

SHREE RAM URBAN INFRASTRUCTURE LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31st DECEMBER, 2011

CORPORATE INFORMATION

Board Of Directors	:	Mr. Shambhukumar S. Kasliwal - Chairman Mr. Vikas S. Kasliwal - Vice - Chairman & CEO Mr. S. K. Luharuka - Whole Time Director Mr. Ambuj A. Kasliwal - Director Mr. Mukul S. Kasliwal - Director Mr. Vijay G. Kalantri - Director Dr. O. P. Chawla - Director Mr. Lalit Mohan - Director Mr. Mohan M. Jayakar - Director Dr. Poornima G. Advani - Director Mr. N. K. Sethi - Director
Auditors	:	M/s. HABIB & CO. Chartered Accountants 75, Mohamedali Road, Mumbai - 400 003. M/s. KHANDELWAL JAIN & CO. Chartered Accountants 6B, Pil Court, 6th Floor, 111, M. K. Road, Mumbai - 400 020.
Sr. General Manager & Company Secretary	:	Ms. Manju B. Batham
Registrar & Transfer Agents	:	M/S. BIGSHARE SERVICES PVT. LTD. E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072. Tel. No.: 022-40430200 Fax No.: 022-28475207 E-mail : info@bigshareonline.com
Registered Office	:	Shree Ram Mills Premises Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013. Tel. No. : 022-61404900 Fax No. : 022-24928617 Website : www.shreeramurban.co.in

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SHREE RAM URBAN INFRASTRUCTURE LIMITED

NOTICE

NOTICE is hereby given that the 75th Annual General Meeting of Shree Ram Urban Infrastructure Limited will be held on Saturday, the 21st April, 2012, at **11.00 a.m.** at the '**Sunville**', **9 Dr. Annie Besant Road, Worli, Mumbai – 400 018** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at December 31, 2011, Profit and Loss Account and Cash Flow Statement for the year ended December 31, 2011, the Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Vijay G. Kalantri who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. O. P. Chawla who retires by rotation and being eligible, offers himself for re-appointment.
4. To resolve not to fill up the vacancy caused by retirement of Mr. Ambuj A. Kasliwal, who retires by rotation, and has not, offered himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of the Section 16, 31, 94 and other applicable provisions, if any, of the Companies Act, 1956, the existing Authorised Share Capital of the Company is Rs. 100,00,00,000 (Rupees One Hundred Crores) divided into 9,57,11,120 (Nine Crores Fifty Seven Lakhs Eleven Thousand One Hundred Twenty) Equity Shares of Rs. 10 (Rupees Ten) each, 1,36,877 (One Lakh Thirty Six Thousand Eight Hundred Seventy Seven), 11%, Redeemable Cumulative Preference Shares of Rs. 100 (Rupees One Hundred) each, 1,17,011 (One Lakh Seventeen Thousand Eleven), 0%, Redeemable Preference Shares of Rs. 100 (Rupees One Hundred) each and unclassified 17,50,000 (Seventeen Lakhs Fifty Thousand) Shares of Rs. 10 (Rupees Ten) each be and are hereby reclassified into 9,82,50,000 (Nine Crores Eighty Two Lakhs Fifty Thousand) Equity Shares of Rs. 10 (Rupees Ten) each and unclassified 17,50,000 (Seventeen Lakhs Fifty Thousand) of Rs. 10 (Rupees Ten) each."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Clause V of the Memorandum of Association of the Company be and is hereby altered by inserting the following Para as Clause V;

- V.** The Authorised Share Capital of the Company is Rs. 100,00,00,000 (Rupees One Hundred Crores) divided into 9,82,50,000 (Nine Crores Eighty Two Lakhs Fifty Thousand) Equity Shares of Rs. 10

(Rupees Ten) each and unclassified 17,50,000 (Seventeen Lakhs Fifty Thousand) of Rs. 10 (Rupees Ten) each with rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being in force with power to Company to increase or reduce its Capital and to divide the Shares in the Capital for the time being into classes.

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do, perform and execute all such acts, deeds and things and to settle all questions arising out of and incidental thereto, and to give such directions that may be necessary or arise in regard to or in connection with any such matter as it may in its absolute discretion, deem fit to give effect to this resolution”

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** Article 3 of the Articles of Association of the Company be and is hereby altered by inserting the following Para as Article 3:

3. The Authorised Share Capital of the Company is Rs. 100,00,00,000 (Rupees One Hundred Crores) divided into 9,82,50,000 (Nine Crores Eighty Two Lakhs Fifty Thousand) Equity Shares of Rs. 10 (Rupees Ten) each and unclassified 17,50,000 (Seventeen Lakhs Fifty Thousand) of Rs. 10 (Rupees Ten) with rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being in force with power to Company to increase or reduce its Capital and to divide the Shares in the Capital for the time being into classes.”

“**RESOLVED FURTHER THAT** for the purpose of giving the effect to this resolution, the Board of Directors be and are hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary.”

By Order of the Board of Directors
For **Shree Ram Urban Infrastructure Limited**

Manju B. Batham
Company Secretary

Place : Mumbai

Date : 27th February, 2012

Registered Office:

Shree Ram Mills Premises
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai – 400 013.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. A PROXY FORM, DULY COMPLETED AND STAMPED, MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 17.04.2012 to 21.04.2012 (Both days inclusive).
4. Members/Proxy should bring their copy of the Annual Report for reference at the meeting as also the attendance slip duly filled in for attending the meeting.
5. The members are requested to lodge/notify the transfer deeds, communication for change of address, bank details, ECS details, wherever applicable, mandates (if any), for shares held in the Physical Mode with M/s Bigshare Services Private Limited, E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai-400 072.

The Shareholders holding shares in electronic form are requested to lodge the above details to their depository participants and not to the Company or to the Registrars and Share Transfer Agents of the Company.
6. All documents referred to in the notice or in the accompanying explanatory statement are open for inspection at the registered office of the Company between 11.00 am and 1.00 pm on all working days upto the date of Annual General Meeting.
7. As required under the Listing Agreement, the profile of the Director who is proposed to be re-appointed is furnished below:

Item No: 2

- | | |
|---------------------------|-------------------------|
| i.) Name | : Mr. Vijay G. Kalantri |
| ii.) Age | : 63 years |
| iii.) Date of Appointment | : 25.08.2005 |
| iv.) Expertise | : Textile & Finance |
| v.) No. of Shares held | : NIL |

Mr. Vijay G. Kalantri is holding Directorship in twelve other Public Limited Companies which are as follows:

1. Balaji Infra Projects Ltd.
2. Dighi Port Limited
3. Dighi Project Development Co. Ltd.
4. Dighi Rail Infrastructure Ltd.
5. Hindustan Housing Finance & Development Corpn. Ltd.
6. VIP Industries Limited

7. Vindychal Hydro Power Ltd.
8. Zicom Electronic Security Systems Ltd.
9. SAB Industries Ltd.
10. S. Kumars Nationwide Ltd.
11. Gannon Dunkerley & Co. Ltd.
12. Goenka Diamond & Jewels Limited

Item No: 3

- | | | |
|---------------------------|---|--|
| i.) Name | : | Dr. O. P. Chawla |
| ii.) Age | : | 78 years |
| iii.) Date of Appointment | : | 25.08.2005 |
| iv.) Expertise | : | Formerly Director of National Institute of Bank Management |
| v.) No. of Shares held | : | NIL |

Dr. O. P. Chawla is also holding Directorship in PNB Gilts Ltd.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 6, Item No. 7 & Item No. 8****Re-classification of Authorised Share Capital, Alteration of the Memorandum of Association of the Company and Alteration of the Article of Association of the Company:**

The present Authorized Share Capital of the Company is Rs. 100,00,00,000 (Rupees One Hundred Crores) divided into 9,57,11,120 (Nine Crores Fifty Seven Lacs Eleven Thousand One Hundred Twenty) Equity Shares of Rs.10 (Rupees Ten) each, 1,36,877 (Rupees One Lakh Thirty Six Thousand Eight Hundred Seventy Seven), 11%, Redeemable Cumulative Preference Shares of Rs. 100 (Rupees One Hundred) each, 1,17,011 (One Lakh Seventeen Thousand Eleven), 0%, Redeemable Preference Shares of Rs. 100 (Rupees One Hundred) each and unclassified 17,50,000 (Seventeen Lakhs Fifty Thousand) Shares of Rs. 10 (Rupees Ten) each. The Board of Directors thought it fit, to Re-classify the Authorized Share Capital of the Company to Rs. 100,00,00,000 (Rupees One Hundred Crores) divided into 9,82,50,000 (Nine Crores Eighty Two Lakhs Fifty Thousand) Equity Shares of Rs. 10 (Rupees Ten) each and unclassified 17,50,000 (Seventeen Lakhs Fifty Thousand) of Rs. 10 (Rupees Ten) each. Re-classification in Authorised Share Capital would necessitate amendment to the Clause V of the Memorandum of Association of Company and would require Member's approval by passing an Ordinary Resolution and Article 3 of the Article of Association of Company and would require Member's approval by passing a Special Resolution.

The Board of Directors accordingly recommends the resolution for your approval.

None of the Directors are deemed or considered to be interested in the above resolution.

By Order of the Board of Directors
For **Shree Ram Urban Infrastructure Limited**

Manju B. Batham
Company Secretary

Place : Mumbai
Date : 27th February, 2012

Registered Office:
Shree Ram Mills Premises
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai – 400 013.

DIRECTORS' REPORT**Dear Members,**

The Directors take great pleasure in presenting their 75th Annual Report on the business and operations of your Company along with the Audited Balance Sheet as at 31st December, 2011 and Profit and Loss Account and Cash Flow Statement for the year ended 31st December, 2011.

FINANCIAL HIGHLIGHTS

Your Company earned a Profit of Rs. 60, 20,775 (Rupees Sixty Lacs Twenty Thousand Seven Hundred Seventy Five) as compared to a loss of Rs. 16, 24, 71,340 (Rupees Sixteen Crores Twenty Four Lacs Seventy One Thousand Three Hundred Forty) in the previous year. Highlights of the financial performance are as follows:

Particulars	(In Rupees)	
	Financial Year ended December 31, 2011	Financial Year ended December 31, 2010
Profit/(Loss) before interest & Depreciation/impairment	70,36,658	(8,10,53,672)
Less: Interest	2,25,129	1,05,809
Less: Depreciation/Impairment	7,41,072	8,12,64,579
	<hr/>	<hr/>
Profit/(Loss) before tax	60,70,457	(16,24,24,060)
Provision for Tax / Deferred Tax	49,682	47,280
	<hr/>	<hr/>
Profit/(Loss) after tax	60,20,775	(16,24,71,340)
Add: Balance brought forward from previous year	(14,68,08,613)	1,56,62,727
	<hr/>	<hr/>
Profit/(Loss) available for appropriation	(14,07,87,838)	(14,68,08,613)
Appropriations :		
Transfer to Reserve Fund / General Reserve	—	—
Dividend on Equity Shares	—	—
Corporate Dividend Tax	—	—
	<hr/>	<hr/>
Balance carried forward	(14,07,87,838)	(14,68,08,613)
	<hr/> <hr/>	<hr/> <hr/>

DIVIDEND

Your Directors do not recommend any dividend due to inadequate Profit earned during the year.

BUSINESS

The Company's Project "Palais Royale" is under implementation. Once Palais Royale is completed, it will establish the Company firmly as a leading player in iconic and world-class projects thus opening the vistas for global expansion.

INSURANCE

The building, site construction and electrical installation have been covered for all probable risks.

SUBSIDIARIES

SRM Sites Private Limited is a material, unlisted Indian Subsidiary Company.

Raghuvver Suburban Infrastructure Private Limited and Shree Ram Realinfra Ventures Private Limited are non material, unlisted Indian Subsidiary Company.

The reports and accounts of the subsidiary companies are not annexed to this Report. The Board of Directors of the Company have approved and passed a resolution in this regard. A statement pursuant to Section 212 (8) of the Companies Act, 1956 is annexed.

FIXED DEPOSITS

During the year under review, the Company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956, and as such, no amount of principal or interest was outstanding as of the date of the Balance Sheet.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Vijay G. Kalantri, Dr. O. P. Chawla and Mr. Ambuj A. Kasliwal retire by rotation at the ensuing Annual General Meeting. Mr. Vijay G. Kalantri and Dr. O. P. Chawla being eligible, offer themselves for re-appointment. The Board recommends their re-appointment. Mr. Ambuj A. Kasliwal has not offered himself for re-appointment.

AUDITORS

M/s Habib & Co. and M/s Khandelwal Jain & Co. are the present Statutory Auditors of the Company. They retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. The Board recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. In preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the losses of the Company for that period;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the Annual Accounts on a 'going concern' basis.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement with the Stock Exchange forms part of this Report.

CORPORATE GOVERNANCE

The Company has taken appropriate steps and measures to comply with all the applicable provisions of Clause 49 and Section 292A of the Companies Act, 1956. A separate Report on Corporate Governance, along with a certificate of Practicing Company Secretary, is annexed herewith. A certificate from the Whole-Time Director and Senior President (Finance) & CFO of the Company confirming internal controls and checks pertaining to financial statements for the year ended 31st December, 2011 was placed before the Board of Directors and the Board has noted the same. A list of the committees of the Board and names of their members is given in the Report. The scope of each of these committees and other related information is detailed in the enclosed Corporate Governance Report.

PARTICULARS OF EMPLOYEES

The Company does not have any employee whose particulars are required to be disclosed pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and under Section 217 (1)(e) of the said Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Conservation Of Energy, Technology Absorption And Foreign Exchange Earnings And Outgo:

The particulars as prescribed under Sub-Section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are furnished hereunder:

A. CONSERVATION OF ENERGY:

Company is engaged in construction activities and sufficient care from energy conservation point of view has been taken while opting for construction materials, technology and methodology.

For example, use of waste pozzolanic material like flyash for manufacturing of concrete, use of curring compound to reduce consumption of potable water, use of modular form work which can be used for 100 repetitions and hence reducing Consumption of wood.

Form "A" below sets out the details of energy consumption:

FORM "A"**POWER AND FUEL CONSUMPTION**

		Current year 2011	Previous year 2010
1. Electricity :			
(a) Purchased			
Total amount	Kwh in lakhs	43.10	39.31
	Rs. in lakhs	302.84	249.08
	Rs./Unit	7.03	6.33
(b) Own generation			
Through diesel generator (LDO)	Kwh '000	—	—
Units per ltr. of diesel oil	Kwh	—	—
Cost / Unit	Rs.	—	—

2. Coal :

Quantity	—	Not Applicable	Not Applicable
Total cost	—	Not Applicable	Not Applicable
Average rate	—	Not Applicable	Not Applicable

3. Furnace Oil :

Quantity	K. Litres	Not Applicable	Not Applicable
Total amount	Rs. in lakhs	Not Applicable	Not Applicable
Average rate	Rs. K / Ltr.	Not Applicable	Not Applicable

4. Others :

L.S.H.S.

Quantity	M. Tonnes	Not Applicable	Not Applicable
Total cost	Rs. in lakhs	Not Applicable	Not Applicable
Average rate	Rs. / M. Tonnes	Not Applicable	Not Applicable

B. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption. — —

FORM "B"**RESEARCH & DEVELOPMENT (R&D)**

- Specific areas in which R & D carried out by the Company:
No industrial activity, hence not applicable
- Benefits derived as a result of the above R & D - Not applicable
- Future plan of action Not applicable
- Expenditure on R & D (Rs. in lakhs)
 - Capital —
 - Recurring —
 - Total —
 - Total R & D Expenditure as a Percentage of total turnover —

TECHNOLOGY ABSORPTION AND ADOPTION

Company has already adopted many of latest technologies available in field of building construction such as:

Self climbing form work, concrete placer booms and self compacting concrete to meet challenges like noise pollution, extra labours are hired for vibration of concrete and which has also helped in saving electrical energy also.

Company has also taken care to ensure faster material handling; and hence deployed fastest available man and material hoists (almost 90-100 meters per minute speed).

Company has deployed clusters of cranes and has adopted best technology available for topless and Luffing Cranes. Company has adopted coupled splicing system for re-bars which has helped in consuming lesser steel.

Company is putting all the efforts to collect curing water and recycle the same. Company is also trying to collect flying cementitious material and make use of the same for non-structural walls.

Company is willing to keep on updating its technological data bank and use latest technology for comforts of product users and cost effectiveness.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports, initiatives taken to increase exports, developments of new exports markets for product and services and export plants.

NIL

Total foreign exchange used and earned Used (includes Advance given)

Current Year

Rs. 57,37,08,775

Previous Year

Rs. 2,83,28,449

Earned (includes Advance received)

Current Year

Rs. 1,47,84,000

Previous Year

Rs. 4,95,04,314

Acknowledgements

Your Directors place on record their sincere appreciation for the dedication and commitment of the Employees at all levels and their significant contribution to your Company's growth. Your Company is grateful to the customers, vendors and all the other business associates for their support and encouragement.

Your Directors thank the banks, financial institutions, government departments and Shareholders and look forward to having the same support in all our future endeavors.

For and on behalf of the Board,

**Shambhukumar S. Kasliwal
Chairman**

Place : Mumbai

Date : 27th February, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY DEVELOPMENTS

The real estate sector has been facing a prolonged slowdown for the past few months now. Besides, the continuing downward pressure on the stock markets have led to an erosion of wealth in the hands of high net-worth individuals thus having an adverse impact on all market segments except for the affordable housing one. The commercial sector continues to face a major over-supply situation resulting in large areas remaining unoccupied / under –occupied with a resultant downward pressure on pricing.

OPPORTUNITIES AND THREATS

OPPORTUNITIES:

The downward trend should work itself out over the next one / two years and thereafter the impact of the general economic growth rates of over 7% will make itself felt by way of general uptrend of the stock market and the real estate market. Thus, there will be growing opportunities for the real estate sector.

THREATS:

Political instability at the level of the Central Government, coupled with uncertainties in Europe in the aftermath of the Greek crisis, pose a serious threat to the revival of the Indian economy, which may slip further in its growth rate from 9% (at peak) to 7% (at present) to below 5%. If this happens, then the Indian economy will go in for a prolonged recession which may last well beyond 5 years.

ENVIRONMENTAL IMPACT

The project “Palais Royale” being implemented by the Company is a LEEDS platinum pre-certified building (the first residential platinum tower in the world). It has also secured the 5 Palm rating from CETEC of Australia. Lot of work is going on in the project to take forward the green and environmental agenda of the building.

RESEARCH & DEVELOPMENT

The Company has actively promoted R&D in the field of advanced concrete and has facilitated large scale commercial production of high performance self-compacting concrete (grades in excess of M80). Besides, lot of work is going on in the field of MEP services in structural cooling and daylighting.

RISKS & CONCERNS

There are risks regarding the general market which could result in delays and difficulties in marketing of the Company's products. In addition, the Company operates in a highly related environment and there are always inherent risks of changes of regulation in changing regimes.

INTERNAL CONTROL SYSTEM

The Company has in place adequate internal control systems which assist the management as well as the Board to discharge their duties and functions. The internal control is supplemented by an extensive programme of internal and external audits and periodic review by the management. The system is designed to adequately ensure that financial and other records are reliable for presenting financial information and other data and maintaining accountability of assets.

HUMAN RESOURCES

Human capital has continued to be the key engine for our growth and aspiration. The Company has been constantly reviewing its HR policies and practices to keep abreast with the market changes and has embarked upon several initiatives to focus on creating a positive work environment that provides employees with ample growth and development opportunities as well as ensuring high levels of motivation and engagement.

CONSERVATION OF ENERGY

The Company has been taking steps to conserve energy and to promote the use of non-conventional energy in its ongoing project. It has installed trial windmill as well as solar heating equipment for these purposes.

FINANCIAL PERFORMANCE:**FINANCIAL RESULTS:**

This is summarized as follows:

(Rs. in crores)

	Year 2011	Year 2010	Change
Turnover	378.66	34.60	344.06
Profit/(loss) before interest, tax and depreciation	0.70	(8.11)	8.81
Net profit/loss	0.60	(16.24)	16.84

INFORMATION TECHNOLOGY

The Company is using latest information technology in its engineering as well as project implementation systems, including 3D technology.

CAUTIONARY STATEMENT

Some of the statements in this Report of the Company's objectives, projections, estimates and expectations may be 'forward looking statements'. Actual results might differ substantially or materially from those expressed or implied. Such will be dependent on any downtrend in industry, significant changes in political and economic environment in India and abroad, tax laws, import duties, litigation and labour relations.

REPORT ON CORPORATE GOVERNANCE

In compliance with the Corporate Governance requirements as per the format prescribed by SEBI and incorporated in Clause 49 of the listing agreement with the Stock Exchange, the Company's policies on Corporate Governance and compliance thereof in respect of specific areas, as applicable, for the year ended 31st December, 2011 and certain information till the date of notice are set out below for information of Shareholders and Investors of the Company.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company has worked with a philosophy and mission of good governance in every field. The Company believes that the Corporate Governance code will enhance the growth of benefits to all the stakeholders. The Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealings with the Shareholders, Employees, the Government and other parties.

