

REAL GEM BUILDTECH PRIVATE LIMITED

ANNUAL AUDITED ACCOUNTS

FOR THE YEAR ENDED 31st MARCH, 2011

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 2nd Annual General Meeting of the members of the Company will be held on Monday, the 1st August, 2011 at 12.30 p.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, 2011, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon;
2. Mr. Asif Balwa, Director, who retires by rotation, does not offer himself for re-appointment and in view of that his office shall be vacated with effect from the forthcoming Annual General Meeting.
3. To appoint Auditors and to fix their remuneration and in this regard to consider, and if thought fit, to pass with or without modification(s), the following resolution, which will be proposed as an Ordinary Resolution:

“RESOLVED THAT M/s. 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-imbursement of out of pocket expenses, if any, to be incurred by them in connection with the said audit exclusive of other fees payable for other services, if any, to be rendered by them as shall be fixed and agreed between the Statutory Auditors and the Board of Directors of the Company.”

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Salim Balwa, who was appointed as an Additional Director of the Company on 8th March, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company, and whose term expires at the ensuing Annual General Meeting of the Company and being eligible, for re-appointment as a Director, offered himself be and is hereby appointed as Director of the Company.”

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

“RESOLVED THAT Ms. Sunita Bali, who was appointed as an Additional Director of the Company on 8th March, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company, and whose term expires at the ensuing Annual

REAL GEM BUILDTECH PRIVATE LIMITED

General Meeting of the Company and being eligible, for re-appointment as a Director, offered herself be and is hereby appointed as Director of the Company.”

6. To consider and if thought fit, pass with or without modification, the following resolution as Ordinary Resolution: -

“RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby Increased from Rs.1,00,000/- (Rupees One Lakh only) divided into 10,000 (Ten Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs.2,00,00,000/- (Rupees Two Crores Only) divided into 5,00,000 (Five Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 15,00,000 (Fifteen Lacs) Preference Shares of Rs.10/- (Rupee Ten only)”.

7. To consider and if thought fit, pass with or without modification, the following resolution as Ordinary Resolution: -

“RESOLVED THAT the existing sub-clause (a) of Clause ‘V’ of the Memorandum of Association of the Company as to Share Capital be and is hereby altered by deleting the same and substituting in place thereof the following sub-clause ‘a’ of Clause ‘V’:

V a) The Authorized Share Capital of the Company is Rs.2,00,00,000/- (Rupees Two Crores Only) divided into 5,00,000 (Five Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 15,00,000 (Fifteen Lacs) Preference Shares of Rs.10/- (Rupee Ten only) each with power to increase and to reduce the Capital and to divide the Shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights privileges and conditions as may be determined by or in accordance with the Companies Act, 1956 for the time being in force and the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be, for the time being be provided by the regulations of the Company.

8. To consider and if thought fit, pass with or without modification, the following resolution as Special Resolution: -

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by deleting the existing sub clause (a) of article 3 of the Articles of Association and substituting the following as sub clause (a) of Article 3:

- 3 (a) The Share Capital of the Company is Rs. Rs.2,00,00,000/- (Rupees Two Crores Only) divided into 5,00,000 (Five Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 15,00,000 (Fifteen Lacs) Preference Shares of Rs.10/- (Rupee Ten only) each with the power to consolidate, convert, sub-divide, reduce or increase the capital and to issue any new shares with any preferential rights and conditions attached thereto subject to the provisions of the Companies Act, 1956.

9. To consider and if thought fit, pass with or without modification, the following resolution as Special Resolution: -

“RESOLVED THAT in terms of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of Articles of Association of the Company and approvals as may be necessary, the Company issue and allot 15,00,000 Redeemable Cumulative Preference shares (RCPS) of the face value of Rs. 10/- each at par to D B Realty Limited on the following terms and conditions:

- (1) The Company may redeem the Preference Shares any time on or after expiry of 3 years from the date of allotment but in no circumstances such Preference Shares shall be redeemable after the expiry of 20 years from the date of issue of such Preference Shares. The Board of Directors shall at its absolute discretion decide the time of redemption after the expiry of 3 years, whether to be redeemed fully or partially, in one or more lots but in not more than five periodic installments.
- (2) The Company at any time after 3 years from the date of allotment of Preference Shares can apply any profits or money of the Company which may lawfully be applied for a purpose in the redemption of the preference shares, at par or at premium, as the Board may determine.
- (3) The said Preference shares shall be issued at par @ Rs. 10/- per share and shall carry cumulative preferential dividend at the rate of 0.1% per annum free of the Company's income-tax but subject to deduction of income tax at source in accordance with the provisions of law for the time being in force.
- (4) The Said Preference shares to be redeemed on each occasion shall be determined by drawing lots to be made at such time and in such manner as the Directors may determine, but in the presence of at least one of the Directors and a representative of the Auditors, or Solicitors of the Company for the time being.
- (5) Forthwith after every such drawing the Company shall give, to the holders of the shares drawn for redemption, a notice in writing of the Company's intention to redeem the same and fixing time and place for the redemption and surrender of the shares to be redeemed.
- (6) At the time and place so fixed, each such holder shall be bound to surrender to the Company the Certificate for his shares to be redeemed and the Company shall pay to him the amount payable in respect of such redemption and where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof fresh certificate therefore.
- (7) The dividend on any said Preference Shares becoming liable to redemption under the foregoing provisions shall cease to accrue as from the date for redemption thereof, unless the holder demanding on or after the date and the place fixed for redemption moneys payable in respect thereof and tender of the certificates for such shares and a receipt for the redemption moneys duly

signed and authenticated in such manner as the Company may reasonably require payment of the redemption moneys shall be refused.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors of the company be and is hereby authorized to take such steps and to do all such acts, deeds, matters and things in regard to the issue and allotment of said RCPS including filing of the required form with the Registrar of companies, issue of share certificates and other documents as may be required.

