

ability preventability foreseeability attainability accountability viability
ability reliability trustability **capability** advisability equability desirability
ability changeability equitability acceptability exceptionability deliverability
ability measurability desirability obtainability profitability adjustability
ability impeccability viability **sustainability** knowledgeability trustability
ability adaptability knowledgeability deliverability justifiability foreseeability
ability adjustability preferability reasonability conceivability equability
ability stability supportability **dependability** approachability impeccability
ability understandability credibility respectability probability attainability
ability knowledgeability conceivability respectability equitability adjustability
ability preventability foreseeability **profitability** accountability viability knowability
ability reliability trustability capability advisability equability desirability
ability changeability equitability acceptability exceptionability deliverability
ability knowledgeability measurability **ability** profitability adjustability
ability impeccability viability knowledgeability trustability
ability adaptability justifiability foreseeability



HDIL Creating Value

Microstructures | Megastructures | Infrastructure
Housing Development and Infrastructure Ltd.

12TH ANNUAL REPORT 2007-08

Housing Development and Infrastructure Ltd.



What can we do?

HDIL has an enviable roster of accomplishments:

In the last 12 years, we have developed 27 projects covering approximately 23.37 million sq. ft. of saleable area.

We are now one of the largest listed real estate companies in India and rated as the fastest-growing real estate company in the country.

HDIL also has a considerable presence across all key segments – residential, commercial, retail, SEZs and particularly SRS, and plans to diversify into the entertainment, hospitality and energy sectors.



capability

How well do we do what we do?

HDIL's vaunted capabilities come from two areas:

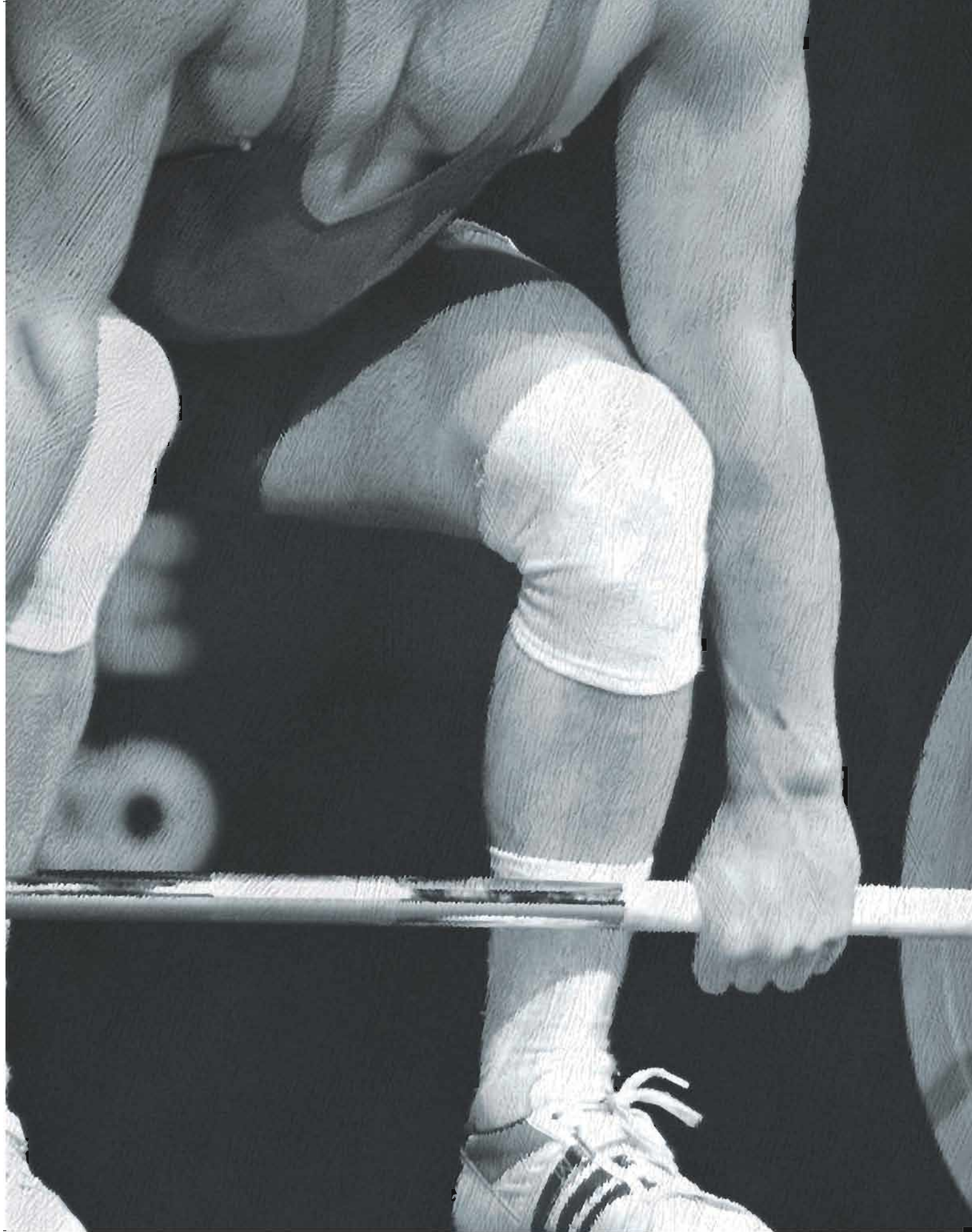
1. An immense potential, based soundly on a strong land bank and projects under development amounting to 192 million sq.ft.
2. Imminent upsides from the Slum Rehabilitation Scheme (SRA) and upcoming Special Economic Zones (SEZs).



*sustain*ability

What is our strength?

HDIL is a major player in Mumbai realty, with 87% land reserves in MMR and a land bank of over 2500 acres, with a saleable area of approximately 112.1 million sq.ft. The total land reserve (including TDR) amounts to 192.0 million sq.ft. as on 31st March, 08.



*depend*ability

How broad are our shoulders?

Our expertise is evidenced in our many Slum Rehabilitation Projects - which demand all the professional and personal skills that a company can bring to bear. In fact, the largest number of Slum Rehabilitation Projects in India have been handled by HDIL, and a full 40% of the Slum Rehabilitation Projects in Mumbai are also entrusted to HDIL.

Consequent to the expansion and modernisation of Mumbai airport, HDIL has been awarded a contract from MIAL (Mumbai International Airport Limited) for the rehabilitation of approximately 85,000 slum dwellers.

HDIL has also been shortlisted for the prestigious Dharavi Slum Rehabilitation projects, after technical evaluations.

Today, our entry into businesses like Special Economic Zones, Entertainment and Oil & Gas Exploration etc. has given us newer avenues to enrich and empower millions of lives.



profitability

When we look to the future, what do we see?

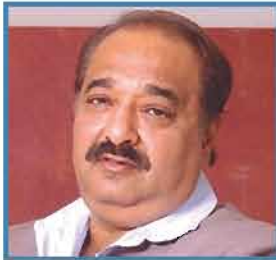
We see abundant reason to anticipate a very rewarding tomorrow.

- Revenues have grown by 99.94%, from Rs. 1216.51 crores to Rs.2432.32 crores.
- Net Profit has grown by 162.55%, from Rs. 663.67 crores to Rs. 1742.48 crores.
- Profit after tax margin has increased by 160.33%.
- Earnings per share is now a healthy 129.90%.



Letter to Share Holders

Dear Members,



First of all, I wish to thank each one of you for your excellent response to our Initial Public Offer which was oversubscribed by 5.6 times.

This is my first direct interaction with you all and I am happy to address you with an excellent performance by your Company during the year 2007-08. I am also aware of the high expectation that you have in the future of your Company. HDIL's underlying philosophy which drives its passion is its uncompromising adherence to world-class quality and delivery which creates value for every one.

Your Company's primary focus continues to be "Customer Satisfaction" and we endeavour to create and nurture a satisfying relationship lasting the entire period of our association including post-delivery maintenance. To achieve this we have put in place a structured, highly process driven and trained management team.

It is our avowed objective to go one step further and "create value". The approach is consistent across our residential, commercial and hospitality projects. We are committed to create microstructures, megastructures and infrastructure for the nation and creating value for our customers, investors and employees.

The Company has had a fabulous year with milestone achievements ranging from project launches, project execution, overwhelming results to major Brand building. Today HDIL is a household name and with your support will reach newer heights.

Government is proposing to raise investment in infrastructure sector to 9 per cent of Gross Domestic Product (GDP) by 2012 to achieve the high growth rate planned during the Eleventh Five Year Plan (2007-2012). Your Company has already initiated steps to extend its operations and to work closely with several statutory agencies like Mumbai Metropolitan Region and Slum Rehabilitation Authority to enable the creation of infrastructure and development of slums by the way of Slum Rehabilitation and Redevelopment like the Mumbai Airport Slum rehabilitation Project and Dharavi Slum Rehabilitation.

Today, our entry into businesses like Special Economic Zones, Entertainment and Oil & Gas Exploration etc. has given us newer avenues to further enrich and empower millions of lives.

The Company plans to expand across all geographies, while continuing to focus on microstructures, megastructures and infrastructures. HDIL leads and sets the benchmark for a fast-growing industry and is determined to live up to its shareholders expectations, including shareholders, customers, governments and all members of the communities we operate in.

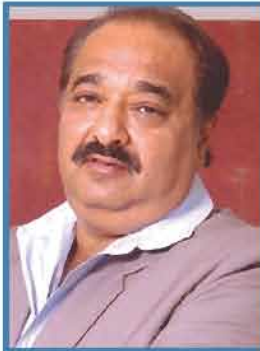
The outlook for the future continues to be optimistic as HDIL's metamorphosis into a national player with world-class capabilities is quickly taking shape. Our commitment is also shared by our highly motivated and innovative team of employees at all levels and I am confident of taking your Company to greater heights in the years to come.

We do hope each and every member of the HDIL family will get an opportunity to participate in and prosper from the building of a new India.

Rakesh Kumar Wadhawan

Executive Chairman

Our Management



Shri Rakesh Kumar Wadhawan is one of the Promoters and 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, Executive 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 31st March, 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 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 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 a Non-Executive 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. 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 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 Dawra, 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 Government 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 of 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 (“CAIIB”). 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



Shri Ramesh Chander Kapoor is an Independent Director of our Company. He is a qualified bachelor of Science and CAIIB and had been Ombudsman of Reserve Bank of India for three years from 1996 to 1999. He was Chairman and Managing Director of United Bank of India and Executive Director of Oriental Bank of Commerce.

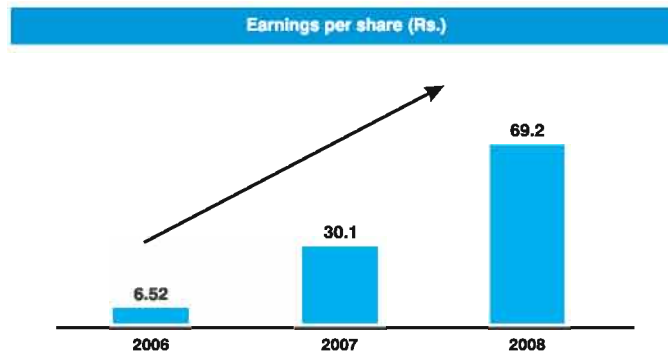
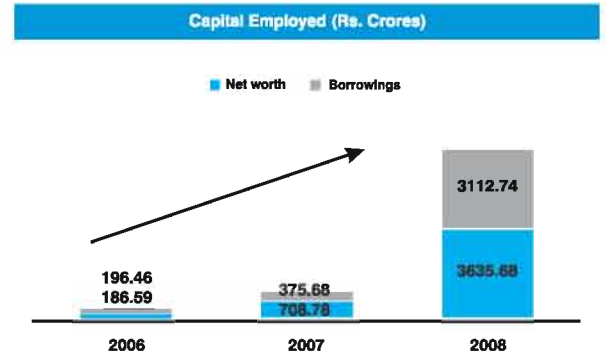
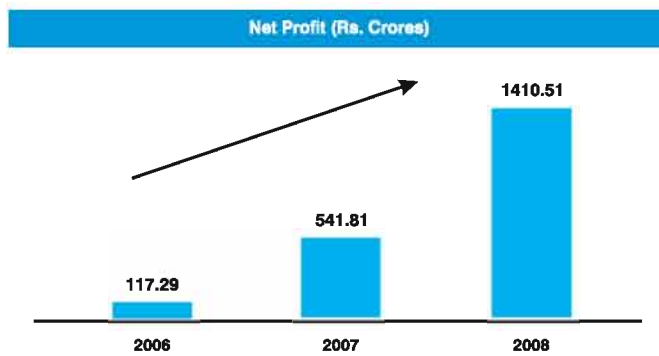
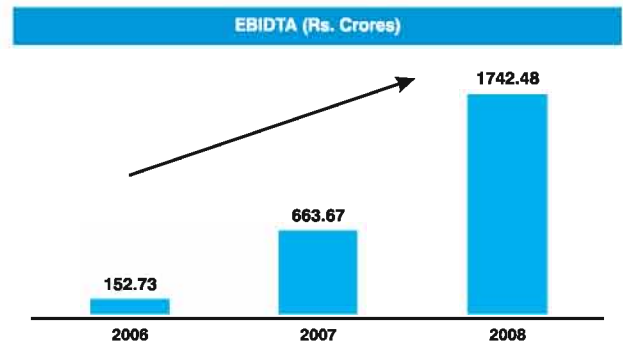
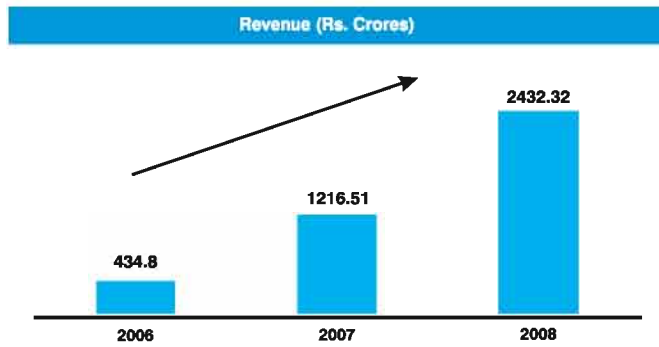
Ramesh Chander Kapoor, Director



Shri Raj Kumar Aggarwal is an Independent Director of our Company. He is a qualified Bachelor of Commerce, Fellow Member of the Institute of Chartered Accountants of India and Fellow Member of the Institute of Company Secretaries of India and has been practicing as Chartered Accountant since 1980. He is presently on the Board of BOB Capital Market Limited, subsidiary of Bank of Baroda and is also the member of Audit committee of the Board. He is also Trustee with Canara Robeco Mutual Fund, a joint venture of Rebeco Groep N. V. Netherland and Canara Bank a leading Nationalised Bank of India. He is also Chairman of Audit Committee of the Trust. Mr. Raj Kumar Aggarwal has been the President of C.A. Welfare Association and also been the Director of SBI Gilts Limited up to 31.03.2004, a subsidiary of State Bank of India.

Raj Kumar Aggarwal, Director

Key Financials



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BOARD OF DIRECTORS

Rakesh Kumar Wadhawan

Executive Chairman

Sarang Wadhawan

Managing Director

Kapil Wadhawan

Director

Dheeraj Wadhawan

Director

Waryam Singh

Director

Ashok Kumar Gupta

Director

Joseph A. Pattathu

Director

Satya Pal Talwar

Independent Director

Lalit Mohan Mehta

Independent Director

Shyam Sunder Dawra

Independent Director

Surinder Kumar Soni

Independent Director

Sunil Behari Mathur

Independent Director

Ramesh Chander Kapoor

*Independent Director**

Raj Kumar Aggarwal

*Independent Director**

BOARD COMMITTEES

AUDIT COMMITTEE

Satya Pal Talwar

Ashok Kumar Gupta

Shyam Sunder Dawra

REMUNERATION COMMITTEE

Kapil Wadhawan

Ashok Kumar Gupta

Satya Pal Talwar

INVESTOR GRIEVANCES & SHARE TRANSFER COMMITTEE

Sarang Wadhawan

Kapil Wadhawan

Waryam Singh

Lalit Mohan Mehta

COMPANY SECRETARY

Darshan D. Majmudar

AUDITORS

M/s. Thar & Co.

Chartered Accountants

203, Capri, Anant Kanekar Marg,

Station Road, Bandra (East)

Mumbai - 400 051.

BANKERS/FINANCIAL INSTITUTIONS

Union Bank of India

Punjab & Maharashtra
Co-operative Bank Ltd.

Indian Overseas Bank

Indian Bank

Bank of India

Vijaya Bank

ICICI Bank Ltd.

Bank of Baroda

Syndicate Bank

UCO Bank

United Bank of India

Yes Bank

Central Bank of India

Life Insurance Corporation of India

Punjab National Bank

REGISTERED OFFICE

9-01, Dheeraj Arma, Anant Kanekar Marg,
Bandra (East), Mumbai - 400 051

Tel.: 022 - 2658 3500

Fax: 022 - 2658 3636

website: www.hdil.in

REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Pvt. Ltd.

Plot No. 17 to 24,

Vittalrao Nagar, Madhapur,

Hyderabad - 500 081

Tel.: 040 - 2343 1551

Fax: 040 - 2342 0814

Website: www.karvy.com

* Appointed w.e.f. 21.05.2008

Notice

NOTICE is hereby given that the 12th Annual General Meeting of the members of Housing Development and Infrastructure Limited will be held on Monday, 21st day of July, 2008 at 11:30 a.m. at BIRLA MATUSHRI SABHAGAR, 19, Marine Lines, Mumbai – 400 020, to transact the following business.

ORDINARY BUSINESS:

1. To consider and adopt the Audited Profit and Loss Account of the Company for the year ended on 31st March, 2008 and the Balance Sheet as at date together with the report of the Auditor's and Directors' thereon.
2. To confirm Interim Dividend already paid and to declare Final Dividend on equity shares.
3. To appoint Director in place of Mr. Satya Pal Talwar, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
4. To appoint Director in place of Mr. Lalit Mohan Mehta, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
5. To appoint Director in place of Mr. Shyam Sunder Dawra, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
6. To appoint Director in place of Mr. Sunil Behari Mathur, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
7. To appoint M/s. Thar & Co., Chartered Accountants, Mumbai, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

8. To consider and if thought fit, to pass following resolution, with or without modification(s) as Ordinary Resolution:
"RESOLVED THAT Mr. Ramesh Chander Kapoor, who was appointed as Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation."
9. To consider and if thought fit, to pass following resolution, with or without modification(s) as Ordinary Resolution:
"RESOLVED THAT Mr. Raj Kumar Aggarwal, who was appointed as Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation."
10. To consider and if thought fit, to pass following resolution, with or without modification(s) as Special Resolution:
"RESOLVED THAT pursuant to Section 31 of the Companies

Act, 1956 and other applicable provisions, if any and pursuant to the guidelines issued by Securities and Exchange Board of India under SEBI (Disclosure and Investor Protection) Guidelines, 2000, and subject to the approval of the shareholders, the Articles of Association of the Company be and is hereby altered by insertion of the following new Article No. 7A immediately after the existing Article No. 7:

7A. Capitalisation of Profits/Reserves

- (1) The Company in general meeting may, upon the recommendation of the Board, resolve
 - (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in Clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Clause (3), either in or towards –
 - (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; or
 - (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
- (3) A Share (Securities) Premium Account and a Capital Redemption Reserve (Account) may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

RESOLVED FURTHER THAT Mr. Rakesh Kumar Wadhawan, Executive Chairman, Mr. Sarang Wadhawan, Managing Director and Mr. Darshan D. Majmudar, Company Secretary of the Company be and are hereby severally authorised to sign and file all such forms, documents or papers with the Registrar of Companies, Mumbai and other concerned authorities as may be required for registration of alteration in Articles of Association of the Company."

11. To consider and if thought fit, to pass following resolution, with or without modification(s) as Ordinary Resolution:
"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 and Article 7A of Articles of Association

of the Company and such other approvals, permissions and sanctions as may be necessary and subject to such terms, conditions, alterations, modifications, changes and variations as may be specified while according such approvals, the Board of Directors of the Company be and is hereby authorised to accept, if it thinks fit, to capitalise a sum not exceeding Rs. 61,22,05,950/- (Rupees Sixty One Crore Twenty Two Lacs Five Thousand Nine Hundred and Fifty only) out of the amount standing to the credit of the 'Reserves and Surplus Account' as per the Audited Accounts for the financial year ended March 31, 2008 available for the purpose of capitalization, be and is hereby capitalized and set free for distribution amongst shareholders whose names appear on the register of members of the Company on such date as may be hereinafter fixed by the Board in that behalf (hereinafter referred to as the Record Date) towards payment in full of upto 6,12,20,595 (six crores twelve lacs twenty thousand five hundred and ninety five) Equity Shares of the Company of face value of Rs. 10/- each out of the unissued Authorised Equity Share Capital of the Company (hereinafter referred to as the "Bonus Equity Shares") and that such Bonus Equity Shares be credited as fully paid up and allotted to such persons respectively in proportion of 2 (two) Bonus Equity Shares for every 7 (seven) Equity Shares held by such persons on record date and that the Bonus Equity Shares so allotted shall be treated for all purposes as an increase in the nominal capital amount in the capital of the Company held by each such member and not as income and that the Bonus Equity Shares be issued allotted, *inter alia*, on the following terms and conditions:

- a) The new Equity Shares of Rs.10/- each to be issued and allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company, Guidelines for Bonus Shares issued by Securities and Exchange Board of India, as applicable and shall rank *pari passu* in all respects and carry the same rights as existing Equity Shares of the Company, notwithstanding the date or dates of allotment thereof, including entitlement to payment of dividend, if declared, for the financial year in which the same are allotted. No letters of allotment shall be issued for the Bonus Shares and that the certificate(s) in respect of the Bonus Equity Shares shall be completed and thereafter be dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf from time to time, except in respect of those allottee, who opt for issue of Shares in dematerialized form.
- b) The issue and allotment of fully paid-up new Equity Shares as Bonus Shares to the extent that they relate to non-resident Shareholders, if required shall be subject to approval of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force).

RESOLVED FURTHER THAT no Bonus Shares be issued to the Members in respect of their respective fractional

entitlements, if any, the Board of Directors of the Company shall, instead consolidate all such fractional entitlements and there upon issue and allot Bonus Shares in lieu thereof to any Director(s) or Officer(s) of the Company who shall hold the shares in trust on behalf of the Members entitled to the fractional entitlements with the express understanding that such director(s) or officer(s) shall sell the same at such times and at such prices, as they deem fit and pay to the Company, the net sale proceeds thereof, whereupon the Company shall distribute such net sale proceeds to the Members in proportion to their respective fractional entitlements.

RESOLVED FURTHER THAT for the purpose of giving effect to these resolutions and for removal of any difficulty or doubt, the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things as may in its sole and absolute discretion, deem necessary, expedient, usual or proper and to settle any question, doubt or difficulty that may arise with regard to the issue and allotment of Bonus Shares as aforesaid or any other matter incidental or consequential thereto."

12. To consider and if thought fit, to pass following resolution, with or without modification(s) as Special Resolution:

"RESOLVED THAT pursuant to provision of Section 198, 309, & 310 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 the consent of the company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) for making payment of Commission up to 1% of the net profit to Non Executive Directors of the Company subject to maximum amount of Rs.1,50,00,000/- (Rupees One Crore and Fifty Lacs Only), annually, for three financial years commencing from 2008-09 i.e. upto financial year 2010-11."

By Order of the Board of Directors

For Housing Development and Infrastructure Limited

Place: Mumbai
Date: 21st May, 2008

Darshan D. Majmudar
(Company Secretary)

Registered Office:
9-01, Dheeraj Arma,
Anant Kanekar Marg, Bandra (E),
Mumbai – 400 051

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the meeting is annexed herewith.
4.
 - a) The Company has already notified closure of Register of Members and Transfer Books from **Monday, 14th July, 2008 to Monday, 21st July, 2008** (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting.
 - b) The dividend on Equity Shares, if declared at the Meeting, will be paid on or after 21st July, 2008 to those Members whose names shall appear on the Company's Register of Members on 14th July, 2008; in respect of Shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
5.
 - a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited, under the signature of the Sole/First joint holder, the following information to be incorporated on dividend warrants:
 - (a) Name of the Sole/First joint holder and the Folio Number.
 - (b) Particulars of Bank Account, viz.:
 - Name of the Bank
 - Name of the Branch
 - Complete address of the Bank with Pin Code Number
 - Account type, whether Savings Account (SA) or Current Account (CA)
 - Bank Account Number
 - b) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrars and Share Transfer Agents, M/s. Karvy Computershare Private Limited. ECS Mandate Form is attached herewith this Annual Report for the convenience of Shareholders.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary ten days in advance of the meeting so as to enable the Management to keep the information ready at the meeting.
8. As required under Clause 49 of the Listing Agreement, relevant information in respect of the Directors seeking re-appointment at the Annual General Meeting is given in the Report on Corporate Governance, which forms a part of the Annual Report.
9. Members who are holding Company's shares in dematerialized mode are requested to bring details of their Depository Account Number for identification.
10. Members are requested to notify immediately about any change in their address/ mandate/ bank details to their Depository Participant (DP) in respect of their shareholding in Demat mode and in respect of their physical shareholding to the Company's Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited, Plot No.17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081.
11. Under Section 109A of the Companies Act, 1956, members are entitled to make nomination in respect of shares held by them in physical mode. Members desirous of making nominations are requested to send their request in Form 2B in duplicate to the Company's R & T Agent at above address.
12. As a measure of economy, Members are requested to bring copy of Annual Report to the Meeting. Members/Proxies should bring the attendance slip duly filled in and signed for attending the meeting.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the special business mentioned in the accompanying notice and should be taken as forming part of the notice.

ITEM NO. 8

Pursuant to provisions of Section 260 of the Companies Act, 1956 and Article 66 of the Articles of Association of the Company, Mr. Ramesh Chander Kapoor was appointed as an Additional Director on the Board of the Company, on 21st May, 2008. Being an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. The Company has received a notice along with a deposit in terms of Section 257 of the Companies Act, 1956, from a member, proposing the candidature of Mr. Ramesh Chander Kapoor for the office of Director of the Company, liable to retire by rotation. Mr. Ramesh Chander Kapoor is a qualified Bachelor of Science and CAIIB and had been Ombudsman of Reserve Bank of India for three years from 1996 to 1999. He was Chairman and

Managing Director of United Bank of India and Executive Director of Oriental Bank of Commerce.

The Board recommends the *Ordinary Resolution* for your approval. None of the Director other than Mr. Ramesh Chander Kapoor may be deemed to be interested or concerned in passing of the *Ordinary Resolution*.

ITEM NO. 9

Pursuant to provisions of Section 260 of the Companies Act, 1956 and Article 66 of the Articles of Association of the Company, Mr. Raj Kumar Aggarwal was appointed as an Additional Director on the Board of the Company, on 21st May, 2008. Being an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. The Company has received a notice along with a deposit in terms of Section 257 of the Companies Act, 1956, from a member, proposing the candidature of Mr. Raj Kumar Aggarwal for the office of Director of the Company, liable to retire by rotation. Mr. Raj Kumar Aggarwal is a qualified Bachelor of Commerce, Fellow Member of the Institute of Chartered Accountants of India and Fellow Member of the Institute of Company Secretaries of India and has been practicing as Chartered Accountant since 1980. He is presently on the Board of BOB Capital Market Limited, subsidiary of Bank of Baroda and is also the member of Audit Committee of the Board. He is also Trustee with Canara Robeco Mutual fund, a joint venture of Robeco Groep N. V. Netherland and Canara Bank a leading Nationalised Bank of India. He is also Chairman of Audit Committee of the Trust. Mr. Raj Kumar Aggarwal has been the president of C.A. Welfare Association and also been the Director of SBI Gilts Limited up to 31.03.2004, a subsidiary of State Bank of India.

The Board recommends the *Ordinary Resolution* for your approval. None of the Director other than Mr. Raj Kumar Aggarwal may be deemed to be interested or concerned in passing of the *Ordinary Resolution*.

ITEM NO. 10

Alteration of Articles of Association

The Board of Directors at its meeting held on 21st May, 2008 had recommended the issue of Bonus Shares in the proportion of 2 (Two) new Equity Share(s) for every 7 (Seven) Equity Share. As per the applicable provisions of the Companies Act, 1956 and the guidelines issued by the Securities and Exchange Board of India under SEBI (Disclosure and Investor Protection) Guidelines, 2000, the Articles of Association of the Company shall contain a provision for capitalisation of profits, etc. and if there is no such provision in the Article of Associations, Company shall pass a resolution at its general meeting making provisions in the Articles of Association for capitalisation of profits. The Articles of the Company needs to be amended by inserting the provisions relating to capitalisation of profits.

The Board recommends the *Special Resolution* for your approval. Directors of the Company may be deemed to be interested or concerned in passing of the *Special Resolution* to the extent of their holding of Shares in the Company.

ITEM NO. 11

Issue of Bonus Shares

With a view to bring the Share Capital to a level commensurate with the total capital employed in the Company, your Directors at

their meeting held on 21st May, 2008 have proposed that sum not exceeding Rs.61,22,05,950 be drawn from the 'Reserves and Surplus Account' of the Company and capitalised and transferred to Share Capital Account towards issue and allotment of Equity Shares not exceeding 6,12,20,595 Equity Shares of Rs.10/- each as Bonus Shares, credited as fully paid-up, to the members holding Equity Shares as on the Record Date to be specified in this behalf. The Bonus Shares will be issued in the proportion of 2 (Two) new Equity Share(s) for every 7 (Seven) Equity Share held on the record date to be fixed for the purpose. The said Bonus Shares shall rank *pari passu* with the existing Equity Shares.

The issue of Bonus Shares to those members who are non-residents may require the permission of the Reserve Bank of India under the Foreign Exchange Management Act, 1999. Necessary application will be submitted by the Company to the Reserve Bank of India in due course.

Requisite applications will also be made to various Stock Exchanges where the existing Shares of the Company are already listed, for permission to deal in such Bonus Equity Shares.

The Board recommends the *Ordinary Resolution* for your approval. The Directors of the Company may be deemed to be interested or concerned in passing of the *Ordinary Resolution* to the extent of the Bonus Shares, if any, that may be allotted to them.

ITEM NO. 12

Payment of Remuneration to Non-Executive Directors

The members by way of postal ballot had accorded their consent to the Board of Directors of the Company to pay commission not exceeding 1% of the Annual Net Profit of the Company subject to an overall limit of Rs. 1.00 crore (Rupees One Crore Only) to be distributed amongst Non-Executive Directors of the Company for the Financial year 2007-08.

Since then, the Board strength has increased from 12 to 14 and in view of the growth plans of the Company, it is now proposed that the commission payable to Non-Executive Directors be increased within the limit of 1% of the Annual Net Profit of the Company computed in accordance with the provisions of Section 198, 349 and 350 of the said Act, subject to an overall ceiling of Rs. 1,50,00,000 (Rupees One Crore and Fifty Lacs only) payable annually for the period of three financial years commencing from 1st April, 2008 to 31st March, 2011.

The Board recommends the *Special Resolution* for your approval. The Non-Executive Directors of the Company may be deemed to be interested or concerned in passing of the *Special Resolution* to the extent of the commission that may be received by them.

By Order of the Board of Directors

For **Housing Development and Infrastructure Limited**

Place: Mumbai
Date: 21st May, 2008

Darshan D. Majmudar
(Company Secretary)

Registered Office:

9-01, Dheeraj Arma,
Anant Kanekar Marg, Bandra (E),
Mumbai – 400 051

Directors' Report and Management Discussion and Analysis

To the Members,

Your Directors are pleased to present the 12th Annual Report on the business and operations of the Company along with the audited accounts for the financial year ended 31st March, 2008. It is indeed a great pleasure to present the first report since your Company entered the capital market with the maiden public issue of its Equity Shares which was met with overwhelming response from all the investors. It has brought with it the onerous responsibility and challenge to meet shareholders expectations and your Directors shall endeavour to meet it as one of the largest Real Estate Companies in India.

PERFORMANCE OF THE COMPANY

Financial results

For the year 2007-08, your Company achieved an overall turnover growth of 99.94%; profit after tax grew by 160.33% and net worth increased by over 400%. The growth for last three financial years has been over 100% with respect to revenue and profitability.

The summarized results are given below:

| Parameters | (Rs. in crores) | |
|---|-----------------|---------------|
| | 2007-08 | 2006-07 |
| Gross sales and other receipts | 2,432.32 | 1,216.51 |
| Profit before interest, depreciation, amortisation and taxation | 1,742.49 | 663.67 |
| Interest | 138.49 | 44.50 |
| Depreciation and Amortisation | 1.87 | 0.63 |
| Operational profit before tax | 1,602.13 | 618.18 |
| Less: Provision for Tax | 191.62 | 76.37 |
| Profit after taxation | 1,410.51 | 541.81 |
| Balance brought forward | 487.63 | 103.02 |
| Less: Transferred to General Reserve | 487.63 | 59.20 |
| Less: Debentures Redemption Reserve | 712.50 | - |
| Less: Dividend including dividend Tax | 124.34 | - |
| Less: Utilised for issue of Bonus Shares | - | 98.00 |
| Profit carried to Balance sheet | 573.67 | 487.63 |
| Net Worth | 3,635.68 | 708.78 |

Dividend

Your Directors have declared and paid an interim dividend of Rs. 2/- per Equity Share on 21,00,00,000 Equity Shares of Rs.10/- each in August 2007, the total cash outflow on account of this dividend including tax on it was Rs. 49.14 crores.

Your Directors at the Meeting held on 21st May, 2008 have recommended a final dividend of Rs. 3/- per Equity Share on 21,42,72,081 Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2008 and seek your approval for the same. If approved the total amount of dividend to be paid to the equity shareholders will be Rs.75.2 crores (including tax on dividend of Rs.10.92 crores) and shall be paid to the members holding shares as on record date fixed for the same.

Industry structure and developments

Real Estate Industry consists of players engaged in diversified projects such as Commercial Building, Residential Townships, IT Parks Hospitality, Retail Ventures etc. In view of the India's growing economy and demand for better living, craving for better infrastructure is ever increasing. The Company is engaged in all

spheres of the Industry and is engaged in commercial constructions, hospitality projects, cyber city and infrastructure development.

In residential sector there is a housing shortage of 19.4 million units out of which 6.7 million are in urban India. The increase in purchasing power and exposure to organised retail formats has redefined the consumption pattern. As a result the country has experienced mushrooming of retail projects across the cities.

India is now gaining global recognition as one of the world's fastest growing economies. What is equally well known is that lack of infrastructure as one of the biggest bottlenecks hampering growth. Your Company is working closely with several statutory agencies to enable the creation of infrastructure within the city of Mumbai. The sky concept of rehabilitation makes creation of infrastructure a reality.

