

REAL GEM BUILDTECH PRIVATE LIMITED

ANNUAL AUDITED ACCOUNTS

FOR THE PERIOD ENDED 31ST MARCH, 2010

MEHTA CHOKSHI & SHAH

Chartered Accountants

229, Bokadia Mansion,

Princess Street, Mumbai 400 002

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

Fax : 2205 5432 * Email : camcs@vsnl.com



NOTICE

Dear Members

NOTICE is hereby given that the 1st Annual General Meeting of the members of the Company will be held on Saturday, the 24th July, 2010 at 11.00 a.m. at the Registered Office of the Company at DB House ,Gen A.K. Vaidya Marg , Goregoan (E), Mumbai - 400063 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010, Profit and Loss Account for the period ended on that date and the Reports of the Board of Directors and Auditors thereon;
2. To appoint Auditors and to fix their remuneration and in this regard to consider, and if thought fit, to pass with or without modification(s), the following resolution, which will be proposed as an Ordinary Resolution:

“RESOLVED THAT M/s. Mehta Chokshi & Shah, Chartered Accountants, Mumbai, the Auditors of the Company, who are not disqualified to act as Auditors of the Company under section 224(1B) of the Companies Act, 1956 be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration plus re-imburement of out of pocket expenses, if any, to be incurred by them in connection with the said audit exclusive of other fees payable for other services, if any, to be rendered by them as shall be fixed and agreed between the Statutory Auditors and the Board of Directors of the Company.”

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Asif Balwa, who is appointed as an Additional Director of the Company with effect from April 5, 2010 and holds office up to the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956(“the Act”) and is eligible for appointment be and is hereby appointed as a Director liable to retire by rotation.”

REAL GEM BUILDTECH PRIVATE LIMITED

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

“RESOLVED THAT Mr. Rajiv Agarwal, who is appointed as an Additional Director of the Company with effect from April 30, 2010 and holds office up to the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956(“the Act”) and is eligible for appointment be and is hereby appointed as a Director liable to retire by rotation.”

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

RESOLVED THAT approval of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board”) pursuant to the provisions of Section 293(1)(e) and all other applicable provisions if any, of the Companies Act, 1956 or any other law for the time being in force(including any statutory modification or amendment thereto or re-enactment thereof for the time in force), to contribute and /or to subscribe to charitable and other funds not directly relating to the Business of the Company or the welfare of its employees such amount or amounts the aggregate of which will not , in a financial year , exceed Rs. 10,00,00,000/-(Rupees Ten Crores only) notwithstanding that such amount may exceed the limits laid down in Section 293(1)(e) of the Companies Act, 1956”.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS/HER STEAD AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A blank proxy form is annexed to the notice.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item nos.3 to 5 of the notice is annexed hereto.

REGISTERED OFFICE:

DB House,
Gen.A K Vaidya Marg,
Goregaon (East),
Mumbai 400 063
Date: 04.05.2010

By and on behalf of the Board
For Real Gem Buildtech Private Limited


Chairman

REAL GEM BUILDTECH PRIVATE LIMITED



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

Item No. 3

Mr. Asif Balwa was appointed as an Additional Director of the Company on April 5, 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company. Pursuant to the provisions of the said section, his term expires at the ensuing Annual General Meeting of the Company. Mr. Asif Balwa, being eligible, has offered himself for re-appointment as a Director at the ensuing Annual General Meeting. Your Board recommends his appointment as Director of the Company.

The resolution vide item no. 3 is therefore proposed for approval of the members.

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

Item No. 4

Mr. Rajiv Agarwal was appointed as an Additional Director of the Company on April 30, 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company. Pursuant to the provisions of the said section, his term expires at the ensuing Annual General Meeting of the Company. Mr. Rajiv Agarwal, being eligible, has offered himself for re-appointment as a Director at the ensuing Annual General Meeting. Your Board recommends his appointment as Director of the Company.

