

**SPACECON REALTY PRIVATE LIMITED**

**ANNUAL AUDITED ACCOUNTS**

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

**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 the 5<sup>th</sup> Annual General Meeting of the members of Spacecon Realty Private Limited (Prev. known as DB Spacecon Private Limited) will be held on Saturday, the 18<sup>th</sup> August, 2012 at 10.30 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, 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. 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-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.”

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

Sd/-  
**Director**

Place: Mumbai  
Date: 24.05.2012

### **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 5<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended on 31<sup>st</sup> March, 2012.

### **FINANCIAL RESULTS:**

During the year the Company has not earned any business income as the Company has not commenced project till date. However, the Company incurred a loss after tax of Rs. 2,33,96,059/-.

### **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.

### **CHANGE IN NAME OF THE COMPANY:**

During the year under review, the name of your Company was changed from "DB Spacecon Private Limited" to "Spacecon Realty Private Limited" and the fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies on 13.02.2012.

### **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, 2012, 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, 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. Narayan Parasad Bajaj and Mr. Nabil Patel, 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. Salim Balwa, who was acting as an Alternate Director to Mr. Rajiv Agarwal, vacated the office of Alternate Director w.e.f. 03.12.2011, upon returning back of original Director viz. Mr. Rajiv Agarwal.

#### **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**

**Sd/-**

**Sd/-**

**Director**

**Director**

Place : Mumbai

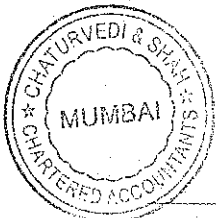
Date : 24.05.2012

AUDITORS' REPORT

To the Members of  
Spacecon Realty Private Limited  
(Formerly Known as DB Spacecon Private Limited)

We have audited the attached Balance Sheet of Spacecon Realty Private Limited as at March 31, 2012, Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 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.
3. Without qualifying our opinion we draw attention to note no. 28 regarding the losses of Rs.46,65,32,427/- and gain of Rs.2,07,32,004/- made in current year and previous year respectively, on account of sale of Transferable Development Rights, which has been considered as part of project WIP for the reasons stated therein.
4. Further to our comments in the Annexure referred to in Paragraph 2 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;



- e) On the basis of written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956
- f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the significant Accounting Policies and other 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 March 31, 2012; and
  - (ii) in the case of the Profit and Loss Account, of the "Loss" for the year ended on that date and
  - (iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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



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

**Jignesh Mehta**  
Partner

Membership No. 102749

**Place: Mumbai**

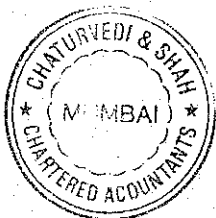
**Date: 24 May 2012**

**ANNEXURE TO AUDITOR'S REPORT**  
**Referred to in Paragraph 2 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:

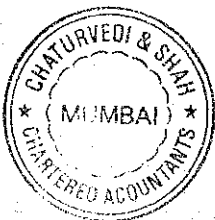
The Company is engaged in the business of real estate development and as at year end its project is in initial stage of development. As at year end, company's inventory comprises of the work in progress, representing the direct cost of construction cost and cost of TDR acquired. The company does not 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 the maximum amount outstanding at any time during the year in respect of said loans is Rs. 271,19,47,618/- and the year-end balance is Rs. 64,60,13,288/-
  - 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 amounts are repayable on demand 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.

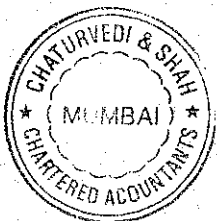




- v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
- a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanation given to us, the transactions in pursuance of such contracts or arrangement and aggregating during the year to Rs. 5,00,000/- (Rupees Five Lakhs only) or more in respect of each party have been made at prices which are reasonable.
- 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) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 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, 2012 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 and 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.

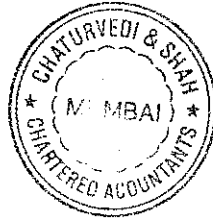


xxi) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the company noticed or reported during the course of our audit that causes the financial statements to be materially misstated.

For CHATURVEDI & SHAH

Chartered Accountants

Firm Reg. No.: 101720W



A handwritten signature in cursive script, appearing to read "Jignesh Mehta".