RESOLVED FURTHER THAT Any two of the Directors of the Company and Mr. Jignesh Shah Authorised Person, be and are hereby authorised to sign the Share Certificates and the Common Seal of the Company be affixed in the presence of aforesaid two Directors and the authorized Person.

10. To consider and if thought fit, pass with or without modification, the following resolution as Special Resolution:-

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by inserting the following Clause (c) to the the existing Article 4 of the Articles of Association:

4 (c) On The issue of the Redeemable Cumulative Preference Shares (RCPS) the following terms of issue shall apply :

- (1) The Company may redeem the Preference Shares any time on or after expiry of 3 years from the date of allotment but in no circumstances such Preference Shares shall be redeemable after the expiry of 20 years from the date of issue of such Preference Shares. The Board of Directors shall at its absolute discretion decide the time of redemption after the expiry of 3 years, whether to be redeemed fully or partially, in one or more lots but in not more than five periodic installments.
- (2) The Company at any time after 3 years from the date of allotment of Preference Shares can apply any profits or money of the Company which may lawfully be applied for a purpose in the redemption of the preference shares, at par or at premium, as the Board may determine.
- (3) The said Preference shares shall be issued at par @ Rs. 10/- per share and shall carry cumulative preferential dividend at the rate of 0.1% per annum free of the Company's income-tax but subject to deduction of income tax at source in accordance with the provisions of law for the time being in force.
- (4) The Said Preference shares to be redeemed on each occasion shall be determined by drawing lots to be made at such time and in such manner as the Directors may determine, but in the presence of at least one of the Directors and a representative of the Auditors, or Solicitors of the Company for the time being.
- (5) Forthwith after every such drawing the Company shall give, to the holders of the shares drawn for redemption, a notice in writing of the Company's

intention to redeem the same and fixing time and place for the redemption and surrender of the shares to be redeemed.

- (6) At the time and place so fixed, each such holder shall be bound to surrender to the Company the Certificate for his shares to be redeemed and the Company shall pay to him the amount payable in respect of such redemption and where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof fresh certificate therefore.
- (7) The dividend on any said Preference Shares becoming liable to redemption under the foregoing provisions shall cease to accrue as from the date for redemption thereof, unless the holder demanding on or after the date and the place fixed for redemption moneys payable in respect thereof and tender of the certificates for such shares and a receipt for the redemption moneys duly signed and authenticated in such manner as the Company may reasonably require payment of the redemption moneys shall be refused.

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.

**By order of the Board of Directors,
For Real Gem Buildtech Private Limited**

Director

Place: Mumbai
Date: 02.07.2011

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

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

Item No. 4

Mr. Salim Balwa was appointed as an Additional Director of the Company on 8th March, 2011 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. Salim 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. 4 is therefore proposed for approval of the members.

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

Item No. 5

Ms. Sunita Bali was appointed as an Additional Director of the Company on 8th March, 2011 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. Ms. Sunita Bali, being eligible, has offered herself 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. 5 is therefore proposed for approval of the members.

None of the directors except Ms. Sunita Bali shall be deemed to be concerned or interested in the said resolution.

Item No. 6 and 7 & 8:

The present Authorized Share Capital of the Company is Rs.1,00,000/- divided into 10,000 (Ten Thousand) Equity Shares of Rs.10/- (Rupees Ten Only) each.

To facilitate the infusion of fresh capital in the Company, the current authorized capital needs to be increased and therefore, it is proposed to increase the authorised share capital to Rs.2,00,00,000/- (Rupees Two Crores Only) divided into 5,00,000 (Five Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 15,00,000 (Fifteen Lacs) Preference Shares of Rs.10/- (Rupee Ten only).

As per section 94(2), of the Companies Act, 1956, the power to increase the authorized share capital has to be exercised by the Company in the General Meeting.

Accordingly, the Ordinary Resolution at Item No. 6 & 7 of the notice seeks approval of the members for increasing the Authorized Share Capital and consequential changes in the Memorandum of Association of the Company.

Special Resolution at Item No. 8 seeks members' approval for making consequential changes in the Articles of Association of the Company.

The Directors recommend these resolutions for your approval.

None of the Directors is deemed to be concerned or interested in the above resolutions.

Item No. 9:

The Company is intending to issue and allot 15,00,000 Redeemable Cumulative Preference Shares (RCPS) on preferential basis to its holding Company D B Realty Limited. The RCPS of the face value of Rs.10/- each at par.

The Company is requiring funds and the Board proposes to raise additional capital by issuing Redeemable Cumulative Preference Shares ("RCPS"). Before the Company issues Redeemable Cumulative Preference Shares, the terms and conditions needs to be decided and approved by the members of the Company. The following terms and conditions are proposed for the issue of Redeemable Cumulative Preference Share :-

