

GODREJ PROPERTIES LIMITED
ACCOUNTS OF
SUBSIDIARY COMPANIES
2009-2010

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the year ended March 31, 2010 reveal that there is a deficit at the end of the year.

2. REVIEW OF OPERATIONS:

During the year the Company has completed piling work for Phase - I. Structural work up to 10th level has also been completed for Phase-I. Contracting for MEP service & Elevators are in process. Shifting of existing Simco office to the new building has been initiated.

3. DIVIDEND:

As there are no profits, Directors regret their inability to recommend any dividend for the year under consideration.

4. DIRECTORS:

In accordance with the provisions of the Articles of Association, Mr. Milind S. Korde and Mr. H. T. Jithondan, retire by rotation and being eligible, offered themselves for re-appointment.

Mr. G.B. Singh resigned as Director from the Board of Directors with effect from March 15, 2010. The Board wishes to place on record its appreciation for the valuable guidance extended by him during his association with the Company.

During the year Mr. Y. Kalyan Chakrabarti has been appointed as an Additional Director on March 15, 2010, who will hold office till the conclusion of the ensuing Annual General Meeting of the Company. It is proposed to appoint him as a Director later to retire by rotation in the Annual General Meeting.

5. APPOINTMENT OF AUDITORS:

Mrs. Kalyanwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

Company at the end of the financial year ended March 31, 2010 and of the flow of the Company for that year;

- 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;
- that the Directors have prepared the annual accounts on a going concern basis.

7. ADDITIONAL INFORMATION:

Since the Company has no employees, the particulars of the employees to be disclosed under 217(2A) of the Companies Act, 1956 read with Companies Particulars of Employees Rules, 1975, are not given.

Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under section 217(1)(a) of the Companies Act, 1956 read with the Companies Disclosure of Particulars in the Report of the Board of Directors Rules, 1958 is provided hereunder:

- Conservation of Energy:
Expenditure on account of Energy are negligible.
- Technology Absorption:
It is an on going process.
- Foreign Exchange Earnings & Outgo:
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

8. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE
Chairman

Place: Mumbai

Date: May 05, 2010

REPORT OF THE AUDITORS

TO THE MEMBERS OF GODREJ DEVELOPERS PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **GODREJ DEVELOPERS PRIVATE LIMITED**, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. These 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 (Auditors' Report) Guide, 2003, issued by the Central Government in terms of sub-section (4) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Guide.

4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of account as required by law have been kept by the Company as far as appears from our examination of such books.
- The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- 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.
- Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(a) of Schedule 11 (Notes to Accounts), in respect of projects under long term contracts undertaken and/or financed by the Company, we

have relied upon the management's estimates of the percentage of completion, costs to completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profit/losses have been accounted, interest income accrued and realizable of the construction work in progress and project advances determined.

5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 249 of the Companies Act, 1956.

For and on behalf of

KALYANWALLA & MISTRY

Chartered Accountants

Firm Registration No. 104007W

ERMIN K. IRANI

Partner

Membership No. 35540

Place: Mumbai

Date: May 05, 2010

Annexure to the Auditors' Report

Referred to in paragraph (3) of our report of even date.

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company.
- There is no disposal of fixed assets during the year.
- The management has conducted physical verification of inventory at reasonable intervals.
- In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable share for recovery of principal and interest does not arise.
- The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market prices exist.
- In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 50A and 50AA or any other provisions of the Companies Act, 1956, are not applicable.
- The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- In our opinion and according to the information and explanations given to us, The Central Government has not been prejudicially maintained or cast records under section 205(1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undistributed statutory dues

including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March 2010 for a period of more than six months from the date they became payable.

10. According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.

11. The Company's accumulated losses at the end of the financial year are less than fifty percent of its networth. Further, the company has not incurred any cash losses in the current and immediately preceding financial years.

12. According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in payment of dues to bank and financial institutions. The Company does not have any outstanding debentures.

13. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

14. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and mutual benefit fund societies.

15. In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, derivatives and other investments.

16. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

17. According to the information and explanations given to us and based on the documents and records examined by us, on an overall basis, the term loan has been applied for the purpose for which the loan was obtained.

18. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short term basis for long term investments.

19. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

20. The Company did not issue any debentures during the year.

21. The Company has not issued any money through a public issue during the year.

Based on the audit procedures performed and 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 and on behalf of

KALYANWALLA & MISTRY

Chartered Accountants

Firm Registration No. 104007W

ERMIN K. IRANI

Partner

Membership No. 35540

Place: Mumbai

Date: May 05, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	667,300	667,300
Reserves & Surplus	2	-	-
Loan Funds	3	453,900,000	-
Deferred Tax Liability		13,000	-
		<u>454,580,300</u>	<u>667,300</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	173,585	139,464
Less: Depreciation		98,521	43,408
Net Block		<u>75,064</u>	<u>96,056</u>
Investments			
		-	-
Current Assets, Loans & Advances			
Inventory	5	808,334,259	313,882,169
Cash & Bank Balances	6	5,585,346	102,229
Loans & Advances	7	187,458,358	100,272,825
		<u>1,011,377,963</u>	<u>414,257,223</u>
Less: Current Liabilities & Provisions			
Current Liabilities	8	557,026,757	413,771,896
		<u>557,026,757</u>	<u>413,771,896</u>
Net Current Assets		<u>454,351,206</u>	<u>480,485</u>
Miscellaneous Expenditure			
(to the extent not written off or adjusted)			
Preliminary Expenditure		11,052	12,894
Profit & Loss Account		<u>142,978</u>	<u>73,021</u>
		<u>454,580,300</u>	<u>667,300</u>

Notes To Accounts & Accounting Policies

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
ERMIN K. IRANI
Partner

Mumbai, Dated: May 05, 2010

Signatures to the Balance Sheet
and Schedules 1 to 8 and 11

MILIND S. KORDE **K T JITHENDRAN**
Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
INCOME			
EXPENDITURE			
Cost of Sales	9	-	-
Interest & Finance Charges	10	-	-
Depreciation		55,115	43,408
Preliminary Expenses written off		<u>1,842</u>	<u>1,842</u>
Deficit for the year		<u>(56,957)</u>	<u>(45,248)</u>
Provision for Deferred Tax		<u>(13,000)</u>	-
Deficit After Tax		<u>(69,957)</u>	<u>(45,248)</u>
Deficit Brought Forward		<u>(73,021)</u>	<u>(27,773)</u>
Deficit Carried Forward to Balance Sheet		<u>(142,978)</u>	<u>(73,021)</u>
Earning per share Basic/Diluted in Rs. (Refer Note 6)		<u>(1.05)</u>	<u>(0.72)</u>

NOTES TO ACCOUNTS & ACCOUNTING POLICIES

11

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
ERMIN K. IRANI
Partner

Mumbai, Dated: May 05, 2010

Signatures to Profit & Loss Account
and Schedules 9 to 11

MILIND S. KORDE **K T JITHENDRAN**
Directors

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1: SHARE CAPITAL		
Authorised		
90,000 Equity shares of Rs. 10/- each	900,000	900,000
10,000 10% Non Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each	100,000	100,000
	<u>1,000,000</u>	<u>1,000,000</u>
Issued, Subscribed & Paid Up		
66,730 Equity shares of Rs. 10/- each, fully paid-up (Out of which 34,032 Equity Shares are held by Godrej Properties Limited, the Holding company and its nominee)	667,300	667,300
	<u>667,300</u>	<u>667,300</u>
SCHEDULE 2: RESERVE & SURPLUS		
Share Premium as per last Balance Sheet	-	-
Received During the Year	-	214,844,318
Less: Utilised for Redemption of Preference Shares during the year	-	(214,844,318)
	-	-
SCHEDULE 3: SECURED LOANS		
Term Loan from State Bank of India (Secured against Company's share of undivided interest in the project Godrej Genesis at Kolkata)	453,900,000	-
	<u>453,900,000</u>	-

SCHEDULE 4: FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April 2009 Rs.	Additions Rs.	Deductions Rs.	As at 31st March 2010 Rs.	As at 1st April 2009 Rs.	For the Year Rs.	As at 31st March 2010 Rs.	As at 1st April 2009 Rs.	As at 31st March 2010 Rs.
Office Equipment	-	5,053	-	5,053	-	545	545	4,517	-
Computer	138,464	29,058	-	165,522	43,408	24,000	97,820	70,547	96,056
Total	138,464	34,111	-	173,585	43,408	55,115	98,521	75,064	96,056
Previous Year	-	139,464	-	139,464	-	43,408	43,408	96,056	-

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 5: INVENTORY		
Construction work-in-progress	808,334,259	313,882,169
	<u>808,334,259</u>	<u>313,882,169</u>
SCHEDULE 6: CASH & BANK BALANCE		
Cash & Cheques in hand	54,119	10,822
Balances with Scheduled Bank - on Current Accounts	5,531,227	91,807
	<u>5,585,346</u>	<u>102,229</u>
SCHEDULE 7: LOANS & ADVANCES		
(Unsecured & considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	-	-
- Secured (Secured against Bank / Corporate Guaranteed)	97,062,129	-
- Others	100,396,229	100,272,825
	<u>197,458,358</u>	<u>100,272,825</u>
SCHEDULE 8: CURRENT LIABILITIES		
Sundry Creditors (Refer Note 4)	42,034,294	13,405,028
Investors Education & Protection Fund	-	-
Other Liabilities	514,992,463	400,366,868
	<u>557,026,757</u>	<u>413,771,896</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 9: COST OF SALES		
Opening Stock:	313,882,169	141,788,407
Add : Expenditure/Transfers from Advances/Taken over during the year		
Construction, Material & Labour	379,990,860	42,400,487
Architect Fees	6,563,741	10,112,400
Overheads	39,387,620	108,714,649
Interest	68,509,869	10,886,166
	808,334,259	313,882,169
Less : Closing Stock:		
Cost of Sales	-	-

SCHEDULE 10: INTEREST AND FINANCIAL CHARGES

Interest Paid - Banks	16,651,505	39
- Others	51,858,364	10,886,166
Total Interest Paid	68,509,869	10,886,166
Less: Transferred to Cost of Sales	68,509,869	10,886,166
NET INTEREST	-	-

SCHEDULE 11 : NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

1) Accounting Policies

a) General

The accounts are prepared under the Historical Cost Convention, using the accrual method of accounting, the accounting standard issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c) Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d) Inventories

Inventories are valued as under:

i) Completed Flats - At lower of Cost or Market value

b) Construction Work-in-Progress - At Cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

e) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity, and the foreseeable losses to completion. Such estimates have been relied upon by the auditors.

Interest income is accounted on an accrual basis at contracted rates.

f) Borrowing Cost

Interest and finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects, are transferred to Construction Work-in-Progress as a part of the cost of the projects at weighted average of the borrowing cost. Other borrowing costs are recognized as an expense in the period in which they are incurred.

g) Earnings Per Share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

h) Provision For Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

i) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date

of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year-end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

j) Provisions and Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. There is no contingent liability as on the balance sheet date.

k) Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

- 2) 10,000 10% Non Convertible Cumulative Redeemable Preference shares of Rs.10/- each issued on 24th March 2008 are redeemed on 31st March 2009 @ premium of Rs. 21,484.43 Per Share as per the provision of Companies Act, 1956.

3) Preference dividend

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Amount of Cumulative Preference Dividend	10,163	10,163

4) Micro, Small and Medium Enterprises Development Act, 2006

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act 2006". There is no amount overdue as on 31st March, 2010 to Micro, Small & Medium Enterprises on account of principle amount together with interest and also during the previous year.

5) Deferred Tax

The Tax effect of significant temporary differences that resulted in the deferred tax liabilities are :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Liabilities		
- Depreciation on Fixed Assets	13,000	-
Deferred Tax Liabilities	13,000	-

6) Earnings Per Share

Particulars	Current Year	Previous Year
Loss for the year as per Profit & Loss Account (Rs.)	(89,957)	(45,248)
Weighted average no. of equity shares outstanding	66,730	62,513
Basic Earnings Per Share (Rs.)	(1.06)	(0.72)
Normal value of shares (Rs.)	10/-	10/-

7) Amounts paid to Auditors

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	159,935
Certification	33,092	11,230
Consultancy Charges	40,388	-
Total	233,415	171,171

8) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

9) Related Party Disclosure

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

- Relationships:
Shareholders: Godrej Properties Limited (GPL) holds 51% of the Share Capital of the Company. Red Fort India Real Estate Babur (RFIREB) holds 49% of the Share Capital of the Company.
- The following transactions were carried out with the related party in the ordinary course of the business:

Amount in Rs.