Jignesh Mehta

Partner

Membership No. 102749

Place: Mumbai

Date: 24 May 2012

SPACECON REALTY PRIVATE LIMITED ( Formerly known as DB Spacecon Pvt. Ltd )  
Balance Sheet as at 31st March, 2012

(in Rupees)

Particulars		Note No.	As at 31st March, 2012	As at 31st March, 2011
<b>I. EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
(a)	Share capital	2	135,140	135,140
(b)	Reserves and surplus	3	(87,244,789)	(43,116,726)
<b>2 Current liabilities</b>				
(a)	Short-term borrowings	4	646,013,288	2,732,713,835
(b)	Trade payables	5	151,213	1,652,077
(c)	Other current liabilities	6	20,988,086	13,679,638
(d)	Short-term provisions	7	1,098,670	1,217,962
<b>TOTAL</b>			<b>581,141,608</b>	<b>2,706,281,926</b>
<b>II. ASSETS</b>				
<b>1 Current assets</b>				
(a)	Inventories	8	496,029,260	2,339,424,865
(b)	Trade receivables	9	84,960,422	357,108,149
(c)	Cash and Bank Balance	10	79,659	9,671,702
(d)	Short-term loans and advances	11	72,267	77,210
<b>TOTAL</b>			<b>581,141,608</b>	<b>2,706,281,926</b>

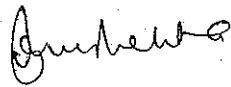
Significant accounting Policies

The accompanying notes 2 to 29 are integral part of financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR CHATURVEDI & SHAH  
Chartered Accountants  
Firm membership no - 101720W

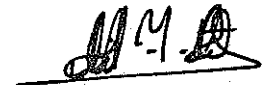
FOR AND BEHALF OF THE BOARD OF DIRECTORS



Jignesh Mehta  
(Partner)  
Membership no - 102749



Rajiv Agarwal  
Director



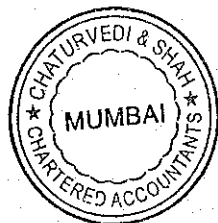
Nabil Patel  
Director

PLACE : MUMBAI  
DATED :

24 MAY 2012

PLACE : MUMBAI  
DATED :

24 MAY 2012



SPACECON REALTY PRIVATE LIMITED ( Formerly known as DB Spacecon Pvt. Ltd )  
Profit and loss statement for the year ended 31st March 2012

Particulars	Refer Note No.	(in Rupees)	
		For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>I. INCOME</b>			
Income from Operation		-	-
Other Operating Income	12	-	20,732,004
Other Income		-	-
<b>Total</b>	(A)	-	20,732,004
<b>II. Expenses:</b>			
Project Related Expenses ( Refer Note - 21)		466,532,427	24,416,763
Changes in inventories of Work-in-progress and Stock-in-Trade		(466,532,427)	(24,416,763)
Interest and finance Cost	13	162,825	54,275,131
Other expenses	14	13,260,388	8,172,488
Diminution in Value of TDR Inventory		9,972,846	-
<b>Total</b>	(B)	23,396,059	62,447,619
<b>Profit / (Loss) After Tax and Before Prior Period Item</b>	(A-B)	(23,396,059)	(41,715,615)
<b>Less: Prior Period Adjustment ( Refer Note 28)</b>		20,732,004	-
<b>Profit / (Loss) After Tax</b>		(44,128,063)	(41,715,615)
<b>Earnings Per share</b>			
Basic and Diluted (before exceptional items) per share		(1,731)	(3,839)
Basic and Diluted (after exceptional items) per share		(3,265)	(3,839)
Weighted no. of Equity shares used in Computing EPS ( of Rs 10/- each )		13,514	10,865

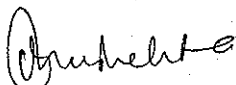
Significant accounting Policies

The accompanying notes 2 to 29 are integral part of financial statements

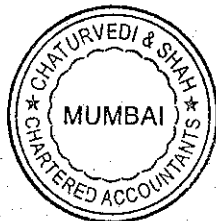
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AS PER OUR ATTACHED REPORT OF EVEN DATE