- (1) The Company may redeem the Preference Shares any time on or after expiry of 3 years from the date of allotment but in no circumstances such Preference Shares shall be redeemable after the expiry of 20 years from the date of issue of such Preference Shares. The Board of Directors shall at its absolute discretion decide the time of redemption after the expiry of 3 years, whether to be redeemed fully or partially, in one or more lots but in not more than five periodic installments.
- (2) The Company at any time after 3 years from the date of allotment of Preference Shares can apply any profits or money of the Company which may lawfully be applied for a purpose in the redemption of the preference shares, at par or at premium, as the Board may determine.
- (3) The said Preference shares shall be issued at par @ Rs. 10/- per share and shall carry cumulative preferential dividend at the rate of 0.1% per annum free of the Company's income-tax but subject to deduction of income tax at source in accordance with the provisions of law for the time being in force.
- (4) The Said Preference shares to be redeemed on each occasion shall be determined by drawing lots to be made at such time and in such manner as the Directors may determine, but in the presence of at least one of the Directors and a representative of the Auditors, or Solicitors of the Company for the time being.
- (5) Forthwith after every such drawing the Company shall give, to the holders of the shares drawn for redemption, a notice in writing of the Company's intention to redeem the same and fixing time and place for the redemption and surrender of the shares to be redeemed.
- (6) At the time and place so fixed, each such holder shall be bound to surrender to the Company the Certificate for his shares to be redeemed and the Company shall pay to him the amount payable in respect of such redemption and where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof fresh certificate therefore.

- (7) The dividend on any said Preference Shares becoming liable to redemption under the foregoing provisions shall cease to accrue as from the date for redemption thereof, unless the holder demanding on or after the date and the place fixed for redemption moneys payable in respect thereof and tender of the certificates for such shares and a receipt for the redemption moneys duly signed and authenticated in such manner as the Company may reasonably require payment of the redemption moneys shall be refused.

As per provisions of the Companies Act, 1956, the terms and conditions for the issue of Redeemable Cumulative Preference Shares has to be decided by the Company in the General Meeting.

Accordingly, the Special Resolution at Item No. 9 of the notice seeks approval of the members for deciding the terms and conditions for issuing Redeemable Cumulative Preference Shares ("RCPS").

The Directors recommend these resolutions for your approval.

None of the Directors is deemed to be concerned or interested in the above resolutions.

Item No. 10:

The Company is intending to issue 15,00,000 Redeemable Optionally Preference Shares (RCPS) on preferential basis to its holding Company D B Realty Limited.

The terms on which the RCPS will be issued needs to be reflected in the Articles of Association of the Company by inserting a clause containing the terms of issue. It will result in alteration in the Articles of Association of the Company which needs member's approval by way of Special Resolution.

Accordingly, the Special Resolution at Item No. 10 seeks members' approval confirming the preferential allotment of RCPS to D B Realty Limited as aforesaid.

The Directors recommend these resolutions for your approval.

None of the Directors is deemed to be concerned or interested in the above resolutions.

**By order of the Board of Directors,
For Real Gem Buildtech Private Limited**



Director

Place: Mumbai
Date: 02.07.2011

Registered Office:

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

DIRECTOR'S REPORT

Dear Members

Your Directors have pleasure in presenting the 2nd Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2011.

FINANCIAL RESULTS:

Particulars	(Amount in Rs)	
	For the Year Ended 31-03-2011	For the Period Ended 31-03-2010
Total Income	Nil	Nil
Total Expenditure including Depreciation	9,74,47,433	2,719,420
Profit/(Loss) before Tax	(9,74,47,433)	(2,719,420)
Less: Provision for Tax	Nil	Nil
Profit/(Loss) after Tax	(9,74,47,433)	(2,719,420)

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.

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, 2011, 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, 2011 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:

Mr. Rajiv Agarwal, is continuing as Directors of the Company.

Mr. Asif Balwa, Director, who retires by rotation, does not offer himself for re-appointment and in view of that his office shall be vacated with effect from the forthcoming Annual General Meeting.

Mr. Salim Balwa was appointed as an Additional Director of the Company w.e.f. 8th March, 2011. 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.

Mrs. Sunita Bali was appointed as an Additional Director of the Company w.e.f. 8th March, 2011. He, being eligible, has offered herself for appointment as Director at the ensuing Annual General Meeting. The Board recommends his appointment as a Director of the Company.

Mr. Vinod Goenka resigned from the Directorship of the Company w.e.f 04.05.2010.

AUDITORS:

The Statutory Auditors of the Company M/s. Mehta Chokshi & Shah, Chartered Accountants, Mumbai (Reg. No. 106201W) 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 year 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: 30.05.2011

Place: Mumbai

REAL GEM BUILDTECH PRIVATE LIMITED

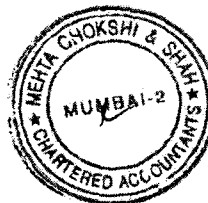
Mehta Chokshi & Shah

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, 2011 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both 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 ('Order'), as amended, 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 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 it 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.



BOKADIA MANSION, 2ND FLOOR, 229, PRINCESS STREET, MUMBAI-400 002.

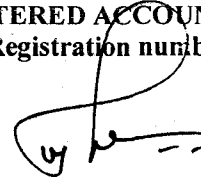
TEL. : 2205 7309 • 2208 8743 • 6633 4067 • Fax : 2205 5432 • Email : camcs@vsnl.com

A-101, "AADESHWAR" S. V. P. ROAD, (MANDPESHWAR ROAD), BORIVALI (W), MUMBAI - 400 092.

Tel. 2893 0501 • Telefax : 2893 0503

- (e) In respect of the directors, on the basis of written representations received from the them as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (f) Without qualifying our opinion, we draw your attention to the following:
- (i) Note No B-7 of Schedule 12 of the Audited Accounts with regard to the claim made by the company on Bhishma Realty Limited towards recovery of their share of construction costs not being accepted in par.
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with para 4(f) above. and 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, 2011;
- (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 MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS.
Firm Registration number: 106201W



C.M. SHAH
PARTNER
M.NO.: 47178

PLACE: MUMBAI
DATED: 30TH MAY, 2011



ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

1. Fixed Assets

- (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 as of the year-end. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No discrepancies were noticed on such verification.
- (c) No fixed assets have been disposed off during the year.

