

**SPACECON REALTY PRIVATE LIMITED**

**ANNUAL AUDITED ACCOUNTS**

**FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

**CHATURVEDI & SHAH**

**Chartered Accountants**

**714-715, Tulsiani Chambers,**

**212, Nariman Point,**

**Mumbai – 400 021, India**

**Tel No.: +91 22 3021 8500**

**Fax: +91 22 3021 8595 \*URL : [www.cas.ind.in](http://www.cas.ind.in)**

**NOTICE**

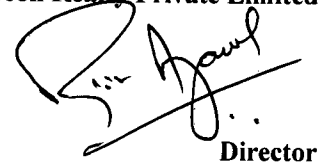
**NOTICE** is hereby given that Annual General Meeting of the members of Spacecon Realty Private Limited will be held on Friday, the 27<sup>th</sup> September, 2013 at 11.30 a.m. at the Registered Office of the Company at DB House, Gen. A. K. Vaidya Marg, Goregaon (East), Mumbai – 400 063 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet of the Company for the year ended 31<sup>st</sup> March, 2013, 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. Narayan Prasad Bajaj, 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. Chaturvedi & Shah, Chartered Accountants, Mumbai, (Reg. No.101720W), 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-imbursement 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.”

**By order of the Board of Directors,  
For Spacecon Realty Private Limited**



Director

Place: Mumbai  
Date: 10.05.2013

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

**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.

**DIRECTOR'S REPORT****Dear Members**

Your Directors have pleasure in presenting the Annual Report together with the Audited Accounts of the Company for the year ended on 31<sup>st</sup> March, 2013.

**FINANCIAL RESULTS:**

<b>Particulars</b>	<b>Year Ended 31-03-2013</b>	<b>Year Ended 31-03-2012</b>
Total Income	Nil	Nil
Total Expenses	<b>97,17,560</b>	2,33,96,059
Profit/(Loss) after Tax & before prior period item	<b>(97,17,560)</b>	(2,33,96,059)
Less: Prior Period adjustment	-	2,07,32,004
Profit/(Loss) after Tax	<b>(97,17,560)</b>	(4,41,28,063)

**PROJECT :**

During the year under review, your Company is under the process of financial tie up for the Companies project viz. Government Colony in Bandra (East), Mumbai.

**DIVIDEND:**

In the absence of profits, your directors do not recommend any dividend.

**FIXED DEPOSITS:**

Your Company has not accepted any fixed deposits from public 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, 2013, the applicable Accounting Standards had been followed alongwith 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, 2013, 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. Narayan Parasad Bajaj and Mr. Nabil Patel, are continuing as Directors of the Company.

Mr. Narayan Prasad Bajaj, 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.

**AUDITORS:**

The Statutory Auditors of the Company M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai (Reg. No. 101720W) retire at the ensuing Annual General Meeting 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:**

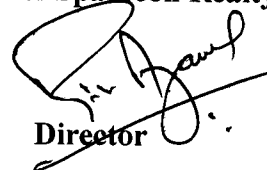
Considering the nature of the business, it is not necessary to give statement showing required particulars in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1998 read with the provisions of Section 217(1) (e) of the Companies Act, 1956 and hence it has not been annexed hereto.

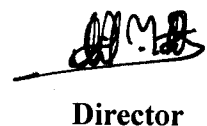
During the year under review, Foreign Exchange earnings and outgo were Nil.

**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 Spacecon Realty Private Limited

  
Director

  
Director

Place : Mumbai  
Date : 10.05.2013

**Independent Auditor's Report to the Members of Spacecon Realty Private Limited**  
(Formerly Known as DB Spacecon Private Limited)

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Spacecon Realty Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

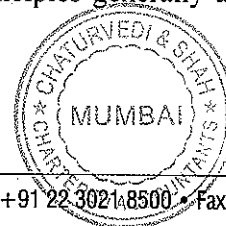
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the "Loss" for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. 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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, 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 comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For CHATURVEDI & SHAH**  
Firm Reg. No. : 101720W  
**Chartered Accountants**



*Jignesh Mehta*

**Jignesh Mehta**  
**Partner**

**Membership No. : 102749**

**Place:** Mumbai  
**Date:** May 10, 2013

**ANNEXURE TO AUDITOR'S REPORT****Referred to in Paragraph 1 of our Report of even date**

i) The Company does not have any Fixed Assets. Thus Clause (i) of paragraph 4 of the Order is not applicable.