In so far as compliance of Clause 49 of the Listing Agreement with the Stock Exchange is concerned, the Company has complied in all material respects with the requirements of Corporate Governance specified in the Listing Agreement with the Bombay Stock Exchange.

2. BOARD OF DIRECTORS:

The Board of Directors guides, directs and oversees the management and protects long term interests of Shareholders, employees and the society at large. The Board also ensures compliance of the applicable provisions and code of ethical standards wherever the Company and its subsidiaries are present.

2.1 COMPOSITION OF THE BOARD OF DIRECTORS (as on 31st December, 2011)

Name of the Director	Position	Relationship with other Directors	Executive/Non-Executive/Independent
Mr. S. S. Kasliwal	Chairman	Father of Mr. Vikas S. Kasliwal and Mr. Mukul S. Kasliwal	Promoter, Non-Executive
Mr. Vikas S. Kasliwal	Vice-Chairman & CEO	Son of Mr. S. S. Kasliwal and Brother of Mr. Mukul S. Kasliwal	Promoter, Executive
Mr. S. K. Luharuka	Whole Time Director	None	Executive
Mr. Ambuj A. Kasliwal	Director	None	Non-Executive
Mr. Mukul S. Kasliwal	Director	Son of Mr. S. S. Kasliwal and Brother of Mr. Vikas S. Kasliwal	Non-Executive
Mr. Vijay G. Kalantri	Director	None	Non-Executive-Independent
Dr. O. P. Chawla	Director	None	Non-Executive-Independent
Mr. Lalit Mohan	Director	None	Non-Executive-Independent
Mr. Mohan M. Jayakar	Director	None	Non-Executive-Independent
Dr. Poornima G. Advani	Director	None	Non-Executive-Independent
Mr. N. K. Sethi	Director	None	Non-Executive-Independent
Composition :	Independent - 54.55%		Non-Executive - 81.81

None of the Directors are disqualified under Section 274 (1) (g) of the Companies Act, 1956 read with Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003.

All Directors are liable to retire by rotation except Mr. Vikas S. Kasliwal, Vice-Chairman & CEO and Mr. S. K. Luharuka, Whole-Time Director.

Mr. Vijay G. Kalantri, Dr. O. P. Chawla and Mr. Ambuj A. Kasliwal retire by rotation at the ensuing Annual General Meeting. Mr. Vijay G. Kalantri and Dr. O. P. Chawla being eligible, offer themselves for re-appointment. The Board recommends their re-appointment. Mr. Ambuj A. Kasliwal has not offered himself for re-appointment.

2.2 Remuneration to Non-Executive Directors (as on 31st December, 2011)

Name of Director	Sitting Fees & Others (Rs.)
Mr. S. S. Kasliwal	20,000
Mr. Ambuj A. Kasliwal	25,000
Mr. Mukul S. Kasliwal	10,000
Mr. Vijay G. Kalantri	20,000
Dr. O. P. Chawla	45,000
Mr. Lalit Mohan	45,000
*Mr. Xerxes N. Talati	20,000
Mr. Mohan M. Jayakar	25000
Dr. Poornima G. Advani	NIL
Mr. N. K. Sethi	10,000
Total	2,20,000

*The remuneration of Mr. Xerxes N. Talati is till 14th May, 2011 as he ceased to be Director of the Company with effect from 14th May, 2011.

Sitting fees constitute fees paid to Non-Executive Directors for attending Board and Committee Meetings.

2.3 Managerial Remuneration: (as on 31st December, 2011)

Name of the Director	Designation	Date of Appointment/ Re-Appointment	Tenure	Salary (Rs.)	Provident Fund (Rs.)	Ex-gratia & others (Rs.)	Total (Rs.)
Mr. Vikas S. Kasliwal	Vice-Chairman & CEO	01.08.2009	3 yrs	16,20,000	1,94,400	5,14,741	23,29,141
Mr. S. K. Luharuka	Whole-Time Director	01.01.2011	3 yrs	13,20,000	1,58,400	7,24,381	22,02,781
Total				29,40,000	3,52,800	12,39,122	45,31,922

2.4 Shareholding of the Directors :**Shareholding of the Directors as on 31st December, 2011:**

Name of the Director	No. of Equity Shares held	% Holding
Mr. S. S. Kasliwal	50,000	0.12
Mr. Vikas S. Kasliwal	4,48,000	1.09
Mr. Ambuj A. Kasliwal	2,43,240	0.59
Mr. Mukul S. Kasliwal	50,000	0.12
Mr. S. K. Luharuka	120	*0.00
Mr. Vijay G. Kalantri	0	0
Dr. O. P. Chawla	0	0
Mr. Lalit Mohan	0	0
Mr. Mohan M. Jayakar	0	0
Dr. Poornima G. Advani	0	0
Mr. N. K. Sethi	0	0
Total	7,91,360	1.92

*being less than 0.01%.

2.5 Attendance of Directors at the Board Meetings and at the Seventy Fourth Annual General Meeting:

Name of Director	Number of Board Meetings held during the year 2011	Number of Board Meetings attended during the year 2011	Attendance at the Seventy Fourth Annual General Meeting
Mr. S. S. Kasliwal	5	4	Present
Mr. Vikas S. Kasliwal	5	4	Absent
Mr. Ambuj A. Kasliwal	5	5	Absent
Mr. Mukul S. Kasliwal	5	2	Absent
Mr. S. K. Luharuka	5	5	Present
Mr. Vijay G. Kalantri	5	4	Absent
Dr. O. P. Chawla	5	5	Present
Mr. Lalit Mohan	5	5	Present
*Mr. Xerxes N. Talati	5	2	Absent
Mr. Mohan M. Jayakar	5	4	Present
Dr. Poornima G. Advani	5	NIL	Absent
**Mr. N. K. Sethi	5	2	Present

* Mr. Xerxes N. Talati ceased to be Director of the Company with effect from 14th May, 2011

** Mr. N. K. Sethi Appointed as an Additional Director with effect from 14th May, 2011

2.6 DIRECTORS APPOINTED/CEASED DURING THE YEAR:

Punjab National Bank has withdrawn its nomination of Mr. S. S. Bhandari from the Board of Company on 4th February, 2011.

*Mr. Xerxes N. Talati ceased to be Director of the Company with effect from 14th May, 2011.

Mr. N. K. Sethi was appointed as an Additional Director on 14th May, 2011 and his appointment was regularized as an Independent Director in the AGM held on 28th June, 2011.

**2.7 DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS OF DIRECTORS IN OTHER COMPANIES
(As on 31st December, 2011)**

Name of the Director	No. of Directorships in other companies	No. of Committee Memberships in other companies	
		Chairman	Member
Mr. S. S. Kasliwal	4	NIL	NIL
Mr. Vikas S. Kasliwal	1	NIL	NIL
Mr. Ambuj A. Kasliwal	6	NIL	NIL
Mr. Mukul S. Kasliwal	9	2	10
Mr. S. K. Luharuka	1	NIL	NIL
Mr. Vijay G. Kalantri	12	NIL	4
Dr. O. P. Chawla	1	NIL	1
Mr. Lalit Mohan	NIL	NIL	NIL
Mr. Mohan M. Jayakar	7	1	5
Dr. Poornima G. Advani	NIL	NIL	NIL
Mr. N. K. Sethi	NIL	NIL	NIL

Directorship and Committee Membership/ Chairmanship in Foreign Companies, Private Limited Companies and Companies registered under Section 25 of the Companies Act, 1956 are excluded.

The above information includes Chairmanship/ Membership in Audit Committee, Remuneration Committee and Shareholders'/Grievances and Share Transfer Committee of Public Limited Companies, whether listed or not.

2.8 NUMBER, DAY, DATE AND VENUE OF THE BOARD MEETINGS HELD IN THE YEAR 2011

Sr. No.	Day	Date	Venue
1	Friday	4th February, 2011	Registered office
2	Saturday	14th May, 2011	Registered office
3	Wednesday	15th June, 2011	Registered office
4	Friday	29th July, 2011	Registered office
5	Thursday	10th November, 2011	Registered office

Five Board meetings were held during the year 2011 and the gap between any two Board Meetings did not exceed four months.

2.9 REVIEW OF COMPLIANCE REPORT BY THE BOARD OF DIRECTORS

A Compliance Certificate confirming the due compliance with the statutory requirements is placed at the Board Meeting for the review by the Board of Directors. A system of ensuring material compliance with the laws, orders, regulations and other legal requirements concerning the business and affairs of the Company is in place.

2.10 CODE OF CONDUCT:

At the Board Meeting held on 19th July, 2010, the Board of Directors has approved the Code of Conduct applicable to the Directors and the Senior Management personnel.

All the Board Members and Senior Management Personnel have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Whole-Time Director of the Company forms part of this Report.

3. AUDIT COMMITTEE:

3.1. CONSTITUTION OF AUDIT COMMITTEE:

All the members of Audit Committee are Non-Executive and Independent Directors. The present Chairman of the Audit Committee is Dr. O. P. Chawla. The other members of the Audit Committee are Mr. Lalit Mohan and Mr. Mohan M. Jayakar.

Ms. Manju B. Batham, Sr. General Manager *cum* Company Secretary & Compliance Officer had acted as the Secretary to the Committee.

3.2. MEETINGS OF AUDIT COMMITTEE:

During the year ended 31st December, 2011, Four Audit Committee Meetings were held on 03.02.2011, 13.05.2011, 28.07.2011 and 09.11.2011. The attendance of each Audit Committee' member is given hereunder:-

Name of the Director	Designation	Number of Meetings held during the year 2011	Number of Meetings attended during the year 2011
Dr. O. P. Chawla	Chairman	4	4
Mr. Lalit Mohan	Member	4	4
*Mr. Xerxes N. Talati	Member	4	2
** Mr. Mohan M. Jayakar	Member	4	1

*Mr. Xerxes N. Talati ceased to be Director of the Company with effect from 14th May, 2011.

**Mr. Mohan M. Jayakar appointed as a Member with effect from 14th May, 2011

3.3. ATTENDEES:

The Whole-Time Director, the Senior President (Finance) & CFO, the Statutory Auditors and Internal Auditors are normally invited to the Audit Committee Meetings.

3.4. POWERS OF THE AUDIT COMMITTEE:

- To investigate any activity within its terms of reference.
- To seek information from any employee.

- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

3.5. TERMS OF REFERENCE OF THE AUDIT COMMITTEE:

- Overseeing of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment of the Statutory Auditor and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing with the management, the annual financial statements before submission to the Board for approval with particular reference to:
 - o Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - o Changes, if any, in accounting policies and practices and reasons for the same;
 - o Major accounting entries involving estimates based on the exercise of judgment by management;
 - o Significant adjustments made in the financial statements arising out of the audit findings;
 - o Compliance with listing and other legal requirements relating to financial statements;
 - o Disclosure of any related party transactions;
 - o Qualifications in the draft audit report.
- Reviewing with the management, quarterly financial statement before submission to the Board for approval.
- Reviewing with the management, the statement of uses/application of funds raised through an issue (Public Issue, Rights Issue, Preferential Issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer document/Prospectus/Notice and the report submitted by the monitoring Agency monitoring the utilization of proceeds of the Public or Rights Issue, and making appropriate recommendations to the Board to take up step in this matter.
- Reviewing with the management, the performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with the internal auditors, of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism, in case same is existing.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4. REMUNERATION COMMITTEE:**4.1. CONSTITUTION OF REMUNERATION COMMITTEE:**

All the members of Remuneration Committee are Non-Executive and Independent Directors. The present Chairman of the Remuneration Committee is Mr. Vijay G. Kalantri. The other members of the Remuneration Committee are Dr. O. P. Chawla and Mr. Mohan M. Jayakar.

4.2. MEETING OF REMUNERATION COMMITTEE:

During the year ended 31st December, 2011, no Remuneration Committee meeting has been held.

4.3. TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE:

- The Remuneration Committee recommends to the Board the compensation terms of the Executive Directors.
- Framing and implementing on behalf of the Board and on behalf of the Shareholders, a credible and transparent policy on remuneration of Executive Directors including ESOP, Pension Rights and any compensation payment.
- Considering approving and recommending to the Board the changes in Designation and increase in salary of the Executive Directors.
- Ensuring the remuneration policy is good enough to attract, retain and motivate Directors.
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the Shareholders.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE:**5.1. CONSTITUTION OF THE SHAREHOLDERS'/INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE:**

The present Chairman of the Shareholders' / Investor Grievances and Share Transfer Committee is Mr. Lalit Mohan. The other members of the Shareholders' / Investor Grievances and Share Transfer Committee are Mr. S. K. Luharuka and Mr. Mohan M. Jayakar.

5.2. MEETINGS OF SHAREHOLDERS' / INVESTOR GRIEVANCES AND SHARE TRANSFER COMMITTEE:

During the year ended 31st December, 2011, Sixteen Shareholder'/Investor Grievances and Share Transfer Committee meetings were held. The attendance of each Shareholders' / Investor Grievances and Share Transfer Committee member is given hereunder:-

Name of the Director	Designation	Number of Meetings held during the year 2011	Number of Meetings attended during the year 2011
Mr. Lalit Mohan	Chairman	16	14
Mr. S. K. Luharuka	Member	16	16
*Mr. Xerxes N. Talati	Member	16	9
** Mr. Mohan M. Jayakar	Member	16	7

*Mr. Xerxes N. Talati ceased to be Director of the Company with effect from 14th May, 2011.

**Mr. Mohan M. Jayakar appointed as a Member with effect from 14th May, 2011.

5.3. THE TERMS OF REFERENCE OF THE SHAREHOLDERS' / INVESTORS' GRIEVANCES AND SHARE TRANSFER COMMITTEE:

The scope and function of this committee is to consider and review Shareholders'/ Investors' Grievances and complaints and to ensure that all Shareholders' / Investors' Grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/ or legal impediments.

5.4. COMPLIANCE OFFICER:

Ms. Manju B. Batham is the Company Secretary & Compliance Officer of the Company.

5.5. SHAREHOLDERS COMPLAINTS:

During the financial year ended 31st December, 2011, the Company received five complaints from the Shareholders and resolved all complaints. No complaint is pending at the end of the year.

A group of Investors has filed a Company Petition No.45/397-398/CLB/MB/2009 with CLB which is pending.

6. GENERAL BODY MEETINGS:

LOCATION AND TIME OF GENERAL MEETINGS HELD IN LAST 3 YEARS:

YEAR	AGM/EOGM	DATE	TIME	VENUE	SPECIAL RESOLUTIONS
2008	AGM	24.06.2009	11.00 a.m.	'Sunville', 9, Annie Besant Road, Worli, Mumbai - 400 018.	1) Adoption of Alteration of Articles, 3 of Articles of Association for Increase in Authorised Capital of the Company. 2) To issue Shares to FII's under FEMA, 1999 and Companies Act, 1956
2009	AGM	28.06.2010	11.00 a.m.	'Sunville', 9, Annie Besant Road, Worli, Mumbai - 400 018	Appointment of M/s. Goldmount Advisors, a sole proprietary concern of Mr. Gaurav Kaul u/s 314(1), 314(1B) of the Companies Act, 1956.
2010	AGM	28.06.2011	11.00 a.m.	'Sunville', 9, Annie Besant Road, Worli, Mumbai - 400 018	NIL

7. SUBSIDIARIES:

SRM Sites Private Limited a Subsidiary Company, is a material unlisted Indian Subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed Holding Company together with its subsidiaries in the immediately preceding accounting year as defined under Clause 49 of the Listing Agreements.

Raghuveer Suburban Infrastructure Private Limited and Shree Ram Realinfra Ventures Private Limited is non material, unlisted Indian Subsidiary.

The Company monitors the performance of its Subsidiaries as per requirements of Clause 49 of the Listing Agreement by the following means:

The minutes of the Board Meetings of Subsidiary Companies are placed at the Board Meetings of the Holding Company.

8. DISCLOSURES:

- A) Disclosure of Related Party Transactions:** The Related Party transactions are reviewed in quarterly meetings of the Audit Committee. These are stated under Note No. 17 to Schedule 19 of Notes forming part of the accounts for the year ended 31st December, 2011.
- B) Disclosure of Accounting Treatment:** The Company has followed the Guidelines of Accounting Standards laid down by the Institute of the Chartered Accountants of India (ICAI) in preparation of its Financial Statements.
- C) Board Disclosures – Risk Management:** The Board periodically reviews Risk assessment and minimization procedure through properly defined frame work.
- D) Proceeds from Public Issues, Rights Issues, Preferential Issues etc.:**

Particulars	Rs.
Issue Proceeds from Preferential Allotment of Equity Share Warrants (Warrants of Rs. 140/- each fully Paid-up on each Warrants) (Remaining 75% of the balance received during the year on conversion of Equity Warrants)	2,15,25,00,000
Object of the Issue:	
1. For Implementation of the ongoing Project at Worli Premises.	
2. For acquisition of further projects/lands	
3. For Payment of existing liabilities	
4. For redemption of Preference Shares	
	2,12,71,11,200
	2,53,88,800

- E) Remuneration of Directors:** Remuneration of Directors is stated under Note No.12 to Schedule 19 of Notes forming part of the accounts for the year ended 31st December, 2011.
- F) Management Discussion and Analysis:** Management Discussion and Analysis forms part of the Annual Report. It is incorporated in the Annual Report.
- G) General Shareholders Information:** This information is given under Para 11 of this report.
- H) Conversion of Equity Warrants into Equity Shares:** During the year, the Equity Warrants converted into Equity Shares of the Company. 2,05,00,000 Equity Shares which were allotted on 15th June, 2011 and on 29th July, 2011 out of the conversion of the Equity warrants, listed on Bombay Stock Exchange with effect from 10th October, 2011.
- H) Redemption of Preference Shares:** The Board of Directors of Company in their meeting held on 10th November, 2011 has redeemed the Preference Shares.
- J) Name Change of the Company:** The Company has received an approval letter dated 8th September, 2011 from the Bombay Stock Exchange Ltd. for the Name Change of the Company from 'Shree Ram Mills

Limited' to 'Shree Ram Urban Infrastructure Limited' effective from 12th September, 2011 for the trading of securities with the new name.

9. MEANS OF COMMUNICATION:

The Audit Committee, in its meeting, considers the financial results of the Company and recommends it to the Board of Directors for its approval. The financial results, as taken on record by the Board of Directors, are communicated to the Bombay Stock Exchange where the Shares of the Company are listed, in accordance with the Directives of regulatory authorities in this regard. These quarterly and annual results are also published in widely circulated newspapers (Free Press Journal in English & Nav Shakti in Marathi) as per the Guidelines issued from time to time.

10. CERTIFICATION BY WHOLE-TIME DIRECTOR AND SENIOR PRESIDENT (FINANCE) & CFO:

Mr. S. K. Luharuka, Whole-Time Director and Mr. N. K. Modani, Senior President (Finance) & CFO, have issued a Certificate to the Board as prescribed under sub-clause V of Clause 49 of the Listing Agreement. The said Certificate was placed before the Board Meeting held on 27th February, 2012 in which the Accounts for the Financial Year ended 31st December, 2011 were considered and approved by the Board of Directors.

11. GENERAL SHAREHOLDERS INFORMATION:

11.1 SEVENTY FIFTH ANNUAL GENERAL MEETING — DAY, DATE, TIME AND VENUE

Day	Saturday
Date	21.04.2012
Time	11.00 A.M.
Venue	'Sunville', 9 Dr. Annie Besant Road, Worli, Mumbai – 400 018.

11.2 FINANCIAL YEAR:

Financial Year of the Company is 1st January to 31st December.

11.3 DATES OF BOOK CLOSURE (BOTH DAYS INCLUSIVE):

From : 17.04.2012
To : 21.04.2012

11.4 LISTING ON STOCK EXCHANGE:

The Company's Equity Shares are listed on the following Stock Exchange:

Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001

The Company has paid Annual Listing Fees to the abovementioned Stock Exchange for the financial year 2011-12.

11.5 STOCK CODE:

Scrip Code: Equity : 503205	ISIN No.: Equity : INE164H01011
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BSE PRICE DATA

The monthly High and Low Share Prices during the year at BSE are as under:

Months	High (Rs.)	Low (Rs.)
January 2011	185.50	128.00
February 2011	148.90	107.00
March 2011	150.00	117.10
April 2011	180.00	136.00
May 2011	166.00	128.50
June 2011	154.85	136.10
July 2011	168.30	132.25
August 2011	154.30	135.00
September 2011	178.90	142.00
October 2011	168.80	139.50
November 2011	169.00	121.05
December 2011	144.75	130.75

11.6 Registrar and Transfer Agents

Name : Big Share Services Pvt. Ltd.
Address : E-2/3 Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (E), Mumbai – 400 072
Tel : +91-22- 40430200
Fax : +91-22- 28475207
E-mail : info@bigshareonline.com

11.7 Share Transfer System:

Shares held in the dematerialized form are electronically traded in the Depositories and the Registrar and Share Transfer Agents of the Company, viz. Big Share Services Pvt. Ltd., periodically receive from the Depository the beneficial holdings data, so as to enable them to update their records and to send all corporate communications. Physical Shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt provided they are in order in every respect. Bad deliveries are immediately returned to Depository participants under advice to the Shareholders within the aforesaid period.

