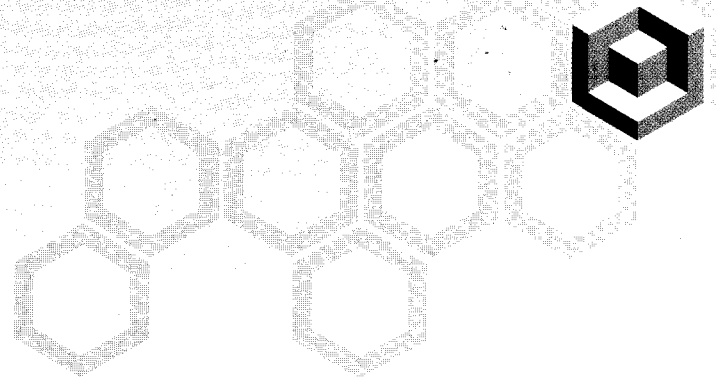
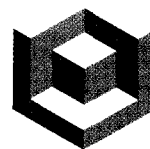
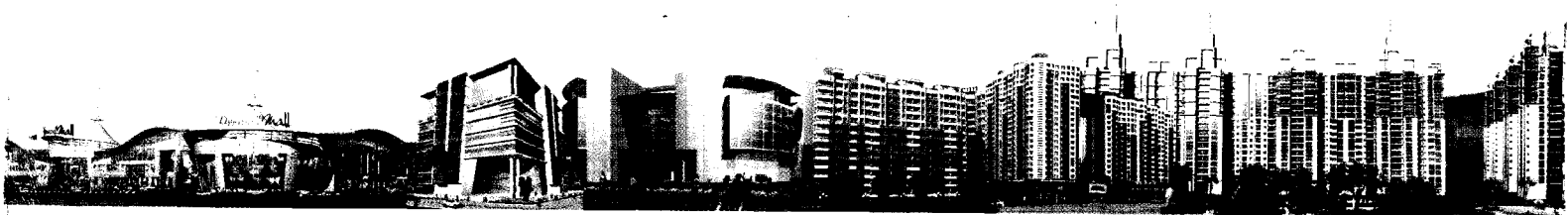


11th ANNUAL REPORT

2006-07



The new face of real estate



HDIL *Creating Value*

Microstructures | Megastructures | Infrastructure

Housing Development and Infrastructure Ltd.



Space to live -
Space to play -
Space to work -

Some of the best spaces are planned keeping people in mind. At HDIL we create living spaces, working spaces, leisure space by creating Microstructures, Megastructures and Infrastructure. In the process we transform lives while creating value all around us. For our customers, shareholders and our cities. We are HDIL.

Welcome to

The new face of real estate



ARMA
Megastructure by HDIL

The touch of HDIL turned a slum colony in an architectural marvel, a Megastucture land mark in Mumbai which houses the offices of international and national corporate giants such as DHL, NDTV, Ranbaxy, UPI Securities, Food Corporation of India, DHFL to name few. With the touch of HDIL the slum dwellers were housed with all modern facilities in a Microstructure with 24 Hrs water, electricity and a life of respect.

Dreams
Megastructure by HDIL

Yesterday, there was a two-wheeler factory on this land. Today, there are upwardly mobile residential towers that are unlike anything witnessed by Mumbai's central suburbs. No wonder 600 apartments were sold out the first day itself. The only two-wheelers now are the ones that the residents own.

Township Development, Hyderabad
Infrastructure by HDIL

We start off with a great view and then build a township around it.

While we take care to maintain the serenity of nature we turn your

dreams into reality. Dreams are fulfilled with every brick being laid. We

know the value of your dreams. While we create townships we also give

shape to your dreams - brick by brick

Contents

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Letter to share holders	...	01
Directors' Report	...	04
Management Discussion and Analysis	...	18
Auditor's Report	...	23
Financial Statements	...	26

PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED (Subsidiary of Housing Development And Infrastructure Limited)

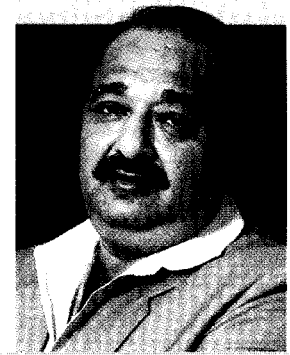
Directors' Report	...	43
Auditor's Report	...	45
Financial Statements	...	48

CONSOLIDATED FINANCIAL STATEMENTS

Auditor's Report	...	61
Financial Statements	...	62

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED
Financial Statement for the year 2006 - 2007

Letter To Share Holders



Dear Shareholders,

With great pleasure and privilege, I am forwarding the Eleventh Annual Report of your Company, Housing Development and Infrastructure Limited (HDIL) for the year ended 31st March, 2007. I take this opportunity to share with you some thoughts on the Economy in general, on the Real Estate Industry, on how your company is positioned and road map to make your company an Indian Company of Global standing.

Your Company HDIL has performed exceedingly well in the Financial Year 2006-07 and has gained new heights of achievement following the rapid economic growth attained by the country.

The revenues of your company have grown to Rs. 1,21,651 lacs from Rs. 44,017 lacs representing an outstanding growth of 176%. The profitability of your company has grown to Rs. 54,181 lacs in 2006 - 07 from Rs. 11,393 lacs in 2005 - 06 showing a remarkable growth of 376%. Your Company is one of the largest Real Estate development companies in India with its significant operations in the Mumbai Metropolitan Region. Our business focuses on Real Estate development including construction and development of Residential projects, Commercial and Retail Projects, Slum Rehabilitation projects including clearing slum land and re-housing the slum-dwellers and land development by creating the required infrastructure on land which your company then sells to other property developers.

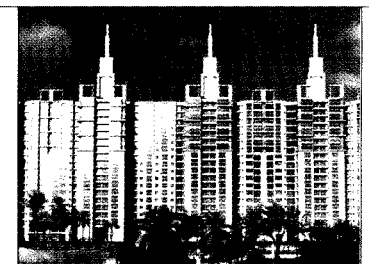
Your Company is the flagship Construction and Real Estate development company of the Wadhawan Group, formerly known as Dheeraj Group, who have been involved in Real Estate development in the Mumbai Metropolitan Region for more than three decades and have developed more than 72.8 million sq. ft. of saleable area and 5.5 million sq. ft. of Rehabilitation area. The Wadhawan Group has constructed more than 20.9 million sq. ft. of Residential properties, 16.4 million sq. ft. of Commercial properties and 5.5 million sq. ft. of Rehabilitation buildings aggregating to more than 42.8 million sq. ft. which is the largest construction and development work done by any Real Estate group in the country as per available published details. In addition, we have developed land for more than 35.5 million sq. ft. area, where we have provided all required necessary infrastructure and sold that fully developed land along with the infrastructure to other Developers for construction thereon.

The Indian economy has registered a high growth rate in the current year 2006-07 recording an increase of 9.2% in GDP. The growth is significantly higher compared with the previous year's figure of 8.4%. There is every reason to believe that a 9% GDP growth rate for 2007-08 is sustainable.

India's Foreign Exchange reserves have already crossed \$200 billion mark and Sensex is hovering around 14,000 mark which is a reflection of the robust state of the economy and the country on the whole. With large investment plans currently in the pipeline and the overall buoyancy in the economy, the Company foresees significant growth opportunities.

There are host of macroeconomic factors that are turning the Real Estate sector into a vibrant industry. The strong performance of the Indian economy and continued emphasis by the Union Government on infrastructure, urban reforms and housing has ensured that real estate remains one of the most important topics for economic discussion and debate.

The realization that further impetus to the infrastructure sector, including of course real estate, which is an important component of this vital sector, can catalyse economic development in the country in an all pervasive manner, could not have come at a better time. Realizing the importance of improving the urban infrastructure, the Central and State Governments initiatives such as the Jawaharlal Nehru Urban Renewal Mission (2005) are facilitating flow of investments into the urban infrastructure sector. Also, another initiative, the National Highways Development Programme is progressing well. The pace of work has improved on the Golden Quadrilateral and the North-South, East-West Corridor projects. The sheer growth of these government projects ensure that the real estate sector will realize the true potential locked in these initiatives.



The real estate market is in a fairly nascent stage and opportunities are fairly large. The prices of real estate (depending on locations and other parameters) are temporarily high, mostly due to high interest rates. While they will rationalize in some pockets, however, the market is far from being overheated.

It is reported that over 100 private equity (PE) investors have lined up to invest in the Indian real estate sector. About \$7 billion or Rs. 30,800 crore raised in 2006 speaks volumes about the confidence that PE players have been demonstrating in the Real Estate sector, despite the fact that Reserve Bank of India (RBI) has restricted External Commercial Borrowings (ECBs) to Real Estate sector. An additional \$12 billion (Rs. 52,800 crore) is expected to come into the sector this year - an increase of about 70%.

This bodes well for the Realty sector, considering the fact that PE investments have increased steadily and, to a certain extent, compensated for the slow investment flow from the banking side. More so, a slow and steady investment from the PE investors in the sector shows the faith in the sector and the economy.

The developments in the Real Estate sector are being driven by demand for:

- More housing units in cities and towns because of growing urbanisation of Indian population, burgeoning middle class, increased disposable income and tax incentives;
- Office premises by growing IT industry especially BPO;
- Shopping malls by growing retail segment;
- Multiplexes by evolving entertainment sector;
- Hotels/resorts by growing tourism industry;
- SEZs for various sectors and
- Better infrastructure by the growing Indian Economy through all its sectors.

Real Estate market in India is rapidly growing and more so in the Mumbai Metropolitan Region and is expected to reach Rupees 1,00,000 crores by 2010, implying CAGR of 33%, driven largely by the rapid expansion of Information Technology and ITES Industries, Retail boom and the simultaneous growth of the middle class. The Mumbai Metropolitan Region generates about 5% of national GDP and contributes almost 40% of India's Tax Revenue. Mumbai City is continuously growing towards North, West and North-East directions supported by main Rail and Road arteries connecting the Residential suburbs to South Mumbai.

The growth for Real Estate sector especially in Mumbai is due to ever expanding demand for the quality houses which is always ahead of the available supplies. The demand is growing due to shifting of consumers' choice to owned houses from rental houses and also due to increased purchasing power of middle class families and easy availability of Housing Loans coupled with tax incentives.

The growth, Your company has achieved, is due to its well established systems and processes for project development, implementation and monitoring to complete its projects on time and within the budget. It is also because of the ability of the Company to make proper identification and acquisition of potential projects sites, effective and organized design and planning and efficient procurement and construction.

Your company is fortunate to have the guidance and directions from the eminent members of the Board of Directors who are the real source of strength and inspiration.

We are proud to say that we, as a group, have re-settled about 25,000 families under the Slum Rehabilitation Scheme of the Government of Maharashtra. As per independent media reports, this constitutes about 40% of total Slum Rehabilitation work done in Mumbai so far. However this is just 15% of the total construction activity carried out by us. Under Slum Rehabilitation we have completed unique projects like Anik Nagar Chembur, Mumbai where 34 high-rise buildings with all modern amenities were constructed to accommodate more than 3300 families in a record time of less than one year under Mumbai Urban Infrastructure Project (MUTP) for which the Government authorities and UPA Chairperson Hon'ble Smt. Sonia Gandhi have recognized our efforts.

In addition to our core strengths in developing Residential, Commercial and Retail projects, and projects under Slum Rehabilitation Schemes and in Land Development, we intend to expand the types of projects we undertake to include Hotels, Special Economic Zone developments and "Megastructure" complexes, which are large-scale mixed-use retail, commercial and residential developments like our "Dreams" development in Bhandup, Mumbai, located approximately 10 kilometers from Mumbai's International Airport and adjoining Bhandup Railway Station.

Your Company has crafted an innovative business model, balancing its Short-term and Long-term projects initiatives and had acquired large portions of land on the outskirts of Mumbai, which will now be developed in modern Townships, IT Parks and Special Economic Zones (SEZs). Your company is very proactive in acquiring land within the city to develop top-end Residential and Commercial Developments.



The Company is enhancing the competitive edge of India by foraying into Special Economic Zones (SEZs). The Company intends to develop world - class SEZs, approximately 50 kilometers north of the Mumbai Metropolitan Region. Your company has received in principle approval from the Ministry of Commerce & Industry to develop, operate and maintain a "multi-services" SEZ.

Your company through its 100% subsidiary Privilege Power and Infrastructure Pvt. Ltd. (PPIPL) has also ventured to undertake the development of Multi Product SEZ at Virar in Thane district of Maharashtra. The necessary applications are under consideration of the State Government.

We believe that such diversification will allow us to take advantage of new trends and opportunities in the Indian market whilst simultaneously helping to mitigate the risks of being too concentrated in certain segments of the Real Estate sector.

Although we have been primarily focused on the Real Estate market in the Mumbai Metropolitan Region, India's growing economy and population, present real estate development opportunities throughout the country. In its endeavour to provide world-class real estate solutions to the citizens of other growing cities, your company is in the process of launching integrated townships and multi-use residential/retail projects in Palghar, Kochi and Hyderabad.

Your Company believes that a good Corporate Governance process provides transparency of corporate policies, strategies and democratic decision making process and it also strengthens the internal control system. Your company has always endeavored to implement and maintain high standard of Corporate Governance process and norms and is continuing to follow transparency, efficiency, complete and timely disclosure in its dealings, laying emphasis on integrity, accountability, democratic processes and regulatory compliances and, thereby, constantly strengthening and increasing the stakeholders' value and also meeting the trust and expectations of its customers, employees, suppliers, government agencies and the society. Your company has sought and will continue to seek corporate excellence and profits through ethics, passion and perseverance.

The tax incentive u/s 80(IB) of the Income Tax Act for developing the Residential accommodation for small families with Middle Class Income has not been extended by the Union Budget of 2007. However the projects whose plans have been approved by the local authority and are under execution will continue to get the tax free benefit u/s 80(IB) for next four years and Your company has in its hand already approved and tax exemption eligible projects with estimated sales value of about Rs. 5,000 crores with attractive profit margins which will be eligible for complete tax exemption.

To augment the long term resources for your company and to unlock the Shareholders value, Your company proposes an Initial Public Offering (IPO) and will be offering Three Crores Equity Shares of Rs. 10/- each which will constitute 14.29% post issue equity dilution by way of fresh issue to the IPO Subscribers. This will offer unique opportunities to public and well informed investors to participate in the growth story of the Company and Real Estate sector of India through one of the largest companies.

On behalf of the Board of Directors and from my own side, I would like to sincerely show appreciation to all the Shareholders, Property Consultants and Suppliers/ Contractors for the faith and confidence reposed in us and for their esteemed support and patronage. I hope they will continue to extend the same in the future. Our earnest gratitude is also extended to the Central and the State Governments as well as their respective Departments and Development Authorities connected with the business of the Company. I am also grateful to Banks and Financial Institutions that have collaborated with us for their valued co-operation and support. I am sure they will continue to extend their consistent and resolute support.

I also wish to take this opportunity to place on record my heartiest gratitude to my colleagues on the Board of Directors who have been a source of strength and encouragement.

Last but not the least, the strength of an organization comes from its human resource capital. I would therefore like to extend my heartiest appreciation for the employees and officers whose constant value creation endeavors have yielded excellent results.

Rakesh Kumar Wadhawan
Chairman



Directors' Report

Dear Members,

Your directors have pleasure in presenting the Eleventh Annual Report on the business and operations of your company together with the audited statement of accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

(Rs. in Lacs)

	2006-2007	2005-2006
Gross sales and other receipts	121,651	44,017
Profit before interest, depreciation and taxation	66,181	13,996
Interest	4,300	1,057
Depreciation	63	26
Operational profit before tax	61,818	12,913
Less: Provision for Tax	7,637	1,520
Profit after taxation	54,181	11,393
Balance brought forward	10,302	1,109
Less:-Transferred to general reserve	5,920	2,200
Less :- Utilised for Issue of Bonus Shares	9,800	-
Profit carried to Balance Sheet	48,763	10,302

RESULTS OF OPERATIONS

Your Company has performed exceedingly well in the Financial Year 2006-07 and has gained new heights of achievement. The revenue of the Company has surpassed the targets set for the year under consideration which gives immense boost to our commitment and vision to build world class MICROSTRUCTURE, MEGASTRUCTURE AND INFRASTRUCTURE. The total revenue for the year ended March 31, 2007 stood at all time high of Rs 1,21,651 lacs, as compared to Rs 44,017 lacs for 2005-06, representing a 176% increase.

Net Profit for the year 2006-07 stood at Rs 54,181 lacs as against Rs.11,393 lacs in the year 2005-06, thus showing an increase of 375%. Earnings per share (EPS) on fully expanded capital is Rs. 30.10 for 2006-07 as against Rs. 6.33 for 2005-06.

DIVIDEND

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

FIXED DEPOSIT

During the year under review your company has not accepted any deposit within the meaning of Sector 58A of the Companies Act, 1956.

ISSUE OF BONUS SHARES

During the year your company has issued 1,300 lacs fully paid up equity shares of Rs.10/- each by way of bonus shares to the members in the ratio of 5:13 i.e. thirteen equity shares for every five equity shares held resulting into equity share capital of the Company being increased from Rs. 5,000 lacs to Rs. 18,000 lacs.

INITIAL PUBLIC OFFERING (IPO)

Your Company had filed Draft Red Hearing Prospectus (DRHP) on 13th February, 2007 for IPO of 3,00,00,000 equity shares of Rs.10/- each at such premium as may be determined in consultation with the book running lead manager(s). Your company has since received observations from the Security and Exchange Board of India (SEBI).



HDIL Creating Value

Microstructures | Megastructures | Infrastructure
Housing Development and Infrastructure Ltd.

CHANGE OF NAME

At the Extraordinary General Meeting of the members held on 7th August 2006 the name of the Company was changed from Housing Development and Improvement (India) Limited to Housing Development and Infrastructure Limited, The Company received fresh certificate of incorporation in respect of change of name on 29th August 2006 from Asst. Registrar of Companies, Maharashtra, Mumbai.

NEW SET OF ARTICLES

During the year under review your company adopted a new set of articles incorporating the relevant clauses applicable to the listed companies.

SUBSIDIARY COMPANY

Privilege Power and Infrastructure Private Limited the wholly owned subsidiary of your company generated Rs.828.04 Lacs (P. Y. Rs. 2,774.50 Lacs) in revenue with a net profit of Rs. 618.86 Lacs (P. Y. Rs. 352.27 Lacs). As required under section 212 of the Companies Act, 1956 the audited statement of the subsidiary of the Company for the financial year ended 31st March, 2007 along with the report of the Board of Directors and Auditor's is attached herewith. Statement pursuant to section 212 of the Companies Act 1956 is also attached to the balance sheet.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard - 21 on Consolidated Financial Statements, your directors have pleasure in attaching the consolidated financial statements for the financial year ended 31st March, 2007 which forms part of the Annual Report and Accounts.

DIRECTORS

- a) Shri Dheeraj Wadhawan was appointed as an additional director of the Company and is liable to retire at the Annual General Meeting and also eligible for reappointment. Members are requested to appoint the director.
- b) Shri Kapil Wadhawan was appointed as an additional director of the Company and is liable to retire at the Annual General Meeting and also eligible for reappointment. Members are requested to appoint the director.
- c) Shri Surinder Kumar Soni was appointed as an additional director of the Company and is liable to retire at the Annual General Meeting and also eligible for reappointment. Members are requested to appoint the director.
- d) In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri Rakesh Kumar Wadhawan, Shri Sarang Wadhawan, Shri Ashok Kumar Gupta and Shri Waryam Singh retire by rotation at the ensuing Annual General Meeting of the Company. They are eligible for re-appointment.

AUDITORS

M/s Thar & Co., Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for reappointment. They have furnished a certificate to the effect that their proposed appointment, if made, will be in accordance within the limits specified under section 224(1-B) of the Companies Act, 1956.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

As regards disclosure under Section 217(1) (e) of the Companies Act, 1956, read with the Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy and technology absorption are not applicable to the Company.