2. Inventories

- (a) The Company is in the business of real estate development and up to the year-end the project undertaken for development and construction is in progress. The inventory consists of mainly of building materials. As explained to us, the building materials have been physically verified by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business. As explained to us, no material discrepancies were noticed on such physical verification as compared to the book records.
- (c) The Company is maintaining proper records of inventory in respect of building materials.

3. In respect of the loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us:

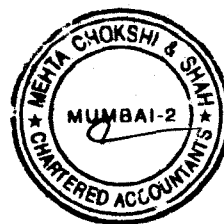
- (a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has taken interest free unsecured loans, repayable on demand, from its shareholder covered in the register maintained under section 301 of the Companies Act, 1956. The Company has also taken interest bearing unsecured loans, repayable on demand, from its Holding Company.. The maximum balance



CHARTERED ACCOUNTANTS

outstanding at any time during the year is Rs. 106,67,26,206/- and the year-end balance of the said loans is Rs. 44,72,21,650/-.

- (c) 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 for the purchase of fixed assets and inventory and for the sale of flats. During the course of our audit, no major weakness has been noticed in the internal control system in respect of the said areas.
5. In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that needed to be entered into the register required to be maintained under the said section have been so entered.
- (b) Where each of such transactions in excess of rupees five lakhs in respect of any party, the transaction for use of office premise has been made at a price which is prima facie reasonable having regard to the prevailing market prices at the relevant time.
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. A firm of Chartered Accountants has been appointed by the management to carry out internal audit. In our opinion, the function is commensurate with the size of the Company and the nature of its business.
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
- (a) According to the information and explanations given to us and according to the books and records as produced before us, in our opinion, the Company except for delay in depositing the Value Added Tax is regular in depositing the other undisputed statutory dues including Provident Fund, Income Tax and Other applicable Statutory Dues with the appropriate authorities. However, according to the information and explanations given to us, no undisputed amounts payable



CHARTERED ACCOUNTANTS

in respect of the said applicable statutory dues were in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.

- (b) The Company has disputed the levy of service tax on sale of residential flats and the dispute is pending before the Hon' High Court of Bombay. Attention is drawn to Note No B-19 in Schedule 12 of the Audited Accounts in this regard. Except for the same, according to the information and explanations given to us, there are no other disputed dues of Income – tax / Value Added tax / Custom duty / Excise duty / Cess.
10. The Company's accumulated loss exceeds fifty percent of the Net worth of the Company as at the year end. Further, the company has incurred cash losses in the current financial year as well as in the immediately preceding financial year.
11. According to the information and explanations given to us there are no borrowings from financial institutions/banks/debenture holders, hence the question of any defaults in repayment of the dues to them 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. Therefore, the requirements of Clause 4(xii) of the Order are not applicable.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the requirements of Clause 4(xiii) of the Order are not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the requirements of Clause 4(xiv) of the Order are not applicable.
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. Therefore, the requirements of Clause 4(xv) of the Order are not applicable.
16. The Company has not availed of any term loan and therefore clause 4(xvi) of the said 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 and vice versa.
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. Therefore, the requirements of Clause 4(xviii) of the Order are not applicable.
19. The Company has not issued any debentures. Therefore, the requirements of Clause 4(xix) of the Order are not applicable.
20. The Company has not raised any monies by way of Public Issue. Therefore, the requirements of Clause 4(xx) of the Order are not applicable.

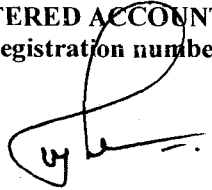


21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

FOR MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS.
Firm Registration number: 106201W

PLACE: MUMBAI
DATED: 30TH MAY, 2011




C.M. SHAH
PARTNER
M.NO.: 47178

REAL GEM BUILDTECH PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

SOURCES OF FUNDS :

SHAREHOLDERS' FUNDS

SHARE CAPITAL

LOAN FUNDS

UNSECURED LOANS

TOTAL RUPEES

APPLICATION OF FUNDS :

FIXED ASSETS

GROSS BLOCK

LESS: DEPRECIATION

NET BLOCK

CAPITAL WORK IN PROGRESS

INVESTMENTS

CURRENT ASSETS, LOANS AND ADVANCES

INVENTORIES

CASH AND BANK BALANCES

LOANS AND ADVANCES

OTHER CURRENT ASSETS

LESS : CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

PROVISIONS

NET CURRENT ASSETS

PROFIT AND LOSS ACCOUNT

TOTAL RUPEES

SCHEDULE NO	AS AT 31ST MARCH 2011		As At 31ST MARCH. 2010
	RUPEES	RUPEES	RUPEES
1		100,000	100,000
2		564,721,650	925,506,282
		564,821,650	925,606,282
3			
	1,891,236		587,999
	448,670		58,777
	1,442,566		529,222
	123,720,865	125,163,431	-
			529,222
4		49,600,000	-
5	1,136,405,011		264,975,511
6	4,385,976		58,963,237
7	2,124,473,946		1,872,885,961
	76,393,633		-
	3,341,658,566		2,196,824,709
8	3,062,672,001		1,273,141,430
9	3,176,508		1,325,639
	3,065,848,509		1,274,467,069
		275,810,057	922,357,640
		114,248,162	2,719,420
		564,821,650	925,606,282

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO
ACCOUNTS**

13

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

**SUNITA BALI
DIRECTOR**

**SALIM BALWA
DIRECTOR**

PLACE : MUMBAI

DATE :