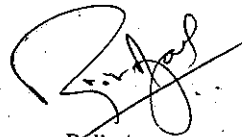
FOR CHATURVEDI & SHAH  
Chartered Accountants  
Firm membership no - 101720W

  
Jignesh Mehta

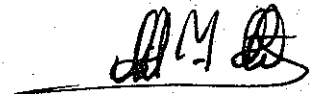
( Partner )  
Membership no - 102749



FOR AND BEHALF OF THE BOARD OF DIRECTORS



Rajiv Agarwal  
Director



Nabil Patel  
Director

PLACE : MUMBAI  
DATED :

24 MAY 2012

PLACE : MUMBAI  
DATED :

24 MAY 2012

SPACECON REALTY PRIVATE LIMITED ( Formerly known as DB Spacecon Pvt. Ltd )

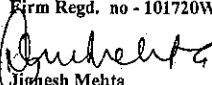
Cash Flow Statement for the year ended 31st March 2012

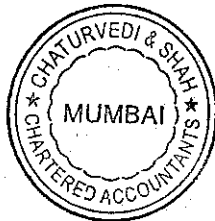
PARTICULARS	Year ended 31.3.2012	Year ended 31.3.2011
	Rupees	Rupees
<b>A. Cash Flow from operating activities</b>		
Net Profit/(Loss) before tax & extraordinary items	(44,128,063)	(41,715,615)
<b>Add</b>		
Interest & Finance Cost	162,825	54,275,131
Diminution in value of investments	9,972,846	-
<b>Operating Profit before Working Capital changes</b>	<b>(33,992,392)</b>	<b>12,559,516</b>
<b>Adjustments For :</b>		
(Increase) / Decrease in inventories	1,833,422,759	(2,339,424,865)
(Increase) / Decrease in Loans and Advances	4,943	(77,210)
(Increase) / Decrease in trade receivables	272,147,727	(357,108,149)
Increase / (Decrease) in trade payables	(1,500,864)	16,533,132
Increase / (Decrease) in short term provisions	(119,292)	-
Increase / (Decrease) in Other current liabilities	7,308,448	-
<b>Cash generated from operations</b>	<b>2,077,271,329</b>	<b>(2,667,517,576)</b>
Direct taxes paid	-	-
<b>Net Cash from operating activities (A)</b>	<b>2,077,271,329</b>	<b>(2,667,517,576)</b>
<b>B. Cash Flow from Investing activities :</b>		
Net Cash / (used in) from investing activities (B)	-	-
<b>C. Cash Flow from Financing activities :</b>		
Proceeds from issue of shares	-	35,140
Short Term Borrowings (net)	(2,086,700,547)	2,731,213,835
Interest & Finance Cost	(162,825)	(54,275,131)
<b>Net cash/ (used in) from financing activities (C)</b>	<b>(2,086,863,372)</b>	<b>2,676,973,844</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(9,592,043)</b>	<b>9,456,268</b>
Cash and Cash equivalents as at the beginning	9,671,702	215,434
<b>Cash and Cash equivalents as at the end</b>	<b>79,659</b>	<b>9,671,702</b>
<b>Cash and cash Equivalents includes:</b>		
Cash on hand	56,559	23,360
Bank Balances	23,100	9,648,342
	<b>79,659</b>	<b>9,671,702</b>

Notes:

- 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.
- Cash and cash equivalents represent bank balance.
- Figures of the previous year have been regrouped and reclassified wherever necessary to make them comparable with current year figures.

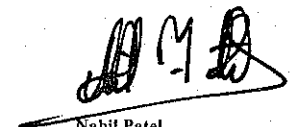
As per our report attached

For Chaturvedi & Shah  
Chartered Accountants  
Firm Regd. no - 101720W  
  
Jignesh Mehta  
( Partner )  
Membership no - 102749



FOR AND BEHALF OF THE BOARD OF DIRECTORS

  
Rajiv Agarwal  
Director

  
Nabil Patel  
Director

PLACE : MUMBAI

DATED : 24 MAY 2012

PLACE : MUMBAI

DATED : 24 MAY 2012

Note 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 compnies 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. The percentage of completion is 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 and atleast 20% of construction cost (excluding cost incurred in acquisition of land and its development rights) is incurred. Accordingly, cost of construction / development is charged to the profit and loss account in proportion to the revenue recognized during the period and balance costs are carried as part of 'Project Work in Progress' under inventories. Amounts receivable/ payable are reflected as Debtors/Advances from Customers, respectively, after considering income recognized in the 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.