RESEARCH AND DEVELOPMENT ACTIVITY

During the year the Company has not undertaken any research and development activity or development of any technology in the construction activity.



FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. in Lacs)

	Current year	Previous year
(I) Expenditure in foreign currency:-		
Travelling Expenses	43.36	19.24
Others	291.26	NIL
(II) Earning in foreign currency	NIL	NIL

During the year under review nil amount is due to small-scale undertaking as on 31st March, 2007 (Previous year nil) and the fact has been disclosed in the financial statement.

EMPLOYEES' PARTICULARS

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

CORPORATE GOVERNANCE

Reports on Corporate Governance, Audit Committee Report and Management Discussion and Analysis have been included in this Annual Report as separate sections.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Board of Directors hereby confirms: -

That in the preparation of the annual accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same.

That the directors adopted accounting policies, which were applied consistently as well as made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company and its Profit and Loss Account, at the end of the financial year.

That the directors took sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

That the directors prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your directors express their sincere thanks to the Central and State Governments, Bankers, Financial Institutions, suppliers, contractors, customers and shareholders for their valued support and co-operation extended from time to time. The Board also places on record its deep appreciation for the excellent support received from the employees at all levels during the year.

For and on behalf of the Board

(Rakesh Kumar Wadhawan)

Chairman

Place : Mumbai

Date : 31st May, 2007



CORPORATE GOVERNANCE REPORT

Corporate Governance Policy

Since your company is going for Initial Public Offering (IPO), the SEBI guidelines for corporate governance are applicable and it has always been the endeavor of your company to exceed and excel through better corporate governance. Your company's corporate governance practices are organized around the following main principles:

- Lay solid foundation for the management.
- Structure the board to add value and transparency.
- Promote ethical and responsible decision making.
- Safeguard integrity in financial reporting.
- Make timely and adequate disclosure.
- Recognize and manage business risks.
- Respect the rights of the shareholders.
- Encourage the enhanced performance.
- Remunerate fairly.
- Recognize the legitimate interest of the stakeholders.
- Legal and statutory compliances in letter and spirit.

Board of Directors

The Company is managed exclusively by and under the directions of the Board. The Board considers the strategic policies, plans, quarterly /half yearly/ annual accounts and budget of the Company. The Board exercises direction and overall control over the operations and performance of the Company. As on 31st March 2007 the strength of the Board is 12 directors. The Managing Director is empowered to exercise powers for day to day function of the Company. The Board of Directors of the Company comprise of both executive and non- executive directors with optimum mix of independent directors.

Classification of directors	Number of directors
(A) Executive director :	
Promoters	1
(B) Non-executive directors :	
Independent	6
Promoters	3
Others	2

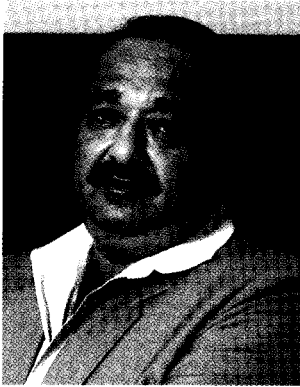
The Directors are elected based on their qualification, experience in various fields as well as the Company's business need. Shri Rakesh Kumar Wadhawan is the Chairman of the Board and Shri Sarang Wadhawan in the Managing Director. However the Board constitutes Audit Committee, Remuneration Committee and Investor Grievance and Share Transfer Committee and delegate certain specific powers and responsibilities.

Details of directors

1	Shri Rakesh Kumar Wadhawan	Chairman Non Executive/Promoter
2	Shri Sarang Wadhawan	Managing Director Executive/Promoter
3	Shri Kapil Wadhawan	Non Executive/Promoter
4	Shri Dheeraj Wadhawan	Non Executive/Promoter
5	Shri Waryam Singh	Non Executive
6	Shri Ashok Kumar Gupta	Non Executive/Independent
7	Shri Satya Pal Talwar	Non Executive/Independent
8	Shri Shyam Sunder Dawra	Non Executive/Independent
9	Shri Lalit Mohan Mehta	Non Executive/Independent
10	Shri Sunil Behari Mathur	Non Executive/Independent
11	Shri Surinder Kumar Soni	Non Executive/Independent
12	Shri Joseph Pattathu	Non Executive



Our Management



Shri. Rakesh Kumar Wadhawan is one of the Promoters and non-executive Chairman. He is also one of our promoters and the founder of the Wadhawan Group. He has over 30 years of experience in the real estate and infrastructure industry. He is a member of various industry bodies and has actively participated in housing related seminars in various countries. He has been a guiding force behind our foray into building residential/commercial complexes and infrastructure projects. He is a commerce graduate from Mumbai University. He has been on the Board of the Company since 27th January 2004.

Rakesh Kumar Wadhawan, Chairman



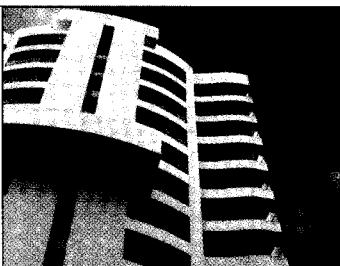
Shri. Sarang Wadhawan is one of our Promoters and the Managing Director of our Company. He has a MBA from Clark University, Worcester, U.S.A. and is a Commerce graduate from Mumbai University. Mr. Sarang Wadhawan has significant exposure to the real estate and housing finance industry and is currently leading the management of the Company with his plans for growth and expansion. Mr. Sarang Wadhawan is involved in implementation and review of strategic objectives of the Company as envisaged by the management of the Company. He is appointed as the Managing Director of the Company for a period of five years with effect from 1st April 2006.

Sarang Wadhawan, Managing Director



Shri. Kapil Wadhawan is one of our Promoters and a non executive director of our Company. He is the Vice Chairman and Managing Director of Dewan Housing Finance Limited. He has initiated steps to transform DHFL into one of the leading housing finance institutions in India. He has also played a significant role in shaping policy guidelines on matters relating to the mortgage finance industry. As a result of his efforts, DHFL currently has an asset base of over Rs. 25,402.5 million as on March 31, 2006. Mr. Kapil Wadhawan has been a speaker at seminars on the mortgage finance industry. Mr. Wadhawan is a Commerce graduate from Mumbai University and has a MBA in finance from Edith Cowan University, Perth, Australia. He is an Additional Director of the Company since 1st December, 2006.

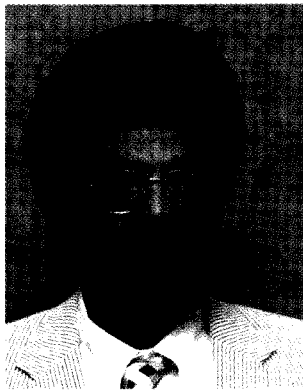
Kapil Wadhawan, Director





Shri. Dheeraj Wadhawan is one of our Promoters and a non executive director of our Company. He has over five years of experience in the real estate industry. He is a graduate in Construction Management from the University of London. He is an Additional Director of the Company since 8th September, 2006.

Dheeraj Wadhawan, Director



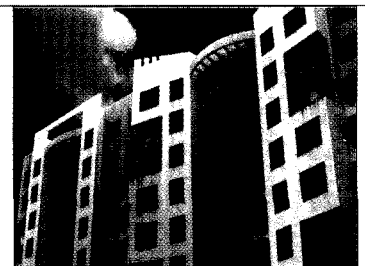
Shri. Waryam Singh is a non executive director of our Company. He has over 25 years of experience in banking, finance, civil construction and land development. He was the Chairman of Punjab and Maharashtra Co-operative Bank Limited from 2000 to 2003 and was instrumental in achieving the "Scheduled Status" for the bank. Mr. Singh is a commerce graduate from the Mumbai University. He is on the Board of the Company since 27th April, 2006.

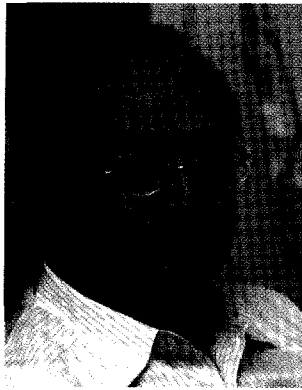
Waryam Singh, Director



Shri. Ashok Kumar Gupta is an independent director of our Company. He has more than 25 years of experience in framing investment schemes, restructuring and other corporate law matters. He is currently serving on the board of directors of various companies and is highly regarded for his experience in legal and accountancy matters. He is a qualified Chartered Accountant. He also has a LL.B degree from the Government Law College, Mumbai. He is on the Board of the Company since 27th April, 2006.

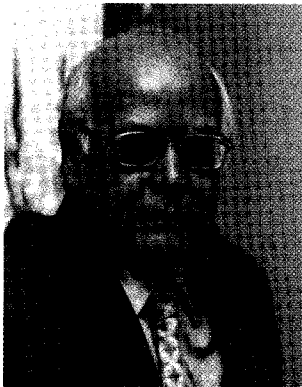
Ashok Kumar Gupta, Director





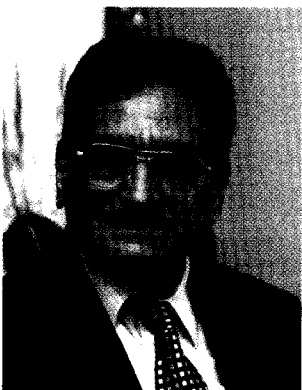
Shri. Satya Pal Talwar is an independent director of our Company. He has more than 40 years of experience in fields such as banking, finance and planning. He was the Deputy Governor of the Reserve Bank of India from November 1994 to June 2001. Prior to that, he was also the Chairman and Managing Director of three public sector banks. Presently, he is on the board of directors of various companies. Mr. Talwar has a B.A. LL.B degree. He is also a Certified Associate Member from the Indian Institute of Bankers ("CAIIB"). He is on the Board of the Company since 14th June 2006.

Satya Pal Talwar, Director



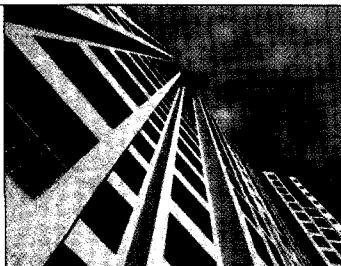
Shri. Shyam Sunder Dawra is an independent director of our Company. He is a retired Indian Administrative Service officer and has served the Government of India and the Government of Punjab in various capacities. He retired as the Secretary (Department of Personnel and Training), Government of India. He is presently Chairman of the Punjab Revenue Commission and a Director of the Food Corporation of India. Mr. Dawra has a Masters in English from the Punjab University and a Masters in Business Administration from the University of Leeds, England. He is on the Board of the Company since 14th June, 2006.

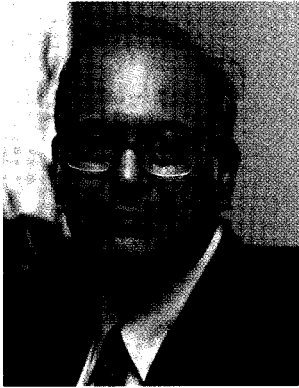
Shyam Sunder Darwa, Director



Shri. Lalit Mohan Mehta is an independent director of our Company. He is a retired Indian Administrative Service officer. In the past, he has served the Government of India and state governments in various capacities in matters concerning urban affairs, planning, fiscal matters, public and personnel relations. He retired as the Secretary (Urban Development), Government of India. He is a 1st class arts graduate from Punjab University and has a post graduate degree in development studies, a course comprising aspects of economics, political science and sociology, from the University of Bath in the United Kingdom. He is on the Board of the Company since 14th June, 2006.

Lalit Mohan Mehta, Director





Shri. Sunil Behari Mathur is an independent director of our Company. He has more than 40 years of experience in the fields of insurance and housing finance. He was the chairman of Life Insurance Corporation of India from August 2002 to October 2004. He is currently on the board of directors of various companies and is also chairman of the National Stock Exchange. He is a qualified chartered accountant. He has also been sponsored by United States Agency for International Development ("USAID") for a training program on housing finance at the Wharton Business School of the University of Pennsylvania. He is on the Board of the Company since 14th June, 2006.

Sunil Behari Mathur, Director



Shri. Surinder Kumar Soni is an independent director of our Company and has over 40 years of experience in the banking and finance industry. He was Chairman of the Oriental Bank of Commerce and upon his retirement, was appointed as the ombudsman for the banking industry by the Reserve Bank of India. He is presently serving on the board of directors of various companies. He has a Bachelors degree in science and a LL.B from Delhi University. He is also a Certified Associate from the Indian Institute of Bankers ("CAIB"). He is on the Board of the Company since 15th January, 2007.

Surinder Kumar Soni, Director



Shri. Joseph Pattathu is a non executive director of our Company. He has more than 11 years of experience in the real estate, construction and housing finance industry. He was mainly responsible for our Company's finance and administrative affairs. Prior to joining our Company in 2004, he was employed with Wadhawan Group. He has a Bachelors degree in Engineering (Construction) and a MMS in finance from Mumbai University. He is on the Board of the Company since 1st October 2004.

Joseph Pattathu, Director



Responsibilities

The Board of Directors represents the interests of the Company's shareholders, in optimizing long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. The board's mandate is to oversee the Company's strategic direction, review corporate performance, authorize and monitor strategic investments, ensure regulatory compliance and safeguard interests of all stakeholders.

Role of independent directors

Independent directors play a key role in the decision-making process of the board as they approve the overall strategy of the Company and oversee the performance of management. The independent directors are committed to acting in what they believe to be in the best interest of the Company and its stakeholders.

The independent directors bring to the Company a wide range of experience, knowledge and judgment as they draw on their varied proficiencies in finance, housing, management, accountancy, law, public policy, engineering and corporate strategy. This wide knowledge of both, their field of expertise and boardroom practices helps foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

Board Meetings and attendance

The meetings of the Board of Directors are normally held at the Company's registered office in Mumbai. Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each director. The board meets at least once a quarter to review the quarterly performance and the financial results of the Company.

The Company secretary in consultation with the Chairman and the Managing Director prepares a detailed agenda for the meetings. The board papers, agenda and other explanatory notes are circulated to the directors in advance. The members of the board have complete access to all information of the Company. The members of the board are also free to recommend inclusion of any matter in the agenda for discussion. Senior management is invited to attend the board meetings so as to provide additional inputs to the items being discussed by the board. The minutes of each board/committee meeting are recorded and draft minutes circulated to all directors for their confirmation before being recorded in the Minute Books.

During the year ended 31st March, 2007, the Board met 9 times. The meeting were held on 27th April, 2006, 6th May, 2006, 8th May, 2006, 14th June, 2006, 12th July, 2006, 4th November, 2006, 19th December, 2006, 23rd January, 2007 and 7th February, 2007.

Attendance of directors at the Board Meeting and last Annual General Meeting (AGM) and their directorship and Committee memberships is as follows.



Name of Director	Category of directorship	Number of Board Meeting attended	Attendance at the last AGM held on 12th July 2006	Number of directorships in other companies (excluding directorships in foreign and private companies)	Number of committee positions held	
					Chairman	Member
Shri Rakesh Kumar Wadhawan	Chairman	9	Yes	16	-	-
Shri Sarang Wadhawan	Managing Director	9	Yes	12	-	1
Shri Kapil Wadhawan	Non Executive	3	Not Applicable	14	-	2
Shri Dheeraj Wadhawan	Non Executive	1	Not Applicable	16	-	-
Shri Waryam Singh	Non Executive	8	Yes	8	1	-
Shri Ashok Kumar Gupta	Non Executive/ Independent	8	Yes	8	-	2
Shri Satya Pal Talwar	Non Executive / Independent	5	Yes	11	1	1
Shri Shyam Sunder Dawra	Non Executive / Independent	5	Yes	3	-	1
Shri Lalit Mohan Mehta	Non Executive / Independent	5	Yes	3	-	1
Shri Sunil Behari Mathur	Non Executive/ Independent	5	Yes	16	-	-
Shri Surinder Kumar Soni	Non Executive / Independent	2	Not Applicable	7	-	-
Shri Joseph Pattathu	Non Executive	9	Yes	5	-	-

Board Committees

The Company has constituted three committee of the Board:-

- Audit Committee
- Remuneration Committee
- Investor Grievances and Share Transfer Committee

The minutes of all the committee meetings are provided to the Board for noting.

Audit Committee

The purpose of the audit committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

The audit committee consists of the following:

- Mr. Satya Pal Talwar; Chairman
- Mr. Ashok Kumar Gupta and
- Mr. Shyam Sunder Dawra

All the members of the committee have necessary expertise in accounting and financial management. The Company secretary acts as the Secretary to the Committee.

The terms of reference to the audit committee are as follows:

- To oversee the financial reporting process and disclosures of financial information;
- To review the quarterly/ half yearly and annual financial statements before submission to the Board of Directors with special emphasis on accounting policies, compliance of accounting standards and other legal requirements relating to financial statements;
- To review the findings of the internal investigation and periodic audit reports;
- To hold discussions with the external auditors about the scope of audit;
- To recommend appointment/removal of statutory auditors and fixing their remuneration;
- To review all issues which are required to be reviewed by the audit committee pursuant to the listing agreement with the stock exchanges and the Companies Act, 1956 with the management and the internal and external auditors;



7. To review with the management the financial statements with reference to any related party transactions;
8. To review the observations of internal and statutory auditors in relation to all areas of operation of the Company, including internal control systems;
9. To examine all taxation matters, including related legal cases;
10. To review with the management the financial statements of the subsidiary company ; and
11. Any other terms of reference as may be included from time to time in Clause 49 of Listing Agreement.

The minutes of the meetings of the committee are placed before the Board for noting and are also circulated to the members of the committee.

Meeting and the attendance during the year

Four meeting of the Audit Committee were held during the year on 4th May, 2006, 8th July, 2006, 4th November, 2006 and 23rd January, 2007. The statutory auditor of the Company are invitees to the meeting. They undertake the discussion and review of the quarterly/half yearly unaudited results, annual audited accounts, compliance with accounting standards and other related matters .

The attendance of the directors in the committee meeting is as follows :-

Members	Number of meetings attended
Shri Satya Pal Talwar	2
Shri Ashok Kumar Gupta	4
Shri Shyam Sunder Dawra	2
Shri Rakesh Kumar Wadhawan*	2
Shri Sarang Wadhawan*	2

* The Board on 12th July 2006 reconstituted the Audit Committee by making Shri Satya Pal Talwar, Shri Ashok Kumar Gupta and Shri Shyam Sunder Dawra as members of the Committee.

Report of the Audit Committee for the year ended 31st March, 2007

Currently the Audit Committee comprises of three independent directors, who have wide expertise in the field of Finance and Accounting. The committee met four times during the financial year to review the quarterly/ half yearly and annual accounts of the Company.

The main functions of Audit Committee are to assess and review the financial reporting system of the Company to ensure that the financial statements are correct, sufficient and credible.

The committee reviewed the internal audit programs, financial reporting system, compliance of the statements of accounts with accounting standards and ensured that all the accounting transactions are in accordance with the prevailing regulations.

The committee reviews the reports of the statutory auditors and ensures that adequate follow-up action is taken by the management on observations and recommendations made by the auditors. In addition, the committee annually reviews the performance of the statutory auditors to ensure that an objective, professional and cost effective relationship is being maintained.

It is the Audit Committee's prerogative to invite senior executives whom it considers appropriate to be present at the meetings. Senior management and auditors are invited to participate in the meetings of the committee, as and when necessary.

The committee recommends to the board, the re-appointment of and audit fees to M/s Thar & Co. Chartered Accountant as the statutory auditor of the Company for the financial year 2007-08.

Remuneration Committee

The Remuneration Committee is responsible for determining the Company's remuneration policy, having regard to performance standards and existing industry practice. Under the existing policies of the Company, the Remuneration Committee inter alia determines the remuneration payable to the directors and other key management personnel in the Company.