Business Performance

Your Company has emerged as one of the largest Real Estate Companies in India. The Company has significant presence in Mumbai Metropolitan Region (MMR) and has expanded its operations to Hyderabad, Kochi and Pune. The Company has

emerged as a strong corporate brand post listing and has diversified into sectors like Infrastructure, Entertainment, Hospitality and Energy.

The Company has been rated as one of the fastest growing Real Estate Company in India by Construction world-NICMAR in October 2007.

2007-08 was a year of achievement for the Company. Your Company came out with an Initial Public Offer of Equity Shares aggregating to Rs.1,698.60 crores. The issue received an overwhelming response and was over subscribed by 5.6 times with the QIB portion over subscribed nearly 10 times. The shares of the Company are listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

From the business point of view our land bank has increased from 112.5 million sq. ft. to 192 million sq. ft., with more than 87% of land bank in Mumbai Metropolitan Region making it largest listed Realty Company in the Mumbai Metropolitan Region.

Major Achievements during the year

1. HDIL lists on BSE and NSE on 24th July, 2007.
2. HDIL short listed for prestigious Dharavi Slum Rehabilitation projects after technical evaluations in September 2007.
3. HDIL awarded contract from MIAL (Mumbai International Airport Limited) for Rehabilitation of approximately 85,000 slum dwellers under expansion and modernisation of Mumbai airport in October 2007.
4. Awarded Fastest Growing Real Estate Company in India in October 2007 by Construction World, NICMAR.
5. Acquired industrial plots for redevelopment in Navi Mumbai, Mulund and Bhandup aggregating close to 35 acres during November 2007 to February 2008.
6. Launched HDIL Cyber City in Kochi for construction in January 2008. Developable size of 8.00 million sq. ft. with 5.5 million sq. ft. for IT/ITES. Investment size of around Rs.2,000 crores.
7. HDIL enters the Entertainment Sector with 100% subsidiary and launch of First three screens Multiplex in Vasai under the brand name BROADWAY in February 2008.
8. Turnover and Profitability grew by more than 100 % in 2008 as compared to 2007, maintaining last three years growth of more than 100%.
9. More than 60% increase in land bank as compared to last year, with 87% land reserves in Mumbai Metropolitan Region.
10. Diversification into Energy, Hospitality and SEZs sector.

Inorganic Growth

With a view to consolidate our land bank and maintain our leadership in MMR, we have acquired 60% stake in Ravijyot Leasing and Financial Services Private Limited. Due to this inorganic growth we will be able to add substantial land bank to our land reserves.

Further we have made Blue Star Realtors Private Limited as 100% subsidiary during last year. Blue Star Realtors Private Limited is currently executing one of the largest cyber city in Kochi with developable space of 8 million sq. ft.

Diversification

1. Infrastructure

a) Special Economic Zone (SEZ)

Your Company is currently developing a multi product SEZ in Virar (part of Thane district) of 5,000 acres through its 100% subsidiary Privilege Power & Infrastructure Private Limited (PPIPL). PPIPL has already received an In-principle approval from Government of India to develop Virar multi product SEZ. We have acquired approximately 2,300 acres of land till date.

Your Company has also received an In-principle approval for a multi services SEZ in Vasai for approximately 450 acres. Currently land acquisition and feasibility studies are under process.

b) Townships

Your Company plans to develop townships projects on the outskirts of Mumbai and other locations in India. We are currently executing township projects in Hyderabad and Kochi.

2. Entertainment

Your Company has incorporated a 100% subsidiary HDIL Entertainment Private Limited, to explore the opportunities in the entertainment sector. We have started our operations by entering the Multiplex Business for our retail malls. We have launched our first three screens multiplex in Vasai under the brand name "BROADWAY" in February 2008 and are looking to consolidate our position by both organic and inorganic growth.

3. Hospitality

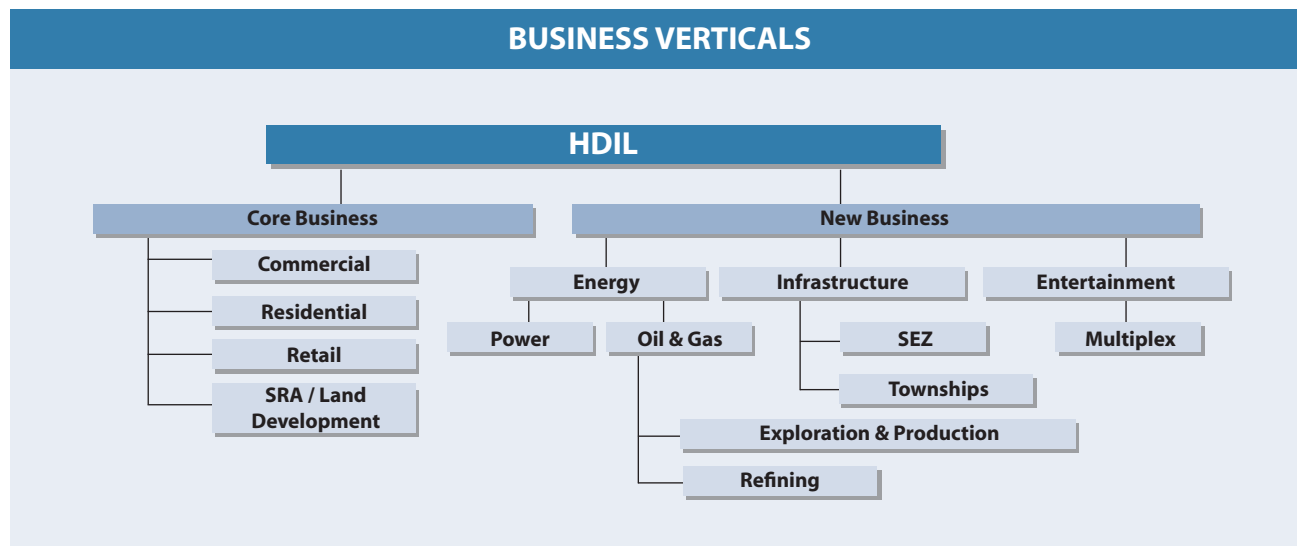
Real Estate offers an excellent opportunity to enter the hospitality sector and considering the huge land bank at various strategic locations, we have incorporated HDIL Leisure Private Limited, wholly owned subsidiary in April 2008. HDIL Leisure has a vision to become India's leading hospitality and lifestyle development company, amongst the largest such companies globally. HDIL Leisure will own, develop and manage branded hotels, residential and mix-use projects by leveraging its real estate capabilities to build and own India's luxury chain of hospitality and premium lifestyle assets.

4. Energy Sector

Your Company as a part of its diversification strategy has decided to enter into the energy sector. With worldwide energy consumption projected to rise more than 50% by 2030, with most of the demand coming from emerging economies such of those in China and India.

Government of India has announced a new round of exploration bid with 57 blocks under NELP VII. With this strategy, Company has floated a subsidiary, HDIL Oil & Gas Private Limited to explore opportunities in field of exploration, production and refining.

BUSINESS VERTICALS



Subsidiaries

Your Company has the following subsidiaries:

1. Privilege Power and Infrastructure Private Limited
2. HDIL Entertainment Private Limited
3. HDIL Infra Projects Private Limited
4. HDIL Oil & Gas Private Limited
5. Blue Star Realtors Private Limited
6. Ravijyot Finance and Leasing Private Limited
7. HDIL Leisure Private Limited (Incorporated on 5.4.2008)

A statement pursuant to Section 212 of the Companies Act, 1956, related to the Subsidiary companies is annexed. The audited statements of accounts, along with the report of the Board of Directors relating to the Company's subsidiaries and respective Auditor's Report thereon for the year ended March 31, 2008 are annexed.

Finance

During the year, the Company raised long-term loan from Banks and Financial Institutions and short-term funds from Banks to meet its working capital requirements. Funds requirement of the Company has been met with mix of Equity, Debt and Internal Accruals.

Share Capital

During the year under review, the Authorised Share Capital of the Company has been increased from Rs. 250 crores to Rs. 500 crores.

In June 2007 your Company came up with the Initial Public Offer of Rs.1,698.60 crores comprising of 29,700,000 Equity Shares of face value of Rs. 10/- per Equity Share at a premium of Rs. 490/- per Equity Share aggregating to Rs. 1,485.00 crores and 42,72,081 Equity Shares of face value of Rs. 10/- per Equity Share at a premium of Rs. 490/- per Equity Share issued under green shoe option aggregating to Rs. 213.60 crores. The Equity Shares of your Company stand listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Besides the IPO,

the Company had placed 3,00,000 Equity Shares on private placement basis at a premium of Rs. 490/- per Equity Share aggregating to Rs. 15.00 crores. During the year under review your Company has allotted 3,42,72,081 Equity Shares of face value of Rs. 10/- each. With this, the paid-up, issued and subscribed capital of the Company is Rs. 214.27 crores.

The paid-up Capital of the Company will be Rs. 275.49 crores, after approval of issue of Bonus Shares in the ratio of two shares for every seven shares held by the members at the Annual General Meeting.

As per the SEBI Guidelines, Industrial Development Bank of India, is the monitoring agency to review and submit their report on utilisation of public issue proceeds. As on 21st May, 2008, following is the position of IPO proceeds:

(Rs. in crores.)

| Sr. No. | Particulars | Amount |
|---------|---|----------|
| A | Funds Raised | 1,698.60 |
| B | Utilisation | |
| | Issue Expenses | 89.38 |
| | Acquisition of land and land development rights | 1,188.18 |
| | Construction on ongoing projects | 421.04 |
| C | Total Utilisation | 1,698.60 |

Debentures

Your Company has issued both secured and unsecured Non-Convertible Redeemable Debentures aggregating to Rs. 1,175.00 crores to various financial institutions/banks on private placement basis for various projects of the Company, of which secured debentures amounting to Rs. 875.00 crores are listed at Bombay Stock Exchange Ltd. (BSE).

Transfer to reserves

Your Directors have proposed to transfer Rs. 712.50 crores to Debenture Redemption Reserve and Rs. 487.63 crores to the

General Reserves out of the balances available for appropriation, therefore after the proposed dividend payout and transfer to general reserves, the balance of Profit and Loss Account would stand at Rs. 573.67 crores at the end of financial year, the total reserves of the Company stood at Rs. 3,422.95 crores.

Consolidated Financial Statements

In compliance with the Accounting Standard 21 and the Listing Agreement entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, this Annual Report includes the consolidated financial statements of Housing Development and Infrastructure Limited and its subsidiaries for the financial year 2007-08.

Cash Flow Statement

In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, the cash flow statement for the year ended 31st March, 2008 is annexed hereto.

Directors

Pursuant to the provisions of Section 259 of the Companies Act, 1956 Company made an application to Central Government for its approval to increase the number of directors from the permissible limit of 12 (twelve) to 20 (twenty) and received the approval on 14.5.2008.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 Mr. Ramesh Chander Kapoor and Mr. Raj Kumar Aggarwal were appointed as an Additional Directors of the Company with effect from 21st May, 2008. Mr. Ramesh Chander Kapoor and Mr. Raj Kumar Aggarwal would hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Ramesh Chander Kapoor and Mr. Raj Kumar Aggarwal for the office of Director, liable to retire by rotation. Subsequent to the approval of the share holders, Mr. Rakesh Kumar Wadhawan has assumed office of Executive Chairman w.e.f. 1st April, 2008.

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Satya Pal Talwar, Mr. Shyam Sunder Dawra, Mr. Sunil Behari Mathur and Mr. Lalit Mohan Mehta, retire by rotation at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-appointment.

Fixed deposits

The Company has not accepted any deposits from the public or its employees within the meaning of Section 58A of the Companies Act, 1956, during the year under review.

Directors' Responsibility Statement

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- a) In the preparation of the annual accounts for the year ended 31st March, 2008, the applicable accounting standards have been followed and no material departures have been made from the same;
- b) They have selected such accounting policies and applied them consistently and made judgements and estimates

that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) They have prepared the annual accounts for the year ended 31st March, 2008 on a going concern basis.

Corporate Governance

Your Company is committed to maintaining the highest standards of Corporate Governance so as to be a responsible corporate citizen and to serve in the best interests of all the stakeholders, viz., the employees, shareholders, customers, vendors and society at large. The Company believes it can achieve this by being transparent in its business dealings by disclosures of all relevant information in an easily understandable manner.

The report of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of Annual Report. The Managing Director's declaration regarding compliance of Code of Business Conduct and Ethics for Board members and senior management personnel forms part of Report on Corporate Governance.

The requisite certificate from the Auditors of the Company, M/s. Thar & Co., Chartered Accountants, Mumbai confirming the compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 of the Listing Agreement, is annexed to this report.

Electronic filing

Since SEBI has stipulated an electronic filing of the annual report including Corporate Governance report, shareholding pattern etc. on the website of SEBI i.e. www.sebiedifar.nic.in statements of your company would also be accessible at this website. These statements are displayed on the Company's website i.e. www.hdil.in.

Listing fees

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The Company has paid the applicable listing fees to the above Stock Exchanges up to date. The Company's shares are also traded in the dematerialised segment for all investors compulsorily and the Company has entered into agreements with the Central Depository Services (India) Limited and National Securities Depository Limited for trading in electronic form.

Auditors

M/s. Thar & Co., Chartered Accountants, the Statutory Auditors of the Company, holds office up to the conclusion of the forthcoming Annual General Meeting and has given their consent for re-appointment. It is proposed to re-appoint them as auditors for the financial year 2008-09 and fix their remuneration.

The Company has received a written confirmation from M/s. Thar & Co. to the effect that their appointment, if made, would be in

conformity with the limits prescribed in Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

Internal Control Systems and their Adequacy

Internal Control Systems are implemented:

- to safeguard the Company's assets from loss or damage
- to keep constant check on the cost structure
- to prevent revenue leakages
- to provide adequate financial and accounting controls and implement accounting standards.

The Audit committee actively reviews internal audit reports and effectiveness of internal control systems.

Conservation of energy, research and development, technological absorption, foreign exchange earnings and outgo

The particulars as prescribed under Section 217(1) (e) read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the Annexure 'A' forming part of this report.

Employee relations

Relations between employees and the management continued to be cordial during the year. Your Company has strength of over 505 permanent employees, making up its most valuable asset. Your

Company conducted surveys across various categories of employee satisfaction. This survey indicated a high degree of respect for the organisation while highlighting some areas of concern. Based on the feedback, appropriate initiatives were launched and actions were initiated. The Corporate Human Resources Department is committed to improve employee satisfaction at all levels and create a motivated, responsive and accountable organisation.

Information as per Section 217(2A) of the Companies Act, 1956, (the Act) read with the Companies (Particulars of Employees) Rules, 1975, are set out in the Annexure 'B' forming part of this report.

Acknowledgement

Your Directors wish to convey their appreciation to the Banks, Financial Institutions, Government Authorities, customers and other business associates for the excellent assistance and co-operation received and the members for their trust and support and all the employees of the Company for their outstanding contribution to the operations during the year.

On behalf of the Board of Directors

Place: Mumbai
Date: 21st May, 2008

Rakesh Kumar Wadhawan
Executive Chairman

Annexure to the Directors' Report

Annexure 'A'

Particulars pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors Rules, 1988)

1. Conservation of energy

Your Company is focused to optimise consumption of energy, power and other energy sources wherever possible. We emphasis towards a safe and clean environment and continues to adhere to all regulatory requirements and guidelines. The construction teams under the able guidance of expert engineers of the Company continuously strives and devise various means to conserve energy and identify methods for the optimum use of energy.

2. Research and development

Company plans to set up Research ad Development Centre for development of new design, architecture style for new projects.

3. Technological absorption:

Your Company has not imported any technology. However, we believe and use information technology extensively in all spheres of our activities to improve efficiency levels.

4. Foreign exchange earnings and outgo

(Rs. in crores)

| Year | 2007-08 | 2006-07 |
|---------------------------|---------|---------|
| Foreign exchange earnings | Nil | Nil |
| Foreign exchange outgo | 14.73 | 3.35 |

Annexure to the Directors' Report

Annexure 'B'

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Director's Report for the year ended 31st March, 2008

| Sr. No. | Name | Designation | Remuneration (Gross Rs.) | Qualification | Date of Appointment | Experience (in years) | Age (in years) | Last Employment |
|---------|-----------------|-------------------|--------------------------|---------------|---------------------|-----------------------|----------------|-----------------|
| 1 | Sarang Wadhawan | Managing Director | 1,61,25,000/- | B.Com, MBA | 01/04/06 | 8 | 31 | -- |

Corporate Governance Report 2007-08

Pursuant to Clause 49 of the Listing Agreement entered with Stock Exchanges for the year ended 31st March, 2008, are set out for the information of shareholders and investors of the Company.

I. The Company's philosophy on Code of Corporate Governance

Your Company firmly believes in abiding by the Code of Corporate Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders, viz., the employees, shareholders, customers, vendors and society. Your Company constantly endeavours and is committed to achieving the highest level of standards of corporate governance. The Company seeks to achieve this goal by being:

- Transparent in its business dealings by disclosure of all relevant information and by being fair to all stakeholders.
- By ensuring that the Company's activities are managed by a professionally competent and independent Board of Directors.

- Comply with all the applicable laws, rules and regulations of land in which the Company operates.
- Ensuring timely and accurate flow of information at various levels within the organisational to enable them discharge their functions effectively.

Your Company recognises that good Corporate Governance is a continuing exercise and reiterates its commitment to perform highest standards of Corporate Governance in the overall interest of all the stakeholders.

II. Board of Directors

A] Composition and Category of Board

The Company's policy is to maintain optimum combination of executive and non-executive directors in compliance of the requirements of Clause 49 (I) (A) of the Listing Agreement. The present strength of the Board of Directors is fourteen, out of which 7 are Independent Directors. Composition of the Board and category of Directors are as follows. The Chairman is Executive Director.

| No. | Name of the Director | Category |
|-----|---|--|
| 1 | Mr. Rakesh Kumar Wadhawan, Executive Chairman | Executive Director (Promoter) |
| 2 | Mr. Sarang Wadhawan, Managing Director | Executive Director (Promoter) |
| 3 | Mr. Kapil Wadhawan | Non-Executive Non-Independent (Promoter) |
| 4 | Mr. Dheeraj Wadhawan | Non-Executive Non-Independent (Promoter) |
| 5 | Mr. Waryam Singh | Non-Executive Non-Independent |
| 6 | Mr. Ashok Kumar Gupta | Non-Executive Non-Independent |
| 7 | Mr. Joseph A. Pattathu | Non-Executive Non-Independent |
| 8 | Mr. Satya Pal Talwar | Non-Executive Independent |
| 9 | Mr. Lalit Mohan Mehta | Non-Executive Independent |
| 10 | Mr. Shyam Sunder Dawra | Non-Executive Independent |
| 11 | Mr. Surinder Kumar Soni | Non-Executive Independent |
| 12 | Mr. Sunil Behari Mathur | Non-Executive Independent |
| 13 | Mr. Ramesh Chander Kapoor* | Non-Executive Independent |
| 14 | Mr. Raj Kumar Aggarwal* | Non-Executive Independent |

* Appointed with effect from 21.05.2008.

Seven Board Meetings were held during the financial year 2007-08 i.e. on 31st May, 2007, 16th June, 2007, 17th July, 2007, 30th July, 2007, 27th September, 2007, 26th October, 2007 and 24th January, 2007. The interval between any two meetings was not more than four calendar months.

Board of the Company is constituted as under:

| Name | Category | Attendance Particulars | | | No. of other Directorships and Committee Memberships/ Chairmanships excluding HDIL | | |
|---------------------------|--------------------|-------------------------|----------|----------|--|------------------------|----------------------|
| | | Number of Board Meeting | | Last AGM | Other Directorship | Committee Chairmanship | Committee Membership |
| | | Held | Attended | | | | |
| Mr. Rakesh Kumar Wadhawan | Executive Chairman | 7 | 6 | Yes | 5 | - | - |
| Mr. Sarang Wadhawan | Managing Director | 7 | 7 | Yes | 6 | - | - |
| Mr. Kapil Wadhawan | NI & NED* | 7 | 2 | Yes | 4 | - | - |
| Mr. Dheeraj Wadhawan | NI & NED* | 7 | 1 | Yes | 1 | - | - |
| Mr. Waryam Singh | NI & NED* | 7 | 6 | Yes | 3 | - | 1 |
| Mr. Ashok Kumar Gupta | NI & NED* | 7 | 7 | Yes | 4 | - | 2 |
| Mr. Joseph A. Pattathu | NI & NED* | 7 | 6 | Yes | 1 | - | - |
| Mr. Satya Pal Talwar | I & NED** | 7 | 4 | Yes | 11 | 4 | 5 |
| Mr. Lalit Mohan Mehta | I & NED** | 7 | 5 | Yes | 2 | - | - |
| Mr. Shyam Sunder Dawra | I & NED** | 7 | 4 | Yes | 3 | - | - |
| Mr. Surinder Kumar Soni | I & NED** | 7 | 5 | Yes | 4 | - | - |
| Mr. Sunil Behari Mathur | I & NED** | 7 | 4 | Yes | 13 | - | 4 |
| Mr. Ramesh Chander Kapoor | I & NED*** | - | - | - | 2 | - | - |
| Mr. Raj Kumar Aggarwal | I & NED*** | - | - | - | 1 | 1 | 1 |

* Non-Independent & Non-Executive Director

** Independent & Non-Executive Director

*** Independent & Non-Executive Director Appointed with effect from 21.05.2008

Note:

The Directorships held by Director's as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

In accordance with Clause 49, Memberships/Chairmanships of only the Audit Committee and Shareholders/Investors Grievance Committees of all public limited companies have been considered.

As detailed in table above, none of the Directors is a member of more than 10 Board level committees of public Companies in which they are Directors, nor is Chairman of more than five such committees.

B] Non-Executive Directors' Compensation and disclosures

All fees/compensation, if any paid to non-executive directors, including independent directors are fixed by the Board of Directors or its committee thereof and previously approved by the shareholders in their general meeting in any financial year and in aggregate.

The elements of the remuneration package of the Non-Executive Directors consist of annual commission in addition to sitting fees. The same has also been approved by the shareholders through postal ballot vide announcement made on 29th February, 2008. The Non-Executive Directors are paid sitting fees of Rs.20,000/- each for attending Board Meeting and Audit Committee Meeting.

The Company is availing the professional expertise of the Non-Executive Directors through their participation in the Board Meetings. The Non-Executive Directors are paid collectively a commission not exceeding 1% of the net profit of the Company subject to maximum amount of Rs.1,00,00,000/- (Rs. One Crore only) on an annual basis. None of the Independent Director is holding any shares in the Company.

C] Code of Conduct

The Company has laid down a Code of Conduct for all its board members and senior management personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. The Company's Code of Conduct is in consonance with the requirements of Clause 49 of the Listing Agreement. The Code of Conduct is posted on the Company's website. The code has been circulated to all the members of the board and the senior management and the compliance of the same have been affirmed by them. There are no commercial or material financial transactions, with the senior management personnel, where there is a personal interest that may have in a potential conflict with the interest of the Company at large. A declaration signed by the Managing Director is given below:-

"I hereby confirm that:

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct of HDIL for the year ended 31st March, 2008 and a copy of the Code of Conduct is put on the website of the Company viz. www.hdil.in

Sarang Wadhawan
Managing Director

III. Audit Committee**Constitution of Audit Committee:**

The composition, role and powers of the Audit Committee meet the requirements of Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. Audit Committee comprises Mr. Satya Pal Talwar, Chairman, Mr. Ashok Kumar Gupta, Member and Mr. Shyam Sunder Dawra, Member. All are Non-Executive Directors of the Company. Mr. Darshan Majmudar - Company Secretary, acts as the Secretary to the Committee.

Mr. Satya Pal Talwar, Chairman of the Audit Committee 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. All the members of the Audit Committee are financially literate and Mr. Ashok Kumar Gupta is a qualified advocate and fellow member of the Institute of Chartered Accountants of India, New Delhi and is also the gold medalist winner from the Institute. Mr. Shyam Sunder Dawra is Masters in English from Punjab University and a Masters in Business Administration from the University of Leeds, England.

Meetings of Audit Committee during 2007-08

The Audit Committee met Four times during the year on 31st May, 2007, 28th July, 2007, 26th October, 2007 and 24th January, 2007. Mr. K. P. Devassy, Chief Financial Officer is the permanent invitee to the Audit Committee Meetings. The Internal Auditor's and the Statutory Auditor's are also invited to the Committee. The attendance of each Audit Committee member in the above meeting is given hereunder:-

| Name | Audit Committee Meetings | |
|------------------------|--------------------------|----------|
| | Held | Attended |
| Mr. Satya Pal Talwar | 4 | 4 |
| Mr. Ashok Kumar Gupta | 4 | 4 |
| Mr. Shyam Sundar Dawra | 4 | 3 |

Powers of Audit Committee

The Board has delegated the following powers to the Audit Committee:-

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

Role of Audit Committee

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and fixation of audit fees.
3. Approval of payment to the statutory auditors for any other services rendered by them.
4. Reviewing with the management, the annual financial statement before submission to the Board for approval, with particular reference to:
 - matters required to be included in the Directors' Responsibility Statement which forms part of the Director's Report pursuant to sub-section 2AA of Section 217 of the Companies Act, 1956.
 - changes, if any, in the accounting policies and practices and reasons for the same.
 - major accounting entries involving estimates based on the exercise of judgement by the management.
 - significant adjustments made in the financial statements arising out of the findings of the audit.
 - compliance with the listing and other legal requirements relating to financial statements.
 - disclosure of any related party transactions.
 - qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
7. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit

department, staffing and seniority of the official heading the department, the reporting structure coverage and the frequency of internal audit.

8. Discussion with the internal auditors any significant findings and follow-up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of the internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussions to ascertain any area of concern.
11. To review monitoring agencies report with respect to utilisation of IPO proceeds.
12. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

The following information is reviewed by the Audit Committee on a mandatory basis:

1. Management discussion and analysis of the financial condition and results of operations;
2. Statement of significant related party transactions as defined by the Audit Committee, submitted by the management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Internal Auditor shall be subject to review by the Audit Committee.
6. To review monitoring agencies report with respect to utilisation of IPO proceeds.

IV. Remuneration Committee

The board has constituted a Remuneration Committee comprising three Director's namely Mr. Satya Pal Talwar, Mr. Kapil Wadhawan, Mr. Ashok Kumar Gupta. The Remuneration Committee has been constituted to recommend/review the remuneration and increments of Executive Directors of the Company, based on their performance and defined assessment criteria.

Remuneration policy

The remuneration package of the Executive Directors is determined by the Remuneration Committee within the permissible limits, as approved by the shareholders in the

general meeting, and as per applicable provisions of the Companies Act, 1956. The remuneration comprises basic salary, allowances, perquisites and commissions as approved by the shareholders. The Remuneration Committee also decides and recommends annual increments.

The details of remuneration paid to the Directors are as follows:

| Director | Relation with HDIL | Remuneration paid during 2007-08 | | | |
|---------------------------|--------------------|----------------------------------|----------------------|----------------|-------------|
| | | Sitting fees | Salary & perquisites | Commission *** | Total |
| Mr. Rakesh Kumar Wadhawan | Chairman | 1,20,000 | 0 | 9,09,100 | 10,29,100 |
| Mr. Sarang Wadhawan | MD | 0 | 1,61,25,000 | 0 | 1,61,25,000 |
| Mr. Kapil Wadhawan | NI & NED* | 80,000 | 0 | 9,09,090 | 9,89,090 |
| Mr. Dheeraj Wadhawan | NI & NED* | 20,000 | 0 | 9,09,090 | 9,29,090 |
| Mr. Waryam Singh | NI & NED* | 1,40,000 | 0 | 9,09,090 | 10,49,090 |
| Mr. Ashok Kumar Gupta | NI & NED* | 2,30,000 | 0 | 9,09,090 | 11,39,090 |
| Mr. Joseph A. Pattathu | NI & NED* | 1,20,000 | 0 | 9,09,090 | 10,29,090 |
| Mr. Satya Pal Talwar | I & NED** | 1,70,000 | 0 | 9,09,090 | 10,79,090 |
| Mr. Lalit Mohan Mehta | I & NED** | 1,40,000 | 0 | 9,09,090 | 10,49,090 |
| Mr. Shyam Sunder Dawra | I & NED** | 1,35,000 | 0 | 9,09,090 | 10,44,090 |
| Mr. Surinder Kumar Soni | I & NED** | 1,00,000 | 0 | 9,09,090 | 10,09,090 |
| Mr. Sunil Behari Mathur | I & NED** | 80,000 | 0 | 9,09,090 | 9,89,090 |

* Non-Independent & Non-Executive Director

** Independent & Non-Executive Director

*** Commission is provided for and not paid. It will be paid after Accounts are adopted at the Annual General Meeting

V. Investor Grievances and Share Transfer Committee

Investor Grievances and Share Transfer Committee comprises Mr. Waryam Singh, Mr. Sarang Wadhawan, Mr. Lalit Mohan Mehta and Mr. Kapil Wadhawan. The Committees is mainly responsible to look into the redressal of the shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend, etc. This committee is also authorised to approve the transfer/transmission of shares and monitors other investor grievances. The committee oversees the performance of the

Registrars and Share Transfer Agents i.e. Karvy Computershare Private Limited and also monitors the implementation of the Company's Code of Conduct for prohibition of insider trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

The meetings are held each quarter and Mr. Waryam Singh is the Chairman of the Committee. Mr. Darshan Majmudar, Company Secretary, has been nominated as the Compliance Officer of the Company.

| Name | Investor Grievances & Share Transfer Committee meetings | |
|-----------------------|---|----------|
| | Held | Attended |
| Mr. Waryam Singh | 2 | 1 |
| Mr. Sarang Wadhawan | 2 | 2 |
| Mr. Lalit Mohan Mehta | 2 | 2 |
| Mr. Kapil Wadhawan | 2 | 1 |

The total number of complaints and requests received and resolved to the satisfaction of the investors during the year under review is as under:

| | | |
|----------------------------|---|------|
| No. of complaints received | : | 1452 |
| No. of complaints resolved | : | 1452 |
| No. of complaints pending | : | Nil |

Subsidiary Monitoring Framework

The revised Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary incorporated in India, whose turnover or net-worth [i.e. paid-up capital and free reserves] exceeds 20 percent of the consolidated turnover or net-worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

The Company does not have a material non-listed subsidiary within the meaning of the above definition.

The performance and management of the subsidiary companies is monitored *inter alia* by the following means:

- Financial Statements and in particular the investments made by the unlisted subsidiary company are reviewed on a quarterly basis by the Audit Committee of the Company.
- A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary company is placed before the board for its review.

VI. General Body Meetings

The location, time and date where the last three Annual General Meetings of the Company were held are given hereunder:-

| Year | Location | Type of meeting | Date | Time |
|---------|---|-----------------|----------|------------|
| 2006-07 | 9-1, Dheeraj Arma, Anant Kanekar Marg, Bandra (East), Mumbai – 400 051 | AGM | 26.06.07 | 03.00 p.m. |
| 2005-06 | 9-1, Dheeraj Arma, Anant Kanekar Marg, Mumbai – 400 051 | AGM | 12.07.06 | 02.30 p.m. |
| 2004-05 | Dheeraj Apartment, P P Dais Compound, Natwar Nagar, Road No. 1, Jogeshwari (East), Mumbai – 400 060 | AGM | 13.06.05 | 11.00 a.m. |

The details of Special Resolutions passed in the last three General Meetings:

| Year & Date | Type of Meeting | Brief particulars of the resolution |
|---------------------|-----------------|---|
| 2006-07 27-01-07 | EGM | <ol style="list-style-type: none"> Further Issue of Capital Adoption of new set of Articles of Association Borrowing Powers of the Board Power of Board to deal with the undertaking of the Company |
| 2006-07 26-06-07 | AGM | <ol style="list-style-type: none"> Change in place of keeping registers and records |
| 2005-06 12-07-06 | AGM | <ol style="list-style-type: none"> Further issue of capital Increasing the borrowing power of the Board Authorising Board to deal with the undertaking of the Company |

Resolutions Passed through Postal Ballot:

During the year, the three ordinary resolutions and four special resolutions contained in the Postal Ballot Notice dated 24th January, 2008, were passed by the shareholders of

the Company through Postal Ballot. The results of the postal ballot were declared on 29th February, 2008. Details of the voting pattern were as under:

| Description of Resolution | Type of Resolution | Total No. of shares voted | Votes Cast | |
|---|---------------------|---------------------------|--------------|---------|
| | | | For | Against |
| Increase in total number of Directors that can be appointed | Ordinary Resolution | 17,62,24,367 | 17,62,17,616 | 6,751 |
| Increase in Authorised Capital | Ordinary Resolution | 17,62,17,937 | 17,62,16,721 | 1,216 |
| Alteration of Memorandum and Articles of Association | Special Resolution | 17,62,17,724 | 17,62,15,994 | 1,730 |
| Appointment of Shri Rakesh Kumar Wadhawan as Whole-time Director designated as Executive Chairman and approval of payment of remuneration | Special Resolution | 17,60,96,383 | 17,60,87,351 | 9,032 |
| Revising the terms of Remuneration of Shri Sarang Wadhawan – Managing Director | Special Resolution | 17,62,17,941 | 17,62,05,389 | 12,552 |
| Variation in the utilisation of IPO proceeds as mentioned in the prospectus | Ordinary Resolution | 17,62,17,916 | 17,62,13,893 | 4,023 |
| Payment of Remuneration to Non-Executive Directors | Special Resolution | 17,62,18,279 | 17,62,06,850 | 11,429 |

Accordingly the said resolutions were approved by the shareholders, with requisite and overwhelming majority of 99.99%.

VII. Disclosures**Materially significant related party transactions**

None of the transactions that transpired between the Company and its promoters, directors, management or their relatives were in a potential conflict with the interest of the Company. The details of transactions with the related parties are tabled before the audit committee on a quarterly basis. The register of contracts containing the transactions in which the directors are interested was placed regularly before the board. There were no pecuniary transactions directly with the Independent/Non-Executive Directors, other than the payment of remuneration.

Status of regulatory compliances

The Company has complied with all the requirements of the Listing Agreement as well as the regulations and guidelines of SEBI and other statutory authorities. Consequently, there are no strictures or penalties imposed on any matter relating to capital markets during the last three years.

Management Discussion and Analysis Report

A Management Discussion and Analysis Report forms part of the annual report and includes discussion on various matters specified under Clause 49[IV] [F] of the Listing Agreement. The said report is appearing elsewhere in the Annual Report.

VIII. Means of communication:

The audited financial results of the Company [quarterly as well as yearly] were published in the English Newspaper "Economic Times," "Free Press" and "Nav Shakti", a vernacular newspaper.

