

**M/S. REAL GEM BUILDTECH PVT. LTD.**

**ANNUAL AUDITED ACCOUNTS**

**FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

**MEHTA CHOKSHI & SHAH**

Chartered Accountants

229, Bokadia Mansion,

Princess Street, Mumbai 400 002,

Tel No.: 2205 7309 \*2208 8743 \*66334067

Fax: 2205 5432 \*Email : [camcs@vsnl.com](mailto:camcs@vsnl.com)

## **NOTICE**

**NOTICE** is hereby given that the 3<sup>rd</sup> Annual General Meeting of the members of the Company will be held on Saturday, the 18<sup>th</sup> August, 2012 at 12.30 p.m. at the Registered Office of the Company at DB House, Gen A.K. Vaidya Marg, Goregoan (E), Mumbai - 400063 to transact the following business:-

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2012, Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon;
2. To appoint Director in place of Mr. Rajiv Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider, and if thought fit, to pass with or without modification(s), the following resolution, which will be proposed as an Ordinary Resolution:

**“RESOLVED THAT** M/s. Mehta Chokshi & Shah, Chartered Accountants, Mumbai (Reg. No. 106201W) the Auditors of the Company, who are not disqualified to act as Auditors of the Company under section 224(1B) of the Companies Act, 1956 be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration plus re-imburement of out of pocket expenses, if any, to be incurred by them in connection with the said audit exclusive of other fees payable for other services, if any, to be rendered by them as shall be fixed and agreed between the Statutory Auditors and the Board of Directors of the Company.”

### **SPECIAL BUSINESS:**

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

**“RESOLVED THAT** appointment of Mr. Nabil Patel, who was appointed as an Additional Director w.e.f. 28.04.2012 and Whole Time Director of the Company w.e.f. 30.04.2012 in terms of relevant provisions of the Companies Act, 1956(“the Act”) is hereby ratified as a Director.”

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS/HER STEAD AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, must be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A blank proxy form is annexed to the notice.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no.4 of the notice is annexed hereto.

**By order of the Board of Directors,  
For Real Gem Buildtech Private Limited**

Sd/-

**Director**

Place: Mumbai  
Date: 24.05.2012

**Registered Office:**  
DB House,  
Gen. A.K. Vaidya Marg,  
Goregaon (East),  
Mumbai – 400063

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

**Item No. 4**

Mr. Nabil Patel who was inducted on the Board as Additional Director of the company w.e.f. 28.04.2012 by the Board of Directors of your company and was designated as Whole time Director (WTD) of the Company w.e.f. 30.04.2012. The term of Mr. Nabil Patel expires at the ensuing Annual General Meeting of the Company and he being eligible, has offered that his appointment as WTD be ratified at the ensuing Annual General Meeting. The Board recommends his appointment be ratified as a Director of the Company.

The resolution vide item no. 4 is therefore proposed for approval of the members.

None of the directors except Mr. Nabil Patel shall be deemed to be concerned or interested in the said resolution.

**By order of the Board of Directors,  
For Real Gem Buildtech Private Limited**

Sd/-

**Director**

Place: Mumbai  
Date: 24.05.2012

**Registered Office:**  
DB House,  
Gen. A.K. Vaidya Marg,  
Goregaon (East),  
Mumbai – 400063

## DIRECTOR'S REPORT

Your Directors have pleasure in presenting the 3<sup>rd</sup> Annual Report together with the Audited Accounts of the Company for the year ended on 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS:

(Amount in Rs)

Particulars	For the Year Ended 31-03-2012	For the Period Ended 31-03-2011
Total Income	1,55,000	Nil
Total Expenditure including Depreciation	5,02,13,331	9,74,47,433
Profit/(Loss) before Tax	(5,00,58,331)	(9,74,47,433)
Less: Provision for Tax	Nil	Nil
Profit/(Loss) after Tax	(5,00,58,331)	(9,74,47,433)

### STATUS OF PROJECTS

The Company is developing a project "Orchid Crown" at Prabhadevi. The Company follows Percentage Completion method for recognizing the revenue. However, since the threshold limit of 30%, on the basis of Percentage Completion method is not achieved so far. Therefore the Company has not recognize the revenue for the year ended 31.03.2012.

### SHARE CAPITAL :

During the year under review, the Authorised Share Capital of the Company was increased from Rs. 2,00,00,000/- to Rs. 14,00,00,000/- and consequently Preference shares were issued to its holding Company and hence Paid up Capital of the Company was increased from Rs. 1,00,000/- to Rs. 13,51,00,000/-. Further, during the year under review, the Company has become 100% wholly owned subsidiary of D B Realty Limited.

### DIVIDEND:

In the absence of profits, your Directors do not recommend any dividend for the year under review.

### FIXED DEPOSITS:

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

### DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is, hereby, confirmed:

- (i) that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2012, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

- (ii) that the Directors had selected such accounting policies and applied them consistently and the Directors had made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as it exists for the year ended 31<sup>st</sup> March, 2012 and of the loss of the company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a 'going concern' basis.

#### **DIRECTORS:**

During the year under review Mr. Rajiv Agarwal, Mr. Salim Balwa and Ms. Sunita Goenka, are continuing as Directors of the Company.

Mr. Rajiv Agarwal, Director retires by rotation and being eligible, offers himself for re-appointment subject to approval of Members in the ensuing Annual General Meeting. The Board recommends his re-appointment as Director of the Company.

Mr. Nabil Patel who was inducted on the Board as Additional Director of the company w.e.f. 28.04.2012 by the Board of Directors of your company and was designated as Whole time Director (WTD) of the Company w.e.f. 30.04.2012 for a period of 3 years. The term of his appointment as Whole time Director needs to be approved/ratified by the shareholders in the General Meeting. The Board recommends his appointment be ratified as a Director of the Company.

#### **AUDITORS:**

The Statutory Auditors of the Company M/s. Mehta Chokshi & Shah, Chartered Accountants, Mumbai (Reg. No. 106201W) retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves, for re-appointment. The Board recommends their re-appointment as the Auditors of the Company.