ii) In respect of its Inventories:

The Company is engaged in the business of real estate development and as at year end its project is in initial stage of development. As at year end, company's inventory comprises of the work in progress, representing the direct cost of construction cost and cost of TDR acquired. The company does not have any construction related inventories and therefore, clause (ii) of paragraph 4 of the Order is not applicable.

iii) In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, sub-clause (b), (c) and (d) of Clause 4(iii) of the order are not applicable.

b) According to the information and explanations given to us, the Company has taken unsecured loans from two companies covered in the register maintained under section 301 of the Companies Act, 1956, of which loan from one party is squared off during the year. The maximum amount outstanding at any time during the year in respect of said loans is Rs. 67,68,23,288/- and the year-end balance of one party is Rs. 64,74,48,288/-

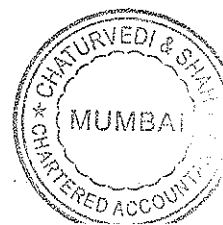
c) In our opinion and according to the information and explanation given to us, said loans are interest free and other terms & conditions are not prejudicial to the interest of the company.

d) In respect of said interest free loan taken by the Company, the principal amount is not due for repayment during the year and therefore the question of overdue amount doesn't arise.

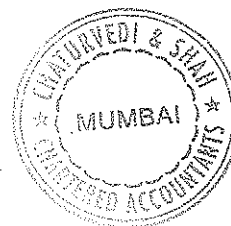
iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase and sale of inventory. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems in respect of same.

v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:

a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, that needed to be



- a) entered in 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 provided to us, the transactions made in pursuance of such contracts or arrangements have been made at reasonable prices having regard to the prevailing market prices at the relevant time.
- vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the directives issued by the Reserve Bank of India and the provision of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Amendment of Deposit) Rules, 1975 are not applicable to the company.
- vii) The Company's paid up capital and reserves at the commencement of the financial year concerned did not exceed Rs. 50 lacs. Further the Company's average annual turnover for the three consecutive preceding financial years did not exceed Rs. 5 Crores. Therefore the requirements of Clause (vii) of paragraph 4 of the Order, with respect to Internal Audit System, are not applicable.
- viii) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the companies Act, 1956.
- ix) In respect of statutory dues:
- a) According to the records of the Company, undisputed statutory dues including Income tax and other applicable statutory dues have been generally regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date of becoming payable.
- b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty or Cess which have not been deposited on account of any dispute.
- x) The Company's accumulated losses at the end of the financial year are more than fifty percent of the net worth of the Company. The Company has incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
- xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company had no dues payable to Financial Institutions, Banks or Debenture holders.

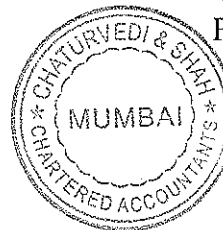




- xii) In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv) In our opinion and according to the explanations given to us and based on the information available, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv) According to information and explanation given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause 4(xv) of the Order are not applicable to the Company.
- xvi) The Company has not raised any term loan during the year and hence the clause (xvi) of paragraph 4 of the Order is not applicable to the Company.
- xvii) 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 there are no funds raised on short-term basis that have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares, during the year to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any secured debentures during the year covered by our audit.
- xx) As the Company is a Private Limited Company, therefore provision of Clause 4(xx) of the order is not applicable to the Company.
- xxi) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit that causes the financial statements to be materially misstated.

**For CHATURVEDI & SHAH****Chartered Accountants**

Firm Reg. No.: 101720W



A handwritten signature in black ink, appearing to read "Jignesh Mehta".