11.8 Distribution of Shareholding (as on 31st December, 2011):

No. of Equity Shares held	Shareholders Nos.	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	5939	90.81	568849	1.38
501 - 1000	242	3.70	189221	0.46
1001 - 2000	131	2.00	196712	0.48
2001 - 3000	59	0.90	150803	0.37
3001 - 4000	30	0.46	107354	0.26
4001 - 5000	25	0.38	117684	0.29
5001 - 10000	39	0.60	283402	0.69
10001 - 9999999	75	1.15	39520515	96.07
Total	6,540	100	41134540	100

11.9 Shareholding pattern (as on 31st December, 2011):

Category	No. of Shares held	% of Shareholding
Promoter's Holding		
Promoters		
- Indian Promoters	22,34,800	5.43
- Foreign Promoters	NIL	-
Persons acting in Concerts	2,61,84,027	63.66
Sub – Total	2,84,18,827	69.09
Non-Promoters Holding		
Institutional Investors	NIL	-
Mutual Funds and UTI	NIL	-
Banks, Financial Institution, Insurance Companies, Central/State Govt. Institution/Non Govt. Institution	1,29,420	0.32
Foreign Institutional Investors (FIIs)	20,78,985	5.05
Sub – Total	22,08,405	5.37
Others		
Corporate Bodies	77,01,903	18.72
Indian Public	27,77,633	6.75
NRIs/OCB	26,006	0.06
Any others (please specify) Trust	300	0.00
Clearing Members	1,466	0.01
Sub – Total	1,05,07,308	25.54
Grand Total	4,11,34,540	100

11.10 DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The Shares of the Company are compulsorily traded in dematerialized form and are available for trading under both the Depository Systems i.e. NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited). Nearly 99.64% of total Equity Shares of the Company are held in dematerialized form with NSDL & CDSL.

11.11 PLANT LOCATIONS AND ADDRESS FOR CORRESPONDENCE:

The current project of the Company is "Palais Royale" at the registered office of the Company, i.e. Shree Ram Mills Premises, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400 013.

11.12 INSIDER TRADING CODE:

The Company had adopted the Employee Share Dealing Code in terms of the SEBI (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all Directors and Designated Employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

The Company regularly monitors the transactions in terms of the Employee Share dealing Code undertaken by the employees of the Company. The Company also informs the Stock Exchange periodically about the transaction(s) undertaken by the designated employees and their Share holdings as per the regulations.

For and on behalf of the Board,

Shambhukumar S. Kasliwal
Chairman

Place : Mumbai

Date : 27th February, 2012

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

All the Directors and Senior Management personnel have, respectively, affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors.

For **Shree Ram Urban Infrastructure Limited**

S. K. LUHARUKA
Whole Time Director

Place : Mumbai
Date : 27th February, 2012

CERTIFICATION BY WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER (CFO) ON FINANCIAL STATEMENTS OF THE COMPANY

We, **S. K. Luharuka**, Whole -Time Director and **N. K. Modani**, Senior President (Finance) & CFO, certify that:

1. We have reviewed the financial statements and the cash flow statement for the financial year ended December 31, 2011 and that to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - these statements together present true and fair view of the Company's affairs and are in compliance with the existing Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify these deficiencies; and
4. We have indicated to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

S. K. LUHARUKA
Whole-Time Director

N. K. MODANI
Senior President (Finance) & CFO

Place : Mumbai
Date : 27th February, 2012

PRACTISING COMPANY SECRETARY

**CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING
AGREEMENT**

To,
The Members of
Shree Ram Urban Infrastructure Limited

We have examined the Compliance of conditions of Corporate Governance by Shree Ram Urban Infrastructure Ltd. for the year ended on 31st December 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the company's management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations, made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing agreement.

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

Place : Mumbai
Date : 27th February, 2012

Virendra Bhatt
Company Secretary
A.C.S.-1157/CP-124

SHREE RAM URBAN INFRASTRUCTURE LIMITED

FINANCIAL SECTION

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AUDITORS' REPORT

**TO,
THE MEMBERS OF SHREE RAM URBAN INFRASTRUCTURE LIMITED**

1. We have audited the attached Balance Sheet of **SHREE RAM URBAN INFRASTRUCTURE LIMITED** as at 31st December 2011 and also 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 are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, and read with the amendments made by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of books and records of the company as we considered appropriate and according to the information and explanation given to us we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent they are applicable to the Company.
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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of the written representations received from the Directors as on 31st December, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December, 2011 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;

- (f) Without qualifying our opinion, we draw attention to note no. 21 of Schedule 19 regarding filing of an application for compounding of offences u/s. 621A of the Companies Act, 1956 to avoid long drawn litigation. Pending the outcome of the application, Company has provided for an estimated liability of Rs. 22,60,000 towards the sum payable for compounding;
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2011;
- (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.

For **KHANDELWAL JAIN & Co.**
Chartered Accountants,
Firm's Registration No. 105049W

(NARENDRA JAIN)
PARTNER
Membership No. 048725

Place : Mumbai
Date : 27th February, 2012

For **HABIB & Co.**
Chartered Accountants,
Firm's Registration No. 103479W

(D. P. SHROFF)
PARTNER
Membership No. 045417

Place : Mumbai
Date : 27th February, 2012

ANNEXURE TO THE AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF SHREE RAM URBAN INFRASTRUCTURE LIMITED FOR THE YEAR ENDED 31st DECEMBER, 2011)

- i) a) The Company has generally maintained proper records showing particulars including quantitative details and location of fixed assets.
- b) The Company has physically verified the fixed assets in accordance with a programme of verification which in our opinion provides for physical verification of all fixed assets at reasonable intervals. No material discrepancies were noticed on such verification.
- c) During the year, the Company has not disposed off any substantial part of fixed assets.
- ii) a) The management has conducted physical verification of the inventory at reasonable intervals. In our opinion, the frequency of physical verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of the inventory and no material discrepancies were noticed on physical verification of inventory as compared to the book records.
- iii) a) The Company has not granted loans to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of sub-clause (b) to (d) of clause (iii) of the paragraph 4 of the order are not applicable.
- b) The Company had taken unsecured loan from four companies covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs. 5,33,99,000 and the year- end balance of loans taken from such companies was Rs. 5,33,99,000.
- c) In our opinion and according to the information and explanations given to us, the loans taken are interest free and the other terms and conditions on which these loans have been taken are not prima facie prejudicial to the interest of the Company.
- d) Since there is no repayment schedule in respect of aforesaid loans, the question of repayment being regular does not arise.
- iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of inventory, fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules made thereunder.

- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 in respect of the products of the Company.
- a) According to the information and explanations given to us, and the records examined by us, generally the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, wealth tax, service tax, sales tax, custom duty, Tax deducted at source, property tax, works contract tax, cess and other statutory dues except that there have been delays in few cases, in depositing statutory dues in respect of 'TDS on contractor' with the appropriate authorities during the year. According to the information and explanations given to us, there were no other undisputed statutory dues which have remained outstanding as at 31st December, 2011 for the period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, and the records examined by us, dues in respect of Income tax, excise duty and custom duty as at 31st December, 2011 that have not been deposited with the appropriate authority on account of any disputes and the forum where the dispute is pending are as under:-

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (Rs.)	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax	April 2002 to March 2003	1,08,86,963	Bombay High Court
			April 2003 to March 2004	79,57,942	Bombay High Court
			April 2004 to March 2005	8,74,93,855	Bombay High Court
			April 2006 to March 2007	5,29,944	Income Tax Appellate Tribunal
			April 2008 to March 2009	90,49,260	Commissioner of Income Tax (Appeal)
2	Income Tax Act, 1961	Demand against short deduction of tax at source and interest thereon	April 1997 to March 1998	10,45,000	Commissioner of Income Tax (Appeal)
			April 1999 to March 2000	56,64,844	Commissioner of Income Tax (Appeal)
			April 2000 to March 2001	1,18,815	Commissioner of Income Tax (Appeal)
			April 2001 to March 2002	1,78,319	Commissioner of Income Tax (Appeal)
			April 2008 to March 2009	87,78,230	Commissioner of Income Tax (Appeal)

			April 2009 to March 2010	20,82,070	Commissioner of Income Tax (Appeal)
3	Central Excise Act, 1944	Excise Duty	October 2000	3,39,250	Customs, Excise and Service Tax Appellate Tribunal
4	Customs Act, 1962	Custom Duty	July 2008	6,98,250	Customs, Excise and Service Tax Appellate Tribunal

- ix) The accumulated losses at the end of the financial year are less than fifty per cent of its net worth. The company has not incurred cash losses during the financial year covered by our audit. However *it had incurred cash losses in the immediately preceding financial year.*
- x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- xi) Based on the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xii) The Company is not a Chit Fund Company or nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiii) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xv) In our opinion, the term loans raised during the year have been applied for the purpose for which they were raised.
- xvi) According to the information and explanations given to us and on an examination of the Balance Sheet of the Company, we report that, on an overall basis, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- xvii) During the year, the Company has made preferential allotment of 1,60,84,678 equity shares at a price of Rs. 140 each pursuant to conversion of convertible equity share warrant, to three companies covered in register maintained under Section 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the price at which the said equity shares have been issued is not prejudicial to the interest of the Company.
- xviii) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the year covered by our report.

- xix) During the year covered by our Audit Report the Company has not raised any money by public issues.
- xx) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **KHANDELWAL JAIN & Co.**
Chartered Accountants,
Firm's Registration No. 105049W

For **HABIB & Co.**
Chartered Accountants,
Firm's Registration No. 103479W

(NARENDRA JAIN)
PARTNER
Membership No. 048725

(D. P. SHROFF)
PARTNER
Membership No. 045417

Place : Mumbai
Date : 27th February, 2012

Place : Mumbai
Date : 27th February, 2012

(Kept Intentionally Blank)

BALANCE SHEET AS AT 31ST DECEMBER, 2011

(Amount in Rupees)

	SCHEDULE		AS AT 31-12-2011	AS AT 31-12-2010
Sources of Funds				
1) Shareholders' Funds				
a) Share Capital	1	41,13,45,400	23,17,34,200	
b) Convertible Equity Share Warrants	2	—	71,75,00,000	
c) Reserves and Surplus	3	2,66,23,04,357	1,74,357	94,94,08,557
2) Loan Funds				
a) Secured Loans	4	5,93,12,79,091	4,51,01,39,787	
b) Unsecured Loans	5	5,33,99,000	5,33,99,000	4,56,35,38,787
TOTAL			9,05,83,27,848	5,51,29,47,344
Application of Funds				
1) Fixed Assets	6			
a) Gross Block		2,04,73,72,056	2,21,63,76,374	
b) Less: Depreciation, Amortisation and Impairment		31,58,07,786	43,62,98,532	
c) Net Block		1,73,15,64,270	1,78,00,77,842	
d) Capital Work in Progress (including capital advances)		3,55,22,757	7,19,683	1,78,07,97,525
2) Investments	7		1,02,00,000	1,02,00,000
3) Current Assets, Loans and Advances	8			
a) Interest accrued on fixed deposits		8,41,119	94,41,571	
b) Inventories		8,51,84,34,574	6,18,42,62,439	
c) Sundry Debtors		13,00,71,888	7,34,19,041	
d) Cash and Bank Balances		20,71,13,043	54,78,34,975	
e) Other Current Assets		50,56,70,862	—	
f) Loans and Advances		5,31,64,62,270	2,58,10,21,992	
		14,67,85,93,756	9,39,59,80,018	
Less: Current Liabilities and Provisions	9			
a) Current Liabilities		7,52,05,12,527	5,80,31,97,957	
b) Provisions		28,28,246	26,40,855	
		7,52,33,40,773	5,80,58,38,812	
Net Current Assets			7,15,52,52,983	3,59,01,41,206
Profit and Loss Account	10		12,57,87,838	13,18,08,613
TOTAL			9,05,83,27,848	5,51,29,47,344
Significant Accounting Policies	18			
Notes forming part of the Accounts	19			

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

As per our report of even date

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered AccountantsFor **Habib & Co.**
Chartered Accountants

For and on behalf of the Board

Narendra Jain
(Partner)
Membership No. 048725**D. P. Shroff**
(Partner)
Membership No. 045417**S. S. Kasliwal** Chairman
S. K. Luharuka Whole Time Director
Manju B. Batham Company SecretaryPlace : Mumbai
Dated : 27th February, 2012Place : Mumbai
Dated : 27th February, 2012Place : Mumbai
Dated : 27th February, 2012

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

(Amount in Rupees)

	SCHEDULE	YEAR ENDED 31-12-2011	YEAR ENDED 31-12-2010
INCOME			
Sales and Services	11	3,78,66,40,185	34,60,33,069
Other Income	12	38,89,415	18,16,600
		<u>3,79,05,29,600</u>	<u>34,78,49,669</u>
EXPENDITURE			
Trading Purchases	13	23,97,47,533	31,73,26,186
Cost of Construction (Real Estate Dev.)	14	11,89,82,12,392	6,10,83,77,943
Less : Carried to Inventories		<u>8,43,01,30,384</u>	<u>6,10,83,77,943</u>
		<u>3,46,80,82,008</u>	—
Payments to and Provision for Employees	15	64,58,438	54,26,873
Administration and Other expenses	16	6,97,23,211	10,56,38,442
Finance expenses	17	2,25,129	1,05,809
Depreciation and Amortisation	6	7,41,072	84,29,855
Provision for Impairment Loss	6	—	7,28,34,724
		<u>3,78,49,77,391</u>	<u>50,97,61,889</u>
Profit /(Loss) for the year		55,52,209	(16,19,12,220)
Add /(Less) : Prior period adjustments (net)		5,18,248	(5,11,840)
		<u>60,70,457</u>	<u>(16,24,24,060)</u>
Profit /(Loss) before Tax			
Less: Tax Provision			
Income Tax		—	—
Wealth Tax		45,798	21,802
Income / Wealth Tax for earlier years		3,884	25,478
		<u>60,20,775</u>	<u>(16,24,71,340)</u>
Profit /(Loss) after Tax			
Balance brought forward from Previous Year		(14,68,08,613)	1,56,62,727
Balance carried to Balance Sheet		<u>(14,07,87,838)</u>	<u>(14,68,08,613)</u>
Earning per share (EPS)			
(Refer Note No. 18 of Schedule 19)			
Basic Earning Per Share		0.20	(7.87)
Diluted Earning Per Share		0.20	(7.87)
Significant Accounting Policies	18		
Notes forming part of the Accounts	19		

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

As per our report of even date

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered AccountantsFor **Habib & Co.**
Chartered Accountants

For and on behalf of the Board

Narendra Jain
(Partner)
Membership No. 048725**D. P. Shroff**
(Partner)
Membership No. 045417**S. S. Kasliwal** Chairman
S. K. Luharuka Whole Time Director
Manju B. Batham Company SecretaryPlace : Mumbai
Dated : 27th February, 2012Place : Mumbai
Dated : 27th February, 2012Place : Mumbai
Dated : 27th February, 2012

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

(Amount in Rupees)

Particulars	Current Year	Previous Year
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax and prior period adjustments	55,52,209	(16,19,12,220)
Adjustments for :		
Depreciation [#]	9,11,53,457	84,29,855
Provision for Impairment	—	7,28,34,724
Miscellaneous Expenditure written off	—	5,35,93,019
Provision for doubtful debts written back	—	(1,42,699)
Provision for doubtful debts	—	24,03,916
Bad debts written off	24,69,203	—
Interest expense [#]	94,32,60,938	1,05,809
Interest received [#]	(1,85,15,171)	(7,97,428)
Loss on sale of assets [#]	97,34,544	13,27,956
Sundry balances written back (net) [#]	(16,62,796)	(59,308)
Operating profit before Working Capital Changes	1,03,19,92,384	(2,42,16,376)
Adjustments for :		
Trade and other Receivables	(3,29,65,35,384)	(69,74,13,160)
Inventories	(2,20,82,01,878)	(1,23,16,41,810)
Trade Payables	1,65,33,67,666	2,85,21,79,852
Cash generated from Operations	(2,81,93,77,212)	89,89,08,505
Direct Taxes (Paid) / Refund (Net of Refund / Paid)	(38,57,274)	(11,10,482)
Cash Flow before prior period adjustments	(2,82,32,34,486)	89,77,98,024
Prior period adjustments (income / (loss))	5,18,248	(5,11,840)
NET CASH FROM OPERATING ACTIVITIES :	TOTAL (A)	(2,82,27,16,238)
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchases of Fixed Assets (including capital work-in-progress)	(11,69,26,607)	(24,20,11,778)
Sale of Fixed Assets	38,05,039	5,31,526
Purchase of Investments	—	(2,00,000)
Interest received	2,88,75,935	98,35,665
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	TOTAL (B)	(8,42,45,633)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of convertible Equity Warrants	2,15,25,00,000	56,00,00,000
Share issue expenses	(28,70,000)	—
Repayment of preference shares	(2,53,88,800)	—
Proceeds from Secured Loans (Net of Repayments)	1,42,11,39,304	61,58,15,590
Proceeds / (Repayment) from Unsecured Loans (Net)	—	(66,27,85,371)
Interest and finance charges paid	(97,91,40,565)	(95,61,92,368)
NET CASH FROM FINANCING ACTIVITIES	TOTAL (C)	(2,56,62,39,939)
Net Increase in Cash & Cash Equivalents	TOTAL (A+B+C)	(34,07,21,932)
Cash and Cash Equivalents - Opening Balance	54,78,34,975	32,55,55,528
Cash and Cash Equivalents - Closing Balance	20,71,13,043	54,78,34,975

#Consist of amount included in "cost of construction", which is charged to profit and loss account during the year.

Notes:

- The above statement has been prepared by the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement as specified in the Companies (Accounting Standards) Rules, 2006.
- Cash and Cash Equivalents represents Cash and Bank balances including fixed deposits of Rs. 12,52,805 (P.Y.: Rs. 11,89,693) pledged with Banks for issuing bank guarantee and fixed deposit amounting to Rs. Nil (P.Y.: Rs. 13,77,29,970) held under lien by bank as a security against loan taken from banks and bank balance of Rs. Nil (P.Y.: Rs. 1,26,18,000) is lying in Collection Reality Finance (CRF) account of ICICI Bank which is kept aside for repayment of existing facility of ICICI Bank towards principal and interest and Rs. 87,34,000 (P.Y.: Nil) held under lien against by Bank as security against Letter of Credit.
- Previous year's figures have been regrouped and reclassified, wherever necessary.

As per our report of even date

As per our report of even date

For **Khandelwal Jain & Co.**For **Habib & Co.**

For and on behalf of the Board

Chartered Accountants

Chartered Accountants

Narendra Jain**D. P. Shroff****S. S. Kasliwal**

Chairman

(Partner)

(Partner)

S. K. Luharuka

Whole Time Director

Membership No. 048725

Membership No. 045417

Manju B. Batham

Company Secretary

Place : Mumbai

Place : Mumbai

Place : Mumbai

Dated : 27th February, 2012

Dated : 27th February, 2012

Dated : 27th February, 2012

Schedules '1' to '19' annexed to and forming part of the Balance Sheet as at 31st December, 2011 and the Profit and Loss Account for the year ended at that date.