#### **PARTICULARS OF EMPLOYEES:**

During the year under review, there were no employees drawing the remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956.

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

Considering the nature of the business, it is not necessary to give statement showing required particulars in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 read with the provisions of Section 217(1) (e) of the Companies Act, 1956 and hence it has not been annexed hereto.

During the year under review, Foreign Exchange earning and outgo were Nil.

**ACKNOWLEDGEMENT:**

Your Directors would like to express their appreciation for the support extended by the Bankers, Office Bearers of the Government Department.

**On behalf of the Board of Directors  
For Real Gem Buildtech Private Limited**

Sd/-

Sd/-

Date: 24.05.2012

Place: Mumbai

**Director**

**Director**

# *Mehta Chokshi & Shah*

CHARTERED ACCOUNTANTS

## AUDITORS' REPORT

To the Members of,  
Real Gem Buildtech Private Limited

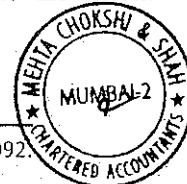
1. We have audited the attached Balance Sheet of **Real Gem Buildtech Private Limited** ("the Company") as at 31<sup>st</sup> March, 2012 and the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the 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 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 ('Order'), as amended, 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 in paragraph 3 here-in-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 accounts as required by law have been kept by the Company so far as it appears from our examination of the books;
  - c. the Balance Sheet, the statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d. in our opinion, the Balance Sheet, the statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;

BOKADIA MANSION, 2ND FLOOR, 229, PRINCESS STREET, MUMBAI-400 002.

TEL. : 2205 7309 • 2208 8743 • 6633 4067 • Fax : 2205 5432 • Email : camcs@vsnl.com

A-101, "AADESHWAR" S. V. P. ROAD, (MANDPESHWAR ROAD), BORIVALI (W), MUMBAI - 400 092

Tel. 2893 0501 • Telefax : 2893 0503





- e. in respect of the directors, on the basis of written representations received from the them as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 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 Mehta Chokshi & Shah**  
**Chartered Accountants**  
**Firm Registration Number: 106201W**



A handwritten signature in black ink, appearing to be "C.M. Shah".

**(C.M. Shah)**  
**Partner**  
**M.No: 47178**

**Place: Mumbai**  
**Date: 24<sup>th</sup> May, 2012**

**ANNEXURE TO THE AUDITORS' REPORT**  
**(Referred to in paragraph 3 of our report of even date)**

1. Fixed Assets

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed Assets have been physically verified by the management as of the year-end. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No discrepancies were noticed on such verification.
- (c) No fixed assets have been disposed off during the year.

2. Inventories

- (a) The Company is in the business of real estate development and up to the year-end the project undertaken for development and construction is in progress. As explained to us, Inventories comprising of expenditure incurred on acquisition of property rights and development thereof were physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, keeping in view the nature of inventory, the procedures of physical verification followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business. As explained to us, no material discrepancies were noticed on physical verification of inventory by the management.
- (c) In our opinion and according to the information and explanations given to us, the adequate inventory records have been maintained by the Company.

3. In respect of the loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us:

- (a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has taken interest bearing unsecured loans, repayable on demand, from its holding company. The maximum balance outstanding at any time during the year is Rs. 39,92,21,650/- and the year-end balance of the said loans is Rs. 21,03,48,154/-.



- (c) In our opinion, the terms on which the loans have been taken are prima facie not prejudicial to the interest of the Company. We are informed that the amounts of loans were repaid by the Company as and when demanded and hence, the question of default in repayment thereof does not arise.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and inventory and for the sale of flats. During the course of our audit, no major weakness has been noticed in the internal control system in respect of the said areas.
5. In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that needed to be entered into the register required to be maintained under the said section have been so entered.
- (b) Where each of such transactions in excess of rupees five lakhs in respect of any party, the transaction for use of office premise has been made at a price which is prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. A firm of Chartered Accountants has been appointed by the management to carry out internal audit. In our opinion, the function is commensurate with the size of the Company and the nature of its business.
8. According to the information and explanations given to us, the company does not meet with the threshold limits laid down in rule 3 of the Companies (Cost Accounting Records) Rules, 2011 and therefore are not required to maintain cost records as prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956.
9. Statutory Dues
- (a) According to the information and explanations given to us and according to the books and records as produced before us, in our opinion, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Income Tax and Other applicable Statutory Dues with the appropriate authorities except in respect of Service Tax of Rs. 19,291,611/- (including interest on late payment Rs. 4,458,999/-) which the Company is yet to recover from the parties to whom the flats were sold.



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- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears as at March 31, 2012 for a period of more than six months from the date they became payable except in case of Service tax of Rs.12,682,934/- which was outstanding for more than six months.
- (c) According to the information and explanations given to us, there are no disputed dues of Income – tax / Value Added tax / Wealth tax / Service tax / Customs duty / Excise duty / Cess and hence, the requirements of disclosure with respect to the amounts involved and the forums where the disputes are pending are not applicable
10. The Company's accumulated loss exceeds fifty percent of the Net worth of the Company as at the year end. Further, the company has incurred cash losses in the current financial year as well as in the immediately preceding financial year.
11. According to the information and explanations given to us there are no borrowings from financial institutions/banks/debenture holders, hence the question of any defaults in repayment of the dues to them does not arise.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the requirements of Clause 4(xii) of the Order are not applicable.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the requirements of Clause 4(xiii) of the Order are not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the requirements of Clause 4(xiv) of the Order are not applicable.
15. 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. Therefore, the requirements of Clause 4(xv) of the Order are not applicable.
16. The Company has not availed of any term loan and therefore clause 4(xvi) of the said order is not applicable.
17. According to the information and explanations given to us and on an 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 utilized for long term investment.
18. The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. The price at which shares has been issued is prejudicial to the interest of the company.