Apart from discharging the above mentioned functions, the Remuneration Committee also discharges the following functions:

1. Framing policies and compensation including salaries and salary adjustments, incentives, bonuses, promotion, benefits, stock options and performance targets of the top executives;
2. Remuneration of directors; and
3. Strategies for attracting and retaining employees and employee development programme.



This Committee consists of the following:

1. Mr. Kapil Wadhawan;
2. Mr. Ashok Kumar Gupta and
3. Mr. Satya Pal Talwar.

Remuneration of Directors

Shri Sarang Wadhawan, Managing Director of the Company has been appointed for a period of 5 years from 1st April, 2006 as per the resolutions passed by the shareholders at the Extra Ordinary General Meeting.

During the year all other directors are paid sitting fees for attending the Board Meetings and the Committee Meetings.

Given below, are the details of remuneration paid to the Managing Director and sitting fees paid to the executive and non-executive directors of the Company during the year and their shareholding.

Name of director	Remuneration	Sitting fees	Shareholding as at March 31, 2007 (No. of shares)
Shri Rakesh Kumar Wadhawan	-	1,00,000	2,97,00,000
Shri Sarang Wadhawan	15,00,000	-	90,00,000
Shri Kapil Wadhawan	-	75,000	90,00,000
Shri Dheeraj Wadhawan	-	20,000	90,00,000
Shri Waryam Singh	-	1,00,000	62,20,200
Shri Ashok Kumar Gupta	-	1,30,000	22,98,800
Shri Satya Pal Talwar	-	1,45,000	-
Shri Shyam Sunder Dawra	-	1,30,000	-
Shri Lalit Mohan Mehta	-	1,00,000	-
Shri Sunil Behari Mathur	-	1,15,000	-
Shri Surinder Kumar Soni	-	40,000	-
Shri Joseph Pattathu	-	20,000	-

Investor Grievance and Share Transfer Committee

This Committee is responsible for the redressal of shareholder grievances and for giving effect of share transfer. The committee consists of :

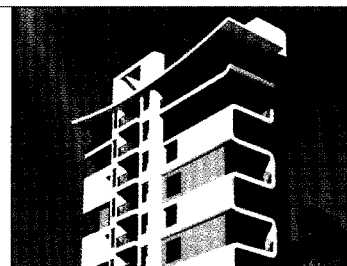
1. Mr. Waryam Singh, Chairman;
2. Mr. Sarang Wadhawan;
3. Mr. Kapil Wadhawan and
4. Mr. Lalit Mohan Mehta

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

- Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non-receipt of balance sheet etc in particular;
- Review of the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Transfer Agent; and
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The committee is also responsible for approval of transfer of equity and preference shares including power to delegate the same to Registrar and Transfer Agents.

The committee has met once in this financial year. All the members except Shri Lalit Mohan Mehta were present in the meeting.



Related party transactions

There were no materially significant related party transactions with the directors, the management, subsidiaries or relatives of the directors that have a potential conflict with the interests of the Company at large. Transactions with related parties entered into by the Company in the normal course of business were placed before the Audit Committee. Details of related party transactions are included in the Notes to the Accounts.

CEO/CFO Certification

The certification by the Managing Director and the CFO on the financial statements and the cash flow statement for the year ended 31st March, 2007 is attached.

Accounting Standards

The Company has complied with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India from time to time.

Re-appointment of Directors

According to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, one third of the directors are liable to retire at every A.G.M and, being eligible, offer themselves for re-appointment. Consequently Shri Rakesh Kumar Wadhawan, Shri Sarang Wadhawan, Shri Ashok Kumar Gupta and Shri Waryam Singh retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

General Body Meetings

Details of the last three Annual General Meetings

Particulars	Date and time	Venue
10 th A G M	12 th July, 2006 2:30 PM	9-01, Dheeraj Arma, Anant Kanekar Marg, Bandra (E), Mumbai-400051
9 th A G M	13 th June, 2005 11 AM	Dheeraj Apartment, P P Dias Compound, Natwar Nagar Road No. 1, Jogeshwari(E), Mumbai-400060
8 th A G M	27 th September, 2004 4:00 PM	Dheeraj Apartment, P P Dias Compound, Natwar Nagar Road No. 1, Jogeshwari(E), Mumbai-400060

Special Resolution passed at the Previous three AGM

10th AGM

- Further issue of capital
- Increasing the borrowing power of Board
- Authorizing Board to deal with the Undertaking of the Company

9th AGM

- Issue of shares to public
- Increasing the borrowing power of Board
- Authorizing Board to deal with the Undertaking of the Company
- Alteration of Articles of Association of the Company
- Issue of sweat equity shares
- Inter corporate guarantee



Distribution of Shareholding as on 31st March, 2007

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 - 5000	181	51.57%	32,000	3,20,000	0.02%
5001 - 10000	21	5.98%	21,000	2,10,000	0.01%
10001 - 20000	6	1.71%	9,500	95,000	0.01%
20001 - 30000	13	3.70%	36,000	3,60,000	0.02%
30001 - 40000	5	1.42%	18,000	1,80,000	0.01%
40001 - 50000	8	2.28%	40,000	4,00,000	0.02%
50001 - 100000	27	7.69%	2,48,000	24,80,000	0.14%
100001 & Above	90	25.64%	17,95,95,500	1,79,59,55,000	99.78%
Total	351	100%	18,00,00,000	1,80,00,00,000	100%

Shareholding pattern of the Company as on 31st March 2007

S.No	Category	No. of Holders	Total Shares	% To Equity
1	Resident Individuals	325	9,64,65,000	53.59%
2	Bodies Corporate	22	8,33,30,000	46.29%
3	HUF	4	2,05,000	0.11%
	Total	351	18,00,00,000	100.00%

Share Transfer System

All the transfers received are processed by the Registrar and Share Transfer Agents and approved by the Managing Director, periodically depending on the volume of transfer. Share certificates are dispatched within the time prescribed.

Registrar and Transfer Agents

Karvy Computershare Private Limited.



Management Discussion and Analysis

Review of Economy

“No power on earth can stop an idea whose time has come”,

- Honourable Prime Minister Shri Manmohan Singh

India is increasingly attracting the world's interest as a result of the country's impressive economic performance, brought about by the liberalization process in the last decade and the start of its march towards a functioning market economy. These developments have brought immense growth opportunities to all segments of the society and industry including the real estate sector.

The Indian GDP grew at 9.2% in 2006-2007, surpassing the high of 8.4% achieved in 2005-2006. In the last few years, both industry and services have acted as the twin engines propelling the growth of the economy, contributing about 26% and 55% of the GDP respectively. Substantial progress was witnessed in attracting private investments in several sectors including infrastructure sectors like roads, ports and airports.

During the year 2006-2007, the Fiscal deficit was at 3.8% of GDP (4.1% of GDP in 2005-06) on account of containment of the revenue deficit at 2.1% of GDP (2.6% of GDP in 2005-06). The spurts in oil and gas prices were effectively countered with significant increase in forex inflows, thereby not allowing the deficit to adversely impact the floating rupee. Inflation has been maintained at about 5% despite the hike in crude oil and commodity prices.

“The Indian economy will grow by 9.2 percent in the fiscal year ending March 2008 boosted by industry and services sectors and a rebound in farm output, despite some of the difficulties in current year in terms of interest rate, input price rise, inflation...”, said the Confederation of Indian Industry (CII) at a recent press conference. India is aiming at an average annual 9 percent growth rate during the period 2007-08 to 2011-12.

As per the latest study of FDI confidence index survey, India is amongst the top 10 countries behind China, followed by Mexico, Poland, Brazil and Russia, in attracting the foreign direct investment into the country. In 2006-07, FDI inflows have witnessed an increase of 284 per cent to 16 billion dollars from 5.5 billion dollars. In line with international practice, if reinvested retained earnings are included, FDI into India was USD 19 billion in 2006-07 constituting 2.3% of GDP. The targeted FDI flow for 2007-08 is USD 25 billion in equity and USD 5 billion of earnings to be reinvested by existing companies. The multifold increase in FDI is a strong vindication of the effectiveness of the policies followed by India.

Total value of Financial Institutional Investors (FII)' investments in Indian companies stands at USD 120 billion. This augurs well for the Indian industry in general and the Company in particular, in the years ahead.

Industry developments

The Indian real estate industry has reportedly witnessed a growth rate of over 30% in 2006, and has an existing demand-supply gap of over 24 million units, prompting key players from across the globe to invest in this sector.

The realty sector has turned out to be a growth driver over the last few years. The phenomenal growth of the service sector has had a direct impact on the real estate sector. According to Knight Frank estimates, close to 100 million sq. ft. of office space will be developed in the country over the next two years, 80 per cent of which will be taken up by the IT/ITES sector. Besides this, approximately 120 million sq. ft. of mall space will come up in the market by 2008.

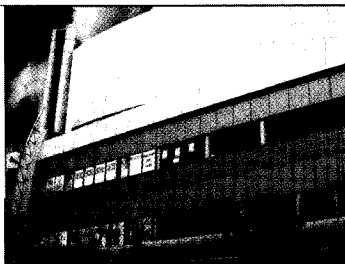
With the liberalization of Indian economy, the real estate sector has assumed growing importance. Developments in the retail, hospitality and entertainment (e.g. hotels, resorts, cinema houses, multiplexes, tourism) industries, economic services (e.g. hospitals, schools), IT enabled services; and consequent increase in business opportunities have increased the demand for commercial and housing space.

Company Performance

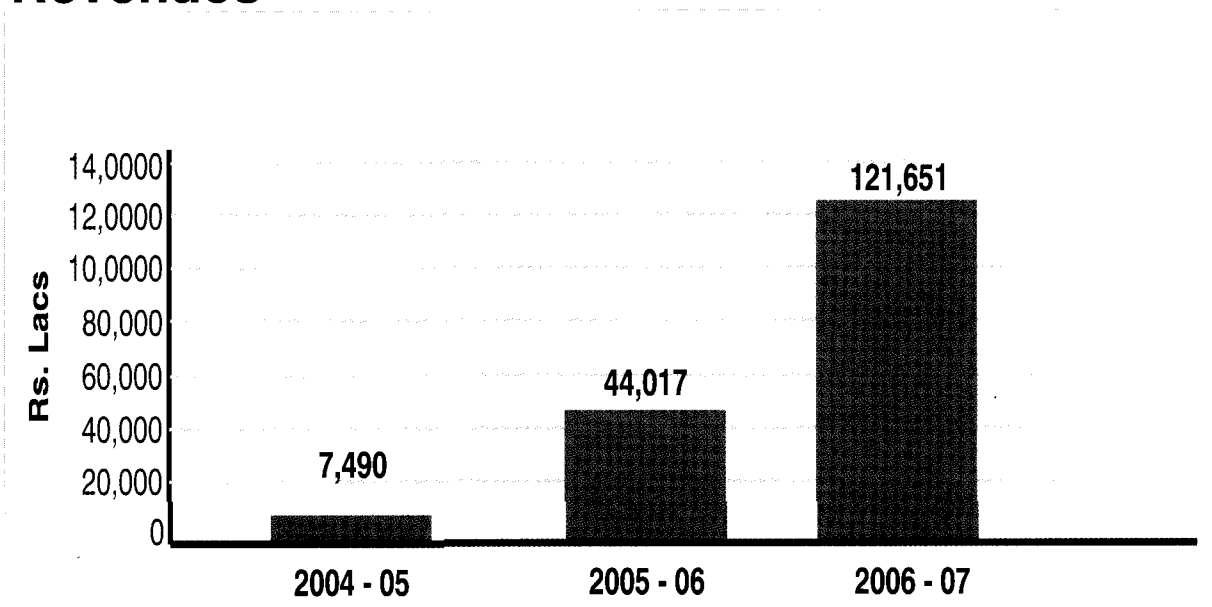
The booming Indian economy has had a distinctive and favourable impact on the business of the Company for the year 2006-2007.

The Company has performed exceedingly well in the Financial Year 2006-07 and has gained new heights of achievement following the rapid economic growth attained by the country.

The revenues of the Company have grown to Rs. 1,21,851 crore in 2006-07 from Rs. 66,017 crore in 2005-06 representing an outstanding growth of 176% year-on-year. This was primarily due to an increase in sales of commercial and residential units, sales of FSI/TDRs and sales of land.

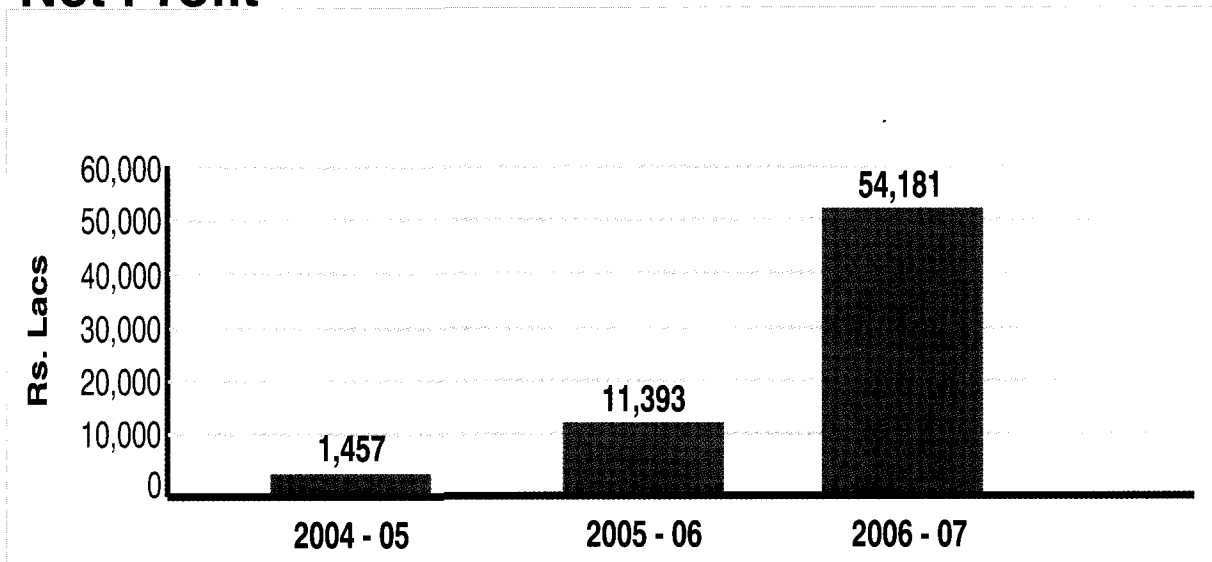


Revenues



The profitability of the Company has grown to Rs. 54,181 lacs in 2006 - 07 from Rs. 11,393 lacs in 2005 - 06 showing a remarkable growth of 376%.

Net Profit



The financial highlights in brief are

	2005-06	2006-07	Growth
Gross Revenues	44,017	121,651	176%
EBITDA	14,011	66,218	373%
EBITDA/Gross Revenues	31.83%	54.43%	71%
PAT	11,393	54,181	376%
PAT/Gross Revenues	25.88%	44.54%	72%
EPS on expanded capital (Rs.)	6.33	30.10	376%

The Company is one of the largest Real Estate development companies in India with its significant operations in the Mumbai Metropolitan Region. The Company's business focuses on Real Estate development including construction and development of Residential projects, Commercial and Retail Projects, Slum Rehabilitation development projects including clearing slum land and re-housing the slum-dwellers and land development by creating required Infrastructure on land which the Company then sells to other property developers.

Through March 31, 2007, the Company has developed 23 projects covering approximately 11.0 million square feet of saleable area. The Company also has constructed an additional 2.0 million square feet of rehabilitation area under slum rehabilitation schemes.

The Company's residential projects generally are comprised of groups of apartments, towers or larger multi-purpose township projects in which individual housing units are sold to customers. The Company's commercial projects are a mix of office space and multiplex cinemas. The Company's retail projects focus on shopping malls.

The Company also undertakes slum rehabilitation projects under a Government scheme administered by the Slum Rehabilitation Authority (SRA), whereby developers are granted development rights in exchange for clearing and redeveloping slum lands, including providing replacement housing for the dislocated slum dwellers.

Although historically the Company has focused on real estate development in the Mumbai Metropolitan Region, as part of its growth strategy it is considering projects in other locations, including Kochi and Hyderabad. The Company also is considering expanding into hotel projects, special economic zone developments and "mega-structure" complexes, which are large-scale mixed-use retail, commercial and residential developments.

In addition to developing residential, commercial and retail projects, the Company has taken initiatives to diversify into hotels, special economic zone developments and "Megastructure" complexes which are large-scale mixed-use retail, commercial and residential developments like the "Dreams" project in Bhandup, Mumbai, located approximately 10 kilometers from the Mumbai's International Airport and adjoining Bhandup Railway Station.

The Company intends to develop world - class SEZs, approximately 50 kilometers north of the Mumbai Metropolitan Region for which it has received in principle approval from the Ministry of Commerce and Industry to develop, operate and maintain a "multi-services" SEZ.

The Company also earns revenues from the sale of TDRs and the sale of land. The Company is permitted to sell to other developers the FSI/TDRs that it generates and do not use itself. There is an active market in the Mumbai Metropolitan Region, for the sale of FSI/TDRs. The Company typically owns FSI/TDRs, which it acquires primarily as a result of its extensive involvement in slum rehabilitation projects. The Company also obtains FSI/TDRs through other types of projects, such as developing housing for people displaced as a result of the widening of municipal roads.

Based on the rich experience of the Wadhawan Group of constructing approximately 72.8 million square feet of saleable area and approximately 5.5 million square feet of rehabilitation area under slum rehabilitation schemes, the Company is firmly moving on the growth path.



Presently, the total land reserves of the Company are comprised of approximately 112.4 million square feet of saleable area to be developed through 32 Ongoing or Planned projects. The Company has 21 Ongoing Projects, which are projects under construction and development, aggregating to approximately 45.9 million square feet of saleable area, and the Company has an additional 11 Planned Projects, which are projects planned for construction and development in the future, aggregating approximately 66.6 million square feet of saleable area.

The Company has obtained expert opinions on the valuation of its Ongoing and Planned projects from Cushman and Wakefield (India) Private Limited and Knight Frank (India) Limited by their reports dated January 22, 2007 and December 15, 2006, respectively.

Knight Frank has opined that, as of December 15, 2006, the aggregate net present value of the Company's Land Reserves is Rs. 2,10,951 million. Value of the property is land value. Discounted Cash Flow (DCF) method has been used to arrive at property value. The DCF methods determine the present value of future cash flows by discounting them using the appropriate WACC (Weighted Average Cost of Capital). Net cash flow is arrived after deducing cash outflows (land development cost, cost of construction, brokerage cost, etc) from cash inflow (realizable from sale).

Knight Frank has estimated the sales value of the present projects at Rs. 4,11,375 millions and the total cost of construction (including Rehab. cost and brokerage cost) at Rs. 1,11,054 millions. The net cash flow of Rs. 3,00,321 millions arrived at after deducting the total cost of construction from the sales value has been further discounted at 16% (Weighted Average Cost of Capital) to determine the Present Value of Land Reserves of the Company at Rs. 2,10,951 millions.

Cushman & Wakefield (India) Private Limited has opined that, as of January 22, 2007, the aggregate net present value of the Company's Land Reserves is Rs. 2,20,394 million. The Net present market value of a Valued Property has been determined by calculating the net present value of the property, which is the present value of the projected revenues from the property less the present value of projected construction, development costs, overheads, contingencies and developers margin in respect of the property. The Opinion of Value is based on a specific development plan for individual property as provided by the Company.

The Union Budget of 2007 has not extended the tax incentive u/s 80(IB) of the Income Tax Act for the development of Residential accommodations for small families. However the projects whose plans have been approved by the local authority before 31st March 2007 will continue to get the tax free benefit u/s 80(IB) for next four years. The Company has in its hand already approved and tax exemption eligible projects of estimated sales value of about Rs. 50,000 lacs the profits from which will be eligible for complete tax exemption.