30 MAY 2011

PLACE : MUMBAI

DATE :

30 MAY 2011

REAL GEM BUILDTECH PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE NO	FOR THE YEAR ENDED 31ST MARCH 2011	FOR THE PERIOD FROM 03.07.09 TO 31.03.10
	RUPEES	RUPEES
	-	-
	-	-
10	885,510,809	264,975,511
11	(885,510,809)	(264,975,511)
12	97,447,433	2,719,420
	97,447,433	2,719,420
	(97,447,433)	(2,719,420)
	-	-
	(97,447,433)	(2,719,420)
	(14,081,309)	-
	(111,528,742)	(2,719,420)
	(2,719,420)	-
	(114,248,162)	(2,719,420)
	(11,424.82)	(271.94)

I. INCOME

TOTAL RUPEES

II. EXPENDITURE

PROJECT RELATED EXPENSES
(INCREASE)/DECREASE IN INVENTORIES
ADMINISTRATIVE AND SELLING EXPENSES

TOTAL RUPEES

PROFIT/(LOSS) BEFORE TAX

LESS: PROVISION FOR TAX

PROFIT/(LOSS) AFTER TAX

EARLIER YEAR ITEMS
PRIOR PERIOD EXPENSES

PROFIT/(LOSS) AFTER EARLIER YEAR ADJUSTMENTS

BALANCE OF EARLIER PERIOD BROUGHT FORWARD

BALANCE CARRIED FORWARD TO BALANCE SHEET

EARNING PER SHARE OF RS.10 EACH
BASIC/DILUTED EARNING PER SHARE (RS.)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO
ACCOUNTS**

13

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

SUNITA BALI
DIRECTOR

SALIM BALWA
DIRECTOR

PLACE : MUMBAI

DATE: 30 MAY 2011

PLACE : MUMBAI

DATE: 30 MAY 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(A) Cash Flow From Operating Activities

Net Profit/(Loss) before taxation and extraordinary item
Add: Prior Period
Add: Depreciation
Operating Income before working Capital change:

Adjustment for Working Capital Change:

(Increase)/Decrease in Inventories
(Increase)/Decrease Loans and Advance
Increase/(Decrease) Current Liabilities:

Cash used in operations

Direct Taxes Paid

Net Cash Flow From/(Used in) Operating Activities:

(B) Cash Flow From Investing Activities

Fixed Asset Purchased (Including Capital Work in Progress
Investment in Share
Net Cash Flow From/(used in) Investing Activities:

(C) Cash Flow From Financing Activities

Repayment of Unsecured loan
Proceeds Of Issue Of Equity Share Capital
Net Cash Generated from Financing Activities:

Net Increase in Cash and Cash Equivalents

Add: Cash and cash Equivalents (Opening

Cash and cash equivalents (Closing)

(D) Cash and cash Equivalents includes:

Cash on hand

Bank Balances & Deposits:

For the Year ended 31.03.11	For the Period ended 31.03.10
Rs.	Rs.
(97,447,433)	(2,719,420)
(14,081,309)	-
389,893	58,777
(111,138,849)	(2,660,643)
(871,429,500)	(264,975,511)
(327,981,618)	(1,872,885,961)
1,791,381,440	1,274,467,069
591,970,322	(863,394,403)
-	-
480,831,473	(866,055,046)
(125,024,102)	(587,999)
(49,600,000)	-
(174,624,102)	(587,999)
(360,784,632)	925,506,282
-	100,000
(360,784,632)	925,606,282
(54,577,261)	58,963,237
58,963,237	-
4,385,976	58,963,237
90,248	36,642
4,295,728	58,926,595
4,385,976	58,963,237

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

**SUNITA BALI
DIRECTOR**

**SALIM BALWA
DIRECTOR**

PLACE : MUMBAI

DATE:

30 MAY 2011

PLACE : MUMBAI

DATE:

30 MAY 2011

REAL GEM BUILDTECH PRIVATE LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

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
Loan from Others

TOTAL

SCHEDULE 4:

INVESTMENTS:

Long Term Investments (At Cost) (Unquoted) (Trade)

In Equity shares

Saraf Chemicals Limited
310,000 Equity Shares of Rs.10/- (Face Value) each fully paid
(Previous Year Nil)

TOTAL

SCHEDULE 5:

INVENTORIES

(As valued and certified by the management)

(valued at cost)

Project work-in-progress

Opening Balance
Add:- Construction Cost During the year
Less:- Transfer to Profit and Loss account (adjustment to opening balance)

TOTAL

AS AT 31ST MARCH, 2011	AS AT 31ST MARCH, 2010
RUPEES	RUPEES
100,000	100,000
100,000	100,000
100,000	100,000
100,000	100,000
397,221,650	875,506,282
50,000,000	50,000,000
117,500,000	-
564,721,650	925,506,282
49,600,000	-
49,600,000	-
264,975,511	-
885,510,809	264,975,511
(14,081,309)	-
1,136,405,011	264,975,511



REAL GEM BUILDTECH PRIVATE LIMITED

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 01.04.10	Additions	Deductions/ Impairments	As At 31.03.11	As At 01.04.10	For the Year	Deductions/ Impairment s	As At 31.03.11	As At 31.03.11	As At 31.03.10
Office Equipments	13.91%	290,019	779,265	-	1,069,284	41,523	110,432	-	151,955	917,329	248,496
Computers & Related Equipments	40%	297,980	523,972	-	821,952	17,254	279,461	-	296,715	525,237	280,726
TOTAL		587,999	1,303,237	-	1,891,236	58,777	389,893	-	448,670	1,442,566	529,222
PREVIOUS YEAR		-	587,999	-	587,999	-	58,777	-	58,777	529,222	-
Capital Work in Progress		-	123,720,865							123,720,865	-