(Amount in Rupees)

		AS AT 31-12-2011		AS AT 31-12-2010
Schedule 1 - Share Capital				
Authorised				
9,57,11,120 (Previous Year: 9,57,11,120) Equity Shares of Rs. 10 each	95,71,11,200		95,71,11,200	
1,36,877 (Previous Year: 1,36,877) 11% Redeemable Cumulative Preference Shares of Rs. 100 each	1,36,87,700		1,36,87,700	
1,17,011 (Previous Year: 1,17,011) Zero percent Redeemable Preference Shares of Rs. 100 each	1,17,01,100		1,17,01,100	
17,50,000 (Previous Year: 17,50,000) Unclassified Shares of Rs. 10 each	1,75,00,000	1,00,00,00,000	1,75,00,000	1,00,00,00,000
Issued, Subscribed and Paid-up				
4,11,34,540 (Previous Year: 2,06,34,540) Equity Shares of Rs. 10 each (Refer Note No. 1 of Schedule 19)	41,13,45,400		20,63,45,400	
NIL (Previous Year: 1,36,877) 11% Redeemable Cumulative Preference Shares of Rs. 100 each (Refer Note No.2 of Schedule 19)	—		1,36,87,700	
NIL (Previous Year: 1,17,011) Zero percent Redeemable Preference Shares of Rs. 100 each (Refer Note No. 2 of Schedule 19)	—	41,13,45,400	1,17,01,100	23,17,34,200
		41,13,45,400		23,17,34,200
Note : 34,39,090 Equity Shares of Rs. 10 each were allotted in 2006 as fully paid up bonus shares in the ratio of 1:5 by way of capitalisation of Rs. 3,43,90,900 from General Reserve.				
Schedule 2 - Convertible Equity Share Warrants				
Nil (Previous Year: 2,05,00,000 equity warrants at Rs. 140 each Rs. 35 paid on application) (Refer Note No. 1 of Schedule 19)		—		71,75,00,000
		—		71,75,00,000
Schedule 3 - Reserves & Surplus				
Capital Reserve				
Share Premium (Refer note no. 1 of Schedule 19)				
Balance as per Last Balance Sheet	—			
Add: Received during the year	2,66,50,00,000			
Less: Utilised towards share issue expenses	28,70,000	2,66,21,30,000		
Workers' Welfare and Benevolent Reserve		24,857		24,857
		2,66,23,04,357		1,74,357

(Amount in Rupees)

AS AT 31-12-2011	AS AT 31-12-2010
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Schedule 4 - Secured Loans**Term Loans****A) From Banks**

i) Term loans - Project	—		4,21,64,89,264	
(Secured against pari passu charge with lenders, - on mortgage of portion of land bearing plot No.5B & 6, - on mortgage on the property together with Building and Structures thereon, - on project receivables - mortgage and charge /assignment by way of all rights, title, interest, claims, benefits, demands under the project documents both present and future, - on Escrow Account and DSR Account, - personal guarantee of one of the Director, - pledge of Nil shares (P.Y.: 74,28,454) of the Company held by promoters - Corporate Guarantee of promoter, Akhilesh Developers Private Limited (Amount repayable within one year Rs. Nil (P.Y.: Rs. 4,21,64,89,264)				
ii) Vehicle loans	48,86,388	48,86,388	18,89,227	4,21,83,78,491
(Secured against hypothecation of assets financed) [Amount repayable within one year Rs. 16,57,524 (P.Y.: Rs. 12,69,286)]				

B) From others

i) Terms loan -Project	5,50,00,00,000		—	
(a) Secured against registered mortgage of Plot Nos. 5B&6 situated at Shree Ram Mills Premises, Lower Parel Div., Mumbai together with building and structures thereon, both present and future viz. "Palais Royale" and further secured by first and exclusive charge on all the receivables/ cash flows arising from the sale of the aforesaid project of developed area as well as pre-sold in favour of the Lender and personal guarantee of one of the Director				
(ii) Equipment Loans	42,52,23,700		29,17,61,296	
(b) Secured against hypothecation of assets financed, pledge of 17,47,830 shares (P.Y.: 7,47,830 shares) of company held by promoters and personal guarantee of one of the Director. (Amount repayable within one year Rs. 13,45,24,812) (P.Y.:Rs. 17,48,24,356)				
iii) Vehicle loan	11,69,003		—	
(Secured against hypothecation of assets financed) (Amount repayable within one year Rs. 3,93,744) (P.Y.:Nil)				
	5,92,63,92,703		29,17,61,296	
	5,93,12,79,091		4,51,01,39,787	

Schedule 5 - Unsecured Loans

Loans from Corporates	5,33,99,000		5,33,99,000
	5,33,99,000		5,33,99,000

Schedule No. 6 - Fixed Assets (Refer Note No. 8 of Schedule 19) (Amount in Rupees)

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION			IMPAIRMENT			NET BLOCK		
		As at 01-01-2011	Additions during the Year	Deductions / Adjustments during the Year	As at 31-12-2011	As at 01-01-2011	For the Year	Deductions/ Adjustments during the year	As at 31-12-2011	For the Year	Adjustment during the year	As at 31-12-2011	As at 31-12-2010
1	Land - Leasehold	5,625	—	—	5,625	2,600	200	—	2,800	—	—	2,825	3,025
2	Land - Freehold	1,08,20,68,875	—	—	1,08,20,68,875	—	—	—	—	—	—	1,08,20,68,875	1,08,20,68,875
3	Buildings - Residential	1,05,99,990	—	—	1,05,99,990	21,50,981	3,48,643	—	24,99,624	—	—	81,00,366	84,49,009
4	Buildings Leasehold Land	4,46,215	—	—	4,46,215	2,84,556	7,273	—	2,91,829	—	—	1,54,386	1,61,659
5	Roads	2,42,000	—	—	2,42,000	17,974	3,945	—	21,919	—	—	2,20,081	2,24,026
6	Fire Fighting Equipments	2,11,975	—	—	2,11,975	2,06,579	751	—	2,07,330	—	—	4,646	5,396
7	Computers & Peripherals	5,01,728	89,723	—	5,91,451	4,00,704	43,759	—	4,44,463	—	—	1,46,988	1,01,024
8	Office Equipments	1,08,328	31,678	—	1,40,006	28,674	5,388	—	34,012	—	—	1,05,994	79,655
9	Motor Cars	19,72,752	28,09,427	13,48,133	34,34,046	4,36,186	3,01,064	5,59,578	1,77,672	—	—	32,56,374	15,36,566
10	Air Conditioners	4,27,620	—	—	4,27,620	87,533	20,312	—	1,07,845	—	—	3,19,775	3,40,087
11	Furniture & Fixtures	—	9,788	—	9,788	—	9,788	—	9,788	—	—	—	—
12	Plant & Machinery	23,41,34,352	—	23,12,03,811	29,30,541	10,37,55,701	—	10,09,71,687	27,84,014	11,86,71,933	—	1,46,527	1,17,06,718
13	Air Conditioner for Plant & Machinery	1,51,06,686	—	1,51,06,686	—	65,71,184	—	65,71,184	—	77,80,168	—	—	7,55,334
14	Factory Equipments	24,67,218	—	24,67,218	—	10,77,489	—	10,77,489	—	12,66,368	—	—	1,23,361
	Total (A)	1,34,82,93,364	29,40,616	25,01,25,848	1,10,11,08,132	11,50,20,161	7,41,072	10,91,79,938	65,81,296	12,77,18,469	—	1,09,45,26,836	1,10,55,54,734
	Previous Year (A)	1,35,11,95,664	6,30,869	35,33,169	1,34,82,93,364	10,86,26,631	84,29,855	20,36,325	11,50,20,161	5,48,83,745	7,28,34,724	1,10,55,54,734	1,18,76,85,288
	Real Estate Dev. Division												
15	Computers & Printers	46,85,435	9,05,588	—	55,91,023	18,07,337	8,60,693	—	26,68,030	—	—	29,22,993	28,78,098
16	Intangible Assets (Software)	14,22,871	1,70,321	—	15,93,192	8,76,153	3,44,803	—	12,20,956	—	—	3,72,236	5,46,718
17	Air Conditioners	14,69,822	99,270	—	15,69,092	2,21,758	74,088	—	2,95,846	—	—	12,73,246	12,46,064
18	Plant & Machinery	20,58,27,220	5,80,94,839	—	26,39,22,057	2,46,73,595	1,07,53,959	—	3,54,27,554	—	—	22,84,94,503	18,11,53,632
19	Heavy Earth Moving Machinery	94,52,217	59,04,269	—	1,53,56,486	32,18,722	12,74,719	—	44,93,441	—	—	1,08,63,045	62,33,495
20	Motor Buses & Lorries	6,65,520	—	—	6,65,520	2,02,714	75,270	—	2,77,984	—	—	3,87,536	4,62,806
21	Office Equipments	44,02,278	4,07,741	10,02,001	38,08,018	9,53,331	1,83,891	1,69,406	9,67,816	—	—	28,40,202	34,48,947
22	Laboratory Equipments	36,18,442	14,063	—	36,32,505	5,39,658	1,60,007	—	6,99,665	—	—	29,32,840	30,78,784
23	Temporary Structures	84,14,336	70,94,230	—	1,35,08,566	13,12,109	6,24,758	—	19,36,867	—	—	1,15,71,699	51,02,227
24	Furniture & Fixtures	1,35,55,829	6,94,928	—	1,42,50,757	29,87,246	9,66,803	—	39,54,049	—	—	1,02,96,708	1,05,68,583
25	Office Buildings	92,93,134	—	—	92,93,134	4,59,376	1,51,478	—	6,10,854	—	—	86,82,280	88,33,758
26	Motor Cars	62,39,608	57,97,668	—	1,20,37,276	13,14,301	7,14,967	—	20,29,268	—	—	1,00,08,008	49,25,307
27	Electrical Fittings	43,82,012	—	—	43,82,012	5,95,196	2,08,146	—	8,04,342	—	—	35,77,670	37,85,816
28	Shuttering & Scaffolding	59,66,54,266	—	—	59,66,54,266	15,43,97,413	9,94,42,405	—	25,38,39,818	—	—	34,23,14,468	44,22,56,873
	Total (B)	86,80,83,010	7,91,82,917	10,02,001	94,62,63,924	19,35,59,902	11,58,35,987	1,69,406	30,92,26,490	—	—	63,70,37,434	67,45,23,108
	Previous Year (B)	59,14,82,911	27,75,94,644	9,94,545	86,80,83,010	9,51,16,283	9,90,01,159	5,57,539	19,35,59,902	—	—	67,45,23,108	49,63,66,629
	Total (A+B)	2,21,63,76,374	8,21,23,533	25,11,27,849	2,04,73,72,056	30,85,80,063	11,65,77,059	10,93,49,344	31,58,07,786	12,77,18,469	—	1,73,15,64,270	1,78,00,77,842
	Previous Year (A+B)	1,94,26,78,575	27,82,25,513	45,27,714	2,21,63,76,374	20,37,42,914	10,74,31,014	25,93,864	30,85,80,063	5,48,83,745	7,28,34,724	1,78,00,77,842	1,68,40,51,916
	Capital Work in Progress (Including Capital Advances)	—	—	—	—	—	—	—	—	—	—	—	7,19,683

	(Amount in Rupees)	
	AS AT 31-12-2011	AS AT 31-12-2010
Schedule 7 - Investments		
"A" Government Securities - Quoted		
3% Government Loan 1986 (Deposited with Central Excise as Security) (Matured but not realised)	3,521	3,521
5% Loan 2000 (Deposited with Central Excise as Security)	1,000	1,000
	<u>4,521</u>	<u>4,521</u>
Less : Provision for diminution in Value	4,521	4,521
	—	—
"B" Trade - Shares		
Quoted Equity Shares : (Fully Paid)		
1704 (Previous Year : 1704) Equity Shares of Rs. 100 each of Mafatlal Engineering Industries Ltd.	1,72,601	1,72,601
Less : Provision for diminution in value	1,72,601	1,72,601
	—	—
Unquoted Equity Shares (Fully Paid)		
Equity Shares in Subsidiary Company		
10,000 (Previous Year: 10,000) Equity Shares of Rs. 10 each of SRM Sites Pvt. Ltd.	1,00,000	1,00,000
10,000 (Previous Year: 10,000) Equity Shares of Rs. 10 each of Raghuv eer Suburban Infrastructure Pvt. Ltd.	1,00,000	1,00,000
10,000 (Previous Year: 10,000) Equity Shares of Rs. 10 each of Shree Ram Real Infra Ventures Pvt. Ltd.	1,00,000	1,00,000
Other Investment		
10 (Previous Year: 10) Equity share of Rs. 1000 each of Engineering Raw Material Consumers Corporation Ltd.	10,000	10,000
Less : Provision for diminution in value	10,000	10,000
	—	—
9,90,000 (Previous Year: 9,90,000) Equity shares of Rs. 10 each of Raghuv eer Urban Constructions Company Pvt. Ltd. (formerly known as Raghuv eer Urban Infrastructure Pvt. Ltd.)	99,00,000	99,00,000
"C" Contribution towards Proposed East India Cotton Association Society in an earlier year (Towards Share Application, Allotment letter not yet received)	4,000	4,000
Less : Provision for diminution in value	4,000	4,000
	—	—
	<u>1,02,00,000</u>	<u>1,02,00,000</u>
	—	—
Aggregate Book Value - Quoted - Unquoted	1,02,00,000	1,02,00,000
Aggregate Market Value - Quoted	—	—

(Amount in Rupees)

	AS AT 31-12-2011	AS AT 31-12-2010
Schedule 8 - Current Assets, Loans and Advances		
(a) Interest accrued on fixed deposits	8,41,119	94,41,571
	8,41,119	94,41,571
(b) Inventories (As taken, valued and certified by the management)		
i) Materials for Real Estate Activity	7,75,81,652	4,33,88,743
ii) Material in transit	16,55,806	71,64,042
iii) Stores and Spares	90,66,732	2,53,31,711
iv) Cost of Construction (Real Estate Development) (Schedule No.14)	8,43,01,30,384	6,10,83,77,943
	8,51,84,34,574	6,18,42,62,439
	8,51,84,34,574	6,18,42,62,439
(c) Sundry Debtors Debts outstanding for a period exceeding six months		
Unsecured, considered good	71,32,000	3,60,64,354
Unsecured, considered doubtful	57,02,919	57,02,919
	1,28,34,919	4,17,67,273
Less : Provision for doubtful debts	57,02,919	57,02,919
Others, Unsecured considered good	12,29,39,888	3,60,64,354
	13,00,71,888	3,73,54,688
	13,00,71,888	7,34,19,041
(d) Cash and Bank Balances		
Cash on hand	1,07,55,521	1,07,64,745
Bank Balances with Scheduled Banks :		
In Current Accounts	6,81,54,947	39,02,62,134
In Fixed Deposit Accounts	12,82,02,575	14,68,08,096
	20,71,13,043	54,78,34,975
	20,71,13,043	54,78,34,975
(1) Balance in Current account includes Bank balance of Rs. Nil (P.Y.: 1,26,18,000) is lying in Collection Reality Finance (CRF) of ICICI Bank, which is kept aside for repayment of existing facility of ICICI Bank towards principal and interest.		
(2) Fixed Deposits amounting to Rs. 12,52,805 (P.Y.: Rs. 11,89,693) Pledged with the Banks for issuing Bank Guarantees and Fixed Deposits of Rs. Nil (P. Y.: Rs. 13,77,29,970) held under lien by Banks as a security for loan taken from Banks and Rs. 87,34,000 (P.Y.: Nil) held under lien against by bank as security against Letter of Credit.		
(e) Other Current Assets	50,56,70,862	—
Unbilled Receivables (Net of advances of Rs. 32,51,46,472 (P.Y.:Nil) for ongoing project)	50,56,70,862	—
	50,56,70,862	—
(f) Loans and Advances (Unsecured, Considered Good)		
Advances Recoverable in cash or kind or for value to be received		
Considered good	5,26,87,14,490	2,55,02,08,273
Considered doubtful	8,70,287	8,70,287
	5,26,95,84,777	2,55,10,78,560
Less : Provision for Doubtful Advance	8,70,287	8,70,287
	5,26,87,14,490	2,55,02,08,273
Advances/Loans to officer and staff	21,60,000	19,40,000
Deposits	1,81,09,993	79,56,023
Prepaid expenses	69,03,646	41,76,802
Tax Deducted at Source/ Advance Taxes (Net of provisions and including refund receivable)	2,02,90,534	1,64,57,287
MAT Credit entitlement	2,83,607	2,83,607
	5,31,64,62,270	2,58,10,21,992
	5,31,64,62,270	2,58,10,21,992

(Amount in Rupees)

AS AT	AS AT
31-12-2011	31-12-2010

Schedule 9 - Current Liabilities and Provisions**A. Current Liabilities**Sundry Creditors for goods and expenses:

Amount Outstanding to Micros, Small and Medium Enterprises (Refer Note No.19 of Schedule 19)

	—	—	—	—
Due to subsidiary company	1,60,44,92,644		—	
Others	24,39,31,115		55,36,02,109	
Interest Accrued but not due on Loans	8,17,23,023		1,56,18,630	
Advances against sale of flats	5,02,13,64,058		4,75,61,92,318	
Deposits	14,46,26,297		14,46,26,297	
Other Liabilities	42,43,75,390	7,52,05,12,527	33,31,58,603	5,80,31,97,957
	<u>7,52,05,12,527</u>		<u>33,31,58,603</u>	<u>5,80,31,97,957</u>
		<u>7,52,05,12,527</u>		<u>5,80,31,97,957</u>

B. Provisions

(a) Provision for Gratuity	19,89,071		15,93,849	
(b) Provision for Leave Encashment	6,91,415		9,46,189	
(c) Provision for Bonus	1,05,104		83,817	
(d) Provision for Wealth Tax	42,656	28,28,246	17,000	26,40,855
	<u>28,28,246</u>		<u>17,000</u>	<u>26,40,855</u>
		<u>28,28,246</u>		<u>26,40,855</u>

Schedule 10- Profit and Loss Account

Balance as per Profit and Loss Account	14,07,87,838		14,68,08,613	
Less : General Reserve	<u>1,50,00,000</u>	<u>12,57,87,838</u>	<u>1,50,00,000</u>	<u>13,18,08,613</u>
		<u>12,57,87,838</u>		<u>13,18,08,613</u>

(Amount in Rupees)

	YEAR ENDED 31-12-2011		YEAR ENDED 31-12-2010	
Schedule 11 - Sales and Services				
Sale of Flats - Ongoing Project		3,53,65,83,555		—
Sales - Textile		24,81,49,453		32,89,35,602
Income from Business Centre (TDS Rs. 44,201) (Previous year : Rs. 4,03,563)		19,07,177		1,70,97,467
		<u>3,78,66,40,185</u>		<u>34,60,33,069</u>
Schedule 12 - Other Income				
Interest (TDS Rs. 18,57,911) (Previous year : Rs. 18,16,977)	1,99,52,218		1,57,88,309	
Rent Income (Net) (TDS Rs. 30,000) (Previous year : Rs. 30,000)	6,57,303		8,57,833	
Interest on I.T. Refund	3,23,265		—	
Sundry Balance Written Back (Net) (Refer Note No. 20 of Schedule 19)	18,60,312		—	
Scrap Sales	24,32,334		10,65,785	
Provision for doubtful debts written back	—		1,42,699	
Insurance claim received	4,250		18,15,467	
Miscellaneous Income	49,511	2,52,79,193	736	1,96,70,829
Less : Transferred to Cost of Construction (Real Estate Development) (Sch.14)		2,13,89,778		1,78,54,229
		<u>38,89,415</u>		<u>18,16,600</u>
Schedule 13 - Trading Purchases				
Stocks at Commencement	—		—	
Purchases	23,97,47,533		31,73,26,186	
Stock at Close	—	23,97,47,533	—	31,73,26,186
		<u>23,97,47,533</u>		<u>31,73,26,186</u>

	(Amount in Rupees)	
	YEAR ENDED 31-12-2011	YEAR ENDED 31-12-2010
Schedule 14 - Cost of Construction (Real Estate Development)		
Opening Balance	6,10,83,77,943	3,89,29,96,538
Add :		
Material Consumed		
Opening stock (including material in transit Rs. 71,64,043)	5,05,52,786	1,09,96,510
Add: Purchase of materials during the year	1,28,00,54,441	39,78,80,040
Less : Closing Stock (including material in transit Rs. 16,55,806)	<u>7,92,37,458</u>	<u>5,05,52,786</u>
	1,25,13,69,769	35,83,23,764
Stores and Spares Consumed		
Opening Stock of Stores and Spares, Tools / Electrical Item	2,53,31,711	60,68,020
Add: Purchase of Stores and Spares, Tools / Transfer from CWIP	1,05,63,273	2,23,25,061
Less:Closing Stock of Stores and Spares, Tools/Electrical Items	<u>90,66,732</u>	<u>2,53,31,711</u>
	2,68,28,252	30,61,370
Contract, Sub-contract with material and other charges	3,12,58,36,234	71,64,75,974
Power and Fuel expenses	2,94,82,857	1,81,68,759
Water charges	1,52,68,220	71,26,074
Premium charges-BMC	10,29,34,105	—
Payment to and provision for employees	1,08,05,377	96,30,433
Administration and Other expenses	8,78,43,598	6,29,73,184
Finance and Interest expenses	1,04,50,19,828	95,84,74,915
Depreciation	11,58,35,987	9,90,01,159
	<u>4,53,30,26,206</u>	<u>9,90,01,159</u>
	5,81,12,24,227	2,23,32,35,633
	11,91,96,02,170	6,12,62,32,171
Less: Interest on FDR	1,88,39,777	1,49,90,882
Sundry Balance Written back (Net)	1,13,417	—
Insurance claim received	4,250	17,97,562
Scrap Sales	<u>24,32,334</u>	<u>10,65,785</u>
	2,13,89,778	1,78,54,229
	11,89,82,12,392	6,10,83,77,943
Less : Balance Carried to Inventories (Schedule 8 (b))	<u>8,43,01,30,384</u>	<u>6,10,83,77,943</u>
Transferred to Profit and Loss Account	<u>3,46,80,82,008</u>	—
Schedule 15- Payment to and Provision for Employees		
Salaries, Wages and other allowances	1,47,45,618	1,29,64,940
Contribution to Provident Fund	10,56,761	8,73,042
Contribution to Other Funds	52,213	57,339
Gratuity	5,37,212	3,92,002
Staff welfare expenses	<u>8,72,011</u>	<u>7,69,983</u>
	1,72,63,815	1,50,57,307
Less: Transferred to Cost of Construction (Real Estate Development) (Sch.14)	1,08,05,377	96,30,433
	<u>64,58,438</u>	<u>54,26,873</u>

(Amount in Rupees)

	YEAR ENDED 31-12-2011	YEAR ENDED 31-12-2010
Schedule 16 - Administration and other expenses		
Insurance	95,99,237	87,51,318
Rent	81,109	2,04,600
Rates and Taxes	71,87,461	56,71,499
Security charges	44,29,934	35,53,936
Foreign exchange loss/(gain)	10,44,492	(13,66,539)
Miscellaneous expenses	1,28,48,884	93,18,464
Office expenses	3,44,558	5,39,475
Printing, Stationery and Postage etc.	27,25,203	23,89,364
Legal and Professional fees	7,70,28,082	5,51,97,983
Conveyance and Travelling expenses	1,47,14,671	1,07,56,079
Motor car expenses	26,89,844	8,40,721
Director sitting fees/Other fees	2,20,000	1,33,000
Brokerage Charges	24,99,457	—
Refreshment charges	83,654	1,14,209
Advertisement and Publicity	4,44,322	5,00,532
Custodial/Revocation/Listing fees	1,68,599	4,69,072
B. M. C. expenses	19,13,979	17,89,121
Membership and Subscription	6,92,439	7,67,652
Telephone expenses	8,39,429	7,58,037
Donations	2,95,000	3,16,000
Power and Fuel	8,01,282	68,56,545
Share issue / Transfer expenses	1,82,734	63,414
Miscellaneous expenses written off	—	5,35,93,019
Bad debts written off	24,69,203	—
Provision for doubtful debts	—	24,03,916
Sundry balance written off (net) (Refer note 20 of Sch.19)	—	3,42,612
Loss on sale of Fixed Assets (Net)	1,02,55,008	14,02,325
Repairs and Maintenance - Building	55,200	33,750
Repairs and Maintenance - Machinery	2,15,024	26,033
Repairs and Maintenance - Others	17,88,454	16,51,449
Auditors Remuneration	19,49,550	15,34,041
	15,75,66,809	16,86,11,626
Less : Transferred to Cost of Construction (Real Estate Development) (Sch.14)	8,78,43,598	6,29,73,184
	6,97,23,211	10,56,38,442
Schedule 17 - Finance and Interest expenses		
Term Loans	95,51,86,390	62,66,55,718
Others	31,266	1,18,751
Finance charges	9,00,27,301	33,18,06,255
	1,04,52,44,957	95,85,80,724
Less : Transferred to Cost of Construction (Real Estate Development) (Sch.14)	1,04,50,19,828	95,84,74,915
	2,25,129	1,05,809

Schedule 18 - SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31st DECEMBER, 2011**BASIS OF ACCOUNTING:**

The Financial statements are prepared under historical cost convention, on accrual basis, in accordance with the Generally Accepted Accounting Principles in India and comply with Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and the provisions of the Companies Act, 1956, (the 'Act') to the extent applicable.