To augment the long term resources for the Company and to unlock the value of its stake holders, the Company is coming out with an Initial Public Offering (IPO) by offering Three Crores Equity Shares of Rs.10/- each constituting 14.29% post issue equity capital.

Thus, with the accelerated growth in the economy, backed by the progressive policies impacting the Infrastructure, Manufacturing and core sectors of the economy, a large vista of opportunities for the Company have opened up and the Company is optimistic about its growth prospects over the next few years. The outlook for the Real Estate sector and the Company appears bright.



REPORT OF THE AUDITORS' ON CORPORATE GOVERNANCE

To the Members,

Housing Development and Infrastructure Limited

We have examined the compliance of conditions of Corporate Governance by Housing Development And Infrastructure Limited for the year ended 31st March, 2007, as required under Clause 49 of the Listing Agreement .

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as as required under Clause 49 of the Listing Agreement .

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investors' Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For THAR & CO.

Chartered Accountants

(Jayesh. R. Thar)
ICAI M. No. 32917.

Place : Mumbai
Date : 31st May, 2007



Auditors' Report

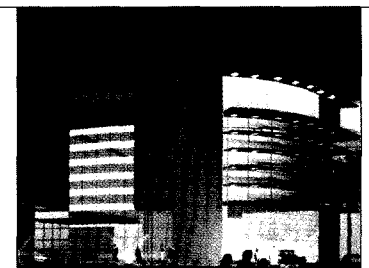
To The Members
Housing Development and Infrastructure Limited

- 1 We have audited the attached Balance Sheet of **HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED**, (formerly Housing Development and Improvement India Limited) as at 31st March, 2007 together with Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 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 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4 Further to our comments in Annexure referred to in paragraph 3 above, we report that ;
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion, the Company has kept proper books of account as required by law, 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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
 - (e) on the basis of written representations received from the Directors/Companies, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2007 and
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For THAR & CO.
Chartered Accountants

(Jayesh. R. Thar)
ICAI M. No. 32917.

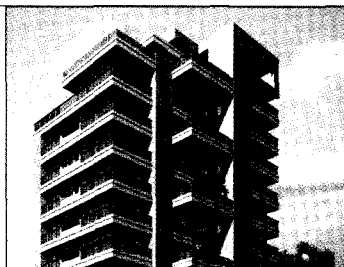
Place : Mumbai
Date : 31st May, 2007



ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2007 of Housing Development and Infrastructure Limited.

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancy has been noticed on such verification.
- (c) The Company has not disposed off substantial part of the fixed assets during the year and hence the going concern assumption is not affected.
- 2 (a) As explained to us, the physical verification of the inventory has been conducted by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company.
- 3 In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 :-
 - (a) The Company has given loan to one party. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 116.47 crores and the year end balance is Rs. 116.47 crores.
 - (b) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loan are not prima facie prejudicial to the interest of the Company.
 - (c) The said loan has been given to a wholly owned subsidiary of the Company and is repayable on demand.
 - (d) In respect of the loan given by the Company, the same is repayable on demand and therefore the question of overdue amount does not arise.
 - (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- 4 In our opinion and according to the information and explanations given to us, there exists adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for the development of real estate. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control.
- 5 (a) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements that need to be entered in to the register maintained under section 301 of the Companies Act, 1956, for the year have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in the pursuance of contracts or arrangements, that need to be entered into the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
- 6 As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 7 According to the information and explanations given to us by the management, the Company has an adequate internal audit system commensurate with the size and nature of the business of the Company.
- 8 To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.

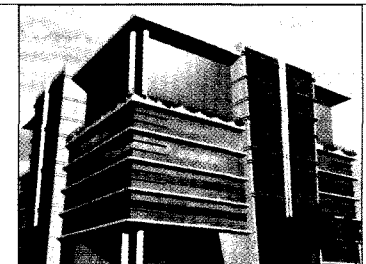


- 9 (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Custom duty, Excise duty, cess and any other statutory dues with appropriate authorities applicable to it. There were no dues on account of cess under section 441A of the Companies Act 1956, since the Central Government has not notified the date of the commencement of the section.
- (b) According to the information and explanations given to us by the management there are no disputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Custom duty and Excise duty, which were outstanding as at 31st March, 2007 for the period of six months from the date they became payable.
- 10 The Company does not have accumulated losses as at the year end. The Company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- 11 As per the information and explanations given to us by the management, the Company has not defaulted in repayment of dues to banks or financial institutions during the year. The Company has not borrowed any sums through debentures.
- 12 In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- 14 In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- 15 The Company has given guarantee of Rs 50 crores in favour of a bank on behalf of Dinshaw Trapinex Builders Private Limited, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- 16 *In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for the intended use.*
- 17 In our opinion and according to the information and explanations given to us, and on overall examination of the Balance Sheet and the Cash Flow of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- 18 According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19 In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the year covered by our report, Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- 20 In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of Public Issue.
- 21 On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the course of our audit.

For THAR & CO.
Chartered Accountants

(Jayesh. R. Thar)
ICAI M. No. 32917.

Place : Mumbai
Date : 31st May, 2007



HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Annual Financial Statements for the year ended March 31, 2007.

Balance Sheet as at

		31-03-2007 (Rs. in Lacs)		31-03-2006 (Rs. in Lacs)	
Sources of Funds	Schedules				
Shareholders' fund					
Share Capital	A	18,000.00		5,000.00	
Reserves and surplus	B	<u>54,683.02</u>	72,683.02	<u>13,501.68</u>	18,501.68
Loan funds					
Secured loans	C		37,568.46		19,646.42
Deferred Tax Liability	D		82.78		44.24
	Total		<u>110,334.26</u>		<u>38,192.34</u>
Application of Funds :					
Fixed assets	E				
Gross block		2,485.95		558.55	
Less : Depreciation		<u>126.94</u>		<u>64.21</u>	
Net block		2,359.01		494.34	
Capital work-in-progress		<u>34.58</u>	2,393.59	<u>103.43</u>	597.77
Investments	F		16,503.78		11,328.24
Current assets, loans and advances					
Inventories	G	115,250.95		43,732.28	
Sundry debtors	H	31,025.58		7,738.98	
Cash and bank balances	I	478.46		3,974.71	
Loans and advances	J	<u>23,189.57</u>		<u>12,395.64</u>	
		<u>169,944.56</u>		<u>67,841.61</u>	
Less : Current liabilities and provisions					
Liabilities	K	72,186.14		40,818.61	
Provisions	L	<u>6,452.17</u>		<u>815.86</u>	
		<u>78,638.31</u>		<u>41,634.47</u>	
Net current assets			91,306.25		26,207.14
Miscellaneous expenditure (to the extent not written off or adjusted)	M		130.64		59.19
	Total		<u>110,334.26</u>		<u>38,192.34</u>
Notes to accounts	W				

As per our report of even date attached

For and on behalf of the Board of Directors

For THAR & CO.
Chartered AccountantsRakesh Kumar Wadhawan
ChairmanSarang Wadhawan
Managing Director(Jayesh. R. Thar)
ICAIM. No. 32917K P Devassy
Chief Financial OfficerAmitabh Verma
Company SecretaryPlace : Mumbai
Date : 31st May, 2007

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Annual Financial Statements for the year ended March 31, 2007.

Profit and Loss Account for the Year ended

	Schedule	31-03-2007 (Rs. in Lacs)	31-03-2006 (Rs. in Lacs)
Income			
Turnover	N	120,344.77	42,215.43
Other Income	O	1,306.32	1,801.98
Increase / (Decrease) in stock in trade	P	1,188.34	88.97
Increase / (Decrease) in work-in-progress	Q	70,330.33	19,725.36
Cost of Premises capitalised as Investment		853.04	6.25
Cost of Premises capitalised as Fixed Asset		1,553.20	-
		195,576.00	63,837.99
Expenditure			
Purchases	R	101,159.29	37,667.95
Operating and other expenses	S	25,138.93	11,260.16
Employees' remuneration and welfare expenses	T	835.15	105.60
Administrative expenses	U	2,224.59	792.89
Financial expenses	V	4,300.32	1,057.39
Depreciation		62.73	25.78
Preliminary and other expenses written off		36.36	14.83
		133,757.37	50,924.60
Profit before Tax		61,818.63	12,913.39
Less : Provision for tax		7,604.20	1,520.00
Less : Provision for Fringe benefit tax		18.66	10.00
Less : Deferred tax liability		38.54	16.69
Add:-Excess provision for taxation no longer required		24.11	26.42
Profit after Tax		54,181.34	11,393.12
Balance brought forward from previous year		10,301.68	1,108.56
Profit available for appropriation		64,483.02	12,501.68
Appropriations :			
Transferred to General Reserve		5,919.82	2,200.00
Utilised for Issue of Bonus Shares		9,800.00	-
Profit carried to Balance Sheet		48,763.20	10,301.68
Earnings Per Share (Rs.)		30.10	6.33
Equity shares of par value Rs. 10/- each			
Number of equity shares considered for EPS.		180,000,000	180,000,000

Notes to accounts

W

As per our report of even date attached

For and on behalf of the Board of Directors

For THAR & CO.
Chartered AccountantsRakesh Kumar Wadhawan
ChairmanSarang Wadhawan
Managing Director(Jayesh. R. Thar)
ICAI M. No. 32917K P Devassy
Chief Financial OfficerAmitabh Verma
Company Secretary

Place : Mumbai

Date : 31st May, 2007

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Cash Flow Statement for the year ended

	31-03-2007 (Rs. in Lacs)	31-03-2006 (Rs. in Lacs)
A Cash flow from operating activities		
Net profit before tax	61,818.62	12,913.39
Adjustments for :		
(1) Depreciation	62.73	25.78
(2) Preliminary and other expenses written off	36.36	14.83
(3) Interest expenses	399.21	308.74
(4) Investment income	(1.48)	(1.82)
(5) Profit on sale of investments	-	-
	<u>496.82</u>	<u>(241.49)</u>
Operating profit before working capital changes	62,315.44	13,019.43
Movements in working capital :		
Decrease / (Increase) in inventories	(71,518.66)	(19,814.32)
Decrease / (Increase) in sundry debtors	(23,286.60)	(7,670.04)
Decrease / (Increase) in other receivables	(10,793.93)	(8,981.20)
Increase / (Decrease) in trade and other payables	<u>31,395.39</u>	<u>23,641.40</u>
Net movement in working capital	<u>(74,203.80)</u>	<u>(12,824.16)</u>
Cash from / (used in) operations	(11,888.36)	195.27
Less : Direct taxes paid (net of refunds)	<u>1,990.29</u>	<u>923.61</u>
Net cash from / (used in) operating activities	(13,878.65)	(728.34)
B Cash flows from investing activities		
(1) Investment income	1.48	1.82
(2) Purchase of fixed assets	(1,927.39)	(191.90)
(3) (Increase) / Decrease in capital work-in-progress	68.85	(103.43)
(4) Purchase of investments	<u>(5,175.55)</u>	<u>(5,321.27)</u>
Net cash from / (used in) investing activities	(7,032.61)	(5,614.78)
C Cash flows from financing activities		
(1) Proceeds from borrowings	17,922.04	10,507.89
(2) Interest paid	(399.21)	(308.74)
(3) Expenses towards increase in share capital	<u>(107.82)</u>	<u>(73.99)</u>
Net cash from / (used in) financing activities	17,415.01	10,125.16
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(3,496.25)	3,782.04
Cash and cash equivalents at the beginning of the year	3,974.71	192.67
Cash and cash equivalents at the end of the year	478.46	3,974.71
Components of cash and cash equivalents as at 31st March	<u>2007</u>	<u>2006</u>
Cash on hand	34.98	42.39
With banks - on current account	443.48	432.32
- on deposit account	-	3,500.00
	<u>478.46</u>	<u>3,974.71</u>

As per our report of even date attached

For and on behalf of the Board of Directors

For THAR & CO.
Chartered AccountantsRakesh Kumar Wadhawan
ChairmanSarang Wadhawan
Managing Director(Jayesh. R. Thar)
ICAIM. No. 32917K P Devassy
Chief Financial OfficerAmitabh Verma
Company SecretaryPlace : Mumbai
Date : 31st May, 2007

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Schedules annexed to and forming part of Balance Sheet as at

	31-03-2007 (Rs. in Lacs)	31-03-2006 (Rs. in Lacs)
Schedule "A"		
Share capital		
Authorised :		
25,00,00,000 (P.Y.-10,00,00,000) Equity shares of Rs.10/- each	<u>25,000.00</u>	<u>10,000.00</u>
Issued, subscribed and paid up		
18,00,00,000 (P.Y.-5,00,00,000) Equity shares of Rs.10/-each fully paid up (includes 13,00,00,000 shares allotted as fully paid by way of bonus shares by utilising share premium and accumulated profits)	<u>18,000.00</u>	<u>5,000.00</u>
	<u>18,000.00</u>	<u>5,000.00</u>
Schedule "B"		
Reserves and surplus		
Share premium		
Balance as per last balance sheet	1,000.00	5,000.00
Less:-Utilised for issue of fully paid bonus shares	1,000.00	4,000.00
	-	1,000.00
General reserve		
Balance as per last balance sheet	2,200.00	-
Add : Transferred from profit and loss account	5,919.82	2,200.00
Less:-Utilised for issue of fully paid bonus shares	2,200.00	-
	5,919.82	2,200.00
Surplus		
Profit and Loss account	48,763.20	10,301.68
	<u>54,683.02</u>	<u>13,501.68</u>
Schedule "C"		
Secured loans		
(1) HDFC Bank Limited	3,602.54	889.72
(2) Punjab National Bank	6,425.91	5,000.00
(3) Indian Overseas Bank	13,738.30	5,000.00
(4) Syndicate Bank	8,970.54	8,620.00
(5) Indian Bank	3,704.80	-
(6) Bank of Maharashtra	-	1.98
(7) Bank of India	1,070.60	-
(8) ICICI Bank Limited	55.77	91.08
(9) Punjab & Maharashtra co-op Bank Limited	-	43.64
	<u>37,568.46</u>	<u>19,646.42</u>
Schedule "D"		
Defered tax liability (net)		
Defered tax liability		
Arising on account of timing difference in, Depreciation	92.15	44.24
Defered tax assets		
Arising on account of timing difference in, Provision for gratuity	3.11	-
Provision for encashment of leave	6.26	-
	<u>82.78</u>	<u>44.24</u>

Schedule "E"

Fixed Assets

(Rs in Lacs)

Description	COST			DEPRECIATION			NET BLOCK AS AT	
	as at 01-04-2006	additions during the year	as at 31-03-2007	up to 31-03-2006	for the year	up to 31-03-2007	31-03-2007	31-03-2006
Office Premises	228.54	1,553.21	1,781.75	15.91	3.79	19.70	1,762.05	212.63
Office Equipments	56.02	181.38	237.40	8.22	8.80	17.02	220.38	47.80
Computer	50.32	84.58	134.90	15.68	21.43	37.11	97.79	34.64
Furniture and Fixtures	33.84	63.32	97.16	6.02	7.69	13.71	83.45	27.82
Vehicle	189.83	44.91	234.74	18.38	21.02	39.40	195.34	171.45
Total	558.55	1,927.40	2,485.95	64.21	62.73	126.94	2,359.01	494.34

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Schedules annexed to and forming part of Balance Sheet as at

	31-03-2007 (Rs. in Lacs)	31-03-2006 (Rs. in Lacs)
Schedule "F"		
Investments		
Long Term Investments (at cost)		
In immovable property		
Investment in property at Dheeraj Arma	4,112.79	3,259.76
Other than trade (Unquoted)		
Punjab & Maharashtra Co-Op. Bank Limited 40,000 (P.Y. 40,000) Equity shares of Rs.25/- each fully paid up	10.00	10.00
In subsidiary company (Unquoted)		
Privilege Power and Infrastructure Private Limited 2,07,520 (P.Y. 2,06,520) Equity shares of Rs.100/- each fully paid up	746.35	743.66
Current Investments (at lower of cost or market value)		
In capital account with partnership firms		
Fixed capital account	1.20	0.84
Current account	11,633.44	7,313.98
	<u>16,503.78</u>	<u>11,328.24</u>
Schedule "G"		
Inventories (at cost)		
Finished goods (Stock of flats / shops / TDR)	1,618.53	430.19
Work -in-progress	113,632.42	43,302.09
	<u>115,250.95</u>	<u>43,732.28</u>
Schedule "H"		
Sundry debtors		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	5,286.98	46.86
Other debts		
Unsecured, considered good	25,738.60	7,692.12
	<u>31,025.58</u>	<u>7,738.98</u>
Schedule "I"		
Cash and bank balances		
Cash on hand	34.98	42.39
Balances with scheduled banks :		
On current accounts	443.48	432.32
On deposit accounts	-	3,500.00
	<u>478.46</u>	<u>3,974.71</u>
Schedule "J"		
Loans and advances		
Unsecured considered good		
Advances recoverable in cash or kind or value to be received :		
Loans to subsidiary	11,647.47	7,175.48
Advances for goods and services	3,410.05	41.79
Advances for land purchase	8,011.25	5,040.97
Rent receivable	3.01	0.11
Loans to employees	5.59	1.48
Interest accrued on fixed deposit with bank	-	66.36
Prepaid expenses	105.92	8.49
Deposits	6.28	60.96
	<u>23,189.57</u>	<u>12,395.64</u>
Schedule "K"		
Current liabilities		
(a) Creditors for goods and services (see note 12)	3,267.11	3,887.65
(b) Creditors for land/development right purchases	16,877.79	3,566.69
(c) Creditors for expenses	104.62	7.80
(d) Advances from customer	51,208.30	32,900.97
(e) Other liabilities	728.32	295.65
(f) Interest accrued but not due on loans	-	159.85
	<u>72,186.14</u>	<u>40,818.61</u>

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Schedules annexed to and forming part of Balance Sheet as at

	31-03-2007 (Rs. in Lacs)	31-03-2006 (Rs. in Lacs)
Schedule "L"		
Provisions		
Provision for taxation	9,142.25	1,520.00
Provision for fringe benefit tax	28.66	10.00
Less : Tax paid and TDS	2,746.59	714.14
Income tax (net of advance tax)	6,424.32	815.86
Provision for gratuity	9.25	-
Provision for encashment of leave	18.60	-
	<u>6,452.17</u>	<u>815.86</u>
Schedule "M"		
Miscellaneous expenditure		
(To the extent not written off or adjusted)		
(1) Preliminary expenses		
Balance as per last balance sheet	-	0.03
Less: Written off during the year	-	0.03
	<u>-</u>	<u>-</u>
(2) Cost of increasing authorised share capital		
Balance as per last balance sheet	59.19	-
Add : Expenses incurred during the year	107.81	73.99
Less: Written off during the year	36.36	14.80
	<u>130.64</u>	<u>59.19</u>
Schedule "N"		
Turnover		
Sale of commercial and residential units	26,397.13	3,582.55
Sale of development rights / FSI	82,889.63	32,826.98
Sale of land	11,058.01	5,805.90
	<u>120,344.77</u>	<u>42,215.43</u>
Schedule "O"		
Other income		
Rent and compensation - (T.D.S. Rs 144.19 lacs - P.Y. Rs.89.30 lacs)	998.68	704.22
Dividend received	1.47	1.82
Society maintenance and other incidental receipts	193.02	-
Misc. receipts (Flat cancellation charges)	1.10	-
Profit on sale of investment	-	241.49
Share of profit from partnership firm	112.05	854.45
	<u>1,306.32</u>	<u>1,801.98</u>
Schedule "P"		
Increase / (Decrease) in stock-in-trade		
Closing stock in trade	1,618.53	430.19
Opening stock in trade	430.19	341.22
	<u>1,188.34</u>	<u>88.97</u>
Schedule "Q"		
Increase / (Decrease) in work-in-progress		
Closing work-in-progress	113,632.42	43,302.09
Opening work-in-progress	43,302.09	23,576.73
	<u>70,330.33</u>	<u>19,725.36</u>
Schedule "R"		
Purchases		
Land	51,495.17	13,369.30
TDR	1,367.08	19.59
Tenancy rights	28,305.76	14,848.36
Other construction material	19,991.28	9,430.70
	<u>101,159.29</u>	<u>37,667.95</u>

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Schedules annexed to and forming part of Balance Sheet as at

	31-03-2007 (Rs. in Lacs)	31-03-2006 (Rs. in Lacs)
Schedule "S"		
Operating & other expenses		
Civil contract work	18,986.81	3,840.96
Other expenses	6,152.12	7,419.20
	<u>25,138.93</u>	<u>11,260.16</u>
Schedule "T"		
Employees' remuneration and welfare expenses		
Salary and welfare expenses	835.15	105.60
	<u>835.15</u>	<u>105.60</u>
Schedule "U"		
Administrative expenses		
Communication expenses	71.74	38.28
Electricity charges	41.81	32.02
Repairs and maintenance	11.76	11.76
Printing and stationery	57.53	19.19
Travelling and conveyance expenses	139.01	75.68
Brokerage	129.55	15.62
Professional fees	151.75	84.86
Sales promotion and advertisement expenses	751.55	69.05
Rent , rates and taxes	187.87	41.56
Loan processing charges	149.20	95.49
Stamping and registration	134.05	-
Other administrative expenses	98.48	26.42
Remuneration to auditors	25.00	6.13
Donation	212.74	249.20
ROC filing fees	0.25	0.21
Insurance charges	62.30	27.42
	<u>2,224.59</u>	<u>792.89</u>
Schedule "V"		
Financial expenses		
Project specific interest	5,035.91	1,081.99
Less : Interest received from subsidiary company	1,134.80	333.34
Net project specific interest	3,901.11	748.65
Other interest	399.21	308.74
	<u>4,300.32</u>	<u>1,057.39</u>

Significant accounting policies and notes on account Schedule W

A. Nature of operations :

Housing Development and Infrastructure Limited along with its wholly owned subsidiary Privilege Power and Infrastructure Private Limited is one of the leading residential, commercial and infrastructure developers in and around the city of Mumbai.