REAL GEM BUILDTECH PRIVATE LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 6:

CASH AND BANK BALANCES :

Cash on Hand

Balance with Scheduled Bank

- In current account

- In Fixed Deposit account

TOTAL

SCHEDULE 7:

LOANS AND ADVANCES :

Advance Recoverable in cash or in Kind or for value to be received

Advance for Land

Accrued Interest on Fixed Deposit

Advance Tax & Tax Deducted at source

Deposits

TOTAL

SCHEDULE 8:

CURRENT LIABILITIES :

Sundry Creditors

Book Overdraft

Advance Received Towards Flat Bookings

Other Liabilities

TOTAL

SCHEDULE 9:

PROVISIONS :

Provision for Gratuity

Provision for Leave Encashment

TOTAL

AS AT 31ST MARCH, 2011	AS AT 31ST MARCH, 2010
RUPEES	RUPEES
90,248	36,642
-	58,926,595
4,295,728	-
4,385,976	58,963,237
123,320,650	372,409,061
-	500,000,000
61,169	-
19,127	-
2,001,073,000	1,000,476,900
2,124,473,946	1,872,885,961
362,628,940	159,915,919
19,158,595	-
2,229,197,406	850,503,801
451,687,060	262,721,710
3,062,672,001	1,273,141,430
1,196,798	501,560
1,979,710	824,079
3,176,508	1,325,639



REAL GEM BUILDTECH PRIVATE LIMITED

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 10 :

PROJECT RELATED EXPENSES

Payment to and Provision for employees:

- a) Salaries, Wages and Bonus
- b) Contribution to Provident Fund and Other
- c) Staff Welfare and Other Amenities

Rates and Taxes

Site Expenses

Legal and Professional Fees

Telephone Expenses

Insurance Premium

Interest Paid (Net)

Travelling & Conveyance Expenses

Security Charges

Staff Welfare Expenses

Sales Promotions & Publicity

Printing and Stationery

Repair & Maintenance

Foreign Exchange Loss

General Expenses

Depreciation

Less: Project Expenses Recovered

TOTAL

SCHEDULE 11 :

(INCREASE)/DECREASE IN INVENTORIES

Opening Inventory - Project Work In Progress

Less: Closing Inventory - Project Work In Progress

Less:- Transfer to Profit and Loss account (adjustment to opening balance)

TOTAL

FOR THE YEAR ENDED MARCH'2011	FOR THE PERIOD FROM 03.07.09 TO 31.03.10
RUPEES	RUPEES
18,052,714	4,173,899
381,201	56,462
2,693,042	1,462,218
1,895,505	65,472,099
1,340,835,836	174,166,092
6,294,520	4,700,000
423,203	40,332
94,971	23,562
121,837,578	-
9,635,516	178,605
2,044,034	344,546
518,384	32,935
-	14,081,309
585,326	156,217
26,750	-
4,634	-
86,043	28,458
389,893	58,777
1,505,799,149	264,975,511
(620,288,340)	-
885,510,809	264,975,511
264,975,511	-
1,136,405,011	264,975,511
14,081,309	-
(885,510,809)	(264,975,511)



SCHEDULE 12 :**ADMINISTRATIVE AND SELLING EXPENSES**

Audit Fees	690,478	386,050
Bank Charge	90,809	2,569
Company Profession Tax	2,500	2,500
Travelling & Conveyance Expenses	23,959,481	2,668
Donation	405,500	-
Electricity Expenses	160,739	37,167
Filing Fees	2,430	7,112
General Exp	11,159	10,552
License Fees	-	520,000
Insurance Premium	28,225	-
Interest on TDS & Service Tax	4,682	309
Membership and Subscription Fees	327,000	1,000,000
Telephone Expenses	63,841	2,069
Staff Cost	3,392,176	347,266
Printing & Stationery	98,594	38,466
Legal & Professional Fees	453,795	8,200
Rent & Other Expenses	1,446,436	354,492
Sales Promotions & Publicity	66,309,588	-
TOTAL	97,447,433	2,719,420



REAL GEM BUILDTECH PRIVATE LIMITED

SCHEDULE 13:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

COMPANY BACKGROUND

The Company has entered into a Development Agreement with Bhishma Realty Limited (the owner of the land) to develop the property admeasuring 24,809 square meters of land at Prabhadevi, Dadar, Mumbai. Further the company has an outstanding adjustable refundable interest-free security deposit of Rs. 90 crores (Previous Year Rs. 100 crores) 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.

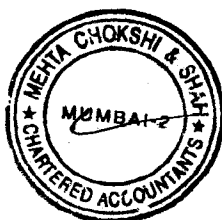
2. Accounting policies not specifically referred to otherwise are consistent with the generally accounting principles followed by the Company.

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 Company's technical personnel, in relation to a contract or a group of contracts within a project, only after the work has progressed to the extent of 30% of the total work involved. 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.

12. Impairment of Assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account



(B) NOTES TO THE ACCOUNTS:

1. The Company is a subsidiary of D B Realty Limited, which has become a "Public company" w.e.f. 23rd September 2009. Therefore, w.e.f. the said date, the Company has become a private company which is a subsidiary of a public company and accordingly, by virtue of provision of section 3(1)(iv)(c) of the Companies Act, 1956, the Company is a public company. The Company continues to use the word "Private Limited" as permitted by law.