In terms of SEBI notifications and Listing Agreement, the Company has been complying with the provisions of Clause 51 of the Listing Agreement pertaining to the Electronic Data Information Filing and Retrieval System [EDIFAR]. The audited financial results for the financial year ended 31st March, 2008 will be uploaded on the SEBI website and the Company's website viz. www.hdil.in within the prescribed time limit.

IX. General Shareholders Information:

Details of Directors retiring by rotation:

1. Mr. Satya Pal Talwar
2. Mr. Shyam Sunder Dawra
3. Mr. Lalit Mohan Mehta
4. Mr. Sunil Behari Mathur

1. Mr. Satya Pal Talwar

Mr. Satya Pal Talwar has more than 40 years of experience in field on 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. S. P. Talwar is a B.A., LL.B. He is also a Certified Associate Member from the Indian Institute of Bankers ("CAIB"). The details of chairmanship and membership in Committees of Mr. Satya Pal Talwar are as follows:

| Name of the Company | Board position held | Committee position |
|---|---------------------|---|
| Reliance Life Insurance Co. Ltd. | Director | Member – Audit Committee |
| Reliance General Insurance Co. Ltd. | Director | Member – Audit Committee |
| Reliance Capital Trustee Co. Ltd. | Director | |
| Crompton Greaves Ltd. | Director | Chairman – Audit Committee |
| Videocon Industries Ltd. | Director | Chairman – Audit Committee |
| Reliance Communications Ltd. | Director | Member – Audit Committee Member – Investor Grievance Committee |
| Reliance Asset Reconstruction Company Ltd. | Director | |
| Reliance Communications Infrastructure Ltd. | Director | Member – Audit Committee |
| Reliance Telecom Infra. Ltd. | Director | Chairman – Audit Committee Chairman – Investor Grievance Committee |
| Ambience Projects & Infrastructure Ltd. | Director | |
| SPS Steel & Power Ltd. | Director | |

Mr. Satya Pal Talwar does not hold any share in Housing Development and Infrastructure Limited as on 31st March, 2008.

2. Mr. Shyam Sunder Dawra

Mr. Shyam Sunder Dawra 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. Shyam Sunder Dawra has a Masters in English from Punjab University and a Masters in Business Administration from the University of Leeds, England. The details of chairmanship and membership in Committees of Mr. Shyam Sunder Dawra are as follows:

| Name of the Company | Board position held | Committee position |
|--|------------------------|--------------------|
| G T L Infrastructure Limited | Independent Director | Nil |
| SPS Steel and Power Limited | Non-Executive Director | Nil |
| Ambience Projects & Infrastructure Limited | Director | Nil |

Mr. Shyam Sunder Dawra does not hold any share in Housing Development and Infrastructure Limited as on 31st March, 2008.

3. Mr. Lalit Mohan Mehta

Mr. Lalit Mohan Mehta 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, U.K. The detail of chairmanship and membership in Committees of Mr. Lalit Mohan Mehta is as follows:

| Name of the Company | Board position held | Committee position |
|-----------------------------------|---------------------------|--------------------|
| National Standard (India) Limited | BIFR - Appointed Director | Nil |
| Narmada Cement Limited | BIFR - Appointed Director | Nil |

Mr. Lalit Mohan Mehta does not hold any share in Housing Development and Infrastructure Limited as on 31st March, 2008.

4. Mr. Sunil Behari Mathur

Mr. Sunil Behari Mathur 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 of India Limited. He is 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. The details of chairmanship and membership in Committees of Mr. Sunil Behari Mathur are as follows:

| Name of the Company | Board position held | Committee position |
|---|------------------------|--|
| Havell's India Limited | Director | Member – Audit Committee |
| ITC Limited | Director | Member – Audit Committee Member – Nomination Committee Member – Compensation Committee |
| EID Parry (I) Limited | Director | |
| IL & FS Limited | Director | Chairman – Compensation Committee |
| IRCTC Limited | Director | Member – Audit Committee |
| National Stock Exchange of India Limited | Chairman/Director | Chairman – Ethics Committee Chairman – Compensation Committee |
| National Collateral Management Services Ltd. | Non-Executive Chairman | |
| Munich Re India Services Pvt. Ltd. | Director | |
| EMD Locomotive Technologies Pvt. Ltd. | Director | |
| Administrator of the Specified Undertaking of the UTI | Director | |
| National Investment Fund | Administrator | |
| Bank of Rajasthan | Director | |
| AIG Trustee Company (India) Pvt. Ltd. | Chairman | Member – Audit Committee |
| Universal Sompo General Insurance Co. Ltd. | Director | |
| Subiksha Trading Services Limited | Director | |
| Orbis Financial Corporation Limited | Director | |
| Shriram Industries Limited | Director | |

Mr. Sunil Behari Mathur does not hold any share in Housing Development and Infrastructure Limited as on 31st March, 2008.

New Directors:

Subsequent to the approval of the Central Government under Section 259 of the Companies Act, 1956, the Board of Directors has inducted Mr. Ramesh Chander Kapoor and Mr. Raj Kumar Aggarwal on the Board w.e.f. 21st May, 2008.

1. Mr. Ramesh Chander Kapoor

Mr. Ramesh Chander Kapoor is a qualified Bachelor

of Science and CAIIB and had been Ombudsman of Reserve Bank of India for three years from 1996 to 1999. He was Chairman and Managing Director of United Bank of India and Executive Director of Oriental Bank of Commerce. The details of chairmanship and membership in Committees of Mr. Ramesh Chander Kapoor are as follows:

| Name of the Company | Board position held | Committee position |
|---|---------------------|--------------------|
| M/s. SPS Steel & Power Limited | Director | Nil |
| Ambience Projects & Infrastructure Ltd. | Director | Nil |

2. Mr. Raj Kumar Aggarwal

Mr. Raj Kumar Aggarwal is a qualified Bachelor of Commerce, Fellow Member of the Institute of Chartered Accountants of India and Fellow Member of the Institute of Company Secretaries of India and has been practicing as Chartered Accountant since 1980. He is presently on the Board of BOB Capital Market Limited, subsidiary of Bank of Baroda and is also the member of Audit Committee of the Board. He is also Trustee with Canara

Robeco Mutual fund, a joint venture of Robeco Groep N.V. Netherland and Canara Bank a leading Nationalised Bank in India. He is also Chairman of Audit Committee of the Trust. Mr. Raj Kumar Aggarwal has been the president of C.A. Welfare Association and also been the Director of SBI Gilts Limited up to 31.03.2004, a subsidiary of State Bank of India. The details of chairmanship and membership in Committees of Mr. Raj Kumar Aggarwal are as follows:

| Name of the Company | Board position held | Committee position |
|----------------------------|---------------------|----------------------------|
| BOB Capital Market Limited | Director | Member – Audit Committee |
| Canara Robeco Mutual Fund | — | Chairman – Audit Committee |

Other Details for shareholders:

| | |
|--------------------------------------|---|
| AGM Date, Time and Venue | 21st July, 2008, 11.30 a.m. Birla Matushri Sabhagar |
| Financial year | 1st April – 31st March |
| Book Closure | Record Date for Interim Dividend – 17.08.2007 |
| Dividend payment date: [if declared] | Interim Dividend of Rs. 2/- per share declared in the Board Meeting held on 30.07.2007 Final Dividend of Rs.3/- per share recommended by the Board at the Meeting held on 21.05.2008 |
| Listing on Stock Exchange | Bombay Stock Exchange Limited and National Stock Exchange of India Limited Listing fees for the year 2008-09 have been paid. |
| Stock code at BSE | 532873 |
| Stock symbol at NSE | HDIL |
| ISIN of the Company | INE191I01012 |
| Corporate Identification No. (CIN) | L70100MH1996PLC101379 |

Unclaimed dividends

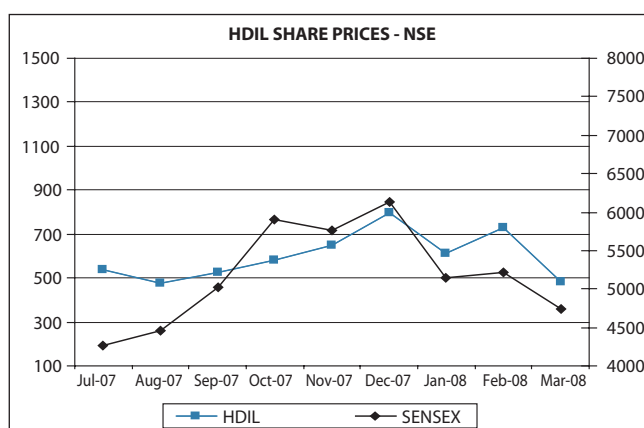
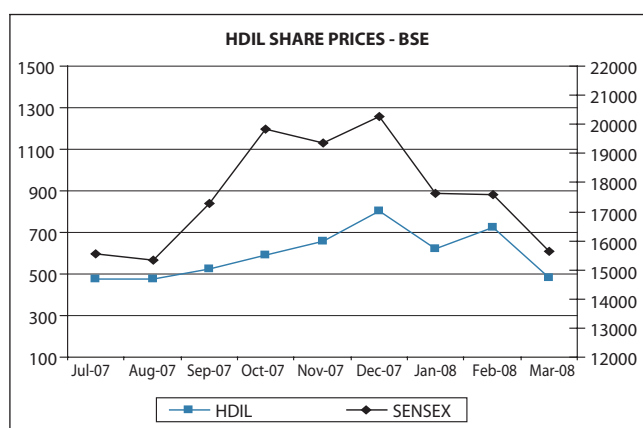
Pursuant to the provisions of the Companies Act, 1956, dividends lying unclaimed for a period of 7 years from the date of their transfer to unpaid/unclaimed dividend account have to be transferred to the Investor Education and Protection Fund (IEPF) constituted and administered by the Central Government. No claim would lie against the IEPF or the Company after the said transfer.

| Year | Dividend | Date of declaration | Last date of transfer to the Investor Education & Protection Fund |
|---------|----------|---------------------|---|
| 2006-07 | Interim | 30th July, 2007 | 4th September, 2014 |

Market Price Data:

| Month | Stock Exchanges | | | | | |
|----------------|-----------------|-----------|-----------|-------------|-----------|----------|
| | BSE | | | NSE | | |
| | Share price | | Sensex | Share price | | Nifty |
| | High (Rs.) | Low (Rs.) | Close | High (Rs.) | Low (Rs.) | Close |
| July 2007 | 633.45 | 473.50 | 15,550.99 | 634.30 | 535.00 | 4,258.85 |
| August 2007 | 574.70 | 478.15 | 15,318.60 | 600.00 | 477.50 | 4,464.00 |
| September 2007 | 667.70 | 522.00 | 17,291.10 | 668.00 | 525.00 | 5,021.35 |
| October 2007 | 820.00 | 592.00 | 19,837.99 | 825.00 | 581.35 | 5,900.65 |
| November 2007 | 828.00 | 655.00 | 19,363.19 | 828.40 | 650.00 | 5,762.75 |
| December 2007 | 1,103.90 | 805.25 | 20,286.99 | 1,105.00 | 800.00 | 6,138.60 |
| January 2008 | 1,432.00 | 620.20 | 17,648.71 | 1,431.95 | 610.00 | 5,137.45 |
| February 2008 | 1,035.00 | 727.00 | 17,578.72 | 1,031.90 | 727.65 | 5,223.50 |
| March 2008 | 848.00 | 484.00 | 15,644.44 | 843.00 | 484.00 | 4,734.50 |

Market price data (source: www.bseindia.com, www.nseindia.com)



Registrar & Share Transfer Agent:

M/s. Karvy Computershare Private Limited
Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081
Tel.: 040-2343 1551
Website: www.karvy.com

Share transfer system

The Registrar and Share Transfer Agent register the share transfers in physical form within 15 days from the receipt of the completed documents. Invalid share transfers are returned within 15 days of receipt. All requests for de-materialisation of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The Company also offers transfer cum demat facility.

Distribution schedule as on 31st March, 2008

| Equity shares held | Shareholders | Percent of Shareholders | Shares | Percent of Shareholding |
|--------------------|---------------|-------------------------|---------------------|-------------------------|
| 1-5000 | 80,306 | 98.56 | 37,17,810 | 1.73 |
| 5001-10000 | 458 | 0.56 | 3,59,511 | 0.17 |
| 10001-20000 | 206 | 0.25 | 3,07,272 | 0.14 |
| 20001-30000 | 90 | 0.11 | 2,29,025 | 0.11 |
| 30001-40000 | 48 | 0.06 | 1,71,566 | 0.08 |
| 40001-50000 | 40 | 0.05 | 1,88,900 | 0.09 |
| 50001-100000 | 87 | 0.11 | 7,06,619 | 0.33 |
| 100001 and above | 243 | 0.30 | 20,85,91,378 | 97.35 |
| Total | 81,478 | 100.00 | 21,42,72,081 | 100.00 |

Shareholding pattern as on 31st March, 2008

| Category | | Number of shares | Percentage of Holding |
|----------|------------------------------------|---------------------|-----------------------|
| A | Promoter's Holding | | |
| 1 | India Promoter | 13,17,72,000 | 61.50 |
| 2 | Foreign Promoter | - | - |
| | Sub Total (A) | 13,17,72,000 | 61.50 |
| B | Non Promoter's Holding | | |
| | Institutional Investors | | |
| 1 | Mutual funds/UTI | 24,26,370 | 1.13 |
| 2 | Financial Institutions/Banks | 37,432 | 0.02 |
| 3 | Insurance Companies | 3,55,705 | 0.17 |
| 4 | Foreign Institutional Investors | 2,40,40,443 | 11.22 |
| | Non Institutional Investors | | |
| 1 | Bodies Corporate | 3,79,65,328 | 17.72 |
| 2 | Individuals | 81,56,313 | 3.81 |
| 3 | Non-resident Indians | 2,06,796 | 0.10 |
| 4 | Overseas Corporate Bodies | 61 | - |
| 5 | Trusts | 1,787 | - |
| 6 | Foreign Nationals | 1,400 | - |
| 7 | Clearing Members | 3,24,146 | 0.15 |
| 8 | Director's and their Relatives | 89,84,300 | 4.19 |
| | Sub Total (B) | 8,25,00,081 | 38.50 |
| | Grand Total (A + B) | 21,42,72,081 | 100 |

Person's constituting group coming within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

| Sl. No. | Name of the Person/Company |
|---------|--|
| 1 | Mr. Rakesh Kumar Wadhawan |
| 2 | Mr. Sarang Wadhawan |
| 3 | Mr. Kapil Wadhawan |
| 4 | Mr. Dheeraj Wadhawan |
| 5 | Privilege Power and Infrastructure Private Limited |
| 6 | HDIL Entertainment Private Limited |
| 7 | HDIL Infra Projects Private Limited |
| 8 | HDIL Oil & Gas Private Limited |
| 9 | HDIL Leisure Private Limited |
| 10 | Blue Star Realtors Private Limited |
| 11 | Dinshaw Trapinex Builders Private Limited |
| 12 | Ravijyot Finance and Leasing Private Limited |

Information pursuant to Clause 32 of the Listing Agreement:

Loans and Advances in the nature of loan to subsidiaries:

(Rs. in crores)

| Name of the Company | Balance as at 31st March, 2008 | Maximum outstanding during the year |
|--|-----------------------------------|--|
| Privilege Power and Infrastructure Pvt. Ltd. | 162.79 | 162.79 |
| HDIL Entertainment Private Limited | 0.28 | 3.09 |
| Blue Star Realtors Private Limited | 174.74 | 174.74 |
| Ravijyot Finance and Leasing Private Limited | 83.84 | 83.84 |

Dematerialisation of shares and liquidity

As at 31st March, 2008, 96.96% of shareholding was held in dematerialised form with NSDL and CDSL, while 3.04% were held in physical form.

Outstanding GDRs/ ADRs/ Warrants

There are no outstanding GDRs/ ADRs/ Warrants or any convertible instruments, as on 31st March, 2008, likely to have an impact on the equity share capital of the Company.

Address for correspondence:

Housing Development and Infrastructure Limited
9-01, Dheeraj Arma, Anant Kanekar Marg,
Bandra (East), Mumbai – 400 051
Maharashtra

On behalf of the Board of Directors

Place: Mumbai
Date: 21st May, 2008

Rakesh Kumar Wadhawan
Executive Chairman

Auditor's Certificate of Corporate Governance

To the members of HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

We have examined the compliance of conditions of corporate governance by the Housing Development and Infrastructure Limited for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges of India.

The compliance of conditions of the corporate governance is the responsibility of the management. Our examination was limited to review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement.

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

For **THAR & CO.**
Chartered Accountants

Date: 21st May, 2008
Place: Mumbai

Jayesh R. Thar
(Proprietor)
Membership No. 032917

CEO/CFO Certificate under Clause 49 of the Listing Agreement

I, Sarang Wadhawan, Managing Director and K. P. Devassy, Chief Financial Officer of Housing Development and Infrastructure Limited hereby certify to Board that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2008 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit committee that:
 - (i) there are no significant changes in internal control over financial reporting during the year;
 - (ii) there have been no significant changes in accounting policies during the year which are required to be disclosed in the notes to the financial statements; and
 - (iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

.....
Sarang Wadhawan
Managing Director

.....
K. P. Devassy
Chief Financial Officer

Date: 21st May, 2008

Place: Mumbai

Statement relating to Subsidiary Company pursuant to Section 212 of the Companies Act, 1956

| 1. Name of the Subsidiary | Privilege Power and Infrastructure Private Limited | HDIL Entertainment Private Limited | HDIL Infra Projects Private Limited | HDIL Oil & Gas Private Limited | Ravijyot Finance and Leasing Private Limited | Blue Star Realtors Private Limited |
|---|--|------------------------------------|-------------------------------------|--------------------------------|--|------------------------------------|
| 2. Date of Incorporation | 04/09/1984 | 09/08/2007 | 06/12/2007 | 08/03/2008 | 20/03/1995 | 26/03/1990 |
| 3. Financial year of the subsidiary company ended on | 31st March, 2008 | 31st March, 2008 | 31st March, 2008 | 31st March, 2008 | 31st March, 2008 | 31st March, 2008 |
| 4. Holding Company | HDIL | HDIL | HDIL | HDIL | HDIL | HDIL |
| 5. Extent of Holding company's interest | 100% | 100% | 100% | 51% | 60% | 100% |
| 6. Face value per equity shares (Amt. in Rs.) | 100/- | 10/- | 10/- | 10/- | 10/- | 10/- |
| 7. No. of Equity Shares held by the holding company and/or its subsidiaries | 207,520 | 10,000 | 365,000 | 5,100 | 6,000 | 3,400,000 |
| 8. Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the holding company and is dealt with in account of holding company | | | | | | |
| 1) For financial year ended on 31st March, 2008 (Amt. in Rs.) | NIL | NIL | NIL | NIL | NIL | NIL |
| 2) For the previous financial year of the subsidiary since it became a subsidiary company (Amt. in Rs.) | NIL | NIL | NIL | NIL | NIL | NIL |
| 9. Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in account of holding company | | | | | | |
| 1) For financial year ended on 31st March, 2008 (Amt. in Rs.) | (3,629,365.4) | (2,958,387) | (11,936) | (5,776) | 0.00 | (3,654) |
| 2) For the previous financial year of the subsidiary since it became a subsidiary company (Amt. in Rs.) | 61,885,852.41 | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

Auditor's Report

To the members of HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED

1. We have audited the attached Balance Sheet of HOUSING DEVELOPMENT AND INFRASTRUCTURE LIMITED, as at 31st March, 2008 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 ("the Order") 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, 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, to the extent applicable.
 - e) on the basis of written representations received from Directors of the Companies, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon 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, 2008;
 - (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

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 21st May, 2008

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, 2008 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) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2.
 - a) As explained to us, the physical verification of the inventory has been conducted by the management at reasonable intervals during the year.
 - b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed during physical verification of inventories as compared to book records were not material having regard to the size of the operations of the Company and have been dealt with in the books of account.
3. In respect of the loans, secured or unsecured, granted 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 six companies. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 45,114.85 lacs and the year end balance is Rs. 44,834.05 lacs.
 - 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) 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.
 - d) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the 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 purchases of inventories and fixed assets and for the development of real estate and with regard to the sale of units in 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) 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 Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time 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) According to the information and explanations given to us by the management and on the basis of our examination of books of account of the Company, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues 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 undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty and other material statutory dues which were outstanding as at 31st March, 2008 for the period of six months from the date they became payable.
- c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty, which have not been deposited on account of any dispute.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. As per the information and explanations given to us by the management as at the balance sheet date, the Company has not defaulted in repayment of dues to banks or financial institutions or debenture holders.
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 Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company had invested unutilised fund of IPO proceeds in the units of mutual funds of which proper records have been kept and timely entries have been made therein. All these units were held by the Company in its own name.
15. As per the information and explanations given to us, the Company has not given any guarantee for loans taken from financial institutions and/or banks by others.
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. According to the information and explanations given to us and the records examined by us, the Company has created security or charges, or are in the process of creation of security or charges in respect of the debentures issued.
20. The Company has disclosed the end use of money raised by IPO, which has been verified by us.
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
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st May, 2008

Balance Sheet as at

| Schedules | 31st March, 2008 (Rs. in lacs) | | 31st March, 2007 (Rs. in lacs) | |
|--|-----------------------------------|------------|-----------------------------------|-------------------|
| SOURCES OF FUNDS | | | | |
| Shareholders' funds | | | | |
| Capital | A | 21,427.21 | | 18,000.00 |
| Reserves and surplus | B | 342,294.99 | 363,722.20 | 54,683.02 |
| | | | | 72,683.02 |
| Loan funds | | | | |
| Secured loans | C | 194,607.66 | | 37,568.46 |
| Unsecured loans | | 116,666.67 | 311,274.33 | - |
| Deferred tax liability | D | | 151.21 | 37,568.46 |
| | | | | 82.78 |
| Total | | | 675,147.74 | 110,334.26 |
| APPLICATION OF FUNDS | | | | |
| Fixed assets | E | | | |
| Gross block | | 5,530.57 | | 2,485.95 |
| Less: Depreciation | | 261.24 | | 126.94 |
| Net block | | 5,269.33 | | 2,359.01 |
| Capital work-in-progress | | 522.46 | 5,791.79 | 34.58 |
| | | | | 2,393.59 |
| Investments | F | | 21,255.50 | 16,503.78 |
| Current assets, loans and advances | | | | |
| Inventories | G | 510,284.83 | | 115,250.95 |
| Sundry debtors | H | 5,581.91 | | 31,025.58 |
| Cash and bank balances | I | 34,940.07 | | 478.46 |
| Loans and advances | J | 163,426.62 | | 21,515.25 |
| | | 714,233.43 | | 168,270.24 |
| Less: Current liabilities and provisions | | | | |
| Liabilities | K | 49,172.10 | | 72,134.87 |
| Provisions | L | 17,114.39 | | 6,503.44 |
| | | 66,286.49 | | 78,638.31 |
| Net current assets | | | 647,946.94 | 89,631.93 |
| Miscellaneous expenditure (to the extent not written off or adjusted) | M | | 153.51 | 1,804.96 |
| Total | | | 675,147.74 | 110,334.26 |
| Notes to accounts | V | | | |

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st May, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Executive Chairman

K. P. Devassy
Chief Financial Officer

Sarang Wadhawan
Managing Director

Darshan Majmudar
Company Secretary

Profit and Loss Account for the year ended

| | Schedule | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|---|----------|-----------------------------------|-----------------------------------|
| INCOME | | | |
| Turnover | N | 237,986.89 | 120,344.77 |
| Other income | O | 5,245.66 | 1,306.32 |
| | | 243,232.55 | 121,651.09 |
| EXPENDITURE | | | |
| (Increase)/Decrease in stock in trade | P | (1,255.42) | (1,188.34) |
| (Increase)/Decrease in work-in-progress | Q | (393,778.46) | (70,330.33) |
| Cost of Premises Capitalised as Investment/Fixed Assets | | (1,799.97) | (2,406.24) |
| Cost of construction and development | R | 460,355.10 | 126,298.22 |
| Employees' remuneration and welfare expenses | S | 1,158.57 | 835.15 |
| Administrative expenses | T | 4,303.87 | 2,075.39 |
| Interest | U | 13,848.63 | 4,449.52 |
| Depreciation | | 135.52 | 62.73 |
| Preliminary and other expenses written off | | 51.17 | 36.36 |
| | | 83,019.01 | 59,832.46 |
| Operating Profit before Tax | | 160,213.54 | 61,818.63 |
| Less: Provision for tax | | 19,050.00 | 7,603.20 |
| Less: Provision for fringe benefit tax | | 44.88 | 18.66 |
| Less: Provision for wealth tax | | 1.43 | 1.00 |
| Less: Deferred tax liability | | 78.28 | 38.54 |
| Add: Deferred tax asset (F.Y.06-07) | | 9.84 | - |
| Add: Excess Provision for taxation no longer required | | 2.70 | 24.11 |
| Operating Profit after Tax | | 141,051.49 | 54,181.34 |
| Balance brought forward from previous year | | 48,763.20 | 10,301.68 |
| Profit available for appropriation | | 189,814.69 | 64,483.02 |
| Appropriations: | | | |
| Transferred to General Reserve | | 48,763.20 | 5,919.82 |
| Transferred to Debenture Redemption Reserve | | 71,250.00 | - |
| Interim Dividend on Equity shares | | 4,200.00 | - |
| Proposed Dividend on Equity shares | | 6,428.16 | - |
| Dividend distribution tax | | 1,806.26 | - |
| Utilised for issue of Bonus Shares | | - | 9,800.00 |
| Profit Carried to Balance Sheet | | 57,367.07 | 48,763.20 |
| Earnings per share (Amount in Rs.) | | | |
| Equity shares of par value Rs. 10/- each | | 69.20 | 30.10 |
| Weighted average number of equity shares | | 203,822,836 | 180,000,000 |
| Notes to accounts | V | | |

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 21st May, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Executive Chairman

K. P. Devassy

Chief Financial Officer

Sarang Wadhawan

Managing Director

Darshan Majmudar

Company Secretary

Cash Flow Statement for the year ended

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|---|-----------------------------------|-----------------------------------|
| A. Cash flow from operating activities | | |
| Net profit before tax | 160,213.54 | 61,818.63 |
| Adjustments for: | | |
| (1) Depreciation | 135.52 | 62.73 |
| (2) Expenses of increasing authorised share capital written off | 51.17 | 36.36 |
| (3) Interest expenses | 433.69 | 548.41 |
| (4) Profit on sale of units of mutual funds | (1,116.91) | - |
| (5) Interest on fixed deposits | (2,657.49) | - |
| (6) Dividend received | (1.33) | - |
| (7) Loss on sale of asset | 1.09 | - |
| | (3,154.26) | (1.48) |
| Operating profit before working capital changes | 157,059.28 | 62,464.65 |
| Movements in working capital : | | |
| Decrease/(Increase) in inventory | (395,033.88) | (71,518.66) |
| Decrease/(Increase) in sundry debtors | 25,443.67 | (23,286.60) |
| Decrease/(Increase) in other receivables | (141,911.37) | (9,119.62) |
| (Decrease)/Increase in trade and other payables | (22,887.85) | 31,395.38 |
| Net movement in working capital | (534,389.43) | (72,529.50) |
| Cash generated from operations | (377,330.15) | (10,064.85) |
| Less: Direct taxes paid (net of refunds) | 16,081.53 | 1,990.29 |
| Net cash from operating activities | (393,411.68) | (12,055.14) |
| B. Cash flows from investing activities | | |
| (1) (Increase)/Decrease in capital WIP | (487.89) | 68.85 |
| (2) (Increase)/Decrease in investments (net) | (3,634.81) | (5,174.07) |
| (3) Interest on fixed deposits | 2,657.49 | - |
| (4) Dividend received | 1.33 | - |
| (5) Purchase of fixed assets | (3,047.44) | (1,927.39) |
| (6) Sale of fixed assets | 0.51 | - |
| Net cash from investing activities | (4,510.81) | (7,032.61) |
| C. Cash flows from financing activities | | |
| (1) Proceeds from borrowings | 293,118.27 | 18,002.97 |
| (2) Repayment of borrowings | (19,412.40) | (80.94) |
| (3) Proceeds from issue of share capital | 171,360.41 | - |
| (4) Expenses towards increase in share capital | (74.03) | (107.81) |
| (5) IPO expenses | (7,263.98) | (1,674.31) |
| (6) Dividend paid (including dividend distribution tax) | (4,910.48) | - |
| (7) Interest paid | (433.69) | (548.41) |
| Net cash used in financing activities | 432,384.10 | 15,591.50 |
| Net increase in cash and cash equivalents (A + B + C) | 34,461.61 | (3,496.25) |
| Cash and cash equivalents at the beginning of the year | 478.46 | 3,974.71 |
| Cash and cash equivalents at the end of the year | 34,940.07 | 478.46 |
| Components of cash and cash equivalents as at | 31st March, 2008 | 31st March, 2007 |
| | (Rs. in lacs) | (Rs. in lacs) |
| Cash on hand | 81.98 | 34.98 |
| With banks - on current account | 1,849.09 | 443.48 |
| - on deposit account | 33,009.00 | - |
| | 34,940.07 | 478.46 |

Notes: 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.
 2) Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**
 Chartered Accountants

Jayesh R. Thar
 (Proprietor)
 Membership No. 032917

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
 Executive Chairman

K. P. Devassy
 Chief Financial Officer

Sarang Wadhawan
 Managing Director

Darshan Majmudar
 Company Secretary

Place: Mumbai
 Date: 21st May, 2008

Schedules annexed to and forming part of Balance Sheet as at

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|---|-----------------------------------|-----------------------------------|
| SCHEDULE "A" | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 50,00,00,000 (P.Y. 25,00,00,000) Equity Share of Rs.10/- each | 50,000.00 | 25,000.00 |
| Issued, Subscribed and Paid Up | | |
| 21,42,72,081 * (P.Y. 18,00,00,000) Equity Share of Rs.10/-each fully paid up. | 21,427.21 | 18,000.00 |
| * During the year 3,42,72,081 equity shares of Rs.10/- each | | |
| | 21,427.21 | 18,000.00 |
| SCHEDULE "B" | | |
| RESERVE AND SURPLUS | | |
| Share Premium | | |
| Balance as per last Balance Sheet | - | 1,000.00 |
| Add: Received during the year | 167,933.20 | - |
| Less: Issue expenses written off | 8,938.30 | 1,000.00 |
| | 158,994.90 | - |
| General Reserve | | |
| Balance as per Last Balance Sheet | 5,919.82 | 2,200.00 |
| Add: Transferred from Profit and Loss Account | 48,763.20 | 5,919.82 |
| Less: Utilised for issue of bonus shares | - | 2,200.00 |
| | 54,683.02 | 5,919.82 |
| Debenture Redemption Reserve | | |
| Transferred from Profit and Loss Account | 71,250.00 | - |
| | 71,250.00 | - |
| Surplus | | |
| Profit and Loss Account | 57,367.07 | 48,763.20 |
| | 57,367.07 | 48,763.20 |
| | 342,294.99 | 54,683.02 |
| SCHEDULE "C" | | |
| LOAN FUND | | |
| SECURED LOANS * | | |
| From Scheduled Banks | 77,107.66 | 37,568.46 |
| From Financial Institutions | 30,000.00 | - |
| 8,750 Redeemable Non-Convertible Debentures of Rs. 10 lac each | 87,500.00 | - |
| | 194,607.66 | 37,568.46 |
| * Security details of these loans are given in Notes on Accounts Schedule V at serial No. 10. | | |
| UNSECURED LOANS | | |
| From Scheduled Banks | 86,666.67 | - |
| 300 Redeemable Non-Convertible Debentures of Rs. 1 crore each | 30,000.00 | - |
| | 116,666.67 | - |
| SCHEDULE "D" | | |
| Deferred Tax Liability (net) | | |
| Arising on account of timing difference in Depreciation | 181.91 | 92.15 |
| Provision for gratuity | (15.64) | (3.11) |
| Provision for encashment of leave | (15.06) | (6.26) |
| | 151.21 | 82.78 |

Schedules annexed to and forming part of Balance Sheet as at
SCHEDULE "E"
FIXED ASSETS

(Rs. in lacs)

| Description | Cost | | | | Depreciation | | | | Net Block | |
|----------------------|-----------------------------|---------------------------------|---------------------------------|------------------------------|------------------------------|---------------|----------------------|------------------------------|------------------------------|------------------------------|
| | as at 1st April, 2007 | additions during the year | deletions during the year | as at 31st March, 2008 | up to 31st March, 2007 | for the year | on sale of assets | up to 31st March, 2008 | as at 31st March, 2008 | as at 31st March, 2007 |
| Land | - | 557.09 | - | 557.09 | - | - | - | - | 557.09 | - |
| Buildings | 1,781.75 | 1,825.02 | - | 3,606.77 | 19.70 | 31.60 | - | 51.30 | 3,555.47 | 1,762.05 |
| Plant & Machinery | - | 113.25 | - | 113.25 | - | 0.96 | - | 0.96 | 112.29 | - |
| Office Equipments | 237.40 | 193.58 | - | 430.98 | 17.02 | 15.79 | - | 32.81 | 398.17 | 220.38 |
| Computer | 134.90 | 56.84 | - | 191.74 | 37.11 | 26.92 | - | 64.03 | 127.71 | 97.79 |
| Furniture & Fixtures | 97.16 | 266.49 | - | 363.65 | 13.71 | 36.84 | - | 50.55 | 313.10 | 83.45 |
| Vehicles | 234.74 | 35.17 | 2.82 | 267.09 | 39.40 | 23.41 | 1.22 | 61.59 | 205.50 | 195.34 |
| Total | 2,485.95 | 3,047.44 | 2.82 | 5,530.57 | 126.94 | 135.52 | 1.22 | 261.24 | 5,269.33 | 2,359.01 |
| Previous year | 558.56 | 1,927.39 | - | 2,485.95 | 64.21 | 62.73 | - | 126.94 | 2,359.01 | 494.35 |

SCHEDULE "F"
INVESTMENTS (At Cost)
Investments in immovable property

Leased out at Dheeraj Arma

4,112.79

4,112.79

Other than trade (Unquoted Shares)

Punjab & Maharashtra Co-op. Bank Limited

1,90,000 (P.Y. 40,000) Equity Shares of Rs.25/- each fully paidup

47.50

10.00

In subsidiary company (Unquoted Shares)

