b) Inventories	16	1,056,914.84		1,008,648.32	
(c) Trade receivables	17	27,864.54		34,284.83	
(d) Cash and bank balance	18	22,532.86		22,600.74	
(e) Short-term loans and advances	19	380,132.14		414,116.71	
(f) Other current assets	20	378.87	1,488,423.25	255.28	1,479,905.88
Total			1,637,450.65		1,585,380.14
Significant Accounting Policies and Notes on accounts	1 to 37				

As per our report of even date attached

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

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

K. P. Devassy
 Chief Financial Officer

Darshan D. Majmudar
 Vice President - Company
 Secretary & Legal

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Executive Chairman

Ashok Kumar Gupta
 Director

Shyam Sunder Dawra
 Director

Lalit Mohan Mehta
 Director

Sarang Wadhawan
 Vice Chairman &
 Managing Director

Raj Kumar Aggarwal
 Director

Ramesh Chander Kapoor
 Director

 Place: Mumbai
 Date: 30th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Particulars	Note No.	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Revenue:			
Revenue from operations	23	91,742.48	182,112.80
Other Income	24	14,925.16	10,163.16
Total Revenue		106,667.64	192,275.96
Expenses:			
Cost of construction, land and development expenses	25	59,295.19	269,559.58
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	(60,727.55)	(241,518.14)
Employee benefits expense	27	3,782.03	4,172.94
Finance costs	28	57,833.31	57,690.31
Depreciation and amortisation expense	12	844.18	724.92
Other expenses	29	4,103.48	6,322.30
Transfer (to)/from Investment/Fixed assets		-	(10,524.69)
Share of loss from partnership firm		-	3.04
Total Expenses		65,130.64	86,430.26
Profit before exceptional items and tax		41,537.00	105,845.70
Exceptional Items		-	449.57
Profit before tax		41,537.00	105,396.13
Tax Expense:	32		
Current tax		2,187.30	15,631.00
Deferred tax		654.02	123.62
		2,841.32	15,754.62
Profit for the year		38,695.68	89,641.51
Earnings per equity share:			
(1) Basic		9.41	22.88
(2) Diluted		9.25	22.48
Significant Accounting Policies and Notes on accounts	1 to 37		

As per our report of even date attached

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

Jayesh R. Thar
(Proprietor)
Membership No. 032917

K. P. Devassy
Chief Financial Officer

Darshan D. Majmudar
Vice President - Company
Secretary & Legal

Place: Mumbai
Date: 30th May, 2012

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Executive Chairman

Sarang Wadhawan
Vice Chairman &
Managing Director

Ashok Kumar Gupta
Director

Raj Kumar Aggarwal
Director

Shyam Sunder Dawra
Director

Ramesh Chander Kapoor
Director

Lalit Mohan Mehta
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
A. Cash flow from operating activities		
Net profit before tax	41,537.00	105,396.13
Adjustments for :		
(1) Depreciation and amortisation expense	844.18	724.92
(2) Interest expenses	57,833.31	57,690.31
(3) Profit on sale of investments	-	(253.20)
(4) Profit on sale of fixed assets	(1,120.51)	-
(5) Interest received	(13,046.14)	(9,541.67)
(6) Dividend received	(5.72)	(6.20)
(7) Loss by fire	-	449.57
(8) Loss on sale of fixed assets	-	3.29
Operating profit before working capital changes	<u>44,505.12</u>	<u>49,067.02</u>
Movements in working capital :		
Decrease/(Increase) in inventory	(48,266.53)	(202,945.00)
Decrease/(Increase) in trade receivable	6,420.29	(14,213.07)
Decrease/(Increase) in other receivables	33,860.99	(193,334.00)
(Decrease)/Increase in trade and other payables	<u>52,517.71</u>	<u>107,520.19</u>
Net movement in working capital	<u>44,532.46</u>	<u>(302,971.88)</u>
Cash generated from operations	130,574.58	(148,508.73)
Less : Direct taxes paid (net of refunds)	<u>(3,172.17)</u>	<u>5,035.13</u>
Net cash from operating activities	133,746.75	(153,543.86)
B. Cash flows from investing activities		
(1) (Increase)/Decrease in capital work in progress	8,421.12	(9,422.29)
(2) (Increase)/Decrease in investments (net)	(52,829.00)	(19,107.63)
(3) Interest received	13,046.14	9,541.67
(4) Dividend received	5.72	6.20
(5) Purchase of fixed assets	(716.17)	(2,800.29)
(6) Profit on sale of units of mutual funds	-	256.50
(7) Sale of fixed assets	<u>1,247.24</u>	<u>3.23</u>
Net cash from investing activities	(30,824.95)	(21,522.61)
C. Cash flows from financing activities		
(1) Proceeds from borrowings	49,931.56	99,504.77
(2) Repayment of borrowings	(95,387.88)	(85,137.03)
(3) Proceeds from share warrants	299.97	49,320.00
(4) Increase in share capital including share premium	-	115,750.00
(5) Share issue expenses	-	(2,819.01)
(6) Interest paid	<u>(57,833.31)</u>	<u>(57,690.31)</u>
Net cash used in financing activities	(102,989.66)	118,928.42
Net increase in cash and cash equivalents (A + B + C)	(67.87)	(56,138.05)
Cash and cash equivalents at the beginning of the year	22,600.74	78,738.79
Cash and cash equivalents at the end of the year	<u>22,532.86</u>	<u>22,600.74</u>
Components of cash and cash equivalents as at	31st March, 2012	31st March, 2011
Cash on hand	3,092.73	40.24
With banks - on current account	532.98	2,771.69
- on deposit account	<u>18,907.15</u>	<u>19,788.81</u>
Total	22,532.86	22,600.74

As per our report of even date attached

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

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

K. P. Devassy
 Chief Financial Officer

Darshan D. Majmudar
 Vice President - Company
 Secretary & Legal

 Place: Mumbai
 Date: 30th May, 2012

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Executive Chairman

Sarang Wadhawan
 Vice Chairman &
 Managing Director

Ashok Kumar Gupta
 Director

Raj Kumar Aggarwal
 Director

Shyam Sunder Dawra
 Director

Ramesh Chander Kapoor
 Director

Lalit Mohan Mehta
 Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: -

A. Basis of preparation

- a) The financial statements have been prepared in accordance with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government of India in consultation with the National Advisory Committee on Accounting Standards and as amended from time to time. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. Projects construction activities where normal operating cycle is approximately of 4-5 years depending on the size of the project.
- 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.
- d) During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

B. 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.

C. 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".

D. 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 realisable 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

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. 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.

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.

F. 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 Statement of Profit and Loss as and when they are incurred.

G. Employees benefits

a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

b) Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

H. Income taxes

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

(ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

I. 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". All its subsidiary Companies are engaged into similar activities except HDIL Entertainment Private Limited which is into entertainment segment. Since its revenue/activities are not significant the same is not reported separately.

J. 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 shares to the public.

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 equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

K. 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 Statement of Profit and Loss 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.

L. 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 Statement of Profit and Loss.

M. Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

N. Leases

a) Where the Company is the lessor

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

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 the Statement of Profit and Loss.

O. Other Notes: -

Nature of operations: -

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
2. SHARE CAPITAL		
Authorised		
50,00,00,000 (Previous year 50,00,00,000) Equity Share of ₹ 10/-each	50,000.00	50,000.00
Issued, Subscribed and Paid Up		
41,90,03,986 (Previous year 41,50,03,986) Equity Shares of ₹ 10/- each fully paid-up	41,900.40	41,500.40
Total	41,900.40	41,500.40
<p>The aggregate number of bonus shares issued in the last five years immediately preceding the Balance Sheet date is 19,12,20,595 equity shares.</p>		
Reconciliation of the number of shares outstanding:		
Shares outstanding at the beginning of the year (Number)	415,003,986	358,842,676
Shares Issued during the year (Number)	4,000,000	56,161,310
Shares outstanding at the end of the year	419,003,986	415,003,986
Terms/rights attached to shares :		
<p>The Company has only one class of shares i.e. equity shares of ₹ 10/- each. Shareholders are entitled to vote in accordance with their shareholding in the Company and receive dividend as and when declared by the Company.</p>		
<p>In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.</p>		
Shares in the Company held by each shareholder holding more than 5 percent:		
Rakesh Kumar Wadhawan (Number)	7,60,47,661	7,60,47,661
%	18.15%	18.32%
Platinum Investment Management Limited (Number)	2,42,95,900	-
%	5.80%	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
3. RESERVE AND SURPLUS		
Securities Premium Account		
Opening Balance	480,543.48	342,081.58
Add: Securities premium credited on Share issue	10,600.00	141,333.87
Less: Share issue expenses written off	-	2,871.97
Closing Balance	491,143.48	480,543.48
Debenture Redemption Reserve		
Opening Balance	41,680.00	27,166.00
Add: Transferred from Statement of Profit and Loss	82,250.00	43,334.00
Less: Transferred to General Reserve	19,010.00	28,820.00
Closing Balance	104,920.00	41,680.00
Share Warrants Forfeiture Account:		
Opening Balance	-	-
Add: Share warrants forfeited during the year	15,219.97	-
Closing Balance	15,219.97	-
General Reserve		
Opening Balance	327,662.50	240,550.09
Add: Transferred from Statement of Profit and Loss	-	58,292.41
Add: Transferred from Debenture Redemption Reserve	19,010.00	28,820.00
Closing Balance	346,672.50	327,662.50
Surplus in the Statement of Profit and Loss		
Opening Balance	46,402.46	58,292.41
Add/(Less): Excess/(Short) Provision for taxation no longer required	(22.75)	94.96
Add: Net Profit for the current year	38,695.68	89,641.51
Add: MAT credit entitlement	978.96	-
Less: Transferred to General Reserve	-	58,292.41
Less: Transferred to Debenture Redemption Reserve	82,250.00	43,334.00
Closing Balance	3,804.35	46,402.47
Total	961,760.30	896,288.45
4. MONEY RECEIVED AGAINST SHARE WARRANTS		
Share warrants	-	25,920.00
Total	-	25,920.00

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
5. LONG-TERM BORROWINGS		
Secured Long Term Borrowings :		
19,442 (Previous year 20,418) Redeemable Non-Convertible Debentures of ₹ 10 lacs each	124,673.63	151,376.00
Total	124,673.63	151,376.00

Details of securities provided:

I) Secured Redeemable Non-Convertible Debentures:-

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

- i) 11,500 (11,500) Secured Redeemable Non-Convertible Debentures of ₹ 10.00 lacs 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 wholly owned subsidiary of the Company. These Secured Non-Convertible Debentures are redeemable commencing from December, 2012 onwards at 33% each in third and fourth year and 34% at the end of fifth year.
- ii) 5,175 (4,250) Secured Redeemable Non-Convertible Debentures of ₹ 10.00 lacs 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 wholly owned subsidiary, of the Company. These Secured Non-Convertible Debentures are redeemable commencing from March, 2013 onwards at 33% each in third and fourth year and 34% at the end of fifth year.

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

- i) a) 2,267 (4,168) Secured Redeemable Non-Convertible Debentures of ₹ 10.00 lacs each fully paid carrying interest with a floor of 13.25% 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. As per the revised terms of the Debentures, these Secured Non-Convertible Debentures are redeemable in equal monthly installment of ₹ 1,000 lacs commencing from 1st September, 2012.
- b) Securities of the debentures issued to Life Insurance Corporation of India are shared on *pari-passu* basis for the term loan from Life Insurance Corporation of India.
- ii) 500 (500) out of the total issue size of 2000, Secured Redeemable Non-Convertible Debentures of ₹ 10.00 lacs 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 (comprising of old survey no. 255 and 256/03), mauje Maharajpura, Taluka Kadi, Mehsana, Gujarat. As per the revised terms of the Debentures these Secured Non-Convertible Debentures are redeemable in fortnightly installment of ₹ 500 lacs each commencing from June, 2012.

II) All the above debentures have been personally guaranteed by Executive Chairman and Vice Chairman & Managing Director of the Company.

III) IDBI Trustee is the trustee to all the above Debentures issued.

Maturity profile and Rate of interest of Non-Convertible Debentures are as set out below:

(₹ in Lacs)

Rate of Interest	Maturity Profile			
	2013-14	2014-15	2015-16	2016-17
12%	51,975	56,302	13,252	3,145

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
6. DEFERRED TAX LIABILITIES(NET)		
Arising on account of timing differences		
Liabilities		
Related to fixed assets	1,421.59	762.89
Provision for gratuity	-	4.11
	1,421.59	767.00
Assets		
Bonus payable	42.71	50.37
Provision for gratuity	11.56	-
Provision for encashment of leave	56.36	59.69
	110.63	110.06
Total	1,310.96	656.94
7. LONG-TERM PROVISIONS		
Provision for employee benefits:		
Gratuity	34.81	-
Leave Encashment	169.67	179.70
Total	204.48	179.70
8. SHORT-TERM BORROWINGS		
Secured Short Term Borrowings :		
Loans repayable on demand from Bank	8,595.14	15,186.64
Term Loans from Scheduled Banks	60,662.00	71,551.56
Term loans from Financial Institutions	44,819.39	48,670.79
Total	114,076.53	135,408.99

Details of securities provided:

I) Loans repayable on demand from Bank:-

Punjab and Maharashtra Co-operative Bank Limited:-

Secured by pledge of fixed deposit receipts with the bank, current rate of interest 10%p.a.

II) Loans from Scheduled Banks:-

a) Bank of India :-

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.

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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

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 quarterly installment of ₹ 1,666.67 lacs each 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 of ₹ 2,083.33 lacs each 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 wholly owned subsidiary of the Company carrying interest at BPLR + 0.25% + TP + RP payable monthly. Repayment in 36 equal monthly installment of ₹ 277.78 lacs each from August, 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 building Majestic Tower, at Village Nahur, Mulund, Mumbai, on 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 installment of ₹ 347.22 lacs each after moratorium of 24 months from the date of first disbursement.

e) The Jammu and Kashmir Bank :-

Secured by mortgage of Land situated at village Kopri, Virar (East) Taluka Vasai, District Thane admeasuring 2,91,610 sq mtrs. Interest rate is Base rate +3.50%. Repayable in 12 quarterly installment of ₹ 834 lacs each after moratorium of two years from first disbursement.

f) UCO Bank :-

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 installment of ₹ 1,563 lacs each after moratorium of 12 months from the date of first disbursement.

g) 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 building Majestic tower, at Nahur, Mulund, Mumbai, on 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 installment of ₹ 347.22 lacs each after moratorium of 24 months from the date of first disbursement.

h) Allahabad Bank:-

- i) 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 and further secured by 45,202 sq. mtrs. of Non-agricultural Land situated at Village Chandansar, Taluka Vasai, Dist. Thane, comprising of various survey numbers, owned by Privilege Power and Infrastructure Private Limited, a wholly owned subsidiary of the Company. Rate of Interest base rate + 5% payable monthly. Repayable in 12 equal quarterly installments of ₹ 1,250.00 lacs each after moratorium of 24 months from the date of first disbursement.
- ii) Secured by exclusive charge on Escrow account as well as equitable mortgage of land admeasuring 54,970 sq.mtrs at Village Maljipada, Taluka Vasai, Dist. - Thane, comprising of various survey numbers. Rate of interest is base rate+ 5% p.a. Repayable within 12 equal quarterly installments of ₹ 625.00 lacs each after a moratorium of 24 months from first disbursement.

i) Syndicate Bank :-

Secured by *pari passu* charge over escrow of Cash flows arising out of the project Whispering Tower and further secured by Non-agricultural Land situated at Village Doliv, Virar, admeasuring 21.65 acres owned by Privilege Power and Infrastructure Private Limited, a wholly owned subsidiary of the Company. Rate of Interest base rate + 3% payable monthly. Repayable in 12 equal quarterly installments of ₹ 834.00 lacs each after moratorium of 24 months from the date of first disbursement.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

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, Sasunavghar - 30.11 acres and Kasarali - 3 acres, owned by Privilege Power and Infrastructure Private Limited, a wholly owned subsidiary of the Company. Rate of interest is 12.50% payable monthly. Repayment in 20 quarterly installment of ₹ 1,977.45 lacs each commencing from August, 2012.

b) Life Insurance Corporation of India:-

- i) 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 19 quarterly installment of ₹ 1,500.00 lacs each from November, 2010.
- ii) Securities of the Term loan from Life Insurance Corporation of India are shared on *pari passu* basis along with the security for debentures issued to Life Insurance Corporation of India.

IV) All the above loans have been personally guaranteed by Executive Chairman and Vice Chairman & Managing Director of the Company.

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
9. TRADE PAYABLES		
Trade Payables *	53,901.22	43,055.51
Total	53,901.22	43,055.51

* Includes ₹ 599.30 lacs due from enterprises influenced by Key Management Personnel.

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:

Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
10. OTHER CURRENT LIABILITIES		
a) Current maturities of long term debt		
i) Redeemable Non-Convertible Debentures (Refer Note 5)	69,746.37	52,804.00
ii) Loans from Scheduled Banks (Refer Note 8)	53,654.23	73,950.44
iii) Term loans from Financial Institutions (Refer Note 8)	11,932.35	6,000.00
b) Interest accrued but not due on loans	4,889.52	20.97
c) Interest accrued and due on loans	2,847.71	-
d) Advances from customers	162,207.21	118,012.19
e) Unpaid dividend	9.62	9.66
f) Share application money refundable	10.14	10.14
g) Other payables		
i) Due to employees	442.37	378.23
ii) Statutory dues	4,754.49	1,946.99
iii) Other payable	11,114.24	24,249.90
Total	321,608.25	277,382.52
11. SHORT TERM PROVISIONS		
Other Provisions:		
Provision for taxation	48,283.41	46,096.11
Provision for tax on fringe benefits	-	193.50
Provision for wealth tax	23.06	17.09
	48,306.47	46,306.70
Less : Tax Paid	30,291.59	32,695.07
Total	18,014.88	13,611.63

12. FIXED ASSETS

(₹ in Lacs)

Description	Gross Block				Depreciation and Amortisation				Net Block	
	As at 01st April, 2011	Additions	Sale or adjustments	As at 31st March, 2012	Upto 31st March, 2011	For the year	On sale or adjustments	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Own assets :										
Tangible Assets:										
Freehold Land	693.28	-	-	693.28	-	-	-	-	693.28	693.28
Buildings	15,255.62	-	111.05	15,144.57	590.64	355.31	1.72	944.23	14,200.34	14,664.98
Plant and Machinery	555.21	92.68	-	647.89	26.88	35.30	-	62.18	585.71	528.33
Furniture and Fixtures	345.88	1.30	-	347.18	33.58	31.43	-	65.01	282.17	312.30
Vehicles	1,083.25	-	35.53	1,047.72	217.61	102.75	19.45	300.91	746.81	865.64
Office Equipments	400.52	21.93	2.87	419.58	49.65	21.06	1.54	69.17	350.41	350.87
Computers	329.30	43.11	-	372.41	32.67	59.38	-	92.05	280.36	296.63
Total (A)	18,663.06	159.02	149.45	18,672.63	951.03	605.23	22.71	1,533.55	17,139.08	17,712.03
Intangible Assets:										
Computer softwares	176.36	557.15	-	733.51	116.75	238.94	-	355.69	377.82	59.61
Total (B)	176.36	557.15	-	733.51	116.75	238.94	-	355.69	377.82	59.61
Total (A) + (B)	18,839.42	716.17	149.45	19,406.14	1,067.78	844.17	22.71	1,889.24	17,516.90	17,771.64
Previous year	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
Capital Work-in-Progress									686.25	9,107.37

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
13. NON-CURRENT INVESTMENTS		
Investments (At Cost) (Non-Trade)		
Long-Term		
Investments in immovable properties		
Leased out at HDIL Towers	2,976.88	2,976.88
Leased out at Pali Arcade	313.72	313.72
	3,290.60	3,290.60
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
	47.50	47.50
In subsidiary Company (Unquoted Shares)		
HC Infracity Private Limited		
7,500 (Previous year Nil) Equity Shares of ₹ 10/- each fully paid-up	0.75	-
Privilege Power and Infrastructure Private Limited		
1,50,00,000 (Previous year 1,50,00,000) Equity Shares of ₹ 100/- each fully paid-up	32,846.03	32,846.03
HDIL Entertainment Private Limited		
1,00,00,000 (Previous year 1,00,00,000) Equity Shares of ₹ 10/- each fully paid-up	2,698.30	2,698.30
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
12,84,780 (Previous year 12,84,780) 0.01% Non Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid-up	321.20	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		
Nil (Previous year 10,000) Equity Shares of ₹ 10/- each fully paid-up	-	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 8,500) Equity Shares of ₹ 10/- each fully paid-up	9,288.20	9,288.20
Lashkaria Construction Private Limited		
69,00,000 (Previous year 69,00,000) Equity Shares of ₹ 10/- each fully paid-up	690.00	690.00
	75,050.60	75,050.85
In subsidiary Company (Unquoted Debentures)		
Guruashish Construction Private Limited		
51,000 (Previous year Nil) 12.50% Secured Redeemable Non-Convertible Debentures of ₹ 1 lacs each fully paid-up	51,000.00	-
	51,000.00	-
In associate Company (Unquoted Shares)		
HDIL Leisures Private Limited (formerly D. S. Corporation)		
20,25,000 (Previous year 20,25,000) Equity Shares of ₹ 10/- each fully paid-up	202.50	202.50
	202.50	202.50
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, 2012 ₹ 4.57 lacs (previous year ₹ 4.18 lacs))	3.80	3.80
	3.80	3.80
Total	129,595.00	78,595.25

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
14. OTHER NON-CURRENT ASSETS		
Unsecured, considered good:		
a) Deposit accounts with more than 12 months maturity*	480.00	-
b) Other receivable/advance	749.25	-
Total	1,229.25	-
* Fixed deposits of ₹ 480.00 lacs (Previous year Nil) pledged with bank as security for bank guarantees.		
15. CURRENT INVESTMENT		
Current Investments (at lower of cost or market value)		
Other corporates (Unquoted)		
SGS Music And Entertainment Private Limited		
1,61,290 (Previous year Nil) Equity Shares of ₹ 10/- each fully paid-up	100.00	-
	100.00	-
In joint ventures		
Fine Developers	500.00	-
Total	600.00	-
Investment in Joint Ventures		
M/s. Fine Developers:- (Fixed Capital ₹ Nil)		
Share of profit - 90%, other partner and share of profit is Sapphire Land Development Private Limited - 10%		
16. INVENTORIES		
Work-in-progress (at cost)	1,035,045.13	986,143.88
Finished goods (lower of cost or net realisable value)	21,869.71	22,504.44
Total	1,056,914.84	1,008,648.32
17. TRADE RECEIVABLES (Unsecured, considered good)		
Outstanding for a period exceeding 6 months from the date they are due for payment	26,419.50	980.73
Others	1,445.04	33,304.10
Total	27,864.54	34,284.83

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
18. CASH AND BANK BALANCES		
a) Cash and Cash Equivalents		
i) Balance with banks		
In current accounts	523.36	2,762.03
Cash on hand	3,092.73	40.24
ii) Cash on hand		
b) Other bank balances		
i) In Deposit with more than 3 months but less than 12 months maturity *	18,907.15	19,788.81
ii) Balance with banks in unpaid dividend account	9.62	9.66
Total	22,532.86	22,600.74
*includes fixed deposits of ₹ 8,981.20 lacs (Previous year ₹ 3,024.20 lacs) pledged with bank as security for bank guarantees.		
19. SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)		
a) Loans and advances to related parties		
Loan to subsidiaries	75,618.68	97,380.42
Loan to associates	15,331.20	9,051.62
b) Others		
Security Deposits	3,800.79	1,513.14
Advance to Suppliers	17,449.90	7,588.37
Advance for Land purchase/ tenancy/ claims/ development rights	267,601.68	298,422.50
Loans to employees	68.12	51.32
Prepaid expenses	261.77	96.96
Gratuity contributions paid in advance to Life Insurance Corporation	-	12.38
Total	380,132.14	414,116.71
In the opinion of the management, the value of above loans and advances are not less than as stated, if realised in the ordinary course of business.		
20. OTHER CURRENT ASSETS (Unsecured, considered good:)		
Interest accrued on fixed deposits	378.87	255.28
Total	378.87	255.28
21. CONTINGENT LIABILITIES NOT PROVIDED FOR		
a) (i) Claims against the Company not acknowledged as debts (represented suits filed by the parties in the High Court, Bombay and disputed by the Company)	20,247.35	20,247.35
(ii) Income-tax demands disputed by the Company (net of amounts provided).	28,564.58	-
The matters in dispute are under appeal. The demands have been paid/adjusted and will be received as refund if the matters are decided in favour of the Company.		
In the opinion of the management the above claims are not sustainable.		
b) Guarantees provided by the bank	3,034.20	3,024.20
c) Against demand promissory note executed as security for performance	27,500.00	27,500.00

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
22. CAPITAL COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	63.90	736.42
23. REVENUE FROM OPERATION		
a) Sale of Product		
i) Sale of commercial and residential units	9,770.87	4,212.69
ii) Sale of development rights/ FSI/ Land/ TDR/ Materials	80,611.65	176,049.94
b) Other operating income	1,359.96	1,850.17
Total	91,742.48	182,112.80
24. OTHER INCOME		
Interest received	13,046.14	9,541.67
Dividend received (From Co-operative Bank)	5.72	6.20
Flat cancellation charges	61.34	46.47
Income from sale of investments	-	253.20
Income from sale of fixed assets	1,120.51	-
Share of revenue of Entertainment business	203.65	250.20
Miscellaneous income *	487.80	65.42
Total	14,925.16	10,163.16
* includes ₹ 477.38 lacs related to prior period adjustment		
25. COST OF CONSTRUCTION, LAND AND DEVELOPMENT EXPENSES		
Land	-	34,626.01
Tenancy/ claims/ FSI/ development rights	15,103.41	90,711.93
Construction materials and other expenses	44,191.78	144,221.64
Total	59,295.19	269,559.58
26. VARIATION IN FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS		
Opening finished goods/ stock-in-trade	22,504.44	20,520.12
Opening work-in-progress	986,143.88	782,846.12
Less: Adjustment during the year	12,461.03	36,236.06
Sub Total	996,187.29	767,130.18
Closing finished goods/stock-in-trade	21,869.71	22,504.44
Closing work-in-progress	1,035,045.13	986,143.88
Sub Total	1,056,914.84	1,008,648.32
Total	(60,727.55)	(241,518.14)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
27. EMPLOYEE BENEFITS EXPENSE		
a) Salaries and incentives	3,278.71	3,549.46
b) Contributions to - Provident and other funds	235.61	244.47
c) Gratuity fund contributions	84.20	92.01
d) Staff welfare expenses	183.51	287.00
Total	3,782.03	4,172.94

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:
 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:-

- I) The AS-15 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.

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
i) Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Obligations at beginning of year	192.72	92.67
Interest cost	15.90	7.65
Current service cost	52.68	75.34
Past Service cost	71.03	-
Benefits paid	(10.91)	(5.05)
Actuarial (gain)/loss on defined benefits obligation	(35.21)	22.11
Obligation at year end	286.21	192.72
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	205.10	79.61
Expected return	19.63	12.23
Actuarial gains and (losses)	0.57	0.86
Assets distributed on settlements	-	-
Contribution by employer	37.01	117.45
Benefits paid	(10.91)	(5.05)
Closing fair value of plan assets	251.40	205.10
iii) Amounts to be recognised in the Balance Sheet		
Projected benefits obligation, at the end of the year	286.21	192.72
Fair value of plan assets at end of the year	251.40	205.10
Net asset/(liability) recognised in the Balance Sheet	(34.81)	12.38
iv) Gratuity cost for the year		
Current service cost	52.68	75.34
Past Service cost	71.03	-
Interest cost on obligation	15.90	7.65
Expected return on plan assets	(19.63)	(12.23)
Net actuarial (gain)/loss	(35.78)	21.25
Expense recognised in the Statement of Profit and Loss	84.20	92.01

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

B) Leave encashment liability :-

- i) The AS-15 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.