**Jignesh Mehta****Partner**

Membership No. 102749

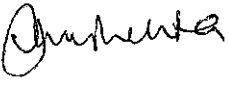
**Place: Mumbai****Date: May 10, 2013**

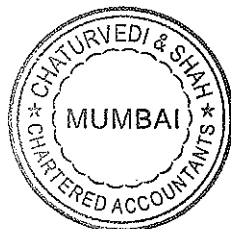
**Spacecon Realty Private Limited**  
(Formerly known as DB Spacecon Private Ltd)

**BALANCE SHEET AS AT 31st MARCH, 2013**

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital	2	135,140	135,140
(b) Reserves and surplus	3	(96,962,349)	(87,244,789)
<b>2 Non Current Liabilities</b>			
(a) Long-term Borrowings	4	661,248,288	-
<b>3 Current Liabilities</b>			
(a) Short-term borrowings	5	-	646,013,288
(b) Trade payables	6	4,307,504	151,213
(c) Other current liabilities	7	6,803,944	20,988,086
(d) Short-term provisions	8	39,178	1,098,670
<b>Total of Equity &amp; Liabilities</b>		<b>575,571,705</b>	<b>581,141,608</b>
<b>II. ASSETS</b>			
<b>1 Current Assets</b>			
(a) Inventories	9	496,778,638	496,029,260
(b) Trade receivables	10	78,489,644	84,960,422
(c) Cash and Cash Equivalents	11	55,505	79,659
(d) Short-term loans and advances	12	247,918	72,267
<b>Total of Assets</b>		<b>575,571,705</b>	<b>581,141,608</b>
See accompanying significant accounting policies and notes to the financial statements -1 to 28			

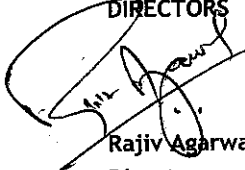
AS PER OUR ATTACHED REPORT OF EVEN DATE  
FOR CHATURVEDI & SHAH  
Chartered Accountants  
Firm Registration no - 101720W

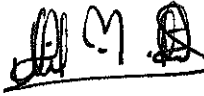
  
Jignesh Mehta  
Partner  
Membership no - 102749



Place : Mumbai  
Date : 10.05.2013

FOR AND BEHALF OF THE BOARD OF  
DIRECTORS

  
Rajiv Agarwal  
Director

  
Nabil Patel  
Director

Place : Mumbai  
Date : 10.05.2013

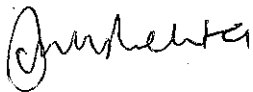
**Spacecon Realty Private Limited**  
(Formerly known as DB Spacecon Private Ltd)

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

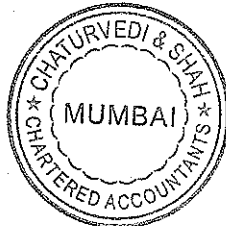
Sr. No	Particulars	Note No.	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
I.	<u>Income from Operation</u>		-	-
II.	<u>Other Income</u>		-	-
	<b>Total Income</b>	(A)	-	-
III.	<u>Expenses</u>			
	Project Related Expenses	17	749,378	466,532,427
	Changes in Inventories of Work-in-progress and Stock-in-Trade		(749,378)	(466,532,427)
	Interest and Finance Cost	13	-	162,825
	Other expenses	14	9,717,560	13,260,388
	Diminution in Value of TDR Inventory		-	9,972,846
	<b>Total Expenses</b>	(B)	9,717,560	23,396,059
	<b>Profit / (Loss) After Tax and Before Prior Period Item</b>	(A-B)	(9,717,560)	(23,396,059)
	<b>Less: Prior Period Adjustment (Refer Note No. 22)</b>		-	20,732,004
	<b>Profit / (Loss) After Tax</b>		(9,717,560)	(44,128,063)
	<u>Earnings Per share</u>			
	Basic and Diluted (before exceptional items) per share		(719)	(1,731)
	Weighted no. of Equity shares used in Computing EPS ( of Rs 10/- each )		13,514	13,514
See accompanying significant accounting policies and notes to the financial statements - 1 to 28				

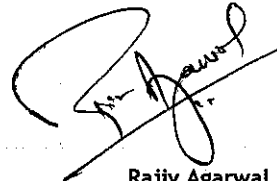
AS PER OUR ATTACHED REPORT OF EVEN DATE  
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Firm Registration no - 101720W