Privilege Power and Infrastructure Private Limited

2,07,520 (P.Y. 2,07,520) Equity Shares of Rs.100/- each fully paidup

746.35

746.35

HDIL Entertainment Private Limited

10,000 (P.Y. Nil) Equity Shares of Rs.10/- each fully paidup

1.00

-

HDIL Infra Projects Private Limited

3,65,000 (P.Y. Nil) Equity Shares of Rs.10/- each fully paidup

36.50

-

HDIL Oil & Gas Private Limited

5,100 (P.Y. Nil) Equity Shares of Rs.10/- each fully paidup

0.51

-

Blue Star Realtors Private Limited

34,00,000 (P.Y. Nil) Equity Shares of Rs.10/- each fully paidup

1,348.52

-

Ravijyot Finance & Leasing Private Limited

6,000 (P.Y. Nil) Equity Shares of Rs.10/- each fully paidup

0.60

-

Other corporates

HDIL Energy Private Limited

2,600 (P.Y. Nil) Equity Shares of Rs.10/- each fully paidup

0.26

-

HDIL Energy Private Limited

7,19,500 (P.Y. Nil) Preference Shares of Rs.10/- each fully paidup

71.95

-

Current Investments (at lower of cost or market value)
In capital account with partnership firms

Fixed

0.45

1.20

Current

14,889.07

11,633.44

21,255.50
16,503.78

Schedules annexed to and forming part of Balance Sheet as at

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|--|-----------------------------------|-----------------------------------|
| SCHEDULE "G" | | |
| INVENTORIES (lower of cost or net realisable value) | | |
| Finished Goods (Stock of Flats/Shops/TDR) | 2,873.95 | 1,618.53 |
| Work-in-progress | 507,410.88 | 113,632.42 |
| | 510,284.83 | 115,250.95 |
| SCHEDULE "H" | | |
| SUNDRY DEBTORS | | |
| Debts outstanding for a period exceeding six months | | |
| Unsecured, considered good | 5,037.58 | 5,286.98 |
| Other debts | | |
| Unsecured, considered good | 544.33 | 25,738.60 |
| | 5,581.91 | 31,025.58 |
| SCHEDULE "I" | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 81.98 | 34.98 |
| Balances with scheduled banks: | | |
| On current accounts | 1,849.09 | 443.48 |
| On deposit accounts | 33,009.00 | - |
| | 34,940.07 | 478.46 |
| SCHEDULE "J" | | |
| LOANS AND ADVANCES | | |
| Unsecured considered good | | |
| Advances and loans to subsidiaries | 42,165.79 | 11,647.47 |
| Advances recoverable in cash or in kind or for value to be received : | | |
| Goods and services | 2,678.67 | 1,735.73 |
| Land purchase | 117,279.62 | 8,011.25 |
| Rent receivable | 1.23 | 3.01 |
| Loans to employees | 8.01 | 5.59 |
| Prepaid expenses | 33.57 | 105.92 |
| Deposits | 462.89 | 6.28 |
| Accrued interest on fixed deposit | 796.84 | - |
| | 163,426.62 | 21,515.25 |
| SCHEDULE "K" | | |
| LIABILITIES | | |
| (a) Sundry creditors - Micro, Small and Medium Enterprises | - | - |
| - Others | 30,438.41 | 20,198.24 |
| (b) Advances from customer | 14,891.44 | 51,208.30 |
| (c) Unpaid dividend | 3.31 | - |
| (d) Share application money refundable | 16.28 | - |
| (e) Other liabilities | 1,161.22 | 728.33 |
| (f) Interest accrued but not due on loans | 2,661.44 | - |
| | 49,172.10 | 72,134.87 |
| SCHEDULE "L" | | |
| PROVISIONS | | |
| Proposed Dividend | 6,428.16 | - |
| Dividend Distribution Tax | 1,092.47 | - |
| Provision for taxation | 28,188.84 | 9,141.24 |
| Provision for fringe benefit tax | 73.25 | 28.66 |
| Provision for wealth tax | 2.43 | 1.00 |
| Less: Advance Tax | 18,828.12 | 2,746.59 |
| | 9,436.40 | 6,424.31 |
| Provision for bonus | 94.62 | 50.18 |
| Provision for gratuity | 36.84 | 9.25 |
| Provision for encashment of leave | 25.90 | 19.70 |
| | 17,114.39 | 6,503.44 |

Schedules annexed to and forming part of Balance Sheet as at
SCHEDULE "M"
MISCELLANEOUS EXPENDITURE

- a) Cost of increasing Authorised Share Capital
 (To the extent not written off or adjusted)
 Balance as per last Balance Sheet
 Add : Expenses incurred during the year
- Less: Written off during the year
- b) IPO Expenses
 Balance as per last Balance Sheet
 Add: Additions during the current year
- Less: Transfer to share premium account

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|--|--|--|
| | 130.65 | 59.19 |
| | 74.03 | 107.82 |
| | 204.68 | 167.01 |
| | 51.17 | 36.36 |
| | 153.51 | 130.65 |
| | 1,674.31 | - |
| | 7,263.98 | 1,674.31 |
| | 8,938.29 | 1,674.31 |
| | 8,938.29 | - |
| | - | 1,674.31 |
| | 153.51 | 1,804.96 |

Schedules annexed to and forming part of Profit and Loss Account for the year ended
SCHEDULE "N"
TURNOVER

- Sale of commercial and residential units
 Sale of development rights / FSI
 Sale of land

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|--|--|--|
| | 35,335.13 | 26,397.13 |
| | 202,651.76 | 82,889.63 |
| | - | 11,058.01 |
| | 237,986.89 | 120,344.77 |

SCHEDULE "O"
OTHER INCOME

- Rent and compensation [TDS Rs. 888.16 lacs (P.Y. Rs.144.19 lacs)]
 Dividend received
 Building maintenance
 Flat cancellation charges
 Interest on fixed deposits [TDS Rs. 637.35 lacs (P.Y. NIL)]
 Profit on sale of units of mutual funds
 Profit from firm
 Share of revenue

| | | |
|--|-----------------|-----------------|
| | 1,463.15 | 998.68 |
| | 1.33 | 1.47 |
| | - | 193.02 |
| | 0.70 | 1.10 |
| | 2,657.49 | - |
| | 1,116.92 | - |
| | - | 112.05 |
| | 6.07 | - |
| | 5,245.66 | 1,306.32 |

SCHEDULE "P"
(INCREASE)/DECREASE IN STOCK-IN-TRADE

- Opening stock-in-trade
 Closing stock-in-trade

| | | |
|--|-------------------|-------------------|
| | 1,618.53 | 430.19 |
| | 2,873.95 | 1,618.53 |
| | (1,255.42) | (1,188.34) |

SCHEDULE "Q"
(INCREASE)/DECREASE IN WORK-IN-PROGRESS

- Opening work-in-progress
 Closing work-in-progress

| | | |
|--|---------------------|--------------------|
| | 113,632.42 | 43,302.09 |
| | 507,410.88 | 113,632.42 |
| | (393,778.46) | (70,330.33) |

Schedules annexed to and forming part of Profit and Loss Account for the year ended

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|---|--|--|
| SCHEDULE "R" | | |
| COST OF CONSTRUCTION & DEVELOPMENT | | |
| Land | 321,759.47 | 51,495.17 |
| TDR | 1,350.27 | 1,367.08 |
| Tenancy / Claims / Development rights | 20,621.53 | 28,305.76 |
| Construction materials | 116,623.83 | 45,130.21 |
| | 460,355.10 | 126,298.22 |
| SCHEDULE "S" | | |
| EMPLOYEES' REMUNERATION AND WELFARE EXPENSES | | |
| Salary and welfare expenses | 1,158.57 | 835.15 |
| | 1,158.57 | 835.15 |
| SCHEDULE "T" | | |
| ADMINISTRATIVE EXPENSES | | |
| Sales promotion and advertisement expenses | 1,137.13 | 751.55 |
| Commission and brokerage | 26.85 | 129.55 |
| Electricity charges | 46.49 | 41.81 |
| Insurance charges | 10.95 | 62.30 |
| Other administrative expenses | 493.39 | 98.48 |
| Loss on sale of car | 1.09 | - |
| Printing and stationery | 84.03 | 57.53 |
| Professional fees | 614.23 | 151.75 |
| Rent, rates and taxes | 277.06 | 187.87 |
| Repairs and maintenance to other assets | 26.50 | 11.76 |
| Stamping and registration | 246.22 | 134.05 |
| Communication expenses | 143.45 | 71.74 |
| Travelling expenses and conveyance | 496.95 | 139.01 |
| Directors remuneration and sitting fees | 274.40 | - |
| Remuneration to auditors | 29.14 | 25.00 |
| Donation | 395.75 | 212.74 |
| Filing fees paid to R.O.C. | 0.24 | 0.25 |
| | 4,303.87 | 2,075.39 |
| SCHEDULE "U" | | |
| FINANCE EXPENSES | | |
| Project specific interest | 16,104.39 | 5,035.91 |
| Less: Interest received from subsidiary companies [TDS Rs. 609.43 lacs (P.Y. Rs. 254.65 lacs)] | 2,689.45 | 1,134.80 |
| Net project specific interest | 13,414.94 | 3,901.11 |
| Other interest | 433.69 | 548.41 |
| | 13,848.63 | 4,449.52 |

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V"

A. Nature of operations:

Housing Development and Infrastructure Limited (HDIL) along with its wholly owned subsidiaries Privilege Power and Infrastructure Private Limited, Blue Star Realtors Private Limited and HDIL Infra Projects Private Limited is one of the leading real estate and infrastructure company in India with significant presence in MMR (Mumbai Metropolitan Region). HDIL as a part of its land acquisition strategy in MMR has acquired 60% stake in Ravijyot Finance & Leasing Private Limited. During the year HDIL has incorporated wholly owned subsidiary, HDIL Entertainment Private Limited with the object of carrying on business of entertainment. HDIL Entertainment Private Limited has been running multiplex business and plans to expand into other entertainment business like management of food court and gaming zones. HDIL as a part of its diversification strategy and future business potential is venturing out in the field of oil and natural gas. To achieve this object HDIL has incorporated HDIL Oil & Gas Private Limited with objective to focus on exploration, production and refining.

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 and comply in all material respects with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

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

c) Use of estimates

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

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

4. Inventories

Inventories are valued as follows:

| | |
|------------------|---|
| Work-in-progress | Lower of cost or net realisable 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 realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale. |

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

Sale:

a) Unit in Real Estate:

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

b) Rent:

Revenue is recognised on accrual basis

c) Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

d) Dividends:

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

e) 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.

f) Share in revenue of Entertainment Vertical:

Revenue is recognised on accrual basis.

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V" (Contd.)

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 realised in future.

9. Amortisation of expenses for increasing authorised share capital

Expense for increasing authorised share capital is amortised 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 the event of fresh issue of shares to the public.

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 current accounting period in which an asset is identified as impaired. The impairment loss recognised in earlier accounting periods is reversed if there has been a change in the estimate of recoverable amount as specified in Accounting Standard (AS-28) on "Impairment of Assets".

13. Prepaid expenses

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

14. Foreign currency transaction

Foreign currency transactions are accounted at the rates prevailing on the date of transaction. 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.

16. Contingent liabilities

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

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V" (Contd.)

C. Other Notes:

(1) Related party disclosure

- A. List of related parties with whom transactions have taken place during the current accounting period and relationship:

Subsidiaries

Privilege Power and Infrastructure Private Limited
 HDIL Entertainment Private Limited
 HDIL Infra Project Private Limited
 Blue Star Realtors Private Limited

Ravijyot Finance & Leasing Private Limited
 HDIL Oil & Gas Private Limited

Associates

Heritage Housing Development Corporation
Enterprise significantly influenced by key management personnel
 Dinshaw Trapinex Builders Private Limited
 HDIL Energy Private Limited
 HDIL Power Private Limited
 D. S. Corporation

- B. Transactions with related party

(Rs. in lacs)

| Nature of transaction | Subsidiary | Associate | Key Management Personnel | Total |
|--|------------|-----------|--------------------------|-----------|
| Development rights/expenses | - | 19,274.83 | - | 19,274.83 |
| Advances paid | 32,686.58 | - | - | 32,686.58 |
| Investment in Partnership firm | - | 3,119.45 | - | 3,119.45 |
| Investment in Equity/preference shares | 135.10 | 72.95 | - | 208.05 |
| Interest received | 2,689.45 | - | - | 2,689.45 |
| Lease rent | 1.43 | - | - | 1.43 |
| Remuneration - Directors | - | - | 161.25 | 161.25 |
| - Others | - | - | 17.32 | 17.32 |
| Share of revenue | 6.07 | - | - | 6.07 |
| Dividend Paid | - | - | 701.22 | 701.22 |

- C. Key Management Personnel

| | | | |
|-----------------------------|--------------------|------------------------|-------------------------|
| Shri. Rakesh Kumar Wadhawan | Executive Chairman | Shri. K. P. Devassy | Chief Financial Officer |
| Shri. Sarang Wadhawan | Managing Director | Shri. Darshan Majmudar | Company Secretary |

(2) Remuneration to Auditors

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|---------------------------|-----------------------------------|-----------------------------------|
| a) Audit fees | 11.24 | 21.74* |
| b) Taxation Matters | 7.02 | 6.25 |
| c) Management Consultancy | 7.02 | 6.25 |
| d) Other Services | 3.86 | 4.00 |
| | 29.14 | 38.24 |

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

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V" (Contd.)

(3) Managerial Remuneration

(Rs. in lacs)

| | 31st March, 2008 |
|---|-------------------------|
| (a) Remuneration to Managing Director Salaries | 161.25 |
| (b) Commission to Non-Executive Directors | 100.00 |

Computation of net profits for commission payable to the Directors

| | |
|---|--------------------|
| Profit before tax as per profit and loss Account | 1,60,213.54 |
| Add: Remuneration to directors | 161.25 |
| Commission to directors | 100.00 |
| Depreciation charged in account | 135.53 |
| | <u>1,60,610.32</u> |
| Less: Depreciation as per Section 350 of the Companies Act, 1956 | 135.53 |
| Net profit/(loss) on sale of fixed assets as per account | 1.09 |
| | <u>136.62</u> |
| Net profit as per Section 349 of the Companies Act, 1956 | <u>1,60,473.70</u> |
| Commission payable to Directors @ 1% of the net profit (Previous year @ Nil%) | 1,604.74 |
| Restricted to | 100.00 |

(4) Capital commitments

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|--|--|--|
| a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits) | 401.25 | 19.89 |

(5) Contingent Liabilities not provided for

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|--|--|--|
| a) Claims against the Company not acknowledged as debts represented 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. | 3,737.79 | 3,737.79 |
| b) Guarantees provided by the bank | 2,915.00 | NIL |
| c) Letter of credits provided by the bank | 404.72 | NIL |

(6) Supplementary statutory information

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|--|--|--|
| i. Directors remuneration (including commission) | 261.25 | 15.00 |
| ii. Earnings in foreign currency | NIL | NIL |
| iii. Expenditure in foreign currency | | |
| - Profession fees | 306.12 | NIL |
| - Other matters | 1,167.42 | 334.62 |
| iv. Value of imports calculated on CIF basis | | |
| - Capital goods | 5.34 | NIL |
| - Construction materials and other expenses | 1,830.62 | 291.26 |

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V" (Contd.)

(7) 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) Since the Company is engaged in real estate and construction business, quantitative details with regard to production and turn over are not applicable.
- (8) 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.
- (9) In the opinion of the management, the current assets and loans and advances are not less than as stated, if realised in the ordinary course of business.

(10) Loan funds

A) Secured loans

Term Loans:

- a) **Indian Overseas Bank:** (I) 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 28465.78 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 *pro-rata* right, interest, title of the borrower in the land underneath comprising saleable area of 400,000 sq. ft. in the mall and 250,000 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. Rate of Interest BPLR + 0.50% p.a. or 11.50% p.a. whichever is higher (Amount repayable within next twelve months exclusive of interest Rs. 2,000 lacs) (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/ utilisation of transferable development rights generated from said scheme, hypothecation of movable at the construction site and book debts. Rate of Interest BPLR + 0.25% p.a. or 10.75% p.a. whichever is higher (Amount repayable within next twelve months exclusive of interest Rs. 2,222.22 lacs)
- b) **Syndicate Bank:** (I) Registered mortgage of non agriculture land of total area 6,887,747 sq. ft. at village Dongre, Vasai, District - Thane of value of Rs. 137.75

crore and book debts outstanding monies receivable, claims, bills, contracts, securities, investments, goodwill, rights and assets as security. Rate of Interest PLR in force. (Amount repayable within next twelve months exclusive of interest Rs. 2,250.00 lacs) (II) Registered mortgage of non agriculture land of total area 21,167.4 sq. ft. being developed at Village at CTS No.1A-58, containing plot nos. D/1,D/1-A, D2 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 PLR in force. (Amount repayable within next twelve months exclusive of interest Rs. 1,500.00 lacs).

- c) **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 28,465.78 sq.mtr. in village Bhandup, Mumbai). Project assets include the following. (1) Borrowers share of sale area to be constructed together with the undivided *pro rata* right, interest, title of the borrower in the land underneath comprising saleable area of 400,000 sq.ft. in the mall and 250,000 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. Rate of Interest BPLR - 0.50% p.a. (Amount repayable within next twelve months exclusive of interest Rs. 1,333.33 Lacs).
- d) **Bank of India:** Secured by registered mortgage of free sale component to be generated on the piece and parcel of land bearing survey no. 236A and 194 (pt) admeasuring about 18199.08 sq. mtr. on the property situated at Ghatkopar (East) together with buildings constructed or to be constructed thereon. The rate of interest is BPLR + 0.75% p.a. (Amount repayable within next twelve months exclusive of interest Rs. Nil).
- e) **ICICI Bank Limited:** Secured by hypothecation of various vehicles .
- f) **Yes Bank:** Working Capital Term Loan secured by *pari passu* charge on the land admeasuring 28,465.78 sq. mtr. and exclusive charge on 2nd & 3rd floor of the structure standing thereon of the project Dreams Mall at village Bhandup, Mumbai. Rate of interest is 13.50% p.a. payable monthly. Repayment by two equal installments at the end of the 16th and 18th month from the date of disbursement. (Amount repayable within next twelve months exclusive of interest Rs. 10,000.00 lacs).

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V" (Contd.)

- g) Life Insurance Corporation of India:** Secured by registered mortgage of land admeasuring about 2,107,399 sq. ft. along with structures to be constructed thereon situated in Village Chandansar, Virar (East) Dist. Thane and land admeasuring about 22.50 acres at Kochi. Rate of interest is 12.75% p.a. payable monthly. Repayment by sixteen equal quarterly installments beginning from 1st May, 2009. (Amount repayable within next twelve months exclusive of interest Rs. Nil).
- h) Union Bank of India:** Secured by registered mortgage of land admeasuring about 51,085.47 sq. mtrs. together with existing structures at L.B.S. marg, Nahur, Mulund (West). Rate of interest is BPLR + 0.50% p.a. payable monthly. Repayment by eight equal quarterly installments beginning from 31st December, 2008. (Amount repayable within next twelve months exclusive of interest Rs. 5,750 lacs).
- i) Union Bank of India:** Overdraft account secured by pledge of fixed deposit receipts in the name of the company aggregating Rs. 30,000 lacs. Rate of interest is BPLR + 0.50% p.a. payable monthly.
- j) Secured Redeemable Non Convertible Debentures:**
- i) 2,500 Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest with a floor of 11.65% p.a. and upper cap of 11.75% p.a. payable quarterly each year are issued on private placement basis to LIC Mutual Fund. These Secured Non-Convertible Debentures are redeemable in five equal monthly installments commencing from 1st June 2009 and ending on 1st October, 2009. (Amount repayable within next twelve months exclusive of interest Rs. Nil).
 - ii) 3,000 Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest with a floor of 11.65% p.a. and upper cap of 11.75% p.a. payable quarterly each year are issued on private placement basis to LIC Mutual Fund. These Secured Non-Convertible Debentures are redeemable in five equal monthly installments commencing from 15th June, 2009 and ending on 15th October, 2009. (Amount repayable within next twelve months exclusive of interest Rs. Nil). The above debentures are secured by registered mortgage of aggregating 239,895 sq. ft. built up area in building known as Dheeraj Arma, Bandra (East).
 - iii) 3,250 Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each fully paid carrying interest @ 13.25% p.a. payable quarterly each year are issued on private placement basis to various bankers and financial institutions. These Secured Non-Convertible Debentures are redeemable on 19th February, 2010. Security by way of registered mortgage of 33.7 acres of land at Kochi is being provided for the debentures. (Amount repayable within next twelve months exclusive of interest Rs. Nil).
- B) Unsecured loans**
- a) Redeemable Non-Convertible Debentures:**
- i) 150 Unsecured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000/- each fully paid carrying interest with a floor of 9.90% p.a. and upper cap of 10% p.a. are issued on private placement basis to LIC Mutual Fund. These Non-Convertible Debentures are redeemable on 10th August, 2008.
 - ii) 100 Unsecured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000/- each fully paid carrying interest with a floor of 9.40% p.a. and upper cap of 9.50% p.a. are issued on private placement basis to LIC Mutual Fund. These Non-Convertible Debentures are redeemable on 13th August, 2008.
 - iii) 25 Unsecured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000/- each fully paid carrying interest with a floor of 12% p.a. and upper cap of 12.10% p.a. payable quarterly are issued on private placement basis to LIC Mutual Fund. These Non-Convertible Debentures are redeemable on 17th December, 2009.
 - iv) 25 Unsecured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000/- each fully paid carrying interest with a floor of 12.15% p.a. and upper cap of 12.20% p.a. payable quarterly are issued on private placement basis to LIC Mutual Fund. These Non-Convertible Debentures are redeemable on 27th December, 2009.
- b) Bank of India:** Short-term Demand Loan carrying interest at 0.50% over BPLR payable monthly and repayable in one bullet payment after six months from the date of disbursement. (Amount repayable within next twelve months exclusive of interest Rs. 20,000 lacs).
- c) Union Bank of India:** Short-term Demand Loan carrying interest at 0.50% over BPLR payable monthly and repayable in nine months from 1st draw date in bullet payment. (Amount repayable within next twelve months exclusive of interest Rs. 20,000 lacs).
- d) Vijaya Bank:** Short-term demand Loan carrying interest at 0.25% over BPLR payable monthly and repayable in three quarterly installments from the date of first disbursement. (Amount repayable within next twelve months exclusive of interest Rs. 10,000 lacs).

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V" (Contd.)

- e) Oriental Bank of Commerce:** Short-term Demand Loan carrying interest at 0.50% over PLR payable monthly and repayable in nine months from 1st draw date in bullet payment. (Amount repayable within next twelve months exclusive of interest Rs. 20,000 lacs).
- f) UCO Bank:** Short-term Demand Loan carrying interest at 0.25% over PLR payable monthly and repayable in nine months from 1st draw date in bullet payment. (Amount repayable within next twelve months exclusive of interest Rs. 20,000 lacs).

(11) 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%. The Firm has been dissolved during the year.

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 Sunpreet Singh - 5%.

(12) Earnings per share has been computed as under:

| | 31st March, 2008 | 31st March, 2007 |
|---|------------------|------------------|
| (a) Profit after taxation (Rs. in lacs) | 1,41,051.49 | 54,181.33 |
| (b) Weighted average number of shares used in computing earnings per share | 20,38,22,836 | 18,00,00,000 |
| (c) Earnings per share (Face value Rs. 10/- per share) (Basic and diluted) (in Rs.) | 69.20 | 30.10 |

(13) Micro, Small and Medium Enterprises

The Company has not received any information from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 which came into effect from 2nd October, 2006, and hence disclosure, if any, relating to amounts unpaid as on 31st March, 2008 together with interest paid/payable as required under the Act, have not been given.

- (14)** The Company has ventured into new areas of business i.e. entertainment with its newly incorporated subsidiary HDIL Entertainment Private Limited, however, neither revenue, assets nor results are significant for reporting to classify as a separate segment reportings.

- (15)** The income tax assessments have been completed up to the assessment year 2005-06. There is no pending tax demand on the Company.

- (16)** Figures in brackets represent previous accounting period figures. Figures for the previous accounting period have been re-grouped, re-arranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous accounting period are included as an integral part of the current accounting period financial statement and are to be read in relation to the amounts and other disclosures relating to the current accounting period.

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V" (Contd.)

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

I. Registration Details

| | |
|--------------------|------------|
| Registration No. | 101379 |
| State Code | 11 |
| Balance Sheet Date | 31-03-2008 |

II. Capital Raised during the year (Rs. in lacs)

| | |
|-------------------|----------|
| Public Issue | 3,397.21 |
| Right Issue | NIL |
| Bonus Issue | NIL |
| Private Placement | 30.00 |

III. Position of Mobilisation and Deployment of Funds (Rs. in lacs)

| | |
|-------------------|-------------|
| Total Liabilities | 7,41,434.23 |
| Total Assets | 7,41,434.23 |

Sources of Funds (Rs. in lacs)

| | |
|------------------------|------------|
| Paid-up Capital | 21,427.21 |
| Reserves & Surplus | 342,294.99 |
| Secured Loans | 194,607.66 |
| Unsecured Loans | 116,666.67 |
| Deferred Tax Liability | 151.22 |

Application of Funds (Rs. in lacs)

| | |
|---------------------------|------------|
| Net Fixed Assets | 5,791.79 |
| Investments | 21,255.50 |
| Net Current Assets | 647,946.95 |
| Miscellaneous Expenditure | 153.51 |
| Accumulated Losses | NIL |

IV. Performance of company (Rs. in lacs)

| | |
|-----------------------------------|------------|
| Turnover (Sales and other Income) | 243,232.55 |
| Total Expenditure | 83,019.01 |
| Profit before Tax | 160,213.54 |
| Profit after Tax | 141,051.49 |
| Earning Per Share - Basic Rs. | 69.20 |
| Dividend Rate % | 50 |

V. Generic Names of Principal Products/Services of Company (as per monetary terms)

| | |
|--------------------------|-----|
| Item Code No. (ITC Code) | NIL |
| Product Description | NA |

Signatures to Schedule 'A' to 'V'

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st May, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Executive Chairman

Sarang Wadhawan
Managing Director

K. P. Devassy
Chief Financial Officer

Darshan Majmudar
Company Secretary

Directors' Report

To the Members,

Your Directors have pleasure in presenting the Twenty-fourth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended 31st March, 2008.

Financial Results

| Particulars | (Rs. '000) | |
|---|------------------|------------------|
| | 2007-08 | 2006-07 |
| Gross Sales and Other Receipts | 6,595.54 | 82,804.17 |
| Profit before Depreciation and Taxation | 3,111.31 | 70,556.98 |
| Depreciation | 1,206.19 | 1,302.02 |
| Profit before tax | 1,905.12 | 69,254.96 |
| Less: Provision for tax | 5,534.49 | 7,369.11 |
| Profit/(Loss) after taxation | (3,629.37) | 61,885.85 |
| Balance brought forward | 55,697.27 | 31,704.90 |
| Less: Transferred to General Reserve | - | 37,893.48 |
| Profit/(Loss) carried to Balance Sheet | 52,067.90 | 55,697.27 |

Dividend

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

Directors

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Ashok Kumar Gupta has been appointed as an Additional Director of the Company with effect from 4th September, 2007. Mr. Ashok Kumar Gupta will hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Ashok Kumar Gupta for the office of Director, liable to retire by rotation.

In accordance with provisions of the Companies Act, 1956, Shri Sarang Wadhawan and Shri Waryam Singh retire by rotation at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-appointment.

Appointment of Auditors

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

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: NIL

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

- a) The Company has established energy management system which sets up target and benchmarks to conserve the energy.
- b) During the year the Company has not undertaken any Research and Development activity or development of any Technology.
- c) Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) is

| | Current year (Rs. '000) | Previous year (Rs. '000) |
|-------------------------------|----------------------------|-----------------------------|
| (a) Foreign Exchange Earnings | Nil | Nil |
| (b) Foreign Exchange Outgo | Nil | Nil |

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

Directors' Responsibility Statement

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and loss of the Company for that period;
- iii) 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;
- iv) The Directors have prepared the annual accounts on a going concern basis.

Acknowledgement

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.

On behalf of the Board of Directors

Rakesh Kumar Wadhawan

Director

Place: Mumbai

Date: 22nd April, 2008

Auditor's Report

To the members of PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED

1. We have audited the attached Balance Sheet of PRIVILEGE POWER AND INFRASTRUCTURE PRIVATE LIMITED as at 31st March, 2008 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 ("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 directors of the Company as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2008,
 - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 22nd April, 2008

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, 2008 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 any of the fixed assets during the year and hence the going concern assumption is not affected.
2. a) As explained to us, the physical verification of the inventory has been conducted by the management at reasonable intervals during the year.
- b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed during the physical verification of inventories as compared to the book records were not material having regard to the size of the operations of the Company and have been dealt with in the books of account.
3. 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 unsecured demand loan from its holding company. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 162.79 crores and the year end balance is Rs. 162.79 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, for the development of real estate and with regard to the sale of units in 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, Service Tax and other material statutory dues applicable to it. There were no dues on account of cess under section 441A of the Companies Act 1956, since the Central Government has not notified the date of the commencement of the section.

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty and other material statutory dues which were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty and cess, which have not been deposited on account of any dispute.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. The Company does not have any dues to a financial institution or bank, accordingly, the clause No. 4 (xi) of the Order is not applicable.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4(xiii) of the Order, are not applicable to the Company.
14. According to the information and explanations given to us, the company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. 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 Order 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
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 22nd April, 2008

Balance Sheet as at

| | Schedule | 31st March, 2008 (Rs. '000) | | 31st March, 2007 (Rs. '000) | |
|---|----------|--------------------------------|---------------------|--------------------------------|---------------------|
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| Capital | A | 20,752.00 | | 20,752.00 | |
| Reserves and surplus | B | 100,936.26 | 121,688.26 | 104,565.63 | 125,317.63 |
| LOAN FUNDS | | | | | |
| Unsecured loans | C | | 1,627,920.00 | | 1,164,747.16 |
| Total | | | 1,749,608.26 | | 1,290,064.79 |
| APPLICATION OF FUNDS | | | | | |
| Fixed assets | | | | | |
| Gross block | D | 18,552.80 | | 18,079.84 | |
| Less: Depreciation | | 4,439.07 | | 3,232.88 | |
| Net block | | | 14,113.73 | | 14,846.96 |
| Investments | E | | 1,805.93 | | 1,805.93 |
| Deferred tax asset | F | | 214.40 | | 605.44 |
| Current assets, loans and advances | | | | | |
| Inventories | G | 2,398,182.99 | | 1,719,696.49 | |
| Sundry debtors | H | 8,281.66 | | 10,565.38 | |
| Cash and bank balances | I | 6,097.72 | | 9,213.48 | |
| Loans and advances | J | 132,037.40 | | 251,725.95 | |
| | | 2,544,599.77 | | 1,991,201.30 | |
| Less: Current liabilities and provisions | | | | | |
| Liabilities | K | 813,477.46 | | 699,884.51 | |
| Provisions | L | 1,778.31 | | 24,705.63 | |
| | | 815,255.77 | | 724,590.14 | |
| Net current assets | | | 1,729,344.00 | | 1,266,611.16 |
| Miscellaneous expenditure | M | | 4,130.20 | | 6,195.30 |
| Total | | | 1,749,608.26 | | 1,290,064.79 |
| Notes to accounts | V | | | | |

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 22nd April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Director

Sarang Wadhawan

Director

Ajay Tipte

Assistant Company Secretary

Profit and Loss Account for the year ended

| | Schedule | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|---|----------|--------------------------------|--------------------------------|
| INCOME | | | |
| Turnover | N | 2,045.00 | 7,446.14 |
| Other Income | O | 4,550.54 | 75,358.04 |
| | | 6,595.54 | 82,804.18 |
| EXPENDITURE | | | |
| (Increase)/Decrease in Stock in trade | P | 1,057.72 | 5,084.00 |
| (Increase)/Decrease in Work-in-progress | Q | (679,544.22) | (1,328,902.44) |
| Purchases | R | 496,115.44 | 1,212,607.26 |
| Financial expenses | S | 176,886.23 | 116,295.19 |
| Employees remuneration and welfare expenses | T | 6,542.55 | 1,242.59 |
| Administrative expenses | U | 361.41 | 3,855.50 |
| Depreciation | | 1,206.19 | 1,302.02 |
| Amortisation of miscellaneous expenditure | | 2,065.10 | 2,065.10 |
| | | 4,690.42 | 13,549.22 |
| Operating Profit before Tax | | 1,905.12 | 69,254.96 |
| Less: Provision for tax | | 1,004.00 | 7,918.14 |
| Less: Provision for Fringe Benefit Tax | | 116.00 | 162.66 |
| Less: Short provision for taxations for earlier year | | 4,023.45 | - |
| Less: Deferred tax liability | | 391.04 | - |
| Add: Deferred tax asset | | - | 711.69 |
| Operating Profit after Tax | | (3,629.37) | 61,885.85 |
| Balance brought forward from previous year | | 55,697.27 | 31,704.90 |
| Profit available for appropriation | | 52,067.90 | 93,590.75 |
| Appropriations : | | | |
| Transferred to General Reserve | | - | 37,893.48 |
| Profit carried to Balance Sheet | | 52,067.90 | 55,697.27 |
| Earnings per share (Amount in Rs.) | | | |
| Equity shares of par value Rs. 100/- each | | | |
| Basic and diluted | | (17.49) | 298.22 |
| Number of shares used in computing earnings per share | | | |
| Basic and diluted | | 207,520 | 207,520 |
| Notes to accounts | V | | |

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 22nd April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Director

Sarang Wadhawan

Director

Ajay Tipte

Assistant Company Secretary

Cash Flow Statement for the year ended

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|---|--------------------------------|--------------------------------|
| A. Cash flow from operating activities | | |
| Net profit before tax | 1,905.12 | 69,254.96 |
| Adjustments for: | | |
| (1) Depreciation | 1,206.19 | 1,302.02 |
| (2) Expenses of increasing authorised share capital written off | 2,065.10 | 2,065.10 |
| (3) Interest expenses | 176,886.23 | 116,295.19 |
| (4) Investment Income | (3,076.55) | (74,292.91) |
| | 177,080.97 | 45,369.40 |
| Operating profit before working capital changes | 178,986.09 | 114,624.36 |
| Adjustments for : | | |
| Decrease/(Increase) in inventory | (678,486.50) | (1,323,818.44) |
| Decrease/(Increase) in sundry debtors | 2,283.72 | (2,459.19) |
| Decrease/(Increase) in other receivables | 119,688.55 | 65,596.65 |
| (Decrease)/Increase in trade and other payables | 113,862.31 | 692,034.77 |
| | (442,651.92) | (568,646.21) |
| Net movement in working capital | (263,665.83) | (454,021.85) |
| Cash generated from operations | 28,340.13 | 652.41 |
| Less : Direct taxes paid (net of refunds) | (292,005.96) | (454,674.26) |
| Net cash from operating activities | (292,005.96) | (454,674.26) |
| B. Cash flows from investing activities | | |
| (1) Sale of investments | - | 98,462.41 |
| (2) Purchase of investments | - | (1,305.93) |
| (3) Investment income | 3,076.55 | 4,682.06 |
| (4) Purchase of fixed assets | (472.96) | (10,996.56) |
| | 2,603.59 | 90,841.98 |
| Net cash from investing activities | 2,603.59 | 90,841.98 |
| C. Cash flows from financing activities | | |
| (1) Proceeds from borrowings | 463,172.84 | 447,198.83 |
| (2) Interest paid | (176,886.23) | (116,295.19) |
| | 286,286.61 | 330,903.64 |
| Net cash from financing activities | 286,286.61 | 330,903.64 |
| Net increase in cash and cash equivalents (A + B + C) | (3,115.76) | (32,928.64) |
| Cash and cash equivalents at the beginning of the year | 9,213.48 | 42,142.12 |
| Cash and cash equivalents at the end of the year | 6,097.72 | 9,213.48 |
| Components of cash and cash equivalents as at 31st March | 2008 | 2007 |
| | (Rs. '000) | (Rs. '000) |
| Cash on hand | 47.58 | 8,612.04 |
| With banks - on current account | 6,050.14 | 601.44 |
| | 6,097.72 | 9,213.48 |

Notes: 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.

2) Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 22nd April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Sarang Wadhawan
Director

Ajay Tipte
Assistant Company Secretary

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

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|---|--------------------------------|--------------------------------|
| SCHEDULE "A" | | |
| SHARE CAPITAL | | |
| Authorised 1,50,00,000 (P.Y. - 1,50,00,000) Equity shares of Rs. 100/- each | 1,500,000.00 | 1,500,000.00 |
| Issued, Subscribed and Paid Up 2,07,520 (P.Y. - 2,07,520) Equity shares of Rs. 100/- each fully paid up | 20,752.00 20,752.00 | 20,752.00 20,752.00 |
| SCHEDULE "B" | | |
| RESERVES AND SURPLUS | | |
| General Reserve | | |
| Balance as per last Balance Sheet | 48,868.36 | 10,974.88 |
| Add: Transferred from Profit and Loss Account | - | 37,893.48 |
| | 48,868.36 | 48,868.36 |
| Surplus | | |
| Profit and Loss Account | 52,067.90 | 55,697.27 |
| | 100,936.26 | 104,565.63 |
| SCHEDULE "C" | | |
| UNSECURED LOANS | | |
| From Holding company | 1,627,920.00 | 1,164,747.16 |
| | 1,627,920.00 | 1,164,747.16 |

SCHEDULE "D"
FIXED ASSETS

(Rs. '000)

| Description | Cost | | | | Depreciation | | | | Net Block | |
|------------------------|-----------------------------|---------------------------------|---------------------------------|------------------------------|------------------------------|-----------------|----------------------|------------------------------|------------------------------|------------------------------|
| | as at 1st April, 2007 | additions during the year | Deletions during the year | as at 31st March, 2008 | up to 31st March, 2007 | for the year | On Sale of assets | up to 31st March, 2008 | as at 31st March, 2008 | as at 31st March, 2007 |
| Office Premises | 4,204.36 | - | - | 4,204.36 | 504.22 | 68.53 | - | 572.75 | 3,631.61 | 3,700.14 |
| Books | 11.33 | - | - | 11.33 | 2.69 | 0.54 | - | 3.23 | 8.10 | 8.64 |
| Office Equipments | 4,142.04 | 368.39 | - | 4,510.43 | 455.80 | 199.37 | - | 655.17 | 3,855.26 | 3,686.24 |
| Computers | 3,703.35 | - | - | 3,703.35 | 791.75 | 516.13 | - | 1,307.88 | 2,395.47 | 2,911.60 |
| Furniture and fixtures | 3,888.66 | 104.57 | - | 3,993.23 | 634.63 | 219.26 | - | 853.89 | 3,139.34 | 3,254.03 |
| Vehicles | 2,130.10 | - | - | 2,130.10 | 843.79 | 202.36 | - | 1,046.95 | 1,083.95 | 1,286.31 |
| Total | 18,079.84 | 472.96 | - | 18,552.80 | 3,232.88 | 1,206.19 | - | 4,439.07 | 14,113.73 | 14,846.96 |
| Previous year | 7,083.29 | 10,996.55 | - | 18,079.84 | 1,930.86 | 1,302.02 | - | 3,232.88 | 14,846.96 | 5,152.43 |

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

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|---|--------------------------------|--------------------------------|
| SCHEDULE "E" | | |
| LONG TERM INVESTMENTS (At cost) | | |
| Investments other than trade | | |
| 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 |
| In immovable property | | |
| Investment in property | 1,305.93 | 1,305.93 |
| | 1,805.93 | 1,805.93 |
| SCHEDULE "F" | | |
| DEFERRED TAX ASSETS | | |
| Arising on account of timing difference in | | |
| Depreciation | 156.30 | 439.20 |
| Provision for gratuity | (5.64) | 75.89 |
| Provision for encashment of leave | 63.74 | 90.35 |
| | 214.40 | 605.44 |
| SCHEDULE "G" | | |
| INVENTORIES (At cost) | | |
| Stock in trade | 89,524.28 | 90,582.00 |
| Work-in-progress | 2,308,658.71 | 1,629,114.49 |
| | 2,398,182.99 | 1,719,696.49 |
| SCHEDULE "H" | | |
| SUNDRY DEBTORS | | |
| Debts outstanding for a period exceeding six months | | |
| Unsecured, considered good | 4,859.16 | 7,011.57 |
| Other debts | | |
| Unsecured, considered good | 3,422.50 | 3,553.81 |
| | 8,281.66 | 10,565.38 |
| SCHEDULE "I" | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 47.58 | 8,612.04 |
| Balances with scheduled banks: | | |
| On current accounts | 6,050.14 | 601.44 |
| | 6,097.72 | 9,213.48 |
| SCHEDULE "J" | | |
| LOANS AND ADVANCES | | |
| Unsecured considered good | | |
| Advances recoverable in cash or in kind or value to be received: | | |
| Advances for land purchase | 128,412.99 | 248,123.95 |
| Loans to employees | 74.29 | 54.00 |
| Security Deposits – CIDCO | 3,548.00 | 3,548.00 |
| Prepaid Expenses | 2.12 | - |
| | 132,037.40 | 251,725.95 |

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

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|--|---------------------------------------|---------------------------------------|
| SCHEDULE "K" | | |
| LIABILITIES | | |
| a) Creditors for goods and services: | | |
| (1) Total outstanding dues of micro enterprises and small enterprises | - | - |
| (2) Total outstanding dues of creditors other than micro enterprises and small enterprises | 802,959.75 | 673,918.84 |
| b) Advances from customers | 334.49 | 214.85 |
| c) Other liabilities | 10,183.22 | 25,750.82 |
| | 813,477.46 | 699,884.51 |
| SCHEDULE "L" | | |
| PROVISIONS | | |
| Provision for fringe benefit tax | 598.27 | 458.02 |
| Provision for income tax | 30,817.09 | 25,813.89 |
| Less: Tax paid | 30,635.31 | 2,295.18 |
| | 780.05 | 23,976.73 |
| Provision for gratuity | 467.65 | 225.45 |
| Provision for encashment of leave | 530.61 | 503.45 |
| | 1,778.31 | 24,705.63 |
| SCHEDULE "M" | | |
| MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written off or adjusted) | | |
| Expenses on increasing authorised share capital | | |
| Balance as per previous Balance sheet | 6,195.30 | 8,260.40 |
| Less: Amortised during the year | 2,065.10 | 2,065.10 |
| | 4,130.20 | 6,195.30 |

Schedules annexed to and forming part of the Profit and Loss Account for the year ended

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|---|--------------------------------|--------------------------------|
| SCHEDULE "N" | | |
| TURNOVER | | |
| Sale of shops | 2,045.00 | 7,446.14 |
| | 2,045.00 | 7,446.14 |
| SCHEDULE "O" | | |
| OTHER INCOME | | |
| Rent and compensation (TDS Rs. 3,37,314/- P.Y. Rs.3,22,796/-) | 1,491.00 | 1,491.00 |
| Maintainance charges | 1,473.99 | 1,065.13 |
| Dividend | 65.00 | 3,191.06 |
| Interest on fixed deposits | 1,520.55 | - |
| Profit on sale of shares | - | 69,610.85 |
| | 4,550.54 | 75,358.04 |
| SCHEDULE "P" | | |
| (INCREASE)/DECREASE IN STOCK-IN-TRADE | | |
| Opening stock in trade | 90,582.00 | 95,666.00 |
| Closing stock in trade | 89,524.28 | 90,582.00 |
| | 1,057.72 | 5,084.00 |
| SCHEDULE "Q" | | |
| (INCREASE)/DECREASE IN WORK-IN-PRGRESS | | |
| Opening work-in-progress | 1,629,114.49 | 300,212.05 |
| Closing work-in-progress | 2,308,658.71 | 1,629,114.49 |
| | (679,544.22) | (1,328,902.44) |
| SCHEDULE "R" | | |
| PURCHASES | | |
| Land | 462,627.67 | 1,137,127.18 |
| Tenancy rights | 12,500.00 | 31,000.00 |
| Other civil materials | 20,987.77 | 44,480.08 |
| | 496,115.44 | 1,212,607.26 |

Schedules annexed to and forming part of the Profit and Loss Account for the year ended

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|---|---------------------------------------|---------------------------------------|
| SCHEDULE "S" | | |
| FINANCIAL EXPENSES | | |
| Project specific interest | 176,886.23 | 116,295.19 |
| | 176,886.23 | 116,295.19 |
| SCHEDULE "T" | | |
| EMPLOYEES' REMUNERATION AND WELFARE EXPENSES | | |
| Salary and welfare expenses | 6,542.55 | 1,242.59 |
| | 6,542.55 | 1,242.59 |
| SCHEDULE "U" | | |
| ADMINISTRATIVE EXPENSES | | |
| Communication expenses | – | 1,331.82 |
| Electricity charges | – | 605.31 |
| Repairs and maintenance | – | 26.56 |
| Travelling and conveyance expenses | – | 857.55 |
| Sales promotion and advertisement expenses | – | 50.95 |
| Rent, rates and taxes | – | 39.20 |
| Other administrative expenses | – | 683.11 |
| Remuneration to auditors | 291.41 | 250.00 |
| Donation | 60.00 | – |
| Filing fees paid to R.O.C. | 10.00 | 11.00 |
| | 361.41 | 3,855.50 |

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V"

A. Nature of operations

Privilege Power and Infrastructure Private Limited is engaged in the business of real estate, developing, operating and maintaining infrastructure facilities. The Company has got in principal approval from the authorities to develop multi product SEZ at Virar. Currently land acquisition is under process.

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 and comply in all material respects with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

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

c) Use of estimates:

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

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

4. Inventories

Inventories are valued as follows:

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

5. Revenue recognition

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

Sale

a) Unit in real estate

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

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 recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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 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)

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V" (Contd.)

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.

B. Transactions with related party

(Rs. '000)

| Nature of transaction | Transaction with | 2008 | 2007 |
|-----------------------|------------------|----------|----------|
| Advances received | Holding Company | 4,70,530 | 3,59,184 |
| Interest paid | Holding Company | 1,54,114 | 1,13,480 |
| Rent Paid | Holding Company | 109 | — |

C. Key management personnel

—

Not Applicable

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 for 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;

- cost of fixed assets, if the same relates to acquisition of fixed assets;
- profit and loss account, if it relates to the monetary items;
- 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.

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

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

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V" (Contd.)

| | 2008 | 2007 |
|--|---------------|---------------|
| 2. Remuneration to Auditors | | |
| A. Audit fees | 112.36 | 100.00 |
| B. Taxation matters | 112.36 | 100.00 |
| C. Management consultancy | 66.69 | 50.00 |
| D. Other services | NIL | NIL |
| | 291.41 | 250.00 |
| 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 | 2008 | 2007 |
| i) Director's remuneration | NIL | NIL |
| ii) Earnings in foreign currency | NIL | NIL |
| iii) Expenditure in foreign currency | NIL | NIL |
| iv) Value of imports calculated on CIF basis | NIL | 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 and loans and advances are not less than as stated, if realised in the ordinary course of business. | | |
| 9. The income tax assessments have been completed up to the assessment year 2005-06. There is no pending tax demand on the Company. | | |
| 10. Micro, small and medium enterprises | | |
| The company has not received any information from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 which came into effect from 2nd October, 2006, and hence disclosure, if any, relating to amounts unpaid as on 31st March, 2008 together with interest paid/payable as required under the Act, have not been given. | | |
| 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. | | |

Significant Accounting Policies and Notes on Accounts

SCHEDULE "V" (Contd.)

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 | 31-03-2008 |

II. Capital Raised during the year

(Rs. '000)

| | |
|-------------------|-----|
| Public Issue | NIL |
| Right Issue | NIL |
| Bonus Issue | NIL |
| Private Placement | NIL |

III. Position of Mobilisation and Deployment of Funds

(Rs. '000)

| | |
|-------------------|-----------|
| Total Liabilities | 25,64,864 |
| Total Assets | 25,64,864 |

Sources of Funds

(Rs. '000)

| | |
|------------------------|-----------|
| Paid-up Capital | 20,752 |
| Reserves & Surplus | 1,00,936 |
| Secured Loans | - |
| Unsecured Loans | 16,27,920 |
| Deferred Tax Liability | - |

Application of Funds

(Rs. '000)

| | |
|---------------------------|-----------|
| Net Fixed Assets | 14,114 |
| Investments | 1,806 |
| Deferred Tax Assets | 214 |
| Net Current Assets | 17,29,344 |
| Miscellaneous Expenditure | 4,130 |
| Accumulated Losses | NIL |

IV. Performance of company

(Rs. '000)

| | |
|-----------------------------------|---------|
| Turnover (Sales and other Income) | 6,596 |
| Total Expenditure | 4,691 |
| Profit before Tax | 1,905 |
| Profit after Tax | (3,629) |
| Earning per share - Basic Rs. | (17.49) |
| Dividend rate % | NIL |

V. Generic Names of Three Principal Products/Services of Company

(as per monetary terms)

| | |
|--------------------------|-----|
| Item Code No. (ITC Code) | NIL |
| Product Description | NA |

Signature to Schedule 'A' to 'V'

For **THAR & CO.**

Chartered Accountants

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 22nd April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Director

Sarang Wadhawan

Director

Ajay Tipte

Assistant Company Secretary

Directors' Report

To the Members,

Your Directors are pleased to submit the Eighteenth Annual Report with the audited statement of accounts for the year ended 31st March, 2008.

1. Financial Results

| | Current year (Rs. '000) | Previous year (Rs. '000) |
|--|-----------------------------------|------------------------------------|
| Gross sales and other receipts | 163.73 | 99.96 |
| Profit/(Loss) before depreciation and taxation | 30.04 | 120.25 |
| Depreciation | 34.89 | 47.02 |
| Profit/(Loss) before tax | (4.85) | 73.23 |
| Less: Provision for tax | - | 12.60 |
| Add: Deffered tax asset | 1.20 | 2.33 |
| Profit/(Loss) after tax | (3.65) | 62.96 |
| Balance brought forward | 6,285.95 | 6,222.99 |
| Less: Transfer to Capital Redemption Reserve | 6,207.20 | - |
| Profit/(Loss) carried to Balance Sheet | 75.10 | 6,285.95 |

2. Dividend

In the absence of sufficient profits, your Directors do not recommend payment of any dividend on the equity shares for the year.

3. Appointment of Auditors

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

- 4. a) During the year the Company has not employed any employee, therefore has not paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.
- b) During the year the Company has not undertaken any research and development activity or development of any technology in the area of construction activities.
- c) Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) is

| | Current year (Rs. '000) | Previous year (Rs. '000) |
|-------------------------------|-----------------------------------|------------------------------------|
| (a) Foreign Exchange Earnings | Nil | Nil |
| (b) Foreign Exchange Outgo | Nil | Nil |

d) The Company has no outstanding dues to small scale industries or Micro, Small and Medium Enterprises.

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

- i) In the preparation of the annual accounts, the applicable accounting standards to the extent applicable, have been followed;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the loss of the Company for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.

6. Acknowledgement

Your Directors express their sincere thanks to the business associates for its assistance and co-operation extended from time to time.

On behalf of the Board of Directors

Hetin Sakhuja

Director

Place: Mumbai

Date: 22nd April, 2008

Auditor's Report

To the members of BLUE STAR REALTORS PRIVATE LIMITED,

1. We have audited the attached Balance Sheet of BLUE STAR REALTORS PRIVATE LIMITED, as at 31st March, 2008 and Profit and Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that;
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 - c) the Balance Sheet, 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, to the extent applicable.
 - e) on the basis of written representations received from directors of the Company, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in confirmative 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, 2008;
 - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date;
and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No.: 032917

Place: Mumbai
Date: 22nd April, 2008

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, 2008 of Blue Star Realtors Private Limited.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) Physical verification of fixed assets as at 31st March, 2008 was conducted by the management on the last day of the year. In our opinion, the frequency of physical verification is reasonable. No material discrepancy has been noticed on such verification.
c) The Company has not disposed off any of the fixed assets during the year and hence the going concern assumption is not affected.
2. a) The stocks of building materials, stores and work in progress have been physically verified on the last day of the year by the management. In our opinion, the frequency of verification is reasonable.
b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of stocks 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 physical verification of inventories as compared to book records were not material having regard to the size of the operations of the Company and have been dealt with in the books of account.
3. a) According to information and explanations given to us the Company has not granted loans secured or unsecured to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
b) Except a demand loan of Rs.1,74,74,38,086/- from the holding Company, during the year, the Company has not taken loans secured or unsecured from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
c) In our opinion, the rate of interest and other terms and conditions are, *prima facie*, not prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that the some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories. During the course of our audit, we have not observed any major weakness 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 the Companies Act, 1956 and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time 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. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. According to the information and explanations given to us by the management, the Company has provided sufficient internal checks at various stages, therefore, we are informed that, at present, the Company does not have formal internal audit.
8. 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 for any of the products of the Company.
9. a) According to the information and explanations given to us by the management and on the basis of our examination of books of account of the Company, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and

- Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues 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 undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty and other material statutory dues, which were outstanding as at 31st March, 2008 for the period of six months from the date they became payable.
- c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty and Cess, which have not been deposited on account of any dispute.
10. The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution or bank. 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. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, company has not accepted any term loan during the year under audit.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, except the allotment of Equity shares to its holding company, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. 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

(Proprietor)

Membership No.: 032917

Place: Mumbai

Date: 22nd April, 2008

Balance Sheet as at

| | Schedule | 31st March, 2008 (Rs. '000) | | 31st March, 2007 (Rs. '000) | |
|--|----------|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| Sources of Funds | | | | | |
| Shareholders Fund | | | | | |
| Share Capital | A | 34,000.00 | | 41,833.87 | |
| Reserves and Surplus | B | <u>8,508.96</u> | 42,508.96 | <u>964,917.95</u> | 1,006,751.82 |
| Loan Funds | C | | 1,747,438.09 | | - |
| Total | | | <u><u>1,789,947.05</u></u> | | <u><u>1,006,751.82</u></u> |
| Application of Funds | | | | | |
| Fixed Assets | D | | 100.56 | | 135.45 |
| Investments | E | | 500.00 | | 9,494.96 |
| Deferred Tax Asset | F | | 27.85 | | 26.65 |
| Current Assets, Loans and Advances | G | 1,814,983.62 | | 1,910,081.66 | |
| Less: Current Liabilities and Provisions | H | <u>26,070.44</u> | 1,788,913.18 | <u>912,986.90</u> | 997,094.76 |
| Miscellaneous Expenditure | I | | 405.46 | | - |
| Total | | | <u><u>1,789,947.05</u></u> | | <u><u>1,006,751.82</u></u> |
| Notes on accounts | K | | | | |

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 22nd April, 2008.

For and on behalf of the Board of Directors

Hetin Sakhuja
Director

Ashok Kumar Gupta
Director

Profit and Loss Account for the year ended

| | Schedule | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|--|----------|--------------------------------|--------------------------------|
| INCOME | | | |
| Share of Profit from partnership firm | | 98.72 | 39.96 |
| Other income | J | 65.00 | 60.00 |
| Closing work in progress | | 1,801,934.33 | 1,184,063.60 |
| | | 1,802,098.05 | 1,184,163.56 |
| EXPENSES | | | |
| Opening work in progress | | 1,184,063.60 | 23,915.85 |
| Land Purchase/Development Expenses | | 617,870.74 | 1,160,100.73 |
| Administrative expenses | | 1.16 | 9.17 |
| Audit fees | | 19.66 | 16.83 |
| Filing fees paid to R.O.C. | | 11.50 | - |
| Depreciation | | 34.89 | 47.02 |
| Amortisation of Preliminary Expenses | | - | 0.73 |
| Amortisation of Expenses for increasing authorised share capital | | 101.36 | - |
| | | 1,802,102.91 | 1,184,090.33 |
| Profit/(Loss) before tax | | (4.86) | 73.23 |
| Less: Provision for tax | | - | 12.60 |
| Add: Deferred tax asset | | 1.20 | 2.33 |
| Profit/(Loss) after tax | | (3.66) | 62.96 |
| Balance brought forward | | 6,285.95 | 6,222.99 |
| Less: Transfer to Capital Redemption Reserve | | 6,207.20 | - |
| Balance carried to balance sheet | | 75.09 | 6,285.95 |
| Earning per share- basic | | - | 0.03 |
| Notes on accounts | K | | |

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants**Jayesh R. Thar**
(Proprietor)
Membership No. 032917Place: Mumbai
Date: 22nd April, 2008.

For and on behalf of the Board of Directors

Hetin Sakhuja
Director**Ashok Kumar Gupta**
Director

Cash Flow Statement for the year ended on

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|--|---------------------------------------|---------------------------------------|
| A. Cash flow from operating activities | | |
| Net profit before tax | (4.86) | 73.23 |
| Adjustments for: | | |
| (1) Depreciation | 34.89 | 47.02 |
| (2) Preliminary expenses written off | - | 0.73 |
| (3) Amortisation of Expenses for increasing authorised share capital | 101.36 | - |
| (4) Investment income | (163.73) | (99.96) |
| | (27.48) | (52.21) |
| Operating profit before working capital changes | (32.34) | 21.02 |
| Movements in working capital : | | |
| Decrease/(Increase) in inventories | (617,870.73) | (1,160,147.76) |
| Decrease/(Increase) in other receivables | 712,934.58 | (717,022.27) |
| (Decrease)/Increase in trade and other payables | (886,906.99) | 896,763.39 |
| Net movement in working capital | (791,843.14) | (980,406.64) |
| Cash used in operations | (791,875.48) | (980,385.62) |
| Less: Direct taxes paid (net of refund) | 9.46 | - |
| Net cash used in operating activities | (791,884.94) | (980,385.62) |
| B. Cash flows from investing activities | | |
| (1) Investment income | 163.73 | 99.96 |
| (2) Purchase of shares | - | (6.00) |
| (3) Investment in partnership firm | 8,994.96 | (39.96) |
| Net cash used in investing activities | 9,158.69 | 54.00 |
| C. Cash flows from financing activities | | |
| (1) Proceeds from borrowings | 1,747,438.09 | - |
| (2) Proceeds from issue of share capital | 9,760.00 | 980,465.87 |
| (3) Redemption of preference capital | (973,999.20) | - |
| (4) Expenses towards increase in share capital | (506.82) | - |
| Net cash from financing activities | 782,692.07 | 980,465.87 |
| Net increase in cash and cash equivalents (A + B + C) | (34.18) | 134.25 |
| Cash and cash equivalents at the beginning of the year | 3,995.79 | 3,861.54 |
| Cash and cash equivalents at the end of the year | 3,961.61 | 3,995.79 |
| Components of cash and cash equivalents as at 31st March | 2008 (Rs. '000) | 2007 (Rs. '000) |
| Cash on hand | 3,809.79 | 3,809.42 |
| With banks - on current account | 151.82 | 186.37 |
| | <u>3,961.61</u> | <u>3,995.79</u> |

Notes: 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.

2) Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants

Jayesh R. Thar

(Proprietor)

Membership No. 032917

For and on behalf of the Board of Directors

Hetin Sakhuja

Director

Ashok Kumar Gupta

Director

Place: Mumbai

Date: 22nd April, 2008.

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

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|--|--------------------------------|--------------------------------|
| SCHEDULE "A" | | |
| SHARE CAPITAL | | |
| Authorised Share Capital | | |
| 34,00,000 (P.Y. 30,00,000) Equity shares of Rs.10/- each | 34,000.00 | 30,000.00 |
| 16,00,000 (P.Y. 20,00,000) Preference shares of Rs.10/- each | 16,000.00 | 20,000.00 |
| | 50,000.00 | 50,000.00 |
| Issued, subscribed and paid up | | |
| Equity Shares | | |
| 34,00,000 (P.Y. 25,86,667) Equity shares of Rs.10/- each fully paid | 34,000.00 | 25,866.67 |
| Preference Shares | | |
| Nil (P.Y. 15,96,720) 11% Redeemable, Non convertible, Non - cumulative Preference shares of Rs.10/- each fully paid | - | 15,967.20 |
| | 34,000.00 | 41,833.87 |
| SCHEDULE "B" | | |
| RESERVES AND SURPLUS | | |
| Capital Reserve | | |
| Balance as per last Balance Sheet | 600.00 | 600.00 |
| | 600.00 | 600.00 |
| Capital Redemption Reserve | | |
| Transfer from Profit and Loss Account | 6,207.20 | - |
| | 6,207.20 | - |
| Share Premium Account | | |
| Balance as per last Balance Sheet | 958,032.00 | - |
| Add: Received during the year | 1,626.67 | 958,032.00 |
| Less: Utilised for redemption of Preference Shares | 958,032.00 | - |
| | 1,626.67 | 958,032.00 |
| Surplus | | |
| Profit and Loss Account | 75.09 | 6,285.95 |
| | 75.09 | 6,285.95 |
| Total | 8,508.96 | 964,917.95 |
| SCHEDULE "C" | | |
| LOAN FUNDS | | |
| Unsecured Loan from Holding Company | 1,747,438.09 | - |
| Total | 1,747,438.09 | - |

SCHEDULE "D"
FIXED ASSETS (Rs. '000)

| Description | Cost | | | | Depreciation | | | | Net Block | |
|----------------------|-----------------------------|---------------------------------|-----------------------------|------------------------------|-----------------------------|-----------------|------------------|------------------------------|------------------------------|------------------------------|
| | as at 1st April, 2007 | additions during the year | sales during the year | as at 31st March, 2008 | up to 1st April, 2007 | for the year | on asset sold | up to 31st March, 2008 | as at 31st March, 2008 | as at 31st March, 2007 |
| Furniture & Fixtures | 12.71 | - | - | 12.71 | 10.40 | 0.42 | - | 10.82 | 1.89 | 2.32 |
| Vehicle(s) | 948.01 | - | - | 948.01 | 814.87 | 34.47 | - | 849.34 | 98.67 | 133.13 |
| Total | 960.72 | - | - | 960.72 | 825.27 | 34.89 | - | 860.16 | 100.56 | 135.45 |
| Previous year | 960.72 | - | - | 960.72 | 778.25 | 47.02 | - | 825.27 | 135.45 | 182.47 |

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|---|--------------------------------|--------------------------------|
| SCHEDULE "E" | | |
| INVESTMENTS (AT COST) | | |
| In capital account | | |
| Kiran Promoters & Developers | - | 8,988.96 |
| In shares | | |
| Unquoted (other than trade investments) | | |
| Punjab and Maharashtra Co - Operative Bank Limited 20,000 (P.Y. 20000) Equity shares of Rs. 25/- each fully paid | 500.00 | 500.00 |
| Wadhawan Holding Pvt. Ltd. 100 equity shares of Rs. 10 each fully paid | - | 6.00 |
| Total | 500.00 | 9,494.96 |

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

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|--|--------------------------------|--------------------------------|
| SCHEDULE "F" | | |
| DEFERRED TAX ASSETS | | |
| Balance as per last balance sheet | 26.65 | 24.31 |
| Add: Arising on account of timing differences in depreciation on Fixed Assets. | 1.20 | 2.34 |
| | 27.85 | 26.65 |
| SCHEDULE "G" | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| (I) Current Assets | | |
| a) Inventory (at cost) | | |
| Work in progress | 1,801,934.33 | 1,184,063.60 |
| b) Cash and Bank balance | | |
| Cash in hand | 3,809.79 | 3,809.42 |
| Cash at schedule bank on current account | 151.82 | 186.37 |
| | 3,961.61 | 3,995.79 |
| Total (a + b) | 1,805,895.94 | 1,188,059.39 |
| (II) Loans and Advances | | |
| Advances recoverable in cash or in kind or for value to be received | 9,087.68 | 722,022.27 |
| Total | 9,087.68 | 722,022.27 |
| Total (I) + (II) | 1,814,983.62 | 1,910,081.66 |
| SCHEDULE "H" | | |
| CURRENT LAIBILITIES AND PROVISIONS | | |
| (I) Current Liabilities | | |
| a) Creditors for goods and services | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | - | - |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 26,058.10 | 401.54 |
| Total | 26,058.10 | 401.54 |
| b) Advance from customer for land purchases | - | 912,563.56 |
| Total (a + b) | 26,058.10 | 912,965.10 |
| (II) Provisions | | |
| Provision for taxation | 21.80 | 21.80 |
| Less: Tax Paid | 9.46 | - |
| | 12.34 | 21.80 |
| Total (I) + (II) | 26,070.44 | 912,986.90 |
| SCHEDULE "I" | | |
| MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) | | |
| Preliminary Expenses | | |
| Balance as per last Balance sheet | - | 0.73 |
| Less: Written off during the year | - | 0.73 |
| Total | - | - |
| Expenses for increasing authorised share capital | | |
| Balance as per last Balance sheet | - | - |
| Add: Expenses incurred during year | 506.82 | - |
| | 506.82 | - |
| Less: Written off during the year | 101.36 | - |
| Total | 405.46 | - |
| SCHEDULE "J" | | |
| OTHER INCOME | | |
| Dividend | 65.00 | 60.00 |
| | 65.00 | 60.00 |

Notes on Accounts for the year ended on 31st March, 2008

SCHEDULE "K"

1. Significant Accounting Policies

a) System of accounting

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable

b) Share of profit from partnership firm

The income in respect of share of profit out of the profit of the partnership firm in which the company is one of partner is recognised to the extent of company's share on the basis of final accounts of the partnership firm.

c) Fixed assets

Fixed assets are stated at cost of acquisition or construction less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised and includes financing costs relating to borrowed funds attributable to construction.

d) Depreciation on fixed assets

Depreciation is provided on Written Down Value (WDV) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

e) Investment

Long term investments are carried at cost of purchase plus cost of transfer wherever applicable, after providing for any diminution of a permanent nature.

f) Inventories

Inventories are valued at lower of cost or net realisable value.

g) Retirement and other benefits to employees

During the year the company has not employed any employee.

h) Amortisation of preliminary and other expenses

Amortisation of expenses for increasing authorised share capital are written off over a period of five years.

i) Taxes on income

Provision for current tax is made based on taxable income for the year. Deferred tax is recognised/ provided on timing difference between taxable income and accounting income subject to consideration of prudence.

j) Contingent liabilities

Contingent liabilities are not provided for and, if any, the same is disclosed by way of note.

2. a) Contingent liabilities not provided for:
b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

| Current year (Rs. '000) | Previous year (Rs. '000) |
|----------------------------|-----------------------------|
| Nil | Nil |
| Nil | Nil |

3. Licensed and Installed Capacities

As the Company is engaged in the development of real estate the provisions of licensed and installed capacities are not applicable.

4. a) The Company contends that being a construction company carrying on development of real estate, the turnover and actual production do not admit of quantitative details.
b) Other information required to be given under Part II of Schedule VI of the Companies Act, 1956 to the extent not applicable is not given.

| Current year (Rs. '000) | Previous year (Rs. '000) |
|----------------------------|-----------------------------|
| 19.66 | 16.83 |
| - | - |
| - | - |
| <u>19.66</u> | <u>16.83</u> |
| Nil | Nil |
| Nil | Nil |
| Nil | Nil |

5. Remuneration to auditors

- a) Audit fees (inclusive of service tax)
b) Taxation matters
c) Other services

6. Value of imports on C.I.F. basis
7. Expenditure in foreign currency
8. Earnings in foreign exchange

Notes on Accounts for the year ended on 31st March, 2008

SCHEDULE "K" (Contd.)

9. **Micro, Small and Medium Enterprises**

The Company has not received any information from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 which came into effect from 2nd October, 2006, and hence disclosure, if any, relating to amounts unpaid as on 31st March, 2008 together with interest paid/payable as required under the Act, have not been given.

10. In the case of acquisition of land for development and construction, the rights are acquired from the owners of the land and the conveyancing and registration thereof will be executed between the original owners and the ultimate purchasers as per trade practise.

11. In the opinion of the management, the current assets and loans and advances are not less than as stated, if realised in ordinary course of business.

12. **Earnings per equity share**

| | Current year | Previous year |
|--|--------------|---------------|
| a) Profit or loss attributable to equity shareholders (Rs. '000) | (3.66) | 62.96 |
| b) Equity shares (weighted average) | 2,924,257 | 1,975,434 |
| c) EPS (In Rs.) | - | 0.03 |

a) Profit or loss attributable to equity shareholders (Rs. '000)

b) Equity shares (weighted average)

c) EPS (In Rs.)

13. Deferred Tax asset of Rs. 1,198/- arising on account of timing differences for the current year has been recognised in the accounts.

14. **Segment Reporting Policies**

Company is engaged in single segment i.e Real Estate development.

15. **Impairment**

i. The carrying amounts of assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

ii. After impairment, depreciation is provided on the assets revised carrying amount over its remaining useful life.

iii. A previously recognised impairment loss is increased or decreased depending on change in circumstances. However, an impairment loss is not decreased to an amount higher than the carrying amount that would have been determined has no impairment loss been recognised.

16. **Related Party**

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

1) Companies

Housing Development and Infrastructure Limited - Holding Company

| Description | 2007-08 (Rs. '000) | 2006-07 (Rs. '000) |
|--|-----------------------|-----------------------|
| Equity Share Capital | 9,760.00 | - |
| Unsecured loan | 1,632,606.72 | - |
| Interest Paid | 114,831.37 | - |
| Outstanding balance at the close of the year | | |
| Loans (including interest) | 1,747,438.09 | - |

2) Others

Not Applicable

3) Key management personnel

Not Applicable

4) Enterprise significantly influenced by key management personnel

Not Applicable

17. **Redemption of Preference Shares**

During the year the company redeemed 15,96,720 11% redeemable preference shares of Rs. 10/- each at a premium of Rs. 600/- per share, partly by issuing 8,13,333 equity shares of Rs. 10/- each at a premium of Rs. 2/- per share, share premium account and partly by utilising profits of Rs. 60,07,204/- which otherwise was available for dividend. The preference share

holders waived the accumulated dividend.