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

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

Item No. 5

As per the provisions of Section 293(1)(e) of the Companies Act, 1956 the Board of Directors of a public limited Company shall not, except with the consent of the members in a general meeting contribute to charitable and other funds not directly related to the Business of the Company or the welfare of its employees in excess of Rupees Fifty thousand or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater. The members approval is required for enabling the Company to contribute sum not



exceeding Rupees Ten Crores only during the financial year for charitable and other causes per financial year.

The resolution vide item no. 5 is therefore proposed for approval of the members.

None of the Directors of the Company is concerned or interested in the said resolution.

REGISTERED OFFICE:

DB House,
Gen.A K Vaidya Marg,
Goregaon (East),
Mumbai 400 063
Date: 04.05.2010

By and on behalf of the Board
For Real Gem Buildtech Private Limited


Chairman

DIRECTOR'S REPORT

Dear Members

Your Directors have pleasure in presenting the 1st Annual Report together with the Audited Accounts of the Company for the period ended on 31st March, 2010.

INCORPORATION:

The Company was incorporated on 3rd July, 2009 with the Registrar of Companies, Mumbai, Maharashtra with the object to carry on the Business in or outside India of construction works and that of Builders, Developers, Contractors, or all kinds of works viz. Road, Bridge, Buildings, industrial/ residential/ commercial premises or Factories, Factory Sheds, Industrial Complexes.

FINANCIAL RESULTS:

(Amount in Rs)

Particulars	Period Ended 31-03-2010
Total Income	Nil
Total Expenditure including Depreciation	2,719,420
Profit/(Loss) before Tax	(2,719,420)
Less: Provision for Tax	Nil
Profit/(Loss) after Tax	(2,719,420)

PROJECTS:

The Company has executed Development Agreement dated July 31, 2009 with Bhisma Realty Limited which is the owner of the land pursuant to which Development rights of area 2,799,397 square feet with total estimated cost of Rs. 5,670.60 million. The total saleable area (residential) of this project (i.e. our Company's share) is approximately 897,652 square feet and is designed by Mandiwala Qutub and Associates. The Project is expected to be completed by Company by December 2012.

DIVIDEND:

As the Company has not earned any revenue/profits, your Directors do not recommend any dividend.

FIXED DEPOSITS:

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

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REAL GEM BUILDTECH PRIVATE LIMITED



DIRECTORS RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the annual accounts for the year ended 31st March, 2010, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and the Directors had made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as it exists for the year ended 31st March, 2010 and of the loss of the company for that period;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a 'going concern' basis.

DIRECTORS:

During the year under review, Mr. Asif Balwa was appointed as an Additional Director of the Company w.e.f.5th April, 2010. He, being eligible, has offered himself for appointment as Director at the ensuing Annual General Meeting. The Board recommends his appointment as a Director of the Company.

Mr. Rajiv Agarwal was appointed as an Additional Director of the Company w.e.f.30th April, 2010. He, being eligible, has offered himself for appointment as Director at the ensuing Annual General Meeting. The Board recommends his appointment as a Director of the Company.

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

Mr. Shahid Balwa resigned as Director of the Company with effect from 10.04.2010.

Mr. Ashraf Saleh, and Mr. Faiyaz Ahmed resigned as Directors of the Company with effect from 10.08.2009.

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REAL GEM BUILDTECH PRIVATE LIMITED

AUDITORS:

The Statutory Auditors of the Company M/s. Mehta Chokshi & Shah, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves, for re-appointment. The Board recommends their re-appointment as the Auditors of the Company.

PARTICULARS OF EMPLOYEES:

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

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

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

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

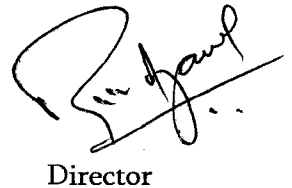
ACKNOWLEDGEMENT:

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

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



Director



Director

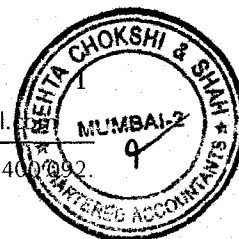
Date: 30.04.2010
Place: Mumbai

Mehta Chokshi & Shah

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS OF REAL GEM BUILDTECH PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **REAL GEM BUILDTECH PRIVATE LIMITED** ("the Company") as at March 31, 2010 and the Profit and Loss Account and the Cash Flow Statement of the Company for the period ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended, ("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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 here-in-above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



CHARTERED ACCOUNTANTS

- (e) On the basis of the written representation received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none the directors is disqualified as on March 31,2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
- (ii) In the case of the Profit and Loss Account, of the Loss for the period ended on that date, and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.