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
i) Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Obligations at beginning of the year	179.70	102.56
Interest cost	14.83	8.46
Current service cost	32.62	41.76
Benefits paid	-	-
Actuarial (gain)/loss on defined benefits obligation	(57.48)	26.92
Obligation at year end	169.67	179.70
ii) Amounts to be recognised in the Balance Sheet		
Projected benefits obligation, at the end of the year	169.67	179.70
Fair value of plan assets at end of the year	-	-
Net asset/(liability) recognised in the Balance Sheet	(169.67)	(179.70)
iii) Leave Encashment cost for the year		
Current service cost	32.62	41.76
Interest cost on obligation	14.83	8.46
Expected return on plan assets	-	-
Net actuarial (gain)/loss	(57.48)	26.92
Expense recognised in the Statement of Profit and Loss	(10.03)	77.14
C) Valuation Assumptions		
Considering the above stipulation in the case of gratuity and leave encashment, the following assumptions have been made.		
i) Discount Rate	8.50%	8.25%
ii) Salary Growth	7.00%	7.00%
iii) Expected rate of return		
Gratuity	9.00%	9.00%
Leave encashment	NA	NA
iv) Mortality : LIC (1994-96) published table of mortality rate		
v) Withdrawals : 5% at younger ages reducing to 1% to older ages		
vi) Retirement age : 60 years		
28. FINANCE COST		
a) Interest expenses:		
i) Project specific interest expenses	50,616.44	49,615.01
ii) Other interest	7,186.94	8,047.14
b) Other borrowing cost	29.93	28.16
Total	57,833.31	57,690.31

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
29. OTHER EXPENSES		
Advertisement and sales promotion expenses	242.81	833.71
Commission and brokerage	1.00	21.65
Electricity charges	114.24	83.86
Insurance charges	1.50	1.81
Bank Charges	79.39	106.00
Other administrative expenses	421.67	494.68
Loss on sale of fixed assets	-	3.29
Membership and subscription	17.45	11.17
Printing and stationery	105.16	206.47
Security charges	102.11	62.87
Professional fees	359.60	346.00
Rent paid	30.56	29.97
Rates and taxes	237.24	235.82
Repairs and maintenance to buildings	208.14	69.34
Repairs and maintenance to other assets	145.94	29.10
Stamping and registration	0.96	5.52
Communication expenses	128.35	183.30
Postages and telegram expenses	24.85	33.32
Travelling and conveyance expenses	1,531.72	1,062.08
Directors remuneration and sitting fees	212.11	1,924.50
Remuneration to auditors	138.54	236.48
Donations	-	341.27
Filing fees paid to the Registrar of Companies	0.14	0.09
Total	4,103.48	6,322.30
29.01 REMUNERATION TO AUDITORS		
a) Audit fees	66.18	66.18
b) Taxation matters	24.12	20.00
c) Management consultancy	24.12	20.00
d) Other services	24.12	130.30
Total	138.54	236.48
29.02 MANAGERIAL REMUNERATION		
a) Remuneration to the Executive Chairman and Vice Chairman & Managing Director*	150.00	1,800.00
b) Commission to Non Executive Directors	53.91	112.50
c) Sitting fees	8.20	12.00
Total	212.11	1,924.50

* The Directors remuneration includes salary paid ₹ 150 lacs to Executive Chairman and Vice Chairman and Managing Director for only one month. They have voluntarily forgone the remuneration for eleven months. The non-executive Directors have also voluntary forgone their commission by 50% of the entitlement.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
30. EXPENDITURE IN FOREIGN CURRENCY		
Earnings in foreign currency	Nil	Nil
Expenditure in foreign currency		
- Legal fees	Nil	77.30
- Other matters	50.33	191.45
31. CIF VALUE OF IMPORTS		
Value of imports calculated on CIF basis		
- Capital goods	Nil	10.81
- Construction materials and other expenses	Nil	143.47
32. TAX EXPENSES		
Income tax	2,187.30	15,631.00
Deferred taxes	654.02	123.62
Total	2,841.32	15,754.62

33. LEASE

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 Statement of Profit and Loss ₹ 1,359.96 lacs. (Previous year ₹ 1,850.17 lacs)

c) Total minimum lease payments receivable	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Not more than one year	1,136.63	1,505.37
Not less than one year and not more than five years	783.36	2,705.75
More than five years	96.22	128.44

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 period is recognised in the Statement of Profit and Loss ₹ 30.56 lacs. (previous year ₹ 29.97 lacs)

c) The total of minimum lease payments for year:		
Not more than one year	29.88	30.59
Not less than one year and not more than five years	1.36	12.53
More than five years	-	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
34. EARNINGS PER SHARE HAS BEEN COMPUTED AS UNDER:		
(a) Net profit after tax as per Statement of Profit and Loss	38,695.68	89,641.51
(b) Excess/(Short) Provision for taxation no longer required	(22.75)	94.96
(c) MAT Credit Entitlement	978.96	-
(d) Net Profit attributable to Equity Shareholders	39,651.89	89,736.46
(e) Number of shares used in computing earnings per share		
Basic	421,550,434	392,140,256
Diluted	428,522,128	399,138,563
(f) Basic Earnings per share	9.41	22.88
(g) Diluted Earnings per share	9.25	22.48
(h) Nominal value per equity share is ₹ 10/-		

35. 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 (upto 30.06.2011)
8. Guruashish Construction Private Limited
9. BKC Developers Private Limited
10. Lashkaria Construction Private Limited
11. HC Infracity Private Limited w.e.f. 30.11.2011

Associates

1. HDIL Leisures Private Limited

Enterprise significantly influenced by key management personnel

1. Privilege Airways Private Limited
2. Privilege Industries Limited
3. Privilege Health Care Services Private Limited

B. Key management personnel

Name

Shri Rakesh Kumar Wadhawan
 Shri Sarang Wadhawan
 Shri K. P. Devassy
 Shri Darshan D. Majmudar

Designation

Executive Chairman
 Vice Chairman & Managing Director
 Chief Financial Officer
 Vice President - Company Secretary & Legal

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

C. Transactions with related party

(₹ in lacs)

Nature of transaction	31st March, 2012					31st March, 2011				
	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	6,938.55	-	4,903.57	-	11,842.12	55,901.79	-	8,162.22	-	64,064.01
Loans/advances received	35,440.60	-	-	-	35,440.60	5,242.90	-	-	-	5,242.90
Investment in Equity/ preference shares	750.00	-	-	-	750.00	35,801.62	-	202.50	-	36,004.12
Investment in Debentures	51,000.00	-	-	-	51,000.00	-	-	-	-	-
Investment in firm	-	-	500.00	-	500.00	-	-	-	-	-
Interest received	9,833.06	-	1,528.90	-	11,361.96	6,980.57	-	988.22	-	7,968.79
Lease rent received	1.20	2.40	-	-	3.60	2.85	2.40	-	-	5.25
Share of revenue received	203.65	-	-	-	203.65	250.20	-	-	-	250.20
Share of profit received	-	-	-	-	-	-	-	(3.04)	-	(3.04)
Directors remuneration	-	-	-	150.00	150.00	-	-	-	1,800.00	1,800.00
Salary paid	-	-	-	81.18	81.18	-	-	-	88.25	88.25
Purchase of Land / FSI	624.87	-	-	-	624.87	-	-	-	-	-
Sale of fixed assets/ commercial units	-	5,532.49	-	-	5,532.49	2,196.41	4,001.01	-	-	6,197.42
Travelling expenses	-	654.30	-	-	654.30	-	702.47	-	-	702.47
Outstanding as at year end - Due from	75,618.68	-	15,831.20	-	91,449.88	97,380.42	-	9,051.62	-	106,432.04
Outstanding as at year end - Due to	-	599.30	-	-	599.30	-	461.00	-	-	461.00

36. 2,60,00,000 Share Warrants of ₹ 275/- each were allotted to one of the Promoter, after obtaining the necessary approval from share holders and relevant authorities, which entitled for conversion of each warrant into one equity share of ₹ 10/- each at a premium of ₹ 265/- within a period of 18 months from the date of allotment. During current year 40,00,000 warrants have been converted into equity shares of the Company. The remaining 2,20,00,000 warrants were forfeited since the right to exercise the conversion of warrants has not been exercised. The allotment money received on these warrants of ₹ 15,219.96 lacs has been forfeited as per the guidelines applicable to the issue of warrants.

37. Income tax Assessment have been completed upto Assessment year 2010-11. The tax demand of ₹ 34,114 lacs for the Assessment year 2005-06 to 2010-11 has been determined by the Income Tax authorities. Company has preferred appeals which are pending for final disposal.

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
 Executive Chairman

Sarang Wadhawan
 Vice Chairman &
 Managing Director

Ashok Kumar Gupta
 Director

Raj Kumar Aggarwal
 Director

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

K. P. Devassy
 Chief Financial Officer

Shyam Sunder Dawra
 Director

Ramesh Chander Kapoor
 Director

Darshan D. Majmudar
 Vice President - Company
 Secretary & Legal

Lalit Mohan Mehta
 Director

 Place: Mumbai
 Date: 30th May, 2012

NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the members of PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED, will be held on Friday, 10th day of August, 2012 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, 2012 and Statement of Profit and Loss 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

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai

Date: 25th May, 2012

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. 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 Twenty Eighth Annual Report with the audited statement of accounts for the year ended 31st March, 2012.

(₹ in Lacs)

1 Financial Results:	31st March, 2012	31st March, 2011
Gross sales and other receipts	877.27	877.05
Profit / (Loss) before depreciation and taxation	135.49	(91.26)
Depreciation	11.48	12.48
Profit / (Loss) before tax	124.01	(103.72)
Less: Current tax	22.76	-
Add :Deferred tax asset	1.45	1.39
Profit / (Loss) for the year	102.70	(102.35)
Balance in profit and loss account	494.38	596.79
Less: Short provision for tax for earlier year	0.58	0.06
Closing balance	596.50	494.38

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 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 reappointment offer themselves for reappointment. A letter has been received from them that their reappointment, if made, will be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

5 With regard to Auditor's comment at Clause 9 (b) of the annexure to the Audit Report, the Company will take remedial measures to pay the said Tax Deducted at Source and Service Tax and ensure non occurrence of such event in future.

6 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.

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

- The Company focused to optimise consumption of energy, power and other energy sources wherever possible. We emphasis towards safe and clean environment and continues to adhere to all regulatory requirements and guidelines.
- During the year the Company has not undertaken any research and development activity or development of any technology.
- Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) of Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is,

	31st March, 2012	31st March, 2011
	(₹ in Lacs)	(₹ in Lacs)

(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

8 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 for the year ended 31st March, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- 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 as at 31st March, 2012 and profit of the Company for the year ended on that date;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

9 Acknowledgement:

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

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai

Date: 25th May, 2012

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, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 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, 2012,
 - (ii) in the case of the Statement of Profit and Loss, 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: 25th May, 2012

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, 2012 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 ₹ 12,232.19 Lacs and the year end balance is ₹ 12,232.19 Lacs.
- (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 for purchases of inventory and fixed assets and for sale of goods and services. 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 We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 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.

ANNEXURE TO THE AUDITORS' REPORT

- (b) According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable except Tax deducted at Source of ₹ 33.40 Lacs and Service Tax of ₹ 0.46 Lacs.
- (c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Custom duty and Excise duty and cess, which have not been deposited on account of any dispute.
- 10 The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit, however it had incurred cash losses in the immediately preceding financial year.
- 11 The Company does not have any dues to a financial institution or bank, accordingly, the clause No. 4 (xi) of the Order is not applicable.
- 12 In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order, are not applicable to the Company.
- 14 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, during the year the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19 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: 25th May, 2012

BALANCE SHEET AS AT

Particulars	Note No	31st March, 2012 (₹ in Lacs)		31st March, 2011 (₹ in Lacs)	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	15,000.00		15,000.00	
(b) Reserves and Surplus	3	18,351.08	33,351.08	18,248.96	33,248.96
(2) Non-Current Liabilities					
(a) Deferred tax liabilities (Net)	4	1.00		2.45	
(b) Long term provisions	5	3.20	4.20	3.42	5.87
(3) Current Liabilities					
(a) Short-term borrowings	6	12,232.19		11,111.81	
(b) Trade payables	7	603.10		610.52	
(c) Other current liabilities	8	3,307.98		3,083.54	
(d) Short-term provisions	9	23.89	16,167.16	1.17	14,807.04
Total			49,522.44		48,061.87
II. Assets					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	10		98.56		109.38
(b) Non-current investments	11		39.25		39.25
(2) Current assets					
(a) Inventories	12	38,426.44		36,829.95	
(b) Trade receivables	13	212.39		209.87	
(c) Cash and bank balances	14	7.57		49.77	
(d) Short-term loans and advances	15	10,738.23	49,384.63	10,823.65	47,913.24
Total			49,522.44		48,061.87
Significant accounting policies and notes on financial statements	1 to 31				

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants

Firm Registration Number: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th May, 2012

Rakesh Kumar Wadhawan

(Director)

Sarang Wadhawan

(Director)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Particulars	Note No	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Revenue from operations	16	688.87	701.89
Other Income	17	188.40	175.16
Total Revenue		877.27	877.05
Expenses:			
Cost of materials consumed	18	142.95	648.77
Changes in inventories of finished goods and work-in-progress	19	(1,596.48)	(2,353.11)
Employee benefit expense	20	46.21	50.70
Finance cost	21	1,867.34	1,900.29
Depreciation and amortisation expense	10	11.48	12.48
Other Expenses	22	281.76	721.66
Total Expenses		753.26	980.79
Profit/ (Loss) before tax		124.01	(103.74)
Tax expense:			
Current tax		22.76	-
Deferred tax (Asset)		(1.45)	(1.39)
		21.31	(1.39)
Profit/(Loss) for the year		102.70	(102.35)
Earning per equity share:	23		
Basic		0.68	(1.07)
Diluted		0.68	(1.07)
Significant accounting policies and notes on financial statements	1 to 31		

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917
 Place: Mumbai
 Date: 25th May, 2012

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2012 (₹ in Lacs)		31st March, 2011 (₹ in Lacs)	
A Cash flow from operating activities				
Net profit before tax		124.01		(103.74)
Adjustments for:				
Depreciation	11.48		12.48	
Interest expenses	1,867.34		1,900.29	
Investment Income	(3.00)	1,875.82	(0.65)	1,912.12
Operating profit before working capital changes		1,999.83		1,808.38
Adjustments for:				
Decrease / (Increase) in inventory	(1,596.48)		(2,353.11)	
Decrease / (Increase) in Trade receivables	(2.53)		(16.60)	
Decrease / (Increase) in other receivables	85.42		(9,613.81)	
(Decrease) / Increase in provisions	1.98		-	
(Decrease) / Increase in trade and other payables	217.02		284.41	
Net movement in working capital		(1,294.59)		(11,699.11)
Cash generated from operations		705.24		(9,890.73)
Less: Direct taxes paid (net of refunds)		2.82		1.23
Net cash from operating activities		702.42		(9,891.96)
B Cash flows from investing activities				
Purchase of investments	-		(1.19)	
Investment income	3.00		0.65	
Purchase of fixed assets	(0.66)	2.34	(1.61)	(2.15)
Net cash from investing activities		2.34		(2.15)
C Cash flows from financing activities				
Proceeds from issue of equity shares	-		32,099.68	
Proceeds from borrowings	1,120.37		(20,310.75)	
Interest paid	(1,867.34)	(746.96)	(1,900.29)	9,888.64
Net cash from financing activities		(746.96)		9,888.64
Net increase in cash and cash equivalents (A + B + C)		(42.20)		(5.47)
Cash and cash equivalents at the beginning of the year		49.77		55.24
Cash and cash equivalents at the end of the year		7.57		49.77
Components of cash and cash equivalents as at		31 March 2012		31 March 2011
Cash on hand		7.48		49.73
With banks - on current account		0.09		0.04
		7.57		49.77

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917
 Place: Mumbai
 Date: 25th May, 2012

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

1.01 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.

D) During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.02 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.

1.03 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 or 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".

1.04 Inventories

Inventories are valued as follows:

Work-in-progress	At cost. Cost includes direct materials, labour, construction expenses and borrowing costs.
Stock-in-trade / Finished goods	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.

1.05 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

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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- b) Sale/trading of goods
 Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.
- c) Rent and License fee
 Revenue is recognised on accrual basis.
- d) Dividends
 Revenue is recognised when the shareholders' right to receive payment is established by the Balance Sheet date.

1.06 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".

1.07 Employees retirement benefits:

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- b) Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

1.08 Leases

- a) Where the Company is the lessor
 Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Recurring costs are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised in the Statement of Profit and Loss.
- 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 Statement of Profit and Loss.

1.09 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.

1.10 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".

1.11 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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.

1.12 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.

1.13 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
2 SHARE CAPITAL		
Authorised		
1,50,00,000 (Previous year 1,50,00,000) Equity shares of ₹ 100/- each	15,000.00	15,000.00
Issued, Subscribed and Paid Up		
1,50,00,000 (Previous year 1,50,00,000) Equity shares of ₹ 100/- each fully paid up	15,000.00	15,000.00
Total	15,000.00	15,000.00
Reconciliation of the number of shares outstanding:		
Particulars	31st March, 2012 Number	31st March, 2011 Number
Shares outstanding at the beginning of the year	15,000,000	15,000,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	15,000,000	15,000,000

Terms/rights attached to shares:

The Company has only one class of shares i.e. equity shares of ₹100 each. Shareholders are entitled to vote in accordance with their shareholding in the Company and receive dividend as and when declared by the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Shares in the company held by each shareholder holding more than 5 percent:

Particulars	31st March, 2012 (₹ in Lacs)		31st March, 2011 (₹ in Lacs)	
	No.	% held	No.	% held
Housing Development and Infrastructure Limited - holding company	1,50,00,000	100%	1,50,00,000	100%

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
3 RESERVE AND SURPLUS		
Securities Premium Account		
Opening Balance	17,307.20	-
Add: On issue of shares	-	17,307.20
Closing Balance	-	17,307.20
General Reserve		
Opening Balance	447.38	447.38
Closing Balance	447.38	447.38
Surplus in this Statement of Profit and Loss		
Opening Balance	494.38	596.79
Add: Net Profit/(Net Loss) For the current year	102.70	(102.35)
(Less): (Short) Provision for taxation	(0.58)	(0.06)
Closing Balance	596.50	494.38
Total	18,351.08	18,248.96

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
4 DEFERRED TAX LIABILITIES (NET)		
Arising on account of timing differences Liabilities		
Related to fixed assets	3.52	4.97
	<u>3.52</u>	<u>4.97</u>
Assets		
Bonus payable	0.92	0.92
Provision for gratuity	0.47	0.47
Provision for encashment of leave	1.13	1.13
	<u>2.52</u>	<u>2.52</u>
Total	<u>1.00</u>	<u>2.45</u>
5 LONG TERM PROVISIONS		
Provision for employee benefits: Leave Encashment		
	3.20	3.42
Total	<u>3.20</u>	<u>3.42</u>
6 SHORT TERM BORROWINGS		
Unsecured Short-term Borrowings: From holding company		
	12,232.19	11,111.81
Total	<u>12,232.19</u>	<u>11,111.81</u>
7 TRADE PAYABLE		
Trade Payable	603.10	610.52
Total	<u>603.10</u>	<u>610.52</u>
Micro, small and medium enterprises		
(a) As on 31st March, 2012 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 OTHER CURRENT LIABILITIES		
a) Advances from customers	13.43	10.82
b) Other payables	3,294.55	3,072.72
Total	<u>3,307.98</u>	<u>3,083.54</u>
9 SHORT TERM PROVISIONS		
Other Provisions:		
Provision for taxation	33.75	22.00
Less: Tax Paid	9.86	20.83
Total	<u>23.89</u>	<u>1.17</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

10 FIXED ASSETS

(₹ in Lacs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2011	Additions during the year	Sale	As at 31st March, 2012	Up to 31st March, 2011	for the year	On Sale of assets	Up to 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Office Premises	42.04	-	-	42.04	7.78	0.69	-	8.47	33.57	34.26
Furniture and fixtures	40.19	-	-	40.19	15.15	2.23	-	17.38	22.81	25.04
Vehicles	21.30	-	-	21.30	16.53	1.01	-	17.54	3.76	4.77
Office Equipments	49.69	0.66	-	50.35	13.20	2.33	-	15.53	34.82	36.49
Computers	37.38	-	-	37.38	28.62	5.22	-	33.84	3.54	8.76
Books	0.12	-	-	0.12	0.06	0.01	-	0.06	0.06	0.06
Total	190.72	0.66	-	191.38	81.34	11.48	-	92.82	98.56	109.38
Previous year	189.11	1.61	-	190.72	68.86	12.48	-	81.34	109.38	120.26

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
11 NON CURRENT INVESTMENTS		
Investment property (at cost)	13.06	13.06
Non trade investments		
Unquoted shares (valued at cost)		
i) Punjab and Maharashtra Co - Operative Bank Limited 1,00,000 (Previous year 1,00,000) Equity shares of ₹25/- each fully paid	25.00	25.00
ii) Privilege Hi Tech Infrastructure Limited 11,900 (Previous year 11,900) Equity shares of ₹10/- each fully paid	1.19	1.19
Total	39.25	39.25
12 INVENTORIES		
Finished Goods (lower of cost or net realisable value)	1,716.08	771.36
Work -in-progress (at cost)	36,710.36	36,058.59
Total	38,426.44	36,829.95
13 TRADE RECEIVABLE		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	172.39	162.99
Other debts		
Unsecured, considered good	40.00	46.88
Total	212.39	209.87
14 CASH AND BANK BALANCES		
Cash and Cash equivalents		
Balance with banks - In current accounts	0.09	0.04
Cash on hand	7.48	49.73
Total	7.57	49.77

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
15 SHORT TERM LOANS & ADVANCES		
Unsecured, considered good		
a. Security Deposits	10.55	6.11
b. Others:		
Income tax refund receivable	2.31	2.31
Land purchase/ tenancy/ claims/ development rights	10,722.75	10,809.94
Loans to employees	1.22	1.31
Prepaid expenses	0.48	3.37
Other receivable (Gratuity contributions)	0.92	0.61
Total	10,738.23	10,823.65
In the opinion of the management, above loans and advances are not less than as stated, if realised in the ordinary course of business.		
16 REVENUE FROM OPERATION		
a. Sale of products		
Commercial and residential units	-	676.51
Development rights / FSI/ Land/ TDR/ Materials	662.87	-
b. Other operating income		
Rent and compensation	26.00	25.38
Total	688.87	701.89
17 OTHER INCOME		
Dividend received (From Co-operative Bank)	3.00	0.65
Maintenance charges	182.40	174.46
Interest on income tax refund	-	0.05
Miscellaneous income	3.00	-
Total	188.40	175.16
18 COST OF MATERIAL CONSUMED		
Land	85.28	167.26
Construction materials and other expenses	57.67	481.51
Total	142.95	648.77
19 CHANGES IN INVENTORIES		
Opening stock of		
Finished goods	771.36	1,018.00
Work-in-progress	36,058.59	33,458.84
	36,829.95	34,476.84
Less: Closing stock of		
Finished goods	1,716.08	771.36
Work-in-progress	36,710.36	36,058.59
	38,426.44	36,829.95
Total	(1,596.48)	(2,353.11)
20 EMPLOYEE BENEFITS EXPENSES		
(a) Salaries, wages and bonus	38.56	42.28
(b) Contributions to - Provident and other fund	3.52	4.00
(c) Gratuity fund contributions	(0.31)	(0.26)
(d) Staff welfare expenses	4.44	4.68
Total	46.21	50.70

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

20.01 As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

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:

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Obligations at the beginning of the year	8.18	7.75
Interest cost	0.67	0.64
Current service cost	0.80	0.84
Benefits paid	-	-
Actuarial (gain) loss on defined benefits obligation	(1.00)	(1.06)
Obligation at the year end	8.65	8.17

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

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Opening fair value of plan assets	8.78	6.24
Expected return	0.79	0.65
Actuarial gains and (losses)	-	0.03
Assets distributed on settlements	-	-
Contribution by employer	-	1.86
Benefits paid	-	-
Closing fair value of plan assets	9.57	8.78

c) Amounts to be recognised in the Balance Sheet

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Present value of Defined benefits obligation as on	8.65	8.17
Fair value of plan assets as on	9.57	8.78
Liability recognised in balance sheet	(0.92)	(0.61)

d) Gratuity cost for the year

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Current service cost	0.80	0.84
Interest cost on obligation	0.67	0.64
Expected return on plan assets	(0.79)	(0.65)
Net actuarial (gain) loss	(1.00)	(1.09)
Expense recognised in the statement of Profit and Loss	(0.31)	(0.26)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

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:

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Obligations at the beginning of the year	3.42	3.67
Interest cost	0.29	0.30
Current service cost	0.45	0.49
Benefits paid	-	-
Actuarial (gain) loss on defined benefits obligation	(0.96)	(1.04)
Obligation at the year end	3.20	3.42

b) Amounts to be recognised in the Balance Sheet

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Present value of Defined benefits obligation as on	3.20	3.42
Fair value of plan assets as on	-	-
Liability recognised in balance sheet	3.20	3.42

c) Leave Encashment cost for the year

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Current service cost	0.45	0.49
Interest cost on obligation	0.29	0.30
Expected return on plan assets	-	-
Net actuarial (gain) loss	(0.96)	(1.04)
Expense recognised in the statement of Profit and Loss	(0.22)	(0.25)

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 : 8.50 percent (previous year 8.25 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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
21 FINANCE COST		
Project specific interest expenses	1,568.18	1,889.28
Other Borrowing Cost	19.39	11.01
Other Interest expenses	277.56	-
Interest on deferment of advance tax	2.21	-
Total	1,867.34	1,900.29
22 OTHER EXPENSES		
Advertisement and sales promotion expenses	0.63	-
Bank charges	0.66	-
Communication expenses	2.00	1.84
Conveyance	2.24	3.08
Compensation paid	-	600.13
Electricity charges	3.57	1.02
Filing fees paid to the Registrar of Companies	0.08	0.05
Maintenance expenses	252.86	103.28
Other administrative expenses	3.05	-
Printing and stationery	3.57	0.91
Payment to auditors		
Audit fees	2.65	1.65
Taxation matters	9.25	8.50
Rent, rates and taxes	1.20	1.20
Total	281.76	721.66

Other Notes:

23 Earnings per equity share:

Particulars		31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
a. profit or loss attributable to equity shareholders			
Profit for the year	₹ in Lacs	102.70	(102.36)
Less: Short provision for FBT for earlier year	₹ in Lacs	-	0.06
Less: Short provision for income tax for earlier year	₹ in Lacs	0.58	-
	₹ in Lacs	102.12	(102.42)
b. weighted average number of equity shares of ₹ 10/- each	Nos.	15,000,000	9,609,864
- Basic	₹	0.68	(1.07)
- Diluted	₹	0.68	(1.07)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

24 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 - Associate
- B. Enterprise influenced by key management personnel - Not applicable
- C. Transactions with related party

(₹ in Lacs)

Nature of transaction	31st March, 2012				31st March, 2011			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	129.88	-	-	129.88	10,456.26	-	-	10,456.26
Proceeds from issue of equity shares	-	-	-	-	32,099.68	-	-	32,099.68
Rent paid	1.20	-	-	1.20	1.20	-	-	1.20
Interest paid	1,379.18	-	-	1,379.18	1,480.74	-	-	1,480.74
Sale of FSI/ (Shops)	624.87	-	-	624.87	-	676.51	-	676.51
Outstanding as at year end-Due to	12,232.19	-	-	12,232.19	11,111.81	-	-	11,111.81

- D. Key management personnel Not applicable

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
25 Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	NIL	NIL
26 Contingent Liabilities not provided for		
Guarantee and security for holding company / fellow subsidiary company	20,000.00	229,086.88
27 Supplementary statutory information		
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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

- 28 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.
- 29 The income tax assessments have been completed up to the assessment year 2009-10. There is no pending tax demand on the Company.

30 Disclosure in respect of operating leases:

I) 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 for the year ₹ 26 Lacs (previous year ₹ 25.4 Lacs)
- c) Total minimum lease payments receivable

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Not more than one year	23.99	26.00
Not less than one year and not more than five years	25.07	28.86
More than five years	-	5.29

II) Assets taken 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 made for the year ₹ 1.2 Lacs (previous year ₹ 1.2 Lacs)
- c) Total minimum lease payments for the year

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Not more than one year	0.60	1.20
Not less than one year and not more than five years	-	0.60
More than five years	-	-

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

Secured Loan - Non Convertible Debentures

a) 11,500 (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) 5,175 (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.

Secured Loan - Term loan

a) Jammu & Kashmir bank

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

- 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 & Sind bank**
Secured by 1,52,955 sq. meters 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.mtr. 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.
- f) Syndicate Bank**
Secured by Non-agricultural Land situated at Village Doliv, Virar, admeasuring 21.65 acres.
- 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.

Signatures to Notes 1 to 31

As per our report of even date attached
For **THAR & CO.**
Chartered Accountants
Firm Registration Number: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
(Proprietor)
Membership No. 032917
Place: Mumbai
Date: 25th May, 2012

Rakesh Kumar Wadhawan
(Director)

Sarang Wadhawan
(Director)

NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the members of HDIL ENTERTAINMENT PRIVATE LIMITED, will be held on Friday the 10th day of August, 2012 at 10.30 am 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, 2012 and Statement of Profit and Loss 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 Sarang Wadhawan, who retires by rotation at this meeting and being eligible offered 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 : 25th May, 2012

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,
 HDIL Entertainment Pvt. Ltd.

Your Directors have pleasure in presenting the Fifth Annual Report with the audited statement of accounts for the financial year ended 31st March, 2012.

1 Financial results

The Financial results of the Company for the year ended 31st March, 2012 are summarised below for your consideration

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Gross sales and other receipts (Net of adjustments)	3,057.64	2,575.87
Loss before depreciation and taxation	(1,145.97)	135.76
Depreciation	(309.40)	(170.83)
Loss before tax	(1,455.37)	(35.07)
Less: Deferred tax liability	41.30	56.66
Loss for the year	(1,496.67)	(91.73)
Balance in Profit and Loss Account	(714.81)	(622.88)
Less: Short Provision for Tax on Fringe Benefits	-	0.20
Closing Balance	(2,211.48)	(714.81)

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 Nineteen Lac patrons were proudly entertained by "Kulraj Broadway" during the period 2011-2012. In the fiscal year 2012-13 we plan to start operations of 4 Properties scaling-up our total screen count to 33. 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 their 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 2012.

4. Re-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.

5. Appointment of auditors

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

6. With regard to Auditor's comment at Clause 9(b) of the annexure to the Audit Report, the Company will take remedial measures to pay the said Tax deducted At Source and Service Tax and ensure non occurrence of such event in the future

DIRECTORS' REPORT

- 7 (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.
- (c) Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) of Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is,

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
(a) Earnings	Nil	Nil
(b) Outgo	22.37	Nil

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

8. 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 for the year ended 31st March, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- 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 as at 31st March, 2012 and the loss of the company for the year ended on that date;
- 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.

9. 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: 25th May, 2012

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, 2012 and also Statement of Profit and Loss and the Cash Flow Statement for the year ended 31st March, 2012 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 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, 2012,
 - (ii) in the case of the Statement of Profit and Loss, 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 Number: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th May, 2012

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, 2012 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, 2012 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 ₹ 4,447.27 (₹ converted in lacs) and the year end balance is ₹ 4,447.27 (₹ converted in Lacs).
- (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 for purchases of inventories and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal controls.
- 5 In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.
- 6 As the company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
- 7 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 We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete..
- 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.