18. 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.

Notes on Accounts for the year ended on 31st March, 2008

SCHEDULE "K" (Contd.)

19. Balance Sheet abstract and company's general business profile :

I. Registration Details

| | |
|--------------------|------------|
| Registration No. | 55968 |
| State Code | 11 |
| Balance Sheet Date | 31-03-2008 |

II. Capital Raised during the year

(Rs. '000)

| | |
|-------------------|-------|
| Public Issue | - |
| Right Issue | 65 |
| Bonus Issue | - |
| Private Placement | 8,068 |

III. Position of Mobilisation and Deployment of Funds

(Rs. '000)

| | |
|-------------------|-----------|
| Total Liabilities | 1,816,017 |
| Total Assets | 1,816,017 |

Sources of Funds

(Rs. '000)

| | |
|------------------------|-----------|
| Paid up capital | 34,000 |
| Reserves & Surplus | 8,509 |
| Secured loans | - |
| Unsecured loans | 1,747,438 |
| Deferred tax liability | - |

Application of Funds

(Rs. '000)

| | |
|---------------------------|-----------|
| Net Fixed Assets | 101 |
| Investments | 500 |
| Deferred tax assets | 28 |
| Net Current Assets | 1,788,913 |
| Miscellaneous Expenditure | 405 |
| Accumulated Losses | - |

IV. Performance of company

(Rs. '000)

| | |
|--------------------------|-----|
| Turnover | 164 |
| Total Expenditure | 169 |
| Profit/(Loss) before tax | (5) |
| Profit/(Loss) after tax | (4) |
| Earning per share | (0) |
| Dividend rate | - |

V. Generic Names of Three Principal Products/Services of Company

(as per monetary terms)

| | |
|--------------------------|----|
| Item Code No. (ITC Code) | NA |
| Product Description | NA |

Signature to Schedule 'A' to 'K'

For THAR & CO.

Chartered Accountants

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 22nd April, 2008

For and on behalf of the Board of Directors

Hetin Sakhuja

Director

Ashok Kumar Gupta

Director

Directors' Report

To the Members,

Your Directors are pleased to submit the Thirteenth Annual Report with the audited statement of accounts for the year ended 31st March, 2008.

1. Financial Results

The Company has no Income and expenses during the year. All expenses were with respect to land development and have been capitalised.

2. Dividend

On account of non availability of profits for the year, your Directors regret to recommend payment of any dividend on the equity shares for the year.

3. Appointment of Auditors

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

4. a) During the year the Company has not employed any employee, therefore has not paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.
- b) During the year the company has not undertaken any research and development activity.
- c) Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) is

| | Current year (Rs. '000) | Previous year (Rs. '000) |
|-------------------------------|----------------------------|-----------------------------|
| (a) Foreign Exchange Earnings | Nil | Nil |
| (b) Foreign Exchange Outgo | Nil | Nil |

- d) The Company has no outstanding dues to Small Scale Industries or Micro, Small and Medium Enterprises.
5. As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that,
 - i) In the preparation of the annual accounts, the applicable accounting standards, to the extent applicable, have been followed;
 - ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and no profit no loss of the Company for the year;
 - iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - iv) The Directors have prepared the annual accounts on a going concern basis.

6. Acknowledgement:

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

On behalf of the Board of Directors

Rakesh Kumar Wadhawan

Director

Place: Mumbai

Date: 17th April, 2008

Auditor's Report

To the members of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED,

1. We have audited the attached Balance Sheet of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED, as at 31st March, 2008 and Profit and Loss account and also Cash Flow Statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We further 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, to the extent applicable;
 - e) on the basis of written representations received from Directors of the Company, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2008,
 - (ii) in the case of the Profit and Loss Account, of the no profit no loss 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.

VIPUL BHEDA & ASSOCIATES

Chartered Accountants

Vipul Bheda

(Proprietor)

Membership No. : 103694

Place: Mumbai

Date: 17th April, 2008

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, 2008 of RAVIJYOT FINANCE & LEASING PRIVATE LIMITED.

1.
 - a) As the Company does not have any fixed assets, we do not have comment on maintenance of record.
 - b) In view of reply to 1 (a), we do not have to offer comment on physical verification of fixed asset.
 - c) In view of reply to 1 (a), we do not have to offer comment on going concern status of the Company.
2.
 - a) As the Company does not have any inventory, we do not have to offer comment on physical verification.
 - b) In view of reply to 2 (a), we do not have to offer comment on procedures for physical verification of inventory.
 - c) In view of reply to 2 (a), we do not have to offer comment on maintenance of records of inventory.
3.
 - a) According to information and explanations given to us, the Company has not granted loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b) The Company, during the year, except interest free demand loan of Rs. 83,84,00,000/- from its holding Company, has not taken loans, secured or unsecured, from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - c) In our opinion, the other terms and conditions are, prima-facie, not prejudicial to the interest of the Company.
4. As the Company does not have any inventory, we do not have comment on this clause.
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 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time 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. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. As the paid-up capital and reserves of the Company at the beginning of the year did not exceed Rupees Fifty Lacs and also an average annual turnover for immediately preceding three year did not exceed Rupees five crore, the requirement to have formal internal audit system does not arise.
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 for any of the products of the Company.
9.
 - a) According to the information and explanations given to us by the management and on the basis of our examination of books of account of the Company, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, cess and any other statutory dues 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 undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty and other material statutory dues, which were outstanding as at 31st March, 2008 for the period of six months from the date they became payable.
- c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty and Cess, which have not been deposited on account of any dispute.
10. The Company does not have accumulated losses at the end of financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. The Company does not have any dues to a financial institution or bank, accordingly, the Clause No. 4 (xi) of the Order is not applicable.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the Company has not availed any term loan during the period under audit.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. 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.

VIPUL BHEDA & ASSOCIATES

Chartered Accountants

Vipul Bheda

(Proprietor)

Membership No.: 103694

Place: Mumbai

Date: 17th April, 2008

Balance Sheet as at

| | Schedule | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|--|----------|--------------------------------|--------------------------------|
| Sources of Funds | | | |
| Shareholders Fund: | | | |
| Share Capital | A | 100.00 | 100.00 |
| Loan Funds | | | |
| Unsecured Loan | B | 838,400.00 | 15,700.00 |
| Total | | 838,500.00 | 15,800.00 |
| Application of Funds | | | |
| Current Assets, Loans and Advances | C | 838,544.93 | 15,856.01 |
| Less: Current Liabilities and Provisions | D | 44.93 838,500.00 | 56.01 15,800.00 |
| Total | | 838,500.00 | 15,800.00 |
| Notes on accounts | F | | |

As per our report of even date attached

VIPUL BHEDA & ASSOCIATES
Chartered Accountants

Vipul Bheda
(Proprietor)
Membership No.: 103694

Place: Mumbai
Date: 17th April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Jayesh T. Shah
Director

Profit and Loss Account for the year ended

| | Schedule | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|--|----------|--------------------------------|--------------------------------|
| INCOME | | | |
| Operating Income | | - | - |
| Transfer to development expenses | | - | 104.12 |
| | | - | 104.12 |
| Expenses | | | |
| Construction Expenses | E | - | 23.30 |
| Bank charges | | - | 48.16 |
| Audit fees | | - | 4.00 |
| Sundry expenses | | - | 28.66 |
| | | - | 104.12 |
| Profit/(Loss) before tax | | - | - |
| Provision for tax | | - | - |
| Profit/(Loss) after tax | | - | - |
| Profit available for appropriation | | - | - |
| Appropriations | | | |
| Balance brought forward | | - | - |
| Balance carried forward to Balance Sheet | | - | - |
| Earning per equity share | | - | - |
| Notes on accounts | F | | |

As per our report of even date attached

VIPUL BHEDA & ASSOCIATES
Chartered Accountants**Vipul Bheda**
(Proprietor)
Membership No.: 103694Place: Mumbai
Date: 17th April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director**Jayesh T. Shah**
Director

Cash Flow Statement for the year ended

| | 31st March, 2008 (Rs. '000) |
|--|---------------------------------------|
| A. Cash flow from operating activities | |
| Net profit before tax | - |
| Adjustments for: | |
| (1) | - |
| Operating profit before working capital changes | - |
| Movements in working capital : | |
| Decrease/(Increase) in other receivables | (822,586.77) |
| (Decrease)/Increase in trade and other payables | (11.08) |
| Net movement in working capital | (822,597.85) |
| Cash used in operations | (822,597.85) |
| Less: Direct taxes paid (net of refunds) | - |
| Net cash used in operating activities | (822,597.85) |
| B. Cash flows from investing activities | |
| (1) | - |
| Net cash used in investing activities | - |
| C. Cash flows from financing activities | |
| (1) Proceeds from borrowings | 822,700.00 |
| Net cash from financing activities | 822,700.00 |
| Net increase in cash and cash equivalents (A + B +C) | 102.15 |
| Cash and cash equivalents at the beginning of the year | 87.40 |
| Cash and cash equivalents at the end of the year | 189.55 |

Cash and cash equivalents as at 31st March

Cash on hand
With banks - on current account

| | 2008 (Rs. '000) | 2007 (Rs. '000) |
|--|---------------------------|---------------------------|
| | 55.59 | 81.86 |
| | 133.96 | 5.54 |
| | 189.55 | 87.40 |

Notes : 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.

2) Figures in the brackets indicate outflow.

As per our report of even date attached

VIPUL BHEDA & ASSOCIATES
Chartered Accountants

Vipul Bheda
(Proprietor)
Membership No. : 103694

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Jayesh T. Shah
Director

Place: Mumbai
Date: 17th April, 2008

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

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|--|--------------------------------|--------------------------------|
| SCHEDULE "A" | | |
| SHAREHOLDERS FUND | | |
| Authorised Share Capital | | |
| 5,00,000 (P.Y. 5,00,000) Equity shares of Rs.10/- each | 5,000.00 | 5,000.00 |
| | 5,000.00 | 5,000.00 |
| Issued, subscribed and paid up | | |
| 10,000 (P.Y. 10,000) Equity shares of Rs.10/- each fully paid | 100.00 | 100.00 |
| | 100.00 | 100.00 |
| SCHEDULE "B" | | |
| LOAN FUNDS | | |
| Unsecured Loan | | |
| from Housing Development and Infrastructure Ltd. (Holding Company w.e.f. 15th January, 2008) | 838,400.00 | 15,700.00 |
| | 838,400.00 | 15,700.00 |
| SCHEDULE "C" | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| (I) Cash and Bank Balances | | |
| a) Cash in hand | 55.59 | 81.86 |
| b) Cash at scheduled banks on current accounts | 133.96 | 5.53 |
| | 189.55 | 87.39 |
| (II) Loans and Advances | | |
| Advances for Land Purchase | 781,139.10 | 5,668.12 |
| Advances recoverable in cash or in kind or for value to be received | 57,216.28 | 10,100.50 |
| | 838,355.38 | 15,768.62 |
| Total (I) + (II) | 838,544.93 | 15,856.01 |
| SCHEDULE "D" | | |
| CURRENT LIABILITES AND PROVISIONS | | |
| (I) Current Liabilities | | |
| (a) Creditors for goods and services | | |
| (1) Total outstanding dues to Micro, Small and Medium Enterprises. | - | - |
| (2) Total outstanding dues of other than Micro, Small and Medium Enterprise | 44.93 | 56.01 |
| Total | 44.93 | 56.01 |
| SCHEDULE "E" | | |
| CONSTRUCTION EXPENSES | | |
| Agt Printing | - | 11.08 |
| Electricals | - | 3.83 |
| Electricity Charges | - | 8.39 |
| | - | 23.30 |

Notes on Accounts for the year ended on 31st March, 2008

SCHEDULE "F"

1. Significant Accounting Policies:

a) System of Accounting:

The Company adopts the accrual concept in the preparation of the accounts.

b) Inflation:

The accounts are prepared on historical cost basis as a going concern.

c) Method of Accounting:

Mercantile, however demands and refund from government and semi-government authorities are accounted for on receipt basis.

d) Contingent Liabilities:

Contingent liabilities are not provided for and if, any, the same is disclosed by way of note.

| | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
|---|---------------------------------------|---------------------------------------|
| 2. a) Contingent liabilities not provided for: | NIL | NIL |
| b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | NIL | NIL |
| 3. Additional information pursuant to Paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 is given herein below to the extent applicable. | | |
| 4. Licensed and Installed capacities | N.A | N.A |
| 5. Remuneration to auditors: | 31st March, 2008 (Rs. '000) | 31st March, 2007 (Rs. '000) |
| Audit fees | 4.00 | 4.00 |
| Taxation matters | - | - |
| | <hr/> 4.00 | <hr/> 4.00 |
| 6. Value of imports on C.I.F. basis | Nil | Nil |
| 7. Expenditure in foreign currency | Nil | Nil |
| 8. Earnings in foreign exchange | Nil | Nil |
| 9. Previous years figures have been rearranged/regrouped wherever necessary, to facilitate comparison with current year figures. | | |
| 10. In the opinion of the management, the current assets and loans and advances are not less than as stated, if realised in ordinary course of business. | | |
| 11. Deferred tax Liability/Asset: As on the Balance sheet date there exists no item which causes timing difference between the book and tax profits. | | |
| 12. Earnings per equity share | Current year | Previous year |
| a) Profit or loss attributable to equity shareholders (Rs. '000) | - | - |
| b) Number of equity shares | 10,000 | 10,000 |
| c) EPS (In Rs.) | - | - |

Notes on Accounts for the year ended on 31st March, 2008

SCHEDULE "F" (Contd.)

13. Micro, Small and Medium Enterprises

The Company has not received any information from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 which came into effect from 2nd October, 2006, and hence disclosure, if any, relating to amounts unpaid as on 31st March, 2008 together with interest paid/payable as required under the Act, have not been given.

14. Segment Reporting Policies

Company is mainly engaged in the financial services business and all other activities of the Company revolve around the main business, and as such, there are no separate reportable segments.

15. Impairment

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

16. Related Party

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

Housing Development and Infrastructure Limited-Holding Company

| Description | Amount (Rs. '000) | Balance as on 31st March, 2008 (Rs. '000) |
|---|----------------------|--|
| Investment in Equity Shares | 60.00 | 60.00 |
| Unsecured loan | 838,400.00 | 838,400.00 |
| 2. Others | | |
| Ravi Ashish Land Developers Ltd. - Associate | | |
| Advances | 57,216.28 | 57,216.28 |

3. Key management personnel

Not Applicable

4. Enterprise significantly influenced by key management personnel

Not Applicable

Notes on Accounts for the year ended on 31st March, 2008

SCHEDULE "F" (Contd.)

17. Balance Sheet abstract and company's general business profile:

I. Registration Details

| | |
|--------------------|------------|
| Registration No. | 86603 |
| State Code | 11 |
| Balance Sheet Date | 31-03-2008 |

II. Capital Raised during the Year

(Rs. '000)

| | |
|-------------------|---|
| Public Issue | - |
| Right Issue | - |
| Bonus Issue | - |
| Private Placement | - |

III. Position of Mobilisation and Deployment of Funds

(Rs. '000)

| | |
|-------------------|---------|
| Total Liabilities | 838,545 |
| Total Assets | 838,545 |

Sources of Funds

(Rs. '000)

| | |
|----------------------|---------|
| Paid up Capital | 100 |
| Reserves and Surplus | - |
| Secured Loans | - |
| Unsecured Loans | 838,400 |

Application of Funds

(Rs. '000)

| | |
|---------------------------|---------|
| Net Fixed Assets | - |
| Investments | - |
| Net Current Assets | 838,500 |
| Miscellaneous Expenditure | - |
| Accumulated Losses | - |

IV. Performance of company

(Rs. '000)

| | |
|--------------------------|---|
| Turnover | - |
| Total Expenditure | - |
| Profit/(Loss) before tax | - |
| Profit/(Loss) after tax | - |
| Earning per share | - |
| Dividend rate | - |

V. Generic Names of Three Principal Products/Services of Company

(as per monetary terms)

| | |
|--------------------------|----|
| Item Code No. (ITC Code) | NA |
| Product Description | NA |

Signature to the Schedule 'A' to 'F'

VIPUL BHEDA & ASSOCIATES

Chartered Accountants

Vipul Bheda

(Proprietor)

Membership No. : 103694

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Director

Jayesh T. Shah

Director

Place: Mumbai

Date: 17th April, 2008

Directors' Report

To the Members,

Your Directors are pleased to submit the First Annual Report with the audited statement of accounts for the period from 9th August, 2007 to 31st March, 2008.

1. Financial Results

| | Current period (Rs. '000) |
|--|-------------------------------------|
| Gross sales and other receipts | 3,768.01 |
| Profit/(Loss) before depreciation and taxation | (2,600.59) |
| Depreciation | 91.95 |
| Profit/(Loss) before tax | (2,692.54) |
| Less: Deffered tax liability | 265.85 |
| Profit/(Loss) after taxation | (2,958.39) |
| Balance brought forward | – |
| Profit/(Loss) carried to Balance Sheet | (2,958.39) |

2. Dividend

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

3. Appointment of Auditors

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

4. a) During the period from 9th August, 2007 to 31st March, 2008 the Company has not employed any employee, therefore has not paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.
- b) During the period from 9th August, 2007 to 31st March, 2008 the Company has not undertaken any research and development activity.
- c) Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) is

| | Current period (Rs. '000) |
|-------------------------------|-------------------------------------|
| (a) Foreign Exchange Earnings | Nil |
| (b) Foreign Exchange Outgo | Nil |

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

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

- i) In the preparation of the annual accounts, the applicable accounting standards, to the extent applicable, have been followed;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and loss of the Company for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.

6. Acknowledgements

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

On behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Place: Mumbai
Date: 21st April, 2008

Auditor's Report

To the members of HDIL ENTERTAINMENT PRIVATE LIMITED,

1. We have audited the attached Balance Sheet of HDIL ENTERTAINMENT PRIVATE LIMITED, as at 31st March, 2008 and Profit and Loss Account and also Cash Flow Statement for the period from 9th August, 2007 to 31st March, 2008 annexed thereto. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We further 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, to the extent applicable;
 - e) on the basis of written representations received from Directors of the Company, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2008;
 - (ii) in the case of the Profit and Loss Account, of the loss for the period from 9th August, 2007 to 31st March, 2008;and
 - (iii) in the case of the Cash Flow Statement, of the cash flow for the period from 9th August, 2007 to 31st March, 2008.

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No.032917

Place: Mumbai
Date: 21st April, 2008

Annexure to the Auditor's Report

Referred to in paragraph 3 of our report of even date on the accounts for the period from 9th August, 2007 to 31st March, 2008 of HDIL ENTERTAINMENT PRIVATE LIMITED

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) Physical verification of all the fixed assets as at 31st March, 2008 was conducted by the management on the last day of the year. In our opinion, the frequency of physical verification is reasonable. No material discrepancy has been noticed on such verification.
c) The Company has not disposed off any of its fixed assets during the year and hence the going concern assumption is not affected.
2. a) The stocks of food and beverages have been physically verified on the last day of the year by the Management. In our opinion, the frequency of verification is reasonable.
b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of stocks 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 physical verification of inventories as compared to book records were not material having regard to the size of the operations of the Company and have been dealt with in the books of account.
3. a) According to information and explanations given to us the Company has not granted loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956.
b) The Company, during the period, except interest free demand loan of Rs.28,21,284/- from its holding company, has not taken loans, secured or unsecured, from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
c) In our opinion, the other terms and conditions are, *prima facie*, not prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weakness 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. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. As the Company is incorporated on 9th August, 2007, we do not have to offer our comment on adequacy or otherwise of the internal audit system.
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 on the basis of our examination of books of account of the Company, the company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues with appropriate authorities to the extent 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 undisputed amounts payable in respect of Income tax, Wealth tax,

Sales tax, Service tax, Customs duty and Excise duty and other material statutory dues which were outstanding as at 31st March, 2008 for the period of six months from the date they became payable.

- c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs Duty and Excise duty and cess which have not been deposited on account of any dispute.
10. As the Company is incorporated on 9th August, 2007, we do not have to offer our comment on accumulated loss or cash loss.
11. The Company does not have any dues to a financial institution or bank, accordingly, the clause No. 4 (xi) of the Order is not applicable.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the Company has not availed

any term loan during the period under audit. Hence, the provisions of clause 4(xvi) of the Order are not applicable to the Company.

17. In our opinion and according to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. 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
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2008

Balance Sheet as at

| | Schedule | 31st March, 2008 (Rs. '000) | |
|--|----------|--------------------------------|-----------------|
| Sources of Funds | | | |
| Shareholders Fund: | | | |
| Share Capital | A | 100.00 | |
| Reserve and Surplus | B | - | 100.00 |
| Loan | | | |
| Unsecured Loan | C | | 2,821.28 |
| Deferred Tax Liability | D | | 265.85 |
| Total | | | 3,187.13 |
| Application of Funds | | | |
| Fixed Assets | E | | |
| Gross Block | | 2,962.24 | |
| Less: Depreciation | | 91.95 | |
| Net Block | | | 2,870.29 |
| Investments | | | - |
| Current Assets, Loans and Advances | F | 3,007.40 | |
| Less: Current Liabilities and Provisions | G | 6,354.90 | (3,347.50) |
| Miscellaneous Expenditure | H | | 705.95 |
| Profit and Loss Account | | | 2,958.39 |
| Total | | | 3,187.13 |
| Notes on accounts | P | | |

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Sarang Wadhawan
Director

Profit and Loss Account for the period from 9th August, 2007 to 31st March, 2008

| | Schedule | (Rs. '000) |
|--|----------|-------------------|
| Income | | |
| Turnover | I | 2,990.66 |
| Other income | J | 777.35 |
| Increase/(Decrease) in Stock | K | 116.35 |
| | | 3,884.36 |
| Expenses | | |
| Purchases | L | 465.44 |
| Operating expenses | M | 5,487.30 |
| Administrative expenses | N | 226.44 |
| Finance expenses | O | 101.19 |
| Remuneration to auditors | | 28.09 |
| Depreciation | | 91.95 |
| Preliminary and other expenses written off | | 176.49 |
| | | 6,576.90 |
| Profit/(Loss) before tax | | (2,692.54) |
| Less: Provision for tax | | - |
| Less: Deferred tax liability | | 265.85 |
| Profit/(Loss) after tax | | (2,958.39) |
| Profit/(Loss) available for appropriation | | (2,958.39) |
| Appropriations | | |
| Balance brought forward | | - |
| Balance carried forward to Balance Sheet | | (2,958.39) |
| Earning per equity share | | (0.30) |
| Notes on accounts | P | |

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Sarang Wadhawan
Director

Cash Flow Statement for the period from 9th August, 2007 to 31st March, 2008

| | (Rs. '000) | |
|--|------------|-------------------|
| A. Cash flow from operating activities | | |
| Net profit before tax | | (2,692.54) |
| Adjustments for: | | |
| (1) Depreciation | 91.95 | |
| (2) Preliminary and other expenses written off | 176.49 | 268.44 |
| Operating profit before working capital changes | | (2,424.10) |
| Movements in working capital: | | |
| Decrease/(Increase) in inventories | (116.35) | |
| Decrease/(Increase) in sundry debtors | (2.39) | |
| Decrease/(Increase) in other receivables | (2,186.88) | |
| (Decrease)/Increase in trade and other payables | 6,354.90 | |
| Net movement in working capital | | 4,049.28 |
| Cash used in operations | | 1,625.18 |
| Less : Direct taxes paid (net of refunds) | | 6.80 |
| Net cash used in operating activities | | 1,618.38 |
| B. Cash flows from investing activities | | |
| (1) Pre-operative expenses | (861.94) | |
| (2) Purchase of fixed assets | (2,962.24) | (3,824.18) |
| Net cash used in investing activities | | (3,824.18) |
| C. Cash flows from financing activities | | |
| (1) Proceeds from borrowings | 2,821.28 | |
| (2) Subscription to equity shares | 100.00 | |
| (3) Incorporation expenses | (20.50) | 2,900.78 |
| Net cash from financing activities | | 2,900.78 |
| Net increase in cash and cash equivalents (A + B + C) | | 694.98 |
| Cash and cash equivalents at the beginning of the year | | - |
| Cash and cash equivalents at the end of the period | | 694.98 |
| Cash and cash equivalents as at 31st March | | 2008 |
| | | (Rs. '000) |
| Cash on hand | 83.27 | |
| With banks - on current accounts | 611.71 | |
| | | 694.98 |

Notes : 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.

2) Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No.032917

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Sarang Wadhawan
Director

Place: Mumbai
Date: 21st April, 2008

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

SCHEDULE "A"

SHAREHOLDERS FUND

Authorised Share Capital

50,000 Equity shares of Rs.10/- each

Issued, subscribed and paid up

10,000 Equity shares of Rs.10/- each fully paid

SCHEDULE "B"

RESERVE AND SURPLUS

Surplus

Profit and Loss account

SCHEDULE "C"

LOAN FUND

Unsecured loan from the holding company

SCHEDULE "D"

DEFERRED TAX LIABILITY

Difference in depreciation in block of fixed assets

as per tax books and finance books

31st March, 2008
(Rs. '000)

500.00

500.00

100.00

100.00

-

-

2,821.28

2,821.28

265.85

265.85

SCHEDULE "E"

FIXED ASSETS

(Rs. '000)

| Description | Cost | | | | Depreciation | | | | Net Block | |
|--------------------------|-----------------------------|-----------------------------------|-------------------------------|------------------------------|------------------------------|-------------------|------------------|------------------------------|------------------------------|------------------------------|
| | as at 1st April, 2007 | additions during the period | sales during the period | as at 31st March, 2008 | up to 31st March, 2007 | for the period | on asset sold | up to 31st March, 2008 | as at 31st March, 2008 | as at 31st March, 2007 |
| Office Equipments | - | 38.27 | - | 38.27 | - | 28.49 | - | 28.49 | 9.78 | - |
| Computers | - | 2,146.20 | - | 2,146.20 | - | 52.20 | - | 52.20 | 2,094.00 | - |
| Intangible Assets | | | | | | | | | | |
| Computer Software | - | 598.00 | - | 598.00 | - | 8.66 | - | 8.66 | 589.34 | - |
| Logo and Trademark | - | 179.77 | - | 179.77 | - | 2.60 | - | 2.60 | 177.17 | - |
| Total | - | 2,962.24 | - | 2,962.24 | - | 91.95 | - | 91.95 | 2,870.29 | - |

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

| | | 31st March, 2008 (Rs. '000) |
|--|--|---------------------------------------|
| SCHEDULE "F" | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| (I) Current Assets | | |
| (a) Inventories (at Cost) | | |
| Stores and spares | | 28.57 |
| Food and beverages | | 87.79 |
| | | 116.36 |
| (b) Sundry debtors | | |
| (Unsecured, considered good) | | – |
| Outstanding for a period exceeding six months | | 2.39 |
| Others | | 2.39 |
| | | 2.39 |
| (c) Cash and bank balances | | |
| a) Cash in hand | | 83.27 |
| b) Cash at scheduled banks on current accounts | | 611.71 |
| | | 694.98 |
| Total (I) | | 813.73 |
| (II) Loans and Advances | | |
| Unsecured considered good | | 30.00 |
| Advances recoverable in cash or in kind or for value to be received | | 1,568.55 |
| Deposits | | 588.33 |
| Prepaid expenses | | 6.79 |
| Income tax deducted at source | | 6.79 |
| | | 2,193.67 |
| Total (II) | | 2,193.67 |
| Total (I + II) | | 3,007.40 |
| SCHEDULE "G" | | |
| CURRENT LIABILITIES AND PROVISIONS | | |
| (I) Current liabilities | | |
| (1) Creditors for goods and services | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | – |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 4,613.25 |
| (2) Temporary overdraft from bank | | 1,243.49 |
| (3) Advances from customers | | 401.00 |
| (4) Other liabilities | | 97.16 |
| | | 6,354.90 |
| Total (I) | | 6,354.90 |
| (II) Provisions | | |
| Total (II) | | – |
| Total (I+II) | | 6,354.90 |
| SCHEDULE "H" | | |
| MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written off or adjusted) | | |
| (a) Preliminary expenses | | |
| Incurred during the period | | 20.50 |
| Less: Written off during the period | | 4.10 |
| Total | | 16.40 |
| (b) Pre-operative Expenses | | |
| Incurred during the period | | 861.94 |
| Less: Written off during the period | | 172.39 |
| Total | | 689.55 |
| Total (a + b) | | 705.95 |

**Schedules annexed to and forming part of the Profit and Loss Account
for the period from 9th August, 2007 to 31st March, 2008**

| | (Rs. '000) |
|--|-----------------|
| SCHEDULE "I" | |
| TURNOVER | |
| Box office sales | 2,199.88 |
| Sales of food and beverages | 790.78 |
| | 2,990.66 |
| SCHEDULE "J" | |
| OTHER INCOME | |
| Parking charges | 35.53 |
| Miscellaneous income | 1.36 |
| Income from game zone | 540.46 |
| Income from advertising | 200.00 |
| | 777.35 |
| SCHEDULE "K" | |
| INCREASE/(DECREASE) IN STOCK IN TRADE | |
| Closing stock-in-trade | 116.35 |
| Opening stock-in-trade | - |
| | 116.35 |
| SCHEDULE "L" | |
| PURCHASES | |
| Food and beverages | 401.61 |
| Game zone | 50.62 |
| Box office tickets | 13.21 |
| | 465.44 |
| SCHEDULE "M" | |
| OPERATING EXPENSES | |
| Film share and other expenses | 1,332.71 |
| Advertisement/Business promotion expenses | 1,817.55 |
| Outsourced personnel cost | 516.07 |
| Outsourced personnel welfare expenses | 22.73 |
| INR charges | 4.02 |
| Shuttling charges | 6.00 |
| Electricity charges | 591.65 |
| Show tax | 9.54 |
| VAT tax | 23.33 |
| License fees | 11.27 |
| Diesel purchases | 348.92 |
| Rent for Qube server | 3.50 |
| Housekeeping expenses | 233.19 |
| Uniform expenses | 41.13 |
| Entertainment tax | 517.24 |
| Postage and courier charges | 0.05 |
| Parking management fees | 8.40 |
| | 5,487.30 |

**Schedules annexed to and forming part of the Profit and Loss Account
for the period from 9th August, 2007 to 31st March, 2008**

SCHEDULE "N"**ADMINISTRATIVE EXPENSES**

| | (Rs. '000) |
|--|------------|
| Subscription and membership | 1.25 |
| Bank charges | 13.83 |
| Banner fixing | 1.20 |
| Interest on delayed payment of TDS | 3.09 |
| Office expenses | 9.44 |
| Entertainment expenses | 6.66 |
| Printing and stationery | 36.06 |
| Repairs and maintainance to other assets | 6.74 |
| Communication Expenses | 62.24 |
| Travelling and conveyance expenses | 20.81 |
| Rent - office premises | 50.56 |
| Computer software expenses | 13.96 |
| Filing fees paid to the R.O.C. | 0.60 |

226.44

SCHEDULE "O"**FINANCE EXPENSES**

| | |
|----------------------|-------|
| Bank interest | 94.06 |
| Cash pick up charges | 5.62 |
| Credit card charges | 1.51 |

101.19

Notes on Accounts for the period from 9th August, 2007 to 31st March, 2008

SCHEDULE "P"

1. Significant Accounting Policies:

- a) Basis of Accounting:
The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.
- b) Revenue recognition:
Income from Box Office is recognised as and when the movie is exhibited. Income from Food and Beverages, is recognised on commencement of commercial operations in relevant Multiplex. Income is net of refunds and complimentary issues.
- c) Fixed Assets:
Fixed Assets are carried at cost of acquisition or cost of construction, as reduced by accumulated depreciation/ amortisation.
- d) Depreciation on fixed assets and amortisation of intangible assets:
 - I. On fixed assets depreciation is provided on straight line basis at the rates and in the manner specified in Schedule XIV to the companies Act, 1956. Individual items of fixed assets added during the financial year, costing upto Rs 5,000/- each, are fully depreciated in the first year.
 - II. Intangible assets are amortized over a period of ten years from the date of the asset put to use
- e) Inventories:
Inventories are valued at cost. Cost is determined using FIFO method.
- f) 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 expense to be adjusted on prorata basis in the future accounting years.
- g) Borrowing cost:
Borrowing costs which have a direct nexus and are directly attributable to the projects are charged to the

project and other borrowing costs are expensed as period costs.

- h) Taxes on income:
Provision for current tax is made based on taxable income for the year. Deferred tax is recognised provided on timing difference between taxable income and accounting income subject to consideration of prudence.
 - i) Amortisation of preliminary expenses and pre-operative expenses:
Preliminary and pre-operative expenses will be amortised over a period of five years from the year of commencement of business.
 - j) Provisions:
A Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and 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.
 - k) Contingent Liabilities:
Contingent liabilities are not provided for and, if any, the same is disclosed by way of note.
- | Current period
(Rs. '000) | |
|---|------|
| 2. a) Contingent liabilities not provided for: | Nil |
| b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | Nil |
| 3. Licensed and Installed capacities | N.A. |
- 4. a) In view of the diverse nature of food and beverages sold by the Company, in the opinion of the management, it is not practical to give quantitative details thereof. Consequently, quantitative information regarding purchases, turnover, opening/closing stocks in respect of the same are not given. All items of food and beverages are indigenously procured.
 - b) Other information required to be given under Part II of Schedule VI of the Companies Act, 1956 to the extent not applicable is not given.

Notes on Accounts for the period from 9th August, 2007 to 31st March, 2008

SCHEDULE "P" (Contd.)

5. Remuneration to auditors:

Audit fees
Taxation matters

| Current period | |
|----------------|--------------|
| (Rs. '000) | |
| | 28.09 |
| | - |
| | <u>28.09</u> |
| | Nil |
| | Nil |
| | Nil |

6. Value of imports on C.I.F. basis

7. Expenditure in foreign currency

8. Earnings in foreign exchange

9. As the Company is incorporated on 9th August, 2007 figures for the previous year are not available and hence not given.

10. In the opinion of the management, the current assets and loans and advances are not less than as stated, if realised in the ordinary course of business.

11. Deferred tax liability of Rs. 265,852/- arising on account of timing differences for the current year has been recognised in the accounts.

12. Earnings per equity share:

- a) Profit or loss attributable to equity shareholders (Rs. '000)
b) Number of equity shares
c) EPS (in Rs.)

| Current period | |
|----------------|------------|
| | (2,958.39) |
| | 10,000 |
| | (0.30) |

13. Micro, Small and Medium Enterprises

The Company has not received any information from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 which came into effect from 2nd October, 2006, and hence disclosure, if any, relating to amounts unpaid as on 31st March, 2008 together with interest paid/payable as required under the Act, have not been given.