PLACE: MUMBAI

DATED: 30 APR 2010

FOR MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS.

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

C.M. SHAH

PARTNER

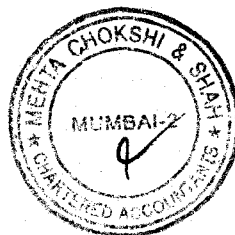
M.NO.: 47178

FIRM REGD. NO.:106201W

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

1. **Fixed Assets**
 - 1.1 The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - 1.2 We are been informed that the physical verification of fixed assets was carried out by the management during the year and no material discrepancies were noticed by the management on such verification.
 - 1.3 During the year, no fixed assets were disposed off and hence, the question of going concern assumption of the Company being affected does not arise.
2. **Inventories**

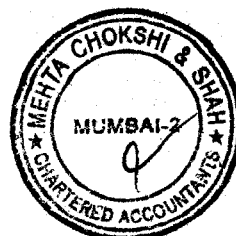
The Company does not have any Inventory and therefore clause 4(ii) of the order is not applicable.
3. **Loans**
 - 3.1 The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - 3.2 The Company has taken interest free unsecured loans, repayable on demand, from its Holding Company, covered in the register maintained under section 301 of the Companies Act, 1956. There are no other terms and conditions. The maximum balance outstanding any time during the year and the year end balance in respect thereof was Rs. 15,455 lacs and Rs. 8,755.06 lacs respectively. In our opinion, the terms on which the loans have been taken are prima facie not prejudicial to the interest of the Company. We are informed that the amounts of loans were repaid by the Company as and when demanded and hence, the question of default in repayment thereof does not arise.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any major weaknesses in internal controls and hence, the question of continuing failure on the part of the Company to correct major weaknesses in the internal control system does not arise.
5.
 - a. To the best of our knowledge and belief and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 have so been entered.
 - b. According to the information and the explanations given to us, where such transactions, are in excess of Rs. 5 lacs in respect of each party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time of the



CHARTERED ACCOUNTANTS

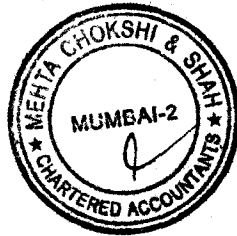
prices at which similar transactions have been made with other parties or as available with the Company.

6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. The Company is not required to have an internal audit system.
8. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the activities carried on by the Company.
9. **Statutory Dues**
 - 9.1 According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts in respect of undisputed statutory dues including Provident Fund, Income tax, Value Added Tax, Custom Duty and applicable other statutory dues have been regularly deposited with the appropriate authorities.
 - 9.2 According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid statutory dues were in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.
 - 9.3 According to the information and explanations given to us, there are no disputed dues of Income – tax / Value Added tax / Wealth tax / Service tax / Customs duty / Excise duty / Cess and hence, the requirements of disclosure with respect to the amounts involved and the forums where the disputes are pending are not applicable.
10. The Company's accumulated losses far exceed the net worth of the Company as at the end of current financial year. Further the Company has incurred cash losses in the current financial year.
11. The Company has neither any borrowings from Banks/Financial Institution nor issued any debentures and therefore the question of the Company being default in repayment of dues does not arise.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore clause 4(xiii) of the order is not applicable to the Company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.



CHARTERED ACCOUNTANTS

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. The Company has not obtained any term loan during the year hence clause 4(xvi) of the order is not applicable.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short - term basis have not been utilized for long term investment.
18. The Company has 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. The Company has not issued any debentures and hence, the question of creation of security on the assets of the Company in respect thereof does not arise.
20. The Company, being a Private Limited Company, the question of raising monies by way of Public Issue does not arise.
21. According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, no fraud on or by the Company has been noticed or reported during the year.