Sr. No	Particulars	GPL	RFIREB
1	Issue of Equity/Preference Shares	-	-
		-	215,011,678
2	Redemption of Preference Shares	-	-
		214,944,318	-
3	Expenses Charged by other companies	61,571,302	-
		47,353,570	-
4	Expenses Charged to other companies	-	-
		2,660,142	-
5	Advances received	501,687,500	-
		332,644,318	-
6	Advances paid	453,900,000	-
		88,250,000	-
7	Outstanding payables	501,290,304	-
		397,087,408	-

Figures in italics are for previous year

- 10) Previous year figures have been regrouped / rearranged where ever necessary to conform to current year's classification.
- 11) Additional information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.
- 12) **Additional information as required under Part IV of the Schedule VI to the Companies Act, 1956**
Balance Sheet abstract for the Year ended 31st March, 2010 And Company's General Business Profile

1. Registration Details		
Registration No.	U40200MH2007PTC168783	
State Code	11	
Balance Sheet Date	31st March, 2010	
2. Capital raised during the year (Amount in Rs. thousands)		
Public Issue	Nil	
Rights Issue	Nil	
Bonus Issue	Nil	
Private Placement	- Capital - Premium	Nil Nil
3. Position of mobilisation and deployment of funds (Amount in Rs. thousands)		
Total Liabilities	1,011,607	
Total Assets	1,011,607	
Sources of Funds		
Paid-up capital	667	
Reserves & Surplus	-	
Secured Loans	453,900	
Unsecured Loans	-	
Deferred Tax Liability	13	
Application of Funds		
Net Fixed Assets	75	
Investments	-	
Net Current Assets	454,351	
Misc. Expenditure	11	
Accumulated Losses	143	
4. Performance of Company (Amount in Rs. thousands)		
Turnover	-	
Total Expenditure	(57)	
Profit / (Loss) before Tax	(57)	
Profit / (Loss) after Tax	(70)	
Earning per Share in Rs.	(1.05)	
Dividend Rate %	-	
5. Generic Names of three principal products / services of Company		
	N/A.	

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Loss For the period	(56,957)	(45,248)
Adjustment for:		
Depreciation	55,115	43,406
Interest Paid	68,509,869	10,886,166
Preliminary Expenses	1,842	1,842
Operating Profit before working capital changes	68,509,869	10,886,166
Adjustment for:		
Change in Inventory	(494,452,090)	(172,113,702)
Change in Loans & Advances	(97,185,533)	155,100
Change in Current Liabilities/Provisions	86,481,320	161,040,793
Net Cash Flow from Operating activities	(436,546,434)	(91,550)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(34,121)	(139,464)
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Share Capital including Share Premium Amount	-	215,011,516
Increase in Secured Loan	453,900,000	-
Redemption of Preference Shares	-	(214,944,310)
Interest Paid	(11,736,328)	(39)
Net Cash Flow from Financing Activities	442,163,672	67,262
Net Increase/ (Decrease) in Cash & Cash Equivalent	5,483,117	(103,780)
Cash & Cash Equivalent -Opening Balance	102,229	205,999
Cash & Cash Equivalent -Closing Balance	5,585,346	102,229

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Mumbai, Dated: May 05, 2010

MILIND S. KORDE **K. T. JITHENDRAN**
Directors

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the period ended 31st March, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the period ended March 31, 2010 reveal that there is a deficit at the end of the period.

2. REVIEW OF OPERATIONS:

The Company has executed an assignment agreement with Godrej Properties Limited for undertaking development of their project called 'Godrej Eternia' at Chandigarh. Further HDFC PMS (under HDFC Asset Management Company Limited Portfolio Management Services Real Estate Portfolio-I, through its Portfolio Manager HDFC Asset Management Company Limited) has purchased 49% equity shares in the Company. Post transfer of shares to HDFC PMS, Godrej Properties Limited now holds 51% stake in the Company.

The Company is developing a commercial cum retail project and has commenced construction on site.

3. DIVIDEND:

As there are no profits, the Directors regret that no dividend can be recommended.

4. DIRECTORS:

During the year Mr. Vipul Roshniya was appointed as a non-executive Director of HDFC Asset Management Company Limited w.e.f. March 20, 2010.

Mr. K. T. Jithendran retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

5. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2010 and of the loss of the Company for that year;

- (iii) that the Directors had been 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 have prepared the annual accounts on a going concern basis.

7. ADDITIONAL INFORMATION:

- (a) Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.

- (b) Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(c) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is provided hereunder:

- (i) Conservation of Energy:
Expenses on account of Energy are negligible.
- (ii) Technology Absorption:
It is an on going process.
- (iii) Foreign Exchange Earnings & Outgo:
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

8. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates and authorities for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE K.T. JITHENDRAN
Directors

Place: Mumbai
Dated: May 14, 2010

REPORT OF THE AUDITORS

TO THE MEMBERS OF GODREJ ESTATE DEVELOPERS PRIVATE LIMITED

- 1. We have audited the attached Balance Sheet of **GODREJ ESTATE DEVELOPERS PRIVATE LIMITED**, as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- 2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto 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) 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 such books.
- (c) The Balance Sheet, 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 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.
- (e) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(e) of Schedule 11-Notes to Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's

estimates of the percentage of completion, costs to completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and reliability of the construction work-in-progress and project advances determined.

- (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 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 of the Company for the year ended on that date and;
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

- 5. On the basis of the written representations received from the directors as on March 31, 2010, and taken on record by the Board of Directors, we report that, none of 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.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No.: 108607W

ERMIN K. IRANI
Partner
Membership No. 35646
Place: Mumbai
Dated: May 14, 2010

Annexure to the Auditors' Report Referred to in paragraph (3) of our report of even date.

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a program for physical verification of fixed assets at periodical intervals. In our opinion, the period of verification is reasonably having regard to the size of the Company.
- (c) There is no disposal of fixed assets during the year.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (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) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (d) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of services. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7) The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- 8) In our opinion and according to the information and explanations given to us, The Central Government has not been 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) (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undistributed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undistributed dues payable in respect of above as at 31st March, 2010 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.
- 10) The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth. In Current year the Company has not incurred cash losses, however, it has incurred cash losses in the immediately preceding financial year.
- 11) According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of dues to bank. The Company does not have any outstanding debentures or dues to financial institutions.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted 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 nature of activities of the Company does not attract any special statute applicable to chit fund and non-mutual benefit fund/ societies.
- 14) In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
- 15) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) Based on our examination and according to the information and explanations given to us, there were no term loans during the year.
- 17) According to the information and explanations given to us and on overall examination of the Balance Sheet and Cash Flow of the Company, we report that the Company has not utilized funds raised on short term basis for long term investments.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and 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 and on behalf of,
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No. : 104607W
ERMIN K. IRANI
Partner
Membership No. 35066
Phone: Mumbai
Dated: May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	500,000	500,000
LOAN FUNDS			
DEFERRED TAX LIABILITY		49,000	—
		<u>549,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	2	1,425,010	—
Less: Depreciation		17,008	—
Net Block		<u>1,408,002</u>	<u>—</u>
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	3	265,201,213	—
Cash & Bank Balances	4	45,817,082	500,000
Loans & Advances	5	279,637,849	—
		<u>590,656,144</u>	<u>500,000</u>
Less : Current Liabilities & Provisions			
Current Liabilities	6	591,603,880	60,575
		<u>591,603,880</u>	<u>60,575</u>
NET CURRENT ASSETS		(947,736)	439,425
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenditure		13,780	15,460
PROFIT AND LOSS ACCOUNT		74,974	45,095
		<u>549,000</u>	<u>500,000</u>

Notes to Accounts & Accounting Policies

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No. : 104607W
ERMIN K. IRANI
Partner
Mumbai, May 14, 2010

Signatures to the Balance Sheet
and Schedules 1 to 6 and 10

MILIND S. KORDE K.T. JITHENDRAN
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the year ended 31.03.2010 Rupees	For the Period 11.07.2008 to 31.03.2009 Rupees
INCOME			
Interest Income		37,849	—
(Tax deducted at Source Rs.2,090/- (Previous Year Nil))			
EXPENDITURE			
Cost of Sales	7	—	—
Administration Expenses	8	—	43,375
Interest & Finance Charges	9	—	—
Depreciation		17,008	—
Preliminary Expenses written off		1,720	1,720
Profit / (Loss) for the Year		19,121	(45,095)
Provision for Taxation		—	—
For Current Tax		(3,000)	—
For MAT Credit Entitlement		3,000	—
For Deferred Tax		(49,000)	—
Profit/ (Loss) After Tax		(29,879)	(45,095)
Deficit Brought Forward		(45,095)	—
		<u>(74,974)</u>	<u>(45,095)</u>
Earning per share Basic in Rs. (Refer Note 3)		(0.60)	(0.90)
Notes to Accounts & Accounting Policies	10		

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No. : 104607W
ERMIN K. IRANI
Partner
Mumbai, May 14, 2010

Signatures to the Profit & Loss Account
and Schedules 7 to 10

MILIND S. KORDE K.T. JITHENDRAN
Directors

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
50,000 Equity shares of Rs. 10/- each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

ISSUED, SUBSCRIBED & PAID UP		
50,000 Equity shares of Rs. 10/- each, fully paid-up (Of the above 25,500 (Previous year 50,000) shares are held by Godrej Properties Limited, the Holding Company and its nominees)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

SCHEDULE 2									
FIXED ASSETS									
Particulars	Gross Block				Depreciation			Net Block	
	As at April 1, 2009	Additions	Deductions	As at March 31, 2010	As at April 1, 2009	For the Year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office Equipment	—	358,017	—	358,017	—	1,774	1,774	356,243	—
Furniture & Fixtures	—	58,213	—	58,213	—	276	376	57,837	—
Computer	—	299,015	—	299,015	—	8,313	8,313	290,702	—
Motor Vehicle	—	709,765	—	709,765	—	6,548	6,548	703,220	—
TOTAL	—	1,425,010	—	1,425,010	—	17,608	17,608	1,408,002	—
Previous Year	—	—	—	—	—	—	—	—	—

SCHEDULE 3		
INVENTORY		
Construction Work-in-Progress	265,201,213	—
	<u>265,201,213</u>	<u>—</u>

SCHEDULE 4		
CASH & BANK BALANCE		
Cash & Cheques-in-Hand	31,038	—
Balance with Scheduled Bank	—	—
- On Current Account	386,044	500,000
- On Fixed Deposit Accounts	45,400,000	—
	<u>45,617,082</u>	<u>500,000</u>

SCHEDULE 5		
LOANS & ADVANCES		
(Unsecured & considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	29,600,000	—
Interest accrued	35,759	—
Advance Tax and Tax Deducted at Source (Net of Provision for Tax and MAT Credit Entitlement of Rs. 3,000/-)	2,090	—
Deposits	250,000,000	—
	<u>279,637,849</u>	<u>—</u>

SCHEDULE 6		
CURRENT LIABILITIES		
Sundry Creditors (Refer Note 2)	514,348	13,300
Investor Education and Protection Fund	—	—
Other Liabilities	591,089,532	47,270
	<u>591,603,880</u>	<u>60,570</u>

	For the Year ended 31.03.2010 Rupees	For the Period 11.07.2008 to 31.03.2009 Rupees
--	---	---

SCHEDULE 7		
COST OF SALES		
Opening Stock	—	—
Add : Stock-In-Trade Acquired during the year	258,531,383	—
Advertisement Expenses	505,541	—
Overheads	1,938,669	—
Interest	3,225,620	—
	<u>265,201,213</u>	<u>—</u>
Less : Closing Stock	265,201,213	—
Cost of Sales	<u>—</u>	<u>—</u>

SCHEDULE 8		
ADMINISTRATION EXPENSES		
Audit fees	—	27,575
Other Operating Expenses	—	15,800
	<u>—</u>	<u>43,375</u>

SCHEDULE 9		
INTEREST AND FINANCE CHARGES (NET)		
INTEREST PAID		
Interest Paid - Others	3,225,620	—
TOTAL INTEREST PAID	3,225,620	—
Less: Transferred to Cost of Sales	3,225,620	—
NET INTEREST	<u>—</u>	<u>—</u>

SCHEDULE 10

NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

- 1) Accounting Policies:
 - a. General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.
 - b. Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.
 - c. Depreciation/Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.
 - d. Inventories

Inventories are valued as under :

 - a) Completed Flats - At lower of Cost or Market value
 - b) Construction Work-in-Progress - At Cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.
 - e. Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature; concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion. Such estimates have been relied upon by the auditors.
 - f. Borrowing Cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress as a part of the cost of the projects at weighted average of the borrowing cost.
 - g. Provision for taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.
 - h. Earning Per Share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

SCHEDULES FORMING PART OF THE ACCOUNTS

1. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortized over the period of the contract. Exchange gains/losses are recognised in the Profit and Loss Account.

j. Provisions And Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. There is no contingent liability as on the balance sheet date.

k. Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

2) Due to Micro, Small and Medium Enterprises

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act, 2006." There is no amount overdue as on March 31, 2010 to Micro, Small & Medium Enterprises on account of principal amount together with interest and also during the previous year.

3) Earnings per share

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Loss for the Year as per Profit & Loss Account (Rs.)	(29,879)	(45,095)
Weighted average no. of equity shares outstanding	50,000	50,000
Basic/Diluted earnings per share (Rs.)	(0.60)	(0.90)
Nominal value of shares (Rs.)	10/-	10/-

4) Deferred Tax

The Tax effect of significant temporary differences that resulted in the deferred tax liabilities are:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Liabilities		
- Depreciation on Fixed Assets	(49,000)	—
Deferred Tax Liabilities	(49,000)	—

5) Amounts paid to Auditors:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	27,575
Total	159,935	27,575

6) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

7) Related Party Disclosure

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

1. Relationships:

(i) Shareholders (the Godrej Group Shareholding) in the Company Godrej Properties Limited (GPL) holds 51% in the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding company.

(ii) Investing party in respect of which the reporting enterprise is an associate, - HDFC PMS.

2. The following transactions were carried out with the related party in the ordinary course of the business:

Sr. No.	Particulars	Current Year (Rs.) GPL	Previous Year (Rs.) GPL
1	Issue of Equity Share Capital	—	500,000
2	Expenses charged by other companies	264,496,384	18,000
3	Advances received	329,645,356	—
4	Advances repaid	4,825	—
5	Repayment of Expenses Charged	4,660,439	—
6	Purchase of Fixed Assets	1,425,010	—
7	Outstanding payables	590,596,924	18,000

6) Previous year figures have been regrouped/rearranged where ever necessary to conform to current year's classification.