14. Segment Reporting Policies

Considering the nature of Company's business and operations i.e. operation of multiplexes in India, there are no separate reportable segments in accordance with the requirements of Accounting Standard (AS - 17) "Segment reporting" issued by the Institute of Chartered Accountants of India.

15. Impairment

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

16. Related Party

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

1. Companies

Housing Development and Infrastructure Limited - Holding Company

| Description | Amount (Rs. '000) | Balance as on 31st March, 2008 (Rs. '000) |
|------------------|----------------------|--|
| Share capital | 100.00 | 100.00 |
| Unsecured loan | 2,821.28 | 2,821.28 |
| Office rent paid | 50.56 | 50.56 |
| Share in revenue | 607.31 | 607.31 |

2. Others

Not Applicable

3. Key management personnel

Not Applicable

4. Enterprise significantly influenced by key management personnel

Not Applicable

Notes on Accounts for the period from 9th August, 2007 to 31st March, 2008

SCHEDULE "P" (Contd.)

17. Balance Sheet abstract and company's general business profile

I. Registration Details

| | |
|--------------------|-----------------------|
| Registration No. | U92100MH2007PTC172998 |
| State Code | 11 |
| Balance Sheet Date | 31-03-2008 |

II. Capital raised during the year (Rs. '000)

| | |
|-------------------|-----|
| Public Issue | – |
| Right Issue | – |
| Bonus Issue | – |
| Private Placement | 100 |

III. Position of Mobilisation and Deployment of Funds (Rs. '000)

| | |
|-------------------|-------|
| Total Liabilities | 9,542 |
| Total Assets | 9,542 |

Sources of Funds (Rs. '000)

| | |
|------------------------|-------|
| Paid up capital | 100 |
| Reserves and Surplus | – |
| Secured Loans | – |
| Unsecured Loans | 2,821 |
| Deferred Tax Liability | 266 |

Application of Funds (Rs. '000)

| | |
|---------------------------|---------|
| Net Fixed Assets | 2,870 |
| Investments | – |
| Net Current Assets | (3,347) |
| Miscellaneous Expenditure | 706 |
| Accumulated Losses | 2,958 |

IV. Performance of company (Rs. '000)

| | |
|--------------------------|---------|
| Turnover | 2,991 |
| Total Expenditure | 6,577 |
| Profit/(Loss) before tax | (2,693) |
| Profit/(Loss) after tax | (2,958) |
| Earning per share | (0.30) |
| Dividend rate | – |

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

| | |
|--------------------------|----|
| Item Code No. (ITC Code) | NA |
| Product Description | NA |

Signatures to Schedule "A" to "P"

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan Director
Sarang Wadhawan Director

Place: Mumbai
Date: 21st April, 2008

Directors' Report

To the Members,

Your Directors are pleased to submit the First Annual Report with the audited statement of accounts for the period ended 31st March, 2008.

1. Financial Results

| | Current period (Rs. '000) |
|--|-------------------------------------|
| Gross sales and other receipts | - |
| Profit/(Loss) before depreciation and taxation | (5.78) |
| Depreciation | - |
| Profit/(Loss) before tax | (5.78) |
| Less: Provision for taxation | - |
| Profit/(Loss) after taxation | (5.78) |
| Balance brought forward | - |
| Profit/(Loss) carried to Balance Sheet | (5.78) |

2. Dividend

As Company is yet to commence the business, your Directors do not recommend payment of any dividend on the equity shares.

3. Appointment of Auditors

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

4. a) During the period from 8th March, 2008 to 31st March, 2008 the Company has not employed any employee, therefore has not paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.
- b) During the period from 8th March, 2008 to 31st March, 2008 the Company has not undertaken any research and development activity.
- c) Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) is

- a) Foreign Exchange Earnings
b) Foreign Exchange Outgo

| |
|------------|
| (Rs. '000) |
| Nil |
| Nil |

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

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

- i) In the preparation of the annual accounts, the applicable accounting standards, to the extent applicable, have been followed;
- ii) The directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and loss of the Company for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Place: Mumbai
Date: 21st April, 2008

Auditor's Report

To the members of HDIL OIL & GAS PRIVATE LIMITED,

1. We have audited the attached Balance Sheet of HDIL OIL & GAS PRIVATE LIMITED, as at 31st March, 2008 and Profit and Loss Account and also Cash Flow Statement for the period from 8th March, 2008 to 31st March, 2008 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We further 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, to the extent applicable;
 - e) on the basis of written representations received from Directors of the Company, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2008;
 - (ii) in the case of the Profit and Loss Account, of the loss for the period from 8th March, 2008 to 31st March, 2008;and
 - (iii) in the case of the Cash Flow Statement, of the cash flow for the period from 8th March, 2008 to 31st March, 2008.

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No.032917

Place: Mumbai
Date: 21st April, 2008

Annexure to the Auditor's Report

Referred to in paragraph 3 of our report of even date on the accounts for the period from 8th March, 2008 to 31st March, 2008 of HDIL OIL & GAS PRIVATE LIMITED.

1. a) As the Company does not have any fixed assets, we do not have comment on maintenance of record.
- b) In view of reply to 1 (a), we do not have to offer comment on physical verification of fixed asset.
- c) In view of reply to 1 (a), we do not have to offer comment on going concern status of the Company.
2. a) As the Company does not have any inventory, we do not have to offer comment on physical verification.
- b) In view of reply to 2 (a), we do not have to offer comment on procedures for physical verification of inventory.
- c) In view of reply to 2 (a), we do not have to offer comment on maintenance of records of inventory.
3. a) According to information and explanations given to us, the Company has not granted loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b) The Company, during the period has not taken loans, secured or unsecured, from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. As the Company is yet to commence the business, it has not purchased any inventory or fixed assets, therefore, we do not have to offer comment on adequacy or otherwise of internal control procedures with respect to the purchases thereof or sale of goods.
5. a) To the best our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the period that need to be entered into the register maintained under that section.
- b) In our opinion and having regard to our comments in paragraph (4) above, the Clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current period.
6. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. As the Company is incorporated on 8th March, 2008 only, we do not have to offer our comment on adequacy or otherwise of the internal audit system.
8. As the Company has not commenced its business during the period under audit, the cost records prescribed under Section 209(1)(d) of the Companies Act, 1956 are not maintained.
9. a) According to the information and explanations given to us by the management and on the basis of our examination of books of account of the Company, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues 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) As the Company is incorporated on 8th March, 2008 only, we do not have comment on this clause.
- c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty, which have not been deposited on account of any dispute.
10. As the Company is incorporated on 8th March, 2008 only, there are no accumulated losses however there is a cash loss for current year.
11. The Company does not have any dues to a financial institution or bank, accordingly, the Clause 4 (xi) of the Order is not applicable.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, Company has not availed any term loan during the period under audit. Hence the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. 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
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2008

Balance Sheet as at

| | Schedule | 31st March, 2008 (Rs. '000) | |
|--|----------|--------------------------------|----------------------|
| Sources of Funds | | | |
| Shareholders Fund: | | | |
| Share Capital | A | | 100.00 |
| Total | | | <u><u>100.00</u></u> |
| Application of Funds | | | |
| Current Assets, Loans and Advances | B | 91.60 | |
| Less: Current Liabilities and Provisions | C | <u>19.65</u> | 71.95 |
| Miscellaneous Expenditure | D | | 22.27 |
| Profit and Loss Account | | | 5.78 |
| Total | | | <u><u>100.00</u></u> |
| Notes on accounts | E | | |

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Sarang Wadhawan
Director

Profit and Loss Account for the period from 8th March, 2008 to 31st March, 2008

| Schedule | | (Rs. '000) |
|--|---|---------------|
| Income | | - |
| | | <u>-</u> |
| Expenses | | |
| Audit fees | | 5.62 |
| Bank Charges | | 0.09 |
| Miscellaneous Expenses | | 0.07 |
| | | <u>5.78</u> |
| Profit/(Loss) before tax | | (5.78) |
| Provision for tax | | - |
| Profit/(Loss) after tax | | (5.78) |
| | | <u>(5.78)</u> |
| Profit available for appropriation | | <u>(5.78)</u> |
| Appropriations | | |
| Balance brought forward | | - |
| Balance carried forward to Balance Sheet | | <u>(5.78)</u> |
| | | (0.58) |
| Notes on accounts | E | |

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants**Jayesh R. Thar**
(Proprietor)
Membership No. 032917Place: Mumbai
Date: 21st April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director**Sarang Wadhawan**
Director

Cash Flow Statement for the period from 8th March, 2008 to 31st March, 2008

| | (Rs. '000) |
|--|----------------|
| A. Cash flow from operating activities | |
| Net profit before tax | (5.78) |
| Adjustments for : | |
| (1) | - |
| Operating profit before working capital changes | <u>(5.78)</u> |
| Movements in working capital : | |
| Increase / (Decrease) in trade and other payables | 19.65 |
| Net movement in working capital | <u>19.65</u> |
| Cash used in operations | <u>13.87</u> |
| Less: Direct taxes paid (net of refunds) | - |
| Net cash used in operating activities | 13.87 |
| B. Cash flows from investing activities | |
| (1) | - |
| Net cash used in investing activities | <u>-</u> |
| C. Cash flows from financing activities | |
| (1) Issue of Shares | 100.00 |
| (2) Incorporation Expenses | <u>(22.27)</u> |
| Net cash from financing activities | 77.73 |
| Net increase in cash and cash equivalents (A+B+C) | 91.60 |
| Cash and cash equivalents at the beginning of the year | - |
| Cash and cash equivalents at the end of the period | 91.60 |
| Cash and cash equivalents as at 31st March | 2008 |
| | (Rs. '000) |
| Cash on hand | 9.33 |
| With banks - on current accounts | 82.27 |
| | <u>91.60</u> |

Notes: 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.

2) Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Sarang Wadhawan
Director

Place: Mumbai
Date: 21st April, 2008

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

SCHEDULE "A"**SHAREHOLDERS FUND****Authorised Share Capital**

10,000 Equity shares of Rs.10/- each

100.00

100.00**Issued, subscribed and paid up**

10,000 Equity shares of Rs.10/- each fully paid

100.00

100.00**SCHEDULE "B"****CURRENT ASSETS, LOANS AND ADVANCES**

a) Cash and Bank Balances

a) Cash in hand

9.33

b) Cash at scheduled banks on current accounts

82.27

Total**91.60****SCHEDULE "C"****CURRENT LIABILITIES AND PROVISIONS****(I) Current Liabilities**

(1) Creditors for goods and services

-

a) Total outstanding dues of micro enterprises and small enterprises

-

b) Total outstanding dues of creditors other than micro enterprises and small enterprises

19.65

Total**19.65****SCHEDULE "D"****MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted)

Preliminary expenses

22.27

22.27

Notes on Accounts for the period from 8th March, 2008 to 31st March, 2008

SCHEDULE "E"

1. Significant Accounting Policies:

a) Basis of Accounting

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

b) Oil and gas assets

Though the Company is yet to commence its business, it intends to implement following accounting policies on commencement of business.

The Company will follow a successful efforts method for accounting for oil and gas assets as set out by the Guidance Note issued by the ICAI on "Accounting for Oil and Gas Producing Activities".

Expenditure incurred on the acquisition of a licence interest will be initially capitalised on a licence by licence basis. Costs will be held, undepleted, within exploratory and development wells in progress until the exploration phase relating to the licence area is complete or commercial oil and gas reserves are discovered.

Exploration expenditure incurred in the process of determining exploration targets which cannot be directly related to individual exploration wells will be expensed in the period in which it is incurred. Exploration/appraisal drilling costs will be initially capitalised within exploratory and development wells in progress on a well by well basis until the success or otherwise of the well has been established. The success or failure of each exploration/appraisal effort will be judged on a well by well basis. Drilling costs will be written off on completion of a well unless the results indicate that oil and gas reserves exist and there is a reasonable prospect that these reserves are commercial.

Where results of exploration drilling indicate the presence of oil and gas reserves which will ultimately not be considered commercially viable, all related costs will be written off to the profit and loss account. Following appraisal of successful exploration wells, when a

well will be ready for commencement of commercial production, the related exploratory and development wells in progress will be transferred into a single field cost centre within producing properties, after testing for impairment.

Where costs are incurred after technical feasibility and commercial viability of producing oil and gas is demonstrated and it has been determined that the wells are ready for commencement of commercial production, they will be capitalised within producing properties for each cost centre. Subsequent expenditure will be capitalised when it enhances the economic benefits of the producing properties or replaces part of the existing producing properties. Any costs remaining associated with such part replaced will be expensed in the financial statements.

Net proceeds from any disposal of an exploration asset within exploratory and development wells in progress will initially be credited against the previously capitalised costs and any surplus proceeds will be credited to the profit and loss account. Net proceeds from any disposal of producing properties will be credited against the previously capitalised cost and any gain or loss on disposal of producing properties will be recognised in the profit and loss account, to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

c) Depletion

The Company depletes expenditure on producing properties within each cost centre. Depletion is charged on a unit of production basis, based on proved reserves for acquisition costs and proved and developed reserves for other costs.

d) Decommissioning

At the end of the producing life of a field, costs are incurred in removing and decommissioning production facilities. The Company recognises the full cost of decommissioning as an asset and liability when the obligation to rectify environmental damage arises. The decommissioning asset is included within producing properties of the related asset. The amortisation of the asset, calculated on a unit of production basis based on proved and developed reserves, is included in the "depletion, decommissioning and amortisation" charge in the profit and loss account.

Notes on Accounts for the period from 8th March, 2008 to 31st March, 2008

SCHEDULE "E" (Contd.)

- e) Amortisation of preliminary expenses:

Preliminary expenses will be amortised over a period of five years from the year of commencement of business.

- f) Contingent Liabilities:

Contingent liabilities are not provided for and, if any, the same is disclosed by way of note.

- | | | Current period
(Rs. '000) |
|----|--|-------------------------------------|
| 2. | a) Contingent liabilities not provided for: | NIL |
| | b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | NIL |
| 3. | Licensed and Installed capacities. | N.A. |
| 4. | a) During the period, as the Company has not carried out any activity, quantitative information relating to turnover, actual production etc. is not given. | |
| | b) Other information required to be given under Part II of Schedule VI of the Companies Act, 1956 to the extent not applicable is not given. | |

5. Remuneration to auditors:

Audit fees

Taxation matters

- | | | Current period
(Rs. '000) |
|-----|---|-------------------------------------|
| | Audit fees | 5.62 |
| | Taxation matters | - |
| | | <u>5.62</u> |
| 6. | Value of imports on C.I.F. basis | Nil |
| 7. | Expenditure in foreign currency | Nil |
| 8. | Earnings in foreign exchange | Nil |
| 9. | As the Company is incorporated on 8th March, 2008 figures for the previous year are not given. | |
| 10. | In the opinion of the management, the current assets, loans and advances are not less than as stated, if realised in ordinary course of business. | |
| 11. | Deferred tax Liability/Asset : As on the Balance sheet date there exists no item which causes timing difference between the book and tax profits. | |

12. Earnings per equity share

a) profit or loss attributable to equity shareholders (Rs.'000)

b) number of equity shares

c) EPS (in Rs.)

13. Micro , Small and Medium Enterprises

The Company has not carried out any activity during the period from 8th March, 2008 to 31st March, 2008 and hence information about Micro, Small and Medium Enterprises and other disclosures, if any, relating to amounts unpaid as on 31st March, 2008 together with interest paid/payable as required under the Micro, Small and Medium Enterprises Development Act, 2006 is not given.

| | | Current period |
|----|--|-----------------------|
| a) | profit or loss attributable to equity shareholders (Rs.'000) | (5.78) |
| b) | number of equity shares | 10,000 |
| c) | EPS (in Rs.) | (0.58) |

Notes on Accounts for the period from 8th March, 2008 to 31st March, 2008

SCHEDULE "E" (Contd.)

14. Segment Reporting Policies

The Company is yet to commence the business, however considering the nature of companies business and operations, there are no separate reportable segments in accordance with the requirements of Accounting Standard (AS-17) "Segment reporting" issued by the Institute of Chartered Accountants of India.

15. Impairment

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

16. Related Party

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

1. Companies

Housing Development and Infrastructure Limited - Holding Company

| Description | Amount (Rs. '000) | Balance as on 31st March, 2008 (Rs. '000) |
|--------------------|-----------------------------|---|
| Equity Shares | 100.00 | 100.00 |

2. Others

Not Applicable

3. Key management personnel

Not Applicable

4. Enterprise significantly influenced by key management personnel

Not Applicable

Notes on Accounts for the period from 8th March, 2008 to 31st March, 2008

SCHEDULE "E" (Contd.)

17. Balance Sheet abstract and company's general business profile:

I. Registration Details

| | |
|--------------------|-----------------------|
| Registration No. | U11100MH2008PTC179827 |
| State Code | 11 |
| Balance Sheet Date | 31-03-2008 |

II. Capital Raised during the year

(Rs. '000)

| | |
|-------------------|-----|
| Public Issue | – |
| Right Issue | – |
| Bonus Issue | – |
| Private Placement | 100 |

III. Position of Mobilisation & Deployment of Funds

(Rs. '000)

| | |
|-------------------|-----|
| Total Liabilities | 120 |
| Total Assets | 120 |

Sources of Funds

(Rs. '000)

| | |
|----------------------|-----|
| Paid up capital | 100 |
| Reserves and Surplus | – |
| Secured loans | – |
| Unsecured loans | – |

Application of Funds

(Rs. '000)

| | |
|---------------------------|----|
| Net Fixed Assets | – |
| Investments | – |
| Net Current Assets | 72 |
| Miscellaneous Expenditure | 22 |
| Accumulated Losses | 6 |

IV. Performance of company

(Rs. '000)

| | |
|--------------------------|--------|
| Turnover | – |
| Total Expenditure | 6 |
| Profit/(Loss) before tax | (6) |
| Profit/(Loss) after tax | (6) |
| Earning per share | (0.58) |
| Dividend rate | – |

V. Generic Names of Three Principal Products/Services of Company

(as per monetary terms)

| | |
|--------------------------|----|
| Item Code No. (ITC Code) | NA |
| Product Description | NA |

Signature to Schedule "A" to "E"

For **THAR & CO.**

Chartered Accountants

Jayesh R. Thar

(Proprietor)

Membership No. 032917

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Director

Sarang Wadhawan

Director

Place: Mumbai

Date: 21st April, 2008

Directors' Report

To the Members,

Your Directors are pleased to submit the First Annual Report with the audited statement of accounts for the period from 6th December, 2007 to 31st March, 2008.

1. Financial Results

| | |
|--|---------|
| Gross sales and other receipts | - |
| Profit/(Loss) before depreciation and taxation | (11.94) |
| Depreciation | - |
| Profit/(Loss) before tax | (11.94) |
| Less: Provision for taxation | - |
| Profit/(Loss) after taxation | (11.94) |
| Balance brought forward | - |
| Profit/(Loss) carried to Balance Sheet | (11.94) |

Current period

(Rs. '000)

2. Dividend

As the Company is yet to commence the business, your directors do not recommend payment of any dividend on the equity shares.

3. Appointment of Auditors

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

4. a) During the period from 6th December, 2007 to 31st March, 2008 the Company has not employed any employee, therefore has not paid remuneration in excess of limits prescribed by the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.
- b) During the period from 6th December, 2007 to 31st March, 2008 the Company has not undertaken any research and development activity.
- c) Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2(c) is

- (a) Foreign Exchange Earnings
- (b) Foreign Exchange Outgo

Current period

(Rs. '000)

Nil

Nil

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

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

- i) In the preparation of the annual accounts, the applicable accounting standards, to the extent applicable, have been followed;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and loss of the Company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.

6. Acknowledgement

Your Directors express their sincere thanks to the business associates for its assistance and co-operation extended from time to time.

On behalf of the Board of Directors

Rakesh Kumar Wadhawan

Director

Place: Mumbai

Date: 21st April, 2008

Auditor's Report

To the members of HDIL INFRA PROJECTS PRIVATE LIMITED,

1. We have audited the attached Balance Sheet of HDIL INFRA PROJECTS PRIVATE LIMITED, as at 31st March, 2008 and Profit and Loss Account and also Cash Flow Statement for the period from 6th December, 2007 to 31st March, 2008 annexed thereto. This financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We further report that;
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 - c) the Balance Sheet, 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, to the extent applicable;
 - e) on the basis of written representations received from Directors of the Company, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2008;
 - (ii) in the case of the Profit and Loss Account, of the loss for the period from 6th December, 2007 to 31st March, 2008; and
 - (iii) in the case of the Cash Flow Statement, of the cash flow for the period from 6th December, 2007 to 31st March, 2008.

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2008

Annexure to the Auditor's Report

Referred to in paragraph 3 of our report of even date on the accounts for the period from 6th December, 2007 to 31st March, 2008 of HDIL INFRA PROJECTS PRIVATE LIMITED.

1. a) As the Company does not have any fixed assets, we do not have comment on maintenance of record.
- b) In view of reply to 1 (a), we do not have to offer comment on physical verification of fixed asset.
- c) In view of reply to 1 (a), we do not have to offer comment on going concern status of the Company.
2. a) As the Company does not have any inventory, we do not have to offer comment on physical verification.
- b) In view of reply to 2 (a), we do not have to offer comment on procedures for physical verification of inventory.
- c) In view of reply to 2 (a), we do not have to offer comment on maintenance of records of inventory.
3. a) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) The Company, during the period, has not taken loans, secured or unsecured, from the Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. As the Company is yet to commence the business, it has not purchased any inventory or fixed assets, therefore, we do not have to offer comment on adequacy or otherwise of internal control procedures with respect to the purchases thereof or sale of goods.
5. a) To the best of our knowledge and belief and according to the information and explanations given to us during the period, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956, that need to be entered into the register maintained under that section.
- b) In our opinion and having regard to our comments in paragraph (4) above, the Clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current period.
6. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the National Company Law Tribunal or Company Law Board.
7. As the Company is incorporated on 6th December, 2007, we do not have to offer our comment on adequacy or otherwise of the internal audit system.
8. The Central Government has not prescribed for maintenance of cost records 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 on the basis of our examination of books of account of the Company, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and any other statutory dues 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) As the Company is incorporated on 6th December, 2007, we do not have comment on this clause.
- c) According to the information and explanations given to us by the management there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty and Excise duty, which have not been deposited on account of any dispute.
10. As the Company is incorporated on 6th December, 2007 only, we do not have to offer our comment on accumulated loss or cash loss.
11. The Company does not have any dues to a financial institution or bank, accordingly, the Clause No. 4 (xi) of the Order is not applicable.

12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the Company has not availed any term loan during the period under audit.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, except the allotment of equity shares to its holding company, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report, accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. 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
(Proprietor)
Membership No.032917

Place: Mumbai
Date: 21st April, 2008

Balance Sheet as at

| | Schedule | 31st March, 2008 (Rs. '000) | |
|--|----------|--------------------------------|------------------------|
| Sources of Funds | | | |
| Shareholders Fund | | | |
| Share Capital | A | | 3,650.00 |
| Total | | | <u>3,650.00</u> |
| Application of Funds | | | |
| Current Assets, Loans and Advances | B | 19.98 | |
| Less: Current Liabilities and Provisions | C | <u>15.74</u> | 4.24 |
| Miscellaneous Expenditure | D | | 3,633.82 |
| Profit and Loss Account | | | 11.94 |
| Total | | | <u>3,650.00</u> |
| Notes on accounts | E | | |

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Sarang Wadhawan
Director

Profit and Loss Account for the period from 6th December, 2007 to 31st March, 2008

| | Schedule | (Rs. '000) |
|--|----------|----------------|
| Income | | - |
| | | - |
| Expenses | | |
| Audit fees | | 5.62 |
| Professional fees | | 5.62 |
| Miscellaneous Expenses | | 0.20 |
| Filing fees paid to R.O.C. | | 0.50 |
| | | 11.94 |
| Profit/(Loss) before tax | | (11.94) |
| Provision for tax | | - |
| Profit/(Loss) after tax | | (11.94) |
| Profit available for appropriation | | (11.94) |
| Appropriations | | |
| Balance brought forward | | - |
| Balance carried forward to Balance Sheet | | (11.94) |
| Earning per equity share | | (0.10) |
| Notes on accounts | E | |

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st April, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Sarang Wadhawan
Director

Cash Flow Statement for the period from 6th December, 2007 to 31st March, 2008

| | (Rs. '000) |
|--|--------------|
| A. Cash flow from operating activities | |
| Net profit before tax | (11.94) |
| Adjustments for: | |
| (1) | - |
| Operating profit before working capital changes | (11.94) |
| Movements in working capital: | |
| Increase / (Decrease) in trade and other payables | 15.74 |
| Net movement in working capital | 15.74 |
| Cash used in operations | 3.80 |
| Less: Direct taxes paid (net of refunds) | - |
| Net cash used in operating activities | 3.80 |
| B. Cash flows from investing activities | |
| (1) | - |
| Net cash used in investing activities | - |
| C. Cash flows from financing activities | |
| (1) Issue of Shares | 3,650.00 |
| (2) Incorporation Expenses | (3,633.82) |
| Net cash from financing activities | 16.18 |
| Net increase in cash and cash equivalents (A + B +C) | 19.98 |
| Cash and cash equivalents at the beginning of the year | - |
| Cash and cash equivalents at the end of the period | 19.98 |
| Cash and cash equivalents as at 31st March | 2008 |
| | (Rs. '000) |
| Cash on hand | 10.07 |
| With banks - on current accounts | 9.91 |
| | <u>19.98</u> |

Notes: 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.

2) Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Director

Sarang Wadhawan
Director

Place: Mumbai
Date: 21st April, 2008

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

| | | 31st March, 2008 (Rs. '000) |
|--|--|---------------------------------------|
| SCHEDULE "A" | | |
| SHAREHOLDERS FUND | | |
| Authorised Share Capital | | |
| 5,00,00,000 Equity shares of Rs.10/- each | | 500,000.00 |
| | | 500,000.00 |
| Issued, subscribed and paid up | | |
| 3,65,000 Equity shares of Rs.10/- each fully paid | | 3,650.00 |
| | | 3,650.00 |
| SCHEDULE "B" | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| I) Current Assets | | |
| a) Inventory (at cost) | | - |
| b) Sundry Debtors | | - |
| (Unsecured, considered good) | | - |
| outstanding for a period exceeding six months | | - |
| others | | - |
| c) Cash and Bank Balances | | |
| a) Cash in hand | | 10.07 |
| b) Cash at scheduled banks on current accounts | | 9.91 |
| | | 19.98 |
| (II) Loans and Advances | | - |
| Total (I) + (II) | | 19.98 |
| SCHEDULE "C" | | |
| CURRENT LIABILITIES AND PROVISIONS | | |
| (I) Current Liabilities | | |
| (1) Creditors for goods and services | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | - |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 15.74 |
| | | 15.74 |
| (II) Provision | | - |
| Total (I + II) | | 15.74 |
| SCHEDULE "D" | | |
| MISCELLANEOUS EXPENDITURE | | |
| (to the extent not written off or adjusted) | | |
| Preliminary expenses | | 3,633.82 |
| | | 3,633.82 |

Notes on Accounts for the period from 6th December, 2007 to 31st March, 2008

SCHEDULE "E"

1. Significant Accounting Policies

a) Basis of Accounting

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

b) Amortisation of preliminary expenses

Preliminary expenses will be amortised over a period of five years from the year of commencement of business.

c) Contingent Liabilities

Contingent liabilities are not provided for and, if any, the same is disclosed by way of a note.

2. a) Contingent liabilities not provided for

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

3. Licensed and Installed capacities

4. a) During the period, as the Company has not carried out any activity, quantitative information relating to turnover, actual production etc. is not given.

b) Other information required to be given under Part II of Schedule VI of the Companies Act, 1956 to the extent not applicable is not given.

5. Remuneration to auditors:

Audit fees

Taxation matters

6. Value of imports on C.I.F. basis

7. Expenditure in foreign currency

8. Earnings in foreign exchange

9. As the company is incorporated on 6th December, 2008 figures for the previous year are not available and hence not given.

10. In the opinion of the management, the current assets and loans and advances are not less than as stated, if realised in ordinary course of business.

11. Deferred tax Liability/ Asset

As on the Balance sheet date there exists no item which causes timing difference between the book and tax profits.

12. Earnings per equity share

a) Profit or loss attributable to equity shareholders (Rs. '000)

b) Number of equity shares (weighted average)

c) EPS (In Rs.)

| Current period |
|----------------|
| (Rs. '000) |
| Nil |
| Nil |
| N.A. |

| Current period |
|----------------|
| (Rs. 000') |
| 5.62 |
| - |
| <hr/> |
| 5.62 |
| <hr/> |
| Nil |
| Nil |
| Nil |

| Current period |
|----------------|
| (11.94) |
| 115,302 |
| (0.10) |

Notes on Accounts for the period from 6th December, 2007 to 31st March, 2008

SCHEDULE "E" (Contd.)

13. Micro, Small and Medium Enterprises

The Company has not carried out any activity during the period from 6th December, 2007 to 31st March, 2008 and hence information about Micro, Small and Medium Enterprises and other disclosures, if any, relating to amounts unpaid as on 31st March, 2008 together with interest paid/payable as required under the Micro, Small and Medium Enterprises Development Act, 2006 is not given.

14. Segment Reporting Policies

Company is engaged in single segment i.e. Infrastructure development. However, company is yet to commence the business.

15. Impairment

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

16. Related Party

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

1. Companies

Housing Development and Infrastructure Limited - Holding Company

| Description | Amount (Rs. '000) | Balance as on 31st March, 2008 (Rs. '000) |
|---------------|----------------------|--|
| Share capital | 3,650.00 | 3,650.00 |

2. Others:

Not applicable

3. Key management personnel

Not applicable

4. Enterprise significantly influenced by key management personnel

Not applicable

Notes on Accounts for the period from 6th December, 2007 to 31st March, 2008

SCHEDULE "E" (Contd.)

17. Balance Sheet abstract and company's general business profile

I. Registration Details

| | |
|--------------------|-----------------------|
| Registration No. | U70102MH2007PTC176502 |
| State Code | 11 |
| Balance Sheet Date | 31-03-2008 |

II. Capital Raised during the Year

(Rs. '000)

| | |
|-------------------|-------|
| Public Issue | - |
| Right Issue | - |
| Bonus Issue | - |
| Private Placement | 3,650 |

III. Position of Mobilisation and Deployment of Funds

(Rs. '000)

| | |
|-------------------|-------|
| Total Liabilities | 3,666 |
| Total Assets | 3,666 |

Sources of Funds

(Rs. '000)

| | |
|----------------------|-------|
| Paid up capital | 3,650 |
| Reserves and Surplus | - |
| Secured loans | - |
| Unsecured loans | - |

Application of Funds

(Rs. '000)

| | |
|---------------------------|-------|
| Net Fixed Assets | - |
| Investments | - |
| Net Current Assets | 4 |
| Miscellaneous Expenditure | 3,634 |
| Accumulated Losses | 12 |

IV. Performance of company

(Rs. '000)

| | |
|--------------------------|--------|
| Turnover | - |
| Total Expenditure | 12 |
| Profit/(Loss) before tax | (12) |
| Profit/(Loss) after tax | (12) |
| Earning per share | (0.10) |
| Dividend rate | - |

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

| | |
|--------------------------|----|
| Item Code No. (ITC Code) | NA |
| Product Description | NA |

Signature to Schedule "A" to "E"

For **THAR & CO.**

Chartered Accountants

Jayesh R. Thar

(Proprietor)

Membership No. 032917

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Director

Sarang Wadhawan

Director

Place: Mumbai

Date : 21st April, 2008

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) and its subsidiaries, Privilege Power and Infrastructure Private Limited, Blue Star Realtors Private Limited, HDIL Infra Projects Private Limited, HDIL Entertainment Private Limited, Ravijyot Finance and Leasing Private Limited, and HDIL Oil & Gas Private Limited, as at 31st March, 2008 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 consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, notified by Companies

(Accounting Standard) Rule, 2006, and on the basis of the separate audited financial statements of the Company and its subsidiaries as listed in paragraph 1 above.