B. Statement of significant accounting policies :

(1) (A) Basis of preparation

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention on an accrual basis to comply in all material respects and the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

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

(C) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

(2) Fixed assets and depreciation

Fixed Assets are capitalised at cost inclusive of expenses incidental thereto. Depreciation on fixed assets has been provided on straight-line method at the rates and in the manner as specified in Schedule XIV to the Companies Act, 1956.

(3) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments and are carried at lower of cost and fair value determined on an individual investment basis whereas all other investments are classified as long-term investments and are carried at cost except provision for diminution in value is made to recognize a decline other than temporary as specified in Accounting Standard (AS 13) on "Accounting for Investments".

(4) Inventories

Inventories are valued as follows:

Work-in-progress :	Lower of cost or net realizable value. Cost includes direct materials, labour, construction expenses and direct borrowing cost related with the particular project.
Stock-in-trade :	Lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(5) Revenue recognition

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

Sale :

- Unit in Real Estate : Revenue is recognised when the significant risks and rewards of ownership of the units in real estate have passed to the buyer.
- Rent : Revenue is recognised on accrual basis
- Interest : Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Dividends : Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.
- Share of profit - Partnership Firms : Share of profit/(loss) from partnership firms is accounted for in respect of the financial year ending on or before the balance sheet date.



(6) Borrowing cost

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

(7) Employees Retirement Benefits

- a) Company's contribution in respect of Employees' Provident Fund is made to Government provident fund and is charged to Profit and Loss Account.
- b) Gratuity and leave encashment payable at the time of retirement are charged to Profit and Loss Account on the basis of actuarial valuation.

(8) Income taxes

Income tax provision based on the present tax laws in respect of taxable income for the year and the deferred tax is treated in the accounts based on the Accounting Standard (AS-22) on "Accounting for Taxes on Income". The Deferred tax assets and liabilities for the year, arising out of timing difference, are reflected in the profit and loss account. The cumulative effect thereof is shown in the Balance sheet. The deferred tax assets are recognised only if there is a reasonable certainty that the assets will be realized in future.

(9) Amortization of expenses for increasing Authorised share Capital

Expense for increasing authorized share capital is amortized over a period of five years.

(10) Segment reporting policies

The main business of the Company is real estate development and construction of residential and commercial properties, operating and maintaining infrastructure facilities and all other related activities which the companies revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting".

(11) Earnings per share

Basic earnings per share are calculated by dividing the net profit/loss for the period attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the period. The average number of equity shares outstanding during the period is adjusted for event of bonus issue to the existing shareholders. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(12) Impairment

An Asset is treated as impaired when the carrying cost of the Asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognised in earlier accounting periods is reversed if there has been a change in the estimate of recoverable amount as specified in Accounting Standard (AS 28) on impairment of assets.

(13) Prepaid Expenses

Financial expense incurred during the year which provides benefit in several accounting years has been treated as revenue expense only for the period relating to the current year and balance is treated as prepaid expenses to be adjusted on prorata basis in the future accounting years.

(14) Foreign currency transaction

Foreign currency transactions are accounted at the rates prevailing on the date of transaction. Year end current assets and liabilities are translated at the exchange rate ruling on the date of Balance Sheet. Exchange differences on conversion are adjusted to;

- (i) cost of fixed assets, if the same relates to acquisition of fixed assets.
- (ii) profit and loss account, if it relates to the monetary items.
- (iii) investment in shares of foreign company is expressed in Indian currency at rates of exchange prevailing at the time when original investment is made.



Significant accounting policies and notes on account

Schedule W

(15) Provisions

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

(16) Contingent liabilities :

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

C. Other Notes :**(1) Related party disclosure****A. List of related parties with whom transactions have taken place during the year and relationship :**

Subsidiary :

- Privilege Power and Infrastructure Private Limited

Associates :

- Heritage Housing Development Corporation

Enterprise significantly influenced by key management personnel :

- D. S. Corporation
- Agnel Developers

B. Transactions with related party :

(Rs. in Lacs)

Nature of transaction	Subsidiary	Associate	K.M.P. / Relatives / Firms	Total
Purchase of Land	-	-	8666.34	8666.34
Purchase of Shares	-	-	2.69	2.69
Advances Paid	3591.84	-	-	3591.84
Investment in Partnership Firm	-	(1288.49)	7614.75	6326.27
Interest Received	1134.80	-	-	1134.80
Directors' remuneration	-	-	15.00	15.00

C. Key Management Personnel (K.M.P)

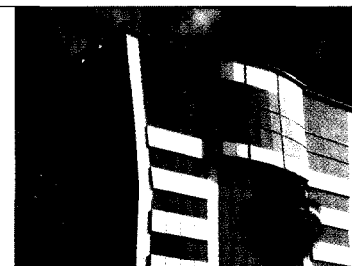
Shri Sarang Wadhawan

Managing Director

Shri. K. P. Devassy

Chief Financial Officer

Shri. Amitabh Verma

Company Secretary

Significant accounting policies and notes on account

Schedule W

(2) Remuneration to Auditors	(Rs. in Lacs)	
	2007	2006
A. Audit fees*	21.74	2.77
B. Taxation matters	6.25	0.85
C. Management consultancy	6.25	2.50
D. Other services	4.00	NIL
	<u>38.24</u>	<u>6.12</u>

* including Rs.13.24 lacs paid towards certification of Financial Statements incorporated in prospectus which is included under IPO expenses as prepaid expenses.

(3) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	19.89	10.89
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(4) Contingent Liabilities not provided for

(a) Guarantees provided by the Company	5000.00	5000.00
(b) Claims against the Company not acknowledged as debts representing a suit filed by a party in the High Court, Bombay and disputed by the Company relating to failure to handover multiplex premises. In the opinion of the management the above claim is not sustainable.	3737.79	Nil

(5) Supplementary statutory information

i) Director's remuneration Salaries	15	NIL
ii) Earnings in foreign currency	NIL	NIL
iii) Expenditure in foreign currency	334.62	19.24
iv) Value of imports calculated on CIF basis	291.26	NIL

(6) Licensed capacity, installed capacity, etc.

- a) As the Company is engaged in the development of real estate the provisions of licensed and installed capacity are not applicable.
 b) The Company contends that being a construction company carrying on development activities, the turnover and actual production do not admit of quantitative details.

(7) In the case of acquisition of land for development and construction, the rights are acquired from the owners of the land and the conveyance and registration thereof will be executed between the original owners and the ultimate purchasers as per trade practice.

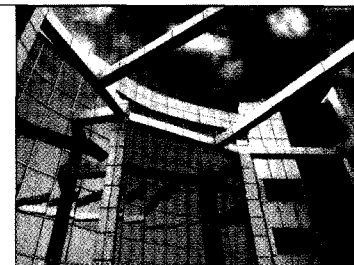
(8) In the opinion of the management, the current assets, loans and advances are not less than as stated, if realized in the ordinary course of business.



(9) Secured loans :

Term Loans :

- a. **HDFC Bank Limited** : Secured against future lease rent in respect of property situated on ground, 1st floor, 2nd floor, 5th floor, 7th floor and 8th floor in Dheeraj Arma admeasuring about 1,09,396.66 Sq. ft. built-up area. Rate of Interest PLR + 2 % p.a. (Amount repayable within next twelve months exclusive of interest Rs 448.00 lacs)
- b. **Punjab National Bank** : Secured by 1st pari passu charge on free sale area constructed / to be constructed together with undivided prorata right, interest of the Company in land underneath being the Company's slum rehabilitation scheme at Sambhaji Nagar as well as the right of sale/utilization of transferable development rights generated from said scheme, hypothecation of movable at the construction site and book debts. Rate of Interest PLR + 0.75% p.a. (Amount repayable within next twelve months exclusive of interest Rs 2,222.16 lacs)
- c. **Indian Overseas Bank** : Secured by 1st pari passu charge by mortgage/charge – cum- hypothecation of the project assets of the borrower. (Description of the project: borrower has development rights to construct (a) a multistoried mall on the portion of land admeasuring 28,465.78 sq.mtr. in village Bhandup, Mumbai) Project assets (I) include the following. (1) Borrower's share of sale area to be constructed together with the undivided prorata right, interest, title of the borrower in the land underneath comprising saleable area of 4,00,000 sq.ft in the mall and 2,50,000 sq.ft in the basement parking lot. (2) Construction material brought at site for the purpose of construction of the building. (3) Receivables which may be generated from the booking of free sale area from time to time. (II) Secured by 1st pari passu charge on free sale area constructed /to be constructed together with undivided prorata right, interest of the Company in land underneath being the Company's slum rehabilitation scheme at Sambhaji Nagar as well as the right of sale/utilization of transferable development rights generated from said scheme, hypothecation of movable at the construction site and book debts. Rate of Interest PLR + 0.75% p.a. (Amount repayable within next twelve months exclusive of interest Rs 2,222.16 lacs)
- d. **Syndicate Bank** : (I) Equitable mortgage of non agriculture land of total area 68,87,741 sq.ft at village Dongre, Vasai, District - Thane of value of Rs 137.76 crore and book debts outstanding monies receivable, claims, bills, contracts, securities, investments, goodwill, rights and assets as security. Rate of Interest PLR + 1% p.a. (Amount repayable within next twelve months exclusive of interest Rs 1,250.00 lacs) (II) Equitable mortgage of non agriculture land of total area 2,11,674 sq.ft being developed at Village at CTS No. 1A-58, containing plot nos. D/1, D/1-A/E and D3 of Village Pahadi, Goregaon (West), Mumbai, into shopping complex known as "The Harmony" together with all buildings, structures, erections, godowns and construction of every description which are standing, erected or attached. Rate of Interest 11.50% p.a. (Amount repayable within next twelve months exclusive of interest Rs 2,250.00 lacs)
- e. **Punjab & Maharashtra Co op Bank Ltd** : Physical possession by way of lease of first floor of premises Dheeraj Pali Arcade at Pali Naka, Bandra against future rent. (Amount repayable within next twelve months exclusive of interest Rs. NIL)
- f. **ICICI Bank Limited** : Secured by hypothecation of various vehicles with registration number MH-06- AD 5000, MH-43-L 9000, MH-43-L 7000, MH-43-L 6000, MH-43-L 8000. (Amount repayable within next twelve months exclusive of interest Rs. 38.62 Lacs)
- g. **Indian Bank** : First pari passu charge by mortgage /charge – cum – hypothecation of the project assets of the borrower. (Description of the project: borrower has development rights to construct a multistoried mall on the portion of land admeasuring 28465.78 sq.mtr in village Bhandup, Mumbai). Project assets include the following. (1) Borrowers share of sale area to be constructed together with the undivided prorata right, interest, title of the borrower in the land underneath comprising saleable area of 4,00,000 sq.ft in the mall and 2,50,000 sq.ft in the basement parking lot. (2) Construction material brought at site for the purpose of construction of the building. (3) Receivables which may be generated from the booking of free sale area from time to time. (Amount repayable within next twelve months exclusive of interest Rs. 1,333.33 Lacs)
- h. **Bank of India** : Assignment of lease rentals receivables over a period of 120 months from Huawei telecommunications. Rate of interest PLR + 1% p.a. Repayment by 120 EMI ending July, 2016. (Amount repayable within next twelve months exclusive of interest Rs. 149.88 Lacs)



(10) Investment in partnership firms :

Heritage Housing Development Corporation : Share of profit-44%, other partners and share of profit (1) Pioneer India Developers Private Limited-44% and (2) Heritage Housing Development (I) Private Limited-12%.

Nahur Residence Developers : Share of Profit – 40 %,other partner and share of profit (1) Shri Sarang Wadhawan – 30 % (2) Shri Dheeraj Wadhawan – 30%

D.S. Corporation : Share of profit-45%, other partners and share of profit (1) Shri Rakesh Kumar Wadhawan-15% (2) Prithvi Realtors & Hotels Private Limited-20% (3) Shri Sarang Wadhawan-5% (4) Shri Waryam Singh -5% (5) Shri Dheeraj Wadhawan-5% and (6) Shri Sunpreetsingh -5%.

Agnel Developers : Share of profit-62%, other partners and share of profit (1) Shri Rakesh Kumar Wadhawan-16% (2) Shri Waryam Singh -11% and (3) Smt.Ines Kumar -11%.

(11) Issue of Bonus Shares

During the year, the Company utilized Rs.1,000.00 lacs (Rs.40,00.00 lacs) out of the Share Premium Account in accordance with section 78 of the Companies Act, 1956 and Rs. 12,000.00 lacs (Rs. Nil) out of accumulated profits towards the issue of 13,00,00,000 fully paid bonus shares to the equity shares holders on 29th July, 2006.

(12) There is no amount payable by the Company to any small-scale industrial undertaking.

(13) The income tax assessments have been completed upto the assessment year 2004-05. There is no pending tax demand on the Company.

(14) Figures in brackets represent previous year's figures. Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

D. Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

I	Registration Details			
	Registration No :	101379	State Code:	11
	Balance Sheet Date:	31-03-2007		
II	Capital raised during the year (Amount in Rs. Lacs)			
	Public Issue	NIL	Rights Issue	NIL
	Bonus Issue	13,000.00	Private Placement	NIL
III	Position of Mobilisation And Deployment of Funds (Amount in Rs. Lacs)			
	Total Liabilities	1,88,972.57	Total Assets	1,88,972.57
	Sources of Funds			
	Paid-Up Capital	18,000.00	Reserves & Surplus	54,683.02
	Secured Loans	37,568.46	Unsecured Loans	NIL
	Deferred Tax Liability	82.78		
	Application of Funds			
	Net Fixed Assets	2,393.58	Investments	16,503.78
	Net Current Assets	91,306.25	Miscellaneous Expenditure	130.65
	Accumulated Losses	NIL		



Significant accounting policies and notes on account

Schedule W

IV	Performance of company			
	(Amount in Rs. Lacs)			
	Turnover (Sales and other income)	1,21,651.09	Total Expenditure	59,832.46
	Profit before Tax	61,818.63	Profit after Tax	54,181.34
	Earnings Per Share – (in Rs.)	30.10	Dividend Rate %	NIL
V	Generic names of principal products /services of the Company (As per monetary Terms)			
	Item Code No. (ITC Code)	NIL	Product Description	N.A

Signatures to schedule A to W

For and on behalf of the Board of Directors

For THAR & CO.
Chartered Accountants

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Managing Director

(Jayesh. R. Thar)
ICAI M. No. 32917

KP Devassy
Chief Financial Officer

Amitabh Verma
Company Secretary

Place : Mumbai
Date : 31st May, 2007



**Statement Pursuant to Section 212 of the Companies Act, 1956 relating to
Subsidiary Company for the Financial Year 2006-2007**

Name of the Subsidiary Company	Privilege Power and Infrastructure Private Limited
1. Financial year of the Subsidiary Company ended on	31st March, 2007
2. Date from which it become Subsidiary Company	1st October, 2005
3. No. of Shares held by Housing Development and Infrastructure Limited in the Capital of the Subsidiary	2,07,520 Equity Shares of Rs. 100/- each fully paid up.
4. Extend of interest of Housing Development and Infrastructure Limited in the capital of the Subsidiary	100% of Equity Capital of the Subsidiary
5. Net Aggregate Amount of Profit / Losses of the Subsidiary so far as it concerns the Members of Housing Development and Infrastructure Limited and is not dealt with in the Accounts of Housing Development and Infrastructure Limited	
(a) for the Financial year ended 31st March, 2007	Rs. 618.86 lacs
(b) for the previous Financial year ended 31st March, 2006, since it became Subsidiary of Housing Development and Infrastructure Limited	Rs. 350.59 lacs
6. Net Aggregate Amount of Profit / Losses of the Subsidiary so far as dealt with in the Accounts of Housing Development and Infrastructure Limited	
(a) for the Financial year ended 31st March, 2007	Nil
(b) for the previous Financial year ended 31st March, 2006, since it became Subsidiary of Housing Development and Infrastructure Limited	Nil

For and on behalf of the Board of Directors

For THAR & CO.
Chartered Accountants

(Jayesh. R. Thar)
ICAI M. No. 32917

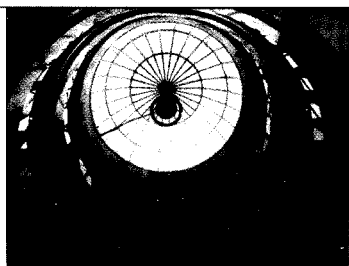
Place : Mumbai
Date : 31st May, 2007

Rakesh Kumar Wadhawan
Chairman

KP Devassy
Chief Financial Officer

Sarang Wadhawan
Managing Director

Amitabh Verma
Company Secretary



PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED
Financial Statement for the year 2006 - 2007

Directors' Report

The members,

Your directors have pleasure in presenting the Twenty Third Annual Report on the business and operations of the Company together with the Audited statement of Accounts for the year ended 31st March, 2007.

Financial Results

(Rs. in Thousands)

	2006-07	2005-06
Gross Sales and Other Receipts	82,804.18	277,450.20
Profit before Depreciation and Taxation	70,556.98	53,645.73
Depreciation	1,302.02	245.27
Profit before Tax	69,254.96	53,400.46
Less : Provision for tax	7,369.11	18,172.80
Profit after Taxation	61,885.85	35,227.66
Balance brought forward	31,704.90	7,452.12
Less:- Transferred to General Reserve	37,893.48	10,974.88
Profit/(Loss) carried to Balance Sheet	55,697.27	31,704.90

1. On Going and Future Projects

Your Company has ventured to undertake the development of Multi product SEZ at Virar in Thane district of Maharashtra. The necessary applications are under consideration of the State Government.

Your Company also proposes to start a power plant of 200 MW at Vasai Virar region

2. Dividend

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

3. Fixed Deposits

During the year under review your company has not accepted any deposits within the meaning of section 58A of the Companies Act, 1956.