9) Additional information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract for the Year ended March 31, 2010 and Company's General Business Profile

1. Registration Details

Registration No.	U70102MH2008PTC184595
State Code	11
Balance Sheet Date	March 31, 2010

2. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement - Capital	Nil
- Premium	Nil

3. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	592,153
Total Assets	592,153

Sources of Funds

Paid-up Capital	500
Reserves & Surplus	—
Secured Loans	—
Unsecured Loans	—
Deferred Tax Liability	49

Application of Funds

Net Fixed Assets	1,408
Investments	—
Net Current Assets	(948)
Misc. Expenditure	14
Accumulated Losses	75

4. Performance of Company (Amount in Rs. Thousands)

Turnover	—
Total Expenditure	19
Profit/(Loss) before Tax	19
Profit/(Loss) after Tax	(30)
Earning per Share in Rs.	(0.60)
Dividend Rate %	—

5. Generic Names of three principal products/services of Company

N/A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit/(Loss) for the Year	19,121	(45,095)
Adjustment for:		
Depreciation	17,008	—
Interest Paid	3,225,620	—
Preliminary Expenses	1,720	1,720
Interest Received	(37,849)	—
Operating Profit/(Loss) before working capital changes	3,225,620	(43,375)
Adjustment for:		
Change in Inventory	(265,201,213)	—
Change in Loans & Advances	(279,600,000)	—
Changes in Current Liabilities & Provisions	588,317,685	60,575
Preliminary Expenses Incurred	—	(17,203)
Net Cash Flow from Operating Activities	46,742,092	—
Taxes Paid (Net)	2,090	—
Net Cash Flow from Operating Activities	46,740,002	—
Cash Flow from Financing Activities		
Purchase of Fixed Assets	(1,425,010)	—
Issue of Share Capital	—	500,000
Interest Received	2,090	—
Net Cash Flow from Financing Activities	(1,422,920)	500,000
Net Increase/(Decrease) in Cash & Cash Equivalent	45,317,082	500,000
Cash & Cash Equivalent - Opening Balance	500,000	—
Cash & Cash Equivalent - Closing Balance	45,817,082	500,000

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on "Cash Flow Statement", and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

Firm Registration No. : 104807W.

ERMIN K. IRANI

Partner

Mumbai, Dated : May 14, 2010

MILIND S. KORDE : K.T. JITHENDRAN
Directors

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the period ended March 31, 2010 reveal that there is a deficit at the end of the period.

2. REVIEW OF OPERATIONS:

During the year the Company has made an application to the authorities for conversion of land use from IT to mixed use and is awaiting approval.

3. DIVIDEND:

As there are no profits, the Directors regret that no dividend can be recommended.

4. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Milind S. Korde, retires by rotation and being eligible, offers himself for re-appointment.

5. APPOINTMENT OF AUDITORS:

M/s. Kalyanwala & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Director's confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2010 and of the loss of the Company for that year;
- 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;

(b)

7. ADDITIONAL INFORMATION:

(a) Since the Company has no employees, the particulars of the employees to be disclosed w/s 217-22A of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.

(b) Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(g) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is provided hereunder:

i) Conservation of Energy:

Expenses on account of Energy are negligible.

ii) Technology Absorption:

It is an on going process.

iii) Foreign Exchange Earnings & Outgo:

The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

8. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
MILIND S. KORDE K.T. JITHENDRAN
Directors

Place: Mumbai
Dated: May 14, 2010

REPORT OF THE AUDITORS TO THE MEMBERS OF GODREJ REAL ESTATE PRIVATE LIMITED

- We have audited the attached Balance Sheet of GODREJ REAL ESTATE PRIVATE LIMITED, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure (referred to in paragraph (3) above), we report that:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - 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 such books.
 - The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - In our opinion, the Balance Sheet, 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.
 - Without qualifying our opinion, we draw attention to the fact that as referred to in Item 1(a) of Schedule 1 to the Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's estimate of the percentage of completion, costs to completion

and on the projections of revenue expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been ascertained, interest income accrued and realizability of the construction work in progress and project advances determined.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the other documents, give the information required by the Companies Act, 1956, in the manner as required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
- In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 214 of the Companies Act, 1956.

For and on behalf of
KALYANWALA & MISTRY
Chartered Accountants
Firm Registration No.: 10450/W

ERMAN K. IRANI
Partner
Membership No.: 33548
Place: Mumbai
Dated: May 14, 2010

Annexure to the Auditors' Report

Referred to in paragraph (3) of our report of even date.

- The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company.
 - There is no disposal of fixed assets during the year.
 - The management has conducted physical verification of inventory at reasonable intervals.
 - In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
 - The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - Consequently, the question of commenting on the rates of interest and conditions of the loan is granted being prejudicial to the interests of the Company, except regular principal and the interest and reasonable share for recovery of principal and interest does not arise.
 - The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register, required to be maintained under that section.
 - The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, when comparable market price exist.
- In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 53A and 53AA or any other provisions of the Companies Act, 1956, are not applicable.
- In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and nature of its business.
- The maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.

- According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues payable in respect of above as at 31st March 2010 for a period of more than six months from the date they became payable.
 - According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.

10. The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred any cash losses during the current and immediately preceding financial year.

11. According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of dues to debenture holders. There are no dues to banks and financial institutions.

12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted 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 nature of activities of the Company does not attract any special statute applicable to non-fund and non-mutual benefit funds/ societies.

14. The Company does not deal in shares, securities, debentures and other investments.

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. Based on our examination and according to the information and explanations given to us, there were no term loans taken during the year.

17. According to the information and explanations given to us and on overall examination of the Balance Sheet and Cash Flow of the Company, we report that the Company has not utilized funds raised on short-term debt for long-term investments.

18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. The company did not issue any debentures during the year.

20. The Company has not raised any money through a public issue during the year.

21. Based on the audit procedures performed and 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 and on behalf of
KALYANWALA & MISTRY
Chartered Accountants
Firm Registration No.: 10450/W

ERMAN K. IRANI
Partner
Membership No.: 33548
Place: Mumbai
Dated: May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	500,000	500,000
LOAN FUNDS			
		<u>500,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
FIXED ASSETS	2		
Gross Block		2,272,694	99,990
Less : Depreciation		446,373	46,302
Net Block		<u>1,826,321</u>	<u>53,688</u>
INVESTMENTS		-	-
DEFERRED TAX ASSETS		13,000	-
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	3	985,846,618	857,517,086
Cash & Bank Balances	4	68,345	218,014
Loans and advances	5	7,303,998	8,830,043
		<u>993,218,961</u>	<u>866,565,143</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	6	995,034,164	866,207,642
		<u>995,034,164</u>	<u>866,207,642</u>
NET CURRENT ASSETS		(1,815,203)	367,601
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
Preliminary Expenditure		11,052	12,694
PROFIT & LOSS ACCOUNT		<u>464,830</u>	<u>75,917</u>
		<u>500,000</u>	<u>500,000</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	9		

The Schedules referred to above form an integral part of the Balance Sheet, As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Signatures to the Balance Sheet and Schedules 1 to 6 and 9

MILIND S. KORDE **K.T. JITHENDRAN**
Directors

Mumbai, Dated : May 14, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the Year Ended 31.03.2010 Rupees	For the Year Ended 31.03.2009 Rupees
INCOME		-	-
EXPENDITURE			
Cost of sales	7	-	-
Interest & Finance Charges	8	-	-
Depreciation		400,071	32,518
Preliminary Expenses written off		1,842	1,842
Deficit for the Year		<u>(401,913)</u>	<u>(34,380)</u>
Provision for Deferred Tax		13,000	-
(Loss) / Profit for the Year		<u>(388,913)</u>	<u>(34,380)</u>
Deficit Brought Forward		<u>(75,917)</u>	<u>(41,557)</u>
Deficit Carried Forward to Balance Sheet		<u>(464,830)</u>	<u>(75,917)</u>
Earning per share Basic/Diluted in Rs. (Refer Note 4)		<u>(7.78)</u>	<u>(0.89)</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	9		

The Schedules referred to above form an integral part of the Profit & Loss Account, As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Signatures to the Profit & Loss Account and Schedules 7 to 9

MILIND S. KORDE **K.T. JITHENDRAN**
Directors

Mumbai, Dated : May 14, 2010

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
50,000 Equity shares of Rs. 10/- each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
ISSUED, SUBSCRIBED & PAID UP		
50,000 Equity shares of Rs. 10/- each, fully paid up (All the above Shares are held by Godrej Properties Limited, the Holding company and its nominee)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

SCHEDULE 2: FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April 2009	Additions	Deductions	As at 31st March 2010	Upto 1st April 2009	For the Year	Upto 31st March 2010	As at 31st March 2010	As at 31st March 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office Equipment	7,088	505,017	-	512,105	1,500	67,209	58,743	504,286	6,491
Furniture & Fixtures	-	1,455,090	-	1,455,090	-	283,159	1,101,940	-	-
Computer	68,000	1,62,585	-	2,30,585	44,793	69,679	114,472	1,38,116	47,207
TOTAL	75,088	1,722,704	-	2,272,694	46,302	406,071	446,373	1,826,321	53,688
Previous Year	99,990	-	-	99,990	13,794	32,518	46,302	53,688	-

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 3		
INVENTORY		
Construction Work in Progress	985,846,618	857,517,086
	<u>985,846,618</u>	<u>857,517,086</u>
SCHEDULE 4		
CASH & BANK BALANCE		
Cash & Cheques in hand	68,345	131
Balances with Scheduled Bank - On Current Accounts	<u>63,121</u>	<u>217,883</u>
	<u>68,345</u>	<u>218,014</u>
SCHEDULE 5		
LOANS & ADVANCES		
(Unsecured. Considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	7,303,998	8,830,043
	<u>7,303,998</u>	<u>8,830,043</u>
SCHEDULE 6		
CURRENT LIABILITIES		
Sundry Creditors (Refer Note No.2)	1,410,886	587,316
Investor Education & Protection Fund	-	-
Other Liabilities	<u>993,623,278</u>	<u>866,050,324</u>
	<u>995,034,164</u>	<u>866,207,642</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 7		
COST OF SALES		
Opening Stock	857,517,086	728,170,550
Add : Expenditure/Transfers from Advances/Taken over during the year		
Construction	2,060,605	6,321,905
Architect Fees	3,441,360	-
Advertisement Expenses	138,096	-
Overheads	32,111,180	41,300,718
Interest	90,578,291	81,621,682
	985,846,618	857,517,098
Less : Closing Stock	985,846,618	857,517,098
Cost of Sales	-	-

SCHEDULE 8
INTEREST AND FINANCIAL CHARGES

Interest Paid		
Other Loans	90,578,291	81,621,682
Total Interest Paid	90,578,291	81,621,682
Add: Brokerage & other Financial Charges	-	-
Total Interest/Finance Charges Paid	90,578,291	81,621,682
Less: Transferred to Cost of Sales	90,578,291	81,621,682
NET INTEREST	-	-

SCHEDULE 9
Notes to Accounts and Accounting Policies

1) Accounting Policies

a) General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c) Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d) Inventories

Inventories are valued as under :

Completed Plots - At lower of Cost or Market value

Construction Work-in Progress - At Cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

e) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion. Such estimates have been relied upon by the auditors.

f) Borrowing Cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress as a part of the cost of the projects at weighted average of the borrowing cost.

g) Earnings Per Share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

h) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward

exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

i) Provision for taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

j) Provisions And Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. There is no contingent liability as on the balance sheet date.

k) Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

2) Leases

The Company's significant leasing arrangements are in respect of operating leases for commercial premises. Lease expenditure from operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken under operating leases are as under:

Particulars	Current Year Rs.	Previous Year Rs.
Future minimum lease Payment under non-cancellable operating leases		
Not later than 1 year	1,384,320	1,384,320
Later than 1 year and not later than 5 years	3,918,396	5,299,117

3) Micro, Small and Medium Enterprises Development Act, 2006:

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act 2006". There is no amount overdue as on 31st March, 2010 to Micro, Small & Medium Enterprises on account of principal amount together with interest and also during the previous year.

4) Earnings per share

Particulars	Current Year	Previous Year
Profit / (Loss) as per Profit & Loss Account (Rs.)	(388,913)	(34,360)
Weighted average no. of equity shares outstanding	50,000	50,000
Basic / Diluted earnings per share (Rs.)	(7.78)	(0.68)
Normal value of shares (Rs.)	10 /-	10 /-

5) Deferred Tax

The tax effect of significant temporary differences that resulted in the deferred tax assets are:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Assets		
- Depreciation on Fixed Assets	13,000	-
Deferred Tax Assets	13,000	-

6) Amounts paid to Auditors

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	159,935
Consultancy Charges	40,388	33,708
Total	200,323	193,643

7) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

8) AS 18 - Related Party Disclosure

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

1. Relationships:

Shareholders: Godrej Properties Limited (GPL) holds 100% of the Share Capital of the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (GBM), the ultimate holding company.