**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.**



Notes on financial statements for the year ended 31st March, 2012

Note 2 Share Capital

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
<b>Authorised</b>		
10,00,000 Equity Shares of Rs. 10/- each (10,00,000)	10,000,000	10,000,000
20,00,000 Compulsorily convertible cumulative Preference Shares of Rs.10/- each (20,00,000)	20,000,000	20,000,000
<b>Total</b>	<b>30,000,000</b>	<b>30,000,000</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.

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

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
Shares outstanding at the beginning of the year	135,140	135,140
<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	135,140	135,140

2.2 Shares held by holding / subsidiaries / associates

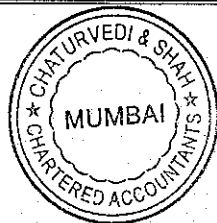
Particulars	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
<b>Holding Company:</b>		
D B Realty Limited		
10000 (10000) Equity share of Rs 10/- each	100,000	100,000
<b>Enterprises where individuals i.e. KMP and their relatives have significant influence</b>		
Eversmile Construction Company Private Limited		
3514(3514) Equity share of Rs 10/- each	35,140	35,140

2.3 Details of Shareholders holding more than 5% in companies

Particulars	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 Ltd	10000	74%	10000	74%
Eversmile Construction Company Private Limited	3514	26%	3514	26%

Note 3 Reserves & Surplus

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
<b>A. Surplus/(deficit) in statement of P/L as per last FY statement</b>		
Opening balance	(43,116,726)	(1,401,111)
(+) Net Profit/(Net Loss) For the current year	(44,128,063)	(41,715,615)
Closing Balance	(87,244,789)	(43,116,726)
<b>Total</b>	<b>(87,244,789)</b>	<b>(43,116,726)</b>





**Note 4 Short Term Borrowings from related parties**

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
<u>Unsecured</u>		
(A) Loans from holding company (repayable on demand)		
DB Realty Ltd.	645,413,288	2,732,113,835
(B) Others		
Nihar Construction Pvt Ltd	600,000	600,000
<b>Total</b>	<b>646,013,288</b>	<b>2,732,713,835</b>

**Note 5 Trade Payables**

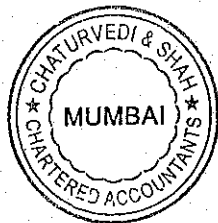
Particulars	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
(A) Due to Micro Small Medium Enterprises	-	-
(B) Others	151,213	1,652,077
<b>Total</b>	<b>151,213</b>	<b>1,652,077</b>

**Note 6 Other current Liabilities**

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
D B Realty Ltd	20,766,217	-
Other Liabilities - Statutory dues	221,869	13,679,638
<b>Total</b>	<b>20,988,086</b>	<b>13,679,638</b>

**Note 7 Short term Provisions**

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
Provision for Expenses	1,098,670	1,217,962
<b>Total</b>	<b>1,098,670</b>	<b>1,217,962</b>



**Note 8 Inventories ( Valued at cost or NRV whichever is Less )**

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
<b>Project Work in Progres</b>		
A. Work-in-progress (Valued at Cost)	470,217,186	24,416,763
B. Others (Transferable Development Rights - TDR) Valued at NRV	25,812,074	2,315,008,102
<b>Total</b>	<b>496,029,260</b>	<b>2,339,424,865</b>

**Note 9 Trade recievables**

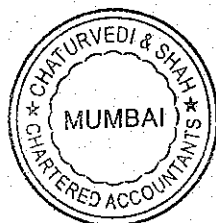
Particulars	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
<b>Unsecured and considered Good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	74,555,870	74,555,870
Other Receivables	10,404,552	282,552,279
<b>Total</b>	<b>84,960,422.00</b>	<b>357,108,149.00</b>