FOR AND BEHALF OF THE BOARD OF  
DIRECTORS

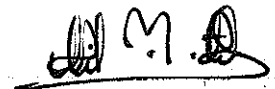


Jignesh Mehta  
Partner  
Membership no - 102749





Rajiv Agarwal  
Director



Nabil Patel  
Director

Place : Mumbai  
Date : 10.05.2013

Place : Mumbai  
Date : 10.05.2013

**Spacecon Realty Private Limited**  
(Formerly known as DB Spacecon Private Ltd)

**Cash Flow Statement for the year ended 31st March, 2013**

Sr. No.	Particulars	Year Ended 2012-13	Year Ended 2011-12
<b>A.</b>	<b>Cash Flow from operating activities</b>		
	Net Profit/(Loss) before tax & extraordinary items	(9,717,560)	(44,128,063)
	<b>Add:</b>		
	Interest & Finance Cost	-	162,825
	Diminution in value of investments	-	9,972,846
	<b>Operating Profit before Working Capital changes</b>	<b>(9,717,560)</b>	<b>(33,992,392)</b>
	<b>Adjustments For :</b>		
	(Increase) / Decrease in inventories	(749,378)	1,833,422,759
	(Increase) / Decrease in loans and Advances	(175,651)	4,943
	(Increase) / Decrease in trade receivables	6,470,778	272,147,727
	Increase / (Decrease) in trade payables	4,156,291	(1,500,864)
	Increase / (Decrease) in short term provisions	(1,059,492)	(119,292)
	Increase / (Decrease) in other current liabilities	(14,184,142)	7,308,448
	<b>Cash generated from operations</b>	<b>(15,259,154)</b>	<b>2,077,271,329</b>
	Direct taxes paid	-	-
	<b>Net Cash from operating activities (A)</b>	<b>(15,259,154)</b>	<b>2,077,271,329</b>
<b>B.</b>	<b>Cash Flow from Investing activities :</b>		
	<b>Net Cash generated/ (used in) from investing activities (B)</b>	-	-
<b>C.</b>	<b>Cash Flow from Financing activities :</b>		
	Long term borrowings (net)	15,235,000	-
	Short Term Borrowings (net)	-	(2,086,700,547)
	Interest & Finance Cost	-	(162,825)
	<b>Net cash/ (used in) from financing activities (C)</b>	<b>15,235,000</b>	<b>(2,086,863,372)</b>
	<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(24,154)</b>	<b>(9,592,043)</b>
	Cash and Cash equivalents as at the beginning	79,659	9,671,702
	Cash and Cash equivalents as at the end	<b>55,505</b>	<b>79,659</b>
	<b>Cash and cash Equivalents includes:</b>		
	Cash on hand	24,569	56,559
	Bank Balances	30,936	23,100
		<b>55,505</b>	<b>79,659</b>

**Notes:**

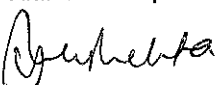
- (a) Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard Standard (AS) 3: "Cash Flow Statement" as specified in the Companies (Accounting Standards) Rules 2006.
- (b) Cash and cash equivalents represent bank balance & cash in hand.
- (c) Figures of the pervious year have been regrouped and reclassified wherever necessary to make them comparable with current year figures.

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR CHATURVEDI & SHAH

Chartered Accountants

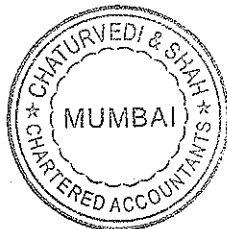
Firm membership no - 101720W

  
Jignesh Mehta  
Partner


Membership no - 102749

Place : Mumbai

Date : 10.05.2013



FOR AND BEHALF OF THE BOARD OF  
DIRECTORS

  
Rajiv Agarwal  
Director

  
Nabil Patel  
Director

Place : Mumbai

Date : 10.05.2013

**Spacecon Realty Private Limited**  
**(Formerly known as DB Spacecon Private Ltd)**

*Notes Forming Part of Financial Statements for the year ended 31st March, 2013*

**Note No. 1 - Significant Accounting Policies**

**i) 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, as notified by the companies Acts. (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.

**ii) Use of Estimates**

The preparation of Financial Statement requires management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, the disclosure of Contingent Liabilities on the date of financial statements and the reported amount of expenses during the year reported. Actual results could differ from those estimates. Any revision to estimates is recognized in accordance with the requirements of respective Accounting Standard.

**iii) Foreign currency Transaction**

(a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction .

(b) Monetary items denominated in foreign currencies at the year end are restated at year end rates.

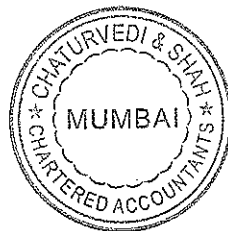
(c) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss accounts.