SCHEDULES FORMING PART OF THE ACCOUNTS

2. The following transactions were carried out with the related parties in the ordinary course of the business:

Sr. No	Particulars	GFL	G&B
1.	Expenses charged by other companies	118,101,621	-
		108,151,756	-
2.	Purchase of Fixed Assets	-	14,86,527
3.	Advances received	29,625,000	-
		34,450,000	-
4.	Advances repaid	800,000	-
		10,00,000	-
5.	Outstanding payables	563,807,205	-
		845,998,414	-

Figures in italics are for previous year

- (ii) Previous year figures have been rearranged / regrouped wherever necessary to conform to current year's classification.
- (10) Additional information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.
- (11) Additional information as required under Part IV of the Schedule VI to the Companies Act, 1956

Balance Sheet Abstract for the Year ended 31st March, 2010 and Company's General Business Profile

1 Registration Details		
Registration No.	:	U45200MH2007PTC168818
State Code	:	11
Balance Sheet Date	:	31st March, 2010
2 Capital raised during the year (Amount in Rs. thousands)		
Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement - Capital	:	Nil
- Premium	:	Nil
3 Position of mobilisation and deployment of funds (Amount in Rs. thousands)		
Total Liabilities	:	995,534
Total Assets	:	995,534
Sources of Funds		
Paid-up capital	:	500
Reserves & Surplus	:	-
Secured Loans	:	-
Unsecured Loans	:	-
Application of Funds		
Net Fixed Assets	:	1,826
Investments	:	-
Deferred Tax Assets	:	13
Net Current Assets	:	(1,815)
Misc. Expenditure	:	11
Accumulated Losses	:	486
4 Performance of Company (Amount in Rs. thousands)		
Turnover	:	-
Total Expenditure	:	(402)
Profit/(Loss) before Tax	:	(402)
Profit/(Loss) after Tax	:	(389)
Earning per Share in Rs.	:	(7.78)
Dividend Rate %	:	-
5 Generic Names of three principal products/services of Company	:	N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Loss for the Year	(401,913)	(34,300)
Adjustment for:		
Depreciation	400,071	32,518
Interest Paid	90,578,291	81,621,882
Preliminary expenses	1,842	1,842
Operating Loss before working capital changes	90,578,291	81,621,882
Adjustment for:		
Change in Inventory	(128,329,532)	(129,340,536)
Change in Loans & Advances	1,526,045	(7,192,543)
Change in Current Liabilities / Provisions	38,248,231	84,960,253
Net Cash Flow from Operating activities	2,023,035	89,057
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,172,704)	-
Net Cash Flow from Investing Activities	(2,172,704)	-
Cash Flow from Financing Activities		
Net Increase/ (Decrease) in Cash & Cash Equivalent	(149,669)	89,057
Cash & Cash Equivalent -Opening Balance	218,014	128,957
Cash & Cash Equivalent -Closing Balance	68,345	218,014

Notes :

1. The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
2. Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

MILIND S. KORDE

K.T. JITHENDRAN

Directors

Mumbai, Dated : May 14, 2010

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting this Report along with the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the period ended March 31, 2010 reveal that there is surplus in the end of the period. During the year the Company has created Debenture Redemption Reserve as required under Section 117(3) of the Companies Act, 1956.

2. REVIEW OF OPERATIONS:

The Company has conceptualized and finalized the design for the First Phase of the Project and is awaiting further approvals for the same.

3. DIVIDEND:

There is no Dividend declared for the year ended March 31, 2010.

4. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Nareish Nadkarni, retired by rotation and being eligible, offers himself for re-appointment.

5. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwala & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Director's confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2010 and of the profit of the Company for that year;

- 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;
- that the Directors have prepared the annual accounts on a going concern basis.

7. ADDITIONAL INFORMATION:

- Since the Company has no employees, the particulars of the employees to be disclosed under 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.
- Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under section 217(1)(g) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1993 is provided hereunder:

- Conservation of Energy:**
Expenditure on account of Energy are negligible.
- Technology Absorption:**
It is an on going process.
- Foreign Exchange Earnings & Outgo:**
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

8. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE NAREISH NADKARNI
Director

Place: Mumbai
Dated: May 14, 2010

REPORT OF THE AUDITORS TO THE MEMBERS OF GODREJ REALTY PRIVATE LIMITED

- We have audited the attached Balance Sheet of GODREJ REALTY PRIVATE LIMITED, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (IA) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - 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;
 - 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 such books;
 - The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, 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;
 - Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(a) of Schedule 12-Notes to Accounts, in respect of projects under long term contracts undertaken and/or framed by the Company, we have relied upon the management's estimates of the percentage of completion, costs

- to completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work in progress and project advances determined.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereto, 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:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
- On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALA AND MISTRY
Chartered Accountants
Firm Registration No.: 104607W
ERMIN K. IRANI
Partner
Membership No. 30545
Place: Mumbai
Dated: May 14, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

- The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company.
- There is no disposal of fixed assets during the year.
- The management has conducted physical verification of inventory at reasonable intervals.
- In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 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.
- Consequently, the question of commenting on the terms and conditions of the loans granted being prejudicial to the interests of the Company, does not arise.
- The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- Consequently, the question of commenting on the terms and conditions of the loans taken being prejudicial to the interests of the Company, does not arise.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
- In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- In our opinion and according to the information and explanations given to us, The Central Government has not been provided with a list of names of companies in which the Company has invested or has made any other financial interest.
- According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undeposited cash including Provident

- Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undeposited dues, payable in respect of above as at 31st March 2010 for a period of more than six months from the date they became payable.
- According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any default.
- The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
- According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of loans to banks and debenture holders. There are no dues to financial institutions.
- According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security to way of pledge of shares, debentures and other securities.
- In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and mutual benefit fund societies.
- In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
- 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.
- In our opinion and according to the information and explanations given to us, the Company has utilized the term loan for the purpose it was taken.
- According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flow of the Company, we report that the Company has not utilized funds raised on short term loans for long term investments.
- The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- The Company did not issue any debentures during the year.
- The Company has not issued any money through a public issue during the year.
- Based on the audit procedures performed and 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 and on behalf of
KALYANIWALA AND MISTRY
Chartered Accountants
Firm Registration No.: 104607W
ERMIN K. IRANI
Partner
Membership No. 30545
Place: Mumbai
Dated: May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	10,000,000	10,000,000
Reserves & Surplus	2	6,211,915	674,472
Loan Funds			
Secured Loans	3	150,000,000	150,000,000
Deferred Tax Liability		1,000	1,000
		<u>166,212,915</u>	<u>160,675,472</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	247,525	247,525
Less : Depreciation		22,421	20,468
Net Block		<u>225,104</u>	<u>227,057</u>
Investments			
		-	-
Current Assets, Loans & Advances			
Inventory	5	90,702,935	84,163,008
Cash & Bank Balances	6	105,396,053	101,915,567
Loans & Advances	7	3,925,054	9,490,264
		<u>200,024,042</u>	<u>195,568,839</u>
Less : Current Liabilities & Provisions			
Current Liabilities	8	34,036,231	35,120,424
		<u>34,036,231</u>	<u>35,120,424</u>
Net Current Assets		<u>165,987,811</u>	<u>160,448,415</u>
		<u>166,212,915</u>	<u>160,675,472</u>
Notes To Accounts & Accounting Policies	12		

The Schedules referred to above form an integral part of the Balance sheet

Signatures to Balance sheet and Schedules 1 to 8 and 12

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Mumbai, Dated: May 14, 2010

MILIND S. KORDE NARESH NADKARNI
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the Year ended 31.03.2010 Rupees	For the Year ended 31.03.2009 Rupees
INCOME			
Interest Income		9,654,565	28,785,599
(Tax deducted at Source Rs. 970,762/- (Previous Year Rs. 8,507,750/-))			
EXPENDITURE			
Cost of Sales	9	-	-
Administration Expenses	10	-	23,451
Interest & Finance Charges	11	1,500,150	24,727,520
Depreciation		1,953	7,917
Profit/ (Loss) for the Year		<u>8,152,462</u>	<u>4,026,711</u>
Provision for Taxation		-	-
For Current Tax		(2,614,000)	(1,245,000)
For Deferred Tax		-	(4,000)
Profit/ (Loss) After Tax		<u>5,538,462</u>	<u>2,777,711</u>
Prior Year Tax Adjustment		(1,019)	-
Deficit Brought Forward		-	(2,100,239)
Amount available for appropriation		<u>5,537,443</u>	<u>674,472</u>
Transfer to Debenture Redemption Reserve		5,537,443	674,472
Balance Carried Forward		-	-
Earning per share Basic in Rs. (Refer Note 5)		<u>5.54</u>	<u>2.77</u>
Earning per share Diluted in Rs. (Refer Note 5)		<u>0.41</u>	<u>0.66</u>
Notes to Accounts & Accounting Policies	12		

The Schedules referred to above form an integral part of the Profit and Loss Account

Signatures to Profit and Loss Account and Schedules 9 to 12

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Mumbai, Dated: May 14, 2010

MILIND S. KORDE NARESH NADKARNI
Directors

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
1,000,000 Equity shares of Rs.10/- each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
Issued & Subscribed & Paid Up		
1,000,000 Equity Shares of Rs.10/- each, fully paid-up (Out of the above 510,000 equity shares are held by Godrej Properties Limited, the Holding Company and its nominees)	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
SCHEDULE 2 : RESERVES & SURPLUS		
DEBENTURE REDEMPTION RESERVE		
Balance as per last Balance Sheet	674,472	-
Transferred from Profit & Loss Account	5,537,443	674,472
Balance at the end of the year	<u>6,211,915</u>	<u>674,472</u>
SCHEDULE 3 : SECURED LOANS		
1% Secured Redeemable Optionally Convertible Debentures (Refer Note 2)	150,000,000	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>

SCHEDULE 4 : FIXED ASSET

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April 2009	Additions	Deductions	As at 31st March 2010	Up to 1st April 2009	For the Year	As at 31st March 2010	As at 31st March 2009	As at 31st March 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Refer Note 2)	222,175	-	-	222,175	-	-	222,175	222,175	-
Construction	25,350	-	-	25,350	20,468	1,953	22,421	2,929	4,892
Total	247,525	-	-	247,525	20,468	1,953	22,421	225,104	227,057
Previous Year	247,525	-	100,000	347,525	23,550	7,917	317,057	204,000	227,057

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 5 : INVENTORY		
Construction Work in Progress	90,702,935	84,163,008
	<u>90,702,935</u>	<u>84,163,008</u>
SCHEDULE 6 : CASH & BANK BALANCE		
Cash in Hand	667	867
Balance with Scheduled Bank - on Current Account	105,395,386	410,413
- on Fixed Deposit Account	-	101,504,887
	<u>105,396,053</u>	<u>101,915,567</u>
SCHEDULE 7 : LOANS & ADVANCES		
(Unsecured & considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
Others	412	3,922,365
Advance Tax and Tax Deducted at Source	3,924,642	5,567,879
(Net of provision for Tax of Rs. 3,502,000/- previous year Rs. 1,582,010/-)		
	<u>3,925,054</u>	<u>9,490,264</u>
SCHEDULE 8 : CURRENT LIABILITIES		
Sundry Creditors (Refer Note 3)	888,634	808,480
Investor Education & Protection Fund	-	-
Other Liabilities	369,923	2,883,271
Interest Accrued but not due	32,777,674	31,427,673
	<u>34,036,231</u>	<u>35,120,424</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 9 : COST OF SALES		
Opening Stock	84,163,009	88,503,479
Add : Expenditure/ Transfers from Advances during the period		
Construction Material & Labour	150,724	7,608,680
Architect Fees	5,027,474	-
Overheads	1,361,728	766,169
Interest	-	4,527,861
	90,702,935	101,837,159
Less : Transferred to Interest & Finance Charges	-	17,494,151
Less : Closing Stock	90,702,935	84,163,009
Cost of Sales	-	-
SCHEDULE 10 : ADMINISTRATION EXPENSES		
Loss on sale of Fixed Assets	-	23,451
	-	23,451
SCHEDULE 11 : INTEREST AND FINANCE CHARGES (NET)		
Interest Paid		
Others	1,500,000	11,761,030
Total interest paid	1,500,000	11,761,030
Add : Trfd from Cost of Sales	-	17,494,151
Add : Brokerage & Other Financial Charges	150	200
GROSS INTEREST	1,500,150	29,255,381
Less : Transferred to Cost of Sales	-	4,527,861
NET INTEREST	1,500,150	24,727,520

SCHEDULE 12 : NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

1) Accounting Policies	
a) General	The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.
b) Fixed Assets	Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction. Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.
c) Depreciation / Amortization	Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.
d) Inventories	Inventories are valued as under : a) Completed Parts - At lower of Cost or Market value b) Construction Work-in-Progress - At cost Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.
e) Revenue Recognition	The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company. Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion. Such estimates have been relied upon by the auditors. Interest income is accounted on an accrual basis at contracted rates.
f) Borrowing Cost	Interest and finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress / Due on Management Project, as a part of the cost of the projects of weighted average of the borrowing cost / rates as per Agreements respectively. Other borrowing costs are recognized as an expense in the period in which they are incurred.
g) Earnings Per Share	The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.
h) Provision for Taxation	Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws. Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent

that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and loss enacted on substantially enacted on the balance sheet date.

i) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

ii) Provisions and Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. As on the balance sheet date there is no contingent liability.

2) Secured Loans

The 11% secured optionally convertible debentures are redeemable at the end of the 7 years from the deed date of allotment and are secured to the extent of specific immovable assets of the Company disclosed under the head "Fixed Assets".

The Company has created a Debenture Redemption Reserve as required under Section 117 (G) of the Companies Act, 1956 to the extent of Profit available for distribution.