4. Directors

In accordance with provisions of the Companies Act, 1956, Shri Rakesh Kumar Wadhawan retires by rotation as director at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

5. Appointment of Auditors

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

6. Particulars of Employees

During the year the Company has paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, to the following employee:



Sr. No.	Name	Designation	Age	Remuneration received	Nature of Employment whether contractual or otherwise	Other terms and conditions	Nature of duty	Qualifications and experience	Date of commence - ment of employment	Last employment	Percentage of equity shares held by the employee
1	ShriSunder ShyamDua	Chief Executive Officer	67 Years	Rs. 26,00,000	Permanent	Nil	Preparation of Business plan for power projects	B.Sc, Engineering Electrical	1st April 2006	BSES Ltd. as Director Technical and CMD	Nil

7. Conservation of Energy, Technological Absorption and Foreign Exchange Earning and Outgo

- During the year the Company has not undertaken any measures for conservation of energy.
- During the year the Company has not undertaken any Research and Development activity or development of any Technology.
- Disclosure of information relating to foreign exchange earning and outgo as required under Rule 2(c) is Earning – Nil (P.Y. - Nil), Outgo – Nil (P.Y.- Nil)
- The Company has no outstanding dues to small scale industries.

8. Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- the directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a going concern basis.

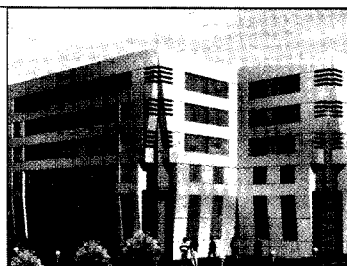
9. Acknowledgment

Your directors express their sincere thanks to the banks for its assistance and co-operation extended from time to time. The directors also gratefully acknowledge the patronage extended by the clients for their continued trust and confidence reposed in us.

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Place : Mumbai
Date: : 31st May, 2007



Auditor's Report

To the members

Privilege Power And Infrastructure Private Limited

- 1 We have audited the attached Balance Sheet of PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED as at 31st March, 2007 and Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in Annexure referred to in paragraph 3 above, we report that ;
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - (e) on the basis of written representations received from the directors, as on 31st March, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st, March, 2007,
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For THAR & CO.
Chartered Accountants

(Jayesh. R. Thar)
ICAI M. No. 32917.

Place : Mumbai

Date : 31st May, 2007



Annexure To The Auditor's Report

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2007 of Privilege Power And Infrastructure Private Limited.

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 (b) Fixed assets have been physically verified by the management during the year in accordance with the phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of fixed assets. No material discrepancy has been noticed on such verification.
 (c) The Company has not disposed off substantial part of the fixed assets during the year and hence the going concern assumption is not affected.
- 2 (a) As explained to us, the physical verification of the inventory has been conducted by the management at reasonable intervals during the year.
 (b) In our opinion and the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 (c) The Company is maintaining proper records of inventory. The discrepancies noticed during the physical verification of inventories between the physical stocks and the book records were not material having regard to the size of the operations of the Company and have been dealt with in the books of accounts.
- 3 In respect of the loans, secured or unsecured granted or taken by the Company to/from companies, firms or other parties covered in the registered maintained under section 301 of the Companies Act, 1956;
 (a) The Company has taken loan from one party. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 116.47 crores and the year end balance is Rs. 116.47 crores.
 (b) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid loan are not prima facie prejudicial to the interest of the Company.
 (c) The said loan taken from holding company is repayable on demand and there is no repayment schedule.
 (d) In respect of the loan taken by the Company, the same is repayable on demand and therefore the question of overdue amount does not arise.
- 4 In our opinion and according to the information and explanations given to us, there exists adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and for the development of real estate. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.
- 5 (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 (b) In our opinion and having regard to our comments in paragraph (4) above and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
- 6 The Company has not accepted any deposit from the public. Hence the reporting requirements of this clause are not applicable.
- 7 According to the information and explanations given to us by the management, the Company has an internal audit system commensurate with the size and nature of the business of the Company.
- 8 The Central Government has not prescribed for maintenance of cost record under section 209 (1) (d) of the Companies Act, 1956.
- 9 (a) According to the information and explanations given to us by the management and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax and other material statutory dues applicable to it. As explained to us the Company did not have any dues on account of Service Tax. There were no dues on account of cess under section 441A of the Companies Act 1956, since the Central Government has not notified the date of the commencement of the section.

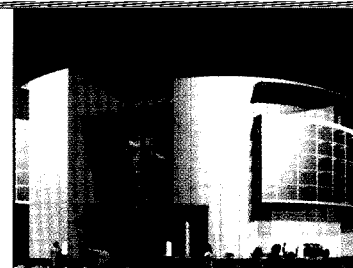


- (b) According to the information and explanations given to us, there are no disputed amounts payable in respect of provident fund, income tax, wealth tax, sales tax, custom duty and excise duty, which were outstanding as at 31st March, 2007 for a period of more than six months from the date they became payable.
- 10 The Company does not have any accumulated losses. The Company has not incurred cash losses during the period covered by our audit and the immediately preceding financial year.
- 11 In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to the financial institution or bank.
- 12 In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- 14 According to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- 15 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16 According to the information and explanations given to us, the Company has not taken any term loan during the year and accordingly we have nothing to report on clause 4 (XVI) of the order.
- 17 According to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long term investment.
- 18 According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19 According to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- 20 Being a private limited company, by its article, the Company is prohibited to raise any money by way of the public issue.
- 21 To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For THAR & CO.
Chartered Accountants

(Jayesh. R. Thar)
ICAI M. No. 32917.

Place : Mumbai
Date : 31st May, 2007



PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED

Annual Financial Statements for the year ended March 31, 2007.

Balance Sheet as at

		31-03-2007 (Rs. in Thousands)		31-03-2006 (Rs. In Thousands)	
Sources of Funds :		Schedules			
Shareholders' Funds					
Capital	A	20,752.00		20,752.00	
Reserves and surplus	B	<u>104,565.63</u>	125,317.63	<u>42,679.78</u>	63,431.78
Loan Funds					
Unsecured loans	C		1,164,747.16		717,548.34
Deferred Tax Liability					
	D		-		106.25
		Total			
		<u>1,290,064.79</u>		<u>781,086.37</u>	
Application of Funds :					
Fixed assets					
Gross block	E			7,083.29	
Less : Depreciation		<u>18,079.84</u>		<u>1,930.86</u>	
Net block			14,846.96		5,152.43
Investments					
	F		1,805.93		29,351.57
Deferred Tax Assets					
	G		605.44		-
Current Assets, Loans and Advances					
Inventories	H	1,719,696.49		395,878.05	
Sundry debtors	I	10,565.38		8,106.19	
Cash and bank balances	J	9,213.48		42,142.11	
Loans and advances	K	<u>251,725.95</u>		<u>317,322.60</u>	
		<u>1,991,201.30</u>		<u>763,448.95</u>	
Less : Current Liabilities and Provisions					
Liabilities	L	699,884.50		8,343.62	
Provisions	M	<u>24,705.64</u>		<u>16,783.36</u>	
		<u>724,590.14</u>		<u>25,126.98</u>	
Net Current Assets					
			1,266,611.16		738,321.97
Miscellaneous expenditure (to the extent not written off or adjusted)	N		6,195.30		8,260.40
		Total			
		<u>1,290,064.79</u>		<u>781,086.37</u>	
Notes to accounts	X				

As per our report of even date attached

For and on behalf of the Board of Directors

For THAR & CO.
Chartered AccountantsRakesh Kumar Wadhawan
DirectorSarang Wadhawan
Managing Director(Jayesh. R. Thar)
ICAI M. No. 32917Neena Jindal
Company SecretaryPlace : Mumbai
Date : 31st May, 2007

PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED

Annual Financial Statements for the year ended March 31, 2007.

Profit and Loss Account for the Year ended

	Schedule	31-03-2007 (Rs. in Thousand)	31-03-2006 (Rs. in Thousand)
Income			
Turnover	O	7,446.14	271,927.33
Other Income	P	75,358.04	5,522.87
Increase / (Decrease) in Stock in trade	Q	(5,084.00)	95,666.00
Increase / (Decrease) in Work-in-progress	R	1,328,902.44	93,560.13
		<u>1,406,622.62</u>	<u>466,676.33</u>
Expenditure			
Purchases	S	1,170,734.38	272,106.58
Operating and other expenses	T	41,872.88	51,251.32
Employees' remuneration and welfare expenses	U	1,242.59	8,287.14
Administrative expenses	V	3,855.50	8,803.37
Financial expenses	W	116,295.19	70,517.09
Depreciation		1,302.02	245.27
Expenses of increasing authorised share capital written off		2,065.10	2,065.10
		<u>1,337,367.66</u>	<u>413,275.87</u>
Profit Before Tax		69,254.96	53,400.46
Less :Provision for tax		7,918.15	17,895.75
Less:-Provision for Fringe Benefit Tax		162.65	295.37
Less: Short provision for tax for earlier year		-	19.10
Add :Deferred tax asset		711.69	37.42
Profit after Tax		<u>61,885.85</u>	<u>35,227.66</u>
Balance brought forward from previous year		31,704.90	7,452.12
Profit available for appropriation		93,590.75	42,679.78
Appropriations :			
Transferred to General Reserve		37,893.48	10,974.88
Profit carried to Balance Sheet		<u>55,697.27</u>	<u>31,704.90</u>
Earnings per share (Amount in Rs.)		298.22	169.76
Equity shares of par value Rs. 100/- each			
Number of equity shares considered for EPS.		207,520	207,520

Notes to accounts

X

As per our report of even date attached

For and on behalf of the Board of Directors

For THAR & CO.
Chartered AccountantsRakesh Kumar Wadhawan
DirectorSarang Wadhawan
Managing Director(Jayesh. R. Thar)
ICAI M. No. 32917Neena Jindal
Company SecretaryPlace : Mumbai
Date : 31st May, 2007

PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED

Cash Flow Statement for the year ended

	31-03-2007 (Rs. in Thousand)	31-03-2006 (Rs. in Thousand)
A. Cash flow from operating activities		
Net profit before tax	69,254.96	53,400.46
Adjustments for :		
(1) Depreciation	1,302.02	245.27
(2) Expenses of increasing authorised share capital written off	2,065.10	2,065.10
(3) Interest expenses	116,295.19	70,509.14
(4) Investment Income	(74,292.91)	(5,514.93)
(5) Loss on sale of assets	-	95.79
Operating profit before working capital changes	<u>114,624.36</u>	<u>67,400.37</u>
Movements in working capital :		
Decrease / (Increase) in inventory	(1,323,818.44)	(189,226.13)
Decrease / (Increase) in sundry debtors	(2,459.19)	(5,501.44)
Decrease / (Increase) in other receivables	65,596.65	222,005.31
Increase / (Decrease) in trade and other payables	<u>692,034.77</u>	<u>(130,924.86)</u>
	(568,646.21)	(103,647.12)
Net movement in working capital	(454,021.85)	17,153.71
Cash generated from / (used in) operations	652.41	1,661.88
Less : Direct taxes paid (net of refunds)	(454,674.26)	15,491.83
Net cash from / (used in) operating activities		
B Cash flows from investing activities		
(1) Sale of investments	98,462.41	18,291.66
(2) Purchase of investments	(1,305.93)	(9,220.00)
(3) Investment income	4,682.06	5,514.93
(4) Purchase of fixed assets	(10,996.56)	(45.12)
(5) Proceeds from sale of fixed assets	-	145.00
Net cash from / (used in) investing activities	<u>90,841.98</u>	<u>14,686.47</u>
C Cash flows from financing activities		
(1) Proceeds from borrowings	447,198.83	61,607.91
(2) Interest paid	(116,295.18)	(70,509.14)
(3) Expenses towards increase in share capital	-	(10,325.50)
Net cash from / (used in) financing activities	<u>330,903.65</u>	<u>(19,226.73)</u>
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(32,928.63)	10,951.57
Cash and cash equivalents at the beginning of the year	42,142.11	31,190.55
Cash and cash equivalents at the end of the year	9,213.48	42,142.12
Components of cash and cash equivalents as at 31st March	2007	2006
Cash on hand	8,612.04	36,772.11
With banks - on current account	<u>601.44</u>	<u>5,370.01</u>
	<u>9,213.48</u>	<u>42,142.12</u>

As per our report of even date attached

For and on behalf of the Board of Directors

For THAR & CO.
Chartered AccountantsRakesh Kumar Wadhawan
DirectorSarang Wadhawan
Managing Director(Jayesh. R. Thar)
ICAIM. No. 32917Neena Jindal
Company SecretaryPlace : Mumbai
Date : 31st May, 2007

PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED

Schedules annexed to and forming part of Balance Sheet as at

	31-03-2007 (Rs. in Thousand)	31-03-2006 (Rs. in Thousand)
Schedule "A"		
Share capital		
Authorised :		
1,50,00,000 (P.Y.-1,50,00,000) Equity shares of Rs. 100/- each	<u>1,500,000.00</u>	<u>1,500,000.00</u>
Issued, subscribed and paid up		
2,07,520 (P.Y.-2,07,520) Equity shares of Rs. 100/- each fully paid up	<u>20,752.00</u>	<u>20,752.00</u>
	<u><u>20,752.00</u></u>	<u><u>20,752.00</u></u>
Schedule "B"		
Reserves and surplus		
General reserve		
Balance as per last balance sheet	10,974.88	-
Add:-Transferred from Profit and Loss account	<u>37,893.48</u>	<u>10,974.88</u>
	48,868.36	10,974.88
Surplus		
Profit and Loss account	<u>55,697.27</u>	<u>31,704.90</u>
	<u><u>104,565.63</u></u>	<u><u>42,679.78</u></u>
Schedule "C"		
Unsecured loans		
Short term loans and advances :		
From Holding company	<u>1,164,747.16</u>	<u>717,548.34</u>
	<u><u>1,164,747.16</u></u>	<u><u>717,548.34</u></u>
Schedule "D"		
Deferred tax liability		
Arising on account of timing difference in, Depreciation	-	106.25
	<u>-</u>	<u><u>106.25</u></u>

Schedule "E"
Fixed Assets

(Rs in Thousand)

Description	COST			DEPRECIATION			NET BLOCK AS AT	
	As at 01-04-2006	Additions during the year	As at 31-03-2007	Up to 31-03-2006	for the year	Up to 31-03-2007	As at 31-03-2007	As at 31-03-2006
Office Premises	4,204.36	-	4,204.36	435.69	68.53	504.22	3,700.14	3,768.67
Office Equipments	1,014.24	3,139.14	4,153.38	304.26	154.23	458.49	3,694.89	709.98
Computer	519.34	3,184.00	3,703.34	519.34	272.41	791.75	2,911.59	-
Furniture and Fixtures	75.56	3,813.10	3,888.66	23.20	611.43	634.63	3,254.03	52.36
Vehicle	1,269.79	860.31	2,130.10	648.37	195.42	843.79	1,286.31	621.42
Total	7,083.29	10,996.55	18,079.84	1,930.86	1,302.02	3,232.88	14,846.96	5,152.43

Schedule "F"

Long Term Investments (at cost)
Investments other than trade
Quoted

Dewan Housing Finance Corporation Limited Nil (P.Y. 12,52,425) Equity shares of Rs. 10/- each fully paid up Market Value Rs. Nil (P. Y. Rs. 7,83,39,184)	-	28,851.57
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Unquoted

Punjab & Maharashtra Co-Op. Bank Limited 20,000 (P.Y. 20,000) Equity shares of Rs. 25/- each fully paid up	500.00	500.00
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In immovable property

Investment in property - Flats at Virar	1,305.93	-
	<u>1,805.93</u>	<u><u>29,351.57</u></u>

PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED

Schedules annexed to and forming part of Balance Sheet as at

	31-03-2007 (Rs. in Thousand)	31-03-2006 (Rs. in Thousand)
Schedule "G"		
Deferred tax assets (net)		
Deferred tax assets		
Arising on account of timing difference in, Provision for gratuity	75.89	-
Provision for encashment of leave	90.35	-
Unabsorbed depreciation and business loss	939.05	-
	<u>1,105.29</u>	<u>-</u>
Deferred tax liability		
Arising on account of timing difference in, Depreciation	499.85	-
	<u>605.44</u>	<u>-</u>
Schedule "H"		
Inventories (at cost)		
Stock in trade	90,582.00	95,666.00
Work-in-progress	1,629,114.49	300,212.05
	<u>1,719,696.49</u>	<u>395,878.05</u>
Schedule "I"		
Sundry debtors		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	7,011.57	336.09
Other debts		
Unsecured, considered good	3,553.81	7,770.10
	<u>10,565.38</u>	<u>8,106.19</u>
Schedule "J"		
Cash and bank balances		
Cash on hand	8,612.04	36,772.10
Balances with scheduled banks : On current accounts	601.44	5,370.01
	<u>9,213.48</u>	<u>42,142.11</u>
Schedule "K"		
Loans and advances		
Unsecured considered good		
Advances recoverable in cash or kind or value to be received :		
Advances for land purchase	248,123.95	295,735.00
Loans and advances	-	17,574.60
Loans to employees	54.00	280.49
Income tax refund receivable	-	184.51
Security deposits -CIDCO	3,548.00	3,548.00
	<u>251,725.95</u>	<u>317,322.60</u>
Schedule "L"		
Current liabilities		
(a) Creditors for goods and services (see note10)	670,380.71	1,637.00
(b) Creditors for expenses	1,223.11	98.66
(c) Advances from customers	214.85	4,884.68
(d) Other liabilities	28,065.83	1,723.28
	<u>699,884.50</u>	<u>8,343.62</u>
Schedule "M"		
Provisions		
Provision for fringe benefit tax	458.03	295.37
Provision for taxation	25,813.89	17,895.75
Less : Tax paid and TDS	2,295.18	1,642.78
Income tax (net of advance tax)	23,976.74	16,548.34
Provision for gratuity	225.45	-
Provision for encashment of leave	503.45	235.02
	<u>24,705.64</u>	<u>16,783.36</u>
Schedule "N"		
Miscellaneous expenditure		
(To the extent not written off or adjusted)		
Cost of increasing authorised share capital		
Balance as per last balance sheet	8,260.40	-
Add : Expenses incurred during the year	-	10,325.50
Less: Written off during the year	2,065.10	2,065.10
	<u>6,195.30</u>	<u>8,260.40</u>

PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED

Schedules annexed to and forming part of Balance Sheet as at

	31-03-2007 (Rs. in Thousand)	31-03-2006 (Rs. in Thousand)
Schedule "O"		
Turnover		
Sale of shops	7,446.14	127,026.42
Contract and supervision charges	-	144,900.91
	<u>7,446.14</u>	<u>271,927.33</u>
Schedule "P"		
Other income		
Rent and compensation (TDS Rs.337.62 thousand P.Y. Rs.322.79 thousand)	1,491.00	1,455.00
Miscellaneous receipts (TDS Rs. 2.87 thousand P.Y. Rs. 2.87 thousand)	1,065.13	242.65
Dividend	3,191.06	3,817.27
Interest on income tax refund	-	7.95
Profit on sale of shares	69,610.85	-
	<u>75,358.04</u>	<u>5,522.87</u>
Schedule "Q"		
Increase / (Decrease) in stock-in-trade		
Closing stock in trade	90,582.00	95,666.00
Opening stock in trade	95,666.00	-
	<u>(5,084.00)</u>	<u>95,666.00</u>
Schedule "R"		
Increase / (Decrease) in work-in-progress		
Closing work-in-progress	1,629,114.49	300,212.05
Opening work-in-progress	300,212.05	206,651.92
	<u>1,328,902.44</u>	<u>93,560.13</u>
Schedule "S"		
Purchases		
Land	1,137,127.18	262,916.23
Tenancy rights	31,000.00	1,000.00
Other construction material	2,607.20	8,190.35
	<u>1,170,734.38</u>	<u>272,106.58</u>
Schedule "T"		
Operating and other expenses		
Other expenses	41,872.88	51,251.32
	<u>41,872.88</u>	<u>51,251.32</u>
Schedule "U"		
Employees' remuneration and welfare expenses		
Salary and welfare expenses	1,242.59	8,287.14
	<u>1,242.59</u>	<u>8,287.14</u>
Schedule "V"		
Administrative expenses		
Repairs and maintenance	271.80	3,085.81
Printing and Stationary	-	37.28
Professional fees	-	15.00
Travelling and conveyance expenses	857.55	794.73
Rates and taxes	39.20	282.44
Communication expenses	1,331.82	3,722.58
Electricity charges	605.31	6.63
Advertisement	50.95	-
R.O.C. filing fees	11.00	3.50
Auditors remuneration	250.00	227.55
Other administrative expenses	437.87	627.85
	<u>3,855.50</u>	<u>8,803.37</u>
Schedule "W"		
Financial expenses		
Project specific interest	116,295.19	-
Other interest	-	70,517.09
	<u>116,295.19</u>	<u>70,517.09</u>

Significant accounting policies and notes on account

Schedule X

A. Nature of operations

Privilege Power and Infrastructure Private Limited is engaged in the business of real estate, developing, operating and maintaining infrastructure facilities and to provide technical, management and other consultancy services.