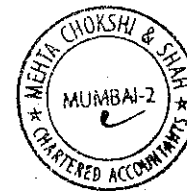


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19. The Company has not issued any debentures. Therefore, the requirements of Clause 4(xix) of the Order are not applicable.
20. The Company has not raised any monies by way of Public Issue. Therefore, the requirements of Clause 4(xx) of the Order are not applicable.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For Mehta Chokshi & Shah  
Chartered Accountants

Firm Registration Number: 106201W



A handwritten signature in black ink, appearing to be "C.M. Shah".

(C.M. Shah)  
Partner  
M.No: 47178

Place: Mumbai

Date: 24<sup>th</sup> May, 2012

*Real Gem Buildtech Private Limited*

**Balance Sheet as at 31st March 2012**

(Amount in Rs.)

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	135,100,000	100,000
Reserves and surplus	4	(164,306,493)	(114,248,162)
<b>Non-current liabilities</b>			
Other Long term liabilities	5	7,290,274	5,463,061
Long-term provisions	6	2,504,056	3,176,508
<b>Current liabilities</b>			
Short-term borrowings	7	260,348,154	564,721,650
Trade payables	8	134,049,619	362,628,940
Other current liabilities	9	3,493,834,373	2,694,580,000
Short-term provisions	10	158,257	-
<b>TOTAL</b>		<b>3,868,978,240</b>	<b>3,516,421,997</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	11	175,944,808	1,442,566
Capital work-in-progress	11	-	123,720,865
Non-current investments	12	699,600,000	49,600,000
Long-term loans and advances	13	701,137,500	2,001,073,000
<b>Current assets</b>			
Inventories	14	1,697,970,229	1,136,405,011
Cash and cash equivalents	15	20,527,953	4,385,976
Short-term loans and advances	16	554,484,774	199,733,410
Other Current Assets	17	19,312,976	61,169
<b>TOTAL</b>		<b>3,868,978,240</b>	<b>3,516,421,997</b>

Significant Accounting Policies and Notes on Financial Statements

1 to 43

As per our attached report of even date

For Mehta Chokshi & Shah  
Chartered Accountants  
Firm Registration No. 106201W

C M Shah  
Partner  
Membership No. : 47178

Place : Mumbai  
Date : 24th May, 2012



For and on Behalf of the Board

(Nabil Patel)  
Director

(Rajiv Agarwal)  
Director

Place : Mumbai  
Date : 24th May, 2012

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

(Amount in Rs.)

Particulars	Note No.	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
<b>Income :</b>			
Revenue from operations		-	-
Other income	18	155,000	-
<b>Total Income</b>		<b>155,000</b>	<b>-</b>
<b>Expenditure:</b>			
Project Related Expenses	19	561,565,218	885,510,809
(Increase)/Decrease in Inventories	20	(561,565,218)	(885,510,809)
Employee benefit expenses	21	2,408,298	3,044,397
Depreciation and amortization expense	11	159,281	-
Administrative & Other Expenses	22	47,645,752	94,403,036
<b>Total Expenditure</b>		<b>50,213,331</b>	<b>97,447,433</b>
(Loss) before tax		(50,058,331)	(97,447,433)
<b>Tax expense:</b>			
Current tax		-	-
Deferred tax		-	-
(Loss) after tax		(50,058,331)	(97,447,433)
Prior Period Expenses		-	(14,081,309)
(Loss) after prior period adjustment carried to Balance Sheet		(50,058,331)	(111,528,742)
Earnings per equity share:			
Basic and Diluted (Note no.32)		(5,005.83)	(11,152.87)

Significant Accounting Policies and Notes on Financial Statements

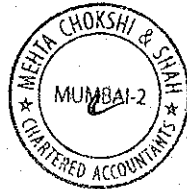
1 to 43

As per our attached report of even date

For Mehta Chokshi & Shah  
Chartered Accountants  
Firm Registration No. 106201W

C M Shah  
Partner  
Membership No. : 47178

Place :Mumbai  
Date :24th May,2012



For and on Behalf of the Board

(Nabil Patel)  
Director

(Rajiv Agarwal)  
Director

Place :Mumbai  
Date :24th May,2012

Real Gem Buildtech Private Limited

Cash Flow Statement for the Year Ended 31st March, 2012

Particulars	For the Year ended 31st March, 2012		For the Year ended 31st March, 2011	
	Rs.	Rs.	Rs.	Rs.
<b>Cash Flow From Operating Activities:</b>				
Net Profit/(Loss) before taxation and extraordinary items	(50,058,331)		(97,447,433)	
Prior Period	-		(14,081,309)	
Provision for Gratuity	53,453		-	
Provision for Leave Encashment	45,475		-	
Depreciation	159,281		389,893	
<b>Operating Income before working Capital changes</b>	<b>(49,800,122)</b>		<b>(111,138,849)</b>	
<b>Adjustment for Working Capital Changes</b>				
(Increase)/Decrease in Inventories	(561,565,218)		(871,429,500)	
(Increase)/Decrease Non Current Loans and Advances	1,299,935,500		(327,981,618)	
(Increase)/Decrease Current Loans and Advances	(354,751,364)		-	
(Increase)/Decrease Other Current Assets	(19,251,807)		-	
Increase/(Decrease) Long Term Provision	(771,380)		-	
Increase/(Decrease) Other Non Current Liabilities	1,827,213		-	
Increase/(Decrease) Current Liabilities	266,459,813		1,791,381,440	
<b>Cash used in operations</b>	<b>582,082,635</b>		<b>591,970,322</b>	
Direct Taxes Paid	-		-	
<b>Net Cash Flow From/(Used in) Operating Activities</b>	<b>A</b>	<b>582,082,635</b>		<b>480,831,473</b>
<b>Cash Flow From Investing Activities:</b>				
Fixed Asset Purchased (Including Capital Work in Progress)	(50,940,658)		(125,024,102)	
Investment in Shares	(650,000,000)		(49,600,000)	
<b>Net Cash Flow From/(used in) Investing Activities</b>	<b>B</b>	<b>(700,940,658)</b>		<b>(174,624,102)</b>
<b>Cash Flow From Financing Activities:</b>				
Repayment of Unsecured loan	-		(360,784,632)	
Proceeds Of Issue Of Preference Share Capital	135,000,000		-	
<b>Net Cash Generated from Financing Activities</b>	<b>C</b>	<b>135,000,000</b>		<b>(360,784,632)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>c</b>	<b>16,141,977</b>		<b>(54,577,261)</b>
Add: Cash and cash Equivalents (Opening)		4,385,976		58,963,237
<b>Cash and cash equivalents (Closing)</b>		<b>20,527,953</b>		<b>4,385,976</b>
<b>Cash and cash Equivalents includes:</b>	<b>D</b>			
Cash on hand		41,503		90,248
Bank Balances & Deposits		20,486,450		4,295,728
		<b>20,527,953</b>		<b>4,385,976</b>