**Note 10 Cash and Cash Equivalents**

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
A. Balances with banks	56,559	9,648,342
B. Cash on hand	23,100	23,360
<b>Total</b>	<b>79,659</b>	<b>9,671,702</b>

**Note 11 Short Term Loans and Advances**

	As at 31 March 2012	As at 31 March 2011
	Rs	Rs
<b>Advances Recoverable in Cash or kind</b>	<b>72,267</b>	<b>77,210</b>
<b>Total</b>	<b>72,267</b>	<b>77,210</b>



**Note 12 | Other Operating Income**

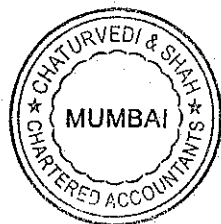
Particulars	2011-2012	2010-2011
	Rs	Rs
Profit on sale of TDR	-	20,732,004
<b>Total</b>	-	20,732,004

**Note 13 | Interest and finance Cost**

Particulars	2011-2012	2010-2011
	Rs	Rs
Interest on late payment of TDS	- 162,825	54,275,131 -
<b>Total</b>	162,825	54,275,131

**Note 14 | Other Expenses**

Particulars	2011-2012	2010-2011
	Rs	Rs
Legal and Professional Fees	4,371,084	45,985
Hiring Charges	1,748,255	5,244,765
Commission & Brokerage	5,496,828	2,718,620
Payment to Auditors	99,360	20,851
Printing, Postage & Telephone Expenses	17,593	10,811
Miscellaneous Expenses	154,810	76,504
Bank Charges	163,751	-
Leave & Licence Fees	1,169,472	-
Business Promotion Exps	30,970	54,501
Conveyance & Travelling Exp	8,265	451
<b>Total</b>	13,260,388	8,172,488



**Note 15 Change in presentation and disclosures of financial statements:**

During the year ended 31st March 2012, the revised schedule VI notified under the companies act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statement. However, it has significant impact on presentation and disclosure made in financial statements. The company has also reclassified the previous year figures in accordance with the requirement applicable in current year.

**Note 16** The amounts in the Balance sheet and Profit and Loss Account are rounded off to nearest rupee.

**Note 17** The name of the company has Changed from DB Spacecon Pvt Ltd to Spacecon Realty Pvt Ltd w.e.f. 13.02.2012

**Note 18**

For the period ended 31st March 2012 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.

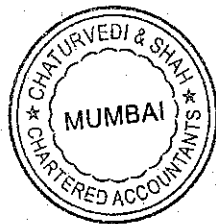
**Note 19 Related Party Disclosures**

As per Accounting Standard 18 'Related Party Disclosures' the disclosure of transactions with the related parties as defined in in AS-18 are given below.

(I) List of related parties where control exist and related parties with whom transaction have taken place and relationship exist

<u>Name of Related Party</u>	<u>Relationship</u>
DB Realty Ltd.	Holding Company
Eversmile Construction Co. Pvt. Ltd. (w.e.f. 01-1-2011)	Associates
DB View Infracon Private Limited ( w.e.f. January 31, 2011)	
Man Chandak Developers Pvt. Ltd. (Formerly known as DB Chandak realtors Pvt Ltd.) (up to 31st March 2011)	Fellow Subsidiaries
Eversmile Construction Co. Pvt. Ltd.(up to 3rd May 2010.)	
Pony infrastructure & Contractors Ltd. (Formerly known as Dynamix Balwas Infrastrure Private Limited )	
Nihar Construction Private Limited	Enterprise owned or significantly influenced by key management Personnel
Majestic Infracon Private Limited (earlier known as DBI Infracon Private Limited)	
DB View Infracon Private Limited	

The above related parties were identified by the management and relied upon by the auditors



(11) The following transaction were carried out with the related party during the period