B. Statement of significant accounting policies**(1) (a) Basis of preparation :**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention on an accrual basis to comply in all material respects and the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

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

(c) Use of Estimates :

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

(2) Fixed assets and depreciation

Fixed Assets are capitalised at cost inclusive of expenses incidental thereto. Depreciation on fixed assets has been provided on straight-line method at the rates and in the manner as specified in Schedule XIV to the Companies Act, 1956.

(3) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments and are carried at lower of cost and fair value determined on an individual investment basis whereas all other investments are classified as long-term investments and are carried at cost except provision for diminution in value is made to recognize a decline other than temporary as specified in Accounting Standard (AS 13) on "Accounting for Investments".

(4) Inventories

Inventories are valued as follows:

Work-in-progress : Lower of cost or net realizable value. Cost includes direct materials, labour, construction expenses and borrowing cost.

Stock-in-trade : Lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(5) Revenue recognition

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

Sale

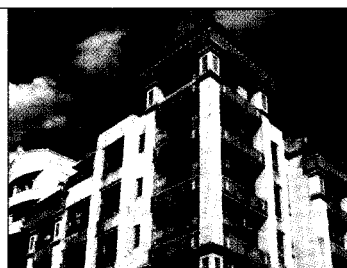
a) Unit in Real Estate : Revenue is recognised when the significant risks and rewards of ownership of the units in real estates have passed to the buyer.

b) Rent and License fee : Revenue is recognised on accrual basis

c) Dividends : Revenue is recognised when the shareholders' right to receive payment is established by the Balance sheet date.

(6) Borrowing cost

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



(7) Employees Retirement Benefits :

- a) Company's contribution in respect of Employees' Provident Fund is made to Government provident fund and is charged to Profit and Loss Account.
- b) Gratuity and Leave encashment payable at the time of retirement are charged to Profit and Loss Account on the basis of actuarial valuation.

(8) Income taxes

Income tax provision based on the present tax laws in respect of taxable income for the year and the deferred tax is treated in the accounts based on the Accounting Standard (AS-22) on "Accounting for Taxes on Income". The Deferred tax assets and liabilities for the year, arising out of timing difference, are reflected in the profit and loss account. The cumulative effect thereof is shown in the Balance sheet. The deferred tax assets are recognised only if there is a reasonable certainty that the assets will be realized in future.

(9) Amortization of expense of increasing authorized share capital

Expenses for increasing authorized share capital are amortized over a period of five years.

(10) Segment reporting policies

The main business of the Company is real estate development and construction of residential and commercial properties, operating and maintaining infrastructure facilities and all other related activities which the Company revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting".

(11) Earnings per share

Basic earnings per share are calculated by dividing the net profit/loss for the period attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the period. The average number of equity shares outstanding during the period is adjusted for event of bonus issue to the existing shareholders. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(12) Impairment

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognised in earlier accounting periods is reversed if there has been a change in the estimate of recoverable amount as specified in Accounting Standard (AS 28) on impairment of assets.

(13) Prepaid Expenses :

Financial expense incurred during the year which provides benefit in several accounting years has been treated as revenue expense only for the period relating to the current year and balance is treated as prepaid expenses to be adjusted on prorata basis in the future accounting years.

(14) Foreign currency transaction

Foreign currency transactions are accounted at the rates prevailing on the date of transaction. Year end current assets and liabilities are translated at the exchange rate ruling on the date of Balance Sheet. Exchange differences on conversion are adjusted to; i) cost of fixed assets, if the same relates to acquisition of fixed assets. ii) profit and loss account, if it relates to the monetary items. iii) investment in shares of foreign company is expressed in Indian currency at rates of exchange prevailing at the time when original investment is made.

(15) Provisions

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



Significant accounting policies and notes on account

Schedule X

(16) Contingent liabilities :

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

C. Other Notes :**(1) Related party disclosure**

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

Holding
Housing Development and Infrastructure Limited

B. Transactions with related party

(Rs. In Thousands)

Nature of transaction	Transaction with	2007	2006
Contract receipts and Reimbursement	Holding Company	-	559947.71
Advances received	Holding Company	359183.96	717548.34
Interest paid	Holding Company	113479.72	33333.87

C. Key management personnel

Shri. Sarang Wadhawan **Managing Director**

(2) Remuneration to Auditors

(Rs. In Thousand)

	<u>2007</u>	<u>2006</u>
A. Audit fees	100.00	27.55
B. Taxation matters	100.00	75.00
C. Management consultancy	50.00	125.00
D. Other services	NIL	NIL
	<u>250.00</u>	<u>227.55</u>

(3) Capital commitments

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

(4) Contingent Liabilities not provided for

	NIL	NIL
--	-----	-----

(5) Supplementary statutory information

i) Director's remuneration Salaries	NIL	420.00
ii) Earnings in foreign currency	NIL	NIL
iii) Expenditure in foreign currency	NIL	NIL
iv) Value of imports calculated on CIF basis	NIL	NIL



HDIL Creating Value

Microstructures | Megastructures | Infrastructure
Housing Development and Infrastructure Ltd.

Significant accounting policies and notes on account

Schedule X

(6) Licensed capacity, installed capacity, etc.

- a) As the Company is engaged in the development of real estate the provisions of licensed and installed capacity are not applicable.
- b) The Company contends that being a construction company carrying on development activities, the turnover and actual production do not admit of quantitative details.

(7) In the case of acquisition of land for development and construction, the rights are acquired from the owners of the land and the conveyance and registration thereof will be executed between the original owners and the ultimate purchasers as per trade practice.

(8) In the opinion of the management, the current assets, loans and advances are not less than as stated, if realized in the ordinary course of business.

(9) The income tax assessments have been completed up to the assessment year 2004-05. There is no pending tax demand on the Company.

(10) There is no amount payable by the Company to any small-scale industrial undertaking.

(11) Figures in brackets represent previous year's figures. Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

D. Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956

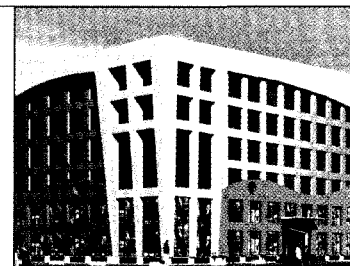
Balance Sheet Abstract and Company's General Business Profile

I	Registration Details			
	Registration No :	033927	State Code:	11
	Balance Sheet Date:	31-03-2007		
II	Capital Raised During The Year (Amount in Rs. Thousands)			
	Public Issue	NIL	Rights Issue	NIL
	Bonus Issue	NIL	Private Placement	NIL
III	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
	Total Liabilities	20,14,655	Total Assets	20,14,655
	Sources of Funds			
	Paid-Up Capital	20,752	Reserves and Surplus	104,566
	Secured Loans	NIL	Unsecured Loans	11,64,747
	Deferred Tax Liability	NIL		
	Application of Funds			
	Net Fixed Assets	14,847	Investments	1,806
	Deferred Tax Assets	606	Net Current Assets	12,66,611
	Miscellaneous Expenditure	6,195	Accumulated Losses	NIL
	Performance of Company (Amount in Rs. Thousands)			
	Turnover (Sales and other income)	82,804	Total Expenditure	13,549
	Profit before Tax	69255	Profit after Tax	61,886
	Earnings Per Share - Basic Rs.	298.22	Dividend Rate %	NIL



HDIL Creating Value

Microstructures | Megastructures | Infrastructure
Housing Development and Infrastructure Ltd.



Significant accounting policies and notes on account

Schedule X

V	Generic names of principal products /services of the Company (As per monetary Terms)			
	Item Code No. (ITC Code)	NIL	Product Description	N.A

Signature to Schedule A to X

For and on behalf of the Board of Directors

For THAR & CO.
Chartered Accountants

Rakesh Kumar Wadhawan
Director

Sarang Wadhawan
Managing Director

(Jayesh. R. Thar)
ICAIM. No. 32917

Neena Jindal
Company Secretary

Place : Mumbai
Date : 31st May, 2007

CONSOLIDATED ACCOUNTS

Financial Statement for the year 2006 - 2007

Auditor's Report on Consolidated Financial Statements

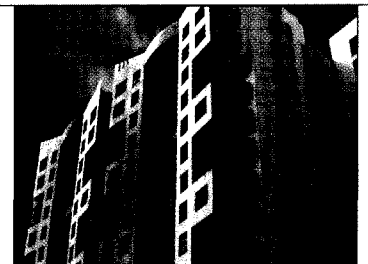
To the Members of,
Housing Development and Infrastructure Limited

- 1 We have audited the attached consolidated Balance Sheet of HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED, "the Company", (formerly known as Housing Development and Improvement India Ltd.) and its subsidiary, Privilege Power and Infrastructure Private Limited as at 31st March, 2007 together with, consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of the Company and its subsidiary included in the Consolidated Financial Statements.
- 4 On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the consolidated Balance Sheet, of the consolidated state of affairs of the Company as on 31st March, 2007,
 - (ii) in the case of the consolidated Profit and Loss Account, of the consolidated profit for the year ended on that date and
 - (iii) in the case of consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

For THAR & CO.
Chartered Accountants

(Jayesh. R. Thar)
 ICAI M. No. 32917.

Place : Mumbai
 Date : 31st May, 2007



HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Annual Financial Statements for the year ended March 31, 2007.

Consolidated Balance Sheet as at

		31-03-2007 (Rs. in Lacs)		31-03-2006 (Rs. in Lacs)	
Sources of Funds :	Schedules				
Shareholders' Funds					
Capital	A	18,000.00		5,000.00	
Reserves and surplus	B	<u>55,419.69</u>	73,419.69	<u>13,676.97</u>	18,676.97
Loan Funds					
Secured loans	C		37,568.46		19,646.42
Minority Interest			-		3.06
Deferred Tax Liability	D		82.78		45.30
	Total		<u>111,070.93</u>		<u>38,371.75</u>
Application of Funds :					
Fixed assets	E				
Gross block		2,666.74		629.39	
Less : Depreciation		<u>159.27</u>		<u>83.52</u>	
Net block		2,507.47		545.87	
Capital work-in-progress		<u>34.58</u>	2,542.05	<u>103.43</u>	649.30
Goodwill	F		229.85		287.69
Investments	G		15,775.49		10,878.09
Deferred Tax Assets	H		6.05		-
Current Assets, Loans and Advances					
Inventories	I	132,447.91		47,691.06	
Sundry debtors	J	31,131.24		7,820.04	
Cash and bank balances	K	570.60		4,396.14	
Loans and advances	L	<u>14,059.35</u>		<u>8,393.38</u>	
		178,209.10		68,300.62	
Less : Current Liabilities and Provisions					
Liabilities	M	79,184.99		40,902.05	
Provisions	N	<u>6,699.22</u>		<u>983.69</u>	
		85,884.21		41,885.74	
Net Current Assets			92,324.89		26,414.88
Miscellaneous expenditure (to the extent not written off or adjusted)	O		192.60		141.79
	Total		<u>111,070.93</u>		<u>38,371.75</u>

Notes to accounts

As per our report of even date attached

For and on behalf of the Board of Directors

For THAR & CO.
Chartered AccountantsRakesh Kumar Wadhawan
ChairmanSarang Wadhawan
Managing Director(Jayesh. R. Thar)
ICAIM. No. 32917KP Devassy
Chief Financial OfficerAmitabh Verma
Company SecretaryPlace : Mumbai
Date : 31st May, 2007

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Annual Financial Statements for the year ended March 31, 2007.

Consolidated Profit and Loss Account for the Year ended

	Schedule	31-03-2007 (Rs. in Lacs)	31-03-2006 (Rs. in Lacs)
Income			
Turnover	P	120,419.23	43,485.69
Other income	Q	2,059.90	1,857.21
Increase / (Decrease) in stock in trade	R	1,137.50	1,045.63
Increase / (Decrease) in work-in-progress	S	83,619.35	20,660.96
Cost of premises capitalised as investment		853.04	6.25
Cost of premises capitalised as fixed asset		1,553.20	-
		<u>209,642.22</u>	<u>67,055.74</u>
Expenditure			
Purchases	T	112,866.63	40,389.02
Operating and other expenses	U	25,557.66	10,323.66
Employee's remuneration and welfare expenses	V	847.58	188.47
Administrative expenses	W	2,263.15	880.93
Financial expenses	X	5,463.27	1,762.56
Depreciation		75.75	28.23
Preliminary expenses written off		57.01	35.48
		<u>147,131.05</u>	<u>53,608.35</u>
Profit before tax		62,511.17	13,447.39
Less :Provision for tax		7,683.38	1,698.96
Less:-Provision for Fringe Benefit Tax		20.29	12.95
Less :Deferred tax liability		38.54	16.69
Less: Short provision for tax for earlier year		-	0.19
Add :Deferred tax asset		7.12	0.37
Add:-Excess provision for taxation no longer required		24.11	26.42
Profit after tax		54,800.19	11,745.39
Balance brought forward from previous year		10,367.22	1,183.09
Profit available for appropriation		<u>65,167.41</u>	<u>12,928.48</u>
Appropriations :			
Transferred to General Reserve		6,298.75	2,309.75
Utilised for Issue of Bonus Shares		9,800.00	-
Profit before minority interest		49,068.66	10,618.73
Less : Minority interest		0.01	2.06
Less : Preacquisition profit		-	249.45
Less : Goodwill written off		57.46	-
Profit carried to Balance sheet		49,011.19	10,367.22
Earnings per share (Amount in Rs.)			
Equity shares of par value Rs. 10/- each		30.44	6.53
Number of equity shares considered for EPS.		180,000,000	180,000,000
Notes to accounts	Y		

As per our report of even date attached

For and on behalf of the Board of Directors

For THAR & CO.
Chartered AccountantsRakesh Kumar Wadhawan
ChairmanSarang Wadhawan
Managing Director(Jayesh. R. Thar)
ICAI M. No. 32917KP Devassy
Chief Financial OfficerAmitabh Verma
Company SecretaryPlace: Mumbai
Date: 31st May, 2007

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Consolidated Cash Flow Statement for the year ended

	31-03-2007 (Rs. in Lac)	31-03-2006 (Rs. in Lac)
A Cash flow from operating activities		
Net profit before tax	62,511.17	13,447.39
Adjustments for :		
(1) Depreciation	75.75	28.23
(2) Expenses of increasing authorised share capital written off	57.01	35.48
(3) Interest expenses	399.21	1,013.83
(4) Investment Income	(729.49)	(40.08)
(5) Profit on sale of investments	-	(241.49)
(6) Loss on sale of assets	-	0.96
	<u>(197.52)</u>	<u>796.93</u>
Operating profit before working capital changes	62,313.65	14,244.32
Movements in working capital :		
Decrease / (Increase) in inventory	(84,756.85)	(21,706.58)
Decrease / (Increase) in sundry debtors	(23,311.19)	(7,725.05)
Decrease / (Increase) in other receivables	(5,665.97)	414.42
Increase / (Decrease) in trade and other payables	38,315.73	22,332.15
	<u>(75,418.28)</u>	<u>(6,685.06)</u>
Net movement in working capital	(13,104.63)	7,559.26
Cash generated from / (used in) operations	1,996.82	915.32
Less : Direct taxes paid (net of refunds)	(15,101.45)	6,643.94
Net cash from / (used in) operating activities	<u>(15,101.45)</u>	<u>6,643.94</u>
B Cash flows from investing activities		
(1) Sale of investments	984.62	-
(2) Purchase of investments	(5,188.61)	(4,969.87)
(3) Investment income	33.39	40.08
(4) (Increase) / Decrease in capital work-in-progress	68.85	(103.43)
(5) Purchase of fixed assets	(2,037.35)	(188.88)
(6) Goodwill	-	(287.69)
	<u>(6,139.10)</u>	<u>(5,509.79)</u>
Net cash from / (used in) investing activities	<u>(6,139.10)</u>	<u>(5,509.79)</u>
C Cash flows from financing activities		
(1) Proceeds from borrowings	17,922.04	3,948.48
(2) Interest paid	(399.21)	(1,013.83)
(3) Expenses towards increase in share capital	(107.81)	(177.24)
	<u>17,415.02</u>	<u>2,757.41</u>
Net cash from / (used in) financing activities	<u>17,415.02</u>	<u>2,757.41</u>
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(3,825.53)	3,891.56
Cash and cash equivalents at the beginning of the year	4,396.13	504.57
Cash and cash equivalents at the end of the year	570.60	4,396.13
Components of cash and cash equivalents as at 31st March	<u>2007</u>	<u>2006</u>
Cash on hand	121.11	410.11
With banks - on current account	449.49	486.02
- on deposit account	-	3,500.00
	<u>570.60</u>	<u>4,396.13</u>

As per our report of even date attached

For and on behalf of the Board of Directors

For THAR & CO.
Chartered AccountantsRakesh Kumar Wadhawan
ChairmanSarang Wadhawan
Managing Director(Jayesh. R. Thar)
ICAI M. No. 32917KP Devassy
Chief Financial OfficerAmitabh Verma
Company SecretaryPlace : Mumbai
Date : 31st May, 2007

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Schedules annexed to and forming part of Consolidated Balance Sheet as at

	31-03-2007 (Rs. in Lacs)	31-03-2006 (Rs. in Lacs)
Schedule "A"		
Share capital		
Authorised :		
25,00,00,000 (P.Y.-10,00,00,000) Equity shares of Rs.10/- each	<u>25,000.00</u>	<u>10,000.00</u>
Issued, subscribed and paid up		
18,00,00,000 (P.Y.-5,00,00,000) Equity shares of Rs.10/-each fully paid up (includes 13,00,00,000 shares allotted as fully paid by way of bonus shares by utilising share premium account)	<u>18,000.00</u>	<u>5,000.00</u>
	<u>18,000.00</u>	<u>5,000.00</u>
Schedule "B"		
Reserve and surplus		
Share premium		
Balance as per last balance sheet	1,000.00	5,000.00
Less:-Utilised for issue of fully paid bonus shares	<u>1,000.00</u>	<u>4,000.00</u>
	-	1,000.00
General reserve		
Balance as per last balance sheet	2,309.75	-
Less:-Utilised for issue of fully paid bonus shares	2,200.00	-
Add:-Transferred from Profit and Loss account	<u>6,298.75</u>	<u>2,309.75</u>
	6,408.50	2,309.75
Surplus		
Profit and Loss account	<u>49,011.19</u>	<u>10,367.22</u>
	<u>55,419.69</u>	<u>13,676.97</u>
Schedule "C"		
Secured loans		
(1) HDFC Bank Limited	3,602.54	889.72
(2) Punjab National Bank	6,425.91	5,000.00
(3) Indian Overseas Bank	13,738.30	5,000.00
(4) Syndicate Bank	8,970.54	8,620.00
(5) Indian Bank	3,704.80	-
(6) Bank of Maharashtra	-	1.98
(7) Bank of India	1,070.60	-
(8) ICICI Bank Ltd	55.77	91.08
(9) Punjab & Maharashtra co-op Bank	-	43.64
	<u>37,568.46</u>	<u>19,646.42</u>
Schedule "D"		
Deferred tax liability		
Deferred tax liability		
Arising on account of timing difference in, Depreciation	92.15	45.30
Deferred tax asset		
Arising on account of timing difference in, Provision for gratuity	3.11	-
Provision for encashment of leave	6.26	-
	<u>82.78</u>	<u>45.30</u>
Schedule "E"		
Fixed Assets		