ANNEXURE TO THE AUDITORS' REPORT

- (b) According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable, except Service Tax of ₹105.28 Lacs.
- (c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Custom duty and Excise duty and cess, which have not been deposited on account of any dispute.
- 10 Accumulated losses of the Company have exceeded fifty percent of its net worth at the end of financial year and it has incurred cash losses during the financial year covered by the audit however it had not incurred cash losses in the immediately preceding financial year
- 11 The Company does not have any dues to a financial institution or bank, accordingly, the clause No. 4 (xi) of the Order is not applicable.
- 12 In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- 14 In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- 15 In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16 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, during the year the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19 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: 25th May, 2012

BALANCE SHEET AS AT

Particulars	Note No	31st March, 2012 (₹ in Lacs)		31st March, 2011 (₹ in Lacs)	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	1,000.00		1,000.00	
(b) Reserves and Surplus	3	(521.07)	478.93	975.60	1,975.60
(2) Non-Current Liabilities					
(a) Deferred tax liabilities (Net)	4	102.00		60.70	
(b) Long term provisions	5	0.87	102.87	-	60.70
(3) Current Liabilities					
(a) Short-term borrowings	6		4,447.27		397.75
(b) Trade payables	7		460.96		289.59
(c) Other current liabilities	8		663.09		3,728.42
(d) Short-term provisions	9		9.44		11.86
Total			6,162.56		6,463.92
II. Assets					
(1) Non-current assets					
(a) Fixed assets	10				
(i) Tangible assets		5,113.09		4,751.36	
(ii) Intangible assets		90.77		23.03	
(iii) Capital work-in-progress		-	5,203.86	31.02	4,805.41
(b) Non-current investments	11		25.00		25.00
(c) Long term loans and advances	12		313.02		245.67
(d) Other non-current assets	13		0.73		0.59
(2) Current assets					
(a) Inventories	14	18.71		5.85	
(b) Trade receivables	15	418.18		1,130.11	
(c) Cash and cash equivalents	16	83.04		82.80	
(d) Short-term loans and advances	17	95.07		134.73	
(e) Other current assets	18	4.95	619.95	33.76	1,387.25
Total			6,162.56		6,463.92
Significant Accounting Policies and notes on financial statements	1 to 35				

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917
 Place: Mumbai
 Date: 25th May, 2012

Rakesh Kumar Wadhwan
 (Director)

Sarang Wadhawan
 (Director)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

Particulars	Note No	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Revenue from operations	19	3,045.62	2,573.21
Other Income	20	12.02	2.66
Total Revenue		3,057.64	2,575.87
Expenses:			
Cost of Raw Material Consumed	21	44.97	15.61
Purchase of Stock In Trade	22	195.95	96.52
Changes in Inventories	23	(12.86)	(0.40)
Employee benefit expense	24	267.90	280.10
Finance Cost	25	493.06	177.18
Depreciation and amortisation expense	26	309.40	170.83
Other expenses	27	3,214.59	1,871.10
Total Expenses		4,513.01	2,610.94
Loss before exceptional and extraordinary items and tax		(1,455.37)	(35.07)
Exceptional Items		-	-
Loss before extraordinary items and tax		(1,455.37)	(35.07)
Extraordinary Items		-	-
Loss before tax		(1,455.37)	(35.07)
Tax expense:			
Current tax		-	-
Deferred tax Liability		41.30	56.66
		41.30	56.66
Loss from the period from continuing operations		(1,496.67)	(91.73)
Loss for the year		(1,496.67)	(91.73)
Earning per equity share:			
Basic	28	(14.97)	(1.22)
Diluted		(14.97)	(1.22)
Significant Accounting Policies and notes on financial statements	1 to 35		

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917
 Place: Mumbai
 Date: 25th May, 2012

Rakesh Kumar Wadhwan
 (Director)

Sarang Wadhawan
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March,2012 (₹ in Lacs)	31st March,2011 (₹ in Lacs)
A Cash flow from operating activities		
Net profit before tax	(1,455.38)	(35.06)
Adjustments for:		
(1) Depreciation	309.40	170.83
(2) Pre-operative expenses	35.83	-
(3) Loss on sale of fixed assets	0.07	-
	<u>345.30</u>	<u>170.83</u>
Operating profit before working capital changes	(1,110.08)	135.77
Movements in working capital:		
Decrease / (Increase) in inventories	(12.86)	(0.40)
Decrease / (Increase) in sundry debtors	711.93	(1,110.85)
Decrease / (Increase) in other receivables	1.10	(250.90)
(Decrease) / Increase in trade and other payables	<u>(2,895.51)</u>	<u>3,818.51</u>
Net movement in working capital	(2,195.34)	2,456.36
Cash used in operations	(3,305.42)	2,592.13
Less: Direct taxes paid (net of refunds)	-	0.20
Net cash used in operating activities	<u>(3,305.42)</u>	<u>2,591.93</u>
B Cash flows from investing activities		
(1) Preoperative expenses	(35.83)	-
(2) Capital work in progress	31.02	(63.65)
(3) Sale of Fixed Assets	0.14	0.20
(4) Purchase of fixed assets	<u>(739.09)</u>	<u>(4,837.09)</u>
Net cash used in investing activities	(743.76)	(4,900.54)
C Cash flows from financing activities		
(1) Proceeds from borrowings	4,049.52	(338.24)
(2) Amt. reced for pending allotment of share	<u>-</u>	<u>2,689.39</u>
Net cash from financing activities	4,049.52	2,351.15
Net increase in cash and cash equivalents (A + B + C)	0.34	42.54
Cash and cash equivalents at the beginning of the period	83.30	40.76
Cash and cash equivalents at the end of the period	<u>83.64</u>	<u>83.30</u>
Cash and cash equivalents as at	31st March,2012	31st March,2011
Cash on hand	12.28	5.85
With banks - on current accounts	27.73	31.92
With banks - on fixed deposit accounts	<u>43.63</u>	<u>45.53</u>
	83.64	83.30

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917
 Place: Mumbai
 Date: 25th May, 2012

Rakesh Kumar Wadhwan
 (Director)

Sarang Wadhawan
 (Director)

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

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.

iv) During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for the preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous figures in accordance with the requirements applicable in the current year.

b Fixed Assets:

Fixed Assets are carried at cost of acquisition or cost of construction, as reduced by accumulated depreciation or amortisation as the case may be.

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 ₹ 5,000/- each, are fully depreciated in the year the fixed asset put to use.

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

d Investments:

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 or 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 Inventories:

Stock-in-trade / Finished goods 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.

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 Rent 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 are charged to the project and other borrowing costs are expensed as period costs.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

h Employees retirement benefits

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- b) Post employment and other long term employee benefits are recognised as an expense in the Profit and Loss Account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss Account.

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 has no impairment loss been recognised.

m Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

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 FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
2 SHARE CAPITAL		
Authorised		
1,00,00,000 (previous year 1,00,00,000) Equity Share of ₹ 10/-each	1,000.00	1,000.00
Issued, Subscribed and Paid Up		
1,00,00,000 (Previous Year 1,00,00,000) Equity shares of ₹ 10/- each fully paid	1,000.00	1,000.00
Total	1,000.00	1,000.00
Reconciliation of the number of shares outstanding:		
Shares outstanding at the beginning of the year	100.00	100.00
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	100.00	100.00
Terms/rights attached to shares:		
The Company has one class of share i.e. equity share of ₹ 10/- each. Shareholder are entitled to vote in accordance with their shareholding in the Company and receive dividend as and when declared by the Company.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.		
Shares in the company held by each shareholder holding more than 5 percent:		
Equity Shares	As on 31st March, 2012	
	Number of shares	Percentage of Holding
Housing Development and Infrastructure Limited (Holding Company)	10,000,000.00	1.00
	10,000,000.00	1.00
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
3 RESERVE AND SURPLUS		
Securities Premium Account		
Opening Balance	1,690.41	-
Add: On Issue of Shares	-	1,698.31
Less: Share issue expenses written off	-	7.90
Closing Balance	1,690.41	1,690.41
Surplus		
Opening Balance	(714.81)	(623.08)
Add: Net Loss For the current year	(1,496.67)	(91.73)
Closing Balance	(2,211.48)	(714.81)
Total	(521.07)	975.60

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
4 DEFERRED TAX LIABILITIES(NET)		
Liabilities		
Related to fixed assets	116.26	69.90
	<u>116.26</u>	<u>69.90</u>
Assets		
Bonus payable	-	4.16
Provision for gratuity	0.27	1.33
Provision for encashment of leave	2.92	3.66
Pre-Operative Expenses written off	11.07	0.05
	<u>14.26</u>	<u>9.20</u>
Total	<u>102.00</u>	<u>60.70</u>
5 LONG TERM PROVISIONS		
Provision for employee benefits:		
Gratuity	0.87	-
	<u>0.87</u>	<u>-</u>
Other Provisions:		
Provision for taxation	-	-
Provision for tax on fringe benefits	-	-
Provision for wealth tax	-	-
	-	-
Less: Tax Paid	-	-
Total	<u>0.87</u>	<u>-</u>
6 SHORT TERM BORROWINGS		
(a) Loans and advances from related parties	4,447.27	397.75
Total	<u>4,447.27</u>	<u>397.75</u>
7 TRADE PAYABLE		
Trade Payable	460.96	289.59
Total	<u>460.96</u>	<u>289.59</u>

Micro, Small and Medium Enterprises

- (a) As on 31st March, 2012 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.

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
8 OTHER CURRENT LIABILITIES		
a) Income received in advance	12.64	10.49
b) Others Payables:		
i) Creditors for fixed assets	390.10	511.08
ii) Employees Dues	19.81	23.50
iii) Government Statutory Dues	204.44	3,168.00
iv) Security deposits	36.10	15.35
Total	663.09	3,728.42
9 SHORT TERM PROVISIONS		
Provision for employee benefits:		
Leave Encashment	9.44	11.86
Other Provisions:	9.44	11.86
Provision for tax on fringe benefits	-	0.20
Less: Tax Paid	-	0.20
Total	9.44	11.86

10 FIXED ASSETS

(₹ in Lacs)

Description	COST			DEPRECIATION					NET BLOCK	
	as at 1st April, 2011	additions	Deletions	as at 31st March, 2012	as at 1st April, 2011	for the year	on asset sold	up to 31st March, 2012	as at 31st March, 2012	as at 31st March, 2011
Own Assets:										
(A) Tangible assets										
Leasehold Land	1,850.81	-	-	1,850.81	-	-	-	-	1,850.81	1,850.81
Plant and machinery	1,512.62	270.97	-	1,783.59	67.01	115.84	-	182.85	1,600.74	1,445.61
Furniture and fixture	1,446.96	380.02	-	1,826.98	86.14	170.37	-	256.51	1,570.47	1,360.82
Office equipments	22.66	1.27	0.23	23.70	3.72	1.72	0.02	5.42	18.28	18.94
Others (Computers)	99.67	15.41	-	115.08	24.49	17.80	-	42.29	72.79	75.18
Total	4,932.72	667.67	0.23	5,600.16	181.36	305.73	0.02	487.07	5,113.09	4,751.36
(B) Intangible assets										
Logos and trademarks	1.80	-	-	1.80	0.57	0.18	-	0.75	1.05	1.23
Computer softwares	25.61	7.42	-	33.03	4.22	3.43	-	7.65	25.38	21.39
Others (Website Development)	0.55	-	-	0.55	0.15	0.06	-	0.21	0.34	0.41
Others (Film Cost Rights)	-	64.00	-	64.00	-	-	-	-	64.00	-
Total	27.96	71.42	-	99.38	4.94	3.67	-	8.61	90.77	23.03
Total (A+B)	4,960.68	739.09	0.23	5,699.54	186.30	309.40	0.02	495.68	5,203.86	4,774.39
Capital Work-In-Progress	63.65	555.74	619.39	-	-	-	-	-	-	31.02
Total									5,203.86	4,805.41
Previous year	123.79	4,837.09	0.20	4,960.68	15.47	170.83	-	186.30	4,774.38	108.32

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
11 Non Current Investments		
Investments (AT COST) (NON-Trade)		
Unquoted Shares		
Punjab & Maharashtra Co-op Bank Limited		
1,00,000 (Previous year 100,000) Equity Shares of ₹ 25/- each fully paid up	25.00	25.00
Total	25.00	25.00
12 LONG TERM LOANS & ADVANCES		
a. Security Deposits	147.89	95.91
b. Other loans and advances (specify nature)		
i) Prepaid Expenses	0.46	-
ii) Balance With Govt Authorities (TDS receivable & entertainment tax paid in advance)	23.64	8.73
c. Capital Advances *	141.03	141.03
Total	313.02	245.67
*The agreement is still not executed hence the contingent liability is not estimated		
13 OTHER NON-CURRENT ASSETS		
a. Interest accrued on fixed deposits	0.13	0.09
b. Other Bank Balances	0.60	0.50
Total	0.73	0.59
* Balance with banks is deposit against bank guarantee with maturity of more than 12 months		
14 INVENTORIES		
Raw Materials (At Cost)	0.50	0.50
Stock In Trade (At Cost)	14.27	4.25
Others (Box Office Tickets, Staff Uniforms etc. - At Cost)	3.94	1.10
Total	18.71	5.85

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
15 TRADE RECEIVABLE		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	133.15	1,025.03
Other debts		
Unsecured, considered good	285.03	105.08
Total	418.18	1,130.11
16 CASH AND BANK BALANCES		
1. Cash and Cash Equivalents		
a. Balance with banks		
In current accounts	27.73	31.92
b. Cash on hand	12.28	5.85
c. Balances with banks as fixed deposits pledged as security for bank guarantees	43.03	45.03
Total	83.04	82.80
17 SHORT TERM LOANS & ADVANCES		
Unsecured, considered good		
a. Others:		
Goods and services	68.37	112.70
Loans to employees	1.71	3.99
Prepaid expenses	24.99	17.39
Other receivable (Gratuity Contributions)	-	0.65
Total	95.07	134.73
18 OTHER CURRENT ASSETS		
a. Interest accrued on fixed deposits	4.95	1.13
b. Pre-operative expenses	-	32.63
Total	4.95	33.76
19 REVENUE FROM OPERATION		
Sale of Product		
Sales of food and beverages	620.63	297.94
Sales of Finished Goods	33.18	13.87
Sale of Services		
Box office sales (Net of Entertainment tax)	1,736.29	792.42
Parking charges	25.49	14.69
Income from game zone	110.18	98.97
Income from restaurant	113.11	62.64
Income from Kiosk rent	29.60	36.43
Income from Sale of Satellite Rights	7.60	-
Income From Banquet etc	49.56	30.27
Mall Management Charges	285.28	1,190.91
Income from advertisements	31.73	35.07
Other Operating Revenue		
Portal Subscription Sharing	2.97	-
Total	3,045.62	2,573.21

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
20 OTHER INCOME		
Income from Sale of Tender Documents	-	0.43
Profit on Sale of Fixed Assets	(0.07)	-
Interest on electricity deposit	-	0.67
Interest on Income Tax Refund	0.24	0.01
Intrest on fixed deposit	4.42	1.31
Exchange Variation	3.15	-
Dividend received (From Co-operative Bank)	3.00	-
Miscellaneous income	1.28	0.24
Total	12.02	2.66
EXPENSES		
21 RAW MATERIAL CONSUMED		
Raw Materials Consumed		
Opening Inventory	0.50	-
Add: Purchases	44.97	16.11
	45.47	16.11
Less: Inventory at the end of the year	0.50	0.50
Cost of Raw Material Consumed	44.97	15.61
22 PURCHASE OF STOCK IN TRADE		
Purchases	195.95	96.52
Total	195.95	96.52
23 VARIATION IN STOCK-IN-TRADE		
Stock at the end of the Year		
Stock In Trade	14.27	4.25
Others	3.94	1.10
	18.21	5.35
Less: Stock at the beginning		
Stock In Trade	4.25	3.33
Others	1.10	1.62
	5.35	4.95
Total	12.86	0.40
24 EMPLOYEE BENEFITS EXPENSE		
(a) Salaries ,Wages and Bonus	237.25	243.64
(b) Contributions to - Provident and other fund	21.84	24.47
(c) Gratuity fund contributions	-	-
(d) Training & Development Exps	-	-
(c) Staff welfare expenses	8.81	11.99
Total	267.90	280.10

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

24.01 As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below :

Gratuity Plan:

- 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.
- 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:

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Obligations at the beginning of the year	10.22	5.10
Interest cost	0.84	0.42
Current service cost	4.31	4.41
Benefits paid	-	-
Actuarial (gain) loss on defined benefits obligation	(2.05)	0.30
Obligation at year end	13.32	10.23
b) Changes in Fair Value of Planned Assets		
Opening Fair Value of Plan assets	10.88	4.89
Expected Return	1.00	0.68
Actuarial Gains/(Losses)	0.02	0.09
Benefits paid	0.56	-
Contribution by employer	-	5.23
Changed Fair Value of Planned assets	12.46	10.89
c) Amounts to be recognised in the Balance Sheet		
Present value of Defined benefits obligation as on	13.33	10.22
Fair value of plan assets as on	12.46	10.88
Liability recognised in balance sheet	0.87	(0.66)
d) Gratuity cost for the year		
Current service cost	4.31	4.41
Interest cost on obligation	0.84	0.42
Expected return on plan assets	(1.00)	(0.68)
Net actuarial (Gain) loss	(2.07)	0.21
Expense recognised in the Statement of Profit and Loss	2.08	4.36

Leave encashment liability:

- 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.
- Estimated future salary increases take account of inflation, seniority, promotion and other retirement factors, such as supply and demand in the employment market.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

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:

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Obligations at the beginning of the year	11.86	8.71
Interest cost	0.98	0.72
Current service cost	2.40	2.90
Benefits paid	-	-
Actuarial (gain) loss on defined benefits obligation	(5.79)	(0.47)
Obligation at Quarter/Year end	<u>9.45</u>	<u>11.86</u>
b) Amounts to be recognised in the Balance Sheet		
Present value of Defined benefits obligation as on	9.45	15.00
Fair value of plan assets as on	-	-
Liability recognised in balance sheet	<u>9.45</u>	<u>15.00</u>
c) Leave Encashment cost for the year		
Current service cost	2.40	2.90
Interest cost on obligation	0.98	0.72
Expected return on plan assets	-	-
Net actuarial (Gain) loss	(5.79)	(0.47)
Expense recognised in the Statement of Profit and Loss	<u>(2.41)</u>	<u>3.15</u>

iii) 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 | : 8.5 percent (Previous year 8.25%) |
| iii | Salary Growth | : 7 percent per annum |
| iv | Expected rate of return | : Not Applicable |
| v | Withdrawals | : 5% at younger ages reducing to 1% at older ages |
| vi | Retirement age | : 60 years |

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
25 FINANCE COST		
Interest expenses	493.06	177.18
Total	<u>493.06</u>	<u>177.18</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
27 OTHER EXPENSES		
Film share and other expenses	970.87	604.68
Business Conducting Fees	110.88	-
Advertisement/Business promotion expenses	38.59	26.47
Electricity charges	816.22	598.36
Outsourced Personnel Cost	200.90	217.72
Security Charges	120.87	-
Rates and Taxes	192.63	38.01
Insurance	18.71	10.81
Parking management fees	7.83	5.81
Other operating costs	-	-
Event Management Fees	12.18	6.62
Repairs and maintenance		
to machinery	37.34	80.90
to other assets	356.19	171.52
Professional, consultancy and legal fees	60.39	34.42
Printing and stationery	4.80	4.20
Communication expenses	18.51	10.95
Traveling and conveyance expenses	18.45	11.22
License Fees	9.38	14.34
Remuneration to Auditor		
Audit Fees	1.33	1.20
Other Services	3.44	4.93
Filing Fees paid to Registrar of Companies	0.02	0.03
Bank Charges	2.76	2.21
Rent paid	134.36	2.60
Donations	0.42	0.87
Other Administrative Expenses	41.69	23.23
Pre-operative expenses - Indore	13.30	-
Pre-operative expenses - Kolkatta	22.53	-
Total	3,214.59	1,871.10

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

B OTHER NOTES

		31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
28 Earnings per equity share:			
a. profit or loss attributable to equity shareholders			
Loss after tax	₹	(1,496.67)	(91.73)
Less :Short Provision for Fringe Benefit Taxes		-	0.20
		(1,496.67)	(91.93)
b. number of equity shares of ₹ 10/- each	Nos.	100.00	75.37
c. EPS - Baisc	₹	(14.97)	(1.22)
- Diluted	₹	(14.97)	(1.22)
29 a Contingent liabilities not provided for			
Gaurantees provided by the bank		43.03	45.53
Show Tax Payable		NIL	1.80
b Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		NIL	222.32
30 Earnings in foreign exchange		Nil	Nil
31 Value of imports on C.I.F. basis		Nil	Nil
32 Expenditure in foreign currency		22.37	Nil
33 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.			
34 Disclosure in respect of Operating Lease:			
Assets received on lease:			
A) General Discription of the leased assets - Multiplexes			
(i) Future Leased rentals are determined on the basis of agreed terms			
(ii) At the expiry of the lease term, the Company has the option either to return the assets or extend the term by giving notice in writing			
		31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
B) Lease payment recognised in the profit and loss account		132.36	2.60
C) Future Lease Rental payments			
(i) Not later than one year		290.88	260.88
(ii) Later than one year and not later than five years		1,163.52	1,043.52
(iii) Later than five years		-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

35 Related Party

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

Transactions with related party

(₹ in Lacs)

Nature of transaction	31st March, 2012				31st March, 2011			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	3,388.73	-	-	3,388.73	168.37	-	-	168.37
Capital invested	-	-	-	-	-	-	-	-
Issue of Shares	-	-	-	-	2,697.30	-	-	-
Share application Money	-	-	-	-	-	-	-	-
Interest paid	359.21	-	-	359.21	89.80	-	-	89.80
Purchase of Fixed Assets	-	-	-	-	2,196.41	-	-	-
Lease rent paid	-	-	-	-	1.65	-	-	1.65
Salary paid	-	-	43.77	43.77	-	-	43.77	43.77
Share of revenue paid	203.65	-	-	203.65	250.20	-	-	250.20
Outstanding at the end of the year due to	4,447.27	-	-	4,447.27	397.75	-	-	397.75

Holding Company

Housing Development and Infrastructure Limited

Key Managerial Person

Mr. Mukesh Gupta - CEO

Enterprise significantly influenced by key management personnel

Not applicable

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants

Firm Registration Number: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th May, 2012

Rakesh Kumar Wadhwan

(Director)

Sarang Wadhawan

(Director)

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the members of LASHKARIA CONSTRUCTION PRIVATE LIMITED, will be held on Friday, 10th August, 2012 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, 2012 and Statement of Profit and Loss for the year ended on that date, report of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Shri Aslam Yasin Lashkaria, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. To appoint Director in place of Shri Hasam Yasin Lashkaria, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
4. To re-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:

5. To consider, review and if thought fit, to pass with or without modification(s) following resolution as ordinary resolution:

"RESOLVED THAT Shri Sarang Rakesh Wadhawan, who was appointed as an Additional Director of the Company, on 15th April, 2012 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: 25th May, 2012

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. 5

The Board of Directors co-opted Shri Sarang Rakesh Wadhawan as Additional Director of the Company at its meeting held on 15th April, 2012. Pursuant to the provisions of the Section 260 of the Companies Act, 1956, Shri Sarang Rakesh Wadhawan holds office up to the date of the ensuing Annual General Meeting. Mr. Sarang Wadhawan has considerable experience and exposure in the business akin to the business carried on by the Company and your Directors feel that for the ambitious plans for the growth and expansion of the Company, your Company would benefit from his experience.

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

None of the Directors except Mr. Sarang Rakesh Wadhawan and Mr. Rakesh Kumar Wadhawan being father of Mr. Sarang Wadhawan be deemed to be interested in the resolution.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai
Date: 25th May, 2012

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to submit the Twelfth Annual Report with the audited statement of accounts for the year ended 31st March, 2012.

1 Financial Results:

(₹ in Lacs)

	31st March, 2012	31st March, 2011
Gross sales and other receipts	33.19	2,736.71
Profit before depreciation and taxation	12.33	641.04
Depreciation	18.65	22.44
Profit/ (Loss) before tax	(6.32)	618.60
Less: Current tax	-	215.00
Add: Deferred tax Asset	1.35	1.76
Profit/ (Loss) for the year	(4.97)	405.36
Less : Transferred to General reserve	-	174.00
Balance in Profit and Loss Account	491.34	259.80
Add: Excess provision for tax of earlier years	0.07	0.18
Closing Balance	486.44	491.34

2 Dividend:

On account of loss for the year, 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 Aslam Yasin Lashkaria and Shri Hasam Yasin Lashkaria retire by rotation at the forthcoming annual general meeting and, being eligible, has offered themselves for re-appointment.

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 reappointment, offer themselves for reappointment. A letter has been received from them that their reappointment, if made, will be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

5 Holding Company

With regard to Auditor's comment on Clause 9 (c) of the annexure to the Audit Report, the Company will take remedial measures to pay the said Service Tax and ensure non occurrence of such event in future.

Nature of Tax	Amount Involved (₹ in lacs)	Period to which the amount relates
Service Tax	36.39	AY 2011-2012
	24.23	AY 2012-2013

6 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.

7 Conservation of Energy, Technological Absorption and Foreign Exchange Earnings and Outgo:

- The Company focused to optimise consumption of energy, power and other energy sources wherever possible. We emphasis towards safe and clean environment and continues to adhere to all regulatory requirements and guidelines.
- During the year the Company has not undertaken any research and development activity or development of any technology and so no benefit has been derived.
- 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,

DIRECTORS' REPORT

(₹ in lacs)

	31st March, 2012	31st March, 2011
(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.

8 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 for the year ended 31st March, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and loss of the Company for the year ended on that date;
- 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.

9 Acknowledgement :

Your Directors would like to place on record their sincere appreciation for the support and assistance received by the Company from various Government authorities, bankers, suppliers, business associates, and financial institutions during the year.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Chairman)

Place: Mumbai

Date: 25th May, 2012

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 2012, the Statement of Profit and Loss 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, ("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 the law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, 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 **U. D. KACHARE & CO.**

Chartered Accountants

Firm Registration No. 104513W

Uday D. Kachare

(Proprietor)

Membership No. 38046

Place: Mumbai

Date: 25th May, 2012

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the financial statements for the year ended 31st March, 2012 of Lashkaria Construction Private 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 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 off a any of its fixed assets.
- 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 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 three entities listed in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 25.77 lacs and the year end balance of loans granted to such parties was ₹ 25.77 lacs.
 - (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 ₹ 10,708.33 lacs and the year end balance is ₹ 10,708.33 lacs
 - (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 for purchases of inventory and fixed assets and for sale of goods and services. 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 We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

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, 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, 2012 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, VAT, Service tax, Customs duty and Excise duty and cess, which have not been deposited on account of any dispute except the sum of ₹ 60.61 lacs 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.

Nature of Tax	Amount Involved (₹ in lacs)	Period to which the amount relates
Service Tax	36.39	AY 2011-2012
	24.23	AY 2012-2013

- 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 In our opinion and 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 Act during the year.
- 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 **U. D. KACHARE & CO.**
 Chartered Accountants
 Firm Registration No. 104513W

Uday D. Kachare
 (Proprietor)
 Membership No. 38046

Place: Mumbai
 Date: 25th May, 2012

BALANCE SHEET AS AT

Particulars	Note No.	31st March 2012		31st March, 2011	
		₹ in Lacs)		₹ in Lacs)	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	1,000.00		1,000.00	
(b) Reserves and Surplus	3	486.44	1,486.44	491.34	1,491.34
(2) Share application money pending allotment					
(3) Non-Current Liabilities					
(a) Long-term borrowings	4	1.54	1.54	12.74	12.74
(4) Current Liabilities					
(a) Short-term borrowings	5	10,708.33		10,708.33	
(b) Trade payables	6	36.63		445.31	
(c) Other current liabilities	7	380.23		389.90	
(d) Short-term provisions	8	1.00	11,126.19	1.20	11,544.74
Total			12,614.17		13,048.82
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets	9				
(i) Tangible assets		53.66	53.66	71.88	71.88
(b) Non-current investments	10		1,544.00		1,544.00
(c) Deferred tax assets (net)	11		7.50		6.15
(d) Long term loans and advances	12		25.77		15.32
(2) Current assets					
(a) Inventories	13	6,673.76		6,556.00	
(b) Trade receivables	14	61.50		484.87	
(c) Cash and cash equivalents	15	86.87		184.49	
(d) Short-term loans and advances	16	4,156.40		4,184.80	
(e) Other current assets	17	4.71	10,983.24	1.31	11,411.47
Total			12,614.17		13,048.82
Significant accounting policies and notes on financial statements	1 to 29				

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: 25th May, 2012

Rakesh Kumar Wadhawan
 (Director)

Aslam Y. Lashkaria
 (Director)

STATEMENT OF PROFIT AND LOSS

Particulars	Note No.	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Revenue from operations	18	-	2,735.14
Other Income	19	33.19	1.57
Total Revenue		33.19	2,736.71
Expenses:			
Cost of materials consumed	20	119.11	7,533.75
Changes in inventories of work-in-progress	21	(117.76)	(5,695.21)
Employee benefits expense	22	-	53.13
Finance Costs	23	2.36	5.93
Depreciation and amortisation expense	9	18.65	22.44
Other expenses	24	17.15	190.24
Expenses for increasing authorised share capital written off		-	7.83
Total Expenses		39.51	2,118.11
Profit before exceptional and extraordinary items and tax		(6.32)	618.60
Exceptional Items		-	-
Profit before tax		(6.32)	618.60
Tax expense:			
Current tax		-	215.00
Deferred tax (Asset)		(1.35)	(1.76)
		(1.35)	213.24
Profit/(Loss) for the year		(4.97)	405.36
Earning per equity share:			
Basic		(0.05)	7.26
Diluted		(0.05)	7.26
Number of shares used in computing earnings per share			
Basic		10,000,000	5,580,068
Diluted		10,000,000	5,580,068
Significant accounting policies and notes on financial statements	1 to 29		

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: 25th May, 2012

Rakesh Kumar Wadhawan
 (Director)

Aslam Y. Lashkaria
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March 2012 (₹ in Lacs)		31st March, 2011 (₹ in Lacs)	
A. Cash flow from operating activities				
Net profit before tax		(6.32)		618.60
Adjustments for :				
Depreciation	18.64		22.44	
Interest paid	(2.36)		5.93	
Expenses of increasing share capital written off	-	16.28	7.83	36.20
		9.96		654.80
Movements in working capital :				
Decrease / (Increase) in inventory	(117.76)		(5,687.96)	
Decrease / (Increase) in sundry debtors	423.37		115.90	
Decrease / (Increase) in other receivables	14.55		(3,783.52)	
Increase / (Decrease) in trade and other payables	(412.09)		(770.20)	
Net movement in working capital		(91.93)		(10,125.78)
Cash generated from operations		(81.97)		(9,470.98)
Less : Direct taxes paid (net of refunds)		0.13		245.40
Net cash from operating activities		(82.10)		(9,716.38)
B. Cash flows from investing activities				
Purchase of Investment	-		(1,544.00)	
Purchase of fixed assets	(0.43)		(24.90)	
Net cash from investing activities		(0.43)		(1,568.90)
C. Cash flows from financing activities				
Proceeds from borrowings			10,724.83	
Repayment of borrowing	(17.45)		(19.90)	
Expenses relating to increase in authorised share capital	-		(7.83)	
Dividend paid	-		(1.74)	
Interest paid	2.36		(5.93)	
Proceeds of equity share issue	-		678.50	
Net cash used in financing activities		(15.09)		11,367.93
Net increase in cash and cash equivalents (A + B + C)		(97.62)		82.65
Cash and cash equivalents at the beginning of the year		184.49		101.84
Cash and cash equivalents at the end of the year		86.87		184.49
Components of cash and cash equivalents as at		31st March		31st March,
		2012		2011
Cash on hand		24.26		16.83
With banks - On Current account		6.87		143.92
- On Deposit account		55.74		23.74
		86.87		184.49

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: 25th May, 2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1 SIGNIFICANT ACCOUNTING POLICIES:

A. 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.
- d) During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

B. 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.

C. 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".

D. Inventories:

Inventories are valued as follows:

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

E. 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.

F. 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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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.