As per our attached report of even date

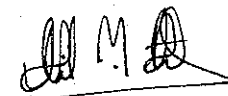
For Mehta Chokshi & Shah  
Chartered Accountants  
Firm Registration No. 106201W

C M Shah  
Partner  
Membership No. : 47178

Place : Mumbai  
Date : 24th May, 2012



For and on Behalf of the Board

  
(Nabil Patel)  
Director

  
(Rajiv Agarwal)  
Director

Place : Mumbai  
Date : 24th May, 2012



# *Real Gem Buildtech Private Limited*

## **Notes Forming Part of Financial Statements**

### **1 Company Background**

The Company has entered into a Development Agreement with Bhishma Realty Limited (the owner of the land) to develop the property admeasuring 24,809 square meters of land at Prabhadevi, Dadar, Mumbai. Further the company has an outstanding adjustable refundable interest-free security deposit of Rs. 90 crores (Previous Year Rs. 90 crores) in accordance with the terms of the agreement.

The Company being a subsidiary of DB Realty Limited has become a "Public Company" with effect from 23<sup>rd</sup> September, 2009

### **2. Significant Accounting Policies**

#### **2.1 Basis of preparation of Financial Statements:**

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 to comply in all material aspects the mandatory Accounting Standards prescribed by the Central Government, in consolation with National Advisory Committee, Accounting standards, under the Companies (Accounting Standard Rules), 2006 referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

2.2 Accounting policies not specifically referred to otherwise, are consistent with the generally accepted accounting principles in India.

#### **2.3 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 recognized in accordance with the requirements of the respective accounting standard.

#### **2.4 Fixed Assets:**

Fixed Assets are recorded at their cost of acquisition, net of modvat/cenvat, less accumulated depreciation and impairment losses, if any.

#### **2.5 Depreciation/Amortisation**

a) Depreciation on fixed assets other than Sample Flat and Sales Office has been provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

b) Sample flat is written off in three years and proportionately depreciation is charged in the current year.



## 2.6 Borrowing Cost:

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

## 2.7 Taxes on Income:

- i. Provision for current tax is made based on the assessable income determined in accordance with the applicable provisions of the Income Tax Act, 1961.
- ii. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable/ virtual certainty that the asset will be realized in future.

## 2.8 Provisions:

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

## 2.9 Operating Lease:

Asset acquired on lease where significant portions of the risks and rewards incidental to ownership are retained by the lessor is classified as operating lease. Lease rentals are charged to profit and loss account on accrual basis.

## 2.10 Contingent Liabilities:

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

## 2.11 Employee Benefits:

### a. Defined Contribution Plan:

The Company's Contribution paid/payable for the period to Defined Contribution retirement benefit plan is charged to Profit and Loss account or project work in progress, if it is directly related to project.

### b. Defined Benefit Plan and other long term benefit:

The Company's liabilities towards Defined Benefit Schemes viz. Gratuity benefits and other long term benefit viz. leave encashment are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the Balance Sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent of benefits are vested, otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

### c. Short term employee benefits:

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services.



**2.12 Inventories:**

Represents expenditure incurred on project undertaken by the company for development and construction of Residential complex. It is valued at lower of cost or net realizable value.

**2.13 Revenue Recognition:**

Revenue from sale of incomplete properties is recognized on the basis of percentage of completion method, determined on the basis of physical proportion of the work completed, as certified by the Company's technical personnel, in relation to a contract or a group of contracts within a project, only after the work has progressed to the extent of 30% of the total work involved. Revenue recognized in the aforesaid manner is further subject to minimum threshold limit of 20% of construction cost excluding cost incurred in acquisition of land and its development rights. Costs of construction / development are charged to the profit and loss account in proportion with the revenue recognized during the period. The balance costs are carried as part of 'Project Work in Progress' under inventories.

**2.14 Investments:**

Current Investment are carried at lower of cost and fair value, computed script wise. Non Current Investments are carried stated at cost, less provision, if any for Provision any diminution in the value of Long term investments is made only if decline is other than temporary in their value.

**2.15 Foreign Currency Transactions:**

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction date. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the period is recognized as income or expense, as the case may be.

**2.16 Impairment of Assets:**

Pursuant to Accounting Standard (AS-28) Impairment of Assets, the Company assessed its fixed assets for impairment as at March 31, 2012 and concluded that there has been no significant impaired fixed assets that needs to be recognised in the books of account



## Notes Forming Part of Financial Statements

## 3 Share Capital

## 3.1 Details of Authorised, Issued, Subscribed &amp; Paid up Share Capital

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount in Rs.	Number	Amount in Rs.
<b>Authorised</b>				
Equity Shares of Rs.10/- each	500,000	5,000,000	10,000	100,000
0.1% Redeemable Cumulative Preference Shares (RCPS) of Rs.10/- each	13,500,000	135,000,000	-	-
Total	14,000,000	140,000,000	10,000	100,000
<b>Issued</b>				
Equity Shares of Rs.10/- each	10,000	100,000	10,000	100,000
0.1% Redeemable Cumulative Preference Shares (RCPS) of Rs.10/- each	13,500,000	135,000,000	-	-
Total	13,510,000	135,100,000	10,000	100,000
<b>Subscribed &amp; Paid up</b>				
Equity Shares of Rs.10/- each fully paid	10,000	100,000	10,000	100,000
0.1% Redeemable Cumulative Preference Shares (RCPS) of Rs.10/- each	13,500,000	135,000,000	-	-
Total	13,510,000	135,100,000	10,000	100,000

All of the above equity shares carry equal voting rights and there are no restrictions/preferences attached to any of the above share.