Description	COST			DEPRECIATION			NET BLOCK	
	As at 01-04-2006	Additions during the year	As at 31-03-2007	Up to 31-03-2006	for the year	Up to 31-03-2007	As at 31-03-2007	As at 31-03-2006
Office Premises	270.58	1,553.20	1,823.78	20.27	4.48	24.75	1,799.03	250.31
Office Equipments	66.17	212.77	278.94	11.26	10.34	21.60	257.34	54.91
Computer	55.51	116.42	171.93	20.87	24.15	45.02	126.91	34.64
Furniture and Fixtures	34.60	101.45	136.05	6.25	13.80	20.05	116.00	28.35
Vehicle	202.53	53.51	256.04	24.87	22.98	47.85	208.19	177.66
Total	629.39	2,037.35	2,666.74	83.52	75.75	159.27	2,507.47	545.87

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Schedules annexed to and forming part of Consolidated Balance Sheet as at

	31-03-2007 (Rs. in Lacs)	31-03-2006 (Rs. in Lacs)
Schedule "F"		
Goodwill		
Balance as per last balance sheet	287.69	-
Add / (Less) : Goodwill / (Capital reserve) on acquisition of interest in subsidiary	(0.38)	287.69
Less: Written off during the year	57.46	-
	<u>229.85</u>	<u>287.69</u>
Schedule "G"		
Long Term Investments (at cost)		
Investments other than trade		
Quoted		
Dewan Housing Finance Corporation Limited		
Nil (P.Y. 12,52,425) Equity shares of Rs. 10/- each fully paid up	-	288.51
Market Value Rs. Nil (P. Y. Rs. 7,83,39,184)		
Investments (Unquoted)		
Punjab & Maharashtra Co-Op. Bank Limited		
60,000 (P.Y. 60,000) Equity shares of Rs.25/- each fully paid up	15.00	15.00
In immovable property		
Investment in property at Dheeraj Arma	4,112.79	3,259.76
Investment in property - Flats at Virar	13.06	-
In Capital Account with partnership firms		
Fixed capital account	1.20	0.84
Current account	11,633.44	7,313.98
	<u>15,775.49</u>	<u>10,878.09</u>
Schedule "H"		
Deferred tax asset (net)		
Deferred tax asset		
Arising on account of timing difference in,		
Provision for gratuity	0.76	-
Provision for encashment of leave	0.90	-
Unabsorbed depreciation and business loss	9.39	-
Deferred tax liability	11.05	-
Arising on account of timing difference in,		
Deprecation	5.00	-
	<u>6.05</u>	<u>-</u>
Schedule "I"		
Inventories (at cost)		
Finished goods (Stock of flats / shops / TDR)	2,524.35	1,386.85
Work -in-progress	129,923.56	46,304.21
	<u>132,447.91</u>	<u>47,691.06</u>
Schedule "J"		
Sundry debtors		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	5,357.10	50.22
Other debts		
Unsecured, considered good	25,774.14	7,769.82
	<u>31,131.24</u>	<u>7,820.04</u>
Schedule "K"		
Cash and bank balances		
Cash on hand	121.11	410.12
Balances with scheduled banks :		
On current accounts	449.49	486.02
On deposit accounts	-	3,500.00
	<u>570.60</u>	<u>4,396.14</u>

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Schedules annexed to and forming part of Consolidated Balance Sheet as at

	31-03-2007 (Rs. in Lacs)	31-03-2006 (Rs. in Lacs)
Schedule "L"		
Loans and Advances		
Unsecured considered good		
Advances recoverable in cash or kind or value to be received :		
Advances for goods and services	3,410.05	41.79
Advances for land purchase	10,492.49	7,998.32
Rent receivable	3.01	0.11
Loans and advances	-	175.75
Loans to employees	6.13	4.28
Interest accrued on fixed deposit with bank	-	66.36
Prepaid expenses	105.91	8.49
Income tax refund receivable	-	1.84
Deposit	41.76	96.44
	<u>14,059.35</u>	<u>8,393.38</u>
Schedule "M"		
Current liabilities		
(a) Creditors for goods and services (see note 12)	9,970.91	3,904.02
(b) Creditors for land/development right purchases	16,877.79	3,566.69
(c) Creditors for expenses	116.85	8.79
(d) Advances from customer	51,210.45	32,949.82
(e) Other liabilities	1,008.99	312.88
(f) Interest accrued but not due on loans	-	159.85
	<u>79,184.99</u>	<u>40,902.05</u>
Schedule "N"		
Provisions		
Provision for FBT	33.24	12.95
Provision for taxation	9,400.38	1,698.96
Less : Tax paid and TDS	2,769.55	730.57
Income tax (net of advance tax)	6,664.07	981.34
Provision for gratuity	11.51	-
Provision for encashment of leave	23.64	2.35
	<u>6,699.22</u>	<u>983.69</u>
Schedule "O"		
Miscellaneous expenditure		
(To the extent not written off or adjusted)		
(1) Preliminary expenses	-	0.03
Balance as per last balance sheet	-	0.03
Less: Written of during the year	-	-
2) Cost of increasing authorised share capital	141.79	-
Balance as per last balance sheet	107.82	177.24
Add : Expenses incurred during the year	57.01	35.45
Less: Written off during the year	192.60	141.79
	<u>192.60</u>	<u>141.79</u>
Schedule "P"		
Turnover		
Sale of commercial and residential units	26,471.59	4,852.81
Sale of development rights / FSI	82,889.63	32,826.98
Sale of land	11,058.01	5,805.90
	<u>120,419.23</u>	<u>43,485.69</u>
Schedule "Q"		
Other income		
Rent and compensation - (T.D.S. Rs.147.57 lacs P.Y. Rs. 92.52 lacs)	1,013.59	718.76
Miscellaneous receipts (TDS Rs. 0.03 lacs P.Y. Rs. 0.03 lacs)	11.75	2.43
Dividend received	33.39	40.00
Interest on income tax refund	-	0.08
Building maintenance collection	193.01	-
Profit on sale of shares / investment	696.11	241.49
Share of profit from partnership firm	112.05	854.45
	<u>2,059.90</u>	<u>1,857.21</u>

HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

Schedules annexed to and forming part of Consolidated Balance Sheet as at

	31-03-2007 (Rs. in Lacs)	31-03-2006 (Rs. in Lacs)
Schedule "R"		
Increase / Decrease in stock-in-trade		
Closing stock in trade	2,524.35	1,386.85
Opening stock in trade	<u>1,386.85</u>	<u>341.22</u>
	<u><u>1,137.50</u></u>	<u><u>1,045.63</u></u>
Schedule "S"		
Increase / Decrease in work-in-progress		
Closing work-in-progress	129,923.56	46,304.21
Opening work-in-progress	<u>46,304.21</u>	<u>25,643.25</u>
	<u><u>83,619.35</u></u>	<u><u>20,660.96</u></u>
Schedule "T"		
Purchases		
Land	62,866.44	15,998.47
TDR	1,367.08	19.59
Tenancy rights	28,615.76	14,858.36
Other civil material	<u>20,017.35</u>	<u>9,512.60</u>
	<u><u>112,866.63</u></u>	<u><u>40,389.02</u></u>
Schedule "U"		
Operating and other expenses		
Civil contract work	18,986.81	3,840.96
Other expenses	<u>6,570.85</u>	<u>6,482.70</u>
	<u><u>25,557.66</u></u>	<u><u>10,323.66</u></u>
Schedule "V"		
Employee's remuneration and welfare expenses		
Salary and welfare expenses	847.58	188.47
	<u><u>847.58</u></u>	<u><u>188.47</u></u>
Schedule "W"		
Administrative expenses		
Communication expenses	85.06	75.51
Electricity charges	47.87	32.08
Repairs and maintenance	14.48	42.62
Printing and stationery	57.53	19.56
Travelling and conveyance expenses	147.59	83.63
Brokerage	129.55	15.62
Professional fees	151.75	85.01
Sales promotion and advertisement expenses	752.06	69.05
Rent , rates and taxes	188.27	44.39
Loan processing charges	149.20	95.49
Stamping and registration	134.05	-
Other administrative expenses	102.85	32.70
Remuneration to auditors	27.50	8.40
Donation	212.73	249.20
ROC filing fees	0.36	0.25
Insurance charges	62.30	27.42
	<u><u>2,263.15</u></u>	<u><u>880.93</u></u>
Financial expenses		
Project specific interest	6,198.86	1,081.99
Less : Interest received from subsidiary company	<u>1,134.80</u>	<u>333.34</u>
Net project specific interest	<u><u>5,064.06</u></u>	<u><u>748.65</u></u>
Other Interest	399.21	1,013.91
	<u><u>5,463.27</u></u>	<u><u>1,762.56</u></u>

A. Statement of significant accounting policies**1 Basis of preparation**

- a) The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention on an accrual basis to comply in all material respects and the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.
- c) Use of Estimates:
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

2 Principles of consolidation

The consolidated financial statements relate to Housing Development and Infrastructure Limited (The Company) and its subsidiary company Privilege Power and Infrastructure Private Limited. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary company are combined on a line-by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21 on "Consolidated Financial Statements".
- b) The difference between cost on investment in the subsidiary over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Capital Reserve.
- c) Minority interest's share of net profit of consolidated subsidiary for the period from 1st April 2006 to 21st December 2006 is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- d) Minority interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

3 Fixed assets and depreciation

Fixed Assets are capitalised at cost inclusive of expenses incidental thereto. Depreciation on fixed assets has been provided on straight-line method at the rates and in the manner as specified in Schedule XIV to the Companies Act, 1956.

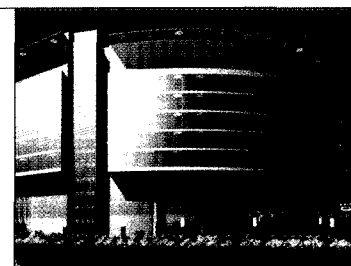
4 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments and are carried at lower of cost and fair value determined on an individual investment basis whereas all other investments are classified as long-term investments and are carried at cost except provision for diminution in value is made to recognize a decline other than temporary as specified in Accounting Standard (AS 13) on "Accounting for Investments".

5 Inventories

Inventories are valued as follows:

- Work-in-progress: Lower of cost or net realizable value. Cost includes direct materials, labour, construction expenses and borrowing cost.
- Stock-in-trade : Lower of cost or net realizable value.
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.



6 Revenue recognition

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

Sale

- a) Unit in Real Estate
Revenue is recognised when the significant risks and rewards of ownership of the units in real estate have passed to the buyer.
- b) Rent and License fee
Revenue is recognised on accrual basis
- c) Dividends
Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.
- d) Interest
Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- e) Share of profit – Partnership Firms
Share of profit / (loss) from partnership firms is accounted in respect of the financial year ending on or before the balance sheet date.

7 Borrowing cost

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

8 Employees Retirement Benefits:

- a) Company's contribution in respect of Employees' Provident Fund is made to Government provident fund and is charged to Profit and Loss Account.
- b) Gratuity and Leave encashment payable at the time of retirement are charged to Profit and Loss Account on the basis of actuarial valuation.

9 Income taxes

Income tax provision based on the present tax laws in respect of taxable income for the year and the deferred tax is treated in the accounts based on the Accounting Standard (AS-22) on "Accounting for Taxes on Income". The Deferred tax assets and liabilities for the year, arising out of timing difference, are reflected in the profit and loss account. The cumulative effect thereof is shown in the Balance sheet. The deferred tax assets are recognised only if there is a reasonable certainty that the assets will be realized in future.

10 (a) Amortization of expense for increasing Authorized Share Capital

Expenses for increasing authorized share capital are amortized over a period of five years.

(b) Goodwill arising out of Consolidated Financial Statements.

Goodwill arising out of consolidated financial statement is amortised over a period of five years by debiting proportionately to consolidated profit and loss account on year to year basis.

11 Segment reporting policies

The main business of the Holding and Subsidiary company is real estate development and construction of residential and commercial properties, operating and maintaining infrastructure facilities and all other related activities which the Company revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting".

12 Earnings per share

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

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



Significant accounting policies and notes on consolidated accounts

Schedule Y

13 Impairment

An Asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognised in earlier accounting periods is reversed if there has been a change in the estimate of recoverable amount as specified in Accounting Standard (AS 28) on impairment of assets.

14 Prepaid Expenses

Financial expense incurred during the year which provides benefit in several accounting years has been treated as revenue expense only for the period relating to the current year and balance is treated as prepaid expenses to be adjusted on prorata basis in the future accounting years.

15 Foreign currency transaction

Foreign currency transactions are accounted at the rates prevailing on the date of transaction. Year end current assets and liabilities are translated at the exchange rate ruling on the date of Balance Sheet. Exchange differences on conversion are adjusted to;

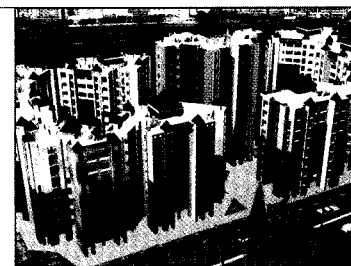
- i) cost of fixed assets, if the same relates to acquisition of fixed assets.
- ii) profit and loss account, if it relates to the monetary items.
- iii) investment in shares of foreign company is expressed in Indian currency at rates of exchange prevailing at the time when original investment is made.

16 Provisions

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

B. Other Notes :

- 1 As per Accounting Standard (AS-18) on "Related Party Disclosures" the disclosure of transactions with related parties as defined therein are given in the respective balance sheets of the Holding and Subsidiary company.
- 2 Managerial Remuneration and Auditor's Remuneration details with respect to the Holding company and the Subsidiary company are given in the respective balance sheets.
- 3 **Estimated amount of contracts on capital account to be executed and not provided for**
Details with respect to the Holding company and the Subsidiary company are given in the respective balance sheets.
- 4 **Contingent Liabilities not provided for**
Details with respect to the Holding company and the Subsidiary company are given in the respective balance sheets.
- 5 **Supplementary Statutory Information**
Details with respect to the Holding company and the Subsidiary company are given in the respective balance sheets.
- 6 **Licensed capacity, Installed capacity etc.**
Details with respect to the Holding company and the Subsidiary company are given in the respective balance sheets.
- 7 **Secured loans**
Details with respect to the Holding company and the Subsidiary company are given in the respective balance sheets.
- 8 **Investment in partnership firms**
Details with respect to the Holding company and the Subsidiary company are given in the respective balance sheets.



Significant accounting policies and notes on consolidated accounts

Schedule Y

- 9 During the year, the Holding company utilized Rs.1,000.00 lacs (Rs.4000.00 lacs) out of the Share Premium Account in accordance with section 78 of the Companies Act, 1956 and Rs. 12,000.00 lacs (Rs. Nil) out of accumulated profits towards the issue of 13,00,00,000 (4,00,00,000) fully paid bonus shares to the equity shares holders on 29th July, 2006 (30th March, 2006).
- 10 Holding company's and the subsidiary company's income tax assessments have been completed upto the assessment year 2004-05. There is no pending tax demand on the Company.
- 11 There is no amount payable by the Holding or the Subsidiary company to any small-scale industrial undertaking.
- 12 Figures in brackets represent previous year's figures. Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

Signatures to schedule A to Y

For and on behalf of the Board of Directors

For THAR & CO.
Chartered Accountants

Rakesh Kumar Wadhawan
Chairman

Sarang Wadhawan
Managing Director

(Jayesh R. Thar)
ICAIM. NO. 32917

KP Devassy
Chief Financial Officer

Amitabh Verma
Company Secretary

Place: Mumbai

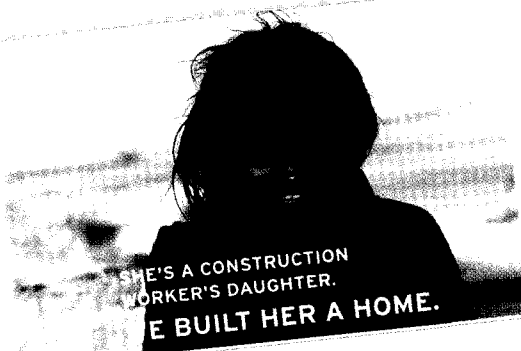
Date: 31st May, 2007

ICC Cricket World Cup 2007

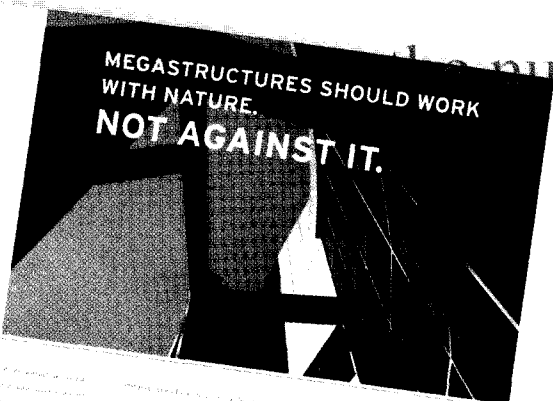
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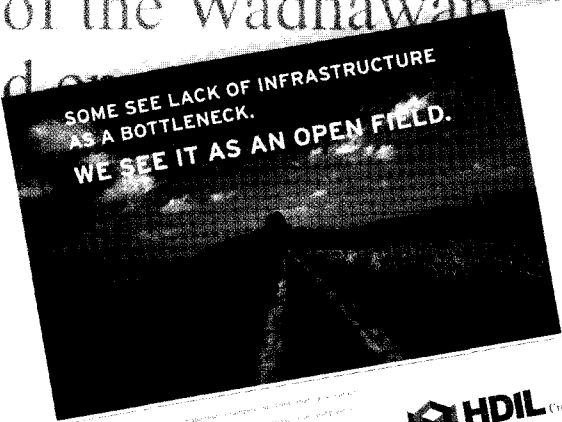
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SHE'S A CONSTRUCTION WORKER'S DAUGHTER. WE BUILT HER A HOME.



MEGASTRUCTURES SHOULD WORK WITH NATURE. NOT AGAINST IT.



SOME SEE LACK OF INFRASTRUCTURE AS A BOTTLENECK. WE SEE IT AS AN OPEN FIELD.



The hexacomb and cube symbol captures the micro and macro aspects of HDIL's business. It conveys that while there are multiple facets to our business, each facet gets the focus it deserves. It conveys that we create living spaces, working spaces and infrastructure for mass and premium customers and that in turn, for each customer, gets only what it wants.

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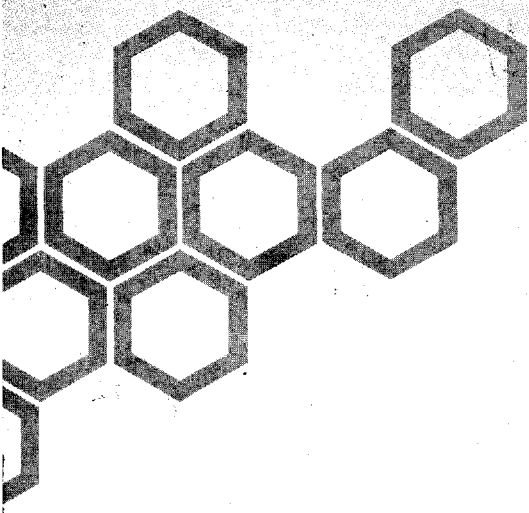
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THANK YOU

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