G. 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".

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 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.

I. Impairment:

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

K. Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

2. SHARE CAPITAL

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Authorised		
1,00,00,000 (previous year 1,00,00,000) Equity Share of ₹ 10/- each	1,000.00	1,000.00
Issued, Subscribed and Paid Up		
1,00,00,000 (previous year 1,00,00,000) Equity Shares of ₹ 10/- each fully paid-up	1,000.00	1,000.00
Total	1,000.00	1,000.00

The aggregate number of bonus shares issued in the last five years immediately preceding the balance sheet date is 30,40,000 equity shares.

Reconciliation of the number of shares outstanding :

Equity Shares	31st March, 2012 Number	31st March, 2011 Number
Shares outstanding at the beginning of the year	10,000,000	95,000
Shares Issued during the year	-	9,905,000
Shares outstanding at the end of the year	10,000,000	10,000,000

Terms / rights attached to shares :

The Company has only one class of equity share having a par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Shares held by holding company and subsidiary of holding company

Particulars	31st March, 2012	31st March, 2011
69,00,000 Shares (previous year 69,00,000) held by Housing Development & Infrastructure Limited (Holding Company)	69,000,000	69,000,000

Shares in the company held by each shareholder holding more than 5 percent :

Equity Shares	31st March, 2012	31st March, 2011
Housing Development & Infrastructure Limited	69,00,000 69.00%	69,00,000 69.00%
Mohd. Aslam Yasin Lashkaria	13,78,155 13.78%	13,78,155 13.78%
Mohd. Hasam Yasin Lashkaria	6,62,775 6.63%	6,62,775 6.63%

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

3. RESERVE AND SURPLUS

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
General Reserve		
Opening Balance	-	130.00
Add : Transferred from Profit and Loss Account	-	174.00
Less : Utilised for issue of bonus shares	-	304.00
Closing Balance	-	-
Surplus		
Opening Balance	491.34	259.80
Add : Net Profit/(Net Loss) for the current year	(4.97)	405.36
Add : Excess provision for taxation no longer required	0.07	0.18
Less : Transferred to General Reserve	-	174.00
Closing Balance	486.44	491.34
Shares outstanding at the end of the year	486.44	491.34

4. LONG TERM BORROWINGS

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Term Loans - Secured		
From Banks	1.54	12.74
Total	1.54	12.74

- a) Term loan from HDFC Bank is Secured by hypothecation of Vehicle (Ford). Interest is payable monthly. Repayable in 36 equal monthly instalment of ₹ 52,255/- 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 instalment of ₹ 109,480/- each.

5. SHORT TERM BORROWINGS

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Unsecured Borrowings :		
From holding company	10,708.33	10,708.33
Total	10,708.33	10,708.33

6. TRADE PAYABLE

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Trade Payable	36.63	445.31
Total	36.63	445.31

Micro, Small and Medium Enterprises :

- a) As on 31st March, 2012 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

11. DEFERRED TAX ASSET(NET)			
Particulars	31st March, 2012	31st March, 2011	
	(₹ in Lacs)	(₹ in Lacs)	
Arising on account of timing differences			
Assets			
Related to fixed assets	7.50	6.15	
Total	7.50	6.15	
12. LONG TERM LOANS & ADVANCES			
Particulars	31st March, 2012	31st March, 2011	
	(₹ in Lacs)	(₹ in Lacs)	
Unsecured, considered good			
Loans and advances to related parties	25.77	15.32	
Total	25.77	15.32	
13. INVENTORIES			
Particulars	31st March, 2012	31st March, 2011	
	(₹ in Lacs)	(₹ in Lacs)	
Work-in-progress (at cost)	6,673.76	6,556.00	
Total	6,673.76	6,556.00	
14. TRADE RECEIVABLE			
Particulars	31st March, 2012	31st March, 2011	
	(₹ in Lacs)	(₹ in Lacs)	
Unsecured, considered good			
Outstanding for a period exceeding 6 months from the date they are due for payment	61.50	231.50	
Others	-	253.37	
Total	61.50	484.87	
15. CASH AND BANK BALANCES			
Particulars	31st March, 2012	31st March, 2011	
	(₹ in Lacs)	(₹ in Lacs)	
Cash and Cash equivalents			
Cash on hand	24.26	16.83	
Balance with banks - In current accounts	6.87	143.92	
Deposit accounts with more than 12 months maturity	55.74	23.74	
Total	86.87	184.49	
16. SHORT TERM LOANS & ADVANCES			
Particulars	31st March, 2012	31st March, 2011	
	(₹ in Lacs)	(₹ in Lacs)	
Unsecured, considered good			
Others :			
Land purchase / tenancy / claims / development rights	4,156.37	4,184.75	
Prepaid expenses	0.03	0.05	
Total	4,156.40	4,184.80	

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

17. OTHER CURRENT ASSETS		
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Interest accrued on fixed deposits	4.71	1.31
Total	4.71	1.31
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.		
18. REVENUE FROM OPERATION		
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Sale of products	-	2,723.60
Sale of Scrap	-	11.54
Total	-	2,735.14
19. OTHER INCOME		
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Interest Income	4.11	1.55
Miscellaneous income	29.08	0.02
Total	33.19	1.57
20. COST OF MATERIAL CONSUMED		
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Tenancy / claims / FSI / development rights	54.00	-
Construction materials and other expenses	65.11	7,533.75
Total	119.11	7,533.75
21. CHANGES IN INVENTORY OF FINISHED GOODS AND WORK		
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Opening work-in-progress	6,556.00	868.04
Less : Adjustment during the year	-	7.25
	6,556.00	860.79
Closing work-in-progress	6,673.76	6,556.00
Total	(117.76)	(5,695.21)
22. EMPLOYEE BENEFIT EXPENSES		
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
(a) Salaries, wages and bonus	-	50.14
(b) Staff welfare expenses	-	2.99
Total	-	53.13

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

22. EMPLOYEE BENEFIT EXPENSES		
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
(a) Salaries, wages and bonus	-	50.14
(b) Staff welfare expenses	-	2.99
Total	-	53.13
23. FINANCE COST		
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Interest on long term borrowings	2.36	5.93
Total	2.36	5.93
24. OTHER EXPENSES		
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Rent, rates and taxes	0.33	5.08
Repairs and maintenance to other assets	0.40	1.19
Insurance charges	1.28	1.77
Travelling and conveyance expenses	0.62	23.61
Directors remuneration	4.60	66.00
Payment to Auditors		
Audit fees	1.00	1.57
Taxation matters	0.70	-
Other services	0.95	0.55
Legal & Professional Fees	2.55	11.74
Printing and stationery	0.04	2.25
Communication expenses	1.05	3.72
Postages and telegram expenses	-	0.18
Advertisement and sales promotion expenses	-	21.20
Commission and brokerage	-	12.56
Electricity charges	0.70	9.70
Other administrative expenses	2.57	2.19
Bank Charges	0.24	0.19
Donations	-	26.69
Filing fees paid to the Registrar of Companies	0.12	0.05
Total	17.15	190.24
25. EXPENDITURE IN FOREIGN CURRENCY		
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Earnings in foreign currency	Nil	Nil
Expenditure in foreign currency		
Legal fees	Nil	Nil
Other matters	Nil	Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

26. CIF VALUE OF IMPORTS

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Value of imports calculated on CIF basis		
- Capital goods	Nil	Nil
- Construction materials and other expenses	Nil	Nil

27. 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

Enterprise significantly influenced by key management personnel

Global Construction

Satyam Property Developers

Shabnam Associates

Key management personnel

Name	Designation
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Aslam Y. Lashkaria	Director
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Hasam Lashkaria	Director
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b) Transaction with related party

(₹ in Lacs)

Nature of transactions	31st March, 2012				31st March 2011			
	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	-	-	-	-	-	57.52	-	57.52
Loans/advances received	-	-	-	-	11,191.78	-	-	11,191.78
Loans/advances given	-	10.45	-	10.45	-	211.85	-	211.85
Investment in preference shares	-	-	-	-	-	1,544.00	-	1,544.00
Rent	-	-	-	-	-	-	4.80	4.80
Expenses Reimbursement	6.41	-	-	6.41	-	-	-	-
Sale	-	-	-	-	-	780.00	-	780.00
Advance from customer	-	-	-	-	-	-	-	-
Directors Remuneration	-	-	4.60	4.60	-	-	66.00	66.00
Outstanding as at year end- Due from	-	25.77	-	25.77	-	15.32	-	15.32
Outstanding as at year end- Due to	10,708.33	-	-	10,708.33	10,708.33	-	-	10,708.33

28. CONTINGENT LIABILITIES NOT PROVIDED FOR

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Contingent liabilities not provided for:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	Nil
Total	Nil	Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

29. Earnings per equity share:

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
a) Profit / (Loss) after tax as per Profit and Loss Account	(4.97)	405.36
Excess/ (Short) Provision of Income Tax / FBT	0.07	0.18
Net Profit / (loss) attributable to Equity Shareholders	(4.90)	405.54
b) Weighted average number of equity shares used as denominator for calculating EPS	10,000,000	5,580,068
c) Earning per share - Basic	₹ (0.05)	₹ 7.27
d) Earning per share - Diluted	₹ (0.05)	₹ 7.27

Significant accounting policies and notes on financial statements 1 to 29

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: 25th May, 2012

NOTICE

Notice is hereby given that the Twelveth Annual General Meeting of the members of GURUASHISH CONSTRUCTION PRIVATE LIMITED, will be held on Thursday, 9th day of August, 2012 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, 2012 and Statement of Profit and Loss for the year ended on that date, report of the Board of Directors and Auditors thereon.
- 2 To appoint Director in place of Shri. Praveen Raut, 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.

SPECIAL BUSINESS:

- 1 To consider, review and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution:
“**RESOLVED THAT** Shri. Sarang Rakesh Wadhawan, who was appointed as an Additional Director of the Company, on 8th November, 2011 by the Board of Directors holds office as Additional Director up to the date of ensuing Annual General Meeting as per the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director be and is hereby appointed as Director of the Company.”

For and on behalf of the Board of Directors

Rakeshkumar Wadhawan
(Chairman)

Place: Mumbai
Date: 25th May, 2012

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. 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.

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

ITEM No. 1:

The Board of Directors co-opted Shri Sarang Rakesh Wadhawan as Additional Director of the Company at its meeting held on 8th November, 2011. Pursuant to the provisions of the Section 260 of the Companies Act, 1956, Shri Sarang Rakesh Wadhawan holds office up to the date of ensuing Annual General Meeting. Shri Sarang Rakesh Wadhawan has considerable experience and exposure in the business akin to the business carried on by the Company and your Director's feel that for the ambitious plans for the growth and expansion of the Company, your Company would benefit from his experience.

DIRECTORS' REPORT

To the members,

Your directors are pleased to submit the Twelveth Annual Report with the audited statement of accounts for the year ended 31st March, 2012.

1. Financial Results:

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Gross sales and other receipts	105,007.50	0.60
Profit before depreciation and taxation	51,008.13	0.29
Depreciation	0.31	0.08
Profit before tax	51,007.81	0.20
Less: Current tax	1.62	0.03
Less: deferred tax liability	0.13	0.15
Profit for the year	51,006.07	0.02
Balance Brought Forward	0.26	0.25
Add: Excess provision for tax	-	(-)
Less: Transferred to Debenture Redemption Reserve	51,000.00	-
Closing Balance	6.33	0.27

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 Praveen Raut 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 reappointment offer themselves for reappointment. A letter has been received from them that their reappointment, if made, will be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

5. With regard to Auditor's comment at Clause 9 (b) of the annexure to the Audit Report, the Company will take remedial measures to pay the said Tax Deducted at Source and Service Tax and ensure non occurrence of such event in future.

6. 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.

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

- The Company focused to optimise consumption of energy, power and other energy sources wherever possible. We emphasis towards safe and clean environment and continues to adhere to all regulatory requirements and guidelines.
- During the year the Company has not undertaken any research and development activity or development of any technology.
- Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) of Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is,

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
(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

8. 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 for the year ended 31st March, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- i) 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 as at 31st March, 2012 and profit of the Company for the year ended on that date.
- ii) 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;
- iii) the directors have prepared the annual accounts on a going concern basis.

9. Acknowledgement:

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

For and on behalf of the Board of Directors

Rakeshkumar Wadhawan

(Chairman)

Place: Mumbai

Date: 25th May, 2012

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, 2012, the Statement of Profit and Loss 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 statement 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 the 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 the 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, 2012,
 - (ii) in the case of the Statement of Profit and Loss, 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: 25th May, 2012

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, 2012 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 off 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 ₹ 37438.6 Lacs and the year end balance is ₹ Nil.
- (c) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loans, are not prima facie prejudicial to the interest of the Company.
- (d) The said loan is repayable on demand and there is no repayment schedule and therefore the question of overdue amount does not arise.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and 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. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
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

ANNEXURE TO THE AUDITORS' REPORT

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 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, 2012 for a period of more than six months from the date they became payable except Tax deducted at Source of ₹ 139.12 Lacs and Service Tax of ₹ 77.49 Lacs.
- (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.
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. According to the information and explanations given to us and the records examined by us, the Company is in the process of creation of security or charges in respect of the debenture issued.
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: 25th May, 2012

BALANCE SHEET AS AT

Particulars	Note No	31st March, 2012 (₹ in Lacs)		31st March, 2011 (₹ in Lacs)	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	1,100.00		1,100.00	
(b) Reserves and Surplus	3	51,045.83	52,145.83	39.75	1,139.75
(2) Non-Current Liabilities					
(a) Long-term borrowings	4	63,638.00		10,000	
(b) Deferred tax liabilities (Net)	5	0.28	63,638.28	0.15	10,000.15
(3) Current Liabilities					
(a) Short-term borrowings	6	21,500.00		33,429.49	
(b) Trade payables	7	3,118.24		1,675.72	
(c) Other current liabilities	8	7,592.03		15,130.59	
(d) Short-term provisions	9	1.64	32,211.91	0.03	50,235.83
Total			147,996.02		61,375.73
II. Assets					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	10		2.69		2.64
(2) Current assets					
(a) Inventories	11	8,711.17		46,555.74	
(b) Trade receivables	12	58,301.67		-	
(c) Cash and Bank Balance	13	5.62		7.31	
(d) Short-term loans and advances	14	80,974.87	147,993.33	14,810.04	61,373.09
Total			147,996.02		61,375.73
Significant Accounting Policies and notes on financial statements	1 to 25				

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 110958W

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917
 Place: Mumbai
 Date: 25th May, 2012

For and on behalf of the Board of Directors

Rakeshkumar Wadhawan
 (Director)

Waryam Singh
 (Director)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Particulars	Note No	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Revenue from operations	15	105,002.22	0.60
Other operating revenue		5.28	-
Total Revenue		105,007.50	0.60
Expenses:			
Cost of construction, land and development expenses	16	10,310.26	42,596.65
Finance cost	17	5,843.70	3,140.38
Changes in inventories of work-in-progress	18	37,844.57	(45,737.03)
Depreciation and amortisation expenses	10	0.31	0.08
Other expenses	19	0.84	0.32
Total Expenses		53,999.68	0.40
Profit before tax		51,007.82	0.20
Tax expense:			
(1) Current tax:			
Provision for tax		1.62	0.03
(2) Deferred tax Liability		0.13	0.15
		1.75	0.18
Profit for the year		51,006.07	0.02
Earnings per equity share:			
(1) Basic (Amount in ₹)	20	4,636.92	-
(2) Diluted (Amount in ₹)		4,636.92	-
Number of shares used in computing earning per share		1,100,000	1,100,000
Significant Accounting Policies and notes on financial statements	1 to 25		

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917
 Place: Mumbai
 Date: 25th May, 2012

Rakeshkumar Wadhawan
 (Director)

Waryam Singh
 (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
A Cash flow from operating activities		
Net profit before tax	51,007.81	0.19
Adjustments for:		
Depreciation and amortisation expense	0.31	0.08
Operating profit before working capital changes	51,008.13	0.28
Movements in working capital:		
Decrease / (Increase) in inventory	37,844.57	(45,737.03)
Decrease / (Increase) in trade receivable	(58,301.67)	-
Decrease / (Increase) in other receivables	(66,164.80)	(14,810.04)
(Decrease) / Increase in trade and other payables	(6,096.04)	16,796.94
Net movement in working capital	(92,717.94)	(43,750.13)
Cash generated from operations	(41,709.82)	(43,749.85)
Less: Direct taxes paid (net of refunds)	0.04	4.62
Net cash from operating activities	(41,709.85)	(43,754.47)
B Cash flows from investing activities		
(1) (Increase) / Decrease in capital work in progress	-	62.71
(2) Purchase of fixed assets	(0.35)	(2.73)
Net cash from investing activities	(0.35)	59.98
C Cash flows from financing activities		
(1) Proceeds from borrowings	75,138.00	43,429.49
(2) Repayment of borrowings	(33,429.49)	-
Net cash used in financing activities	41,708.51	43,429.49
Net increase in cash and cash equivalents (A + B + C)	(1.69)	(265.00)
Cash and cash equivalents at the beginning of the year	7.31	272.31
Cash and cash equivalents at the end of the year	5.62	7.31
Components of cash and cash equivalents as at	31st March, 2012	31st March, 2011
Cash on hand	5.19	2.29
With banks - on current account	0.42	5.02
Total	5.62	7.31

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917
 Place: Mumbai
 Date: 25th May, 2012

Rakeshkumar Wadhawan
 (Director)

Waryam Singh
 (Director)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1 SIGNIFICANT ACCOUNTING POLICIES:

A. Nature of operations

Guruashish Construction Private Limited is engaged in the business of real estate, development .

B STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1.01 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 aspects with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government of India 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.

d) During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.02 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.

1.03 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 or 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".

1.04 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.

1.05 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

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.

1.06 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 difference between taxable income and accounting income for the year end and reversal of timing differences of earlier years.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- (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.

1.07 Earnings per share:

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

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

1.08 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".

1.09 Impairment:

- i. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss 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.
- 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.

1.10 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
2 SHARE CAPITAL		
Authorised		
25,00,000 (Previous year 25,00,000) Equity shares of ₹100/- each	2,500.00	2,500.00
Issued, Subscribed and Paid Up		
11,00,000 (Previous year 11,00,000) Equity shares of ₹100/- each fully paid up	1,100.00	1,100.00
Total	1,100.00	1,100.00
Reconciliation of the number of shares outstanding:		
Particulars	31st March, 2012 Number	31st March, 2011 Number
Shares outstanding at the beginning of the year	1,100,000	1,100,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	1,100,000	1,100,000

Terms / rights attached to shares:

The Company has only one class of shares i.e. equity shares of ₹ 100 each. Shareholders are entitled to vote in accordance with their shareholding in the Company and receive dividend as and when declared by the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholder.

Shares in the company held by each shareholder holding more than 5 percent:

Particulars	31st March, 2012 No. % held	31st March, 2011 No. % held
Housing Development and Infrastructure Limited - holding company	11,00,000 100%	11,00,000 100%

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
3 RESERVE AND SURPLUS		
Securities Premium Account		
Opening Balance	39.50	39.50
Closing Balance	39.50	39.50
Debenture Redemption Reserve		
Opening Balance	-	-
Add: Transferred from Profit and Loss Account	51,000.00	-
Less: Transferred to General Reserve	-	-
Closing Balance	51,000.00	-
Surplus		
Opening Balance	0.26	0.25
Add: Net Profit/(Net Loss) For the current year	51,006.07	0.01
Less: Transferred to Debenture Redemption Reserve	51,000.00	-
Closing Balance	6.33	0.26
Total	51,045.83	39.75

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
4 LONG TERM BORROWINGS		
Secured Long Term Borrowings:		
(a) Non Convertible Debenture 51,000 (Nil) 12.50% Non Convertible Debentures @ ₹ 1,00,000 each.	51,000.00	-
(b) Term Loan from Scheduled Banks	12,638.00	10,000.00
Total	63,638	10,000
1. Secured Redeemable Non Convertible Debentures The Debentures are issued on the following terms and conditions: Rate of Interest - 12.5% Payment of Interest - Interest payable at the end of every quarter 30th June, 30th September, 31st December, 31st March till the time of redemption. If the payment date falls on holiday, the next business day will be the payment date. Redemption - 18 months from the date of allotment Security: All that piece or parcel of Land Situate at village Pahadi Goregaon, Siddharth Nagar, Goregaon (West), having CTS No. 18-1 (pt), 260/3A (pt).		
2. Union Bank of India (Secured by registered mortgage of Non-agricultural property admeasuring 123365 Sq. Mtr. situated at Village Chandansar and 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 Company. Rate of interest 13.75% payable monthly. Repayable in 20 quarterly installments of 1000' lacs each.)		
5 DEFERRED TAX LIABILITIES(NET)		
Arising on account of timing differences		
Liabilities		
Related to fixed assets	0.28	0.15
Total	0.28	0.15
6 SHORT TERM BORROWINGS		
(a) Term loans from Financial Institutions	21,500.00	-
(b) Loans and advances from related parties		33,429.49
IL & FS (Secured by registered mortgage of Development rights of property admeasuring 24,400 Sq. Mtrs located at Siddarth Nagar owned by the Company and first and exclusive registered mortgage of 51,880 Sq. Mtrs of land located at Maljipada village Taluka vasai owned by Housing Development And Infrastructure Private Limited, Holding Company. Rate of interest of 15% p.a. payable half yearly, repayable at the end of 12 months as bullet repayment from the date of first disbursement)		
Total	21,500	33,429

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
7 TRADE PAYABLE		
Trade Payable	3,118.24	1,675.72
Total	3,118.24	1,675.72
Micro, Small and Medium Enterprises		
(a) As on 31st March, 2012 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 OTHER CURRENT LIABILITIES		
a) Interest accrued but not due on loans	133.43	26.37
b) Advances from customers	6,014.43	14,932.35
c) Other liabilities	1,444.16	171.87
Total	7,592.03	15,130.59
9 SHORT TERM PROVISIONS		
Other Provisions:		
Provision for taxation	1.64	0.03
Total	1.64	0.03

10 FIXED ASSETS

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2011	Additions during the year	Sale	As at 31st March, 2012	Up to 31st March, 2011	for the year	On Sale of assets	Up to 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Furniture and Fixtures	0.82	-	-	0.82	0.03	0.05	-	0.08	0.74	0.79
Office Equipment	0.59	0.35	-	0.94	0.01	0.05	-	0.06	0.88	0.58
Computers	1.31	-	-	1.31	0.04	0.21	-	0.25	1.06	1.27
Total	2.73	0.35	-	3.08	0.08	0.31	-	0.39	2.69	2.64
Previous year	-	2.73	-	2.73	-	0.08	-	0.08	2.64	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
11 INVENTORIES		
Work-in-progress (at cost)	8,711.17	46,555.74
Total	8,711.17	46,555.74
12 TRADE RECEIVABLE		
Debts outstanding for a period exceeding six months		-
Unsecured, considered good		-
Other debts		-
Unsecured, considered good	58,301.67	-
Total	58,301.67	-
13 CASH AND BANK BALANCES		
Cash and Cash equivalents		
Balance with banks - In current accounts	0.42	5.02
Cash on hand	5.19	2.29
Total	5.62	7.31
14 SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
a) Security Deposits	324.25	10.65
b) Others:		
Advances for Goods and Services	80,173.94	14,798.91
Prepaid expenses	476.65	0.48
Tax paid	0.04	-
Total	80,974.87	14,810.04
In the opinion of the management, above loans and advances are not less than as stated, if realised in the ordinary course of business.		
15 REVENUE FROM OPERATIONS		
Sale of development rights/ FSI/ Land/ TDR/ Materials	105,002.22	0.60
Other Operating Revenue:		
Flat cancellation charges	5.28	-
Total	105,007.50	0.60

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
16 COST OF CONSTRUCTION, LAND AND DEVELOPMENT EXPENSES		
Land	2,947.51	1,571.02
Tenancy / claims / FSI / development rights	-	1,136.60
Construction materials and other expenses	7,362.75	18,849.88
Purchase of tenancy rights	-	22,175.75
Total	10,310.26	42,596.65
17 FINANCE COST		
Interest expenses	5,839.97	3,138.90
Bank charges	3.73	1.48
Total	5,843.70	3,140.38
18 CHANGES IN INVENTORIES		
Opening stock of work-in-progress	46,555.74	818.71
Closing stock of work-in-progress	8,711.17	46,555.74
Total	37,844.57	(45,737.03)
19 OTHER EXPENSES		
Payment to Auditors		
Audit fees	0.83	0.28
Filing fees paid to the Registrar of Companies	0.01	0.04
Total	0.84	0.32

OTHER NOTES:

19 Earnings per equity share:

		31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
(a) Profit after tax as per Statement of Profit and Loss	₹	51,006.07	0.02
Net Profit attributable to Equity Shareholders	₹	51,006.07	0.02
(b) Weighted average number of equity shares used as denominator for calculating EPS	Nos.	1,100,000	1,100,000
(c) Earning per share - Basic	₹	4,636.92	0.00
(d) Earning per share - Diluted	₹	4,636.92	0.00
(e) Nominal value per equity share is ₹ 100/-			

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

20 Related party disclosure:

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

2 Transaction with related party

(₹ in Lacs)

Nature of transaction	31st March, 2012				31st March, 2011			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances repaid	33,429.49	-	-	33,429.49	-	-	-	-
Loans/advances received	-	-	-	-	32,961.26	-	-	32,961.26
Interest paid	2,674.74	-	-	2,674.74	520.20	-	-	520.26
Issue of Non Convertible Debentures	51,000.00	-	-	51,000.00	-	-	-	-
Purchases	38.36	-	-	38.36	-	-	-	-
Outstanding as at year end - Due to	-	-	-	-	33,429.49	-	-	33,429.49

3. Key management personnel
Not applicable

4. Enterprise significantly influenced by key management personnel
Not applicable

21. a) Contingent liabilities not provided for:

31st March, 2012
(₹ in Lacs)

31st March, 2011
(₹ in Lacs)

b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

Nil

Nil

22. Director's remuneration

Nil

Nil

22. Earnings in foreign exchange

-

-

23. Value of imports calculated on CIF basis

-

-

24. Expenditure in foreign currency

-

-

25. 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.

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants

Firm Registration Number: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th May, 2012

For and on behalf of the Board of Directors

Rakeshkumar Wadhawan

(Director)

Waryam Singh

(Director)

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED, will be held on Saturday, 11th day of August, 2012 at 3.00 p.m. at Laxmi Palace, 76, Mathuradas Road, Kandivali (West), Mumbai - 400067 to transact the following business.

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss 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 Director in place of Shri Ketan 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: 25th May, 2012

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. 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 Seventeenth Annual Report with the audited statement of accounts for the year ended 31st March, 2012.

(₹ in Lacs)

1 Financial Results	31st March, 2012	31st March, 2011
Gross sales and other receipts	-	1.25
Profit before depreciation and taxation	(0.68)	1.18
Depreciation	1.52	1.16
Profit/(Loss) before tax	(2.20)	0.01
Less: Current tax	-	-
Less/(Add): Deferred tax liability/(Asset)	(0.68)	-
Profit/(Loss) for the year	(1.52)	0.01
Balance in profit and loss account	0.15	0.14
Closing balance	(1.37)	0.15

2 Dividend

On account of loss for the year, 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 Waryam Singh and Shri Ketan Shah retire by rotation at the forthcoming annual general meeting and, being eligible, have offered themselves for re-appointment.

4 Appointment of Auditors

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

5 With regard to Auditor's comment at Clause 9 (b) of the annexure to the Audit Report, the Company will take remedial measures to pay the said Tax Deducted at Source and ensure non occurrence of such event in future.

6 With regard to Auditor's comment at clause 10 of the annexure to the Audit Report with respect to accumulated losses exceeding fifty percent of the net worth of the Company, the management believes that, Company follows the project completion method of accounting with respect to the development projects and therefore the ongoing projects when completed will result into adequate profits.

7 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 employees.

8 (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,

	31st March, 2012	31st March, 2011
	(₹ in Lacs)	(₹ in Lacs)
(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

- 9** As required under Section 217(2AA) of the Companies Act, 1956, your directors confirm that,
- i) in the preparation of the annual accounts for the year ended 31st March, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
 - 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 as at 31st March, 2012 and loss of the Company for the year ended on that date;
 - iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - iv) the directors have prepared the annual accounts on a going concern basis.

10 Acknowledgement:

Your directors express their sincere thanks to the 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: 25th May, 2012

AUDITORS' REPORT

To the members of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED,

- 1 We have audited the attached Balance Sheet of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED, as at 31st March, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 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, 2012,
 - (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date.
and
 - (iii) in the case of the Cash Flows 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: 25th May, 2012

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, 2012 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 ₹ 15,536.04 Lacs and the year end balance is ₹ 15,536.04 Lacs.
(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 for purchases of inventory and fixed assets. During the year the Company has not effected any sale of goods or services. During the course of our audit, we have not observed any major weakness in the internal controls.
- 5 In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.
- 6 As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of 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 paidup capital and reserve as at the commencement of the financial year did not exceed Rupees fifty lakhs and also an average annual turnover for immediately preceding three consecutive years did not exceed Rupees five 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 net worth of the Company as on the last date of immediately preceding financial year did not exceed Rupees five crores and the aggregate value of turnover of the Company during the immediately preceding financial year did not exceed Rupees twenty crores and the Company's equity or debt security is not listed or is not in the process of listing on any stock exchange, the provisions of Companies (Cost Accounting Records) Rules, 2011 notified by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, are not applicable to the Company for the current financial year.
- 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.