2. Contingent Liability:

(Amount in Rupees)		
Particulars	For the Year Ended 31.03.2011	For the period ended 31.03.2010
Related to Service Tax on lease rentals in respect of Office Premises	1,80,361	36,073

3. Estimated amount of contract to be executed in Capital Account and not provided for Rs. 2,28,47,105/- (Previous Year Rs. Nil).
4. 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 and condition have been charged off to the profit and loss account for the period as period cost.
5. 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.
6. The company has paid / provided an aggregate brokerage of Rs. 76,393,633/- in its books of accounts. The said brokerage has been treated as Pre-paid expenses and proportionate brokerage will be expensed out as Project expense at the time of recognizing revenue.
7. As per the terms of the Development Agreement and Supplementary Agreement entered into by the company with Bhishma Realty Limited, a proportionate expenditure incurred towards the project by the company has to be recovered from Bhishma Realty Limited. Accordingly, the company has raised a total debit notes of Rs. 98,99,23,841/- towards Bhishma's share of project costs, mobilisation advance, etc., However Bhishma has not accepted the said Debit Notes in its entirety and has raised certain objections to the extent of Rs 318,205,147/-. The company is in negotiations with Bhishma Realty Limited for recovery / reaching a settlement of the same.



8. The company had entered into a Memorandum of Understanding dated 27th December, 2009 with M/s. Jairaj Developers. According to the said agreement, the company deposited a sum of Rs. 110 crores with M/s. Jairaj Developers for having the first right of refusal / opportunity for purchase of a land situated in Pune. Till date the company has not exercised the said right due to non fulfillment of certain conditions by M/s. Jairaj Developers. Accordingly the company has requested for refund of the said deposit.

9. Expenditure in Foreign Currency:

Description	For the year ended 31.03.11 Rupees	For the year ended 31.03.10 Rupees
Architect Fees	6,289,733/-	---
Other expenses	5,28,930/-	---

10. Value of imports on CIF basis in respect of:

Description	For the year ended 31.03.11 Rupees	For the year ended 31.03.10 Rupees
Capital Goods	11,568,151/-	---

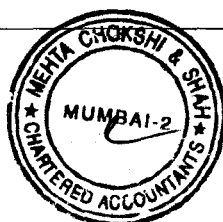
11. **Earnings per Share:**

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

(Amount in Rupees)		
	31 st March 2011	31 st March 2010
Net Profit/(Loss) after tax as per Profit & Loss Account	(120,680,302)	(27,19,420)
Weighted average number of equity shares outstanding	10,000	10,000
Basic and Diluted Earnings per share	(12,068.03)	(271.94)
Face Value per Equity Share	10	10

12. **Breakup of Auditors Remuneration:**

(Amount in Rupees)		
Particulars	For the Year Ended 31.03.2011	For the period ended 31.03.2010
- Audit Fees	3,50,000	3,50,000
- Certification Fees	2,76,000	-
- Service Tax	64,478	36,050
Total	6,90,478	3,86,050



13. 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.

<u>Name of the related party</u>	<u>Relationship</u>
D B Realty Limited	Holding Company
Neelkamal Realtors Suburban Pvt Ltd	Fellow Subsidiaries
Gokuldham Real Estate Development Co. Pvt. Ltd.	Fellow Subsidiaries
Neelkamal Realtors Tower Pvt. Ltd	Fellow Subsidiaries
Suraksha DB Realty	Entities Jointly Controlled by Holding Company
Turf Estate JV	Entities Jointly Controlled by Holding Company
Dynamix Realty	Entities Jointly Controlled by Holding Company
KG Enterprises	Enterprise where individuals i.e. KMP and their relatives have significant influence other than those mentioned above
Conwood Construction & Developers Pvt. Ltd.	
Pony Infrastructure & Contractors Ltd.	
Neelkamal Realtors & Builders Pvt. Ltd	
Eon Aviation Pvt. Ltd.	Key Management Personnel (Directors)
Mr. Asif Balwa	
Mr. Rajiv Agarwal	
Mr. Salim Balwa	
Ms. Sunita Bali	

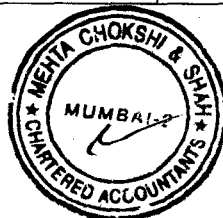
Note: The above related parties are identified by the management and relied upon by the auditors. However there were no transactions with the K.M.P. during the period.



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

(Amount in Rupees)

Description	With Holding Company	With Fellow Subsidiary	Entities Jointly Controlled by Holding Company	Enterprise where individuals i.e. KMP and their relatives have significant influence other than those mentioned above	With relative of Key Management Personnel
<u>Loans Taken</u>					
Opening balance as on 1st April 2010	875,506,282				
	-				
Taken during the year	849,481,326				
	(2,232,900,000)				
Repaid during the year	1,327,765,958				
	(1,357,393,718)				
Closing Balance as on 31 st March, 2011	397,221,650				
	(875,506,282)				
<u>Advance Received</u>					
Opening balance as on 1st April 2010				-	2,000,000
Taken during the year					13,770,000
				(2,339,241)	(2,000,000)
Repaid during the year					15,770,000
				(2,339,241)	-
Closing Balance as on 31 st March, 2011				-	-
					(2,000,000)
<u>Advance Given</u>					
Opening balance as on 1st April 2010				-	
				-	
Given during the year				200,000,000	
				-	
Returned during the year				200,000,000	
				-	
Closing Balance as on 31 st March, 2011				-	
				-	