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 subsidiaries, we 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, 2008;
 - (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
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st May, 2008

Consolidated Balance Sheet as at

| | Schedule | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|---|--------------|-----------------------------------|-----------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' funds | | | |
| Capital | A | 21,427.21 | 18,000.00 |
| Reserves and surplus | B | 342,723.49 | 55,419.69 |
| Loan funds | | | |
| Secured loans | C | 194,607.66 | 37,568.46 |
| Unsecured Loans | | 116,666.67 | - |
| Minority interest | | 0.86 | - |
| Deferred tax liability | D | 153.87 | 82.77 |
| | Total | 675,579.76 | 111,070.92 |
| APPLICATION OF FUNDS | | | |
| Fixed assets | E | | |
| Gross block | | 5,755.32 | 2,666.74 |
| Less: Depreciation | | 315.15 | 159.27 |
| Net block | | 5,440.17 | 2,507.47 |
| Capital work-in-progress | | 522.46 | 34.58 |
| | | 5,962.63 | 2,542.05 |
| Goodwill on consolidation | F | 911.13 | 229.84 |
| Investments | G | 19,145.08 | 15,775.49 |
| Deffered tax assets | H | 2.42 | 6.05 |
| Current assets, loans and advances | | | |
| Inventories | I | 552,287.16 | 132,447.91 |
| Sundry debtors | J | 5,664.75 | 31,131.24 |
| Cash and bank balances | K | 35,050.63 | 570.60 |
| Loans and advances | L | 131,077.50 | 12,385.04 |
| | | 724,080.04 | 176,534.79 |
| Less: Current liabilities and provisions | | | |
| Liabilities | M | 57,631.80 | 79,184.99 |
| Provisions | N | 17,132.23 | 6,699.22 |
| | | 74,764.03 | 85,884.21 |
| Net current assets | | 649,316.01 | 90,650.58 |
| Miscellaneous expenditure (to the extent not written off or adjusted) | O | 242.49 | 1,866.91 |
| | Total | 675,579.76 | 111,070.92 |
| Notes to accounts | X | | |

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 21st May, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Executive Chairman

K. P. Devassy

Chief Financial Officer

Sarang Wadhawan

Managing Director

Darshan Majmudar

Company Secretary

Consolidated Profit and Loss Account for the year ended

| | Schedule | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|--|----------|-----------------------------------|-----------------------------------|
| INCOME | | | |
| Turnover | P | 238,037.25 | 120,419.23 |
| Other income | Q | 5,292.96 | 2,059.90 |
| | | 243,330.21 | 122,479.13 |
| EXPENDITURE | | | |
| (Increase)/Decrease in stock in trade | R | (1,246.01) | (1,137.50) |
| (Increase)/Decrease in work-in-progress | S | (404,063.15) | (83,619.35) |
| Cost of premises capitalised as investment/fixed asset | | (1,799.97) | (2,406.24) |
| Cost of construction and development | T | 470,399.01 | 138,424.29 |
| Employees' remuneration and welfare expenses | U | 1,223.99 | 847.58 |
| Administrative expenses | V | 4,310.08 | 2,113.95 |
| Finance expenses | W | 14,077.37 | 5,612.47 |
| Depreciation | | 148.85 | 75.75 |
| Preliminary expenses written off | | 74.60 | 57.01 |
| | | 83,124.77 | 59,967.96 |
| Operating profit before tax | | 160,205.44 | 62,511.17 |
| Less: Provision for tax | | 19,060.04 | 7,682.38 |
| Less: Provision for fringe benefit tax | | 46.04 | 20.29 |
| Less: Provision for wealth tax | | 1.43 | 1.00 |
| Less: Deferred tax liability | | 84.85 | 38.54 |
| Less: Short provision for income tax/fringe benefit tax for earlier year | | 40.24 | - |
| Add: Deferred tax asset | | 9.85 | 7.12 |
| Add: Excess provision for taxation no longer required | | 2.70 | 24.11 |
| Operating profit after tax | | 140,985.39 | 54,800.19 |
| Balance brought forward from previous year | | 49,011.19 | 10,367.22 |
| Adjustments for subsidiaries added | | 62.86 | - |
| Profit available for appropriation | | 190,059.44 | 65,167.41 |
| Appropriations : | | | |
| Transferred to General Reserve | | 48,763.20 | 6,298.75 |
| Transferred to Capital Redemption Reserve | | 62.07 | - |
| Transferred to Debenture Redemption Reserve | | 71,250.00 | - |
| Utilised for issue of Bonus Shares | | - | 9,800.00 |
| Interim Dividend | | 4,200.00 | - |
| Proposed Dividend | | 6,428.16 | - |
| Dividend distribution tax | | 1,806.26 | - |
| Profit before minority interest | | 57,549.75 | 49,068.66 |
| Less : Minority interest | | (0.02) | 0.01 |
| Less : Preacquisition profit | | 68.81 | - |
| Less : Goodwill written off | | 242.15 | 57.46 |
| Profit carried to Balance sheet | | 57,238.81 | 49,011.19 |
| Earnings per share (Amount in Rs.) | | 69.17 | 30.44 |
| Equity shares of par value Rs. 10/- each | | | |
| Weighted average number of shares used in computing earnings per share | | 203,822,836 | 180,000,000 |
| Notes to accounts | X | | |

As per our report of even date attached

For **THAR & CO.**

Chartered Accountants

Jayesh R. Thar

(Proprietor)

Membership No. 032917

Place: Mumbai

Date: 21st May, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Executive Chairman

K. P. Devassy

Chief Financial Officer

Sarang Wadhawan

Managing Director

Darshan Majmudar

Company Secretary

Consolidated Cash Flow Statement for the year ended

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|---|-----------------------------------|-----------------------------------|
| A. Cash flow from operating activities | | |
| Net profit before tax | 160,205.44 | 62,511.17 |
| Adjustments for: | | |
| (1) Depreciation | 148.85 | 75.76 |
| (2) Expenses of increasing authorised share capital written off | 74.60 | 57.01 |
| (3) Interest expenses | 433.69 | 548.41 |
| (4) Investment income | (4,152.84) | (729.49) |
| (5) Profit on sale of investments | (1,116.91) | - |
| (6) Loss on sale of assets | 1.09 | - |
| | (4,611.52) | (48.31) |
| Operating profit before working capital changes | 155,593.92 | 62,462.86 |
| Movements in working capital : | | |
| Decrease/(Increase) in inventories | (419,839.25) | (84,756.85) |
| Decrease/(Increase) in sundry debtors | 25,466.48 | (23,311.19) |
| Decrease/(Increase) in other receivables | (118,692.46) | (3,991.66) |
| Increase/(Decrease) in trade and other payables | (21,424.29) | 38,315.73 |
| | (534,489.52) | (73,743.97) |
| Net movement in working capital | (378,895.60) | (11,281.11) |
| Cash generated from/(used in) operations | 16,365.09 | 1,996.82 |
| Less: Direct taxes paid (net of refunds) | - | - |
| Net cash from/(used in) operating activities | (395,260.69) | (13,277.93) |
| B. Cash flows from investing activities | | |
| (1) Sale of fixed assets | 0.51 | 984.62 |
| (2) Purchase of investments (net of sales) | (2,252.68) | (5,188.61) |
| (3) Investment income | 4,152.84 | 33.39 |
| (4) (Increase)/Decrease in capital work-in-progress | (487.88) | 68.85 |
| (5) Purchase of fixed assets (including additional Goodwill) | (4,059.15) | (2,037.35) |
| | (2,646.36) | (6,139.10) |
| Net cash from/(used in) investing activities | (2,646.36) | (6,139.10) |
| C. Cash flows from financing activities | | |
| (1) Proceeds from issue of equity shares | 171,360.41 | - |
| (2) Proceeds from borrowings | 293,118.27 | 18,002.97 |
| (3) Repayments of borrowings | (19,412.40) | (80.94) |
| (4) Interest paid | (433.69) | (548.41) |
| (5) Dividend paid | (4,910.48) | - |
| (6) IPO Expenses | (7,263.98) | (1,674.31) |
| (7) Expenses towards increase in share capital | (124.49) | (107.81) |
| | 432,333.64 | 15,591.50 |
| Net cash from/(used in) financing activities | 432,333.64 | 15,591.50 |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 34,426.59 | (3,825.53) |
| Cash and cash equivalents at the beginning of the year | 570.60 | 4,396.13 |
| Add: Upon addition of new subsidiaries | 53.44 | 624.04 |
| | 624.04 | - |
| Cash and cash equivalents at the end of the year | 35,050.63 | 570.60 |
| Components of cash and cash equivalents as at 31st March | 2008 | 2007 |
| | (Rs. in lacs) | (Rs. in lacs) |
| Cash on hand | 122.14 | 121.11 |
| With banks - on current account | 1,919.49 | 449.49 |
| - on deposit account | 33,009.00 | - |
| | 35,050.63 | 570.60 |

Notes: 1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.
 2) Figures in the brackets indicate outflow.

As per our report of even date attached

For **THAR & CO.**
Chartered Accountants

Jayesh R. Thar
(Proprietor)
Membership No. 032917

Place: Mumbai
Date: 21st May, 2008

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan
Executive Chairman

K. P. Devassy
Chief Financial Officer

Sarang Wadhawan
Managing Director

Darshan Majmudar
Company Secretary

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

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|--|-----------------------------------|-----------------------------------|
| SCHEDULE "A" | | |
| SHARE CAPITAL | | |
| Authorised : | | |
| 50,00,00,000 (P.Y.- 25,00,00,000) Equity shares of Rs.10/- each | 50,000.00 | 25,000.00 |
| Issued, subscribed and paid up | | |
| 21,42,72,081 (P.Y.- 18,00,00,000) Equity shares of Rs.10/-each fully paid up | <u>21,427.21</u> | <u>18,000.00</u> |
| | 21,427.21 | 18,000.00 |
| SCHEDULE "B" | | |
| RESERVE AND SURPLUS | | |
| Capital reserve | | |
| Balance as per last balance sheet | 6.00 | - |
| | <u>6.00</u> | - |
| Capital redemption reserve | | |
| Balance as per last balance sheet | - | - |
| Add: Transferred from Profit and Loss Account | 62.07 | - |
| | <u>62.07</u> | - |
| Share premium | | |
| Balance as per last balance sheet | 9,580.32 | 1,000.00 |
| Add: Received during the year | 167,933.20 | - |
| Less: Issue expenses written off | 8,938.29 | - |
| Less: Utilised for redemption of preference shares | 9,580.32 | - |
| Less: Utilised for issue of fully paid bonus shares | - | 1,000.00 |
| | <u>158,994.91</u> | - |
| Debenture redemption reserve | | |
| Balance as per last balance sheet | - | - |
| Add:-Transferred from Profit and Loss Account | 71,250.00 | - |
| | <u>71,250.00</u> | - |
| General reserve | | |
| Balance as per last balance sheet | 6,408.50 | 2,309.75 |
| Less: Utilised for issue of fully paid bonus shares | - | 2,200.00 |
| Add: Transferred from Profit and Loss Account | 48,763.20 | 6,298.75 |
| | <u>55,171.70</u> | <u>6,408.50</u> |
| Surplus | | |
| Profit and Loss Account | 57,238.81 | 49,011.19 |
| | 342,723.49 | 55,419.69 |
| SCHEDULE "C" | | |
| LOANS FUND | | |
| From Scheduled Banks | 77,107.66 | 37,568.46 |
| From Financial Institutions | 30,000.00 | - |
| 8,750 Redeemable non-convertible debentures of Rs.10 lac each | 87,500.00 | - |
| | <u>194,607.66</u> | <u>37,568.46</u> |
| Unsecured loans | | |
| From Scheduled Banks | 86,666.67 | - |
| 300 Redeemable non-convertible debentures of Rs.1 crore each | 30,000.00 | - |
| | <u>116,666.67</u> | - |
| SCHEDULE "D" | | |
| DEFERRED TAX LIABILITY | | |
| Arising on account of timing difference in, | | |
| Depreciation | 184.57 | 92.15 |
| Provision for gratuity | (15.64) | (3.12) |
| Provision for encashment of leave | (15.06) | (6.26) |
| | <u>153.87</u> | <u>82.77</u> |

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

SCHEDULE "E"
FIXED ASSETS

(Rs. in lacs)

| Description | Cost | | | | Depreciation | | | | Net Block | |
|----------------------|-----------------------------|----------------------------------|---------------------------------|------------------------------|------------------------------|---------------|----------------------|------------------------------|------------------------------|------------------------------|
| | as at 1st April, 2007 | additions during the year# | deletions during the year | as at 31st March, 2008 | up to 31st March, 2007 | for the year | on sale of assets | up to 31st March, 2008 | as at 31st March, 2008 | as at 31st March, 2007 |
| Land | - | 557.09 | - | 557.09 | - | - | - | - | 557.09 | - |
| Buildings | 1,823.79 | 1,825.02 | - | 3,648.81 | 24.74 | 32.28 | - | 57.02 | 3,591.79 | 1,799.05 |
| Plant & Machinery | 0.11 | 113.25 | - | 113.36 | 0.03 | 0.96 | - | 0.99 | 112.37 | 0.08 |
| Office Equipments | 278.82 | 197.64 | - | 476.46 | 21.58 | 18.08 | - | 39.66 | 436.80 | 257.24 |
| Computer | 171.93 | 78.30 | - | 250.23 | 45.02 | 32.60 | - | 77.62 | 172.61 | 126.91 |
| Furniture & Fixtures | 136.04 | 267.67 | - | 403.71 | 20.05 | 39.14 | - | 59.19 | 344.52 | 115.99 |
| Vehicles | 256.05 | 44.65 | 2.82 | 297.88 | 47.85 | 33.93 | 1.22 | 80.56 | 217.32 | 208.20 |
| Intangible Asset | - | 7.78 | - | 7.78 | - | 0.11 | - | 0.11 | 7.67 | - |
| Total | 2,666.74 | 3,091.40 | 2.82 | 5,755.32 | 159.27 | 157.10 | 1.22 | 315.15 | 5,440.17 | 2,507.47 |
| Previous year | 558.56 | 1,927.39 | - | 2,485.95 | 64.21 | 62.73 | - | 126.94 | 2,359.01 | 494.35 |

Includes Fixed Assets of new subsidiaries.

SCHEDULE "F"
GOODWILL ON CONSOLIDATION

Balance as per last balance sheet

Add/(Less) : Goodwill/(Capital reserve) on acquisition of interest in subsidiaries

Less: Written off during the year

| 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|-----------------------------------|-----------------------------------|
| 229.84 | 287.68 |
| 923.44 | (0.38) |
| 242.15 | 57.46 |
| 911.13 | 229.84 |

SCHEDULE "G"
LONG TERM INVESTMENTS (at cost)
In immovable property

Investment in property at Dheeraj Arma

Investment in property - Flats at Virar

| | |
|----------|----------|
| 4,112.79 | 4,112.79 |
| 13.06 | 13.06 |

Investments other than trade
Investments (Unquoted)

Punjab & Maharashtra Co-op. Bank Limited

2,30,000 (P.Y. 60,000) Equity of Rs. 25/- each fully paid up

| | |
|-------|-------|
| 57.50 | 15.00 |
|-------|-------|

Other Corporates

HDIL Energy Private Limited

2,600 (P.Y. Nil) Equity shares of Rs. 10/- each fully paid up

HDIL Energy Private Limited

7,19,500 (P.Y. Nil) Preference shares of Rs. 10/- each fully paid up

| | |
|-------|---|
| 0.26 | - |
| 71.95 | - |

In Capital Account with partnership firms

Fixed capital account

Current account

Total

| | |
|------------------|------------------|
| 0.45 | 1.20 |
| 14,889.07 | 11,633.44 |
| 19,145.08 | 15,775.49 |

SCHEDULE "H"
DEFERRED TAX ASSETS

Arising on account of timing difference in,

Depreciation

Provision for gratuity

Provision for encashment of leave

| | |
|-------------|-------------|
| 1.84 | 4.39 |
| (0.06) | 0.76 |
| 0.64 | 0.90 |
| 2.42 | 6.05 |

SCHEDULE "I"
INVENTORIES (at cost)

Finished goods (Stock of flats / shops / TDR)

Stores and spares

Food and beverages

Work-in-progress

| | |
|-------------------|-------------------|
| 3,769.19 | 2,524.35 |
| 0.29 | - |
| 0.88 | - |
| 548,516.80 | 129,923.56 |
| 552,287.16 | 132,447.91 |

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

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|--|--|--|
| SCHEDULE "J" | | |
| SUNDRY DEBTORS | | |
| Debts outstanding for a period exceeding six months | | |
| Unsecured, considered good | 5,037.58 | 5,357.10 |
| Other debts | | |
| Unsecured, considered good | 627.17 | 25,774.14 |
| | 5,664.75 | 31,131.24 |
| SCHEDULE "K" | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 122.14 | 121.11 |
| Balances with scheduled banks: | | |
| On current accounts | 1,919.49 | 449.49 |
| On deposit accounts | 33,009.00 | - |
| | 35,050.63 | 570.60 |
| SCHEDULE "L" | | |
| LOANS AND ADVANCES | | |
| Unsecured considered good | | |
| Advances recoverable in cash or in kind or value to be received: | | |
| Advances for goods and services | 3,342.01 | 1,735.73 |
| Advances for land purchase | 126,375.14 | 10,492.49 |
| Rent receivable | 1.23 | 3.01 |
| Loans to employees | 8.75 | 6.13 |
| Prepaid expenses | 39.48 | 105.91 |
| Deposits | 514.05 | 41.76 |
| Interest accrued on fixed deposit with bank | 796.84 | - |
| | 131,077.50 | 12,385.04 |
| SCHEDULE "M" | | |
| CURRENT LIABILITIES | | |
| a) Sundry Creditors - Micro, Small and Medium Enterprises | - | - |
| - Others | 38,775.52 | 26,965.56 |
| b) Advances from customer | 14,898.79 | 51,210.45 |
| c) Temporary overdraft from Bank | 12.43 | - |
| d) Unpaid Dividend | 3.31 | - |
| e) Share Application Money Refundable | 16.28 | - |
| f) Other liabilities | 1,264.03 | 1,008.98 |
| g) Interest accrued but not due on loans | 2,661.44 | - |
| | 57,631.80 | 79,184.99 |
| SCHEDULE "N" | | |
| PROVISIONS | | |
| Proposed Dividend | 6,428.16 | - |
| Dividend distribution tax | 1,092.47 | - |
| Provision for fringe benefit tax | 79.23 | 33.24 |
| Provision for wealth tax | 2.43 | 1.00 |
| Provision for taxation | 28,497.23 | 9,399.38 |
| Less: Tax paid | 19,134.63 | 2,769.55 |
| | 9,444.26 | 6,664.07 |
| Provision for bonus | 94.62 | - |
| Provision for gratuity | 41.52 | 11.51 |
| Provision for encashment of leave | 31.20 | 23.64 |
| | 17,132.23 | 6,699.22 |

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

SCHEDULE "O"

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary expenses

Balance as per last balance sheet

Add: Expenses incurred during the year

Less: Written off during the year

Cost of increasing authorised share capital

Balance as per last balance sheet

Add: Expenses incurred during the year

Less: Written off during the year

Pre-operative expenses

Balance as per last balance sheet

Add: Expenses incurred during the year

Less: Written off during the year

IPO Expenses

Balance as per last balance sheet

Add: Additions during the year

Less: Transferred to share premium account

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|--|--|--|
| | - | - |
| | 36.76 | - |
| | 0.04 | - |
| | <u>36.72</u> | <u>-</u> |
| | | |
| | 192.60 | 141.79 |
| | 79.10 | 107.82 |
| | 72.83 | 57.01 |
| | <u>198.87</u> | <u>192.60</u> |
| | | |
| | - | - |
| | 8.62 | - |
| | 1.72 | - |
| | <u>6.90</u> | <u>-</u> |
| | | |
| | 1,674.31 | - |
| | 7,263.98 | 1674.31 |
| | 8,938.29 | - |
| | <u>-</u> | <u>1674.31</u> |
| | <u>242.49</u> | <u>1866.91</u> |

Schedules annexed to and forming part of Consolidated Profit and Loss Account for the year ended

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|--|--|--|
| SCHEDULE "P" | | |
| TURNOVER | | |
| Sale of commercial and residential units | 35,355.58 | 26,471.59 |
| Sale of development rights/FSI | 202,651.76 | 82,889.63 |
| Sale of land | - | 11,058.01 |
| Box office sale | 22.00 | - |
| Sale of food and beverages | 7.91 | - |
| | 238,037.25 | 120,419.23 |
| SCHEDULE "Q" | | |
| OTHER INCOME | | |
| Rent and compensation - (TDS Rs. 8,91,53,744/- P.Y. Rs. 1,47,42,286/-) | 1,476.52 | 1,013.59 |
| Dividend received | 2.63 | 33.39 |
| Building maintenance | 14.74 | 193.01 |
| Flat cancellation | 0.70 | - |
| Interest on Fixed Deposits (TDS Rs. 6,37,35,541/- P.Y. NIL) | 2,672.70 | - |
| Profit on sale of shares/investment | - | 696.11 |
| Profit on sale of units of mutual funds | 1,116.91 | - |
| Miscellaneous receipts | - | 11.75 |
| Share of profit from partnership firm | 0.99 | 112.05 |
| Box office other income | 7.77 | - |
| | 5,292.96 | 2,059.90 |
| SCHEDULE "R" | | |
| (INCREASE)/DECREASE IN STOCK-IN-TRADE | | |
| Opening stock-in-trade | 2,524.35 | 1,386.85 |
| Closing stock-in-trade | 3,770.36 | 2,524.35 |
| | (1,246.01) | (1,137.50) |
| SCHEDULE "S" | | |
| (INCREASE)/DECREASE IN WORK-IN-PROGRESS | | |
| Opening work-in-progress | 141,764.20 | 46,304.21 |
| Closing work-in-progress | 545,827.35 | 129,923.56 |
| | (404,063.15) | (83,619.35) |
| SCHEDULE "T" | | |
| COST OF CONSTRUCTION & DEVELOPMENT | | |
| Land | 331,416.14 | 62,866.44 |
| TDR | 1,350.27 | 1,367.08 |
| Tenancy rights | 20,746.53 | 54,173.42 |
| Other civil material | 116,832.62 | 20,017.35 |
| Box office Purchases and operating expenses | 53.45 | - |
| | 470,399.01 | 138,424.29 |
| SCHEDULE "U" | | |
| EMPLOYEE'S REMUNERATION AND WELFARE EXPENSES | | |
| Salary and welfare expenses | 1,223.99 | 847.58 |
| | 1,223.99 | 847.58 |

Schedules annexed to and forming part of Consolidated Profit and Loss Account for the year ended

| | 31st March, 2008 (Rs. in lacs) | 31st March, 2007 (Rs. in lacs) |
|---|--|--|
| SCHEDULE "V" | | |
| ADMINISTRATIVE EXPENSES | | |
| Sales promotion and advertisement expenses | 1,137.14 | 752.06 |
| Brokerage | 26.85 | 129.55 |
| Electricity charges | 46.49 | 47.87 |
| Insurance charges | 10.95 | 62.30 |
| Repairs and maintenance | 26.57 | 14.48 |
| Other administrative expenses | 493.89 | 102.85 |
| Loss on sale of car | 1.09 | - |
| Printing and stationery | 84.39 | 57.53 |
| Travelling and conveyance expenses | 497.15 | 147.59 |
| Professional fees | 614.29 | 151.75 |
| Rent, rates and taxes | 277.11 | 188.27 |
| Stamping and registration | 246.23 | 134.05 |
| Communication expenses | 144.07 | 85.06 |
| Directors remuneration and sitting fees | 274.40 | - |
| Remuneration to auditors | 32.65 | 27.50 |
| Donations | 396.35 | 212.73 |
| Filing fees paid to the ROC | 0.46 | 0.36 |
| | <u>4,310.08</u> | <u>2,113.95</u> |
| SCHEDULE "W" | | |
| FINANCE EXPENSES | | |
| Project specific interest | 16,333.13 | 6,198.86 |
| Less: Interest received from subsidiary companies | 2,689.45 | 1,134.80 |
| Net project specific interest | 13,643.68 | 5,064.06 |
| Other interest | 433.69 | 548.41 |
| | <u>14,077.37</u> | <u>5,612.47</u> |

Significant Accounting Policies and Notes on Consolidated Accounts

SCHEDULE "X"

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 and comply in all material respects with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.
- c) Use of estimates
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

2. Principles of consolidation

The consolidated financial statements are related to Housing Development and Infrastructure Limited (The Company) and its subsidiary companies Privilege Power and Infrastructure Private Limited, Blue Star Realtors Private Limited, HDIL Infra Projects Private Limited, Ravijyot Finance & Leasing Private Limited, HDIL Entertainment Private Limited and HDIL Oil & Gas 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 costs of investment in the subsidiary and the net assets at the time of acquisition of shares in the subsidiary is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.
- c) 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.
- d) 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 companies 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 realisable and intended to be held for not more than a year are classified as current investments and are carried at lower of cost and fair value determined on an individual investment basis whereas all other investments are classified as long-term investments and are carried at cost except provision for diminution in value is made to recognise a decline other than temporary as specified in Accounting Standard (AS 13) on "Accounting for Investments".

5. Inventories

Inventories are valued as follows:

| | |
|------------------|---|
| Work-in-progress | Lower of cost or net realisable 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 realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale. |

Significant Accounting Policies and Notes on Consolidated Accounts

SCHEDULE "X" (Contd.)

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 projects get completed or substantially completed and then revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale:

a) Unit in real estate:

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

b) Rent: Revenue is recognised on accrual basis.

c) Interest: Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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

e) 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.

f) Share in revenue of Entertainment Vertical: Revenue is recognised on accrual basis.

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 out 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 realised in future.

10. a) Amortisation of expenses for increasing authorised share capital

Expense for increasing authorised share capital is amortised over a period of five years.

b) Goodwill arising out of consolidated financial statements

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

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.

Significant Accounting Policies and Notes on Consolidated Accounts

SCHEDULE "X" (Contd.)

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.

16. Contingent liabilities

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

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 final accounts of the holding and respective 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 final accounts.
3. The Company has ventured into new areas of business such as entertainment and energy sector through its newly incorporated subsidiaries namely, HDIL Entertainment Private Limited and HDIL Oil and Gas Private Limited. Neither revenue, assets nor results are significant for reporting to classify it as a separate segment reporting.
4. 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 final accounts.
5. Contingent liabilities not provided for
Details with respect to the holding company and the subsidiary company are given in the respective final accounts.
6. Supplementary statutory information
Details with respect to the holding company and the subsidiary company are given in the respective final accounts.
7. Licensed capacity, installed capacity etc.
Details with respect to the holding company and the subsidiary company are given in the respective final accounts.
8. Secured loans
Details with respect to the holding company and the subsidiary company are given in the respective final accounts.
9. Investment in partnership firms
Details with respect to the holding company and the subsidiary company are given in the respective final accounts.
10. Details with respect to the income tax assessments of holding company and the subsidiary company, which have been completed are given in the respective final accounts.

Significant Accounting Policies and Notes on Consolidated Accounts

SCHEDULE "X" (Contd.)

11. Earnings per share has been computed as under

| | 31st March, 2008 | 31st March, 2007 |
|---|-----------------------------|-----------------------------|
| a) Profit after taxation (Rs. in lacs) | 1,40,985.40 | 54,800.19 |
| b) Weighted average number of shares used in computing earnings per share. | 20,38,22,836 | 18,00,00,000 |
| c) Earnings per share (in Rs.) (Face value Rs. 10/- per share) (Basic and diluted) | 69.17 | 30.44 |

12. Micro, Small and Medium Enterprises

The Company has not received any information from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 which came into effect from 2nd October, 2006, and hence disclosure, if any, relating to amounts unpaid as on 31st March, 2008 together with interest paid/payable as required under the Act, have not been given.

13. Figure in brackets represents previous year's figure. The same have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous year are included as and 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 'X'

For **THAR & CO.**

Chartered Accountants

Jayesh R. Thar

(Proprietor)

Membership No. 032917

For and on behalf of the Board of Directors

Rakesh Kumar Wadhawan

Executive Chairman

Sarang Wadhawan

Managing Director

K. P. Devassy

Chief Finance Officer

Darshan Majmudar

Company Secretary

Place: Mumbai

Date: 21st May, 2008

Housing Development and Infrastructure Limited

Regd. Office: 9-01, Dheeraj Arma, Anant Kanekar Marg, Bandra (E), Mumbai – 400 051.

DIVIDEND - ECS MANDATE FORM

To,
Karvy Computershare Private Limited
Plot No. 17 to 24, Vithalrao Nagar,
Madhapur, Hyderabad - 500 081

Dear Sirs,

Payment of Dividend under the Electronic Clearing System (ECS)

I/ We hereby give my/our mandate to credit my/our Dividend on the Shares held by me/us under the Folio mentioned, directly to my/our bank account through the Electronic Clearing System (ECS). The details of the Bank Account are given below:

| | |
|---|--------------------------------------|
| Name of the Sole/First Shareholder (in Block Letters) | |
| Folio No. | |
| Name of the Bank in Full | |
| Branch Name and Address | |
| 9 digit code No. of the Bank and Branch as appearing on the MICR Cheque issued by the Bank | |
| Type of the account | Saving Current Cash Credit |
| Account Number as appearing on the Cheque Book | |
| Bank Ledger No./Bank Ledger Folio No. (If any as appearing on the Cheque Book) | |

Please attach a photo copy of your cheque leaf which contains your bank account and the nine digit MICR number.

I/ We hereby declare that the particulars given above are correct and complete. The present mandate will supercede my/our earlier bank mandate, if any, given. If the transaction is delayed or not effected at all because of incomplete or incorrect information, I/We would not hold the Company/the user institution responsible.

Place :

Date:

Signature of SOLE/ FIRST SHAREHOLDER



Housing Development and Infrastructure Limited
Regd. Office: 9-01, Dheeraj Arma, Anant Kanekar Marg, Bandra (E), Mumbai – 400 051.

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Joint Shareholders may obtain additional slip at the venue of the meeting

| | |
|-------------------|--|
| DP Id* | |
| Client Id* | |

| | |
|-------------------------|--|
| Master Folio No. | |
| No. of Shares | |

NAME AND ADDRESS OF THE SHAREHOLDER



I hereby record my presence at the 12th Annual General Meeting of the Company held on Monday, 21st day of July, 2008 at 11:30 a.m. at Birla Matushri Sabhagar 19, Marine Lines, Mumbai – 400 020.

(Signature of the Shareholder/Proxy)

*Applicable for investors holding shares in electronic form.

Housing Development and Infrastructure Limited

Regd. Office: 9-01, Dheeraj Arma, Anant Kanekar Marg, Bandra (E), Mumbai – 400 051

PROXY FORM

| | |
|-------------------|--|
| DP Id* | |
| Client Id* | |

| | |
|-------------------------|--|
| Master Folio No. | |
| No. of Shares | |

I/We _____ of _____ being a member/members of Housing Development and Infrastructure Limited hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 12th Annual General Meeting of the Company to be held on Monday, 21st day of July, 2008 at 11:30 a.m. and at any adjournment thereof.

** I wish my above Proxy to vote in the manner as indicated in the box below:

| No. | Resolution | For | Against |
|-----|--|-----|---------|
| 1 | Adoption of Accounts, Reports of the Board of Directors and Auditors | | |
| 2 | Declaration of Dividend | | |
| 3 | Appointment of Mr. Satya Pal Talwar retiring by rotation | | |
| 4 | Appointment of Mr. Lalit Mohan Mehta retiring by rotation | | |
| 5 | Appointment of Mr. Shyam Sunder Dawra retiring by rotation | | |
| 6 | Appointment of Mr. Sunil Behari Mathur retiring by rotation | | |
| 7 | Appointment of Auditors | | |
| 8 | Appointment of Mr. Ramesh Chander Kapoor as permanent Director | | |
| 9 | Appointment of Mr. Raj Kumar Aggarwal as permanent Director | | |
| 10 | Alteration of Articles of Association | | |
| 11 | Issue of Bonus Shares | | |
| 12 | Payment of Remuneration to Non Executive Directors | | |

Affix
Re. 1
Revenue
Stamp

Signed this _____ day of _____ 2008.

***Applicable for investors holding shares in electronic form**

Note:

- (1) The proxy to be effective, should be deposited at the Registered Office of the Company at 9-01, Dheeraj Arma, Anant Kanekar Marg, Bandra (E), Mumbai – 400 051 not less than 48 hours before the commencement of the aforesaid meeting.
- (2) A Proxy need not be a member of the Company.
- (3)** This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate. Should you so desire, you may also appoint the Chairman or the Company Secretary of the Company as your Proxy, who shall carry out your mandate as indicated above in the event of a poll being demanded at the meeting.

Projects Completed



Residential Complex, Dreams, Bhandup, Mumbai.



Residential Complex, Dheeraj Solitaire, Malad, Mumbai.



Commercial Complex, Kaledonia, Andheri, Mumbai.



Commercial/Residential Complex, Centre Point, Bandra, Mumbai.



Commercial Complex, Dreams Mall, Bhandup, Mumbai.



Commercial Complex, Harmony, Oshiwara, Mumbai.

Projects Underway



Residential Complex, Pantnagar, Ghatkopar, Mumbai.



Residential Complex, Pali Naka, Bandra, Mumbai.



Commercial Complex, IT Park, Nahur, Mumbai.



Commercial Complex, I.T. Park, Turbhe, Navi Mumbai.



Commercial Complex, I.T. City, Kalamasserry, Kochi.

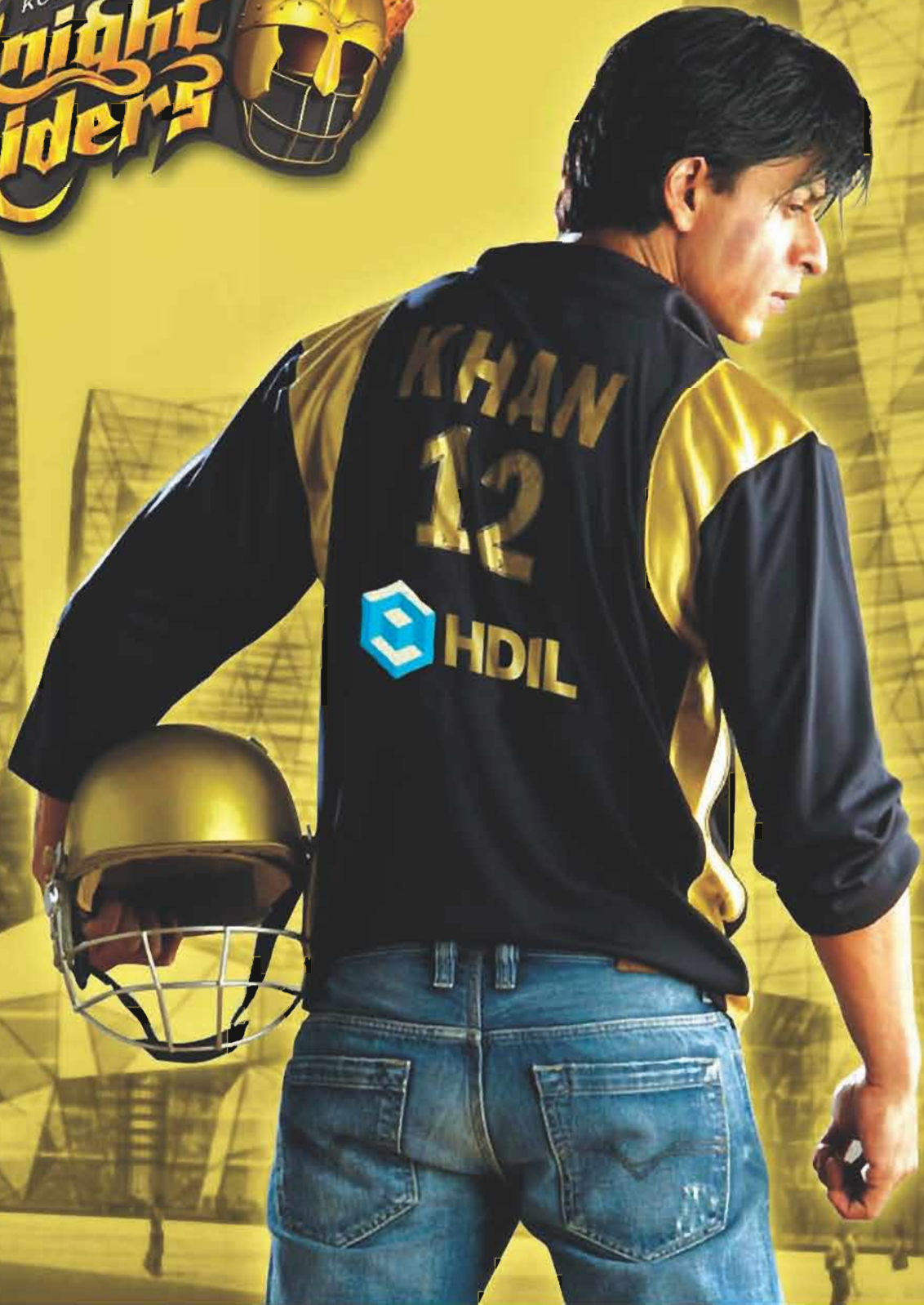


Commercial Complex, I.T. Park, Mulund, Mumbai.



Commercial Complex, I.T. Park, Bhandup, Mumbai.

Our Proud Association



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