3) Micro, Small and Medium Enterprises Development Act, 2006:

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act 2006." There is no amount overdue as on 31st March, 2010 to Micro, Small & Medium Enterprises on account of principal amount together with interest and also during the previous year.

4) Deferred Tax

The Tax effect of significant temporary differences that resulted in deferred tax liabilities are :

Particulars	Current Year(Rs.)	Previous Year (Rs.)
Liabilities:		
- Depreciation on Fixed Assets	(1,000)	(1,000)
Deferred Tax Liabilities	(1,000)	(1,000)

5) Earnings per share

Particulars	Current Year(Rs.)	Previous Year (Rs.)
Profit for the year as per Profit & Loss Account	6,537,443	2,774,711
Weighted average no. of Equity Shares outstanding	1,000,000	1,000,000
Weighted average no. of Potential Equity Shares outstanding	16,000,000	16,000,000
Basic Earnings Per Share (Rs.)	5.54	2.77
Diluted Earnings Per Share (Rs.)	0.41	0.65
Nominal value of shares	10	10

6) Amounts paid to Auditors:

Particulars	Current Year(Rs.)	Previous Year (Rs.)
Audit Fees	159,935	159,935
Audit & Other Statutes	55,150	55,150
Certification	-	1,124
Consultancy charges	67,293	33,708
Total	282,378	249,917

7) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17, on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

8) AS 18 - Related Party Disclosure

- Relationships:
 - Shareholders (The Godrej Group Shareholding) in the Company-Godrej Properties Limited (GPL) holds 51% in the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding company.
 - Investing party in respect of which the reporting enterprise is an associate - HDFC Venture Trustee Company Limited

2) The following transactions were carried out with the related parties in the ordinary course of the business:

Sr. No		G&B	GPL	HDFC Venture Trustee Company Limited
1	Expenses Charged to other Companies	-	9,604,511	-
		-	4,572,506	-
2	Expenses Charged by other Companies	-	150	-
		-	94,852	-
3	Debenture Interest	-	765,000	735,000
		-	5,952,329	5,713,004
4	Loans / Advances taken	-	105,400,000	-
		-	112,400,000	-
5	Advances repaid	-	105,400,000	-
		-	112,400,000	-
6	Outstanding receivables, net of payables	(703)	(16,032,687)	(16,744,977)
		(703)	(15,344,207)	(16,093,477)
7	Debentures Outstanding	-	76,500,000	73,500,000
		-	78,500,000	73,500,000

[Figures in Italics are for previous year]

9) Previous year figures have been rearranged / regrouped wherever necessary to conform to current year's classification.

10) Additional information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract for the year ended 31st March, 2010 and Company's General Business Profile

1	Registration Details	
	Registration No.	U70100MH2005PTC154265
	State Code	11
	Balance Sheet Date	31st March, 2010
2	Capital raised during the year (Amount in Rs. thousands)	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement - Capital	Nil
	- Premium	Nil
3	Position of mobilisation and deployment of funds (Amount in Rs. thousands)	
	Total Liabilities	200,249
	Total Assets	200,249
	Sources of Funds	
	Paid-up capital	10,000
	Reserves & Surplus	6,212
	Secured Loans	150,000
	Unsecured Loans	-
	Deferred Tax Liability	1
	Application of Funds	
	Net Fixed Assets	226
	Investments	-
	Net Current Assets	185,085
	Misc. Expenditure	-
	Accumulated Losses	-
4	Performance of Company (Amount in Rs. thousands)	
	Total Expenditure	1,502
	Profit / (Loss) before Tax	8,152
	Profit / (Loss) after Tax	5,537
	Earning per Share (Basic) in Rs.	5.54
	Earning per Share (Diluted) in Rs.	0.41
	Dividend Rate %	-
5	Generic Names of three principal products / services of Company	N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Particulars	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit / (Loss) for the Year	8,152,462	4,025,711
Adjustment for:		
Depreciation	1,953	7,917
Interest Paid	1,500,000	29,255,181
(Profit) / Loss on sale of Fixed Asset (Net)	-	23,451
Interest Income	(9,654,565)	(28,785,599)
Operating Profit / (Loss) before working capital changes	(150)	4,527,661
Adjustment for:		
Change in Inventory	(6,539,927)	4,400,471
Change in Loans & Advances	3,921,973	84,061,521
Change in Current Liabilities / Provisions	(2,584,192)	(32,401,802)
	(5,202,296)	60,587,851
Taxes Paid (Net)	(971,783)	(6,507,199)
Net Cash Flow from Operating activities	(6,174,079)	54,080,652
Cash Flow from Investing Activities		
Sale of Fixed Assets	-	25,333
Interest Received	9,654,565	28,785,599
Net Cash Flow from Investing Activities	9,654,565	28,810,932
Cash Flow from Financing Activities	-	-
Net Increase/ (Decrease) in Cash & Cash Equivalent	3,480,486	82,891,584
Cash & Cash Equivalent -Opening Balance	101,915,567	19,023,983
Cash & Cash Equivalent -Closing Balance	<u>105,396,053</u>	<u>101,915,567</u>

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/revised wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
ERMIN K. IRANI
Partner
Mumbai, Dated: May 14, 2010

MILIND S. KORDE NARESH NADKARNI
Directors

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the period ended March 31, 2010 reveal that there is a deficit at the end of the period.

2. REVIEW OF OPERATIONS:

The Company has executed an assignment agreement with Godrej Properties Limited for undertaking development of their project called "Rising Palm Grove" at Gurgaon. Further HFC PMs under HFC Asset Management Company Limited Portfolio Management Services Real Estate Portfolio I, through its Portfolio Manager HFC Asset Management Company Limited has purchased a 40% equity in the Company. Post transfer of shares to HFC PMs, Godrej Properties Limited now holds 61% stake in the Company.

The Company is developing a residential project and has conceptualised and finalised the design for the First Phase of the Project.

3. DIVIDEND:

As there are no profits, the Directors report that no dividend can be recommended.

4. SUBDIVISION OF SHARES:

During the year your Company has subdivided the equity share capital from Rs.10/- each to Rs.1/- each, consequently the total number of equity shares of the Company has increased from 55,000 to 5,50,000.

5. DIRECTORS:

During the year Mr. Vipul Roongta was appointed as a non-executive Director of HFC Asset Management Company Limited w.e.f. March 31, 2010.

In accordance with the provisions of the Articles of Association, Mr. Milind S. Korde retires by rotation and being eligible, offers himself for re-appointment.

6. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;

- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2010 and of the loss of the Company for that year;
- 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;
- that the Directors have prepared the annual accounts on a going concern basis.

8. ADDITIONAL INFORMATION:

- Since the Company has no employees, the particulars of the employees to be disclosed under 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.
- Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(g) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1958 is provided hereunder:
 - Conservation of Energy:
Expenditure on account of Energy are negligible.
 - Technology Absorption:
It is an on going process.
 - Foreign Exchange Earnings & Outgo:
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

9. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation:

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE

Director

K.T. JITHENDRAN

Place: Mumbai,
Dated: May 14, 2010

REPORT OF THE AUDITORS

TO THE MEMBERS OF GODREJ SEA VIEW PROPERTIES PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **GODREJ SEA VIEW PROPERTIES PRIVATE LIMITED**, as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole 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 (Auditors' Report) Order, 2003, issued by the Central Government in terms of sub-section (IA) of Section 227 of the Companies Act, 1956, we annex hereto 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) above, we report that:

- 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.
- In our opinion, proper books of account as required by law have been kept by the Company as far as appears from our examination of such books.
- The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- In our opinion, the Balance Sheet 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.
- Without qualifying our opinion, we draw attention to the fact that as referred to in Note No. of Schedule 11-A to the Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's estimate of the percentage of completion, costs to

completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profit/losses have been accounted, interest income accrued and realizability of the construction work-in-progress and project advances determined.

5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereto, 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 217 of the Companies Act, 1956.

For and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Registration No.: 104807W

ERMIN K. IRANI
Partner
Membership No. 30640
Place : Mumbai
Date : May 14, 2010

Annexure to the Auditors' Report

Referred to in paragraph (3) of our report of even date.

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - An explained to us, the Company has a program for physical verification of fixed assets at pre-determined intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company.
 - There is no disposal of fixed assets during the year.
- The management has conducted physical verification of inventory at reasonable intervals.
 - In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 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.
 - Consequently, the question of commenting on the rates of interest, terms and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and interest and reasonable mode for recovery of the same does not arise.
 - The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of services. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
 - Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
 - The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
- In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public funds the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- In our opinion and according to the information and explanations given to us, The Central Government has not been 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.
- According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in discharging undischarged statutory dues including Provident Fund, Employer's Contribution and Pension Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues

incurred during the year. According to the information and explanations given to us, there are no undisputed dues payable in respect of above as at 31st March, 2010 for a period of more than six months from the date they became payable.

10. According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.

11. The Company's accumulated losses at the end of the financial year are less than 10% percent of its net worth. In June 09 year the Company has not incurred cash losses, however, it has incurred cash losses in the immediately preceding financial year.

12. According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of dues to banks. The Company does not have any outstanding deposits or dues to financial institutions.

13. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

14. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and redemptive benefit fund societies.

15. In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.

16. Based on our examination and according to the information and explanations given to us, there were no term loans during the year.

17. According to the information and explanations given to us and an overall examination of the Balance Sheet and cash flows of the Company, we report that the Company has not utilized funds raised on short term basis for long term investments.

18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. The Company did not issue any debentures during the year.

20. The Company has not raised any money through a public issue during the year.

21. Based on the audit procedures performed and 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 and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Registration No.: 104807W

ERMIN K. IRANI
Partner
Membership No. 30640
Place : Mumbai
Date : May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	500,000	500,000
LOAN FUNDS			
DEFERRED TAX LIABILITY		31,000	—
		<u>531,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
FIXED ASSETS	2		
Gross Block		587,902	—
Less : Depreciation		7,967	—
Net Block		579,935	—
Capital Work-in-Progress / Advances		2,182,485	—
		<u>2,762,420</u>	<u>—</u>
INVESTMENTS		—	—
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	3	38,331,024	—
Cash & Bank Balances	4	19,926,791	392,781
Loans & Advances	5	82,945,430	—
		<u>139,203,245</u>	<u>392,781</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	6	141,616,260	50,963
Provisions	7	—	—
		<u>141,616,260</u>	<u>50,963</u>
NET CURRENT ASSETS		<u>(2,413,015)</u>	<u>341,818</u>
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
Preliminary Expenditure		11,052	12,894
		<u>170,543</u>	<u>145,288</u>
PROFIT AND LOSS ACCOUNT		<u>531,000</u>	<u>500,000</u>
Notes To Accounts & Accounting Policies	11		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

Mumbai, Dated: May 14, 2010

Signatures to the Balance Sheet
and Schedules 1 to 7 and 11

MILIND S. KORDE **K.T. JITHENDRAN**
Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
INCOME			
Interest Income		15,554	—
EXPENDITURE			
Cost of Sales	8	—	—
Administration Expenses	9	—	77,108
Interest & Finance Charges	10	—	—
Depreciation		7,967	—
Preliminary Expenses written off		1,842	1,842
Profit / (Deficit) for the Year		5,745	(79,028)
Provision for Taxation		—	—
For Current Tax		(1,000)	—
For MAT Credit Entitlement		1,000	—
For Deferred Tax		(31,000)	—
Deficit After Tax		(25,255)	(79,028)
Deficit Brought Forward		(145,288)	(66,200)
Deficit carried to the Balance sheet		<u>(170,543)</u>	<u>(145,288)</u>
Earning per share - Basic in Rs. (Refer Note 4)		(0.05)	(0.10)
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	11		

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

Mumbai, Dated: May 14, 2010

Signatures to Profit & Loss Account
and Schedules 8 to 11

MILIND S. KORDE **K.T. JITHENDRAN**
Directors

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
500,000 Equity shares of Rs. 1/- each (Previous Year 50,000 Equity shares of Rs. 10/- each)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Issued, Subscribed and Paid-up		
500,000 Equity shares of Rs. 1/- each, fully paid-up (Of the above 366,636 (Previous year 50,000 Equity shares of Rs. 10/- each) Shares are held by Godrej Properties Limited, the Holding company and its nominee)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

SCHEDULE 2 : FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April, 2009 Rs.	Additions Rs.	Deductions Rs.	As at 31st March, 2010 Rs.	Upto 1st April, 2009 Rs.	For the Year Rs.	Upto 31st March, 2010 Rs.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
Office Equipment	—	135,000	—	135,000	—	848	848	134,152	—
Furniture & Fixtures	—	152,001	—	152,001	—	628	628	151,373	—
Computer	—	300,841	—	300,841	—	6,591	6,591	294,250	—
TOTAL	—	587,902	—	587,902	—	7,967	7,967	579,935	—
Previous Year	—	—	—	—	—	—	—	—	—
Capital Work-in-Progress	—	—	—	—	—	—	—	2,182,485	—
						TOTAL		2,762,420	