ANNEXURE TO THE AUDITORS' REPORT

- (b) According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable except Tax Deducted at Source of ₹ 45.07 Lacs.
- (c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Custom duty and Excise duty and cess, which have not been deposited on account of any dispute.
- 10 Accumulated losses of the Company have exceeded fifty percent of its net worth at the end of financial year and it has incurred cash losses during the financial year covered by the audit however it had not incurred cash losses in the immediately preceding financial year.
- 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 The Company has not taken any term loan and therefore clause (xvi) of para 4 of the Order is not applicable.
- 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, during the year the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19 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: 25th May, 2012

BALANCE SHEET AS AT

Particulars	Note No	31st March, 2012		31st March, 2011	
		₹ in Lacs)		₹ in Lacs)	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	1.00		1.00	
(b) Reserves and Surplus	3	(1.37)	(0.37)	0.15	1.15
(2) Non-Current Liabilities					
(a) Deferred tax liabilities (Net)	4		(0.67)		-
(3) Current Liabilities					
(a) Short-term borrowings	5	15,536.04		14,075.19	
(b) Trade payables	6	11.32		15.99	
(c) Other current liabilities	7	191.87		46.79	
(d) Short-term provisions	8	-	15,739.23	0.01	14,137.98
Total			15,738.19		14,139.13
II. Assets					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	9		18.67		18.47
(2) Current assets					
(a) Inventories	10	15,094.15		12,504.91	
(b) Cash and bank balances	11	11.67		15.00	
(c) Short-term loans and advances	12	613.70	15,719.52	1,600.75	14,120.66
Total			15,738.19		14,139.13
Significant accounting policies and notes on financial statements	1 to 24				

As per our report of even date attached
 For **VIPUL BHEDA & ASSOCIATES**
 Chartered Accountants
 Firm Registration No. 117487W

For and on behalf of the Board of Directors

Vipul Bheda
 (Proprietor)
 Membership No. 103694

Rakesh Kumar Wadhawan
 (Director)

Jayesh T Shah
 (Director)

Place: Mumbai
 Date: 25th May, 2012

STATEMENT OF PROFIT AND LOSS

Particulars	Note No	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Revenue from operations	13	-	1.25
Total Revenue		-	1.25
Expenses:			
Cost of materials consumed	14	821.92	0.61
Changes in inventories of work-in-progress	15	(2,589.25)	(1,476.74)
Finance Cost	16	1,767.33	1,476.13
Depreciation and amortization expense	9	1.52	1.16
Other expenses	17	0.68	0.08
Total Expenses		2.20	1.24
Profit/ (Loss) before tax		(2.20)	0.01
Tax expense:			
Current tax		-	-
Deferred tax		(0.68)	-
		(0.68)	0.01
Profit/(Loss) for the year		(1.52)	0.01
Earning per equity share:	18		
Basic		(15.17)	0.07
Diluted		(15.17)	0.07
Significant accounting policies and notes on financial statements	1 to 24		

As per our report of even date attached
 For **VIPUL BHEDA & ASSOCIATES**
 Chartered Accountants
 Firm Registration No. 117487W

For and on behalf of the Board of Directors

Vipul Bheda
 (Proprietor)
 Membership No. 103694

Rakesh Kumar Wadhawan
 (Director)

Jayesh T Shah
 (Director)

Place: Mumbai
 Date: 25th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2012 (₹ in Lacs)		31st March, 2011 (₹ in Lacs)	
A Cash flow from operating activities				
Net profit before tax		(2.20)		0.01
Adjustments for :				
(1) Depreciation		1.52		1.17
Operating profit before working capital changes		(0.68)		1.18
Movements in working capital :				
Decrease / (Increase) in Work in progress	(2,589.23)		(1,476.74)	
Decrease / (Increase) in other receivables	987.04		(1,009.59)	
(Decrease) / Increase in trade and other payables	140.41		(53.07)	
Net movement in working capital		(1,461.78)		(2,539.40)
Cash used in operations		(1,462.46)		(2,538.22)
Less: Direct taxes paid (net of refunds)		-		0.01
Net cash used in operating activities		(1,462.46)		(2,538.23)
B Cash flows from investing activities				
Purchase of fixed assets		(1.71)		(19.64)
Net cash used in investing activities		(1.71)		(19.64)
C Cash flows from financing activities				
(1) Proceeds from borrowings		1,460.84		2,571.21
Net cash from financing activities		1,460.84		2,571.21
Net increase in cash and cash equivalents (A + B + C)		(3.33)		13.34
Cash and cash equivalents at the beginning of the year		15.00		1.66
Cash and cash equivalents at the end of the year		11.67		15.00
Cash and cash equivalents for the year ended				
		31st March, 2012		31st March, 2011
Cash on hand		10.53		13.88
With banks - on current account		1.14		1.12
		11.67		15.00

As per our report of even date attached

For **VIPUL BHEDA & ASSOCIATES**

Chartered Accountants

Firm Registration No. 117487W

For and on behalf of the Board of Directors

Vipul Bheda

(Proprietor)

Membership No. 103694

Rakesh Kumar Wadhawan

(Director)

Jayesh T Shah

(Director)

Place: Mumbai

Date: 25th May, 2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SIGNIFICANT ACCOUNTING POLICIES:

1.01 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) During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.02 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.

1.03 Inventories:

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

1.04 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.

1.05 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.

1.06 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".

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1.07 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.

1.08 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.

1.09 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".

1.10 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 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.

1.11 Provisions contingent liabilities and contingent assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
2. SHARE CAPITAL		
Authorised		
5,00,000 (Previous year 5,00,000) Equity shares of ₹ 10/- each	50.00	50.00
Issued, Subscribed and Paid Up		
10,000 (previous year 10,000) Equity shares of ₹ 10/- each fully paid up	1.00	1.00
Total	1.00	1.00
Reconciliation of the number of shares outstanding :		
Particulars	31st March, 2012 Numbers	31st March, 2011 Numbers
Shares outstanding at the beginning of the year	10,000	10,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	10,000	10,000

Terms / rights attached to shares:

The Company has only one class of shares i.e. equity shares of ₹ 10 each. Shareholders are entitled to vote in accordance with their shareholding in the company and receive dividend as and when declared by the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Shares in the company held by each shareholder holding more than 5 percent :

Particulars	31st March, 2012		31st March, 2011	
	No.	% held	No.	% held
Housing Development and Infrastructure Limited - holding company	6,000	60.00%	6,000	60.00%
Jayesh T Shah	665	6.65%	665	6.65%
Ketan T Shah	665	6.65%	665	6.65%
Geeta R Shah	665	6.65%	665	6.65%
Tokershi S Shah	665	6.65%	665	6.65%
Sonal J Shah	665	6.65%	665	6.65%
Usha K Shah	665	6.65%	665	6.65%

Particulars	31st March, 2012 Numbers	31st March, 2011 Numbers
3. RESERVE AND SURPLUS		
Surplus in the Statement of Profit and Loss		
Opening Balance	0.15	0.14
Add : Net Profit/(Net Loss) For the current year	(1.52)	0.01
Closing Balance	(1.37)	0.15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
4. DEFFERED TAX LIABILITIES (NET)		
Arising on account of timing differences		
Liabilities		
Related to fixed assets	1.13	0.77
Assets		
unabsorbed depreciation	1.80	0.77
Total	(0.67)	-
5. SHORT TERM BORROWINGS		
Unsecured loan		
From holding company	15,536.04	14,075.19
Total	15,536.04	14,075.19
6. TRADE PAYABLE		
Trade Payable	11.32	15.99
Total	11.32	15.99

Micro, Small and Medium Enterprises:

- (a) As on 31st March, 2012 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.

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
7. OTHER CURRENT LIABILITIES		
Statutory dues payable	191.87	46.79
Total	191.87	46.79
8. SHORT TERM PROVISIONS		
Other Provisions:		
Provision for taxation	0.07	0.07
Less : Tax Paid	0.07	0.06
Total	-	0.01

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

9. FIXED ASSETS

(₹ in Lacs)

Description	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As on 01-04-2011	Additions during the year	Sale	As on 31-03-2012	Up to 31-03-2011	For the year	On sale	Up to 31-03-2012	As on 31-03-2012	As on 31-03-2011
Tangible assets:										
Furniture and fixtures	9.61	1.71	-	11.32	0.52	0.70	-	1.22	10.10	9.09
Office equipments	7.02	-	-	7.02	0.24	0.33	-	0.57	6.45	6.78
Computers	3.01	-	-	3.01	0.40	0.49	-	0.89	2.12	2.60
Total	19.64	1.71	-	21.34	1.16	1.52	-	2.68	18.67	18.47
Previous year	-	19.64	-	19.64	-	1.16	-	1.16	18.47	-

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
10. INVENTORIES		
Work-in-progress (at cost)	15,094.15	12,504.91
Total	15,094.15	12,504.91
11. CASH AND BANK BALANCES		
Cash and Cash equivalents		
Balance with banks - In current accounts	1.14	1.12
Cash on hand	10.53	13.88
Total	11.67	15.00
12. SHORT TERM LOANS & ADVANCES		
Unsecured considered good		
Other loans and advances for Goods and services	0.30	-
Land purchase /tenancy / claims / development rights	170.46	493.71
Other receivable (from firm in which Directors are partners)	442.94	1,107.04
Total	613.70	1,600.75
In the opinion of the management, the above loans and advances are not less than as stated, if realised in the ordinary course of business.		
13. REVENUE FROM OPERATION		
Other operating revenue		
Sale of scrap	-	1.25
Total	-	1.25
14. COST OF MATERIALS CONSUMED		
Construction materials and other expenses	821.92	0.61
Total	821.92	0.61

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
15. CHANGES IN WORK - IN PROGRESS		
Opening work-in-progress	12,504.91	11,028.17
Less: Closing stock in trade	15,094.15	12,504.91
Total	(2,589.25)	(1,476.74)
16. FINANCE COST		
Project specific interest expenses	1,753.78	1,474.93
Other Interest expenses	13.55	1.20
Total	1,767.33	1,476.13
17. OTHER EXPENSES		
Filing fees paid to the Registrar of Companies	0.02	0.01
Professional fees	0.27	-
Bank Charges	0.26	-
Payment to auditors		
Audit fees	0.05	0.05
Sundry expenses	0.08	0.02
Total	0.68	0.08

OTHER NOTES:		31st March, 2012	31st March, 2011
18. EARNINGS PER EQUITY SHARE			
a. Profit/(loss) for the year	₹ in Lacs	(1.52)	0.01
b. Weighted average number equity shares of ₹10/- each	Nos.	10,000	10,000
c. EPS			
- Basic	₹	(15.17)	0.07
- Diluted	₹	(15.17)	0.07
		31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
19. 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
		31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
20. Earnings in foreign exchange		Nil	Nil
21. Value of imports on C.I.F. basis		Nil	Nil
22. Expenditure in foreign currency		Nil	Nil
23. 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.			

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

24. 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
 Ravi Developments - Partnership firm
- b Transactions with related party

(₹ in Lacs)

Nature of transaction	31st March, 2012				31st March, 2011			
	Holding Company	Associates	Enterprise influenced by Key Management Personnel	Total	Holding Company	Associates	Enterprise influenced by Key Management Personnel	Total
Loans/advances received	-	-	-	-	1,243.77	-	-	1,243.77
Loans/advances repaid	117.56	664.10	-	781.66	-	-	-	
Interest paid	1,753.78	-	-	1,753.78	1,474.93	-	-	1,474.93
Outstanding as at year end- Due to	15,536.04	442.94	-	15,978.98	14,075.19	-	-	14,075.19

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

As per our report of even date attached

 For **VIPUL BHEDA & ASSOCIATES**

Chartered Accountants

Firm Registration No. 117487W

For and on behalf of the Board of Directors

Vipul Bheda

(Proprietor)

Membership No. 103694

Rakesh Kumar Wadhawan

(Director)

Jayesh T Shah

(Director)

Place: Mumbai

Date: 25th May, 2012

NOTICE

Notice is hereby given that the Twenty second Annual General Meeting of the members of BLUE STAR REALTORS PRIVATE LIMITED, will be held on Saturday the 11th day of August, 2012 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, 2012 and statement of profit and loss for the year ended on that date, report of the Board of Directors and auditors thereon.
2. To appoint Director in place of Shri Hetin Sakhuja, 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

Ashok Kumar Gupta
(Chairman)

Place: Vasai

Date: 25th May, 2012

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. 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 Twenty second annual Report together with the audited statement of accounts for the year ended 31st March, 2012.

1. Financial Results

(₹ in lacs)

	31st March, 2012	31st March, 2011
Gross sales and other receipts	3.00	0.75
Profit before depreciation and taxation	2.05	0.03
Depreciation	-	-
Profit before tax	2.05	0.03
Less: Current tax	0.66	0.01
Profit for the year	1.39	0.02
Balance in profit and loss account	8.23	7.85
Add: Excess provision of tax of earlier years closing balance	0.01	0.36
	9.63	8.23

2. Dividend

To conserve the resources, 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 Hetin Sakhujia 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 reappointment offer themselves for reappointment. A letter has been received from them that their reappointment, if made, will be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

5. With regard to Auditor's comment at Clause 9 (b) of the annexure to the Audit Report, the Company will take remedial measures to pay the said Tax Deducted at Source and ensure non occurrence of such event in future.

6. (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 Lacs)

	31st March, 2012	31st March, 2011
(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 for the year ended 31st March, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;

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 as at 31st March, 2012 and profit of the Company for the year ended on that date;

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 bankers and business associates for their assistance and co-operation extended from time to time.

For and on behalf of the Board of Directors

Ashok Kumar Gupta
(Chairman)

Place: Vasai

Date: 25th May, 2012

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, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, 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: Vasai

Date: 25th May, 2012

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, 2012 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 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.
 (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 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 ₹ 23,651.26 Lacs and the year end balance is ₹ 23,651.26 Lacs.
 (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 for purchases of inventories. During the year the Company has not effected any sale of goods or services. During the course of our audit, we have not observed any major weakness in the internal controls.
- 5 In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.
- 6 As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of 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 We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 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, 2012 for a period of more than six months from the date they became payable except Tax Deducted at Source of ₹ 76.37 Lacs.
 (c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Custom duty and Excise duty and cess, which have not been deposited on account of any dispute.
- 10 The Company does not have accumulated losses at the end of 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, during the year the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19 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: Vasai

Date: 25th May, 2012

BALANCE SHEET AS AT

Particulars	Note No	31st March, 2012		31st March, 2011	
		₹ in Lacs)		₹ in Lacs)	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	468.48		468.48	
(b) Reserves and Surplus	3	286.68	755.16	285.29	753.77
(2) Current Liabilities					
(a) Short-term borrowings	4	23,651.26		22,475.76	
(b) Trade payables	5	3.01		9.62	
(c) Other current liabilities	6	5,433.72		3,095.17	
(d) Short-term provisions	7	0.73	29,088.72	0.01	25,580.56
Total			29,843.88		26,334.33
II. Assets					
(1) Non-current assets					
(a) Non-current investments	8		25.00		25.00
(2) Current assets					
(a) Inventories	9	29,816.39		26,306.82	
(b) Cash and bank balances	10	2.45		2.45	
(c) Short-term loans and advances	11	0.04	29,818.88	0.06	26,309.33
Total			29,843.88		26,334.33
Significant accounting policies and notes on financial statements	1 to 24				

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: Vasai
 Date: 25th May, 2012

For and on behalf of the Board of Directors

Ashok Kumar Gupta
 (Director)

Sarang Wadhawan
 (Director)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Particulars	Note No	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Revenue from operations	12	-	0.10
Other Income	13	3.00	0.65
Total Revenue		3.00	0.75
Expenses:			
Cost of materials consumed	14	109.66	450.47
Changes in inventories of work-in-progress	15	(3,509.58)	(3,304.86)
Finance Cost	16	3,399.99	2,854.39
Other expenses	17	0.88	0.72
Total Expenses		0.95	0.72
Profit before tax		2.05	0.03
Tax expense:			
Current tax :		0.66	0.01
Profit/(Loss) for the year		1.39	0.02
Earning per equity share:	18		
(1) Basic		0.04	0.01
(2) Diluted		0.04	0.01
Significant accounting policies and notes on financial statements	1 to 24		

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: Vasai
Date: 25th May, 2012

For and on behalf of the Board of Directors

Ashok Kumar Gupta
(Director)

Sarang Wadhawan
(Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
A Cash flow from operating activities		
Net profit before tax	2.05	0.03
Adjustments for :		
Investment income	(3.00)	(0.65)
Operating profit before working capital changes	(0.95)	(0.62)
Movements in working capital :		
Decrease / (Increase) in inventories	(3,509.57)	(3,304.86)
Decrease / (Increase) in short term loans and advances	0.02	0.02
(Decrease) / Increase in provisions	0.07	-
(Decrease) / Increase in trade payables and other current liabilities	2,331.95	2,860.51
Net movement in working capital	(1,177.53)	(444.33)
Cash used in operations	(1,178.48)	(444.95)
Less : Direct taxes paid (net of refund)	0.01	0.06
Net cash used in operating activities	(1,178.49)	(445.01)
B Cash flows from investing activities		
Investment income	3.00	0.65
Net cash used in investing activities	3.00	0.65
C Cash flows from financing activities		
Proceeds from borrowings	1,175.49	96.23
Proceeds from issue of preference share capital	-	321.19
Net cash from financing activities	1,175.49	417.42
Net increase in cash and cash equivalents (A + B + C)	-	(26.94)
Cash and cash equivalents at the beginning of the year	2.45	29.39
Cash and cash equivalents at the end of the year	2.45	2.45
Components of cash and cash equivalents as at	2012	2011
Cash on hand	1.85	1.85
With banks - on current account	0.60	0.60
Total	2.45	2.45

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: Vasai
 Date: 25th May, 2012

For and on behalf of the Board of Directors

Ashok Kumar Gupta
 (Director)

Sarang Wadhawan
 (Director)

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Significant accounting policies and notes on financial statements for the year ended 31st March, 2012

1. Statement of significant accounting policies

1.01 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.

iv) During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.02 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.

1.03 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.

1.04 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.

1.05 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.

1.06 Earnings per equity share:

Basic earnings per share are calculated by dividing the net profit / (loss) for the year attributable to equity shareholders (after

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

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.

1.07 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.

1.08 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.

1.09 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
2 SHARE CAPITAL		
Authorised		
34,00,000 (previous year 34,00,000) Equity shares of ₹10/- each	340.00	340.00
16,00,000 (previous year 16,00,000) Preference shares of ₹ 10/- each	160.00	160.00
	500.00	500.00
Issued, Subscribed and Paid Up		
34,00,000 (previous year 34,00,000) Equity shares of ₹10/- each fully paid.	340.00	340.00
12,84,780 (previous year 12,84,780) 0.1% Non cumulative Redeemable Preference shares of ₹ 10/- each fully paid.	128.48	128.48
Total	468.48	468.48
Particulars	31st March, 2012 Number	31st March, 2011 Number
Reconciliation of the number of shares outstanding :		
Equity Shares outstanding at the beginning of the year	3,400,000	3,400,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Equity Shares outstanding at the end of the year	3,400,000	3,400,000
Preference Shares outstanding at the beginning of the year	1,284,780	-
Shares Issued during the year	-	1,284,780
Shares bought back during the year	-	-
Preference Shares outstanding at the end of the year	1,284,780	1,284,780
Terms / rights attached to shares :		
Equity shares		
The Company has only one class of shares i.e. equity shares of ₹ 10 each. Shareholders are entitled to vote in accordance with their shareholding in the Company and receive dividend as and when declared by the Company.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.		
Preference shares		
The preference shareholders have right to vote on the matter pertaining to their rights at the shareholders meeting and are entitle to receive dividend in proportion to their shareholding upon declaration by the Company.		
Particulars	31st March, 2012	31st March, 2011
Shares in the company held by each shareholder holding more than 5 percent :		
Equity Shares		
Housing Development and Infrastructure Limited - holding company	Nos. 3,400,000	3,400,000
	% 100%	100%
Preference Shares		
Housing Development and Infrastructure Limited - holding company	Nos. 1,284,780	1,284,780
	% 100%	100%

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
3 RESERVE AND SURPLUS		
Capital Reserve		
Opening Balance	6.00	6.00
Closing Balance	6.00	6.00
Capital Redemption Reserve		
Opening Balance	62.07	62.07
Closing Balance	62.07	62.07
Securities Premium Account		
Opening Balance	208.98	16.27
Add : On issue of shares	-	192.71
Closing Balance	208.98	208.98
Surplus		
Opening Balance	8.23	7.85
Add : Net Profit For the current year	1.39	0.02
Add : Excess Provision for taxation no longer required	0.01	0.36
Closing Balance	9.63	8.23
Total	286.68	285.29
4 SHORT TERM BORROWINGS		
Unsecured loan		
From holding company	23,651.26	22,475.76
Total	23,651.26	22,475.76
5 TRADE PAYABLE		
Trade Payable	3.01	9.62
Total	3.01	9.62
Micro, Small and Medium Enterprises		
(a) As on 31st March, 2012 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.		
6 OTHER CURRENT LIABILITIES		
Other payables	5,433.72	3,095.17
Total	5,433.72	3,095.17
7 SHORT TERM PROVISIONS		
Provision for taxation	0.80	4.30
Less : Tax Paid	0.07	4.29
Total	0.73	0.01
8 NON CURRENT INVESTMENTS		
Non trade investments - Unquoted (Valued at cost)		
Punjab and Maharashtra Co - Operative Bank Limited	25.00	25.00
1,00,000 (Previous year 1,00,000) Equity shares of ₹25/- each fully paid		
Total	25.00	25.00

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
9 INVENTORIES		
Work -in-progress (at cost)	29,816.39	26,306.82
Total	29,816.39	26,306.82
10 CASH AND BANK BALANCES		
Cash and Cash equivalents		
Balance with banks - In current accounts	0.60	0.60
Cash on hand	1.85	1.85
Total	2.45	2.45
11 SHORT TERM LOANS & ADVANCES		
Unsecured, considered good		
Prepaid expenses	0.04	0.06
Total	0.04	0.06
In the opinion of the management, the above loans and advances are not less than as stated, if realised in the ordinary course of business.		
12 REVENUE FROM OPERATION		
Other operating revenue		
Sale of scrap	-	0.10
Total	-	0.10
13 OTHER INCOME		
Dividend received (From Co-operative Bank)	3.00	0.65
Total	3.00	0.65
14 COST OF MATERIALS CONSUMED		
Construction materials and other expenses	109.66	450.47
Total	109.66	450.47
15 CHANGES IN WORK - IN - PROGRESS		
Opening work-in-progress	26,306.82	23,001.96
Less : Closing work-in-progress	29,816.39	26,306.82
Total	(3,509.58)	(3,304.86)
16 FINANCE COST		
Project specific interest expenses	3,356.83	2,854.39
Other borrowing cost	43.09	-
Interest on deferment of advance tax	0.07	-
Total	3,399.99	2,854.39
17 OTHER EXPENSES		
Filing fees paid to the Registrar of Companies	0.10	0.07
Bank charges	0.05	0.05
Conveyance	0.01	-
Other administrative expenses	0.04	0.05
Printing and stationery	0.09	-
Payment to auditors		
Audit fees	0.55	0.55
Travelling expenses	0.04	-
Total	0.88	0.72

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

OTHER NOTES

		31st March, 2012	31st March, 2011
18.	Earnings per equity share :-		
a.	Profit or loss attributable to equity shareholders		
	Profit for the year	₹ in Lacs 1.39	0.02
	Add: Excess provision of tax of earlier years	₹ in Lacs 0.01	0.36
		₹ in Lacs 1.40	0.38
b.	Equity shares (weighted average)	Nos. 3,400,000	3,400,000
c.	EPS - Basic	₹ 0.04	0.01
	- Diluted	₹ 0.04	0.01
19.	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
20.	Earnings in foreign exchange	Nil	Nil
21.	Value of imports on C.I.F. basis	Nil	Nil
22.	Expenditure in foreign currency	Nil	Nil

23. 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.

24. 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
- Transaction with Related Party

(₹ in lacs)

Nature of transaction	31st March, 2012				31st March, 2011			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances repaid	1,476.28	-	-	1,476.28	1,804.96	-	-	1,804.96
Issue of preference shares	-	-	-	-	128.48	-	-	128.48
Securities premium received	-	-	-	-	192.72	-	-	192.72
Interest paid	2,946.41	-	-	2,946.41	2,469.32	-	-	2,469.32
Outstanding as at year end- Due to	23,651.26	-	-	23,651.26	22,475.76	-	-	22,475.76
c Key management personnel :	Not applicable							
d Enterprise significantly influenced by key management personnel	Not applicable							

Signatures to Notes 1 to 24

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

Ashok Kumar Gupta
(Director)

Sarang Wadhawan
(Director)

Place: Vasai
Date: 25th May, 2012

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the members of MAZDA ESTATES PRIVATE LIMITED, will be held on Friday, the 10th day of August, 2012 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, 2012 and Statement of Profit and Loss 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: 25th May, 2012

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. 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 Tenth Annual Report with the audited statement of accounts for the year ended 31st March, 2012.

1. Financial Results

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Gross sales and other receipts	-	0.25
Profit before depreciation and taxation	(0.38)	0.04
Depreciation	-	-
Profit before tax	(0.38)	0.04
Less: Current tax	-	0.01
Profit for the year	(0.38)	0.03
Balance in Profit and Loss Account	0.11	0.09
Add/(Less): Excess/(Short) Provision for taxation	0.01	(0.01)
Closing balance	(0.26)	0.11

2. Dividend

On account of loss for the year, your directors regret to recommend payment of any dividend on the equity shares for the year.

3. Appointment of Directors:

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

4. Appointment of Auditors

M/s. Thar & Co., Chartered Accountants, Auditors of the Company retire at the Annual General Meeting and being eligible for reappointment offer themselves for reappointment. A letter has been received from them that their reappointment, 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 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.

(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 Lacs)	
	31st March, 2012	31st March, 2011
(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 for the year ended 31st March, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;

DIRECTORS' REPORT

- 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 as at 31st March, 2012 and loss of the Company for the year ended on that date;
- 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: 25th May, 2012

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, 2012, the Statement of Profit and Loss 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 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, Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, 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: 25th May, 2012

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, 2012 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 ₹ 32.95 Lacs and the year end balance is ₹ 32.95 Lacs.
(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 for purchases of inventories. During the year the Company has not effected any sale of goods or services. During the course of our audit, we have not observed any major weakness in the internal controls.
- 5 In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.
- 6 As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of 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 paidup capital and reserve as at the commencement of the financial year did not exceed Rupees fifty lakhs and also an average annual turnover for immediately preceding three consecutive financial years did not exceed Rupees five 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 net worth of the Company as on the last date of immediately preceding financial year did not exceed Rupees five crores and the aggregate value of turnover of the Company during the immediately preceding financial year did not exceed Rupees twenty crores and the Company's equity or debt security is not listed or is not in the process of listing on any stock exchange, the provisions of Companies (Cost Accounting Records) Rules, 2011 notified by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, are not applicable to the Company for the current financial year.
- 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, 2012 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Custom duty and Excise duty and cess, which have not been deposited on account of any dispute.

ANNEXURE TO THE AUDITORS' REPORT

- 10 The Company's accumulated losses at the end of the financial year is not more than fifty per cent of the net worth of the Company. The company has incurred cash losses during the financial year covered by our audit, however it had not incurred cash losses in the immediately preceding financial year.
- 11 The Company does not have any dues to a financial institution or bank, accordingly, the clause No. 4 (xi) of the Order is not applicable.
- 12 In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- 14 In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments, accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- 15 In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16 According to the information and explanations given to us, the Company has not taken any term loan during the year and accordingly we have nothing to report on clause 4 (xvi) of the Order.
- 17 In our opinion and according to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- 18 According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19 In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- 20 The Company has not raised any money by way of public issue.
- 21 To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **THAR & CO.**

Chartered Accountants

Firm Registration No. 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th May, 2012

BALANCE SHEET AS AT

Particulars	Note No	31st March, 2012 (₹ in Lacs)		31st March, 2011 (₹ in Lacs)	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	1.40		1.40	
(b) Reserves and Surplus	3	(0.26)	1.14	0.11	1.51
(2) Current Liabilities					
(a) Short-term borrowings	4	32.95		29.22	
(b) Trade payables	5	0.17		0.17	
(c) Other current liabilities	6	0.09		-	
(d) Short-term provisions	7	-	33.21	0.01	29.40
Total			34.35		30.91
II. Assets					
(1) Current assets					
(a) Inventories	8	33.82		30.17	
(b) Cash and bank balances	9	0.53	34.35	0.74	30.91
Total			34.35		30.91
Significant accounting policies and notes on financial statements	1 to 21				

As per our report of even date attached

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

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

Place: Mumbai
 Date: 25th May, 2012

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Particulars	Note No	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Revenue from operations	10	-	0.25
Total Revenue		-	0.25
Expenses:			
Changes in inventories of work-in-progress	11	(3.66)	(3.26)
Finance Cost	12	3.66	3.26
Other expenses	13	0.38	0.21
Total Expenses		0.38	0.21
Profit/ (Loss) before tax		(0.38)	0.04
Tax expense:			
Current tax		-	0.01
Profit/(Loss) for the year		(0.38)	0.03
Earning per equity share:	14		
Basic		(2.66)	0.19
Diluted		(2.66)	0.19
Significant accounting policies and notes on financial statements	1 to 21		

As per our report of even date attached

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

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

Place: Mumbai
 Date: 25th May, 2012

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, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
A Cash flow from operating activities		
Net profit before tax	(0.38)	0.04
Adjustments	-	-
Operating profit before working capital changes	(0.38)	0.04
Movements in working capital :		
Decrease / (Increase) in inventories	(3.65)	(3.27)
(Decrease) / Increase in trade and other payables	0.09	(0.07)
Net movement in working capital	(3.56)	(3.34)
Cash used in operations	(3.94)	(3.30)
Less : Direct taxes paid (net of refund)	0.01	0.05
Net cash used in operating activities	(3.95)	(3.35)
B Cash flows from investing activities	-	-
Net cash used in investing activities	-	-
C Cash flows from financing activities		
Proceeds from borrowings	3.74	3.11
Net cash from financing activities	3.74	3.11
Net increase in cash and cash equivalents (A + B + C)	(0.21)	(0.24)
Cash and cash equivalents at the beginning of the year	0.74	0.98
Cash and cash equivalents at the end of the year	0.53	0.74
Components of cash and cash equivalents as at	31st March, 2012	31st March, 2011
Cash on hand	0.39	0.39
With banks - on current account	0.14	0.35
	0.53	0.74

As per our report of even date attached

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

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

Place: Mumbai
 Date: 25th May, 2012

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SIGNIFICANT ACCOUNTING POLICIES:

1.01 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.