**Note:- Terms of issue of RCPS:**

The company may redeem the RCPS any time on or after expiry of 3 years from the date of allotment to a maximum upto 20 years in not more than five lots. The RCPS shall carry cumulative preferential dividend @ 0.1% p.a.

## 3.2 Reconciliation of the outstanding number of shares

Particulars	Equity Shares		Equity Shares	
	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount in Rs.	Number	Amount in Rs.
Shares outstanding at the beginning of the year	10,000	100,000	10,000	100,000
Addition: Shares Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	10,000	100,000	10,000	100,000

Particulars	Preference Shares		Preference Shares	
	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount in Rs.	Number	Amount in Rs.
Shares outstanding at the beginning of the year	-	-	-	-
Addition: Shares Issued during the year	13,500,000	135,000,000	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	13,500,000	135,000,000	-	-

## 3.3 Details of number of shares held by the Holding Company

10,000 Equity Shares (Previous year 8,500) are held by D B Realty Limited (and its nominees), the holding company.  
1,35,00,000 0.1% Redeemable Cumulative Preference Shares (Previous year Nil) are held by D B Realty Limited, the holding company.

## 3.4 The details of share holders being holding company and of share holders holding more than 5% Shares

Name of Shareholder	As at 31 March, 2012		As at 31 March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
D B Realty Limited and its nominees	10,000 Equity Shares	100%	8,500 Equity Shares	85%
Jayant Shah	-	-	1,500 Equity Shares	15%
D B Realty Limited	1,35,00,000 Preference shares	100%	-	-



Notes Forming Part of Financial Statements

4 Reserves & Surplus

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
Profit and Loss Account		
Opening balance	(114,248,162)	(2,719,420)
Add: Loss for the year	(50,058,331)	(111,528,742)
<b>Total</b>	<b>(164,306,493)</b>	<b>(114,248,162)</b>

5 Other Long-Term Liabilities

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
Contractor Retention Money	7,290,274	5,463,061
<b>Total</b>	<b>7,290,274</b>	<b>5,463,061</b>

6 Long-Term Provisions

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
Provision for employee benefits (unfunded)		
Gratuity	1,145,881	1,196,798
Leave Encashment	1,358,175	1,979,710
<b>Total</b>	<b>2,504,056</b>	<b>3,176,508</b>

7 Short-Term Borrowings

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
<u>Unsecured (repayable on demand)</u>		
From Holding Company	210,348,154	397,221,650
From Others	50,000,000	167,500,000
<b>Total</b>	<b>260,348,154</b>	<b>564,721,650</b>



Notes Forming Part of Financial Statements

8 Trade Payables

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
Micro, Small and Medium Enterprises (refer note no.38)	-	-
Others	134,049,619	362,628,940
<b>Total</b>	<b>134,049,619</b>	<b>362,628,940</b>

9 Other Current Liabilities

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
Advance Received Towards Flat Bookings	2,621,688,214	2,229,197,406
Amount refundable against cancellation of Flat Bookings	46,100,000	29,994,950
Bank Balance Due to Reconciliation	-	19,158,595
Statutory Liabilities (refer note no.39)	24,685,382	17,989,087
Salary Payable	3,114,591	2,079,928
Outstanding Expenses	59,436,622	49,214,874
Payable to Project Partner (refer note no.28)	738,809,564	346,945,160
<b>Total</b>	<b>3,493,834,373</b>	<b>2,694,580,000</b>

10 Short-Term Provisions

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
Provision for employee benefits (unfunded)		
Gratuity	1,327	-
Leave Encashment	156,930	-
<b>Total</b>	<b>158,257</b>	<b>-</b>



Real Gem Buildtech Private Limited

Notes Forming Part of Financial Statements

11 Fixed Assets

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1st April, 2011	Additions	Deduction/ Conversion	Balance as at 31st March, 2012	Balance as at 1st April, 2011	Depreciation charge for the year	Balance as at 31st March, 2012	Balance as at 31st March, 2011
a Tangible Assets								
Sample Flat	-	174,907,887		174,907,887	-	159,281	159,281	174,748,606
Office equipment	1,069,284	94,669		1,163,953	151,955	130,938	282,893	881,060
Computers & Related Equipments	821,952	-		821,952	296,715	210,095	506,810	315,142
Total	1,891,236	175,002,556		176,893,792	448,670	500,314	948,984	175,944,808
Previous Year	587,999	1,303,237		1,891,236	58,777	389,893	448,670	1,442,566
b Capital Work In Progress	123,720,865	51,187,022	174,907,887	-	-	-	-	123,720,865
Total	123,720,865	51,187,022	174,907,887	-	-	-	-	123,720,865

(Amount in Rs.)



*Real Gem Buildtech Private Limited*

**Notes Forming Part of Financial Statements**

**12 Non-Current Investments**

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
<b>(Trade) (Unquoted)</b>		
Investment in Equity Shares 3,10,000 (P.Y.: 3,10,000) Equity Shares of Rs.10 each fully paid up in Saraf Chemicals Limited	49,600,000	49,600,000
Investment in Preference Shares 6,50,000 (P.Y.: Nil) 0.01% Redeemable Optionally Convertible Cumulative Preference Shares in DB Mig Realtors & Builders Private Limited fully paid up.	650,000,000	
<b>Total</b>	<b>699,600,000</b>	<b>49,600,000</b>

**13 Long-Term Loans & Advances**

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
Security Deposits (Unsecured, considered good)		
-to Project Partner	700,000,000	900,000,000
-to Others (refer note no.29)	1,137,500	1,101,073,000
<b>Total</b>	<b>701,137,500</b>	<b>2,001,073,000</b>