PLACE: MUMBAI
DATED:

30 APR 2010

FOR MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS.

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

C.M. SHAH
PARTNER
M.NO.: 47178
FIRM REGD. NO.:106201W

REAL GEM BUILDTECH PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

SOURCES OF FUNDS :

SHAREHOLDERS' FUNDS

SHARE CAPITAL

LOAN FUNDS

UNSECURED LOANS

TOTAL RUPEES

APPLICATION OF FUNDS :

FIXED ASSETS

GROSS BLOCK

LESS: DEPRECIATION

NET BLOCK

CURRENT ASSETS, LOANS AND ADVANCES

INVENTORIES

CASH AND BANK BALANCES

LOANS AND ADVANCES

LESS : CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

PROVISIONS

NET CURRENT ASSETS

PROFIT AND LOSS ACCOUNT

TOTAL RUPEES

SCHEDULE NO	AS AT 31ST MARCH, 2010	
	RUPEES	RUPEES
1		100,000
2		925,506,282
		925,606,282
3	587,999	529,222
	58,777	
4	264,975,511	922,357,640
5	58,963,237	
6	1,872,885,961	
	2,196,824,709	
7	1,273,141,430	2,719,420
8	1,325,639	
	1,274,467,069	
		925,606,282

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

12

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS



C.M. SHAH
PARTNER
M.NO. 47178



FOR AND ON BEHALF OF THE BOARD



DIRECTOR



DIRECTOR

PLACE : MUMBAI

DATE : **30 APR 2010**

PLACE : MUMBAI

DATE : **30 APR 2010**

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 03.07.09 TO 31.03.10

	SCHEDULE NO	FOR THE PERIOD FROM 03.07.09 TO 31.03.10 RUPEES
<u>I. INCOME</u>		
TOTAL RUPEES		-
<u>II. EXPENDITURE</u>		
PROJECT RELATED EXPENSES	9	264,975,511
(INCREASE)/DECREASE IN INVENTORIES	10	(264,975,511)
ADMINISTRATIVE AND SELLING EXPENSES	11	2,719,420
TOTAL RUPEES		2,719,420
PROFIT/(LOSS) BEFORE TAX		(2,719,420)
LESS: PROVISION FOR TAX		-
PROFIT/ (LOSS) AFTER TAX		(2,719,420)
BALANCE OF EARLIER PERIOD BROUGHT FORWARD		-
BALANCE CARRIED FORWARD TO BALANCE SHEET		(2,719,420)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

12


AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS



C.M. SHAH
PARTNER
M.NO. 47178

FOR AND ON BEHALF OF THE BOARD


DIRECTOR


DIRECTOR

PLACE : MUMBAI

DATE : **30 APR 2010**

PLACE : MUMBAI

DATE : **30 APR 2010**

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2010

		For the Period ended 31.03.10	
		Rs.	Rs.
(A) <u>Cash Flow From Operating Activities:</u>			
Net Profit/(Loss) before taxation and extraordinary items		(2,719,420)	
Add: Depreciation		58,777	
Operating Income before working Capital changes		(2,660,643)	
<u>Adjustment for Working Capital Changes</u>			
(Increase)/Decrease in Inventories		(264,975,511)	
Loans and Advances		(1,872,885,961)	
Current Liabilities		1,274,467,069	
Cash used in operations		(866,055,046)	
Direct Taxes Paid		-	
Net Cash Flow From/(Used in) Operating Activities			(866,055,046)
(B) <u>Cash Flow From Investing Activities:</u>			
Fixed Asset Purchased		(587,999)	
Net Cash Flow From/(used in) Investing Activities			(587,999)
(C) <u>Cash Flow From Financing Activities:</u>			
Proceeds From Unsecured loan		925,506,282	
Proceeds Of Issue Of Equity Share Capital		100,000	
Net Cash Generated from Financing Activities			925,606,282
Net Increase in Cash and Cash Equivalents			58,963,237
Add: Cash and cash Equivalents (Opening)			-
Cash and cash equivalents (Closing)			58,963,237
(D) <u>Cash and cash Equivalents includes:</u>			
Cash on hand			36,642
Bank Balances			58,926,595
			58,963,237