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 3		
INVENTORY		
Construction Work-in-Progress	36,331,024	—
	<u>36,331,024</u>	<u>—</u>
SCHEDULE 4		
CASH & BANK BALANCE		
Cash & Cheques-in-Hand	1,960	—
Balance with Scheduled Bank - on Current Account	674,831	392,781
- on Fixed Deposit Accounts	19,250,000	—
	<u>19,926,791</u>	<u>392,781</u>
SCHEDULE 5		
LOANS & ADVANCES		
(Unsecured & considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	2,929,876	—
Interest accrued	15,554	—
Deposits	80,000,000	—
	<u>82,945,430</u>	<u>—</u>
SCHEDULE 6		
CURRENT LIABILITIES		
Sundry Creditors (Refer Note 2)	1,009	23,388
Investor Education and Protection fund	—	—
Other Liabilities	141,615,251	27,670
	<u>141,616,260</u>	<u>50,963</u>
SCHEDULE 7		
PROVISIONS		
Provision for Income Tax (Net of MAT Credit entitlement of Rs. 1,000/-)	—	—
	<u>—</u>	<u>—</u>
	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 8		
COST OF SALES		
Opening Stock	—	—
Add : Stock-in-Trade Acquired during the year	27,403,964	—
Construction, Material & Labour	10,000	—
Over heads	8,677,327	—
Interest	239,733	—
	<u>36,331,024</u>	<u>—</u>
Less : Closing Stock	36,331,024	—
Cost of Sales	<u>—</u>	<u>—</u>
SCHEDULE 9		
ADMINISTRATION EXPENSES		
Audit fees	—	27,675
Other Expenses	—	49,011
	<u>—</u>	<u>77,186</u>
SCHEDULE 10		
INTEREST AND FINANCE CHARGES (NET)		
INTEREST PAID		
Interest Paid - Others	239,733	—
TOTAL INTEREST PAID	<u>239,733</u>	<u>—</u>
Less: Transferred to Cost of Sales	239,733	—
NET INTEREST	<u>—</u>	<u>—</u>
SCHEDULE 11		
NOTES TO ACCOUNTS AND ACCOUNTING POLICIES		

1) Accounting Policies

a. General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1986.

b. Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c. Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d. Inventories

Inventories are valued as under :

Completed Flats	- At lower of Cost or Market value
Construction Work-in-Progress	- At Cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

e. Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion. Such estimates have been relied upon by the auditors.

f. Borrowing Cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress as a part of the cost of the projects at weighted average of the borrowing cost.

g. Earnings Per Share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

h. Provision for Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

i. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognized in the Profit and Loss Account.

j. Provisions And Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. There is no contingent liability as on the balance sheet date.

k. Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

2) Contingent Liabilities

Capital Commitment outstanding for the year ended 2009-10 (Net of Advances) is amounting to Rs. 2,322,203/- (Previous Year Rs. Nil).

3) Due to Micro, Small and Medium Enterprises

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act 2006". There is no amount overdue as on 31st March, 2010 to Micro, Small & Medium Enterprises on account of principal amount with interest and also during the previous year.

4) Earnings per Share

Particulars	Current Year	Previous Year
Loss for the Year as per Profit & Loss Account (Rs.)	(25,255)	(79,028)
Weighted average no. of equity shares outstanding	500,000	500,000
Basic / Diluted earnings per share (Rs.)	(0.05)	(0.16)*
Nominal value of shares (Rs.)	1/-	10/-

* Earnings per share of previous year has been recomputed based on the no of shares outstanding after split of shares during the year.

5) Deferred Tax

The tax effect of significant temporary differences that resulted in the deferred tax liabilities are:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Liabilities		
- Depreciation on Fixed Assets	31,000	-
- Deferred Tax Liabilities	31,000	-

6) Lessee

The Company's significant leasing arrangements are in respect of operating leases for Commercial premises. Lease expenditure for operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken under operating leases are as under:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Future minimum lease payments under non-cancelable operating leases		
- Not later than 1 year	2,241,396	NIL
- Later than 1 year and not later than 5 years	9,709,390	NIL
- Later than 5 years	2,030,206	NIL

7) Amounts paid to Auditors:

	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	27,578
Consultancy Charges	40,388	33,705
Total	200,323	61,283

8) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

9) Related Party Disclosure

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

1. Relationships:

- Shareholders: the Godrej Group Shareholding in the Company: Godrej Properties Limited (GPL) holds 77.73% in the Company. GPL is the subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding company.
- Investing party in respect of which the reporting enterprise is an associate - HDPC PMS.

2. The following transactions were carried out with the related party in the ordinary course of the business:

Sr. No.	Particulars	GPL	G&B
1.	Reimbursement of Expenses	29,170,696	-
		1,149	-
2.	Advance Received/Given	109,839,114	(306,294)
		-	-
3.	Purchase of Fixed Assets	2,454,873	-
		-	-
4.	Outstanding payables/Receivable	141,065,481	(306,294)
		22,379	-

Figures in italics are for previous year.

10) Previous year figures have been regrouped / rearranged wherever necessary to confirm to current year's classification.

11) Additional information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

12. Additional information as required under Part IV of the Schedule VI to the Companies Act, 1956

Balance Sheet Abstract for the period ended 31st March, 2010 and Company's General Business Profile.

1. Registration Details		
Registration No.		L45200MH2007PTC168730
State Code		11
Balance Sheet Date		31st March, 2010
2. Capital raised during the year (Amount in Rs. thousands)		
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement	- Capital	Nil
	- Premium	Nil
3. Position of mobilisation and deployment of funds (Amount in Rs. thousands)		
Total Liabilities		142,147
Total Assets		142,147
Sources of Funds		
Paid-up capital		500
Reserves and Surplus		-
Secured Loans		-
Unsecured Loans		-
Deferred Tax Liability		31
Application of Funds		
Net Fixed Assets		2,762
Investments		-
Net Current Assets		(2,413)
Miscellaneous Expenditure		11
Accumulated Losses		171
4. Performance of Company (Amount in Rs. thousands)		
Turnover		-
Total Expenditure		10
Profit/(Loss) before Tax		8
Profit/(Loss) after Tax		(25)
Earning per Share in Rs.		(0.05)
Dividend Rate %		-
5. Generic Names of three principal products/services of Company		N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year	Previous Year
	Rupees	Rupees
Cash Flow from Operating Activities		
Profit/(Loss) for the Year	5,745	(79,025)
Adjustment for:		
Depreciation	7,967	-
Interest Paid	239,733	-
Preliminary Expenses	1,842	1,842
Interest Received	(15,554)	-
Operating Profit before working capital changes	239,733	(77,180)
Adjustment for:		
Change in Inventory	(35,331,024)	-
Change in Loans & Advances	(82,929,576)	-
Changes in Current Liabilities & Provisions	141,325,564	1,643
Net Cash Flow from Operating Activities	22,304,397	(75,543)
Purchase of Fixed Assets	(2,770,387)	-
Net Cash Flow from Investing Activities	(2,770,387)	-
Net Cash Flow from Financing Activities	-	-
Net Increase/ (Decrease) in Cash & Cash Equivalent	19,534,010	(75,543)
Cash & Cash Equivalent -Opening Balance	392,781	468,324
Cash & Cash Equivalent -Closing Balance	19,926,791	392,781

Notes:

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

Mumbai, Dated: May 14, 2010

MILIND S. KORDE K.T. JITHENDRAN
Directors

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report along with the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the year ended March 31, 2010 reveal that there is a surplus at the end of the year.

During the year the Company has created Debenture Redemption Reserve as required under Section 117(C) of the Companies Act, 1956.

2. REVIEW OF OPERATIONS:

The project has a total Developable area of 2.15 million sq.ft spanning two towers with parking facility for approximately 1400 car parks.

The Project comprises of two towers; Tower 1 having a developable area of 0.72 million sq.ft, and Tower 2 having a developable area of 1.44 million sq.ft. Tower 1 is fully complete and the Company has sold 3,31,772 sq.ft. Tower 2 is under construction.

3. DIVIDEND:

There is no Dividend declared for the year ended March 31, 2010.

4. DIRECTORS:

During the year Mr. Amit B. Choudhury has been appointed as an Additional Director w.e.f. February 1, 2010 who will hold office till the conclusion of the ensuing Annual General Meeting of the Company.

In accordance with the provisions of the Articles of Association, Mr. Pooja A. Godrej and Mr. K. T. Jilhegagan retire by rotation and being eligible, offer themselves for re-appointment.

5. MATERIAL SUBSIDIARY:

During the year your Company has become the Material Non Listed Indian Subsidiary of Godrej Properties Limited as per Clause 49 of listing agreement.

6. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Director's Confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;

- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2010 and of the profit of the Company for that year;
- 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;
- that the Directors have prepared the annual accounts on a going concern basis.

B. ADDITIONAL INFORMATION:

- Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.
- Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1958 is provided hereunder:
 - Conservation of Energy:**
Expenses on account of Energy are negligible.
 - Technology Absorption:**
It is an on going process.
 - Foreign Exchange Earning & Outgo:**
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

B. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE NARESH NADKARNI
Directors

Place : Mumbai,
Dated : May 14, 2010

REPORT OF THE AUDITORS

TO THE MEMBERS OF GODREJ WATERSIDE PROPERTIES PRIVATE LIMITED

- We have audited the attached Balance Sheet of **GODREJ WATERSIDE PROPERTIES PRIVATE LIMITED**, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- We have conducted our audit in accordance with auditing standards generally accepted in India. These 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.

- As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

- Further to our comments in the Annexure referred to in paragraph (3) above, we report that:

- We have obtained all the information and explanations; which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 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 such books.
- The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- 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.
- Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(a) of Schedule 14-Notes to Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's estimates of the percentage of completion, costs to completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the

basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work in progress and project advances determined.

- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

- On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No.: 104607W

ERMIN K. IRANI
Partner
Membership No. 15640

Place: Mumbai
Dated : May 14, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a program for physical verification of fixed assets at periodical intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company.
- (c) There is no disposal of fixed assets during the year.
2. (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. (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) Consequently, the question of commenting on the rates of interest, terms and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and interest and reasonable steps for recovery of the same does not arise.
- (c) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (d) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provision of the Companies Act, 1956, are not applicable.
7. The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
8. In our opinion and according to the information and explanations given to us, the Central Government has not been 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. (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and

Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.
10. The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
11. According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of dues to debenture holders, banks and financial institutions.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted 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 nature of activities of the Company does not attract any special statute applicable to chit fund and night mutual benefit fund/societies.
14. In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us and based on the documents and records examined by us, on an overall basis, the term loan has been applied for the purpose for which the loan was obtained.
17. According to the information and explanations given to us and an overall examination of the Balance Sheet and cash flows of the Company, we report that the Company has not utilized funds raised on short term basis for long term investments.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not issue any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based on the audit procedures performed and 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 and on behalf of
KALYANIWALLA & MISTRY
 Chartered Accountants
 Firm Registration No.: 104607W
ERMIN K. IRANI
 Partner
 Membership No. 35648
 Place: Mumbai
 Dated: May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	10,000,000	10,000,000
Reserve & Surplus	2	16,875,800	12,943,462
Loan Funds			
Secured Loans	3	2,167,300,000	2,167,300,000
		<u>2,194,175,800</u>	<u>2,190,243,462</u>
Application Of Funds			
Fixed Assets			
Gross Block	4	4,218,878	3,958,508
Less: Depreciation		2,065,890	1,449,504
Net Block		<u>2,152,988</u>	<u>2,509,002</u>
Investments			
Deferred Tax Asset		30,000	4,000
Current Assets, Loans & Advances			
Inventory	5	2,371,895,669	2,070,421,912
Debtors	6	363,254,319	245,317,300
Cash & Bank Balances	7	40,233,572	18,190,366
Loans & Advances	8	139,307,911	326,307,823
		<u>2,904,681,471</u>	<u>2,660,237,391</u>
Less : Current Liabilities & Provisions			
Current Liabilities	9	711,233,052	465,089,851
Provisions	10	1,465,607	7,417,690
		<u>712,698,659</u>	<u>472,507,541</u>
Net Current Assets		<u>2,191,992,812</u>	<u>2,187,730,460</u>
		<u>2,194,175,800</u>	<u>2,190,243,462</u>
Notes To Accounts & Accounting Policies	14		

The Schedules referred to above form an integral part of the Balance Sheet.
 As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Mumbai, Dated : May 14, 2010

Signatures to the Balance Sheet
 and Schedules 1 to 10 and 14

MILIND S. KORDE

NARESH NADKARNI

Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

	Schedule	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
INCOME			
Sales		670,207,675	593,449,300
Other Income		3,662,561	3,169,314
(Tax Deducted at Source Rs.361,270 /- @Previous year Rs. 718,167/-)	11		
		<u>673,870,236</u>	<u>596,618,614</u>
EXPENDITURE			
Cost of Sales	12	863,770,351	566,538,934
Interest & Finance Charges	13	3,662,561	3,169,314
Depreciation		815,386	691,460
		<u>868,049,898</u>	<u>570,399,708</u>
Profit for the Year		5,820,336	29,218,906
Provision for Taxation			
for Current Tax		(1,914,000)	(8,890,000)
for Deferred Tax		26,000	23,000
Profit / (Loss) After Tax		3,932,336	16,351,906
Deficit Brought Forward		-	(1,408,444)
Amount available for appropriation		3,932,336	12,943,462
Transfer to Debenture Redemption Reserve		3,932,336	12,943,462
Balance Carried Forward to Balance Sheet		-	-
Earning per share Basic in Rs. (Refer Note 7)		3.93	16.35
Earning per share Diluted in Rs. (Refer Note 7)		0.13	0.55
Notes To Accounts & Accounting Policies	14		

The Schedules referred to above form an integral part of the Profit and Loss Account.
 As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Mumbai, Dated : May 14, 2010