**iv) Inventories**

Project work in progress represent cost incurred in relation to development and construction of project. Direct Expenses are taken as the cost of projects. It is valued at lower of cost or net realisable value. The inventories of TDR are valued at lower of cost or net realisable value using specific identification method

**v) Revenue Recognition**

Revenue from sale of properties under construction is recognized on the basis of percentage of completion method subject to transfer of significant risk and rewards to the buyer and outcome of the real estate project can be estimated reliably. Percentage of completion is determined with reference to the entire project cost incurred versus total estimated project cost, determined based upon the judgment of management and certified by Company's technical personnel. The revenue is recognized, only if, all critical approvals necessary for commencement of the project have been obtained, at least 25% of construction cost (excluding cost incurred in acquisition of land and its development rights) is incurred, at least 25% of the saleable project area is secured by contracts or agreements with buyers, and at least 10 % of the total revenue as per agreement are realized at the reporting date in respect of each of the contracts and there is no uncertainty towards realisation of the balance amount. Accordingly, the cost of construction/development is charged to the profit and loss account in proportion to the revenue recognised during the period and balance cost are carried as a part of "Project work in progress" under Inventories. Amounts receivable/payable are reflected as Trade receivables/Advances from customers, respectively, after considering income recognised in aforesaid manner. The estimates of saleable area and costs as revised periodically by the management are considered as change in estimate and accordingly, the effect of such changes to estimates is recognized in the period such changes are determined.



**Spacecon Realty Private Limited**  
**(Formerly known as DB Spacecon Private Ltd)**

*Notes Forming Part of Financial Statements for the year ended 31st March, 2013*

**vi) Taxes on income**

Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities, using the applicable effective tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using relevant enacted or substantively enacted effective tax rates as on the balance sheet date.

At each balance sheet date the company reassesses recognised deferred tax assets and liabilities and recognises unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

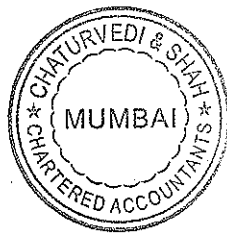
**vii) Provisions**

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 reasonable 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 and adjusted to reflect the current best estimates.

**viii) Contingent Liabilities**

Contingent Liabilities are not provided for in the account , and if any, the same is disclosed in notes to accounts.

**ix) Accounting Policies not specifically referred to above are consistent with the Generally Accepted Accounting Principles followed by the Company.**



**Spacecon Realty Private Limited**  
(Formerly known as DB Spacecon Private Ltd)  
Notes Forming Part of Financial Statements for the year ended 31st March, 2013

**Note : 2 Share Capital**

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Authorised Capital</b>		
10,00,000 Equity Shares of Rs. 10/- each (Previous Year 10,00,000)	10,00,000	10,00,000
20,00,000 Compulsorily convertible cumulative Preference Shares of Rs.10/- each ( Previous Year 20,00,000)	20,00,000	20,00,000
<b>Total</b>	<b>30,00,000</b>	<b>30,00,000</b>
<b>Issued, subscribed &amp; paid up</b>		
13514 (13514) Equity Shares of Rs. 10/- each	135,140	135,140
<b>Total</b>	<b>135,140</b>	<b>135,140</b>

All of the above Shares contain equal voting rights and there are no restrictions/preferences attached to any of the above shares.

**Note :2.1 Reconciliation of shares outstanding at beginning and at the end of reporting period**

Particulars	As at 31st March, 2013	As at 31st March, 2012
Shares outstanding at the beginning of the year	13,514	13,514
<b>Add:</b> Shares Issued during the year / Bonus issue	NIL	NIL
<b>Less:</b> Shares bought back during the year/ ESOP	NIL	NIL
Shares outstanding at the end of the year	13,514	13,514

**Note :2.2 Shares held by Holding Company / Subsidiary Company / Associates**

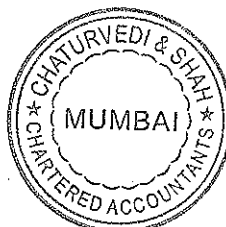
Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Holding Company:</b>		
<b>D B Realty Limited</b>		
Equity Shares of Rs 10/- each	10,000	10,000
<b>Enterprise where individuals i.e. KMP and their relatives have significant influence</b>		
<b>Eversmile Construction Company Private Limited</b>		
Equity Shares of Rs 10/- each	3,514	3,514