USE OF ESTIMATES:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported accounts of revenues and expenses for the years presented. Although these estimates are based upon management's knowledge of current event and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future periods.

REVENUE RECOGNITION:**(i) Policy in respect of Real Estate Sales:**

The Company follows Accounting Standard AS-9 'Revenue Recognition' read alongwith the Guidance Note on 'Recognition of Revenue by the Real Estate Developers' issued by the Institute of Chartered Accountants of India. Revenue in respect of real estate sales is recognized when the Company has transferred to the buyer all significant risks and rewards of ownership, i.e., when the buyer has entered into an agreement for sale which is duly registered and according to which the buyer has a legal right to sell or transfer his interest in the property, without any material condition. Where the Company is obliged to perform substantial acts after the transfer of all significant risk and rewards of ownership, the revenue is recognized on proportionate basis as the acts are performed, by applying percentage of completion method in the manner explained in Accounting Standard AS-7 'Construction Contracts' as notified under the Companies (Accounting Standards) Rules, 2006. Further, Revenue is recognized, in relation to the sold areas only, on the basis of percentage of actual cost incurred thereon including cost of land as against the total estimated cost of the project under execution subject to such actual costs being 30% or more of the total estimated cost. Estimated project cost includes cost of land / development rights, borrowing costs, overheads, estimated construction and development cost of such properties. The estimates of the saleable area and costs are reviewed periodically and effect of any changes in such estimates is recognised in the period in which such changes are determined. However, when the total project cost is estimated to exceed total revenues from the project, loss is recognized immediately.

(ii) Others:

Interest income is recognized on accrual basis on a time proportion basis.

Dividend income is recognized when the Company's right to receive dividend is established.

UNBILLED RECEIVABLES:

Unbilled receivables disclosed under Schedule 8 - "Other Current Assets" represents revenue recognized based on Percentage of completion method, as per Revenue Recognition Policy in respect of Real Estate Sales, over and above the amount due as per the payment plans agreed with the customers.

FIXED ASSETS:

All fixed assets are stated at cost of acquisition, less accumulated depreciation except leasehold land, and intangible assets which are stated at cost less amounts amortized. Cost includes purchase price and all other attributable costs of bringing the assets to its working condition for intended use. Financing costs relating to borrowed funds attributable to acquisition, which takes substantial period of time to get ready for its intended use are also included, for the period till such asset is put to use.

DEPRECIATION / AMORTISATION :

- a) Depreciation on fixed assets (other than Fire Fighting Equipment at Avadh Division) is provided on Straight Line Method (SLM) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 except for depreciation on Shuttering & Scaffolding which are being depreciated on SLM at 16.67% p.a. based on useful life determined by the Management.
- b) Depreciation on Fire Fighting Equipment at Avadh Division is provided on written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- c) The depreciation has not been charged on Fixed Assets whose written down value had reached below 5% of its cost.
- d) Asset costing Rs. 5,000 or less individually is fully depreciated in the year of purchase.
- e) Leasehold land is amortized over the period of the lease.
- f) Software are being amortized over the estimated useful life of 3 years.
- g) In case of impairment loss, if any, depreciation on it is provided on the revised carrying amount for their remaining useful life.

IMPAIRMENT OF ASSETS:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If recoverable amount of such asset is less than the carrying amount, then the carrying amount is reduced to its recoverable amount and the difference arising therefrom is treated as impairment loss and is charged to profit & loss account.

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

BORROWING COST:

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are considered as part of the cost of that asset upto the date the assets are ready / put to use. Other Borrowing costs are recognized as an expense in the year in which they are incurred.

INVESTMENTS:

Long term Investments are stated at cost. However, provision is made for diminution in value, other than temporary, on individual basis.

INVENTORIES:

Materials, Stores and Spares, tools and consumables are valued at cost or net realizable value, whichever is lower on the basis of 'First In First Out' (FIFO) method.

Work-in-progress is valued at lower of cost and net realizable value. Cost of construction includes cost of land, materials, services, depreciation, interest on borrowing and other incidental cost incurred in relation to project.

COST OF CONSTRUCTION (Real Estate Development):

Cost of construction includes cost of land, materials, services, depreciation, interest on borrowing and other incidental cost incurred in relation to project.

EMPLOYEE BENEFITS:a) **Defined Contribution Plan**

Company's contribution to Provident Fund is deposited with the Employees Provident Fund Organization (EPFO). The Company's monthly contribution towards Provident Fund is accounted for on accrual basis.

b) **Defined Benefit Plan**

Liability on account of 'Gratuity' is accounted for on the basis of Actuarial Valuation at the end of each year.

c) **Other Long Term**

Liability on account of 'leave encashment' is made on the basis of Actuarial Valuation at the end of the year.

d) **Other Short Term**

Other Short term Employee Benefits are charged to revenue in the year in which the related services are rendered.

MISCELLANEOUS EXPENDITURE:

Expenditure in the nature of miscellaneous expenditure represented by Voluntary Termination Benefits are amortized in accordance with Accounting Standard 15 (Revised) 'Employee Benefits' notified under the Companies (Accounting Standards) Rules, 2006.

SHARE ISSUE EXPENSES:

Share Issue Expenses are adjusted against Share Premium to the extent balance available in the share premium account.

TAXATION:

- a) Current tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.
- b) Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been announced up to the balance sheet date. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the profit and loss account of the respective year of change.
- c) Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognized only if there is a virtual certainty of its realization supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is reasonable certainty of its realization.

FOREIGN CURRENCY TRANSACTIONS:

- a) The transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.
- b) Current Assets and Current Liabilities in foreign currency outstanding at the Balance Sheet date are translated at the exchange rates prevailing on the date of Balance Sheet.

The resulting Exchange Difference, if any, is charged to the Profit and Loss Account.

EARNINGS PER SHARE ('EPS'):

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

PROVISIONS:

Provision is recognized when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

LEASES:

Lease arrangements where the risk and rewards incident to ownership of asset substantially vest with the lessor are recognized as operating lease. Lease rent under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Assets given under operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight line basis over the lease term. Costs including depreciation are recognized as expense in the Profit and Loss Account.

SEGMENT POLICIES:

Company's reporting segments are identified based on activities / products, risks and rewards, organization structure and internal reporting systems.

Segment revenue and expense includes amounts, which can be directly attributed to the segment and are allocable on a reasonable basis. Unallocable items and interest income / expenses are disclosed separately.

Segment assets and liabilities are operating assets / liabilities by the segments which are directly attributable to the segment. The components of capital employed that cannot be directly identified are shown as unallocable capital employed.

CONTINGENT LIABILITIES:

The Company makes a provision when there is present obligation as a result of past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- (i) Possible obligation, the existence of which will be confirmed by the occurrence / non-occurrence of one or more uncertain events, not fully within the control of the company;
- (ii) Present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- (iii) Present obligation where a reliable estimate cannot be made;

OTHER ACCOUNTING POLICIES:

These are consistent with the generally accepted accounting practices.

Schedule 19 - Notes forming part of the accounts for the year ended 31st December, 2011**1. Preferential Issue:**

During the year, the Company has allotted 75,40,400 Equity Shares on 15th June 2011 and 1,29,59,600 Equity Shares on 29th July 2011 on preferential allotment basis upon conversion of 205,00,000 Equity Share Warrants into equivalent number of Equity Shares of Rs.10 each fully paid at a premium of Rs. 130 per share to the Promoters and Others. Consequent to the above allotment of shares, the issued and Paid-up share capital of the Company now stands at Rs. 41,13,45,400. The Difference between the issue price and the face value of the equity shares amounting to Rs. 266,50,00,000 has been credited to Shares Premium Account. The aforesaid equity share issue shall rank pari passu in all respect with the existing equity shares of the Company. During the year, the Company has adjusted share issue expenses of Rs. 28,70,000 against the balance of share premium account.

Equity shares allotted pursuant to exercise of equity warrants are subject to lock-in for a period of three years for the promoters group i.e. 1,60,84,678 equity shares and for the period of one year for other allottees i.e. 44,15,322 equity shares.

The amount received during the year has been utilized towards the objects of the issue. Detail of the amount received is as under:

Number of Warrants issued /allotted	Issue price of the warrant	Total Amount (Rs.) Received
2,05,00,000	Rs. 140 (balance Rs. 105 i.e. 75% of Rs. 140 received)	2,15,25,00,000

2. Preference shareholders had given consent at their general meeting held on 5th July, 2010 for redemption of preference shares earlier than the date its redemption. Accordingly, during the year, the company has redeemed 1,17,011 - 0 % Redeemable Preference Shares of face value of Rs.100 each and 1,36,877 - 11% Redeemable Cumulative Preference Shares of face value of Rs.100 at par. Further, the said redemption is made out of issue of equity shares capital on conversion of equity warrants aggregating to Rs.20,50,00,000 hence creation of Capital Redemption Reserve (CRR) has not been made.

3. Capital Commitments :

Particulars	Current Year (Rs. in crores)	Previous Year (Rs. in crores)
Estimated amount of contracts remaining to be executed on Capital Account and not provided for :	342.49	100.18

4. Contingent Liabilities in respect of :

(Amount in Rupees)

Sr.No.	Particulars	Current Year	Previous Year
a)	Claims against the Company not acknowledged as debts	4,81,10,732	4,86,10,732

b)	Labour Matters :		
	i) Pending in court in respect of claims for Retrenchment Compensation etc.	14,69,751	4,87,240
	ii) Pending Court cases - 6 (Previous Year - 5) in respect of claims for Back Wages etc. filed by ex-employees of the Company for which the amount of Contingent Liability is unascertainable		
c)	Income Tax Matters :		
	i) Disputed demand of Income Tax for assessment year 2003-04, where the department is in appeal.	1,08,86,963	NIL
	ii) Disputed demand of Income Tax for assessment year 2004-05, where the department is in appeal.	79,57,942	79,57,942
	iii) Disputed demand of Income Tax for assessment year 2005-06, where the department is in appeal.	8,74,93,855	NIL
	iv) Disputed demand of Income Tax for assessment year 2007-08, where the Company is in appeal.	43,58,910	43,58,910
	v) Disputed demand of Income Tax for assessment year 2009-10, where the Company is in appeal.	90,49,260	NIL
	vi) Income tax demand for short deduction of tax at source and interest thereon for various assessment years, where the Company is in appeal.	1,92,24,278	NIL
d)	i) Property Tax disputed with BMC where the Company is in appeal.	1,61,23,536	1,02,60,432
	ii) Property tax disputed with BMC.	3,49,32,964	2,54,84,173
e)	Excise Duty demand [Bank Guarantee provided for the the same Rs. 3,39,250 (Previous Year: Rs. 3,39,250)]	3,39,250	3,39,250
f)	Customs Duty demand [Bank Guarantee provided for the same Rs. 6,98,500 (Previous Year: Rs. 6,98,500)]	6,98,250	6,98,250
g)	Dividend in respect of 1,36,877 11% Redeemable Cumulative Preference Shares of Face Value of Rs. 100 each	1,22,30,116	1,07,90,470
h)	Pending court cases- 4 (Previous Year: 5) in respect of other matters against the Company for which the amount of Contingent Liability is unascertainable.		

5. Arbitration proceedings have been underway since 2005 with Kalpataru Properties Pvt Ltd. (KPPL) in respect of development rights of Plot 5A admeasuring 20,955.40 sq.mtrs of the Company's Worli Estate, against which it has received Rs. 30 crores. The Bombay High Court had passed a status quo order on about 23,500 sq. mtrs. of the said Estate. Subsequently, KPPL had filed a claim of compensation for Rs.1,528.93 crores along with interest as an alternative to their original claim for specific performance. The Company has received legal advice that the said claim for compensation is not tenable, and the chances of it being held against the Company are highly remote. As regards the Company's own counter-claim of Rs. 2,677.32 crores against KPPL , the Arbitral Tribunal has held that claim of Rs. 760.36 crores is under their jurisdiction under the present Arbitration proceeding, and for the balance amount of Rs.1,916.96

crores, alternative remedies will have to be sought. The Company is in discussion with its legal advisors on the most optimum course to follow for the said balance claim.

6. In the opinion of the Management, no item of current assets has a value on realization in the ordinary course of business, which is less than the amount of value at which it is stated in the Balance Sheet. The provision for all known and determined liability is adequate and not in the excess of the amount reasonably required.
7. Shares held as investment by the company have been classified as Long Term Investment. Provision for the diminution in the value of investment has been made in the accounts where the management is of the view that such diminution is of permanent nature.
8. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If recoverable amount of such asset is less than the carrying amount, then the carrying amount is reduced to its recoverable amount and such difference between recoverable amount and carrying amount is treated as impairment loss and is charged to Profit and Loss account. For the current year ended 31st December 2011 impairment loss charged to Profit and Loss account is of Rs. Nil (Previous year: Rs. 7,28,34,724).
9. Operating future minimum Rent Receivable as at 31st December, 2011

Particulars	Amount (Rs.)	Amount (Rs.)
Rent receivable	As at 31.12.2011	As at 31.12.2010
i) Not later than one year	NIL	12,56,300
ii) Later than one year and not later than five years	NIL	2,52,000
iii) Later than five years	NIL	NIL

10. During the year, the Company has achieved more than 30% of the total estimated project cost and accordingly revenue is recognized on proportionate basis as per its accounting policy in respect of real estate sales.
11. No significant events which could affect the financial position as on 31st December, 2011, to a material extent have been occurred, after the balance sheet date till the signing of report.
12. Managerial Remuneration comprises of the following:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Salary	29,40,000	27,00,000
Contribution to Provident Fund	3,52,800	3,24,000
Ex-Gratia	1,10,000	90,000
Others	11,29,122	9,24,342
Total	45,31,922	40,38,342
Less: Transferred to cost of construction	23,29,141	22,15,314
Net Debited to Profit and Loss Account	22,02,781	18,23,028

13. Auditor's Remuneration comprises of following :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
For Statutory Audit	15,44,200	13,23,600
For Other Matters	4,05,350	2,04,060
Out of Pocket expenses	—	6,381
Total	19,49,550	15,34,041
Less: Transferred to cost of construction	3,06,080	71,695
Net debited to Profit and Loss Account	16,43,470	14,62,346

14. The Company has recognized the Deferred Tax Liability / Assets as at 31st December, 2011 as per Accounting Standard –22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India as detailed under:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Deferred Tax Liabilities		
Depreciation on Fixed Assets and others	—	—
Misc. Expenditure	—	—
Total Deferred Tax Liabilities	—	—
Deferred Tax Assets		
Depreciation on Fixed Assets and others	41,79,329	1,74,52,651
Provision for Gratuity / Leave Encashment	4,65,938	7,84,872
Unabsorbed depreciation / Fiscal Losses	97,24,458	2,65,64,221
Total Deferred Tax Assets	1,43,69,725	4,48,01,744
Deferred Tax Liabilities / (Assets) - Net	(1,43,69,725)	(4,48,01,744)
Deferred Tax (Assets) recognized in Balance Sheet	NIL	NIL

As a matter of prudence, the Company has not recognized deferred tax asset being timing differences on account of unabsorbed depreciation, carried forward losses and depreciation on fixed assets and others, under Accounting Standard (AS)-22 “Accounting for Taxes on Income”.

15. **Segment Reporting:**

The Company has recognized the “Textile” and “Real Estate” as segments for Segment Reporting as at 31st December, 2011 as per Accounting Standard –17 issued by the Institute of Chartered Accountants of India as detailed under:

Accounting Standard 17 'Segment Reporting'

(a) Business Segments :

Particulars	(Amount in Rupees)				
	TEXTILE		REAL ESTATE		TOTAL
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2010
REVENUE :					
External Revenue	24,82,47,368	32,93,27,260	3,53,90,50,120	1,75,63,642	34,68,90,902
Inter-segment Revenue	—	—	—	—	—
Total Revenue	24,82,47,368	32,93,27,260	3,53,90,50,120	1,75,63,642	34,68,90,902
RESULT					
Segment Result	(29,62,908)	(6,97,00,702)	6,69,39,363	87,74,192	(6,09,26,510)
Less : Unallocable expenditure net of unallocable income					(5,96,34,823)
Less : Interest expenses					(2,25,129)
Add : Interest income					14,35,706
Profit before Prior Period adjustment					55,52,209
Add/(Less) : Prior Period adjustment					5,18,248
Profit before Taxation & Exceptional Item					60,70,457
Less : Tax Provision					
Income Tax					—
Wealth Tax					45,798
Income / Wealth Tax for earlier years					3,884
Profit after Taxation					60,20,775
					(16,24,71,340)

Note :- The segment result for Real Estate segment has been arrived at after considering the Interest expenses of Rs. 94,30,35,809 and Interest Income of Rs. 1,70,79,465.

Particulars	TEXTILE		REAL ESTATE		TOTAL	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
OTHER INFORMATION						
Segment Assets	5,06,25,595	8,69,13,428	15,82,13,18,552	11,04,90,49,184	15,87,19,44,147	11,13,59,62,612
Unallocable Assets					58,39,36,637	5,10,14,932
Total Assets					16,45,58,80,784	11,18,69,77,544
Segment Liabilities	12,90,799	13,31,706	7,50,19,55,688	5,79,06,01,362	7,50,32,46,488	5,79,19,33,068
Unallocable Liabilities					2,00,94,287	1,39,05,744
Total Liabilities					7,52,33,40,774	5,80,58,38,812
Capital Expenditure						
Segment Capital Expenditure	—	—	11,39,85,991	24,13,80,909	11,39,85,991	24,13,80,909
Unallocable Capital Expenditure					29,40,616	6,30,869
Total Capital Expenditure					11,69,26,607	24,20,11,778
Depreciation /Amortisation / Impairment						
Segment Depreciation /Amortisation /Impairment	—	8,05,48,129	11,61,96,048*	9,93,61,220*	11,61,96,048	17,99,09,349
Unallocable Depreciation /Amortisation /Impairment					3,81,011	3,56,389
Total Depreciation /Amortisation /Impairment					11,65,77,059	18,02,65,738

* Includes depreciation of Rs. 11,58,35,987 (Previous Year: Rs. 9,90,01,159) relating to Real Estate division which has been debited to Cost of Construction (Real Estate Development). (Refer Schedule 14).

Note : Real Estate segment includes income from Business Centre.

(b) Secondary Segment Reporting (Geographical Segments) :

Not Applicable

16. **Employee Benefits:**

Disclosure under Accounting Standard 15 "Employee Benefits" (Revised 2005) issued by the Institute of Chartered Accountants of India:

Defined Contribution Plan:

The Company's contribution to Provident Fund is deposited with the Employees Provident Fund Organisation (EPFO). During the year, the Company has recognized Rs. 10,56,761 (Previous year: Rs. 8,73,042) towards provident fund.

Defined Benefit Plan:**Gratuity**

The gratuity liability arises on retirement, premature withdrawal, resignation and death of an employee. The gratuity liability is calculated on the basis of actuarial valuation as per projected unit credit method.