**14 Inventories**

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
Opening Inventories	1,136,405,011	264,975,511
Add:-Project related expenses during the year	561,565,218	885,510,809
Less: Transfer to Profit and Loss Account (adjustment to opening balance)	-	(14,081,309)
<b>Total</b>	<b>1,697,970,229</b>	<b>1,136,405,011</b>





Notes Forming Part of Financial Statements

15 Cash and cash equivalents

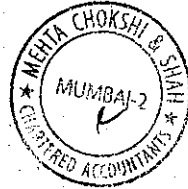
Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
Cash in Hand	41,503	90,248
Balance with Banks in current account	18,781,265	-
Balance with Bank held as Margin Money/Security/Guarantee	1,705,185	4,295,728
<b>Total</b>	<b>20,527,953</b>	<b>4,385,976</b>

16 Short-Term Loans & Advances

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
(Unsecured, considered good)		
Mobilisation & Material Advance	324,326,696	199,533,900
Security Deposits to project partner	200,000,000	-
Trade Advance	29,915,572	91,500
Advance Recoverable in cash or in kind or for values to be received	32,242	41,626
Staff Loan	107,800	12,000
Prepaid Expenses	68,962	35,257
Tax Deducted at source	33,503	19,127
<b>Total</b>	<b>554,484,774</b>	<b>199,733,410</b>

17 Other Current Assets

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Amount in Rs.	Amount in Rs.
Service Tax Receivable from Allotees (refer note no.39)	19,291,611	-
Interest Accrued but not due on Fixed Deposit	21,365	61,169
<b>Total</b>	<b>19,312,976</b>	<b>61,169</b>



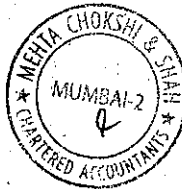
Notes Forming Part of Financial Statements

18 Other Income

Particulars	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
	Amount in Rs.	Amount in Rs.
Dividend	155,000	-
<b>Total</b>	<b>155,000</b>	<b>-</b>

19 Project related expenses

Particulars	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
	Amount in Rs.	Amount in Rs.
Payment to and Provision for employees:		
a) Salaries, Wages and Bonus	16,992,636	18,052,714
b). Contribution to Provident Fund and Other	349,904	381,201
c) Staff Welfare and Other Amenities	1,552,897	3,211,426
Rates and Taxes	1,270,686	1,895,505
Site Expenses	643,205,774	1,340,835,836
Legal and Professional Fees	9,388,018	6,294,520
Telephone Expenses	302,704	423,203
Insurance Premium	52,638	94,971
Interest Paid (Net)	19,056,315	121,837,578
Travelling & Conveyance Expenses	350,495	9,635,516
Security Charges	2,090,718	2,044,034
Printing and Stationery	639,505	585,326
Repair & Maintenance	193,465	26,750
Foreign Exchange Loss	-	4,634
General Expenses	45,556	86,043
Depreciation	341,033	389,893
	<b>695,832,345</b>	<b>1,505,799,149</b>
Less: Project Expenses Recovered (Note no.28)	<b>(134,267,127)</b>	<b>(620,288,340)</b>
<b>Total</b>	<b>561,565,218</b>	<b>885,510,809</b>



*Real Gem Buildtech Private Limited*

**Notes Forming Part of Financial Statements**

**20 (Increase)/Decrease in Inventories**

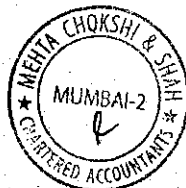
Particulars	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
	Amount in Rs.	Amount in Rs.
Opening Inventories <sup>c</sup>	1,136,405,011	264,975,511
Less: Closing Inventory- Project Work in Progress	1,697,970,229	1,136,405,011
Less: Transfer to Profit and Loss Account (adjustment to opening balance)	-	14,081,309
<b>Total</b>	<b>(561,565,218)</b>	<b>(885,510,809)</b>

**21 Employee benefit expenses**

Particulars	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
	Amount in Rs.	Amount in Rs.
Salaries, Wages and Bonus	2,148,842	2,817,445
Contribution to Provident Fund and Other	39,110	-
Staff Welfare and other amenities	220,346	226,952
<b>Total</b>	<b>2,408,298</b>	<b>3,044,397</b>

**22 Administrative and Selling expenses**

Particulars	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
	Amount in Rs.	Amount in Rs.
Audit Fees	920,494	690,478
Bank Charge	14,650	90,809
Company Profession Tax	2,500	2,500
Travelling & Conveyance Expenses	3,633,793	23,959,481
Donation	26,000	405,500
Filing Fees	1,260,350	2,430
Miscellaneous Office Expenses	1,154,605	527,404
Insurance Premium	43,897	28,225
Interest on TDS & Service Tax	16,331	4,682
Membership and Subscription Fees	-	327,000
Telephone Expenses	89,231	63,841
Printing & Stationery	123,552	98,594
Legal & Professional Fees	250,221	453,795
Rent	1,515,601	1,438,709
Sales Promotions & Publicity	38,584,863	66,309,588
Foreign Exchange Loss	9,665	-
<b>Total</b>	<b>47,645,752</b>	<b>94,403,036</b>



23. The Company is a subsidiary of D B Realty Limited, which has become a "Public Company" w.e.f. 23rd September 2009. Therefore, w.e.f. the said date, the Company has become a private company which is a subsidiary of a public company and accordingly, by virtue of provision of section 3(1)(iv)(c) of the Companies Act, 1956, the Company is a public company. The Company continues to use the word "Private Limited" as permitted by law.