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

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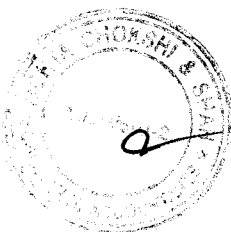
AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD



C.M. SHAH
PARTNER
M.NO. 47178




DIRECTOR



DIRECTOR

Place: Mumbai

Date: **30 APR 2010**

Place: Mumbai

Date: **30 APR 2010**

REAL GEM BUILDTECH PRIVATE LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 1:

SHARE CAPITAL:

AUTHORISED:

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

TOTAL

ISSUED, SUBSCRIBED AND PAID UP:

10,000 Equity Shares of Rs. 10/- each, fully paid up
(Out of the above 8,500 shares of Rs. 10/- each are held by the holding Company D B Realty Limited)

TOTAL

SCHEDULE 2:

UNSECURED LOANS:

Loan from Holding Company
Loan from Shareholder

TOTAL

SCHEDULE 4:

INVENTORIES

(As valued and certified by the management)
(valued at cost)

Project work-in-progress

TOTAL

AS AT 31ST MARCH, 2010
RUPEES
100,000
100,000
100,000
100,000
875,506,282
50,000,000
925,506,282
264,975,511
264,975,511



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 3 :

FIXED ASSETS

Particulars	RATE	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
		As At 03.07.09	Additions	Deductions/ Impairments	As At 31.03.10	As At 03.07.09	For the Period	Deductions/ Impairments	As At 31.03.10	As At 31.03.10	As At 03.07.09
Office Equipments	13.91%	-	290,019	-	290,019	-	41,523	-	41,523	248,496	-
Computers & Related Equipments	40%	-	297,980	-	297,980	-	17,254	-	17,254	280,726	-
TOTAL		-	587,999	-	587,999	-	58,777	-	58,777	529,222	-
PREVIOUS YEAR		-	-	-	-	-	-	-	-	-	-



REAL GEM BUILDTECH PRIVATE LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 5:

CASH AND BANK BALANCES :

		AS AT 31ST MARCH, 2010
		RUPEES
Cash on Hand		36,642
Balance with Scheduled Bank in current account		58,926,595
	TOTAL	58,963,237

SCHEDULE 6:

LOANS AND ADVANCES :

Advance Recoverable in cash or in Kind or for value to be received		372,409,061
Advance for Land		500,000,000
Deposits		1,000,476,900
	TOTAL	1,872,885,961

SCHEDULE 7:

CURRENT LIABILITIES :

Sundry Creditors		159,915,919
Advance Received Towards Flat Bookings		850,503,801
Other Liabilities		262,721,710
	TOTAL	1,273,141,430

SCHEDULE 8:

PROVISIONS :

Provision for Gratuity		501,560
Provision for Leave Encashment		824,079
	TOTAL	1,325,639



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 03.07.2009 TO 31.03.2010

	FOR THE PERIOD FROM 03.07.09 TO 31.03.10 RUPEES
<u>SCHEDULE 9 :</u>	
<u>PROJECT RELATED EXPENSES</u>	
Rates and Taxes	65,472,099
Site Expenses	174,166,092
Legal and Professional Fees	4,700,000
Telephone Expenses	40,332
Insurance Premium	23,562
Travelling & Conveyance Expenses	178,605
Security Charges	344,546
Staff Cost	5,692,579
Staff Welfare Expenses	32,935
Sales Promotions & Publicity	14,081,309
Printing and Stationery	156,217
General Expenses	28,458
Depreciation	58,777
TOTAL	264,975,511
<u>SCHEDULE 10 :</u>	
<u>(INCREASE)/DECREASE IN INVENTORIES</u>	
Opening Inventory - Project Work In Progress	-
Less: Closing Inventory - Project Work In Progress	264,975,511
TOTAL	(264,975,511)
<u>SCHEDULE 11 :</u>	
<u>ADMINISTRATIVE AND SELLING EXPENSES</u>	
Audit Fees	386,050
Bank Charge	2,569
Company Profession Tax	2,500
Conveyance Exp	2,668
Electricity Expenses	37,167
Filing Fees	7,112
General Exp	10,552
License Fees	520,000
Interest on Tds	309
Membership and Subscription Fees	1,000,000
Telephone Expenses	2,069
Staff Cost	344,454
Printing & Stationery	38,466
Professional Fees	8,200
Rent	354,492
Staff Welfare Exp	2,812
TOTAL	2,719,420