Other Long Term Benefit:**Leave Encashment Plan**

The earned leave liability arises as and when services are performed by an employee. The said liability is calculated on the basis of actuarial valuation as per projected unit credit method.

I) Changes in Defined Benefit Obligation.

Particulars	Gratuity as on 31.12.2011	Gratuity as on 31.12.2010	Leave Encashment as on 31.12.2011	Leave Encashment as on 31.12.2010
Liability at the beginning of the year	15,93,848	13,00,726	9,46,189	9,17,721
Current service cost	4,45,865	2,65,044	1,82,948	1,36,501
Past service cost	—	65,385	—	—
Interest cost	1,31,492	1,04,058	78,061	73,418
Benefits paid	(1,41,990)	(98,880)	(10,09,258)	(4,68,871)
Actuarial Gain/ (Loss) on obligation	(40,144)	(42,485)	4,93,475	2,87,420
Liability at the end of the year	19,89,071	15,93,848	6,91,415	9,46,189

II) The fair value of plan assets is Nil since, retirement benefit plans are wholly unfunded.

III) Amount recognised in Balance Sheet

Particulars	Gratuity as on 31.12.2011	Gratuity as on 31.12.2010	Leave Encashment as on 31.12.2011	Leave Encashment as on 31.12.2010
Liability at the end of the year	19,89,071	15,93,848	6,91,415	9,46,189
Amount recognised in balance sheet	19,89,071	15,93,848	6,91,415	9,46,189

IV) Expenses recognized in Profit and Loss Account :

Particulars	Gratuity as on 31.12.2011	Gratuity as on 31.12.2010	Leave Encashment as on 31.12.2011	Leave Encashment as on 31.12.2010
Current Service Cost	4,45,865	2,65,044	1,82,948	1,36,501
Past Service Cost	—	65,385	—	—
Interest Cost	1,31,492	1,04,058	78,061	73,418
Adjustments for increase in opening provision	—	—	—	—
Expenses transfer to reserves	—	—	—	—
Actuarial (Gain)/ Loss	(40,144)	(42,485)	5,62,572	2,87,420
Total expenses	5,37,213	3,92,002	8,23,581	4,97,339
Expenses charged to the Profit & Loss Account	3,33,815	2,21,070	3,59,813	3,50,634
Expenses charged to Construction Costs	2,03,398	1,70,932	4,63,768	1,46,705
Total Expenses	5,37,213	3,92,002	8,23,581	4,97,339

V) Balance Sheet Reconciliation:

Particulars	Gratuity as on 31.12.2011	Gratuity as on 31.12.2010	Leave Encashment as on 31.12.2011	Leave Encashment as on 31.12.2010
Opening Net Liability	15,93,848	13,00,726	9,46,189	9,17,721
Expenses as above	5,37,213	3,92,002	8,23,581	4,97,339
Adjustment for increase in opening provision for retirement benefits	—	—	—	—
Benefits paid	(1,41,990)	(98,880)	(10,78,355)	(4,68,871)
Amount Recognition in the Balance sheet	19,89,071	15,93,848	6,91,415	9,46,189

VI) Principal Actuarial Assumptions :

Particulars	Gratuity as on 31.12.2011	Gratuity as on 31.12.2010	Leave Encashment as on 31.12.2011	Leave Encashment as on 31.12.2010
Discount Rate	8.75 %	8.25 %	8.75 %	8.25 %
Future Salary Increases	5.00 %	5.00 %	5.00 %	5.00 %
Attrition Rate	2.00 %	2.00 %	2.00 %	2.00 %

The discount rate is based upon the bench mark rate available on Government Securities having maturity equal to the tenure of benefits.

The estimate of salary growth rate considered in actuarial valuation takes into account inflation, seniority and other relevant factors on long term basis.

17. Related Party Disclosures:

In compliance with Accounting Standard 18 – ‘Related Party Disclosures’ issued by the Institute of Chartered Accountants of India, the required disclosures are given in the table below:

a) Name of the Related Party and Nature of Related Party Relationship :

Name of the Related Party	Nature of Related Party Relationship
a) SRM Sites Private Limited b) Raghuv eer Suburban Infrastructure Private Limited (w.e.f. 14th January 2010) c) Shree Ram Realinfra Ventures Private Limited (w.e.f. 24th February 2010)	Subsidiary
Akhilesh Developers Private Limited	Enterprise that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise
a) Landmarc Leisure Corporation Limited b) S Kumars Online Limited c) Vidhi Holdings Private Limited d) Raghuv eer Urban Constructions Company Private Limited (w.e.f. 7th April, 2010) e) Akhilesh Developers Private Limited f) Hanumesh Realtors Private Limited g) Mandakini Hospitality Private Limited h) Yashaswini Leisure Private Limited i) SKM Fabrics (Andheri) Limited j) Aura Realtors Private Limited k) Goldmount Advisors l) Vasundhara Hospitality Private Limited	Enterprises over which key management personnel & their relatives exercise significant influence where the Company has entered into transactions during the year
a) Mr. Vikas S. Kasliwal - Vice Chairman & CEO b) Mr. S. K. Luharuka - Whole Time Director	Key Management Personnel

- b) Details of transactions between the Company and related parties and the status of outstanding balances as on 31st December, 2011.

(Amount in Rupees)

Nature of transactions	Current Year	Previous Year
Contract with material and other charges		
Raghuveer Urban Constructions Company Private Limited	1,43,97,30,938	68,02,59,289
SRM Sites Private Limited	1,63,73,49,944	—
Total	3,07,70,80,882	68,02,59,289
Purchase of material		
Raghuveer Urban Constructions Company Private Limited	30,06,26,551	—
Total	30,06,26,551	—
Sale of Flat		
Aura Realtors Private Limited	—	36,11,52,000
Total	—	36,11,52,000
Revenue recognised on sale of flat on percentage completion basis		
Hanumesh Realtors Private Limited	3,59,19,132	—
Mandakini Hospitality Private Limited	3,59,19,132	—
Yashaswini Leisure Private Limited	3,59,19,132	—
Akhilesh Developers Private Limited	3,59,19,132	—
Aura Realtors Private Limited	16,21,53,328	—
Total	30,58,29,856	—
Consultancy charges paid / (reversed)		
Goldmount Advisors	18,05,376	6,61,800
Vasundhara Hospitality Private Limited	21,91,353	2,75,000
Total	39,96,729	9,36,800
Rent received		
S Kumars Online Limited	3,00,000	3,00,000
Total	3,00,000	3,00,000
Expenses incurred on behalf of subsidiary (recoverable from subsidiary)		
SRM Sites Private Limited	1,10,300	—
Raghuveer Suburban Infrastructure Private Limited	8,16,22,000	—
Total	8,17,32,300	—
Receipts against expenses incurred on behalf of subsidiary		
Raghuveer Suburban Infrastructure Private Limited	8,16,22,000	—
SRM Sites Private Limited	—	10,16,145
Total	8,16,22,000	10,16,145
Investment in Equity shares		
Raghuveer Suburban Infrastructure Private Limited (RSIPL) (includes Rs. 50,000 paid to Mr. S. K. Luharuka - Whole Time Director for purchase of equity shares of RSIPL)	—	1,00,000

Shree Ram Realinfra Ventures Private Limited (SRRVPL) (includes Rs. 50,000 paid to Mr. S. K. Luharuka - Whole Time Director for purchase of equity shares of SRRVPL)	—	1,00,000
Total	—	2,00,000
<u>Loans taken</u>		
Akhilesh Developers Private Limited	—	21,54,000
Total	—	21,54,000
<u>Repayment of Loans taken</u>		
Vidhi Holdings Private Limited	—	10,50,00,000
Akhilesh Developers Private Limited	—	33,13,45,000
Total	—	43,63,45,000
<u>Allotment of Equity Share Warrants</u>		
(a) Amount adjusted from loan taken		
Hanumesh Realtors Private Limited	—	4,19,00,000
Mandakini Hospitality Private Limited	—	4,74,00,000
Yashaswini Leisure Private Limited	—	3,65,10,000
(b) Amount received*		
Hanumesh Realtors Private Limited	57,75,00,000	9,81,00,000
Mandakini Hospitality Private Limited	53,38,91,190	7,80,63,730
Yashaswini Leisure Private Limited	57,75,00,000	10,34,90,000
Total	1,68,88,91,190	40,54,63,730
*(During the year, the Company has allotted 1,60,84,678 equity shares of Rs. 10 each at a premium of Rs. 130 per share, on conversion of equivalent number of equity share warrants)		
<u>Payments towards advances received</u>		
Hanumesh Realtors Private Limited	—	1,00,00,000
Mandakini Hospitality Private Limited	—	1,00,00,000
Yashaswini Leisure Private Limited	—	1,00,00,000
Akhilesh Developers Private Limited	—	1,00,00,000
Total	—	4,00,00,000
<u>Payment towards 11% Redeemable Cumulative Preference Shares</u>		
Vidhi Holdings Private Limited	34,36,400	—
Mr. Vikas S. Kasliwal	18,200	—
Akhilesh Developers Private Limited	93,87,000	—
Total	1,28,41,600	—
<u>Payment towards 0% Redeemable Cumulative Preference Shares</u>		
Vidhi Holdings Private Limited	1,10,66,900	—
Mr. Vikas S. Kasliwal	11,000	—
Total	1,10,77,900	—

<u>Deposit Received</u>		
Landmarc Leisure Corporation Limited	—	59,355
Total	—	59,355
<u>Advances given for materials / contract charges</u>		
Raghuveer Urban Constructions Company Private Limited	57,88,47,963	1,16,02,74,505
Total	57,88,47,963	1,16,02,74,505
<u>Key Management Personnel</u>		
<u>Managerial Remuneration -</u>		
- Mr. Vikas S. Kasliwal - Vice Chairman & CEO	23,29,141	22,15,314
- Mr. S. K. Luharuka - Whole Time Director	22,02,781	18,23,028
Total	45,31,922	40,38,342
<u>Purchase of Equity Shares of Raghuveer Suburban Infrastructure Private Limited</u>		
- Mr. S. K. Luharuka - Whole Time Director	—	50,000
Total	—	50,000
<u>Purchase of Equity Shares of Shree Ram Realinfra Ventures Private Limited</u>		
- Mr. S. K. Luharuka - Whole Time Director	—	50,000
Total	—	50,000
<u>Outstanding balances as on 31st December, 2011</u>		
<u>Sundry Debtors</u>		
S Kumars Online Limited	22,500	22,500
Aura Realtors Private Limited	70,67,745	—
Total	70,90,245	22,500
<u>Investments held in Equity shares of</u>		
SRM Sites Private Limited	1,00,000	1,00,000
Raghuveer Suburban Infrastructure Private Limited	1,00,000	1,00,000
Shree Ram Realinfra Ventures Private Limited	1,00,000	1,00,000
Raghuveer Urban Constructions Company Private Limited	99,00,000	99,00,000
Total	1,02,00,000	1,02,00,000
<u>Loans taken</u>		
Akhilesh Developers Private Limited	2,33,09,000	2,33,09,000
Hanumesh Realtors Private Limited	1,00,90,000	1,00,90,000
Mandakini Hospitality Private Limited	1,00,00,000	1,00,00,000
Yashaswini Leisure Private Limited	1,00,00,000	1,00,00,000
Total	5,33,99,000	5,33,99,000
<u>Advance received</u>		
Akhilesh Developers Private Limited	4,40,80,868	8,00,00,000
Hanumesh Realtors Private Limited	4,40,80,868	8,00,00,000
Mandakini Hospitality Private Limited	4,40,80,868	8,00,00,000

Yashaswini Leisure Private Limited	4,40,80,868	8,00,00,000
Aura Realtors Private Limited	19,89,98,672	36,11,52,000
Total	37,53,22,144	68,11,52,000
Advances given for materials / contract charges		
Raghuvveer Urban Constructions Company Private Limited	1,98,33,29,468	1,40,44,81,505
Total	1,98,33,29,468	1,40,44,81,505
Deposits Received		
Landmarc Leisure Corporation Limited	13,71,26,297	13,71,26,297
S Kumars Online Limited	73,00,000	73,00,000
Total	14,44,26,297	14,44,26,297
Sundry Creditors		
SRM Sites Private Limited	1,60,44,92,644	—
Vasundara Hospitality Private Limited	1,64,000	—
Goldmount Advisors	2,02,042	—
Total	1,60,48,58,686	—

18. Computation of Earnings per share (EPS) :

Particulars	Current Year	Previous Year*
Profit / (Loss) after taxation (Rs.)	60,20,775	(16,24,71,340)
Weighted average number of equity shares	3,03,05,164	2,06,34,540
Face value per equity shares (Rs.)	10	10
Basic earnings per share (EPS) Rs.	0.20	(7.87)
Diluted earnings per share (EPS) Rs.	0.20	(7.87)

* As on 31st December, 2010 - 2,05,00,000 equity share warrants were outstanding and as there was a loss during period year ended December 2010, the effect of exercise of equity share warrants was anti-dilutive and hence the same had not been considered in the computation of diluted earnings per share. Accordingly basic and diluted EPS were same.

19. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues on account of principal amount together with interest as at the Balance sheet date. This has been determined to the extent such parties have been identified on the basis of information available with the Company.
20. 'Sundry credit balances written back (Net)' amounting to Rs. 18,60,312 are net of 'Sundry debit balances written off' amounting to Rs. 1,35,442. (Previous Year: 'Sundry debit balances written off (Net)' amounting to Rs. 3,42,612 are net of 'Sundry credit balances written back' amounting to Rs. 4,50,192).
21. During the year, the Company has received notices arising out of inspection u/s. 209A of the Companies Act, 1956 carried out by the Deputy Registrar of Companies pointing out certain irregularities / contraventions of the Companies Act, 1956. In response, the Company has provided all necessary explanations / documentary evidences. In order to avoid long drawn litigation, Company without accepting any of the irregularities / contraventions, has filed application for compounding of offences under section 621A of the Companies Act, 1956. The said applications are pending for hearing. In opinion of the Company, liability in this regard is estimated at Rs. 22,60,000 which have been provided for in the books of accounts.

22. The 'Maharashtra Chamber of Housing Industry' (MCHI) has also filed a writ petition in Bombay High Court challenging the levy of VAT under MVAT Act, 2002 on property under construction. The Hon'ble High Court has directed that the members of the MCHI should not be treated as 'Dealers' liable to tax under the MVAT Act, 2002 in respect of flats on ownership basis under the Maharashtra Ownership Flats Act, 1963 (MOFA Act), and members of MCHI have been absolved from assessments till the disposal of the petition. Pending the final outcome of the said writ petition, the Company has neither recovered separately nor deposited MVAT on advances collected towards sale of residential flat / unit, the MVAT liability, in respect of the same amounts to Rs. 7,87,67,685 (Previous Year : Rs. 3,02,48,570).
23. The Company has extended mortgage of its property at Plot Nos.5B and 6 situated at Shree Ram Mills Premises, Lower Parel Div., Mumbai viz. "Palais Royale" and also is secured by first and exclusive charge on all the receivables of the aforesaid project and personal guarantee of one of the Director for loan availed of Rs. 35,00,00,000 by its subsidiary Company 'Raghuveer Suburban Infrastructure Private Limited' from others.
24. The Company had received Letter of Intent / Intimation of Disapproval / Commencement Certificate from the Govt. of Maharashtra – Municipal Corporation of Greater Mumbai (MCGM) for construction of Public Parking Lot under DCR 33(24) and had commenced construction accordingly. On 29th November, 2011, the MCGM issued a show-cause notice to the Company regarding the Public Parking Lot asking why it should not be cancelled / modified in keeping with the revised policies of the state Govt. / MCGM. Subsequently, the MCGM issued stop work notice to the Company which was stayed by the Hon'ble City Civil Court. The matter is pending before the Hon'ble Court. In the meanwhile, as per the Hon'ble Court's directions, the construction of the Public Parking Lots is continuing and is almost complete. The company has been advised that the MCGM actions are not tenable under law.
25. The Company is regular in depositing all the statutory dues including provident fund, employee's state insurance, property tax, income-tax, wealth tax, service tax, sales tax, custom duty, tax deducted at source, works contract tax, cess and other statutory dues. However, due to administrative reason, there are delays in few cases in depositing Tax deducted at source.
26. Some of the balances of deposit, loans and advances, sundry debtors and sundry creditors are subject to confirmation from the respective parties and consequential reconciliation / adjustments arising therefrom, if any. The management however does not expect any material variation.
27. The Company is a real estate developer Company and not a manufacturing Company hence in respect of activities of real estate division, quantitative and other disclosures as required by paragraph 3 (ii) (a), (b) and paragraph 4C of Part II of Schedule VI to the Companies Act, 1956 are not applicable to the Company.
28. Additional information pursuant to the Provision of Paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 in respect of trading division of the Company.

A: Licensed and Installed capacity and Production

a) Licensed Capacity	Not applicable	
b) Installed Capacity	Not applicable	
c) Production	Current Year	Previous Year
Cloth (in Mtrs.)	—	—

B. Stock and Turnover :

	Opening Stock		Closing Stock		Turnover	
	01-01-2011	01-01-2010	31-12-2011	31-12-2010	31-12-2011	31-12-2010
Cloth (Mtrs.)	—	—	—	—	13,59,129	23,42,198
(Rs.)	—	—	—	—	24,81,49,453	32,89,35,602
Total (Rs.)	—	—	—	—	24,81,49,453	32,89,35,602

29. C.I.F. Value of Imports, Expenditures and earning in Foreign Currencies

Particulars	Current Year	Previous Year
a) C.I.F.: i) Capital goods	2,40,92,250	12,58,200
ii) Material	2,34,33,843	1,49,85,070
b) Advance received in foreign currencies	1,47,84,000	4,95,04,314
c) Earning of foreign currencies	NIL	NIL
d) Expenditure / Remittances in foreign currencies		
i) Foreign travelling	1,09,11,158	56,04,766
ii) Consultancy charges paid	50,16,234	64,80,413

30. Previous year's figures are regrouped wherever necessary in order to bring them in conformity with the current year classification.

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants

Narendra Jain
(Partner)
Membership No. 048725

Place : Mumbai
Dated : 27th February, 2012

As per our report of even date

For **Habib & Co.**
Chartered Accountants

D. P. Shroff
(Partner)
Membership No.045417

Place : Mumbai
Dated : 27th February, 2012

For and on behalf of the Board

S. S. Kasliwal - Chairman
S. K. Luharuka - Whole Time Director
Manju B. Batham - Company Secretary

Place : Mumbai
Dated : 27th February, 2012

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration Details			
	Registration No.	0 0 0 2 2 4 1	State Code -	0 0 0 0 0 1 1
	Balance Sheet	31/12/2011		
II	Capital raised during the year (Amount in Thousands)			
	Public Issue	—	Rights Issue	—
	Bonus Issue	—	Private Issue	2,05,000
III	Position of Mobilisation and Deployment of Funds (Amount in Thousands)			
	Total Liabilities	90,58,328	Total Assets	90,58,328
	Sources of Funds			
	Paid-up Capital	4,11,345	Reserves & Surplus	26,62,305
	Secured Loans	59,31,279	Unsecured Loans	53,399
	Deferred Tax Liability/(Assets)/Net	—		
	Application of Funds			
	Net Fixed Assets	17,67,087	Investments	10,200
	Net Current Assets	71,55,253	Profit and Loss Account(debit)	1,25,788
IV	Performance of Company (Amount in Thousands except EPS)			
	Turnover & other Income	37,90,530	Total Expenditure	37,84,459
	Profit/(Loss) before Tax	6,070	Profit/(Loss) after Tax	6,021
	Earning per Share in Rs.	0.20	Dividend Rate %	—
V	Generic Names of Principal Products / Services			
	Production Description		I.T.C. Code No.	
	1. Fabrics		5 5 1 5	
	2. Real Estate Development		Not Applicable	

For and on behalf of the Board

S. S. Kasliwal
Chairman

S. K. Luharuka
Whole Time Director

Manju B. Batham
Company Secretary

Place : Mumbai
Dated : 27th February, 2012

STATEMENT IN ACCORDANCE WITH PROVISIONS OF SECTION 212 OF THE COMPANIES ACT, 1956

(Amount in Rupees)

Name of the Subsidiary	SRM Sites Private Limited	Raghuveer Suburban Infrastructure Private Limited	Shree Ram Realinfra Ventures Private Limited
1. The extent of holding Company's interest in the subsidiary at the end of the financial year 31.12.2011			
- No. of Shares	10,000 (Nos.)	10,000 (Nos.)	10,000 (Nos.)
- Paid up value of Shares	Rs. 10	Rs. 10	Rs. 10
- Percentage of Holding Company's interest in the total share capital of the subsidiary	94.79%	100%	100%
(Shares in the Subsidiary Company were registered in the name of the Company and their nominees as indicated)			
2. The net aggregate amount of the profit/(loss) of the subsidiary company not dealt with in the Company's accounts so far as it concerns the members of the holding Company:			
- For the financial year ended 31.12.2011	(28,06,931)	(1,34,464)	(37,235)
- For all the previous financial years of the subsidiary since it became the Company's subsidiary	(69,63,029)	(33,965)	(45,676)
3. The net aggregate amount of the profit/(Loss) of the subsidiary Company so far as its profits are dealt with in the holding Company's accounts:			
- For the financial year ended 31.12.2011	NIL	NIL	NIL
- For all the previous financial years of the subsidiary since it became the Company's subsidiary	NIL	NIL	NIL

For and on behalf of the Board

S. S. Kasliwal
Chairman

S. K. Luharuka
Whole Time Director

Manju B. Batham
Company Secretary

Place : Mumbai
Dated : 27th February, 2012

SHREE RAM URBAN INFRASTRUCTURE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS & NOTES

(Kept Intentionally Blank)

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**TO****THE BOARD OF DIRECTORS OF SHREE RAM URBAN INFRASTRUCTURE LIMITED**

1. We have examined the attached Consolidated Balance Sheet of **SHREE RAM URBAN INFRASTRUCTURE LIMITED** ('the Company') and its subsidiaries as at 31st December, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated financial statements are the responsibility of the Company's Management and have been prepared by them on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We 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 prepared, in all material respects, in accordance with the identified financial framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit financial statements of three subsidiaries whose financial statements reflect total assets of Rs. 303,19,02,582 as at 31st December, 2011, total revenue of Rs.Nil and net cash flow amounting to Rs. 64,63,73,215 for the year then ended. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these entities, is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standards (AS) 21 on "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the company and its subsidiaries included in the consolidated financial statements.
5. Without qualifying our opinion, we draw attention to note no. 23 of Schedule 19 regarding filing of an application for compounding of offences u/s. 621A of the Companies Act, 1956 to avoid long drawn litigation. Pending the outcome of the application, company has provided for an estimated liability of Rs. 22,60,000 towards the sum payable for compounding.
6. On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the attached consolidated financial statements and read with the other notes and the significant accounting policies thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31st December, 2011;

- (ii) in the case of the Consolidated Profit and Loss Account, of the Consolidated Profit of the Company and its subsidiaries for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Company and its subsidiaries for the year ended on that date.