Signatures to Profit and Loss Account
 and Schedules 11 to 14

MILIND S. KORDE

NARESH NADKARNI

Directors

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2010

SCHEDULE 1 : SHARE CAPITAL

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Authorised		
1,000,000 Equity shares of Rs. 10/- each	10,000,000	10,000,000
Issued, Subscribed & Paid Up		
1,000,000 Equity shares of Rs. 10/- each, fully paid-up (510,000 Equity shares are held by Godrej Properties Limited the Holding Company & its nominee)	10,000,000	10,000,000
	10,000,000	10,000,000

SCHEDULE 2 : RESERVES & SURPLUS

DEBENTURE REDEMPTION RESERVE		
Balance as per last Balance Sheet	12,943,462	12,943,462
Transferred from Profit & Loss Account	3,932,338	-
Less : Utilised during the year	-	-
Balance at the end of the year	16,875,800	12,943,462
	16,875,800	12,943,462

SCHEDULE 3 : SECURED LOANS

1% Secured Redeemable Optionally Convertible Debentures (Refer Note 2)	290,000,000	290,000,000
Term Loan from State Bank of India (secured by charges of development rights of Company's project Godrej Waterside IT Park at Kolkata)	1,877,300,000	1,877,300,000
	2,167,300,000	2,167,300,000

SCHEDULE 4 : FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		
	As at 31st April 2009 Rs.	Additions Rs.	Deductions Rs.	As at 31st March 2010 Rs.	Upto 31st April 2009 Rs.	For the Year Rs.	Upto 31st March 2010 Rs.	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
Land (Refer Note 2)	356,380	-	-	356,380	-	-	-	356,380	356,000
Office Equipments	427,840	107,460	-	535,300	100,360	86,661	170,044	464,761	393,090
Furniture & Fixtures	948,620	-	-	948,620	204,721	115,410	413,131	635,789	654,188
Computers	5,309,771	82,910	-	5,451,681	697,318	300,000	998,178	4,453,503	701,450
Motor Car	836,492	-	-	836,492	363,472	122,405	485,877	350,615	473,020
Total	3,859,596	290,372	-	4,219,878	1,449,564	516,386	2,065,909	2,152,868	2,509,002
Previous Year	3,799,290	892,216	-	3,859,596	758,044	691,490	1,449,564	2,509,002	-

SCHEDULE 5 : INVENTORY

Construction work in progress	2,371,895,669	2,070,421,912
	2,371,895,669	2,070,421,912

SCHEDULE 6 : SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)

Due over Six months	-	-
Others	353,254,319	245,917,300
Includes unbilled revenue of Rs. 343,305,025/- (Previous year Rs. 300,398,200/-)	353,254,319	245,917,300

SCHEDULE 7 : CASH & BANK BALANCE

Cash	53,799	55,700
Balance with Scheduled Bank - On current Account	32,079,773	18,134,056
- On Fixed Deposit Accounts (Refer Note 2)	3,100,000	-
	40,233,572	18,190,306

SCHEDULE 8 : LOANS & ADVANCES

(Unsecured & considered good)		
Advances recoverable in cash or kind or for value to be received	-	182,218,588
- Secured (Secured against Bank / Corporate Guarantee)	-	129,063,204
- Others	128,072,448	5,025,531
Interest accrued	11,235,463	326,307,623
	139,307,911	-

SCHEDULE 9 : CURRENT LIABILITIES

Sundry Creditors (Refer Note 4)	107,553,132	185,152,842
Investor Education and Protection Fund	-	-
Advances received against Sale	4,602,544	-
Other liabilities	562,654,237	240,123,870
Interest Accrued but not due	36,423,139	33,813,139
	711,233,052	465,093,851

SCHEDULE 10 : PROVISIONS

Provision for Income Tax (Net of Advance tax and TDS Rs. 9,338,393/- (Previous Year 1,418,920/-))	1,465,607	7,417,080
	1,465,607	7,417,080

SCHEDULE 11 : INCOME

Interest received	3,662,561	3,189,314
	3,662,561	3,189,314
Tax deducted at source	361,270	715,187

SCHEDULE 12 : COST OF SALES

Opening Stock	2,070,421,912	992,961,241
Add : Expenditure during the period		
Construction Material & Labour	801,220,508	1,347,051,271
Architect Fees	3,351,975	33,324,612
Advertisement Expenses	3,656,835	15,713,436
Over heads	98,870,978	95,011,311
Interest	258,144,412	152,898,975
	3,235,666,620	2,638,960,846
Less: Closing Stock	2,371,895,669	2,070,421,912
Cost of Sales	863,770,951	568,538,934

SCHEDULE 13 : INTEREST AND FINANCIAL CHARGES

Interest Paid - Bank	211,191,523	97,990,009
Interest Paid - Others	58,615,450	58,077,680
Total Interest/Finance Charges Paid	269,806,973	156,068,289
Less: Transferred to Cost of Sales	258,144,412	152,898,975
Net Interest	3,662,561	3,189,314

Schedule 14 : Notes to Accounts and Accounting Policies

1) Accounting Policies

a) General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c) Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d) Inventories

Inventories are valued as under :

a) Completed Flats - At lower of Cost or Market value

b) Construction Work-in-Progress - At cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

e) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion. Such estimates have been relied upon by the auditors.

Income from operation of commercial complexes is recognized over the tenure of the lease/ service agreement.

Interest income is accounted on an accrual basis at contracted rates.

f) Borrowing cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress / Due on Management Project, as a part of the cost of the projects at weighted average of the borrowing cost / rates as per Agreements respectively.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

g) Earnings Per Share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti dilutive.

h) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortized over the period of the contract. Exchange gains / losses are recognized in the Profit and Loss Account.

i) Provision for taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

j) Provisions and Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2) Contingent Liabilities:

Matters	As at 31st March 31, 2010 (Rs.)	As at 31st March 31, 2009 (Rs.)
a) Guarantees given by Bank, counter guaranteed by the Company (The said bank guarantee is issued by marking a lien on Fixed Deposit of Rs. 81,00,000/- held with State Bank of India)	81,00,000/-	NIL

3) Secured Loans

29,000,000. 1% Secured redeemable optionally Convertible Debentures of Rs. 10 each are redeemable at the end of the 7 years from the deemed date of allotment 4th July 2007 and are secured to the extent of specific immovable assets of the Company disclosed under the head "Fixed Assets".

The Company has created a Debenture Redemption Reserve as required under Section 117 (C) of the Companies Act, 1956 to the extent of Profit available for distribution.

4) Due to Micro, Small and Medium Enterprises

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act, 2006." There is no amount overdue as on March 31, 2010 to Micro, Small & Medium Enterprises on account of principal amount together with interest and also during the previous year.

5) Expenditure in Foreign Currency:

Particulars	Current Year Rs.	Previous Year Rs.
Traveling Expenses	-	9,244
Other Expenditure	-	68,510,443
Total	-	68,520,187

6) Deferred Tax

The tax effect of significant temporary differences that resulted in the deferred tax assets are:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Assets		
- Depreciation on Fixed Assets	30,000	4,000
Deferred Tax Asset	30,000	4,000

7) Earnings per share

Particulars	Current Year Rs.	Previous Year Rs.
Profit / (Loss) for the Year as per Profit & Loss Account	3,932,338	16,351,800
Weighted average no. of Equity Shares outstanding	1,000,000	1,000,000
Weighted average no. of Potential Equity Shares outstanding	30,000,000	30,000,000
Basic Earnings Per Share	Rs. 3.93	Rs. 16.35
Diluted Earnings Per Share	Rs. 0.13	Rs. 0.55
Nominal value of shares	10/-	10/-

8) Lease

The Company's significant leasing arrangements are in respect of operating leases for Commercial premises. Lease expenditure for operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken under operating leases are as under:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Future minimum lease payments under non-cancelable operating leases		
- Not later than 1 year	4,18,192	NIL

9) Amounts paid to Auditors

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	159,935
Audit under other Statutes	55,150	55,150
Certification	33,092	28,635
Consultancy charges	40,388	33,708
Total	288,565	277,440

10) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

11) Related Party Disclosure

1. Relationships:

- (i) Shareholders in the Company: Godrej Properties Limited (GPL) holds 51% of the share capital of the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (GBM), the ultimate holding company.

- (ii) Investing party in respect of which the reporting enterprise is an associate. - HDFC Venture Trustee Company Limited

2. The following transactions were carried out with the related party in the ordinary course of the business:

Sr. No.	Particulars	G&B	GPL	HDFC Venture Trustee Company Limited
1.	Expenses charged by other company	36,319,950	76,299,258	-
		21,457,218	135,308,662	-
2.	Interest on Debentures	-	1,479,000	1,421,000
		-	11,507,835	11,058,548
3.	Advances Received	-	763,850,000	-
		-	7,186,633,000	-
4.	Advances repaid/given	13,708,899	500,752,038	-
		8,440,871	1,674,051,399	-
5.	Outstanding payables	(4,098,668)	(556,395,071)	(17,847,337)
		-	(220,439,237)	(15,568,438)
6.	Debentures Outstanding	-	147,900,000	142,100,000
		-	147,900,000	142,100,000

Figures in brackets are for previous year

12) Previous year figures have been regrouped / rearranged where ever necessary to conform to current year's classification.

13) Additional information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

14) Additional information as required under Part IV of the Schedule VI to the Companies Act, 1956

Balance Sheet Abstract for the year ended 31st March, 2010 and Company's General Business Profile

1	Registration Details	
	Registration No.	U70100MH2005PTC164255
	State Code	11
	Balance Sheet Date	31st March, 2010
2	Capital raised during the year (Amount in Rs. thousands)	
	Public Issue	NIL
	Rights Issue	NIL
	Bonus Issue	NIL
	Private Placement - Capital	NIL
	- Premium	NIL
3	Position of mobilisation and deployment of funds (Amount in Rs. thousands)	
	Total Liabilities	2,906,874
	Total Assets	2,906,874
	Sources of Funds	
	Paid-up capital	10,000
	Reserves & Surplus	16,876
	Secured Loans	2,167,300
	Unsecured Loans	-
	Application of Funds	
	Net Fixed Assets	2,153
	Investments	-
	Net Current Assets	2,191,993
	Deferred Tax Asset	30
	Misc. Expenditure	-
	Accumulated Losses	-
4	Performance of Company (Amount in Rs. thousands)	
	Turnover	873,870
	Total Expenditure	888,050
	Profit/(Loss) before Tax	5,850
	Profit/(Loss) after Tax	3,032
	Earning per Share (Basic) in Rs.	3.93
	Earning per Share (Diluted) in Rs.	0.13
	Dividend Rate %	-
5	Generic Names of three principal products/services of Company	N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit for the Year	5,820,338	25,213,936
Adjustment for:		
Depreciation	616,386	691,400
Interest Paid	261,806,973	156,068,289
Interest Income	(3,662,561)	(3,109,314)
Operating Profit before working capital changes	264,581,136	178,009,341
Adjustment for:		
Change in Inventory	(301,473,757)	(1,077,489,671)
Increase in Sundry Debtors	(107,937,019)	(245,317,300)
Change in Loans & Advances	193,209,444	(60,208,861)
Change in Current Liabilities / Provisions	195,527,751	(573,663,234)
	243,907,555	(1,777,830,725)
Taxes Paid (Net)	(7,865,473)	(718,167)
Net Cash Flow from Operating activities	236,042,082	(1,778,548,890)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(280,372)	(865,216)
Interest Received	(2,546,971)	718,167
Net Cash Flow from Investing Activities	(2,807,343)	(142,049)
Cash Flow from Financing Activities		
Increase in Secured Loan	-	1,877,300,000
Interest Paid	(211,191,523)	(80,942,500)
Net Cash Flow from Financing Activities	(211,191,523)	1,796,357,500
Net Increase/ (Decrease) in Cash & Cash Equivalent	22,043,216	17,668,559
Cash & Cash Equivalent -Opening Balance	18,190,356	523,787
Cash & Cash Equivalent -Closing Balance	40,233,572	18,190,356

Notes:

1. The cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS) 3 on "Cash Flow Statement", and presents cash flows by operating, investing and financing activities.

2. Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No.: 104607W
ERMIN K. IRANI
Partner

MILIND S. KORDE **NARESH NADKARNI**
Directors

Place: Mumbai
Dated: May 14, 2010

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report alongwith the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the year ended March 31, 2010 reveal that there is profit at the end of the period.

2. REVIEW OF OPERATIONS:

The project will have a total developable area of 3.2 million sq.ft in two phases. Phase 1 will have a total developable area of 0.54 million sq.ft and Phase 2 would have a total developable area of 2.66 million sq.ft.

The Company has obtained approvals for Phase 1 and it is expected to receive approval for Phase 2 by end of September 2010. Phase 1 was launched by the Company in October 2009, wherein the Company had sold 214117 sq.ft. out of total of 514046 sq.ft.

3. DIVIDEND:

There is no Dividend declared for the year ended March 31, 2010.

4. CHANGE IN SHAREHOLDING PATTERN:

During the year Godrej Properties Limited, the holding Company has diluted its 49% stake in the Company to IL&FS Trust Company Limited A/C Milestone India Real Estate Fund.

Post transfer of shares to Milestone India Real Estate Fund Godrej Properties Limited now holds 51% stake in the Company.

5. DIRECTORS:

During the year Mr. Paritosh Kakkad and Mr. Ashish Joshi were appointed as nominee Directors of Milestone India Real Estate Fund (w.e.f September 14, 2009).