SCHEDULE 12:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

COMPANY BACKGROUND

The Company has entered into a Development Agreement with Bhisma Realty Limited (the owner of the land) to develop the property admeasuring 24,809 square meters of land at Prabhadevi, Dadar, Mumbai. In accordance with the terms of the agreement the company is entitled to 40% of the saleable area and the owner will retain balance 60% of the saleable area. Further the company has given a adjustable refundable interest-free security deposit of Rs. 100,00,00,000 in accordance with the terms of the agreement.

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

(A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements:

The Financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention on an accrual basis to comply in all material aspects the mandatory Accounting Standards prescribed by the Central Government, in consolation with National Advisory Committee, Accounting standards, under the Companies (Accounting Standard Rules), 2006 referred to in Sub-Section (3C) of Section 211 of the Companies Act,1956 and the relevant provisions of the Companies Act, 1956.

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

3. Use of Estimates:

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



4. **Borrowing Cost:**

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

5. **Taxes on Income:**

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

6. **Provisions:**

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

7. **Operating Lease:**

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

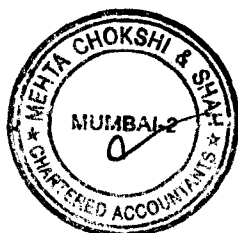
8. **Contingent Liabilities:**

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

9. **Employee Benefits:**

a. **Defined Contribution Plan:**

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



b. Defined Benefit Plan and other long term benefit:

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

c. Short term employee benefits:

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

10. Inventories:

Project Work In Progress

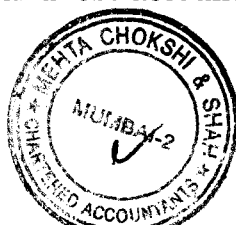
Represents expenditure incurred on project undertaken by the company for development and construction of Residential complex. It is valued at lower of cost or net realizable value.

11. Revenue Recognition:

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

(B) NOTES TO THE ACCOUNTS:

1. Keeping in view the parameters as per Guidance Note on Recognition of Revenue by the Real Estate Developers and AS 2 "Valuation of Inventories for valuing Project-Work-In- Progress (WIP) of Real Estate Developers", the expenses incurred in the nature of administrative overheads which did not contribute in bringing Project WIP to its present location an condition have been charged off to the profit and loss account for the period as period cost.



2. In the absence of any timing difference, no provision for deferred tax needs to be made. In view of loss, no provision for current tax has been provided for.

3. **Contingent Liability:**

(Amount in Rupees)

Particulars	For the period ended 31.03.2010
- Related to Service Tax	36,073

4. **Earnings per Share:**

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

(Amount in Rupees)

	31 st March 2010
Net Profit/(Loss) after tax as per Profit & Loss Account	(27,19,420)
Weighted average number of equity shares outstanding	10,000
Basic and Diluted Earnings per share	(271.94)
Face Value per Equity Share	10

5. **Breakup of Auditors Remuneration:**

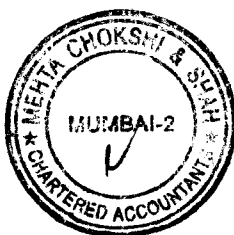
(Amount in Rupees)

Particulars	For the period ended 31.03.2010
- Audit Fees	3,50,000
- Service Tax	36,050
Total	3,86,050

6. **Related Parties Disclosure:**

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

Name of the related party	Relationship
D B Realty Limited	Holding Company
KG Enterprises	Enterprise indirectly under common control
Dynamix Realty	Enterprise indirectly under common control
Mr. Shahid Balwa	Key Management Personnel (Directors)
Mr. Vinod Goenka	
Mr. Asif Balwa	Relative of Key Management Personnel



Note: The above related parties are identified by the management and relied upon by the auditors. However there were no transactions with the K.M.P. during the period.