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

1.03 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.

1.04 During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.05 Inventories:

Work-in-progress : At cost

Cost includes direct materials, labour, construction expenses and direct borrowing cost related to the particular project.

1.06 Revenue recognition:

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

Unit in real estate:

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

1.07 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.

1.08 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- (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.

1.09 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".

1.10 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
2 SHARE CAPITAL		
Authorised		
50,000 (Previous year 50,000) Equity shares of ₹10/- each	5.00	5.00
Issued, Subscribed and Paid Up		
14,000 (Previous year 14,000) Equity shares of ₹10/- each fully paid	1.40	1.40
Total	1.40	1.40
Reconciliation of the number of shares outstanding :		
Particulars	31st March, 2012 Number	31st March, 2011 Number
Shares outstanding at the beginning of the year	14,000	14,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	14,000	14,000
Terms / rights attached to shares :		
The Company has only one class of shares i.e. equity shares of ₹ 10 each. Shareholders are entitled to vote in accordance with their shareholding in the company and receive dividend as and when declared by the Company.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.		
Shares in the company held by each shareholder holding more than 5 percent :		
Particulars	31st March, 2012 No. % held	31st March, 2011 No. % held
Housing Development and Infrastructure Limited - holding company	14,000 100%	14,000 100%
3 RESERVE AND SURPLUS		
Surplus in the statement of Profit and Loss		
Opening Balance	0.11	0.09
Add : Net Profit/(Net Loss) For the current year	(0.38)	0.03
Add/(Less) : Excess/(Short) Provision for taxation no longer required	0.01	(0.01)
Closing Balance	(0.26)	0.11

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
4 SHORT TERM BORROWINGS		
Unsecured loan		
From holding company	32.95	29.22
Total	32.95	29.22
5 TRADE PAYABLE		
Trade Payable	0.17	0.17
Total	0.17	0.17
Micro, Small and Medium Enterprises :		
(a) As on 31st March, 2012 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.		
6 OTHER CURRENT LIABILITIES		
Statutory dues payable	0.09	-
Total	0.09	-
7 SHORT TERM PROVISIONS		
Other Provisions :		
Provision for taxation	0.21	0.21
Less : Tax Paid	0.21	0.20
Total	-	0.01
8 INVENTORIES		
Work -in-progress (at cost)	33.82	30.17
Total	33.82	30.17
9 CASH AND BANK BALANCES		
Cash and Cash equivalents		
Balance with banks - In current accounts	0.14	0.35
Cash on hand	0.39	0.39
Total	0.53	0.74
10 REVENUE FROM OPERATION		
Other operating revenue		
Sale of scrap	-	0.25
Total	-	0.25
11 CHANGES IN WORK - IN PROGRESS		
Opening work-in-progress	30.17	26.91
Less : Closing work-in-progress	33.82	30.17
Total	(3.66)	(3.26)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
12 FINANCE COST		
Project specific interest expenses	3.66	3.26
Total	3.66	3.26
13 OTHER EXPENSES		
Filing fees paid to the Registrar of Companies	0.01	0.02
Bank Charges	-	0.01
Professional fees	0.18	-
Payment to auditors		
Audit fees	0.17	0.17
Sundry expenses	0.02	0.01
Total	0.38	0.21

OTHER NOTES:

14. Earnings per equity share:

		31st March, 2012	31st March, 2011
a. Profit attributable to equity shareholders			
Profit for the year	₹ in Lacs	(0.38)	0.03
Add/(Less) :Excess/(Short) Provision for taxation	₹ in Lacs	0.01	(0.01)
	₹ in Lacs	(0.36)	0.04
b. number of equity shares of ₹ 10/- each fully paid	Nos.	14,000	14,000
c. EPS - Basic	₹	(2.59)	0.26
- Diluted	₹	(2.59)	0.26

15. 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 lacs)

Nature of transaction	31st March, 2012				31st March, 2011			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	0.45	-	-	0.45	0.17	-	-	0.17
Interest paid	3.66	-	-	3.66	3.26	-	-	3.26
Outstanding as at year end- Due to	32.95	-	-	32.95	29.22	-	-	29.22

c. Key management personnel:

Not applicable

d. Enterprise significantly influenced by key management personnel

Not applicable

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)	
16. 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
17.	Earnings in foreign exchange	Nil	Nil
18.	Value of imports on C. I. F. basis	Nil	Nil
19.	Expenditure in foreign currency	Nil	Nil
20.	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.		
21.	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.		

Signatures to Notes 1 to 21

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: 25th May, 2012

NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the members of EXCEL ARCADE PRIVATE LIMITED, will be held on Thursday, 9th day of August, 2012 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, 2012 and Statement of Profit and Loss for the year ended on that date, report of the Board of Directors and auditors thereon.
- 2 To appoint Director in place of Shri Virendra Vora, 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: 25th May, 2012

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. 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 Fifth Annual Report with the audited statement of accounts for the year ended 31st March, 2012.

1. Financial Results:

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Gross sales and other receipts	-	0.33
Profit / (Loss): before depreciation and taxation	(0.41)	0.04
Depreciation	-	-
Profit / (Loss) before tax	(0.41)	0.04
Less: Current tax	-	0.01
Less: Deferred tax	-	0.01
Profit / (Loss) for the year	(0.41)	0.02
Balance in profit and loss account	0.42	0.38
(Less)/Add: (Short) /Excess provision for tax	(0.00)	0.02
Closing balance	0.01	0.42

2 Dividend:

On account of loss for the year, 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 Virendra Vora 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 With regard to Auditor's comment at Clause 9 (b) of the annexure to the Audit Report, the Company will take remedial measures to pay the said Tax Deducted at Source and ensure non occurrence of such event in future.

6 Particulars of Employees:

During the year the Company has no employee, therefore, particulars of remuneration paid in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not given.

7 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 Lacs)

	31st March, 2012	31st March, 2011
a) Earnings	Nil	Nil
b) Outgo	Nil	Nil

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

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

- in the preparation of the annual accounts for the year ended 31st March, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;

DIRECTORS' REPORT

- 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 as at 31st March, 2012 and loss of the Company for the year ended on that date;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

9 Acknowledgement:

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

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
(Chairman)

Place: Mumbai

Date: 25th May, 2012

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, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012,
 - (ii) in the case of the Statement of Profit and Loss, 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 Number: 110958W

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th May, 2012

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, 2012 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) 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. 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 ₹ 273.09 Lacs and the year end balance is ₹ 273.09 Lacs.
(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 for purchase of inventory. During the year the Company has not effected any sale of goods or services. During the course of our audit, we have not observed any major weakness in the internal controls.
- 5 In our opinion and according to the information and explanations given to us, 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 paidup capital and reserve as at the commencement of the financial year did not exceed Rupees fifty lakhs and also an average annual turnover for immediately preceding three consecutive years did not exceed Rupees five 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 net worth of the Company as on the last date of immediately preceding financial year did not exceed Rupees five crores and the aggregate value of turnover of the Company during the immediately preceding financial year did not exceed Rupees twenty crores and the Company's equity or debt security is not listed or is not in the process of listing on any stock exchange, the provisions of Companies (Cost Accounting Records) Rules, 2011 notified by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, are not applicable to the Company for the current financial year.
- 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, 2012 for the period of six months from the date they became payable except Tax Deducted at Source of ₹ 0.71 Lacs.

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, 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 incurred cash losses during the financial year covered by our audit. However it had not incurred cash losses in the immediately preceding financial year.
- 11 The Company does not have any dues to a financial institution or bank, accordingly, the clause No. 4 (xi) of the Order is not applicable.
- 12 In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- 14 In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments, accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- 15 In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16 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, during the year the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19 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: 25th May, 2012

BALANCE SHEET AS AT

Particulars	Note No	31st March, 2012 (₹ in Lacs)		31st March, 2011 (₹ in Lacs)	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	1.00		1.00	
(b) Reserves and Surplus	3	0.01	1.01	0.42	1.42
(2) Current Liabilities					
(a) Short-term borrowings	4	273.09		490.03	
(b) Trade payables	5	1.28		0.75	
(c) Other current liabilities	6	3,100.07		3,038.22	
(d) Short-term provisions	7	-	3,374.44	0.01	3,529.01
Total			3,375.45		3,530.43
II. Assets					
(1) Non-current assets					
(a) Non-current investments	8		0.01		0.01
(b) Deferred tax assets (net)	9		0.05		0.05
(2) Current assets					
(a) Inventories	10	3,357.66		2,498.17	
(b) Cash and bank balances	11	0.75		16.70	
(c) Short-term loans and advances	12	16.98	3,375.39	1,015.50	3,530.37
Total			3,375.45		3,530.43
Significant accounting policies and notes on financial statements	1 to 24				

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 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: 25th May, 2012

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON

Particulars	Note No	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Revenue from operations	13	-	0.33
Total Revenue		-	0.33
Expenses:			
Cost of materials consumed	14	273.45	332.23
Changes in inventories of work-in-progress	15	(859.49)	(626.10)
Finance cost	16	586.04	293.87
Other expenses	17	0.41	0.29
Total Expenses		0.41	0.29
Profit before exceptional and extraordinary items and tax		(0.41)	0.04
Profit/(Loss) before tax		(0.41)	0.04
Tax expense:			
Current tax		-	0.01
Deferred tax		-	0.01
		-	0.02
Profit/(Loss) for the year		(0.41)	0.02
Earning per equity share:	18		
Basic		(4.10)	0.42
Diluted		(4.10)	0.42
Significant accounting policies and notes on financial statements	1 to 24		

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 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: 25th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
A Cash flow from operating activities		
Net profit before tax	(0.41)	0.04
Adjustments for:	-	-
Operating profit before working capital changes	(0.41)	0.04
Movements in working capital:		
Decrease / (Increase) in inventory	(859.49)	(626.10)
Decrease / (Increase) in trade receivables	-	1.84
Decrease / (Increase) in other receivables	998.52	(1,013.00)
(Decrease) / Increase in trade and other payables	62.38	2,970.64
Net movement in working capital	201.41	1,333.38
Cash generated from operations	201.00	1,333.42
Less: Direct taxes paid (net of refunds)	0.01	0.35
Net cash from operating activities	200.99	1,333.07
B Cash flows from investing activities		
Purchase of investments	-	(0.01)
Net cash from investing activities	-	(0.01)
C Cash flows from financing activities		
Proceeds from borrowings	(216.94)	(1,317.24)
Net cash used in financing activities	(216.94)	(1,317.24)
Net increase in cash and cash equivalents (A + B + C)	(15.95)	15.82
Cash and cash equivalents at the beginning of the year	16.70	0.88
Cash and cash equivalents at the end of the year	0.75	16.70
Components of cash and cash equivalents as at	31st March, 2012	31st March, 2011
Cash on hand	0.74	0.57
With banks - on current account	0.01	16.13
	0.75	16.70

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 110958W

For and on behalf of the Board of Directors

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917
 Place: Mumbai
 Date: 25th May, 2012

Rakesh Kumar Wadhawan
 (Director)

Sarang Wadhawan
 (Director)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

1 SIGNIFICANT ACCOUNTING POLICIES:

1.01 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.

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

1.03 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.

1.04 During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.05 Inventories:

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

1.06 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.

1.07 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".

1.08 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 AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

1.09 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.

1.10 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 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.

1.11 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".

1.12 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
2 SHARE CAPITAL		
Authorised		
50,000 (Previous year 50,000) Equity shares of ₹10/- each	5.00	5.00
Issued, Subscribed and Paid Up		
10,000 (previous year 10,000) Equity shares of ₹10/- each fully paid up	1.00	1.00
Total	1.00	1.00
Reconciliation of the number of shares outstanding :		
Particulars	31st March, 2012 Number	31st March, 2011 Number
Shares outstanding at the beginning of the year	10,000	10,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	10,000	10,000
Terms / rights attached to shares:		
The Company has only one class of shares i.e. equity shares of ₹ 10 each. Shareholders are entitled to vote in accordance with their shareholding in the company and receive dividend as and when declared by the Company.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.		
Shares in the company held by each shareholder holding more than 5 percent:		
Particulars	31st March, 2012 No. % held	31st March, 2011 No. % held
Housing Development and Infrastructure Limited - holding company	10,000 100%	10,000 100%
Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
3 RESERVE AND SURPLUS		
Surplus in the Statement of Profit and Loss		
Opening Balance	0.42	0.38
Add: Net Profit/(Net Loss) For the current year	(0.41)	0.02
Add/(Less): Excess/(Short) Provision for taxation no longer required	-	0.02
Total	0.01	0.42
4 SHORT TERM BORROWINGS		
Unsecured loan		
From holding company	273.09	490.03
Total	273.09	490.03

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
5 TRADE PAYABLE		
Trade Payable	1.28	0.75
Total	1.28	0.75
Micro, Small and Medium Enterprises:		
(a) As on 31st March, 2012 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.		
6 OTHER CURRENT LIABILITIES		
a) Advances from customers	43.00	-
b) Other payables	3,057.07	3,038.22
Total	3,100.07	3,038.22
7 SHORT TERM PROVISIONS		
Other Provisions:		
Provision for taxation	0.39	0.39
Less: Tax Paid	0.39	0.38
Total	-	0.01
8 NON CURRENT INVESTMENTS		
Non trade investments - Unquoted (valued at cost)		
Punjab and Maharashtra Co - Operative Bank Limited	0.01	0.01
40 (Previous year 40) Equity shares of ₹25/- each fully paid		
Total	0.01	0.01
9 DEFERRED TAX ASSETS (NET)		
Arising on account of timing differences in Assets		
Preliminary expenses written off	0.05	0.05
Total	0.05	0.05
10 INVENTORIES		
Work -in-progress (at cost)	3,357.66	2,498.17
Total	3,357.66	2,498.17
11 CASH AND BANK BALANCES		
Cash and Cash equivalents		
Balance with banks - In current accounts	0.01	16.13
Cash on hand	0.74	0.57
Total	0.75	16.70

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
12 SHORT TERM LOANS & ADVANCES		
Unsecured, considered good		
Others Advances:		
Land purchase /tenancy / claims / development rights	16.98	5.50
Other receivable	-	1,010.00
Total	16.98	1,015.50
In the opinion of the management, the above loans and advances are not less than as stated, if realised in the ordinary course of business.		
12 REVENUE FROM OPERATION		
Other operating revenue		
Sale of scrap	-	0.33
Total	-	0.33
14 COST OF MATERIAL CONSUMED		
Tenancy / claims / FSI / development rights	264.41	-
Construction materials and other expenses	9.04	332.23
Total	273.45	332.23
15 CHANGES IN WORK - IN PROGRESS		
Opening work-in-progress	2,498.17	1,872.07
Less: Closing work-in-progress	3,357.66	2,498.17
Total	(859.49)	(626.10)
16 FINANCE COST		
Project specific interest expenses	584.63	287.74
Other borrowing cost	1.41	6.13
Total	586.04	293.87
17 OTHER EXPENSES		
Filing fees paid to the Registrar of Companies	0.01	0.01
Professional fees	0.12	-
Payment to auditors		
Audit fees	0.28	0.28
Sundry expenses	-	-
Total	0.41	0.29

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS ON

		31st March, 2012	31st March, 2011
18	Earnings per equity share:		
a.	Profit/(Loss) attributable to equity shareholders		
	Profit/(Loss) for the year	₹ in Lacs (0.41)	0.02
	Add/(Less): Excess/(Short) provision for tax	₹ in Lacs -	0.02
		₹ in Lacs (0.41)	0.04
b.	Weighted average number equity shares of ₹10/- each	Nos. 10,000	10,000
c.	EPS		
	- Basic	₹ (4.10)	0.42
	- Diluted	₹ (4.10)	0.42
		31st March, 2012	31st March, 2011
		(₹ in Lacs)	(₹ in Lacs)
19	a	Contingent liabilities not provided for:	Nil
	b	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil
20		Earnings in foreign exchange	Nil
21		Value of imports on C.I.F. basis	Nil
22		Expenditure in foreign currency	Nil
23	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.		
24	Related party disclosure		
a	List of related parties with whom transactions have taken place during the current accounting period and relationship: Housing Development and Infrastructure Limited - Holding Company		
b	Transaction with Related Party (₹ in Lacs)		
	Nature of transaction	31st March, 2012	31st March, 2011
		Holding Company	Associates
		Key Management Personnel	Total
		Holding Company	Associates
		Key Management Personnel	Total
	Loans/advances repaid	296.39	-
	Interest paid	88.28	-
	Outstanding as at year end- Due to	273.09	-
c	Key management personnel Not applicable		
d	Enterprise significantly influenced by key management personnel Not applicable		

Signatures to Notes 1 to 24

As per our report of even date attached
 For **THAR & CO.**
 Chartered Accountants
 Firm Registration Number: 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: 25th May, 2012

NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the members of BKC DEVELOPERS PRIVATE LIMITED, will be held on Thursday, 9th day of August, 2012 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, 2012 and Statement of Profit and Loss 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: 25th May, 2012

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. 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, 2012.

1. Financial Results

(₹ in Lacs)

	31st March, 2012	31st March, 2011
Gross sales and other receipts	-	0.39
Profit before depreciation and taxation	(0.47)	0.03
Depreciation	-	-
Profit/(Loss) before tax	(0.47)	0.03
Less: Current tax	-	0.01
Profit/(Loss) for the year	(0.47)	0.02
Balance in Profit and Loss account	(57.98)	(58.01)
Add: Excess provision for tax of earlier years	0.00	0.01
Closing Balance	(58.45)	(57.98)

2. Dividend

On account of loss for the year, your Directors do not recommend payment of any dividend on the equity shares for the year.

3. Appointment of Directors

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

4. Appointment of Auditors

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

5. (a) With regard to Auditor's comment at Clause 9 (b) of the annexure to the Audit Report, the Company will take remedial measures to pay the said Tax Deducted at Source and ensure non occurrence of such event in future.
- (b) With regard to Auditor's comment at Clause 10 of the annexure to the Audit Report with respect to accumulated losses exceeding fifty percent of the net worth of the Company, the management believes that, Company follows the project completion method of accounting with respect to the development projects and therefore the ongoing projects when completed will result into adequate profits.
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 Lacs)

	31st March, 2012	31st March, 2011
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 for the year ended 31st March, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;

DIRECTORS' REPORT

- 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 as at 31st March, 2012 and loss of the Company for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis.

8. Acknowledgement:

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

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

(Chairman)

Place: Mumbai

Date: 25th May, 2012

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, 2012, the Statement of Profit and Loss 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 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 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, 2012,
 - (ii) in the case of the Statement of Profit and Loss, 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 Thar

(Proprietor)

Membership No.: 032917

Place: Mumbai

Date: 25th May, 2012

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, 2012 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 ₹ 5,189.91 lacs and the year end balance is ₹ 5,189.91 lacs .
(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. As the Company has not purchased any inventory or fixed assets or has not effected any sale, we do not have to offer comment on adequacy or otherwise of internal control procedures with respect to the purchases thereof or sale of goods or services.
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 paidup capital and reserves as at the commencement of the financial year did not exceed Rupees fifty lakhs and also an average annual turnover for immediately preceding three consecutive financial years did not exceed Rupees five 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.

ANNEXURE TO THE AUDITORS' REPORT

8. The net worth of the Company as on the last date of immediately preceding financial year did not exceed Rupees five crores and the aggregate value of turnover of the Company during the immediately preceding financial year did not exceed Rupees twenty crores and the Company's equity or debt security is not listed or is not in the process of listing on any stock exchange, the provisions of Companies (Cost Accounting Records) Rules, 2011 notified by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, are not applicable to the Company for the current financial year.
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, 2012 for a period of more than six months from the date they became payable except TDS payable on interest of ₹ 42.16 lacs.
 - (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. Accumulated losses of the Company have exceeded fifty percent of its net worth at the end of financial year and it has incurred cash losses during the financial year covered by the audit however it had not incurred cash losses in the immediately preceding financial year.
11. The Company does not have any dues to a financial institution or bank, accordingly, the Clause No. 4 (xi) of the Order is not applicable.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. 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, during the year the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. 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.

BKC DEVELOPERS PRIVATE LIMITED

ANNEXURE TO THE AUDITORS' REPORT

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 Thar
(Proprietor)
Membership No.: 032917

Place: Mumbai
Date: 25th May, 2012

BALANCE SHEET AS AT

Particulars	Note No	31st March, 2012 (₹ in Lacs)		31st March, 2011 (₹ in Lacs)	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	1.00		1.00	
(b) Reserves and Surplus	3	(58.45)	(57.45)	(57.98)	(56.98)
(2) Current Liabilities					
(a) Short-term borrowings	4	5,189.91		4,662.83	
(b) Trade payables	5	0.28		0.28	
(c) Other current liabilities	6	93.47		32.51	
(d) Short-term provisions	7	-	5,283.66	0.01	4,695.63
Total			5,226.21		4,638.65
II. ASSETS					
(1) Non-current assets					
Deferred tax assets (Net)	8		0.07		0.07
Long-term loans and advances	9		2,914.32		2,914.32
(2) Current assets					
(a) Inventories	10	2,176.26		1,588.29	
(b) Cash and bank balances	11	1.22		1.63	
(c) Short-term loans and advances	12	134.34	2,311.82	134.34	1,724.26
Total			5,226.21		4,638.65
Significant accounting policies and notes on financial statements	1 to 23				

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

Jayesh Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th May, 2012

Rakesh Kumar Wadhawan

(Director)

Sarang Wadhawan

(Director)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Particulars	Note No	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Revenue from operations	13	-	0.39
Total Revenue		-	0.39
EXPENSES:			
Changes in inventories of work-in-progress	14	(587.98)	(519.34)
Finance cost	15	587.98	519.34
Other expenses	16	0.47	0.36
Total Expenses		0.47	0.36
Profit/(Loss) before tax		(0.47)	0.03
Tax expense:			
Current tax:			
Provision for tax		-	0.01
Profit/(Loss) for the year		(0.47)	0.02
Earning per equity share:	17		
Basic		(4.70)	0.31
Diluted		(4.70)	0.31
Significant accounting policies and notes on financial statements	1 to 23		

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

Jayesh Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th May, 2012

Rakesh Kumar Wadhawan

(Director)

Sarang Wadhawan

(Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
A. Cash flow from operating activities		
Net profit before tax	(0.47)	0.03
Adjustments for:	-	-
Operating profit before working capital changes	(0.47)	0.03
Movements in working capital:		
Decrease/(Increase) in trade receivables	-	5.06
Decrease/(Increase) in Work-in-progress	(587.98)	(519.34)
Decrease/(Increase) in short term loans and advances	-	6.00
(Decrease)/Increase in trade payables and other current liabilities	60.96	(4.79)
Net movement in working capital	(527.02)	(513.07)
Cash used in operations	(527.49)	(513.04)
Less: Direct taxes paid (net of refunds)	0.01	1.53
Net cash used in operating activities	(527.50)	(514.57)
B. Cash flows from investing activities		
Net cash used in investing activities	-	-
C. Cash flows from financing activities		
(1) Proceeds from borrowings	527.09	515.34
Net cash from financing activities	527.09	515.34
Net increase in cash and cash equivalents (A + B + C)	(0.41)	0.77
Cash and cash equivalents at the beginning of the year	1.63	0.86
Cash and cash equivalents at the end of the year	1.22	1.63
Cash and cash equivalents as at	31st March, 2012	31st March, 2011
Cash on hand	0.07	0.07
With banks - on current account	1.15	1.56
	<u>1.22</u>	<u>1.63</u>

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

Jayesh Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th May, 2012

Rakesh Kumar Wadhawan

(Director)

Sarang Wadhawan

(Director)

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Significant accounting policies and notes on financial statements for the year ended 31st March, 2012

1. SIGNIFICANT ACCOUNTING POLICIES:

1.01 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) During the year ended March 31st, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.02 Inventories:

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

1.03 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.

1.04 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.

1.05 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".

1.06 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

1.07 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.

1.08 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".

1.09 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.

1.10 Provisions, contingent liabilities and contingent assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
2. SHARE CAPITAL		
Authorised		
1,00,000 (Previous year 1,00,000) Equity shares of ₹ 10/- each	10.00	10.00
Issued, Subscribed and Paid-Up		
10,000 (Previous year 10,000) Equity shares of ₹ 10/- each fully paid	1.00	1.00
Total	1.00	1.00
Reconciliation of the number of shares outstanding:		
Shares outstanding at the beginning of the year	(Number) 10000	10000
Shares Issued during the year	(Number) -	-
Shares bought back during the year	(Number) -	-
Shares outstanding at the end of the year	10,000	10,000
Terms/rights attached to shares:		
The Company has only one class of shares i.e. equity shares of ₹ 10 each. Shareholders are entitled to vote in accordance with their shareholding in the Company and receive dividend as and when declared by the Company.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.		
Shares in the Company held by each shareholder holding more than 5 percent:		
Particulars	31st March, 2012 No. % held	31st March, 2011 No. % held
Housing Development and Infrastructure Limited - holding company	8500 85%	8500 85%
Sapplire Land Development Pvt. Ltd.	1500 15%	1500 15%
3. RESERVE AND SURPLUS		
Surplus in the statement of Profit and Loss		
Opening Balance	(57.98)	(58.01)
Add: Net Profit/(Net Loss) For the current year	(0.47)	0.02
Add/(Less): Excess/(Short) Provision for taxation no longer required	0.00	0.01
Total	(58.45)	(57.98)
4. SHORT-TERM BORROWINGS		
Unsecured loan		
From holding company	5,189.91	4,662.83
Total	5,189.91	4,662.83
5. TRADE PAYABLE		
Trade Payable	0.28	0.28
Total	0.28	0.28
Micro, Small and Medium Enterprises:		
(a) As on 31st March, 2012 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.		

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
6. OTHER CURRENT LIABILITIES		
a) Advances from customers	3.04	3.04
b) Statutory dues payable	90.43	29.47
Total	93.47	32.51
7. SHORT-TERM PROVISIONS		
Other Provisions:		
Provision for taxation	1.64	1.64
Less: Tax Paid	1.64	1.63
	-	0.01
Total	-	0.01
8. DEFERRED TAX ASSETS (NET)		
Arising on account of timing differences in Assets		
Preliminary expenses written off	0.07	0.07
Total	0.07	0.07
9. LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Other loans and advances	2,914.32	2,914.32
Total	2,914.32	2,914.32
10. INVENTORIES		
Work-in-progress (at cost)	2,176.26	1,588.29
Total	2,176.26	1,588.29
11. CASH AND BANK BALANCES		
Cash and Cash equivalents		
Balance with banks - In current accounts	1.15	1.56
Cash on hand	0.07	0.07
Total	1.22	1.63
12. SHORT-TERM LOANS AND ADVANCES		
Income tax paid (TDS)	21.30	21.30
Income tax refund receivable	113.04	113.04
Total	134.34	134.34
<p>In the opinion of the management, the above loans and advances are not less than as stated, if realised in the ordinary course of business.</p>		

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
13. REVENUE FROM OPERATION		
Other operating revenue		
Sale of scrap	-	0.39
Total	-	0.39
14. CHANGES IN WORK-IN-PROGRESS		
Opening work-in-progress	1,588.28	1,068.94
Less: Closing work-in-progress	2,176.26	1,588.28
Total	(587.98)	(519.34)
15. FINANCE COST		
Project specific interest expenses	587.98	519.34
Total	587.98	519.34
16. OTHER EXPENSES		
Filing fees paid to the Registrar of Companies	0.01	0.03
Printing and stationery	-	0.01
Bank Charges	0.00	0.01
Professional fees	0.18	-
Payment to Auditors		
Audit fees	0.28	0.28
Sundry expenses	0.00	0.03
Total	0.47	0.36
17. Earnings per equity share		
a) Profit or loss attributable to equity shareholders		
Profit after tax	₹ in Lacs (0.47)	0.02
Add: Excess provision for tax of earlier years	₹ in Lacs (-)	0.01
	₹ in Lacs (0.47)	0.04
b) Weighted average number equity shares of ₹ 10/- each	Nos. 10,000	10,000
c) EPS (in ₹)		
- Basic	₹ (4.70)	0.36
- Diluted	₹ (4.70)	0.36
18. 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
19. Earnings in foreign exchange	Nil	Nil
20. Value of imports on C.I.F. basis	Nil	Nil
21. Expenditure in foreign currency	Nil	Nil
22. 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 FORMING PART OF FINANCIAL STATEMENTS AS ON

23. 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

b) Transactions with related parties (₹ in Lacs)

Nature of transaction	31st March, 2012				31st March, 2011			
	Holding Company	Associates	Key Management Personnel	Total	Holding Company	Associates	Key Management Personnel	Total
Loans/advances received	1.74	-	-	1.74	48.54	-	-	48.54
Interest paid	583.72	-	-	583.72	518.66	-	-	518.66
Outstanding as at year end- Due to	5,189.91			5,189.91	4,662.83			4,662.83

c) Key management personnel

Not applicable

d) Enterprise significantly influenced by key management personnel

Not applicable

Signatures to Notes 1 to 23

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

Jayesh Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 25th May, 2012

Rakesh Kumar Wadhawan

(Director)

Sarang Wadhawan

(Director)

NOTICE

Notice is hereby given that the 1st Annual General Meeting of the members of HC Infracity Private Limited, will be held on Thursday, 31st day of May, 2012 at 11.00 a.m. at the Registered office of the Company at A-20, Kailash Colony, New Delhi - 110048, to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the Period ended 31st March, 2012 and the Balance Sheet as at that date together with reports of the Board of Directors and Auditors thereon.
2. To appoint auditors to hold office for the conclusion this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

3. REGULARISATION/APPOINTMENT OF MR. RAKESH KUMAR KULDIPSINGH WADHAWAN:

To Consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution: "RESOLVED THAT Mr. Rakesh Kumar Kuldipsingh Wadhawan was appointed as First Director on the Board of the Company be and is hereby appointed as Director of the Company."

4. REGULARISATION/APPOINTMENT OF MR. SARANG RAKESH WADHAWAN:

To Consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution: "RESOLVED THAT Mr. Sarang Rakesh Wadhawan was appointed as First Director on the Board of the Company be and is hereby appointed as Director of the Company."

5. REGULARISATION/APPOINTMENT OF MR. PAWAN MEHRA:

To Consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution: "RESOLVED THAT Mr. Pawan Mehra was appointed as First Director on the Board of the Company be and is hereby appointed as Director of the Company."