In accordance with the Provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. K.T.Jithendran retire by rotation and offers himself for reappointment.

6. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Director/s confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;

- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2010 and of the profit of the Company for that year;

- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the Directors have prepared the annual accounts on a going concern basis.

8. ADDITIONAL INFORMATION:

- (a) Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.

- (b) Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 is provided hereunder:

(i) Conservation of Energy:

Expenses on account of Energy are negligible.

(ii) Technology Absorption:

It is an on going process.

(iii) Foreign Exchange Earning & Outgo:

The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

9. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE

K.T. JITHENDRAN

DIRECTORS

Place : Mumbai

Dated : May 14, 2010

REPORT OF THE AUDITORS TO THE MEMBERS OF HAPPY HIGHRISES LIMITED

1. We have audited the attached Balance Sheet of **HAPPY HIGHRISES LIMITED**, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto 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) above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such 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 (3)(c) of Section 211 of the Companies Act, 1956.
- (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the 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 31st March, 2010;
- (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

Firm Registration No.: 124607W

ERMIN K. IRANI

Partner

Membership No.: 35646

Place: Mumbai

Dated : May 14, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

- 1) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company.
- (c) There is no disposal of fixed assets during the year.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (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) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (d) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing marketing prices at the relevant time, where comparable market price exist.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7) The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- 8) In our opinion and according to the information and explanations given to us, The Central Government has not been 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) (a) According to the information and explanations given to us and on the basis of our examination

of books of accounts, during the year, the Company has no statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues payable in respect of above as at 31st March 2010 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.
- 10) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
- 11) According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of dues to bank. The Company does not have any outstanding debentures or dues to financial institutions.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted 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 nature of activities of the Company does not attract any special statute applicable to chit fund and right mutual benefit fund societies.
- 14) In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
- 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) Based on our examination and according to the information and explanations given to us, there were no term loans taken during the year.
- 17) According to the information and explanations given to us and an overall examination of the Balance Sheet and cash flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investments.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and 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 and on behalf of
KALYANIWALLA & MISTRY
 Chartered Accountants
 Firm Registration No.: 104807W
ERMIN K. IRANI
 Partner
 Membership No. 35646
 Place: Mumbai
 Date: May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	2,031,200	2,031,200
Reserve & Surplus	2	14,472,024	-
LOAN FUNDS			
DEFERRED TAX LIABILITY		12,000	-
		<u>16,515,224</u>	<u>2,031,200</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	2,618,114	127,360
Less : Depreciation		392,900	33,445
Net Block		<u>2,225,214</u>	<u>103,915</u>
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	4	1,256,666,886	907,618,712
Debtors	5	67,616,112	-
Cash & Bank Balances	6	14,481,093	87,980
Loans & Advances	7	19,898,842	1,155,172
		<u>1,358,662,933</u>	<u>908,861,864</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	8	1,336,263,427	907,620,486
Provisions	9	8,121,578	-
		<u>1,344,385,005</u>	<u>907,620,486</u>
NET CURRENT ASSETS		<u>14,277,928</u>	<u>1,041,379</u>
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
Preliminary Expenditure		12,082	13,800
PROFIT & LOSS ACCOUNT		<u>16,515,224</u>	<u>22,038</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	12		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Mumbai, Dated : May 14, 2010

MILIND S. KORDE

Director

K.T. JITHENDRAN

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the Year ended 31.03.2010 Rupees	For the Year ended 31.03.2009 Rupees
INCOME			
Sales		121,057,106	-
EXPENDITURE			
Cost of Sales	10	97,971,803	-
Interest & Finance Charges	11	-	-
Depreciation		359,455	30,245
Preliminary Expenses written off		1,726	1,726
Profit / (Deficit) for the Year		<u>22,724,122</u>	<u>(31,971)</u>
Provision for Tax:			
for Current Tax		(8,168,000)	-
for Deferred Tax		(12,000)	-
Profit / (Deficit) after tax		<u>14,544,122</u>	<u>(31,971)</u>
Deficit Brought Forward		(72,098)	(40,127)
Profit Carried Forward to Balance Sheet		<u>14,472,024</u>	<u>(72,098)</u>
Earning per share Basic/Diluted in Rs. (Refer Note 3)		<u>71.66</u>	<u>(0.10)</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	12		

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Mumbai, Dated : May 14, 2010

MILIND S. KORDE

Director

K.T. JITHENDRAN

Director

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.10 Rupees	As at 31.03.09 Rupees
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED		
250,000 Equity shares of Rs. 10/- each	2,500,000	2,500,000
	<u>2,500,000</u>	<u>2,500,000</u>
ISSUED, SUBSCRIBED & PAID UP		
203,120 Equity shares of Rs. 10/- each, fully paid-up (Of the above 103,092 (Previous year 203,120) shares are held by Godrej Properties Limited, the Holding Company and its nominee)	2,031,200	2,031,200
	<u>2,031,200</u>	<u>2,031,200</u>
SCHEDULE 2		
RESERVES & SURPLUS		
PROFIT AND LOSS ACCOUNT	14,472,024	-
	<u>14,472,024</u>	<u>-</u>

SCHEDULE 3: FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block	
	As at 31st April, 2009	Additions	Deductions	As at 31st March, 2010	Upto 1st April, 2009	For the Year	Upto 31st March, 2010	As at 31st March, 2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Furniture & Fixtures	-	1,309,693	-	1,309,693	-	150,007	150,007	1,213,661
Office Equipments	5,200	996,346	-	998,446	3,200	38,191	41,561	348,096
Computers	134,160	734,815	-	858,975	30,245	185,272	195,517	663,458
Total	137,360	2,400,754	-	2,618,114	38,445	393,469	392,300	2,225,214
Previous Year	3,200	134,160	-	137,360	3,200	30,245	33,445	103,915

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 4		
INVENTORY		
Construction work in progress	1,256,666,886	907,618,712
	<u>1,256,666,886</u>	<u>907,618,712</u>
SCHEDULE 5		
SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)		
Others (Include unbilled Revenue of Rs. 57,999,721/- Previous year Nil)	67,616,112	-
	<u>67,616,112</u>	<u>-</u>

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 6		
CASH & BANK BALANCE		
Cash & Cheques-in-Hand	54,110	14,065
Balance with Scheduled Bank - On Current account	14,426,983	73,896
	<u>14,481,093</u>	<u>87,960</u>

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 7		
LOANS & ADVANCES		
(Unsecured & considered good unless otherwise stated)		
- Secured (Secured against Bank Guarantee)	16,212,613	-
Advances recoverable in cash or kind or for value to be received	3,686,229	1,108,750
Advance Tax and Tax Deducted at Source	-	46,422
	<u>19,898,842</u>	<u>1,155,172</u>

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 8		
CURRENT LIABILITIES		
Sundry Creditors (Refer Note 2)	90,373,592	1,087,650
Investor Education & Protection Fund	-	-
Advances received against Sale	1,278,797	-
Other liabilities	1,244,611,038	965,932,835
	<u>1,336,263,427</u>	<u>967,020,485</u>

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 9		
PROVISIONS		
Provision for Income Tax	8,121,578	-
(Net of Advance Tax & Tax deducted at source of Rs. 46,422/- Previous Year Rs. 46,422/-)	<u>8,121,578</u>	<u>-</u>

	For the Year ended 31.03.2010 Rupees	For the Year ended 31.03.2009 Rupees
SCHEDULE 10		
COST OF SALES		
Opening Stock	907,618,712	774,189,736
Add : Expenditure during the period		
Construction, Material & Labour	123,579,224	5,602,615
Architect Fees	1,416,852	-
Advertisement Expenses	32,826,545	545,090
Overheads	182,866,518	39,873,381
Interest	106,330,838	87,348,887
	<u>1,354,638,689</u>	<u>907,618,712</u>
Less : Closing Stock	1,256,666,886	907,618,712
Cost of Sales	<u>97,971,803</u>	<u>-</u>
SCHEDULE 11		
INTEREST AND FINANCIAL CHARGES		
Interest Paid		
Interest Paid - Others	106,325,525	87,345,656
Total Interest Paid	<u>106,325,525</u>	<u>87,345,656</u>
Add: Brokerage & other Financial Charges	5,313	2,221
Total Interest/Finance Charges Paid	<u>106,330,838</u>	<u>87,348,887</u>
Less: Transferred to Cost of Sales	106,330,838	87,348,887
NET INTEREST	<u>-</u>	<u>-</u>

SCHEDULE 12 : NOTES TO ACCOUNT AND ACCOUNTING POLICIES

1) Accounting Policies

a) General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

c) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

d) Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

e) Inventories

Inventories are valued as under:

- a) Completed Flats - At lower of Cost or Market value
b) Construction Work-in-Progress - At cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

f) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion. Such estimates have been relied upon by the auditors.

Interest income is accounted on an accrual basis at contracted rates.

g) Borrowing Cost

Interest and finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects, are transferred to Construction Work in Progress. Due on Management Project, as a part of the cost of the projects at weighted average of the borrowing cost / rates as per Agreements respectively.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

h) Earnings Per Share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

i) Provision For Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax

SCHEDULES FORMING PART OF THE ACCOUNTS

effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

j) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

k) Provisions And Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2. Micro, Small and Medium Enterprises Development Act, 2006:

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.

3. Earnings per share

	Current Year	Previous Year
Profit / (Loss) for the period as per Profit & Loss Account (Rs.)	14,544,122	(31,971)
Weighted average no. of equity shares outstanding	203,120	203,120
Earnings Per Share (Basic / Diluted) (Rs.)	71.60	(0.16)
Nominal value of shares (Rs.)	10/-	10/-

4. Deferred Tax

The Tax effect of significant temporary differences that resulted in deferred tax liabilities are:

Particulars	Current Year	Previous Year
	(Rs.)	(Rs.)
Liabilities		
- Depreciation on Fixed Assets	12,000	-
Deferred Tax Liabilities	12,000	-

5. Amounts paid to Auditors

	Current Year	Previous Year
	(Rs.)	(Rs.)
Audit Fees	1,59,935	1,59,935
Audit Under Other Statutes	55,150	-
Consultancy Charges	40,388	-
Total	255,473	159,935

6. Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

7. Related Party Disclosure

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

i) Relationships:

Shareholders (the Godrej Group Shareholding) in the Company Godrej Properties Limited (GPL) hold 51% in the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is a subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding Company.

ii) Investing party in respect of which the reporting enterprises is an associate-Milestone Real Estate Fund.

The following transactions were carried out with the related party in the ordinary course of the business:

(Amt. in Rs.)

Sr. No	Particulars	GPL	G&B
1.	Expenses incurred by other company towards Construction work in progress and Revenue expenditure	151,214,018 114,249,742	-
2.	Advances Received	202,500,000 31,270,000	-
3.	Advances Repaid	31,900,000	-
4.	Outstanding payables	1,227,097,166	-
5.	Purchase of Fixed Assets	685,915,639	81,700

Figures in italics are for previous year

8. Previous year figures have been rearranged / regrouped wherever necessary to conform to current year's classification.

9. Additional information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

10. Additional information as required under Part IV of the Schedule VI to the Companies Act, 1956:

Balance Sheet Abstract for the Year ended 31st March, 2010 And Company's General Business Profile

1	Registration Details	US1905AMH1993PLC160404
	Registration No.	
	State Code	11
	Balance Sheet Date	31st March, 2010
2	Capital raised during the year (Amount in Rs. thousands)	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement - Capital	Nil
	- Premium	Nil
3	Position of mobilisation and deployment of funds (Amount in Rs. thousands)	
	Total Liabilities	1,360,900
	Total Assets	1,360,900
	Sources of Funds	
	Paid-up capital	2,031
	Reserves & Surplus	14,472
	Secured Loans	-
	Unsecured Loans	-
	Deferred Tax Liability	12
	Application of Funds	
	Net Fixed Assets	2,225
	Investments	-
	Net Current Assets	14,278
	Misc. Expenditure	12
	Accumulated Losses	-
4	Performance of Company (Amount in Rs. thousands)	
	Turnover	121,057
	Total Expenditure	98,333
	Profit/(Loss) before Tax	22,724
	Profit/(Loss) after Tax	14,544
	Earning per Share in Rs.	71.60
	Dividend Rate %	-
5	Generic Names of three principal products/services of Company	N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year	Previous Year
	Rupees	Rupees
Cash Flow from Operating Activities		
Profit / (Loss) before taxation	22,724,122	(31,971)
Adjustment for:		
Depreciation	359,455	30,245
Interest Paid	106,330,838	87,348,887
Preliminary Expenses	1,726	1,726
Operating Profit / (Loss) before working capital changes	129,415,141	87,348,887
Adjustment for:		
Change in Inventory	(349,048,174)	(133,429,870)
Increase in Sundry Debtors	(67,616,112)	-
Change in Loans & Advances	(15,790,092)	(705,278)
Change in Current Liabilities / Provisions	322,912,104	45,012,567
Net Cash Flow from Operating Activities	16,873,867	(1,773,803)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,480,754)	(134,160)
Net Cash Flow from Investing Activities	(2,480,754)	(134,160)
Cash Flow from Financing Activities		
Net Increase/ (Decrease) in Cash & Cash Equivalent	14,393,113	(1,907,963)
Cash & Cash Equivalent -Opening Balance	87,980	1,995,943
Cash & Cash Equivalent -Closing Balance	14,481,093	87,980

Notes:

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Place: Mumbai

Date: May 14, 2010

MILIND S. KORDE

Director

K.T. JITHENDRAN