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

(Amount in Rupees)

Nature of Transaction	With Holding Company
Loans accepted opening balance	NIL
Loans accepted during the period	2,232,900,000
Repayment of Loan accepted	1,357,393,718
<u>Balance Outstanding as at 31st March, 2010</u>	
Loans accepted	875,506,282

Amount in Rupees)

Nature of Transaction	With the enterprise directly or indirectly under common control	With relative of Key Management Personnel
Opening balance of advances received	-	-
Amount received during the period	2,339,241	2,000,000
Amount adjusted during the period	2,339,241	-
Closing balance of advances payable	-	2,000,000

Amount in Rupees)

Nature of Transaction	With Holding Company	With the enterprise directly or indirectly under common control
Opening balance as Sundry Creditors	-	-
Expenses incurred during the period	9,201,110	3,91,659
Expenses repaid during the period	6,900,833	354,492
Closing balance as Sundry Creditors	2,300,277	37,167



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

Defined Benefit Plan

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

The following table sets out the status of the gratuity plan and the amounts recognised in the Joint Venture's financial statements as at March 31, 2010:

- a. Reconciliation of opening and closing balances of Defined Benefit Obligation:

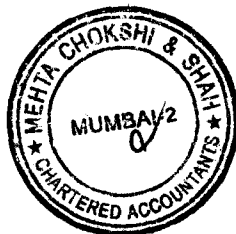
	Amount in Rupees
Liability at the beginning of the period	-
Interest cost	-
Current Service cost	501,560
Actuarial (gain)/loss on obligations	-
Liability at the end of the period	501,560

- b. Reconciliation of fair value of plan assets and obligations:

	Amount in Rupees
Liability at the end of the period	501,560
Fair value of Plan Assets at the end of the period	-
Difference	(501,560)
Amount Recognised in the Balance Sheet	(501,560)

- c. Expense recognized during the period:

	Amount in Rupees
Current service cost	501,560
Interest cost	-
Expected Return on Plan Assets	-
Actuarial (Gain) or Loss	-
Expenses Recognised in P & L	501,560



d. Actuarial Assumptions:

Mortality Table	LIC (1994-96)
Discount rate (per annum)	8%
Rate of escalation in salary (per annum)	10%

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

8. Operating Lease:

(Amount in Rupees)

	Particulars	For the Period ended 31 st March 2010
	Lease payments recognized in the profit and loss account	3,54,492
	Future Lease Payments	
a	Not later than one year	1,470,368
b	Later than one year but not later than five years.	1,155,429
c	Later than five years	-
	Total of Future Lease Payments	2,625,797

9. It is the contention of the company that it does not carry on any manufacturing and trading activity, therefore the particulars required to be given as per paragraph 3(a), 3(b), 4C and 4D of Part II of Companies Act, 1956, are not applicable.
10. As per the information provided by the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.
The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.
11. The company is operating in only one segment namely "Construction activity" hence AS 17 - Segment Reporting is not applicable.

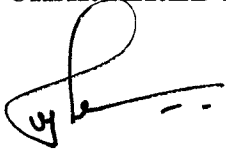


12. Previous year figures have not been since this is the first year of Company.
13. The amount in the Balance Sheet and Profit and Loss Account are rounded off to nearest rupee.

Signatures to Schedules 1 to 12

AS PER OUR ATTACHED REPORT OF
EVEN DATE

FOR MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS



C.M.SHAH
PARTNER
M.NO. 47178



FOR AND ON BEHALF OF THE BOARD
OF
DIRECTORS



DIRECTOR



DIRECTOR

PLACE : MUMBAI

DATED : 30 APR 2010

PLACE : MUMBAI

DATED : 30 APR 2010