6. REGULARISATION/APPOINTMENT OF MR. GAUTAM MEHRA:

To Consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution: "RESOLVED THAT Mr. Gautam Mehra was appointed as First Director on the Board of the Company be and is hereby appointed as Director of the Company."

7. REGULARISATION/APPOINTMENT OF MR. ROMY PAWAN MEHRA:

To Consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution: "RESOLVED THAT Mr. Romy Pawan Mehra was appointed as First Director on the Board of the Company be and is hereby appointed as Director of the Company."

By order of the Board
For **HC Infracity Private Limited**

Place: Delhi
Date: 7th May, 2012

(Romy Pawan Mehra)
Director

NOTES:

1. MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE VALID MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The members are requested to intimate to the Company about the change in their address immediately.
3. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company during office hours on all working days between 11.00 a.m. to 4.30 p.m. upto the date of the Annual General Meeting of the Company.
4. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Items 3 to 7 is annexed herewith.

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

ITEM NO. 3:

Mr. Rakesh Kumar Kuldipsingh Wadhawan was appointed as First Director of the Company as per Article of Association of the Company. According to the provision of Section 255 of the Companies Act, 1956 he holds the office as Director only upto the date of the Annual General Meeting. Therefore he is appointed as director from the ensuing Annual General Meeting.

The Board considers it desirable that the Company should continue to avail itself of his services and hence recommends the resolution for approval of the shareholders.

None of the Director is interested in this resolution except as a member of the Company.

ITEM NO. 4:

Mr. Sarang Rakesh Wadhawan was appointed as First Director of the Company as per Article of Association of the Company. According to the provision of Section 255 of the Companies Act, 1956 he holds the office as Director only upto the date of the Annual General Meeting. Therefore he is appointed as director from the ensuing Annual General Meeting.

The Board considers it desirable that the Company should continue to avail itself of his services and hence recommends the resolution for approval of the shareholders.

None of the Director is interested in this resolution except as a member of the Company.

ITEM NO. 5:

Mr. Pawan Mehra was appointed as First Director of the Company as per Article of Association of the Company. According to the provision of Section 255 of the Companies Act, 1956 he holds the office as Director only upto the date of the Annual General Meeting. Therefore he is appointed as director from the ensuing Annual General Meeting.

The Board considers it desirable that the Company should continue to avail itself of his services and hence recommends the resolution for approval of the shareholders.

None of the Director is interested in this resolution except as a member of the Company.

ITEM NO. 6:

Mr. Gautam Mehra was appointed as First Director of the Company as per Article of Association of the Company. According to the provision of Section 255 of the Companies Act, 1956 he holds the office as Director only upto the date of the Annual General Meeting. Therefore he is appointed as director from the ensuing Annual General Meeting.

The Board considers it desirable that the Company should continue to avail itself of his services and hence recommends the resolution for approval of the shareholders.

None of the Director is interested in this resolution except as a member of the Company.

ITEM NO. 7:

Mr. Romy Pawan Mehra was appointed as First Director of the Company as per Article of Association of the Company. According to the provision of Section 255 of the Companies Act, 1956 he holds the office as Director only upto the date of the Annual General Meeting. Therefore he is appointed as director from the ensuing Annual General Meeting.

The Board considers it desirable that the Company should continue to avail itself of his services and hence recommends the resolution for approval of the shareholders.

None of the Director is interested in this resolution except as a member of the Company.

By order of the Board
For **HC Infracity Private Limited**

(Romy Pawan Mehra)
Director

Place: Delhi
Date: 7th May, 2012

DIRECTORS' REPORT

Dear Members,

Your Directors of your Company present herewith First Annual Report together with the Audited Accounts for period from 30th November, 2011 to 31st March, 2012.

FINANCIAL RESULTS:

The Company was incorporated on 30th November, 2011. The Company has incurred pre-operative expenses of ₹ 12,400 during the period under review. However, the Directors are exploring various business opportunities. The result of which will be known in the coming financial years. Your Directors believe that the future of the Company is bright.

DIVIDEND:

During the period under review, your Directors do not recommend any dividend for the financial year ended on 31st March, 2012.

SHARE CAPITAL:

During the period under review, the Company has increased its Authorised Capital from ₹ 1,00,000 to ₹ 10,00,00,000. However, there is no change in the paid-up Share Capital of the Company.

FIXED DEPOSITS:

During the period under review, the Company has neither invited nor accepted any deposits from the public in terms of Section 58A of the Companies Act, 1956 and rules made thereunder. Moreover, there is no unclaimed or unpaid deposit lying with the Company.

DIRECTORS:

Mr. Rakesh Kumar Kuldipsingh Wadhawan, Mr. Sarang Rakesh Wadhawan, Mr. Pawan Mehra, Mr. Gautam Mehra, Mr. Romy Pawan Mehra were First Directors of the Company. Since then there was no change in the constitution of the Board of Directors of the Company.

DIRECTORS RESPONSIBILITY STATEMENT:

The Directors confirm that in preparation of the Annual Accounts of the Company for year ended 31st March, 2012:

- a) the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) 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 loss of the Company for the year ended on that date;
- c) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the accounts have been prepared on a going concern basis.

AUDITORS AND AUDITORS REPORT:

Auditors BSSG & Co., Chartered Accountants, New Delhi, have offered themselves for re-appointment as Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and your Board has decided to re-appoint M/s. BSSG & Co. as Auditor of the Company. They have furnished a Certificate that appointment, if made, will be in accordance with Section 224(1B) of the Companies Act, 1956.

The notes on accounts referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

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

(i) Conservation of Energy and Technology Absorption:	N.A.
(ii) Foreign Exchange Earnings and Outgo:	NIL
Foreign Exchange Earnings	NIL
Foreign Exchange Outgo	NIL

DIRECTORS' REPORT

PERSONNEL:

The Company has no employee in respect of whom Statement is required to be annexed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended to date.

ACKNOWLEDGEMENTS:

The Directors wish to place on records their thanks and gratitude to bankers, Members of the Company and to the customers for their valued patronage.

Your Directors also express their sincere appreciation of the continued devotion and dedicated efforts put in by employees at all levels.

By order of the Board
For **HC Infracity Private Limited**

Place: Delhi
Date: 7th May, 2012

(Romy Pawan Mehra)
Director

AUDITORS' REPORT

To,
The Members of HC Infracity Private Limited

1. We have audited the attached Balance Sheet of HC Infracity Private Limited, as at 31st March, 2012, the Statement of Pre-operative Expenses for the period ended on that date. 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 per Clause 2(iv) of the Companies (Auditor's Report) Order 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, the matters specified in paragraph 4 & 5 of the said order, are not applicable to the Company.
4. Further to our comments referred 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 and the Statement of Pre-operative Expenses dealt with by this report are in agreement with the books of account.
 - (d) in our opinion, the Balance Sheet and the Statement of Pre-operative Expenses 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) according to the information and explanations given to us on the basis of written representations received from directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274 (1) (g) 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 annexed 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, 2012;
and
 - (ii) in the case of the Statement of Pre-operative Expenses, of the Pre-operative Expenses for the period ended on that date.

For **BSSG & Company**
Chartered Accountants
Registration No. 009839N

Dr. Sanjay Goyal, FCA
Partner
Membership No. 088670

Place: New Delhi
Date: 7th May, 2012

BALANCE SHEET AS AT

Particulars	Note No.	31st March, 2012 (₹ in Lacs)
I. EQUITY AND LIABILITIES		
1. Shareholders Fund		
(a) Share Capital	A	100,000.00
(b) Reserves and Surplus		-
(c) Money Received against Share Warrants		-
2. Share application money pending allotment	B	99,900,000.00
3. Non-Current Liabilities		
(a) Long-Term Borrowings		-
(b) Deferred Tax Liabilities (Net)		-
(c) Other Long-term Liabilities		-
(d) Long-Term Provisions		-
4. Current Liabilities		
(a) Short-Term Borrowings	C	495,012,650.00
(b) Trade Payables		-
(c) Other Current Liabilities	D	11,850.00
(d) Short-Term Provisions		-
Total		595,024,500.00
II. ASSETS		
1. Non-Current Assets		
(a) Fixed Assets		
(i) Tangible Assets		
Land		594,772,650.00
(ii) Intangible Assets		-
(iii) Capital Work-in-Progress		-
(iv) Intangible Assets under Development		-
(b) Non-Current Investments		-
(c) Deferred Tax Assets (Net)		-
(d) Long Term Loans and Advances		-
(e) Other Non-Current Assets		-
2. Current Assets		
(a) Current Investments		-
(b) Inventories		-
(c) Trade Receivables		-
(d) Cash and Cash Equivalents	E	209,450.00
(e) Short-Term Loans and Advances		-
(f) Other Current Assets:		
Preliminary Expenses		30,000.00
Pre-operative Expenses		12,400.00
Total		595,024,500.00
Notes to Accounts	F	

As per our Audit Report of even date
 For **BSSG & Company**
 Chartered Accountants
 FRN: 009839 N

For **HC Infracity Private Limited**

Dr. Sanjay Goyal, FCA
 Partner
 Membership No. 088670
 Place: New Delhi
 Dated: 3rd May, 2012

(Mr. Rakesh Kumar Wadhawan)
 Director

(Mrs. Romy Mehra)
 Director

NOTES "A" TO "F" FORMING INTEGRAL PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012

Particulars	31st March, 2012 (₹ in Lacs)
NOTE "A"	
SHARE CAPITAL:	
Authorized	
10,000 Equity Shares of ₹ 10 each	100,000.00
Issued, Subscribed and Paid up Capital:	
(10,000 Equity Shares of ₹ 10 each fully paid up)	Total 100,000.00
NOTE "B"	
Share Application Money pending for allotment	Total 99,900,000.00
NOTE "C"	
SHORT-TERM BORROWINGS:	
M/s. Housing Development and Infrastructure Limited	354,762,850.00
M/s. PRG Projects Pvt. Ltd.	45,025,000.00
Mrs. Romy Mehra, Director	95,224,800.00
	Total 495,012,650.00
NOTE "D"	
OTHER CURRENT LIABILITIES:	
Audit Fee Payable	10,000.00
Director's Current Account	1,850.00
	Total 11,850.00
NOTE "E"	
CASH AND CASH EQUIVALENTS:	
Cheques in Hand	100,000.00
Balance with Bank (Current A/c.)	109,450.00
	Total 209,450.00

Statement of Pre-operative Expenses

Sl. No.	Particulars	Amount (₹)
1.	Office Expenses	1,850.00
2.	Audit Fees	10,000.00
3.	Bank Charges	550.00
	Total	12,400.00

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

(a) System of Accounting:

The Company adopts the accrual concept in the pre-paration of the accounts.

(b) Amortisation of Pre-operative Expenses:

Pre-operative Expenses are amortised over a period of three years, from the year of commencement of commercial operations.

(c) Amortisation of Preliminary Expenses:

Preliminary Expenses are amortised over a period of three years, from the year of commencement of commercial operations

(d) Fixed Assets:

The Company has land as Fixed Asset, hence no depreciation has been provided.

(e) Being the first year, hence no previous year figures are provided.

2. CONTINGENT LIABLILITIES NOT PROVIDED FOR: NIL

3. LICENSED AND INSTALLED CAPACITIES:

As the Company is a service Company, hence the provisions of License and Installed Capacities are not applicable.

4. (a) The Company has not carried out any manufacturing activity during the year and therefore quantity details of the turnover and actual production are not given.
- (b) Other information required to be given under Part II of the Schedule VI of the Companies Act, 1956 to the extent not applicable is not given.

	2011-12
1. Value of imports on C.I.F. basis	NIL
2. Expenditure in foreign currency	NIL
3. Earning in foreign currency	NIL
4. Remuneration to Auditors: Audit Fees payable	₹ 10,000.00
5. Payments to Directors	NIL
6. Estimated amount of unexecuted Contracts in Capital Account	NIL

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, 2012 and the Consolidated Statement of Profit and Loss 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 the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the certain subsidiaries whose financial statements reflect total assets of ₹ 34,302.19 lacs as at 31st March, 2012, the total revenues (including other income) of ₹ 33.19 lacs, total expenditure of ₹ 42.14 lacs and net cash inflow amounting to ₹ (98.86) lacs for the year ended. These financial statements and other financial information have been audited by other auditors whose reports have 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) Rules, 2006.
5. Based on our audit as aforesaid, and on consideration of reports of other auditors on separate financial statements and on the other financial information of the 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 read together with significant accounting policies and notes thereon 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, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group 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: 30th May, 2012

CONSOLIDATED BALANCE SHEET AS AT

Particulars	Note No.	31st March, 2012 (₹ in Lacs)		31st March, 2011 (₹ in Lacs)	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	41,900.40		41,500.40	
(b) Reserves and Surplus	3	989,066.84		881,283.26	
(c) Money received against share warrants	4	-	1,030,967.24	25,920.00	948,703.66
(2) Share application money pending allotment			249.75		-
(3) Non-Current Liabilities					
(a) Long-term borrowings	5	137,313.18		163,798.74	
(b) Deferred tax liabilities (Net)	6	1,413.57		720.25	
(c) Long-term provisions	7	217.99	138,944.74	199.79	164,718.78
(4) Current Liabilities					
(a) Short-term borrowings	8	136,979.02		135,408.99	
(b) Trade payables	9	58,136.20		46,709.64	
(c) Other current liabilities	10	342,370.92		305,393.70	
(d) Short-term provisions	11	18,042.15	555,528.29	13,614.07	501,126.40
Minority Interest			460.74		462.78
Total			<u>1,726,150.76</u>		<u>1,615,011.62</u>
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets	12				
(i) Tangible assets		22,425.74		22,668.24	
(ii) Intangible assets		468.58		82.67	
(iii) Capital work-in-progress		686.25	23,580.57	9,138.39	31,889.30
(b) Goodwill on consolidation	13		14,628.61		22,025.67
(c) Non-current investments	14		5,204.59		5,200.60
(d) Deferred tax assets (net)	15		7.63		35.14
(e) Long-term loans and advances	16		3,253.11		3,175.31
(f) Other non-current assets	17		536.47		0.59
(2) Current assets					
(a) Current investments	18	600.00		-	
(b) Inventories	19	1,167,170.95		1,141,524.21	
(c) Trade receivables	20	86,858.29		36,109.68	
(d) Cash and bank balance	21	22,678.91		22,969.16	
(e) Short-term loans and advances	22	401,243.09		351,791.60	
(f) Other current assets	23	388.54	1,678,939.78	290.36	1,552,685.01
Total			<u>1,726,150.76</u>		<u>1,615,011.62</u>
Significant Accounting Policies and Notes on accounts	1 to 36				

As per our report of even date attached

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

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

K. P. Devassy
 Chief Financial Officer

Darshan D. Majmudar
 Vice President - Company
 Secretary & Legal

 Place: Mumbai
 Date: 30th May, 2012

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For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Executive Chairman

Sarang Wadhawan
 Vice Chairman &
 Managing Director

Ashok Kumar Gupta
 Director

Raj Kumar Aggarwal
 Director

Shyam Sunder Dawra
 Director

Ramesh Chander Kapoor
 Director

Lalit Mohan Mehta
 Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Particulars	Note No	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
Revenue:			
Revenue from operations	26	200,640.79	186,547.01
Other Income	27	5,125.07	3,112.51
Total Revenue		205,765.86	189,659.52
Expenses:			
Cost of construction, land and development expenses	28	76,432.74	284,304.50
Changes in inventories of finished goods, stock-in-trade and work in progress	29	(38,107.76)	(265,027.51)
Employee benefits expense	30	4,096.14	4,639.17
Finance costs	31	62,494.09	62,426.21
Depreciation and amortisation expense	12	8,582.59	8,375.64
Other expenses	32	7,631.49	8,735.99
Transfer (to)/from Investment/Fixed assets		-	(12,386.12)
Share of loss from partnership firm		-	3.04
Total Expenses		121,129.29	91,070.92
Profit before exceptional items and tax		84,636.57	98,588.60
Exceptional Items		782.34	449.57
Profit before tax		83,854.23	98,139.03
Tax expense:	33		
Current tax		2,212.33	15,727.53
Deferred tax		691.97	177.09
		2,904.30	15,904.62
Profit after tax		80,949.93	82,234.41
Less: Minority Interest		(2.53)	56.69
Add: Share of profit/(loss) of Associates		29.00	(2.06)
		(31.53)	58.75
Profit for the year		80,981.46	82,175.66
Earnings per equity share:			
(1) Basic		19.14	21.04
(2) Diluted		18.90	20.67
Significant Accounting Policies and Notes on accounts	1 to 36		

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: 30th May, 2012

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Executive Chairman

Ashok Kumar Gupta
Director

Shyam Sunder Dawra
Director

Lalit Mohan Mehta
Director

Sarang Wadhawan
Vice Chairman &
Managing Director

Raj Kumar Aggarwal
Director

Ramesh Chander Kapoor
Director

K. P. Devassy
Chief Financial Officer

Darshan D. Majmudar
Vice President - Company
Secretary & Legal

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
A. Cash flow from operating activities		
Net profit before tax	83,854.23	98,139.03
Adjustments for:		
(1) Depreciation and amortisation expense	8,582.59	8,375.64
(2) Interest expenses	62,494.09	62,426.21
(3) Profit on sale of investments	-	(253.20)
(4) Profit on sale of fixed assets	(1,120.44)	-
(5) Interest received	(3,221.85)	(2,564.60)
(6) Dividend received	(14.72)	(7.50)
(7) Loss by fire	-	449.57
(8) Preliminary/pre-operative expenses written off	44.15	-
(9) Loss on sale of fixed assets	-	3.29
Operating profit before working capital changes	150,618.05	166,568.44
Movements in working capital:		
Decrease/(Increase) in inventory	(17,276.43)	(202,945.00)
Decrease/(Increase) in trade receivable	(50,748.61)	(14,213.07)
Decrease/(Increase) in other receivables	(50,162.69)	(193,078.56)
(Decrease)/Increase in trade and other payables	45,849.09	107,520.19
Net movement in working capital	(72,338.64)	(302,716.44)
Cash generated from operations	78,279.41	(136,148.00)
Less: Direct taxes paid (net of refunds)	(3,171.43)	5,042.24
Net cash from operating activities	81,450.84	(141,190.24)
B. Cash flows from investing activities		
(1) (Increase)/Decrease in capital work-in-progress	(1,111.82)	(9,422.29)
(2) (Increase)/Decrease in investments (net)	(575.00)	(19,107.63)
(3) Interest received	3,221.85	2,564.60
(4) Dividend received	14.72	7.50
(5) Purchase of fixed assets	(238.84)	(2,797.00)
(6) Profit on sale of units of mutual funds	-	253.20
(7) Sale of fixed assets	1,247.24	3.23
Net cash from investing activities	2,558.15	(28,498.39)
C. Cash flows from financing activities		
(1) Proceeds from borrowings	73,044.61	99,504.77
(2) Repayment of borrowings	(95,387.88)	(85,137.03)
(3) Proceeds from share warrants	299.97	49,320.00
(4) Increase in share capital including share premium	-	115,750.00
(5) Share application money pending allotment	249.75	-
(6) Share issue expenses	(7.90)	(2,819.01)
(7) Interest paid	(62,494.09)	(62,426.21)
Net cash used in financing activities	(84,295.54)	114,192.52
Net increase in cash and cash equivalents (A + B + C)	(286.55)	(55,496.11)
Cash and cash equivalents at the beginning of the year	22,969.16	78,465.27
Less: Delink of subsidiary	3.70	-
Cash and cash equivalents at the end of the year	22,678.91	22,969.16
Components of cash and cash equivalents as at	31st March, 2012	31st March, 2011
Cash on hand	3,155.50	131.93
With banks - on current account	563.61	2,979.66
- on deposit account	18,959.80	19,857.57
Total	22,678.91	22,969.16

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: 30th May, 2012

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
 Executive Chairman

Ashok Kumar Gupta
 Director

Shyam Sunder Dawra
 Director

Lalit Mohan Mehta
 Director

Sarang Wadhawan
 Vice Chairman &
 Managing Director

Raj Kumar Aggarwal
 Director

Ramesh Chander Kapoor
 Director

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2012:

A. Basis of Preparation

- a) The accompanying consolidated financial statements include the accounts of Housing Development and Infrastructure Limited 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%
Guruashish Construction Private Limited	100%
Ravijyot Finance & Leasing Private Limited	60%
BKC Developers Private Limited	85%
HC Infracity Private Limited	75%
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 to reflect the financial position and the results of operations of the Group. 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 of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities, the disclosures relating to the contingent liabilities as 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.

B. 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 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 being the profit or loss on disposal of investment in subsidiary.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

- (e) Minority interest's share of net profits of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company. 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 Statement of Profit and Loss to the extent such change is attributable to the associates Statement of Profit and Loss 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. 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.

C. 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.

D. 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 Statement of Profit and Loss.

E. Other Significant accounting Policies

These are set out under Note No. 1 of "Statement of Significant Accounting Policies and Notes on Accounts" as given in the Company's separate financial statements.

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
2. SHARE CAPITAL		
Authorised		
50,00,00,000 (Previous year 50,00,00,000) Equity Share of ₹ 10/- each	50,000.00	50,000.00
Issued, Subscribed and Paid-up		
41,90,03,986 (Previous year 41,50,03,986) Equity Shares of ₹ 10/- each fully paid-up	41,900.40	41,500.40
Total	41,900.40	41,500.40
Reconciliation of the number of shares outstanding:		
Shares outstanding at the beginning of the year (Number)	415,003,986	358,842,676
Shares Issued during the year (Number)	4,000,000	56,161,310
Shares outstanding at the end of the year (Number)	419,003,986	415,003,986
Shares in the Company held by each shareholder holding more than 5 percent:		
Rakesh Kumar Wadhawan (Number)	7,60,47,661	7,60,47,661
%	18.15%	18.32%
Platinum Investment Management Limited (Number)	2,42,95,900	-
%	5.80%	-

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
3. RESERVE AND SURPLUS		
Securities Premium Account		
Opening Balance	480,535.59	342,081.58
Add: Securities premium credited on Share issue	10,600.00	141,333.87
Less: Share issue expenses written off	(7.90)	2,879.87
Closing Balance	491,143.49	480,535.58
Debenture Redemption Reserve		
Opening Balance	41,680.00	27,166.00
Add: Transferred from Statement of Profit and Loss	133,250.00	43,334.00
Less: Transferred to General Reserve	19,010.00	28,820.00
Closing Balance	155,920.00	41,680.00
Capital Reserve		
Opening Balance	6.00	6.00
Closing Balance	6.00	6.00
Capital Redemption Reserve		
Opening Balance	62.07	62.07
Closing Balance	62.07	62.07
Share Warrants Forfeiture Account		
Opening Balance	-	-
Add : Share warrants forfeited during the year	15,219.96	-
Closing Balance	15,219.96	-
General Reserve		
Opening Balance	328,109.88	240,997.47
Add: Transferred from Statement of Profit and Loss	-	58,292.41
Add: Transferred from Debenture Redemption Reserve	19,010.00	28,820.00
Closing Balance	347,119.88	328,109.88
Surplus in the Statement of Profit and Loss		
Opening Balance	30,889.73	50,289.29
Add/(Less): Excess/(Short) Provision for taxation no longer required	(23.28)	95.43
Add: Net Profit for the current year	80,981.46	82,175.66
Add: MAT credit entitlement	978.96	-
Less: Preacquisition profit	-	294.23
Less: Loss of minority adjusted against majority interest	0.22	-
Adjustments for subsidiaries added/delinked	18.79	249.99
Less: Transferred to General Reserve	-	58,292.41
Less: Transferred to Debenture Redemption Reserve	133,250.00	43,334.00
Closing Balance	(20,404.56)	30,889.73
Total	989,066.84	881,283.26
4. MONEY RECEIVED AGAINST SHARE WARRANTS		
Share warrants	-	25,920.00
Total	-	25,920.00

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
5. LONG-TERM BORROWINGS		
Secured Long-Term Borrowings:		
19,442 (Previous year 20,418) Redeemable Non Convertible Debentures of ₹ 10 lacs each	124,673.63	151,376.00
Loans from Scheduled Banks	12,639.55	12,422.74
Total	137,313.18	163,798.74

Details of securities provided:

I) Secured Redeemable Non-Convertible Debentures:-

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

- i) 11,500 (11,500) Secured Redeemable Non-Convertible Debentures of ₹ 10.00 lacs 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 wholly owned subsidiary of the Company. These Secured Non-Convertible Debentures are redeemable commencing from December, 2012 onwards at 33% each in third and fourth year and 34% at the end of fifth year.
- ii) 5,175 (4,250) Secured Redeemable Non-Convertible Debentures of ₹ 10.00 lacs 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 wholly owned subsidiary, of the Company. These Secured Non-Convertible Debentures are redeemable commencing from March, 2013 onwards at 33% each in third and fourth year and 34% at the end of fifth year.

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

- i) a) 2267 (4,168) Secured Redeemable Non-Convertible Debentures of ₹ 10.00 lacs each fully paid carrying interest with a floor of 13.25% 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. As per the revised terms of the Debentures these Secured Non-Convertible Debentures are redeemable in equal monthly installment of ₹ 1,000 lacs commencing from 1st September, 2012.
- b) Securities of the debentures issued to Life Insurance Corporation of India are shared on *pari-passu* basis for the term loan from Life Insurance Corporation of India.
- ii) 500 (500) Secured Redeemable Non-Convertible Debentures of ₹ 10.00 lacs 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 (comprising of old survey No.255 and 256/03), mauje Maharajpura, Taluka Kadi, Mehsana, Gujarat. As per the revised terms of the Debentures these Secured Non-Convertible Debentures are redeemable in fortnightly installment of ₹ 500.00 lacs each commencing from June, 2012.

II) Secured Loan from Schedule Bank:-

Union Bank of India:

Secured by registered mortgage of Non-agricultural property admeasuring 123365 sq. Mtr. situated at Village Chandansar and 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 Company. Rate of interest 13.75% payable monthly. Repayable in 20 quarterly installments of ₹ 1000.00 lacs each.

III) All the above debentures have been personally guaranteed by Executive Chairman and Vice Chairman & Managing Director of the Company.

IV) IDBI Trustee is the trustee to all the above Debentures issued.

Maturity profile and Rate of interest of Non-Convertible Debentures and Loan from Schedule Banks are as set out below:

(₹ in Lacs)

Rate of Interest	Maturity Profile			
	2013-14	2014-15	2015-16	2016-17
12%	51,975	56,302	13,252	3,145
13.75%	4,000	4,000	4,640	-

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
6. DEFERRED TAX LIABILITIES (NET)		
Arising on account of timing differences		
Liabilities		
Related to fixed assets	1,542.78	838.69
Sub Total	1,542.78	838.69
Assets		
Bonus payable	43.63	55.45
Provision for gratuity	12.30	(2.32)
Provision for encashment of leave	60.41	64.49
Preliminary expenses written off	11.07	0.05
Unabsorbed depreciation	1.80	0.77
Sub Total	129.21	118.44
Total	1,413.57	720.25
7. LONG TERM PROVISIONS		
Provision for employee benefits:		
Gratuity	35.68	(0.34)
Leave Encashment	182.31	200.13
Total	217.99	199.79
8. SHORT-TERM BORROWINGS		
Secured Short-Term Borrowings:		
Loans repayable on demand	8,595.14	15,186.64
Term Loans from Scheduled Banks	60,662.00	71,551.56
Term loans from Financial Institutions	66,319.38	48,670.79
Unsecured Loan:		
Other loans and advances	1,402.50	-
Total	136,979.02	135,408.99

Details of securities provided:

I) Loans repayable on demand from Bank:-

Punjab and Maharashtra Co-operative Bank Limited:-

Secured by pledge of Fixed deposit receipts with the bank, current rate of interest 10%p.a.

II) Loans from Scheduled Banks

a) Bank of India :-

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.

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 quarterly installment of ₹ 1,666.67 lacs each 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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

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 of ₹ 208.33 lacs each 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 wholly owned subsidiary of the Company carrying interest at BPLR + 0.25% + TP + RP payable monthly. Repayment in 36 equal monthly installment of ₹ 277.78 lacs each from August, 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 building Majestic Tower, at Village Nahur, Mulund, Mumbai, on 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 installment of ₹ 347.22 lacs each after moratorium of 24 months from the date of first disbursement.

e) The Jammu and Kashmir Bank:-

Secured by mortgage of Land situated at village Kopri, Virar (East) Taluka Vasai, District Thane admeasuring 2,91,610 sq mtrs. Interest rate is Base rate +3.50%. Repayable in 12 quarterly installment of ₹ 834 lacs each after moratorium of two years from first disbursement.

f) UCO Bank:-

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 installment of ₹ 1,563 lacs each after moratorium of 12 months from the date of first disbursement.

g) 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 building Majestic tower, at Nahur, Mulund, Mumbai, on 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 installment of ₹ 347.22 lacs each after moratorium of 24 months from the date of first disbursement.

h) Allahabad Bank :-

- i) 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 and further secured by 45,202 sq. mtrs. of Non-agricultural Land situated at Village Chandansar, Taluka Vasai, Dist. Thane, comprising of various survey numbers, owned by Privilege Power and Infrastructure Private Limited, a wholly owned subsidiary of the Company. Rate of Interest base rate + 5% payable monthly. Repayable in 12 equal quarterly installments of ₹ 1,250.00 lacs each after moratorium of 24 months from the date of first disbursement.
- ii) Secured by exclusive charge on Escrow account as well as equitable mortgage of land admeasuring 54,970 Sq.mtrs at Village Maljipada, Taluka Vasai, Dist. - Thane, comprising of various survey numbers. Rate of interest is Base Rate + 5% p.a. Repayable within 12 equal quarterly installments of ₹ 625.00 lacs each after a moratorium of 24 months from first disbursement.

i) Syndicate Bank:-

Secured by *pari passu* charge over escrow of Cash flows arising out of the project Whispering Tower and further secured by Non-agricultural Land situated at Village Doliv, Virar, admeasuring 21.65 acres owned by Privilege Power and Infrastructure Private Limited, a wholly owned subsidiary of the Company. Rate of Interest base rate + 3% payable monthly. Repayable in 12 equal quarterly installments of ₹ 834.00 lacs each after moratorium of 24 months from the date of first disbursement.