**Note :2.3 Details of Shareholders holding more than 5% in companies**

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
D B Realty Ltd	10000	74%	10000	74%
Eversmile Construction Company Private Limited	3514	26%	3514	26%

**Note 3 Reserves & Surplus**

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>A. Surplus/(deficit) in statement of P/L as per last FY statement</b>		
(+) Net Profit/(Net Loss) For the current year	(87,244,789)	(43,116,726)
Closing Balance	(9,717,560)	(44,128,063)
	(96,962,349)	(87,244,789)
<b>Total</b>	<b>(96,962,349)</b>	<b>(87,244,789)</b>



**Spacecon Realty Private Limited**  
**(Formerly known as DB Spacecon Private Ltd)**

*Notes Forming Part of Financial Statements for the year ended 31st March, 2013*

**Note 4 Long Term Borrowings**

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Unsecured</b>		
Loan from Holding Company DB Realty Ltd ( Repayable over a period of 3 to 5 years )	661,248,288	-
<b>Total</b>	<b>661,248,288</b>	<b>-</b>

**Note 5 Short Term Borrowings**

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Unsecured</b>		
(A) Loan from Holding Company (repayable on demand) DB Realty Ltd	-	645,413,288
(B) Others Nihar Construction Pvt Ltd (Refer Note 18)	-	600,000
<b>Total</b>	<b>-</b>	<b>646,013,288</b>

**Note 6 Trade Payables**

Particulars	As at 31st March, 2013	As at 31st March, 2012
Due to Micro Small Medium Enterprises	-	-
Others	4,307,504	151,213
<b>Total</b>	<b>4,307,504</b>	<b>151,213</b>

**Note 7 Other Current Liabilities**

Particulars	As at 31st March, 2013	As at 31st March, 2012
D B Realty Ltd (Refer Note 18)	-	20,766,217
Statutory Dues	57,424	221,869
Advance Received Against Sale of TDR	6,746,520	-
<b>Total</b>	<b>6,803,944</b>	<b>20,988,086</b>

**Note 8 Short Term Provisions**

Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for Expenses	39,178	1,098,670
<b>Total</b>	<b>39,178</b>	<b>1,098,670</b>





**Spacecon Realty Private Limited**  
**(Formerly known as DB Spacecon Private Ltd)**

*Notes Forming Part of Financial Statements for the year ended 31st March, 2013*

**Note 9 Inventories ( Valued at cost or NRV whichever is Less )**

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Project Work in Progress</b>		
Work-in-progress (Valued at Cost) (Refer Note No. 17)	470,966,564	470,217,186
Others (Transferable Development Rights - TDR) Valued at Lower of Cost or NRV	25,812,074	25,812,074
<b>Total</b>	<b>496,778,638</b>	<b>496,029,260</b>

**Note 10 Trade Receivables**

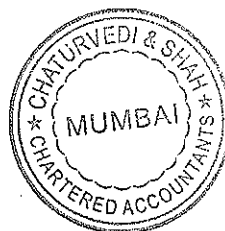
Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Unsecured and considered Good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	78,489,644	74,555,870
Others	-	10,404,552
<b>Total</b>	<b>78,489,644</b>	<b>84,960,422</b>

**Note 11 Cash and Cash Equivalents**

Particulars	As at 31st March, 2013	As at 31st March, 2012
Balances with Banks	30,936	56,559
Cash on hand	24,569	23,100
<b>Total</b>	<b>55,505</b>	<b>79,659</b>

**Note 12 Short Term Loans and Advances**

Particulars	As at 31st March, 2013	As at 31st March, 2012
Advances Recoverable in cash or kind	-	72,267
Balances with Central Excise Authorities	247,918	-
<b>Total</b>	<b>247,918</b>	<b>72,267</b>



**Spacecon Realty Private Limited**  
**(Formerly known as DB Spacecon Private Ltd)**

*Notes Forming Part of Financial Statements for the year ended 31st March, 2013*

**Note 13 Interest and Finance Cost**

Particulars	As at 31st March, 2013	As at 31st March, 2012
Interest on Late Payment	-	162,825
<b>Total</b>	<b>-</b>	<b>162,825</b>