Sundry Creditors					
Opening balance as on 1st April 2010	-			37,167	-
Expenses incurred during the period				1,609,655	(3,91,659)
Expenses repaid during the period				1,595,194	(354,492)
Closing Balance as on 31 st March, 2011				51,628	(37,167)
Reimbursement of Expenses					
Opening balance as on 1st April 2010	2,300,277	-	-	-	-
	-		-	-	-
Expenses incurred during the period	14,161,044	75,099	44,263,379	26,225	
	(9,201,110)		-	-	
Expenses repaid during the period	16,461,321	75,099	44,231,753	26,225	
	(6,900,833)		-	-	
Closing Balance as on 31 st March, 2011	-	-	31,626	-	
	(2,300,277)	-	-	-	
Hire charges paid for use of aircrafts				2,38,30,315	(-)
Interest paid	12,21,66,843				
	(-)				

14. 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, 2011:



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

(Amount in Rupees)

	31st March 2011	31st March 2010
Liability at the beginning of the period	501,560	-
Interest cost	87,263	-
Current Service cost	589,232	501,560
Actuarial (gain)/loss on obligations	18,743	-
Liability at the end of the period	11,96,798	501,560

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

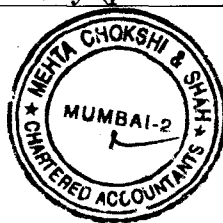
	31st March 2011	31st March 2010
Liability at the end of the period	11,96,798	501,560
Fair value of Plan Assets at the end of the period	-	-
Difference	(11,96,798)	(501,560)
Amount Recognised in the Balance Sheet	(11,96,798)	(501,560)

c. Expense recognized during the period:

	31st March 2011	31st March 2010
Current service cost	589,232	501,560
Interest cost	87,263	-
Expected Return on Plan Assets	-	-
Actuarial (Gain) or Loss	18,743	-
Expenses Recognised in P & L	695,238	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.

15. Operating Lease:

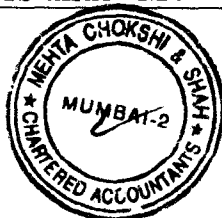
(Amount in Rupees)

	Particulars	For the Year ended 31 st March 2011	For the Period ended 31 st March 2010
	Lease payments recognized in the profit and loss	1,438,709	354,492
	Future Lease Payments		
a	Not later than one year	1,470,372	1,470,368
b	Later than one year but not later than five years.	913,564	1,155,429
c	Later than five years	-	-
	Total of Future Lease	2,625,797	2,625,797

16. 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.

17. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

Particulars	For the Year Ended 31.3.2011	For the Year Ended 31.3.2010
	Rs.	Rs.
<ul style="list-style-type: none"> Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date Interest accrued on the amount due to suppliers under MSMED Act on the above amount Payment made to suppliers (other than Interest) beyond the appointed date during the year. Interest paid to suppliers under MSMED Act (other than section 16) Interest paid to suppliers under MSMED Act (section 16) Interest due and payable to suppliers under MSMED Act for payments already made. Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act. 	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>



Note: The above information is compiled by the company on the basis of the information made available by vendors and the same has been relied upon by the Statutory Auditors.

18. Acting upon the request of the Statutory Auditors, the company has employed direct confirmation procedure for verification of balances of certain parties from / to whom unsecured loans have been taken / granted as well as of balances held in bank and balances of Sundry Creditors. However, no confirmations have been received from such parties till date. In the opinion of the Board of Directors of the company, Current Assets, Loans and Advances are stated at a value to be realised in the ordinary course of business. Provisions are made for all known liabilities and the same are adequate.

19. **Service Tax on Sale of Residential Flats**

The Company is a member of Maharashtra Chambers of Housing Industry (MCHI). MCHI, on behest of its Members, has filed a writ petition in the High Court of Bombay challenging the levy of service tax by them on Sale of Residential Flats, which has not reached its finality. Meanwhile, the High Court of Bombay have passed a Notice of Motion dated 18th February, 2011, whereby the Members are permitted to deposit the service tax with the Prothonotary & Senior Master/ Registrar (O.S.) of the Court, with a direction that the same will be refunded with interest in the event Members succeed in the said writ petition. In view of the same, the Company has demanded the amount of service tax from each of the purchasers after 31st March 2011 and the amount of such service tax as upto 31st March 2011 is Rs. 2,75,77,719. The Company is of the view that the same is required to be deposited as and when collected from the purchasers. The Management of the Company has taken adequate steps for recovering of such service tax and are of the opinion that the same shall be collected and deposited in due course of time and accordingly, the necessary entries in this regard would be passed in the books of account on collection. Further, in the opinion of the Management of the Company, this litigation will not have any material adverse impact on the state of affairs of the Company.

20. **Segment Reporting:**

Keeping in view the object of the Company as that of developing and constructing the Project, it has only one reportable segment and hence separate disclosure requirements of AS-17 Segment Reporting are not applicable.

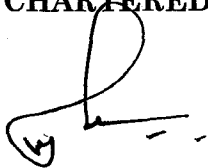


21. The Previous period figures being for a period of nine months are strictly not comparable with the figures of current year.
22. The amount in the Balance Sheet and Profit and Loss Account are rounded off to nearest rupee.

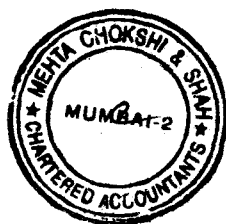
Signatures to Schedules 1 to 12

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

**FOR MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS**



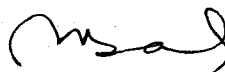
**C.M.SHAH
PARTNER
M.NO. 47178**



PLACE : MUMBAI

DATED : 30 MAY 2011

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



**SUNITA BALI
DIRECTOR**



**SALIM BALWA
DIRECTR**

PLACE : MUMBAI

DATED : 30 MAY 2011