III) Term Loans from Financial Institution:-

a) IL & FS:-

- i) Secured by registered mortgage of immovable properties admeasuring 132.61 acres situated at Village Doliv, Khardi - 76 acres, Dahisar - 23.5 acres, Sasunavghar - 30.11 acres and Kasarali - 3 acres, owned by Privilege Power and Infrastructure Private Limited, a wholly owned subsidiary of the Company. Rate of interest is 12.50% payable monthly. Repayment in 20 quarterly installment of ₹ 1,977.45 lacs each commencing from August, 2012.
- ii) Secured by registered mortgage of development rights of property admeasuring 24,400 sq. mtrs located at Siddarth Nagar owned by the Company and first and exclusive registered mortgage of 51,880 sq. mtrs of land located at Maljipada village Taluka vasai owned by Housing Development and Infrastructure Limited, Holding Company. Rate of interest of 15% p.a.payable half yearly, repayable at the end of 12 months as bullet repayment from the date of first disbursement.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

b) Life Insurance Corporation of India:-

- i) 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 19 quarterly installment of ₹ 1500.00 lacs each from November, 2010.
- ii) Securities of the Term loan from Life Insurance Corporation of India are shared on *pari passu* basis along with the security for debentures issued to Life Insurance Corporation of India.

IV) All the above loans have been personally guaranteed by Executive Chairman and Vice Chairman & Managing Director of the Company.

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
9. TRADE PAYABLES		
Trade Payables	58,136.20	46,709.64
Total	58,136.20	46,709.64
* Includes ₹ 625.07 lacs due from enterprises influenced by Key Management Personnel.		
10. OTHER CURRENT LIABILITIES		
a) Current maturities of long-term debt		
i) Redeemable Non-Convertible Debentures (Refer Note No. 5)	69,746.37	52,804.00
ii) Loans from Scheduled Banks (Refer Note No. 8)	53,665.43	73,967.90
iii) Term loans from Financial Institutions (Refer Note No. 8)	11,932.35	6,000.00
b) Interest accrued but not due on loans	5,022.95	47.34
c) Interest accrued and due on loans	2,847.71	-
d) Advances from customers	168,593.87	133,289.49
e) Unpaid dividend	9.62	9.66
f) Share application money refundable	10.14	10.14
g) Other payables		
i) Creditors for fixed assets	390.10	511.08
ii) Due to employees	462.18	23.49
iii) Statutory dues	5,111.38	3,168.00
iv) Other payable	24,578.82	35,562.60
Total	342,370.92	305,393.70
11. SHORT-TERM PROVISIONS		
Provision for taxation	48,610.84	46,126.16
Provision for tax on fringe benefits	-	194.44
Provision for wealth tax	23.67	17.09
	48,634.51	46,337.69
Less: Tax Paid	30,592.36	32,723.62
Total	18,042.15	13,614.07

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

12. FIXED ASSETS

(₹ in lacs)

Description	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 1st April, 2011	Addition on Acquisition	Additions during the year	Sale or adjustments	As at 31st March, 2012	Up to 31st March, 2011	Addition on Acquisition	For the year	On sale or adjustments	Up to 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Own assets:												
Tangible assets:												
Leasehold Land	1,850.81	-	-	-	1,850.81	-	-	-	-	-	1,850.81	1,850.81
Freehold Land	693.28	-	-	-	693.28	-	-	-	-	-	693.28	693.28
Buildings	15,297.66	-	-	111.05	15,186.61	598.43	-	355.99	1.72	952.70	14,233.91	14,699.23
Plant and Machinery	2,067.94	-	363.65	-	2,431.59	93.94	-	151.15	-	245.09	2,186.50	1,974.00
Furniture and Fixtures	1,844.30	-	383.05	-	2,227.35	135.80	-	204.87	-	340.67	1,886.68	1,708.50
Vehicles	1,254.00	-	-	35.53	1,218.47	315.65	-	121.35	19.45	417.55	800.92	938.35
Office Equipments	484.33	-	24.28	4.36	504.25	67.38	-	25.81	1.70	91.49	412.76	416.95
Computers	476.81	-	58.89	2.04	533.66	89.69	-	83.77	0.68	172.78	360.88	387.12
Total (A)	23,969.13	-	829.87	152.98	24,646.02	1,300.89	-	942.94	23.55	2,220.28	22,425.74	22,668.24
Intangible Assets												
Softwares	202.06	-	564.55	0.10	766.51	121.02	-	242.37	0.06	363.33	403.18	81.04
Logos and trademarks	1.80	-	-	-	1.80	0.57	-	0.18	-	0.75	1.05	1.23
Website Development	0.55	-	-	-	0.55	0.15	-	0.05	-	0.20	0.35	0.40
Others (Film Cost Rights)	-	-	64.00	-	64.00	-	-	-	-	-	64.00	-
Total (B)	204.41	-	628.55	0.10	832.86	121.74	-	242.60	0.06	364.28	468.58	82.67
Total (A + B)	24,173.54	-	1,458.42	153.08	25,478.88	1,422.63	-	1,185.54	23.61	2,584.56	22,894.32	22,750.91
Previous year	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
Capital Work- in-Progress											686.25	9,138.39

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
13. GOODWILL		
Balance as per last balance sheet	22,025.66	25,906.03
Add: Goodwill(Net) on acquisition of interest in subsidiaries	-	3,574.15
	<u>22,025.66</u>	<u>29,480.18</u>
Less: Impairment during the year	7,397.05	7,454.51
Total	<u>14,628.61</u>	<u>22,025.67</u>
14. NON-CURRENT INVESTMENTS		
Investments (At Cost) (Non Trade)		
Investment in immovable property		
Investment in property at HDIL Towers	2,976.88	2,976.88
Investment in property - Flats at Virar	13.06	13.06
Investment in property - Pali Arcade	313.72	313.72
	<u>3,303.66</u>	<u>3,303.66</u>
Other than trade (Unquoted Shares)		
Punjab & Maharashtra Co-op. Bank Limited		
4,90,040 (Previous year 5,90,040) Equity shares of ₹ 25/- each fully paid-up	122.51	147.51
	<u>122.51</u>	<u>147.51</u>
In associates Company (Unquoted Shares)		
HDIL Leisures Private Limited		
20,25,000 (Previous year 20,25,000) Equity shares of ₹ 10/- each fully paid-up	202.50	202.50
Add: Proportionate share of post acquisition profit/(loss)	26.93	(2.06)
	<u>229.43</u>	<u>200.44</u>
In Mutual Fund		
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	3.80	3.80
	<u>3.80</u>	<u>3.80</u>
Other corporates (Unquoted)		
Privilege Hi Tech Infrastructure Limited		
11,900 (Previous year 11,900) Equity shares of ₹ 10/- each fully paid-up	1.19	1.19
Lashkaria Housing and Infrastructure Private Limited		
15,440 (Previous year 15,440) 0.01% Redeemable preference shares of ₹ 10/- each fully paid-up	1,544.00	1,544.00
	<u>1,545.19</u>	<u>1,545.19</u>
Total	<u>5,204.59</u>	<u>5,200.60</u>
15. DEFFERED TAX ASSETS(NET)		
Arising on account of timing differences		
Assets		
Related to fixed assets	7.50	6.28
Provision for gratuity	-	0.17
Provision for encashment of leave	-	0.23
Preliminary expenses written off	0.13	0.16
Carry forward business loss	-	28.30
Total	<u>7.63</u>	<u>35.14</u>
16. LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
a) Capital Advances	141.03	141.03
b) Security Deposits	147.89	95.91
c) Other loans and advances	2,964.19	2,938.37
Total	<u>3,253.11</u>	<u>3,175.31</u>

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
17. OTHER NON-CURRENT ASSETS		
Unsecured, considered good		
a) Interest accrued on fixed deposits	0.13	0.09
b) Deposit accounts with more than 12 months maturity*	536.34	0.50
Total	536.47	0.59
* Fixed deposits of ₹ 480.00 lacs (Previous year Nil) pledged with bank as security for bank guarantees.		
18. CURRENT INVESTMENT		
Other corporates (Unquoted)		
SGS Music And Entertainment Pvt. Ltd. 1,61,290 (Previous year Nil) Equity Shares of ₹ 10/- each fully paid-up	100.00	-
In joint ventures		
Fine Developers	500.00	-
Total	600.00	-
Investment in Joint Ventures M/s. Fine Developers:- (Fixed Capital ₹ Nil) Share of profit - 90%, other partner and share of profit is Sapphire Land Development Private Limited - 10%		
19. INVENTORIES		
Work-in-progress (at cost)	1,143,566.45	1,118,242.56
Stock-in-Trade (at cost)	14.77	4.75
Finished goods (lower of cost or net realisable value)	23,585.79	23,275.80
Others	3.94	1.10
Total	1,167,170.95	1,141,524.21
20. TRADE RECEIVABLES (Unsecured, Considered good)		
Outstanding for a period exceeding 6 months from the date they are due for payment	26,786.53	2,400.25
Other debts	60,071.76	33,709.43
Total	86,858.29	36,109.68
21. CASH AND BANK BALANCES		
a) Cash and Cash Equivalents		
i) Balance with banks		
In current accounts	563.61	2,970.00
Cash on hand	3,155.50	131.93
ii) Cash on hand		
b) Other bank balances		
i) In Deposit with more than 3 months but less than 12 months maturity *	18,950.18	19,857.57
ii) Balance with banks in unpaid dividend account	9.62	9.66
Total	22,678.91	22,969.16
* Includes fixed deposits of ₹ 8,981.20 lacs (Previous year ₹ 3,024.20 lacs) pledged with bank as security for bank guarantees.		

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
22. SHORT-TERM LOANS AND ADVANCES (Unsecured, Considered good)		
a) Loans and advances to related parties		
Loan to associates	15,331.20	9,051.62
b) Others		
Security deposits	4,135.58	1,529.90
Advance to Suppliers	97,692.51	22,502.29
Advance for Land purchase/ tenancy/ claims/ development rights	282,668.23	316,268.33
Loans to employees	71.06	56.62
Income tax paid	0.04	21.30
Prepaid expenses	785.25	118.47
Income tax refund receivable	115.36	113.04
Other receivable/advances	443.86	2,130.03
Total	401,243.09	351,791.60
In the opinion of the management, the above Loans and advances are not less than as stated, if realised in the ordinary course of business.		
23. OTHER-CURRENT ASSETS (Unsecured, Considered good)		
a) Interest accrued on fixed deposits	388.54	257.73
b) Pre-operative expenses	-	32.63
Total	388.54	290.36
In the opinion of the management, the above Current Assets are not less than as stated, if realised in the ordinary course of business.		
24. CONTINGENT LIABILITIES NOT PROVIDED FOR		
a) (i) Claims against the Company not acknowledged as debts (represented suits filed by the parties in the High Court, Bombay and disputed by the Company).	20,247.35	20,247.35
(ii) Income-tax demands disputed by the Company (net of amounts provided).	28,564.58	-
The matters in dispute are under appeal. The demands have been paid/ adjusted and will be received as refund if the matters are decided in favour of the Company.		
In the opinion of the management the above claim are not sustainable.		
b) Guarantees provided by the bank	9,504.20	3,069.73
c) Against demand promissory note executed as security for performance	27,500.00	27,500.00
25. CAPITAL COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	63.90	958.73
26. REVENUE FROM OPERATION		
a) Sale of Product		
i) Sale of commercial and residential units	9,770.87	6,047.58
ii) Sale of development rights/ FSI/ Land/ TDR/ Materials	185,651.94	176,049.94
iii) Sale of foods and beverages	653.82	311.81
b) Sale of Services	3,171.16	2,261.40
c) Other operating income	1,393.00	1,876.28
Total	200,640.79	186,547.01

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
27. OTHER INCOME		
Interest received	3,221.85	2,564.60
Dividend received (From Co-operative Bank)	14.72	7.50
Foreign exchange variation	3.15	-
Maintenance charges	182.40	171.75
Flat cancellation charges	61.35	46.47
Income from sale of investments	-	253.20
Income from sale of fixed assets	1,120.44	-
Miscellaneous income *	521.16	68.99
Total	<u>5,125.07</u>	<u>3,112.51</u>
* includes ₹ 477.38 lacs related to prior period adjustment		
28. COST OF CONSTRUCTION, LAND AND DEVELOPMENT EXPENSES/CONSUMPTION		
Land	8,980.52	36,364.28
Tenancy/ claims/ FSI/ development rights	14,797.03	111,751.08
Construction materials and other expenses	52,617.92	136,077.01
Box office purchase and operating expenses	37.27	112.13
Total	<u>76,432.74</u>	<u>284,304.50</u>
29. VARIATION IN FINISHED GOODS/STOCK-IN-TRADE AND WORK-IN-PROGRESS		
Opening finished goods/stock-in-trade	23,281.15	21,543.07
Opening work-in-progress	1,118,242.56	854,121.73
Addition during the year	-	831.40
Less: Adjustment during year	12,461.02	-
Sub Total	<u>1,129,062.69</u>	<u>876,496.20</u>
Closing finished goods/stock-in-trade	23,604.00	23,281.15
Closing Work-in-progress	1,143,566.45	1,118,242.56
Sub Total	<u>1,167,170.45</u>	<u>1,141,523.71</u>
Total	<u>(38,107.76)</u>	<u>(265,027.51)</u>
30. EMPLOYEE BENEFITS EXPENSE		
a) Salaries and incentives	3,554.52	3,961.54
b) Contributions to - Provident and other funds	258.89	272.83
c) Gratuity fund contributions	85.97	99.56
d) Staff welfare expenses	196.76	305.24
Total	<u>4,096.14</u>	<u>4,639.17</u>

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below :

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.

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
i) Reconciliation of opening and closing balance of the present value of the defined benefit obligation:		
Obligations at beginning of year	211.12	106.52
Interest cost	17.42	8.79
Current service cost	57.79	83.01
Past Service cost	71.03	-
Benefits paid	(10.91)	(5.05)
Actuarial (gain)/loss on defined benefits obligation	(38.26)	22.55
Obligation at year end	308.19	215.82
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	224.76	91.48
Expected return	21.42	13.76
Actuarial gains and (losses)	0.59	1.02
Assets distributed on settlements	-	-
Contribution by employer	37.01	127.94
Benefits paid	(10.35)	(5.05)
Closing fair value of plan assets	273.44	229.15
iii) Amounts to be recognised in the Balance Sheet		
Projected benefits obligation, at the end of the year	308.19	215.82
Fair value of plan assets at end of the year	273.44	229.15
Net asset/(liability) recognised in the Balance Sheet	34.76	(13.33)
iv) Gratuity cost for the period		
Current service cost	57.79	83.01
Past Service cost	71.03	-
Interest cost on obligation	17.42	8.79
Expected return on plan assets	(21.42)	(13.77)
Net actuarial (gain)/loss	(38.85)	21.53
Expense recognised in the Statement of Profit and Loss	85.97	99.56

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

B) Leave encashment liability:-

- i) The AS-15 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.

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
a) Reconciliation of opening and closing balance of the present value of the defined benefit obligation:		
Obligations at beginning of year	194.98	116.95
Interest cost	16.09	9.65
Current service cost	35.46	46.34
Benefits paid	-	-
Actuarial (gain)/loss on defined benefits obligation	(64.22)	27.19
Obligation at year end	182.31	200.13
b) Amounts to be recognised in the balance sheet		
Present value of Defined benefits obligation as at end of the year	182.31	200.13
Fair value of plan assets as at end of the year	-	-
Liability recognised in balance sheet	182.31	200.13
c) Leave Encashment cost for the year		
Current service cost	35.46	46.34
Interest cost on obligation	16.09	9.65
Expected return on plan assets	-	-
Net actuarial (gain)/loss	(64.22)	27.19
Expense recognised in the Statement of Profit and Loss	(12.67)	83.18

C) Valuation Assumptions

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

	31st March, 2012	31st March, 2011
i) Discount Rate	8.50%	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) published table of mortality rate	
v) Withdrawals	: 5% at younger ages reducing to 1% to older ages	
vi) Retirement age	: 60 years	

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
31. FINANCE COST		
a) Interest expenses:		
i) Project specific interest expenses	54,973.83	54,166.40
ii) Other interest	7,469.45	8,225.52
b) Other borrowing cost	50.81	34.29
Total	62,494.09	62,426.21
32. OTHER EXPENSES		
Advertisement and sales promotion expenses	282.03	864.81
Commission and brokerage	1.00	23.49
Electricity charges	934.75	688.62
Insurance charges	21.50	13.08
Bank Charges	87.09	109.86
Other administrative expenses	2,033.99	1,822.36
Loss on sale of fixed assets	-	3.29
Membership and subscription	17.45	11.17
Printing and stationery	113.67	212.30
Security charges	222.99	62.87
Professional fees	424.29	381.71
Rent paid	164.92	35.86
Rates and taxes	430.19	274.12
Repairs and maintenance to buildings	208.14	69.34
Repairs and maintenance to machineries	37.34	80.90
Repairs and maintenance to other assets	502.53	201.00
Stamping and registration	0.96	5.52
Communication expenses	149.91	196.24
Postages and telegram expenses	24.86	33.41
Travelling and conveyance expenses	1,553.08	1,091.29
Directors remuneration and sitting fees	216.71	1,924.50
Remuneration to auditors	159.00	256.45
Donations	0.42	365.60
Filing fees paid to the Registrar of Companies	0.52	0.37
Pre-operative Expenses	44.15	7.83
Total	7,631.49	8,735.99
32.01. Remuneration to Auditors		
a) Audit fees	86.64	72.31
b) Taxation matters	24.12	28.50
c) Management consultancy	24.12	20.00
d) Other services	24.12	135.57
Total	159.00	256.38
32.02. Managerial Remuneration		
a) Remuneration to Executive Chairman and Managing Director*	154.60	1,800.00
b) Commission to Non-Executive Directors	53.91	112.50
c) Sitting fees	8.20	12.00
Total	216.71	1,924.50

* The Director remuneration include salary paid ₹ 150.00 lacs to Executive Chairman and Vice Chairman & Managing Director for only one month. They have voluntarily forgone the remuneration for eleven month. The non-executive Director have also voluntarily forgone their commission by 50% of the entitlement.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

Particulars	31st March, 2012 (₹ in Lacs)	31st March, 2011 (₹ in Lacs)
33. TAX EXPENSES		
Income tax	2,212.33	15,727.53
Deferred taxes	691.97	177.09
Total	2,904.30	15,904.62
34. EARNINGS PER SHARE HAS BEEN COMPUTED AS UNDER:		
(a) Net profit after tax as per Statement of Profit and Loss	80,981.46	82,175.66
Adjustment for earlier year item	(23.28)	95.43
Adjustment for subsidiaries added/ delinked	18.79	249.99
Net Profit attributable to Equity Shareholders	80,976.97	82,521.08
(b) Number of shares used in computing earnings per share		
Basic	423,003,986	392,140,256
Diluted	428,522,128	399,138,563
(c) Basic Earnings per share	19.14	21.04
(d) Diluted Earnings per share	18.90	20.67
(e) Nominal value per equity share is ₹ 10/- each		

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

35. 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 (upto 30.06.2011)
8. Guruashish Construction Private Limited
9. BKC Developers Private Limited
10. Lashkaria Construction Private Limited
11. HC Infracity Private Limited w.e.f. 30.11.2011

Associates

1. HDIL Leisures Private Limited
2. Ravi Developments - Partnership firm

Enterprise significantly influenced by key management personnel

1. Privilege Airways Private Limited
2. Privilege Industries Limited
3. Privilege Health Care Services Private Limited
4. Shabnam Associates
5. Global Construction

Key management personnel

Name	Designation
Shri Rakesh Kumar Wadhawan	Executive Chairman
Shri Sarang Wadhawan	Vice Chairman & Managing Director
Shri K. P. Devassy	Chief Financial Officer
Shri Darshan D. Majmudar	Vice President - Company Secretary & Legal
Shri Aslam Y. Lashkaria	Director (Lashkaria Construction Private Limited)
Shri Hasam Lashkaria	Director (Lashkaria Construction Private Limited)
Shri Mukesh Gupta	Chief Executive Officer (HDIL Entertainment Private Limited)
Shri Romel Bhog	Chief Executive Officer (HDIL Commercial Properties Private Limited)

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

B. Transactions with related party

(₹ in lacs)

Nature of transaction	31st March, 2012				31st March, 2011			
	Enterprises influenced by Key Management Personnel	Joint Venture/ Associates	Key Management Personnel	Total	Enterprises influenced by Key Management Personnel	Joint Venture/ Associates	Key Management Personnel	Total
Loans/advances	10.45	5,567.67	-	5,578.12	175.80	8,162.22	-	8,338.02
Investment in partnership firm	-	500.00	-	500.00	-	-	-	-
Investment in Equity/ preference shares	-	-	-	-	1,544.00	202.50	-	1,746.50
Interest received	-	1,528.90	-	1,528.90	-	988.22	-	988.22
Lease rent received	(2.40)	-	-	(2.40)	(2.40)	-	-	(2.40)
Share of profit received	-	-	-	-	-	(3.04)	-	(3.04)
Directors Remuneration	-	-	154.60	154.60	-	-	1,800.00	1,800.00
Salary Paid	-	-	124.95	124.95	-	-	158.16	158.16
Sale of commercial units	5,532.49	-	-	5,532.49	4,677.52	-	-	4,677.52
Travelling Expenses	654.30	-	-	654.30	739.58	-	-	739.58
Outstanding as at year end - Due from	25.77	15,831.20	-	15,856.97	4.63	9,051.62	-	9,056.26
Outstanding as at year end - Due to	599.30	442.94	-	1,042.24	461.00	-	-	461.00

36. The consolidated results for the year ended 31st March, 2012 are not comparable with the previous year, due to change in Investments in Subsidiary Company during the year. One new Subsidiary Companies viz. HC Infracity Private Limited is added.

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: 30th May, 2012

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
 Executive Chairman

Ashok Kumar Gupta
 Director

Shyam Sunder Dawra
 Director

Lalit Mohan Mehta
 Director

Sarang Wadhawan
 Vice Chairman &
 Managing Director

Raj Kumar Aggarwal
 Director

Ramesh Chander Kapoor
 Director

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

(₹ in Lacs)

1. Name of the Subsidiary	Privilege Power and Infrastructure Private Limited	HDIL Entertainment Private Limited	Lashkaria Construction Private Limited	Guruashish Construction Pvt. Ltd.	Ravijyot Finance and Leasing Pvt. Ltd.	Blue Star Realtors Pvt. Ltd.	Mazda Estate Pvt. Ltd.	Excel Arcade Pvt. Ltd.	BKC Developers Pvt. Ltd.	HC Infra Pvt. Ltd.
2. Date of Incorporation	4 th September, 1984	9 th August, 2007	15 th September, 2000	1 st June, 2000	20 th March, 1995	26 th March, 1990	27 th June, 2002	28 th March, 2007	7 th November, 2003	30 th November, 2011
3. Financial year of the Subsidiary Company ended on	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012
4. Holding Company	HDIL	HDIL	HDIL	HDIL	HDIL	HDIL	HDIL	HDIL	HDIL	HDIL
5. Extent of Holding Company's Interest	100%	100%	69%	100%	60%	100%	100%	100%	85%	75%
6. Face Value per Equity Share (In ₹)	100/-	10/-	10/-	100/-	10/-	10/-	10/-	10/-	10/-	10/-
7. No. of Equity Shares held by Holding Company and/or its Subsidiaries	1,50,00,000	1,00,00,000	69,00,000	11,00,000	6,000	34,00,000	14,000	10,000	8,500	7,500
8. Paid-up Capital	15,000.00	1,000.00	1,000.00	1,100.00	1.00	468.48	1.40	1.00	1.00	1.00
9. Reserves and Surplus	18,351.08	(521.07)	486.44	51,045.83	(1.37)	286.68	(0.26)	0.01	(68.45)	0.00
10. Total Assets	49,522.44	6,162.55	12,614.17	147,996.02	15,738.19	29,843.88	34.35	3,375.45	5,226.21	5,950.25
11. Total Liabilities	49,522.44	6,162.55	12,614.17	147,996.02	15,738.19	29,843.88	34.35	3,375.45	5,226.21	5,950.25
12. Investment other than investment in Subsidiary Company	39.25	25.00	1,544.00	NIL	NIL	25.00	NIL	0.01	NIL	NIL
13. Turnover	877.27	3,057.64	33.19	105,007.50	NIL	3.00	NIL	NIL	NIL	0.00
14. Profit/(Loss) before Taxation	124.01	(1,455.37)	(6.33)	51,007.81	(2.20)	2.05	(0.38)	(0.41)	(0.47)	0.00
15. Provision for Taxation	(21.31)	(41.30)	1.35	1.75	0.68	0.66	NIL	NIL	NIL	0.00
16. Profit/(Loss) after Taxation	102.70	(1,496.67)	(4.97)	51,006.07	(1.52)	1.39	(0.38)	(0.41)	(0.47)	0.00
17. Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
18. Net Aggregate amount of Profit/(Loss) of the Subsidiary so far as it concerns the members of the Holding Company and dealt within accounts of the Holding Company	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i. For the Financial year ended on 31/03/2012	102.70	(1,496.67)	(3.43)	51,006.07	(0.91)	1.39	(0.38)	(0.41)	(0.40)	NIL
ii. For the previous financial year of the subsidiary since it became the subsidiary Company	(102.35)	(91.73)	279.70	0.01	0.006	0.02	0.03	0.02	0.02	NIL
19. Net Aggregate amount of Profit/(Loss) of the Subsidiary so far as it concerns the members of the Holding Company and is not dealt within accounts of the Holding Company.	NIL	NIL	(1.54)	NIL	(0.61)	NIL	NIL	NIL	(0.07)	NIL
i. For the Financial year ended on 31/03/2012	NIL	NIL	125.66	NIL	0.004	NIL	NIL	NIL	0.003	NIL
ii. For the previous financial year of the subsidiary since it became the subsidiary Company	NIL	NIL	125.66	NIL	0.004	NIL	NIL	NIL	0.003	NIL

IMPORTANT COMMUNICATION TO THE SHAREHOLDERS

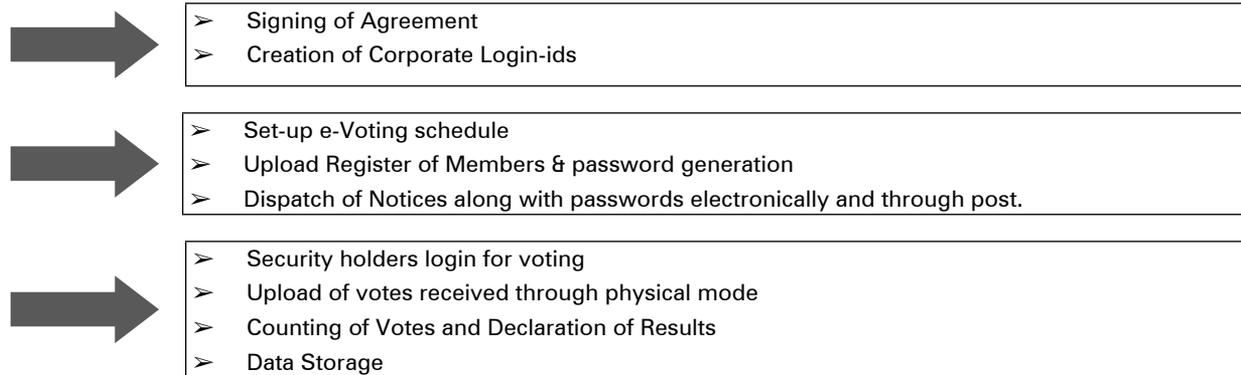
The Ministry of Corporate Affairs (“MCA”) has initiated a series of steps under its “Green Initiative in the Corporate Governance” which includes conversion of various processes under the Companies Act, 1956, from paper to electronic mode. Some of the significant initiatives undertaken are as under:

- Electronic delivery of documents such as Annual Reports, Notices of the Meetings etc.
- Electronic lodgement of documents and issue of digital certificates like certificate of incorporation, certificate of registration of charge by the Registrar of Companies; and
- Electronic voting and participation by Directors and Shareholders in meetings through electronic mode.

The Ministry has also issued notification dated 30th May, 2011 under the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 which permits the following:

- Sending of notices through electronic mail
- Companies to permit voting by postal ballot through electronic mode
- Follow procedure for voting by electronic mode as recommended by agency

MCA vide its circular No. 21/2011 dated 2nd May, 2011, has approved Central Depository Services (India) Limited (CDSL) as a systems provider for electronic voting for Postal Ballot resolutions. The following is the procedure in brief for a better understanding:



In order to avail the benefit of e-voting, the Company will enter into bi-partite or tri-partite agreement with its Registrar and Transfer Agent (“RTA”) and CDSL by providing letter authorizing RTA to carry out all the operations with CDSL pertaining to e-voting. After generating User ID and passwords by CDSL, the Company through its RTA shall set up e-voting schedule on the e-voting website www.evotingindia.com, and thereafter upload the resolutions on which voting is required and generate the Electronic Voting Sequence Number (EVSN). An EVSN shall be unique for every postal ballot conducted. CDSL will generate passwords for all shareholders (Physical or Demat) and provide them to the Company. The Company will then communicate the passwords, the EVSN and the procedure for e-voting to its shareholders.

Voting through electronic mode is beneficial to the shareholders as all security holders (Physical or Demat) can participate in the voting and be a part of the decision making process. Your Company shall consider voting through electronic mode for Postal Ballot resolutions as an option in the future in the larger interest of the members of the Company.

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

ATTENDANCE SLIP

16th Annual General Meeting

I hereby record my presence at the 16th Annual General Meeting of the Company held on Tuesday, 14th day, August, 2012 at 11.30 a.m. at National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

.....
 Name of the Shareholder/Proxy (IN BLOCK LETTERS)

.....
 Signature of Shareholder/Proxy

Folio No.

DP ID No.

Client ID No.

No. of Shares

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.

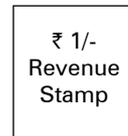
PROXY FORM
16th Annual General Meeting

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 16th Annual General Meeting of the Company to be held on Tuesday, 14th day of August, 2012 at 11.30 a.m. at National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051 and at any adjournment(s) thereof, if any.

Signed this day of 2012.



Folio No.

DP ID No.

Client ID No.

No. of Shares

E-mail ID

Signature of Shareholder

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.



HDIL Creating Value

Microstructures | Megastructures | Infrastructure
Housing Development and Infrastructure Ltd.



9-01, HDIL Towers, Anant Kanekar Marg, Bandra (E), Mumbai 400 051.
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