For **KHANDELWAL JAIN & Co.**
Chartered Accountants,
Firm's Registration No. 105049W

For **HABIB & Co.**
Chartered Accountants,
Firm's Registration No. 103479W

(NARENDRA JAIN)
PARTNER
Membership No. 048725

(D. P. SHROFF)
PARTNER
Membership No. 045417

Place : Mumbai
Date : 27th February, 2012

Place : Mumbai
Date : 27th February, 2012

(Kept Intentionally Blank)

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2011

(Amount in Rupees)

	SCHEDULE		AS AT 31-12-2011	AS AT 31-12-2010
Sources of Funds				
1) Shareholders' Funds				
a) Share Capital	1	41,60,26,810	23,42,34,200	
b) Convertible Equity Share Warrants	2	—	71,75,00,000	
c) Reserves and Surplus	3	5,16,43,15,549	5,58,03,42,359	1,99,21,87,704
2) Loan Funds				
a) Secured Loans	4	6,28,12,79,091	4,51,01,39,787	
b) Unsecured Loans	5	5,33,99,000	6,33,46,78,091	4,56,35,38,787
3) Minority Interest (Refer Note No. 22 of Schedule 19)			13,70,79,600	5,68,38,718
TOTAL			12,05,21,00,050	6,61,25,65,209
Application of Funds				
1) Fixed Assets	6			
a) Gross Block		2,04,73,72,056	2,21,63,76,374	
b) Less: Depreciation, Amortisation and Impairment		31,58,07,786	43,62,98,532	
c) Net Block		1,73,15,64,270	1,78,00,77,842	
d) Capital Work in Progress (including capital advances)		3,55,22,757	7,19,683	
			1,76,70,87,027	1,78,07,97,525
2) Investments	7		99,00,000	99,00,000
3) Goodwill on Consolidation			46,189	46,189
4) Current Assets, Loans and Advances	8			
a) Interest accrued on fixed deposits		30,23,909	94,41,571	
b) Inventories		8,59,80,67,825	7,19,66,93,368	
c) Sundry Debtors		13,00,71,888	7,34,19,042	
d) Cash and Bank Balances		85,88,00,130	55,31,48,845	
e) Other Current Assets		50,56,70,862	—	
f) Loans and Advances		5,97,55,11,780	2,73,79,66,582	
		16,07,11,46,394	10,57,06,69,408	
Less: Current Liabilities and Provisions	9			
a) Current Liabilities		5,92,90,15,096	5,88,50,12,982	
b) Provisions		28,28,246	26,40,855	
		5,93,18,43,342	5,88,76,53,837	
Net Current Assets			10,13,93,03,052	4,68,30,15,571
Profit and Loss Account	10		13,57,63,782	13,88,05,926
TOTAL			12,05,21,00,050	6,61,25,65,209

Significant Accounting Policies 18

Notes forming part of the Accounts 19

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

As per our report of even date

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered AccountantsFor **Habib & Co.**
Chartered Accountants

For and on behalf of the Board

Narendra Jain
(Partner)
Membership No.048725**D. P. Shroff**
(Partner)
Membership No.045417**S. S. Kasliwal** - Chairman
S. K. Luharuka - Whole Time Director
Manju B. Batham - Company SecretaryPlace : Mumbai
Dated : 27th February, 2012Place : Mumbai
Dated : 27th February, 2012Place : Mumbai
Dated : 27th February, 2012

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

(Amount in Rupees)

	SCHEDULE	YEAR ENDED 31-12-2011	YEAR ENDED 31-12-2010
INCOME			
Sales and Services	11	3,78,66,40,185	34,60,33,069
Other Income	12	38,89,415	27,39,072
		<u>3,79,05,29,600</u>	<u>34,87,72,141</u>
EXPENDITURE			
Trading Purchases	13	23,97,47,533	31,73,26,186
Cost of Construction (Real Estate Dev.)	14	11,97,78,45,644	7,12,08,08,871
Less : Carried to Inventories		<u>8,50,97,63,636</u>	<u>7,12,08,08,871</u>
Payments to and Provision for Employees	15	64,58,438	54,26,873
Administration and Other expenses	16	7,10,55,666	11,05,38,346
Finance and interest expenses	17	2,25,686	1,05,809
Depreciation and Amortisation	6	7,41,072	84,29,855
Provision for Impairment Loss	6	—	7,28,34,724
		<u>3,78,63,10,403</u>	<u>51,46,61,793</u>
Profit/(Loss) for the year		42,19,197	(16,58,89,653)
Add./(Less) : Prior period adjustments (net)		<u>5,18,248</u>	<u>(5,11,840)</u>
Profit/(Loss) before Tax		47,37,445	(16,64,01,493)
Less: Tax Provision			
Income Tax		18,00,000	2,00,000
Wealth Tax		45,798	21,802
Income / Wealth Tax for earlier years		3,884	25,478
Profit /(Loss) after Tax before Minority Interest		<u>28,87,763</u>	<u>(16,66,48,773)</u>
Less: Minority interest's share in loss of subsidiary		<u>(1,54,381)</u>	<u>(2,15,205)</u>
Profit/(Loss) for the year		<u>30,42,144</u>	<u>(16,64,33,568)</u>
Balance brought forward from Previous Year		(15,38,05,926)	1,26,27,641
Balance carried to Balance Sheet		<u>(15,07,63,782)</u>	<u>(15,38,05,926)</u>
Earning Per Share (EPS) (Refer Note No. 19 of Schedule 19)			
Basic earning per share		0.10	(8.07)
Diluted earning per share		0.10	(8.07)
Significant Accounting Policies	18		
Notes forming part of the Accounts	19		

Note : The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered AccountantsFor **Habib & Co.**
Chartered Accountants

For and on behalf of the Board

Narendra Jain
(Partner)
Membership No. 048725
Place : Mumbai
Dated : 27th February, 2012**D. P. Shroff**
(Partner)
Membership No. 045417
Place : Mumbai
Dated : 27th February, 2012**S. S. Kasliwal** - Chairman
S. K. Luharuka - Whole Time Director
Manju B. Batham - Company Secretary
Place : Mumbai
Dated : 27th February, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2011

(Amount in Rupees)

Particulars	Current Year	Previous Year
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax and prior period adjustments	42,19,197	(16,58,89,653)
Adjustments for :		
Depreciation#	9,11,53,457	84,29,855
Provision for Impairment	-	7,28,34,724
Miscellaneous Expenditure written off	-	5,35,93,019
Provision for doubtful debts written back	-	(1,42,699)
Provision for doubtful debts	-	24,03,916
Bad Debts written off	24,69,203	-
Interest expense#	94,32,61,495	1,05,809
Interest received #	(1,85,15,171)	(17,19,899)
Loss on sale of assets#	97,34,544	13,27,956
Sundry balances written back (net)#	(16,62,796)	(59,308)
Operating profit before Working Capital Changes	1,03,06,59,929	(2,91,16,279)
Adjustments for :		
Trade and other Receivables	(3,76,67,42,827)	(63,99,21,248)
Inventories	(1,19,59,61,276)	(2,04,57,75,721)
Trade Payables	(2,48,79,790)	2,92,17,39,238
Cash generated from Operations	(3,95,69,23,964)	20,69,25,990
Direct Taxes (Paid) / Refund (Net of Refund / Paid)	(3,75,54,751)	(13,11,170)
Cash Flow before prior period adjustments	(3,99,44,78,715)	20,56,14,820
Prior period adjustments [income / (loss)]	5,18,248	(5,11,840)
NET CASH FROM OPERATING ACTIVITIES : TOTAL (A)	(3,99,39,60,467)	20,51,02,980
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchases of Fixed Assets (including capital work-in-progress)	(11,69,26,607)	(24,20,11,778)
Sale of Fixed Assets	38,05,039	5,31,526
Interest received	3,26,02,130	1,07,58,136
NET CASH FROM / (USED IN) INVESTING ACTIVITIES TOTAL (B)	(8,05,19,438)	(23,07,22,117)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Convertible Equity Warrants	2,15,25,00,000	56,00,00,000
Share issue expenses	(85,61,090)	-
Proceeds from issue of Compulsorily Convertible Preference Shares (including Securities Premium)	1,54,99,99,807	69,61,02,000
Repayment of preference shares	(2,53,88,800)	-
Proceeds from Secured Loans (Net of Repayment)	1,77,11,39,304	61,58,15,590
Proceeds / (Repayment) from Unsecured Loans (Net)	-	(66,27,85,371)
Interest and finance charges paid	(1,05,95,58,031)	(95,62,21,292)
NET CASH FROM FINANCING ACTIVITIES TOTAL (C)	4,38,01,31,190	25,29,10,927
Net increase in cash & cash equivalents TOTAL (A+B+C)	30,56,51,285	22,72,91,791
Cash and cash equivalents - Opening Balance	55,31,48,845	32,58,57,054
Cash and cash equivalents - Closing Balance	85,88,00,130	55,31,48,845

Consist of amount included in "cost of construction", which is charged to profit and loss account during the year.

Notes:

- The above statment has been prepared by the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement as specified in the Companies (Accounting Standards) Rules, 2006.
- Cash and Cash Equivalents represents Cash and Bank balances including fixed deposits of Rs. 12,52,805 (PY: Rs. 11,89,693) pledged with Banks for issuing bank guarantee and fixed deposit amounting to Rs. Nil (PY: Rs. 13,77,29,970) held under lien by bank as a security against loan taken from banks and bank balance of Rs. Nil (PY: Rs. 1,26,18,000) is lying in Collection Reality Finance (CRF) account of ICICI Bank which is kept aside for repayment of existing facility of ICICI Bank towards principal and interest and Rs. 87,34,000 (P.Y.: Nil held under lien against by Bank as security against Letter of Credit.
- Previous year's figures have been regrouped and reclassified, wherever necessary.

As per our report of even date

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered AccountantsFor **Habib & Co.**
Chartered Accountants

For and on behalf of the Board

Narendra Jain
(Partner)
Membership No. 048725
Place : Mumbai
Dated : 27th February, 2012

D. P. Shroff
(Partner)
Membership No.045417
Place : Mumbai
Dated : 27th February, 2012

S. S. Kasliwal - Chairman
S. K. Luharuka - Whole Time Director
Manju B. Batham - Company Secretary
Place : Mumbai
Dated : 27th February, 2012

SCHEDULES '1' to '19' annexed to and forming part of the Consolidated Balance Sheet as at 31st December, 2011 and the Consolidated Profit and Loss Account for the year ended at that date.

(Amount in Rupees)

	AS AT 31-12-2011	AS AT 31-12-2010
Schedule 1 - Share Capital		
Authorised		
9,57,11,120 (Previous Year: 9,57,11,120) Equity Shares of Rs. 10 each	95,71,11,200	95,71,11,200
1,36,877 (Previous Year: 1,36,877) 11% Redeemable Cumulative Preference Shares of Rs. 100 each	1,36,87,700	1,36,87,700
1,17,011 (Previous Year: 1,17,011) Zero percent Redeemable Preference Shares of Rs. 100 each	1,17,01,100	1,17,01,100
5,50,000 (Previous Year: 2,50,000) Compulsorily Convertible Preference shares (CCPS) of Rs. 10 each	55,00,000	25,00,000
17,50,000 (Previous Year: 17,50,000) Unclassified Shares of Rs. 10 each	1,75,00,000	1,75,00,000
	<u>1,00,55,00,000</u>	<u>1,00,25,00,000</u>
Issued, Subscribed and Paid-up		
4,11,34,540 (Previous Year: 2,06,34,540) Equity Shares of Rs. 10 each (Refer Note No. 1 of Schedule 19)	41,13,45,400	20,63,45,400
NIL (Previous Year: 1,36,877) 11% Redeemable Cumulative Preference Shares of Rs. 100 each (Refer Note No. 2 (a) of Schedule 19)	—	1,36,87,700
4,68,141 (Previous Year: 2,50,000) Compulsory Convertible Preference Shares (CCPS) of Rs. 100 each (Refer Note No. 2(b) of Schedule 19)	46,81,410	25,00,000
NIL (Previous Year: 1,17,011) Zero percent Redeemable Preference Shares of Rs. 100 each (Refer Note No. 2(a) of Schedule 19)	—	23,42,34,200
	<u>41,60,26,810</u>	<u>1,17,01,100</u>
	<u>41,60,26,810</u>	<u>23,42,34,200</u>
<p>Note : 34,39,090 Equity Shares of Rs. 10 each were allotted in 2006 as fully paid up bonus shares in the ratio of 1:5 by way of capitalisation of Rs. 3,43,90,900 from General Reserve.</p>		
Schedule 2 - Convertible Equity Share Warrants		
Nil (P.Y.: 2,05,00,000) equity warrants at Rs. 140 each Rs. 35 paid on application (Refer Note No. 1 of Schedule 19)	—	71,75,00,000
	—	<u>71,75,00,000</u>
Schedule 3 - Reserves & Surplus		
Capital Reserve		
	1,49,500	1,49,500
Security Premium Account		
Balance as per Last Balance Sheet	1,04,02,79,147	38,19,73,934
Add: Received during the year on Equity Shares (Refer Note No. 1 of Schedule 19)	2,66,50,00,000	—
Add: Received during the year on CCPS (Refer Note No. 2(b) of Schedule 19)	1,54,78,18,397	69,45,12,000
Less: Transferred to Minority Interest	5,25,30,97,544	1,07,64,85,934
Less: Utilised towards share issue expenses	8,03,95,262	3,62,06,787
	<u>5,16,41,41,192</u>	<u>—</u>
	24,857	24,857
	<u>5,16,43,15,549</u>	<u>1,04,04,53,504</u>

	AS AT		(Amount in Rupees)	
	31-12-2011		AS AT 31-12-2010	
Schedule 4 - Secured Loans				
Term Loans				
A) From Banks				
i) Term loans - Project	—		4,21,64,89,264	
(Secured against pari passu charge with lenders,				
- on mortgage of portion of land bearing plot No.5B & 6,				
- on mortgage on the property together with Building and Structures thereon,				
- on project receivables,				
- mortgage and charge /assignment by way of all rights, title, interest, claims, benefits, demands under the project documents both present and future,				
- on Escrow Account and DSR Account,				
- personal guarantee of one of the Director,				
- pledge of Nil shares (P.Y.: 74,28,454) of the Company held by promoters,				
- Corporate Guarantee of promoter, Akhilesh Developers Private Limited [Amount repayable within one year Rs. Nil (P.Y.: Rs. 4,21,64,89,264)]				
ii) Vehicle loans	48,86,388	48,86,388	18,89,227	4,21,83,78,491
(Secured against hypothecation of assets financed) [Amount repayable within one year Rs. 16,57,524 (P.Y.: Rs. 12,69,286)]				
B) From others				
i) Terms loan -Project		5,85,00,00,000		—
(a) Secured against registered mortgage of Plot Nos. 5B&6 situated at Shree Ram Mills Premises, Lower Parel Div. Mumbai together with building and structures thereon, both present and future viz. "Palais Royale" and further secured by first and exclusive charge on all the receivables/ cash flows arising from the sale of the aforesaid project of developed area as well as pre-sold in favour of the Lender and personal guarantee of one of the Director				
(ii) Equipment Loans		42,52,23,700		29,17,61,296
(b) Secured against hypothecation of assets financed, pledge of 17,47,830 shares (P.Y.: 7,47,830 shares) of company held by promoters and personal guarantee of one of the Director) (Amount repayable within one year Rs. 13,45,24,812) (P.Y.:Rs. 17,48,24,356)				
iii) Vehicle loan		11,69,003		—
(Secured against hypothecation of assets financed) [amount repayable within one year Rs. 3,93,744 (PY:Nil)]				
		6,28,12,79,091		4,51,01,39,787
Schedule 5 - Unsecured Loans				
Loans from Corporates		5,33,99,000		5,33,99,000
		5,33,99,000		5,33,99,000

Schedule No. 6 - Fixed Assets (Refer Note No. 8 of Schedule 19) (Amount in Rupees)

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION			IMPAIRMENT			NET BLOCK		
		As at 01-01-2011	Additions/ Adjustments during the Year	Deductions/ Adjustments during the Year	As at 31-12-2011	As at 01-01-2011	For the Year	Deductions/ Adjustments during the year	As at 31-12-2011	For the Year	Adjustment during the year	As at 31-12-2011	As at 31-12-2010
1	Land - Leasehold	5,625	—	—	5,625	2,600	200	—	—	—	—	2,825	3,025
2	Land - Freehold	1,08,20,68,875	—	—	1,08,20,68,875	—	—	—	—	—	—	1,08,20,68,875	1,08,20,68,875
3	Buildings - Residential	1,05,99,990	—	—	1,05,99,990	21,50,981	3,48,643	—	—	—	—	81,00,366	84,49,009
4	Buildings Leasehold Land	4,46,215	—	—	4,46,215	2,84,556	7,273	—	—	—	—	1,54,386	1,61,659
5	Roads	2,42,000	—	—	2,42,000	17,974	3,945	—	—	—	—	2,20,081	2,24,026
6	Fire Fighting Equipments	2,11,975	—	—	2,11,975	2,06,579	751	—	—	—	—	4,645	5,396
7	Computers & Peripherals	5,01,728	89,723	—	5,91,451	4,00,704	43,759	—	—	—	—	1,46,988	1,01,024
8	Office Equipments	1,08,328	31,678	—	1,40,006	28,674	5,338	—	—	—	—	1,05,994	79,655
9	Motor Cars	19,72,752	28,09,427	13,48,133	34,34,046	4,36,186	3,01,064	5,59,578	—	—	—	32,56,374	15,36,566
10	Air Conditioners	4,27,620	—	—	4,27,620	87,533	20,312	—	—	—	—	3,19,775	3,40,087
11	Furniture & Fixtures	—	9,788	—	9,788	—	9,788	—	—	—	—	—	—
12	Plant & Machinery	23,41,34,352	—	23,12,03,811	29,30,541	10,37,55,701	—	10,09,71,687	—	—	11,86,71,933	1,46,527	1,17,06,718
13	Air Conditioner for Plant & Machinery	1,51,06,686	—	1,51,06,686	—	65,71,184	—	65,71,184	—	—	77,80,168	—	7,55,334
14	Factory Equipments	24,67,218	—	24,67,218	—	10,77,489	—	10,77,489	—	—	12,66,368	—	1,23,961
	Total (A)	1,34,82,93,364	29,40,616	25,01,25,948	1,10,11,08,132	11,50,20,161	7,41,072	10,91,79,938	65,81,296	12,77,18,469	12,77,18,469	1,09,45,26,836	1,10,55,54,734
	Previous Year (A)	1,35,11,95,664	6,30,869	35,33,169	1,34,82,93,364	10,86,26,631	84,29,855	20,36,325	11,50,20,161	5,48,83,745	7,28,34,724	1,10,55,54,734	1,18,76,85,288
15	Real Estate Dev. Division	46,85,435	9,05,588	—	55,91,023	18,07,337	8,60,693	—	—	—	—	29,22,993	28,78,098
16	Computers & Peripherals	14,22,871	1,70,321	—	15,93,192	8,76,153	3,44,803	—	—	—	—	3,72,236	5,46,718
17	Intangible Assets (Software)	14,69,822	99,270	—	15,69,092	2,21,758	74,068	—	—	—	—	12,73,246	12,48,064
18	Air Conditioners	20,58,27,220	5,80,94,839	—	26,39,22,057	2,46,73,595	1,07,53,959	—	—	—	—	22,84,94,503	18,11,53,632
19	Plant & Machinery	94,52,217	59,04,269	—	1,53,56,486	32,18,722	12,74,719	—	—	—	—	1,08,63,045	62,33,495
20	Heavy Earth Moving Machinery	6,65,520	—	—	6,65,520	2,02,714	75,270	—	—	—	—	3,87,536	4,62,806
21	Motor Buses & Lorries	44,02,278	4,07,741	10,02,001	38,08,018	9,53,331	1,83,891	1,69,406	—	—	—	28,40,202	34,48,947
22	Office Equipments	36,18,442	14,063	—	36,32,505	5,39,658	1,60,007	—	—	—	—	29,32,840	30,78,784
23	Laboratory Equipments	64,14,336	70,94,230	—	1,35,08,566	13,12,109	6,24,758	—	—	—	—	1,15,71,699	51,02,227
24	Temporary Structures	1,35,55,829	6,94,928	—	1,42,50,757	29,87,246	9,66,803	—	—	—	—	1,02,96,708	1,05,68,583
25	Furniture & Fixtures	92,93,134	—	—	92,93,134	4,59,376	1,51,478	—	—	—	—	86,82,280	88,33,758
26	Office Buildings	62,39,608	57,97,668	—	1,20,37,276	13,14,301	7,14,967	—	—	—	—	1,00,08,008	49,25,307
27	Motor Cars	43,82,012	—	—	43,82,012	5,96,196	2,08,146	—	—	—	—	35,77,670	37,85,816
28	Electrical Fittings	59,66,54,286	—	—	59,66,54,286	15,43,97,413	9,94,42,405	—	—	—	—	34,28,14,468	44,22,56,873
	Total (B)	86,80,83,010	7,91,82,917	10,02,001	94,62,63,924	19,35,59,902	11,58,35,987	1,69,406	30,92,26,490	—	—	63,70,37,434	67,45,23,108
	Previous Year (B)	59,14,82,911	27,75,94,644	9,94,545	86,80,83,010	9,51,16,283	9,90,01,159	5,57,539	19,35,59,902	—	—	67,45,23,108	49,63,66,629
	Total (A+B)	2,21,63,76,374	8,21,23,533	25,11,27,949	2,04,73,72,056	30,85,80,063	11,65,77,059	10,93,49,344	31,58,07,786	12,77,18,469	12,77,18,469	1,73,15,64,270	1,78,00,77,842
	Previous Year (A+B)	1,94,26,78,575	27,82,25,513	45,27,714	2,21,63,76,374	20,37,42,914	10,74,81,014	25,33,864	30,85,80,064	5,48,83,745	7,28,34,724	1,78,00,77,842	1,66,40,51,916
	Capital Work in Progress (Including Capital advances)											3,55,22,757	7,19,683