24. Contingent Liability:

Particulars	(Amount in Rupees)	
	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
A. Related to Service Tax on lease rentals in respect of Office Premises	-	180,361
B. Estimated amount of contract to be executed in Capital Account and not provided for	-	22,847,105
C. Arrears of Dividend on 0.1% Redeemable Cumulative Preference Shares (RCPS)	78,197	-

25. Keeping in view the parameters as per Guidance Note on Recognition of Revenue by the Real Estate Developers and AS 2 "Valuation of Inventories for valuing Project-Work-In- Progress (WIP) of Real Estate Developers", the expenses incurred in the nature of administrative overheads which did not contribute in bringing Project WIP to its present location an condition have been charged off to the profit and loss account for the period as period cost.
26. In the absence of any timing difference, no provision for deferred tax needs to be made. In view of loss, no provision for current tax has been provided for.
27. The company had paid / provided an aggregate brokerage of Rs. Nil (Previous Year Rs. 76,393,633/-) in its books of accounts. The said brokerage had been treated as Pre-paid expenses in previous year and proportionate brokerage has been expensed out during the year.
28. As per the terms of the Development Agreement and Supplementary Agreement entered into by the company with Bhishma Realty Limited (Bhishma), a proportionate expenditure incurred towards the project by the company has to be recovered from Bhishma. Accordingly, the company has raised a total debit notes of Rs. 908,529,646/- towards Bhishma's share of project costs, mobilisation advance, etc., However Bhishma has raised certain objections to the extent of Rs 15,267,954/-. The company is in negotiations with Bhishma Realty Limited for recovery / reaching a settlement of the same.
29. The company had entered into a Memorandum of Understanding dated 27th December, 2009 with M/s. Jairaj Developers. According to the said agreement, the company deposited a sum of Rs. 110 crores with M/s. Jairaj Developers for having the first right of refusal / opportunity for purchase of a land situated in Pune. During the year the company has exercised the right of refusal for purchase of the said land and accordingly the deposit was refunded to the company during the year.



30. Expenditure in Foreign Currency:

(Amount in Rupees)

Description	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Architect Fees	-	6,289,733/-
Other expenses	-	5,28,930/-

31. Value of imports on CIF basis in respect of:

(Amount in Rupees)

Description	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Capital Goods	1,265,952/-	-

32. Earnings per Share:

As per Accounting Standard-20 "Earning per Share", the Company's EPS is as under.

(Amount in Rupees)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Net Profit/(Loss) after tax as per Profit & Loss Account	(50,058,331)	(111,528,742)
Weighted average number of equity shares outstanding	10,000	10,000
Basic and Diluted Earnings per share	(5005.83)	(11,152.87)
Face Value per Equity Share	10	10

33. Breakup of Auditor's Remuneration:

(Amount in Rupees)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
- Audit Fees	3,50,000	3,50,000
- Certification Fees	4,78,000	2,76,000
- Service Tax	92,494	64,478
<b>Total</b>	<b>9,20,494</b>	<b>6,90,478</b>



**34. Related Parties Disclosure:**

As per Accounting Standard 18 (AS-18) 'Related Party Disclosure', the disclosure of transactions with the related parties as defined in AS-18 is given below.

<u>Name of the related party</u>	<u>Relationship</u>
D B Realty Limited	Holding Company
D B MIG Realtors & Builders Private Limited	Fellow Subsidiaries
Neeekamal Realtors Tower Pvt. Ltd	
Suraksha DB Realty	Entities Jointly Controlled by Holding Company
Dynamix Realty	
KG Enterprises	Enterprise where individuals i.e. KMP and their relatives have significant influence other than those mentioned above.
Conwood Construction & Developers Pvt. Ltd.	
Eon Aviation Pvt. Ltd.	
Mr. Rajiv Agarwal	Key Management Personnel (Directors)
Mr. Salim Balwa	
Ms. Sunita Bali	
Mr. Asif Balwa (erstwhile)	Erstwhile Director

**Note:** The above related parties are identified by the management and relied upon by the auditors. However there were no transactions with the key Management Personnel during the year.



The details of transactions with the related parties are as under:

(Amount in Rupees)

Description	With Holding Company	With Fellow Subsidiary	Entities Jointly Controlled by Holding Company	Enterprise/LL P's where individuals i.e. KMP and their relatives have significant influence other than those mentioned above	With relative of Key Management Personnel
<b>Loans Accepted</b>					
Opening balance as on 1st April, 2011	397,221,650	-	-	-	-
	(875,506,282)	(-)	(-)	(-)	(-)
Taken during the year	502,750,074	-	-	-	-
	(849,481,326)	(-)	(-)	(-)	(-)
Repaid during the year	689,623,570	-	-	-	-
	(1,327,765,958)	(-)	(-)	(-)	(-)
Closing Balance as on 31 <sup>st</sup> March, 2012	210,348,154	-	-	-	-
	(397,221,650)	(-)	(-)	(-)	(-)
<b>Advance Received</b>					
Opening balance as on 1st April, 2011	-	-	-	-	-
	(-)	(-)	(-)	(-)	(2000,000)
Taken during the year	-	-	-	-	-
	(-)	(-)	(-)	(-)	(13,770,000)
Repaid during the year	-	-	-	-	-
	(-)	(-)	(-)	(-)	(15,770,000)
Closing Balance as on 31 <sup>st</sup> March, 2012	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>Advance Given</b>					
Opening balance as on 1st April 2011	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Given during	-	-	-	-	-



the year					
	(-)	(-)	(-)	(200,000,000)	(-)
Returned during the year	-	-	-	-	-
	(-)	(-)	(-)	(200,000,000)	(-)
Closing Balance as on 31 <sup>st</sup> March, 2012	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>Trade Payables</b>					
Opening balance as on 1 <sup>st</sup> April, 2011	-	-	-	51,628	-
	(-)	(-)	(-)	(37,167)	(-)
Expenses incurred during the period	-	-	-	5,148,311	-
	(-)	(-)	(-)	(1,609,655)	(-)
Expenses repaid during the period	-	-	-	5,129,939	-
	(-)	(-)	(-)	(1,595,194)	(-)
Closing Balance as on 31 <sup>st</sup> March, 2012	-	-	-	-	-
	(-)	(-)	(-)	(51,628)	(-)
<b>Reimbursement of Expenses</b>					
Opening balance as on 1 <sup>st</sup> April, 2011	-	-	31,626	-	-
	(2,300,277)	(-)	(-)	(-)	(-)
Expenses incurred during the year	10,116	37,569	20,335,973	7,397,119	-
	(14,161,044)	(75,099)	(44,263,379)	(26,225)	(-)
Expenses repaid during the year	10,116	37,569	20,335,973	7,397,119	-
	(16,461,321)	(75,099)	(44,231,753)	(26,225)	(-)
Closing Balance as on 31 <sup>st</sup> March, 2012	-	-	31,626	-	-
	(-)	(-)	(31,626)	(-)	(-)
Hire Charges paid for Use of aircrafts	-	-	-	3,496,510	-
	(-)	(-)	(-)	(23,830,315)	(-)
Interest Paid	19,200,074	-	-	-	-
	(122,166,843)	(-)	(-)	(-)	(-)
Investment in Preference shares	-	650,000,000	-	-	-
	(-)	(-)	(-)	(-)	(-)
Issue of Preference shares	135,000,000	-	-	-	-
	(-)	(-)	(-)	(-)	(-)