**Note 14 Other Expenses**

Particulars	As at 31st March, 2013	As at 31st March, 2012
Legal and Professional Fees	2,043,588	4,371,084
Hiring Charges	-	1,748,255
Commission & Brokerage	-	5,496,828
Payment to Auditors	113,473	99,360
Printing, Postage & Telephone Expenses	5,334	17,593
Miscellaneous Expenses	475,750	154,810
Sundry Balances Written Off	72,267	-
Bank Charges	3,887	163,751
Leave & License Fees	6,975,749	1,169,472
Business Promotion Expenses	960	30,970
Conveyance & Travelling Expenses	11,552	8,265
Profession Tax	15,000	-
<b>Total</b>	<b>9,717,560</b>	<b>13,260,388</b>

**Note 15 Expenditure in Foreign Currency**

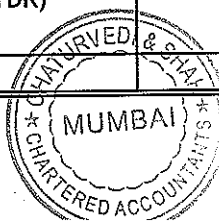
Particulars	As at 31st March, 2013	As at 31st March, 2012
Professional Fees	595,285	-
<b>Total</b>	<b>595,285</b>	<b>-</b>

**Note 16 Payment to Auditors (Including Service Tax)**

Particulars	As at 31st March, 2013	As at 31st March, 2012
Audit Fees	56,180	22,472
Certification Fees	55,150	33,708
Out of Pocket Expenses	2,143	7,854
Other Matters	-	35,315
<b>Total</b>	<b>113,473</b>	<b>99,359</b>

**Note 17 Project Work in Progress stands in current assets inventories includes**

Particulars	As at 31st March, 2013	As at 31st March, 2012
Opening Project WIP	470,217,186	24,416,763
Project Expenses (Professional Fees)	749,378	-
Loss on sale of TDR	-	466,532,427
Prior Period Adjustment (Profit on sale of TDR)	-	(20,732,004)
<b>Closing Project WIP</b>	<b>470,966,564</b>	<b>470,217,186</b>



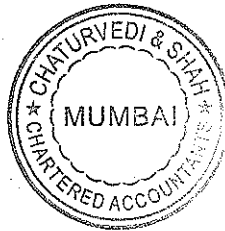
**Spacecon Realty Private Limited**  
**(Formerly known as DB Spacecon Private Ltd)**  
*Notes Forming Part of Financial Statements for the year ended 31st March, 2013*

**Note : 18** As per the Accounting Standard 18, the disclosure of transactions with the related parties as defined in the accounting standards, are given below.

- A** Names of related parties with whom transactions have taken place during the year (identified by management and relied upon by the auditor)
- I** Holding Company -  
1 D B Realty Limited
- II** Associates -  
1 Eversmile Construction Co. Pvt. Ltd.
- III** Fellow Subsidiaries -  
1 DB View Infracon Private Limited
- IV** Enterprise owned or significantly influenced by Key Managerial Personnel  
1 Pony infrastructure & Contractors Ltd (Formerly known as Dynamix Balwas Infrastrure Private Limited )  
2 Nihar Construction Private Limited  
3 Conwood Construction & Developers Pvt Ltd (Upto 16.10.2012)
- V** Jointly Controlled Entity  
1 Dynamix Realty
- B** Transaction during the year with related parties :

**I. Transactions with Holding Company**

Sr. No.	Particulars	Opening Balance	Taken/ Adjusted During the Year	Repaid / Adjusted During the Year	Closing Balance
1	<b>Loan Taken from Holding Company</b>				
a	D B Realty Limited	645,413,288	34,135,000	18,300,000	661,248,288
		2,711,347,618	36,683,207	2,102,617,537	645,413,288
2	<b>Reimbursement of Expenses</b>				
b	D B Realty Limited	20,766,217	-	20,766,217	-
		20,766,217	-	-	20,766,217



**Spacecon Realty Private Limited**  
**(Formerly known as DB Spacecon Private Ltd)**  
*Notes Forming Part of Financial Statements for the year ended 31st March, 2013*

**II. Transactions with Fellow Subsidiaries**

Sr. No.	Particulars	Opening Balance	Taken/ Adjusted During the Year	Repaid / Adjusted During the Year	Closing Balance
1	<b>Reimbursement of statutory obligation paid on behalf by the company</b>				
a	DB View Infracon Pvt Ltd	8	-	8	-
		-	<i>7,371</i>	<i>7,363</i>	<i>8</i>