Description	Holding Company	Follow Subsidiary	Associate	Enterprise owned or controlled and influenced by its management personnel	Other Related Party	Total Controlled Entity
<b>Loans Taken</b>						
Opening Balance	2,711,347,618	-	-	-	600,000	-
Taken during the year	(36,683,207)	(3)	(3)	(1,000,000)	(500,000)	(3)
Repaid during the year	2,102,614,537	(3)	(3)	(3)	(1,000,000)	(3)
Closing Balance	(777,000,000)	-	-	-	600,000	(3)
	645,413,288	(3)	(3)	(1,000,000)	(600,000)	(3)
	(2,711,347,618)	(3)	(3)	(3)	(600,000)	(3)
<b>Short Term Advances Recoverable in Cash Or Kind</b>						
Opening Balance	-	4,951	-	-	-	-
Paid on behalf	(3)	7,469,918	(3)	(3)	(3)	(3)
Recovered / Adjusted	(3)	(254,969)	(3)	(3)	(3)	(3)
	(3)	7,473,989	(3)	(3)	(3)	(3)
Closing	(3)	(250,012)	(3)	(3)	(3)	(3)
	(3)	(4,951)	(3)	(3)	(3)	(3)
<b>Reimbursement of Statutory Obligation paid on behalf of the Company</b>						
Opening Balance	-	-	-	-	-	-
Incurred during the year	(3)	(3)	(3)	(3)	(3)	(3)
Adjusted during the year	(3)	(3)	(3)	(3)	(3)	(3)
Closing Balance	(3)	(3)	(3)	(3)	(3)	(3)
	(3)	(3)	(3)	(3)	(3)	(3)
<b>Reimbursement of Expenses</b>						
Opening Balance	20,766,217	-	-	-	-	-
Incurred during the year	(3)	(3)	(3)	(3)	(3)	(3)
Adjusted during the year	(20,766,217)	(3)	(3)	(3)	(3)	(3)
Closing Balance	(3)	(3)	(3)	(3)	(3)	(3)
	20,766,217	(3)	(3)	(3)	(3)	(3)
	(20,766,217)	(3)	(3)	(3)	(3)	(3)
<b>Allowance of Shares</b>						
Interest Expenses	(54,275,117)	(3)	(3)	(3)	(3)	(3)

Note - Figures in the brackets denotes figures of the previous years



Note 20 Contingent Liability -Rs. Nil ( P.Y- Nil)

Note 21 Project Work In Progress stands in current assets-inventories includes

Particulars	31ST MARCH 2012	31ST MARCH 2011
Insurance premium		12,410
Survey Charges-Prof-WIP	-	1,111,800
Foreign travel- staff & other	-	1,315,874
Other Expenses	-	102,286
Printing & stationary	-	355,377
Professional Fees ( Incl. Service Tax)	-	12,950,764
Model exps.	-	638,530
Common Cost - Project Expenses		7,929,722
Loss on sale of TDR	466,532,427	-
Prior period adjustments ( Profit on sale of TDR )	(20,732,004)	-
<b>Total</b>	<b>445,800,423</b>	<b>24,416,763</b>

Note 22 Break up of Payment to Auditors (including Service Tax)

Particulars	2011-12	2010-11
Certification Fees	33,708	-
Audit Fees	22,472	19864.8
Others	35,315	-
Out of Pocket Expenses	7,864	-
<b>Total</b>	<b>99,359</b>	<b>19,865</b>

Note 23 The Company Operates only in one segment viz. Real Estate Development as per AS - 17 Segment Reporting

Note 24 As per the information provided by the company there are no Micro , Small, and Medium Enterprises as define 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.

Note 25 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 26 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 27 Loans & Advances are subject to confirmation.

Note 28 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. 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 previous year) 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 are considered as part of inventory and included in cost of project WP.

Note 29 Previous period figures have been regrouped and reclassified wherever necessary to make them comparable with current year figure.

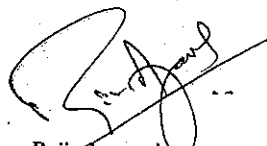
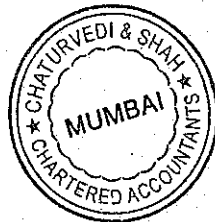
AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR CHATURVEDI & SHAH  
Chartered Accountants  
Firm membership no - 101720W

FOR AND BEHALF OF THE BOARD OF DIRECTORS



Jignesh Mehta  
( Partner )  
Membership no - 102749



Rajiv Agarwal  
Director



Nabil Patel  
Director

PLACE : MUMBAI  
DATED :

24 MAY 2012

PLACE : MUMBAI  
DATED :

24 MAY 2012