35. As per AS-15, "Employee Benefits", the disclosure of employee benefits as defined in AS is given below.

**Defined Benefit Plan**

Consequent to the adoption of Accounting Standard on Employee Benefits (AS-15), the Company has accounted the present value of gratuity obligation (Non-Funded) based on actuarial valuation done by an independent valuer using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absences (Non-funded) is recognized in the same manner as gratuity.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2012:

**35.1 Reconciliation of opening and closing balances of Defined Benefit Obligation:**

(Amount in Rupees)

Description	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
Liability at the beginning of the period	1,196,798	501,560
Interest cost	74,448	87,263
Current Service cost	618,168	589,232
Actuarial (gain)/loss on obligations	(209,818)	18,743
Liability at the end of the period	1,147,208	1,196,798

**35.2 Reconciliation of fair value of plan assets and obligations:**

(Amount in Rupees)

Description	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
Liability at the end of the period	1,147,208	11,96,798
Fair value of Plan Assets at the end of the period	-	-
Difference	(1,147,208)	(11,96,798)
Amount Recognised in the Balance Sheet	(1,147,208)	(11,96,798)

**35.3 Expense recognized during the period:**

(Amount in Rupees)

Description	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
Current service cost	618,168	589,232
Interest cost	74,448	87,263
Expected Return on Plan Assets	-	-
Actuarial (Gain) or Loss	(209,818)	18,743
Expenses Recognised in Profit & Loss	482,798	695,238

**35.4 Actuarial Assumptions:**

Mortality Table	LIC (1994-96)
Discount rate (per annum)	8.50%
Rate of escalation in salary (per annum)	15%



The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is extracted from the report obtained from Actuary.

**36 Operating Lease:**

(Amount in Rupees)

	Particulars	For the Year ended 31 <sup>st</sup> March, 2012	For the Period ended 31 <sup>st</sup> March, 2011
	Lease payments recognized in the profit and loss account	1,515,601	1,438,709
	<b>Future Lease Payments</b>		
<b>a</b>	Not later than one year	533,031	1,470,372
<b>b</b>	Later than one year but not later than five years.	328,929	913,564
<b>c</b>	Later than five years	-	-
	<b>Total of Future Lease Payments</b>	<b>861,960</b>	<b>2,625,797</b>

37 It is the contention of the company that it does not carry on any manufacturing and trading activity, therefore the particulars required to be given as per paragraph 3(a), 3(b), 4C and 4D of Part II of Companies Act, 1956, are not applicable.

**38 Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.**

(Amount in Rupees)

Particulars	For the Year ended 31 <sup>st</sup> March, 2012	For the Year ended 31 <sup>st</sup> March, 2011
• Principal Amount outstanding to suppliers under MSMED Act,2006 beyond the appointed date	-	-
• Interest accrued on the amount due to suppliers under MSMED Act on the above amount	-	-
• Payment made to suppliers (other than Interest) beyond the appointed date during the year.	-	-
• Interest paid to suppliers under MSMED Act (other than section 16)	-	-
• Interest paid to suppliers under MSMED Act (section 16)	-	-
• Interest due and payable to suppliers under MSMED Act for payments already made.	-	-
• Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act.	-	-

**Note:** The above information is compiled by the company on the basis of the information made available by vendors and the same has been relied upon by the Statutory Auditors.



- 39 **Service Tax on Sale of Residential Flats**  
The company is a member of Maharashtra Chambers of Housing Industry (MCHI). MCHI, on behalf of its Members, had filed a writ petition in the High Court of Bombay challenging the levy of service tax by them on sale of Residential Flats. The decision of the same has not come in the favour of MCHI and consequently the company is liable to pay service tax on sale of flats retrospectively from July-10. Accordingly, the company has raised demand of Rs. 41,504,219 from allottees and received Rs. 26,671,607/- and the same was paid to the credit of Central Government. For the balance amount of Rs.19,291,611/- (service tax of Rs. 14,832,612/- plus interest of Rs.4,458,999/-) the company has created liability and the same is shown as recoverable from allottees in other current assets.
- 40 Trade Payables, Contractors' Retention Money and Mobilisation Advance in the Financial Statements are subject to confirmation. As per the contention of the management the same are good for payment/recovery.
- 41 **Segment Reporting:**  
Keeping in view the object of the Company as that of developing and constructing the Project, it has only one reportable segment and hence separate disclosure requirements of AS-17 Segment Reporting are not applicable.
- 42 Previous year figures have been regrouped and reclassified wherever necessary to make them comparable with current year figures.
- 43 The amount in the Balance Sheet and Profit and Loss Account are rounded off to nearest rupee.

**Signatures to Notes 1 to 43**

As per our attached report of even date

For Mehta Chokshi & Shah  
Chartered Accountants  
Firm Registration No. 106201W

C M Shah  
Partner  
Membership No. : 47178

Place : Mumbai  
Date : 24<sup>th</sup> May, 2012



For and on Behalf of the Board

(Nabil Patel)  
Director

(Rajiv Agarwal)  
Director

Place : Mumbai  
Date : 24<sup>th</sup> May, 2012