**III. Transactions with Enterprises owned or significantly influenced by KMP**

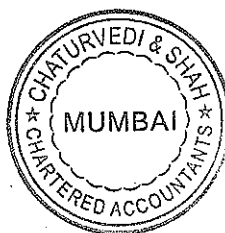
Sr. No.	Particulars	Opening Balance	Taken/ Adjusted During the Year	Repaid / Adjusted During the Year	Closing Balance
1	<b>Loan Taken</b>				
a	Nihar Constructions Pvt Ltd	600,000	-	600,000	-
		<i>600,000</i>	-	-	<i>600,000</i>

Sr.No.	Particulars	Amount Rs.
1	<b>Leave &amp; License Fees</b>	
a	Conwood Construction & Developers Pvt Ltd	62,226
		-

**IV. Transactions with Jointly Controlled Entities**

Sr. No.	Particulars	Opening Balance	Taken/ Adjusted During the Year	Repaid / Adjusted During the Year	Closing Balance
1	<b>Reimbursement of expenses</b>				
a	Dynamix Realty	-	-	-	-
		-	<i>3,138,898</i>	<i>3,138,898</i>	-

*Note :- Figures in Italics relate to previous year*



**Spacecon Realty Private Limited**  
**(Formerly known as DB Spacecon Private Ltd)**

*Notes Forming Part of Financial Statements for the year ended 31st March, 2013*

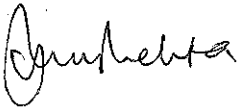
- Note 19 The Guidance Note on accounting of Real Estate Transactions (Revised 2012) issued by Institute of Chartered Accountants of India, is applicable from 1st April, 2012. The company has realign the criterias for recognition of revenue based on percentage completion method to comply with Guidance Note. This change does not have any impact on the profit/loss of the company for the year.
- Note 20 For the period ended 31st March 2013 the Company has incurred losses and as at Balance Sheet date Net Worth of the Company is negative. The Company is under preliminary stage of redevelopment of the Government Colony in Bandra (East), Mumbai. Further, the holding company has also committed to provide the financial support to the Company. Therefore, in view of the management, accounts have been prepared on going concern basis.
- Note 21 As per the information provided by the company there are no Micro , Small, and Medium Enterprises as defined in the Micro Small and Medium enterprises Development Act, 2006 to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosure have been made.  
The above information regarding Micro Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditor.
- Note 22 Company's activities (primarily Real Estate Development Project) has an operating cycle that exceeds one year. For classification of current assets and liabilities related to such activities, the Company elected to use such duration (estimated time to complete the project) as its operating cycle.
- Note 23 In the earlier years, the company purchased the Transferable Development Rights (TDR) aggregating to Rs. 292,91,58,882/- for the Government colony redevelopment project which were held as inventory. In previous financial year 2011-12, to augment the resources, as a interim measure, certain TDRs were sold by the company on which loss of Rs. 44,58,00,423/- crores (net of gain of Rs.2,07,32,004/- crores on sales made in financial year 2010-11) has been incurred. The company is continuing the Government colony redevelopment project and estimates the need for purchase of TDR at an appropriate time in the future as and when required. The sale of TDR being consequential to the overall property development business, the gains/losses were considered as part of inventory and were included in cost of project WIP.
- Note 24 Previous period figures have been regrouped and reclassified wherever necessary to make them comparable with current year figure.
- Note 25 The name of the company has Changed from DB Spacecon Pvt Ltd to Spacecon Realty Pvt Ltd w.e.f. 13.02.2012
- Note 26 The Company Operates only in one segment viz. Real Estate Development as per AS - 17 Segment Reporting
- Note 27 Loans and Advances are subject to confirmation.
- Note 28 Contingent Liability - Rs. Nil (Previous Year - Rs. Nil)

**AS PER OUR ATTACHED REPORT OF EVEN DATE**

**FOR CHATURVEDI & SHAH**

**Chartered Accountants**

**Firm Registration no - 101720W**



**Jignesh Mehta**

**Partner**

**Membership no - 102749**



**Place : Mumbai**

**Date : 10 MAY 2013**

**FOR AND BEHALF OF THE BOARD OF DIRECTORS**



**Rajiv Agarwal**  
**Director**



**Nabil Patel**  
**Director**

**Place : Mumbai**

**Date : 10 MAY 2013**