	(Amount in Rupees)	
	AS AT 31-12-2011	AS AT 31-12-2010
Schedule 7 - Investments		
"A" Government Securities - Quoted		
3% Government Loan 1986 (Deposited with Central Excise as Security) (Matured but not realised)	3,521	3,521
5% Loan 2000 (Deposited with Central Excise as Security)	1,000	1,000
	<u>4,521</u>	<u>4,521</u>
Less : Provision for diminution in Value	4,521	4,521
	<u>—</u>	<u>—</u>
"B" Trade - Shares		
Quoted Equity Shares : (Fully Paid)		
1704 (Previous Year : 1704) Equity Shares of Rs. 100 each of Mafatlal Engineering Industries Ltd.	1,72,601	1,72,601
Less : Provision for diminution in value	1,72,601	1,72,601
	<u>—</u>	<u>—</u>
Unquoted Equity Shares (Fully Paid)		
Other Investment		
10 (Previous Year: 10) Equity share of Rs. 1000 each of Engineering Raw Material Consumers Corporation Ltd.	10,000	10,000
Less : Provision for diminution in value	10,000	10,000
	<u>—</u>	<u>—</u>
9,90,000 (Previous Year: 9,90,000) Equity shares of Rs. 10 each of Raghuvveer Urban Constructions Company Pvt. Ltd. (formerly known as Raghuvveer Urban Infrastructure Pvt. Ltd.)	99,00,000	99,00,000
"C" Contribution towards Proposed East India Cotton Association Society in an earlier year (Towards Share Application, Allotment letter not yet received)	4,000	4,000
Less : Provision for diminution in value	4,000	4,000
	<u>—</u>	<u>—</u>
	<u>99,00,000</u>	<u>99,00,000</u>
Aggregate Book Value - Quoted	—	—
- Unquoted	99,00,000	99,00,000
Aggregate Market Value - Quoted	—	—

(Amount in Rupees)

	AS AT 31-12-2011	AS AT 31-12-2010
Schedule 8 - Current Assets, Loans and Advances		
(a) Interest accrued on fixed deposits	30,23,909	94,41,571
	30,23,909	94,41,571
(b) Inventories (As taken, valued and certified by the management)		
i) Materials for Real Estate Activity	7,75,81,652	4,33,88,743
ii) Material in transit	16,55,806	71,64,043
iii) Stores and Spares	90,66,732	2,53,31,711
iv) Cost of Construction (Real Estate Development) (Schedule No.14)	<u>8,50,97,63,636</u>	<u>7,12,08,08,871</u>
	8,59,80,67,825	7,19,66,93,368
	8,59,80,67,825	7,19,66,93,368
(c) Sundry Debtors Debts outstanding for a period exceeding six months		
Unsecured, considered good	71,32,000	3,60,64,354
Unsecured, considered doubtful	<u>57,02,919</u>	<u>57,02,919</u>
	1,28,34,919	4,17,67,273
Less : Provision for doubtful debts	<u>57,02,919</u>	<u>57,02,919</u>
	71,32,000	3,60,64,354
Others, Unsecured considered good	<u>12,29,39,888</u>	<u>3,73,54,688</u>
	13,00,71,888	7,34,19,042
(d) Cash and Bank Balances		
Cash on hand	1,07,56,583	1,07,65,745
Bank Balances with Scheduled Banks :		
In Current Accounts	6,88,40,971	39,35,75,004
In Fixed Deposit Accounts	<u>77,92,02,576</u>	<u>14,88,08,096</u>
	85,88,00,130	55,31,48,845
	85,88,00,130	55,31,48,845
(1) Balance in Current account includes Bank balance of Rs. NIL (PY: 1,26,18,000) is lying in Collection Reality Finance (CRF) of ICICI Bank, which is kept aside for repayment of existing facility of ICICI Bank towards principal and interest		
(2) Fixed Deposits amounting to Rs. 12,52,805 (P.Y.: Rs. 11,89,693) Pledged with Banks for issuing Bank Guarantees and Fixed Deposits amounting to Rs. NIL (P. Y.: Rs. 13,77,29,970) held under lien by Banks as a security against loan taken from Banks and Rs. 87,34,000 (P.Y.: Nil) held under lien by bank as security against Letter of Credit.		
(e) Other Current Assets		
Unbilled Receivables (Net of advances of Rs. 32,51,46,472 (PY:Nil) for ongoing project)	50,56,70,862	—
	50,56,70,862	—
(f) Loans and Advances (Unsecured, Considered Good)		
Advances Recoverable in cash or kind or for value to be received :		
Considered good	5,88,72,36,939	2,55,02,08,273
Considered doubtful	<u>8,70,287</u>	<u>8,70,287</u>
	5,88,81,07,226	2,55,10,78,560
Less : Provision for Doubtful Advance	<u>8,70,287</u>	<u>8,70,287</u>
	5,88,72,36,939	2,55,02,08,273
Advances/Loans to officers and staffs	21,60,000	19,40,000
Deposits	1,81,09,993	79,56,023
Prepaid expenses	69,20,675	7,81,93,831
Service Tax Recoverable	85,88,031	4,93,04,906
Value Added Tax Recoverable	—	3,35,98,131
Tax Deducted at Source/ Advance Taxes (Net of provisions and including refund receivable)	5,22,12,535	1,64,81,811
MAT Credit entitlement	<u>2,83,607</u>	<u>2,83,607</u>
	5,97,55,11,780	2,73,79,66,582

(Amount in Rupees)

AS AT	AS AT
31-12-2011	31-12-2010

Schedule 9 - Current Liabilities and Provisions**A. Current Liabilities**Sundry Creditors for goods and expenses:

Amount Outstanding to Micros, Small and Medium Enterprises (Refer Note No.20 of Schedule 19)

	—	—		
Others	24,42,66,265	62,72,41,146		
Interest accrued but not due on Loans	8,66,58,023	1,56,18,630		
Advances against sale of flats	5,02,13,64,058	4,75,61,92,318		
Deposits	14,46,26,297	14,46,26,297		
Other Liabilities	43,21,00,453	34,13,34,591	5,88,50,12,982	
	<u>5,92,90,15,096</u>		<u>5,88,50,12,982</u>	
	<u>5,92,90,15,096</u>		<u>5,88,50,12,982</u>	

B. Provisions

(a) Provision for Gratuity	19,89,071	15,93,849		
(b) Provision for Leave Encashment	6,91,415	9,46,189		
(c) Provision for Bonus	1,05,104	83,817		
(d) Provision for Wealth Tax	42,656	17,000	26,40,855	
	<u>28,28,246</u>		<u>26,40,855</u>	
	<u>28,28,246</u>		<u>26,40,855</u>	

Schedule 10- Profit and Loss Account

Balance as per Profit and Loss Account	15,07,63,782	15,38,05,926		
Less : General Reserve	1,50,00,000	1,50,00,000	13,88,05,926	
	<u>13,57,63,782</u>		<u>13,88,05,926</u>	
	<u>13,57,63,782</u>		<u>13,88,05,926</u>	

(Amount in Rupees)

	YEAR ENDED 31-12-2011		YEAR ENDED 31-12-2010	
Schedule 11 - Sales and Services				
Sales of Flats - Ongoing Project		3,53,65,83,555		—
Sales - Textile		24,81,49,453		32,89,35,602
Income from Business Centre [TDS Rs. 44,201 (Previous year: Rs. 4,03,563)]		19,07,177		1,70,97,467
		<u>3,78,66,40,185</u>		<u>34,60,33,069</u>
Schedule 12 - Other Income				
Interest Received [TDS Rs. 23,51,941 (Previous year Rs. 19,09,227)]	2,58,61,203		1,67,10,780	
Rent Income (Net) [TDS Rs. 30,000 (Previous year Rs. 30,000)]	6,57,303		8,57,833	
Sundry Credit Balance Written Back (Net) (Refer Note No. 21 of Schedule 19)	18,60,312		—	
Scrap Sales	24,32,334		10,65,785	
Interest on I.T. Refund	3,23,265		—	
Provision for doubtful debts written back	—		1,42,699	
Insurance claim received	4,250		18,15,467	
Miscellaneous Income	49,511	3,11,88,178	736	2,05,93,300
Less: Transferred to Cost of Construction (Real Estate Development) (Sch.14)		2,72,98,763		1,78,54,229
		<u>38,89,415</u>		<u>27,39,072</u>
Schedule 13 - Trading Purchases				
Stocks at Commencement	—		—	
Purchases	23,97,47,533		31,73,26,186	
Stock at Close	—	23,97,47,533	—	31,73,26,186
		<u>23,97,47,533</u>		<u>31,73,26,186</u>

	(Amount in Rupees)			
	YEAR ENDED 31-12-2011		YEAR ENDED 31-12-2010	
Schedule 14 - Cost of Construction				
(Real Estate Development)				
Opening Balance		7,12,08,08,871		4,09,12,64,632
Add :				
Material Consumed				
Opening Stock (including material in transit Rs. 71,64,043)	5,05,52,786		1,09,96,510	
Add: Purchase of materials during the year	1,28,00,54,441		39,78,80,040	
Less : Closing Stock (including Materials in transit Rs. 16,55,806)	7,92,37,458	1,25,13,69,769	5,05,52,786	35,83,23,764
	<u>2,53,31,711</u>		<u>60,68,020</u>	
Stores and Spares Consumed				
Opening Stock of Stores and Spares, Tools / Electrical Item	2,53,31,711		60,68,020	
Add: Purchase of Stores and Spares, Tools / Transfer from CWIP	1,05,63,273		2,23,25,061	
Less: Closing Stock of Stores and Spares, Tools/Electrical Items	90,66,732	2,68,28,252	2,53,31,711	30,61,370
	<u>2,11,29,36,211</u>		<u>1,53,04,50,326</u>	
Contract, Sub-contract with material and other charges	2,11,29,36,211		1,53,04,50,326	
Power and Fuel expenses	2,94,82,857		1,81,68,759	
Water charges	1,52,68,220		71,26,074	
Premium charges-BMC	10,29,34,105		—	
Payment to and provision for employees	1,08,05,377		96,30,433	
Administration and Other expenses	8,85,03,020		6,31,32,742	
Finance and Interest expenses	1,13,03,71,738		95,85,03,839	
Depreciation	11,58,35,987	3,60,61,37,515	9,90,01,159	2,68,60,13,333
		<u>4,88,43,35,536</u>		<u>3,04,73,98,467</u>
		12,00,51,44,407		7,13,86,63,099
Less: Interest on FDR	2,47,48,762		1,49,90,882	
Sundry Balance Written off (Net)	1,13,417		—	
Insurance claim received	4,250		17,97,562	
Scrap Sales	24,32,334	2,72,98,763	10,65,785	1,78,54,229
		<u>11,97,78,45,644</u>		<u>7,12,08,08,871</u>
Less: Carried to Inventories (Schedule 8 (b))		8,50,97,63,636		7,12,08,08,871
Transferred to Profit and Loss Account		<u>3,46,80,82,008</u>		<u>—</u>
Schedule 15- Payment to and Provision for Employees				
Salaries, Wages and other allowances	1,47,45,618		1,29,64,940	
Contribution to Provident Fund	10,56,761		8,73,042	
Contribution to Other Fund	52,213		57,339	
Gratuity	5,37,212		3,92,002	
Staff welfare expenses	8,72,011	1,72,63,815	7,69,983	1,50,57,306
	<u>1,08,05,377</u>		<u>96,30,433</u>	
Less: Transferred to Cost of Construction (Real Estate Development) (Sch.14)		64,58,438		54,26,873

(Amount in Rupees)

	YEAR ENDED		YEAR ENDED	
	31-12-2011		31-12-2010	
Schedule 16 - Administration and other expenses				
Insurance	96,37,842		87,90,029	
Rent	81,109		2,04,600	
Rates and Taxes	71,94,961		56,71,499	
Security charges	44,29,934		35,53,936	
Foreign exchange loss/(gain)	10,44,492		(13,66,539)	
Office expenses	3,44,558		5,39,475	
Directors sitting fees/Other fees	5,40,000		2,53,000	
Brokerage Charges	24,99,457		—	
Printing, Stationery and Postage etc.	27,27,258		23,92,854	
Legal and Professional fees	7,83,15,772		5,88,65,175	
Refreshment charges	83,654		1,14,209	
Advertisement and Publicity	4,44,322		5,00,532	
Miscellaneous expenses	1,28,98,905		93,39,600	
Custodial/Revocation/Listing fees	1,68,599		4,69,072	
Conveyance Charges and Travelling expenses	1,47,20,676		1,07,64,411	
Motor car expenses	26,89,844		8,40,721	
B. M. C. expenses	19,13,979		17,89,121	
Power and Fuel	8,01,282		68,56,545	
Telephone expenses	8,39,429		7,58,037	
Donations	2,95,000		3,16,000	
Repairs and Maintenance - Building	55,200		33,750	
Repairs and Maintenance - Machinery	2,15,024		26,033	
Repairs and Maintenance - Others	17,88,454		16,51,449	
Share issue / Transfer expenses	1,82,734		11,07,768	
Bad debts written off	24,69,203		—	
Miscellaneous expenses written off	—		5,35,93,019	
Loss on sale of Fixed Assets (Net)	1,02,55,008		14,02,325	
Provision for doubtful debts	—		24,03,916	
Membership and Subscription	6,92,439		7,67,652	
Sundry balance written off (net) (Refer note 21 of Sch.19)	—		3,29,738	
Auditors Remuneration	22,29,550	15,95,58,686	17,03,161	17,36,71,088
Less : Transferred to Cost of Construction (Real Estate Development) (Sch.14)		8,85,03,020		6,31,32,742
		7,10,55,666		11,05,38,346
Schedule 17 - Finance and Interest expenses				
Term Loans	96,65,28,627		57,91,59,884	
Others	31,520		4,76,13,678	
Finance charges	16,40,37,277	1,13,05,97,424	33,18,36,087	95,86,09,649
Less : Transferred to Cost of Construction (Real Estate Development) (Sch.14)		1,13,03,71,738		95,85,03,839
		2,25,686		1,05,809

Schedule 18 - SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2011

BASIS OF CONSOLIDATION:

The Consolidated Financial Statements relates to Shree Ram Urban Infrastructure Limited ('the company' or 'the parent company'), its subsidiary company 'collectively referred to as the group'.

a) Basis of Accounting

The Consolidated Financial Statements of the Company and its subsidiary are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956 and Accounting Standard 21 'Consolidated Financial Statements (CFS)' as notified under the Companies (Accounting Standards) Rules, 2006.

b) Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis :

- i The Financial Statements of the Company and its subsidiary company have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and transactions resulting in unrealized profits or losses.
- ii The CFS have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- iii The excess of the cost to the company of its investment in subsidiary company over the company's portion of equity of the subsidiary as at the date on which investment in subsidiary is made, is recognized in the Financial Statement as Goodwill. The excess of Company's share of equity and reserve of the subsidiary Company over the cost of acquisition is treated as Capital Reserve.
- iv. Minority Interests in the CFS is identified and recognized after taking into consideration:
 - The amount of equity attributable to minority's at the date on which investments in a subsidiary is made.
 - The minority's share of movements in equity since the date parent subsidiary relationships came into existence.

c) The particulars of subsidiary company and the percentage of ownership interest therein of the company as on 31st December, 2011 are as under:

Name of Company	w. e. f.	Country of Incorporation	Percentage of holding as at 31st Dec, 2011	Reporting Date
SRM Sites Private Limited	24th August, 2009	India	94.79%	31st December, 2011
Shree Ram Realinfra Ventures Private Limited	24th February, 2010	India	100 %	31st December, 2011
Raghuveer Suburban Infrastructure Private Limited	14th January, 2010	India	100 %	31st December, 2011

BASIS OF ACCOUNTING:

The Financial Statements are prepared under historical cost convention, on accrual basis, in accordance with the Generally Accepted Accounting Principles in India and comply with Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and in accordance with provisions of the Companies Act, 1956.

USE OF ESTIMATES:

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported accounts of revenues and expenses for the years presented. Although these estimates are based upon management's knowledge of current event and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future periods.

REVENUE RECOGNITION:**(i) Policy in respect of Real Estate Sales :**

The Company follows Accounting Standard AS-9 'Revenue Recognition' read alongwith the Guidance Note on 'Recognition of Revenue by the Real Estate Developers' issued by the Institute of Chartered Accountants of India. Revenue in respect of real estate sales is recognized when the Company has transferred to the buyer all significant risks and rewards of ownership, i.e., when the buyer has entered into an agreement for sale which is duly registered and according to which the buyer has a legal right to sell or transfer his interest in the property, without any material condition. Where the Company is obliged to perform substantial acts after the transfer of all significant risks and rewards of ownership, the revenue is recognized on proportionate basis as the acts are performed, by applying percentage of completion method in the manner explained in Accounting Standard AS-7 'Construction Contracts' as notified under the Companies (Accounting Standards) Rules, 2006. Further, Revenue is recognized, in relation to the sold areas only, on the basis of percentage of actual cost incurred thereon including cost of land as against the total estimated cost of the project under execution subject to such actual costs being 30% or more of the total estimated cost. Estimated project cost includes cost of land / development rights, borrowing costs, overheads, estimated construction and development cost of such properties. The estimates of the saleable area and costs are reviewed periodically and effect of any changes in such estimates is recognised in the period in which such changes are determined. However, when the total project cost is estimated to exceed total revenues from the project, loss is recognized immediately.

(ii) Policy in respect of Construction Contracts:

Contract revenue is recognized by adding the aggregate cost and proportionate margin using the percentage completion method. Percentage of completion method is determined as a proportion of cost incurred to date to the total estimated cost. Further, Revenue is recognized on the basis of percentage of actual cost incurred as against the total estimated cost subject to such actual costs being 30% or more of the total estimated cost.

(iii) Others:

Interest income is recognized on accrual basis on a time proportion basis. Dividend income is recognized when the Company's right to receive dividend is established.

UNBILLED RECEIVABLES:

Unbilled receivables disclosed under Schedule 8 - "Other Current Assets" represents revenue recognized based on Percentage of completion method, as per Revenue Recognition Policy in respect of Real Estate Sales, over and above the amount due as per the payment plans agreed with the customers.

FIXED ASSETS:

All fixed assets are stated at cost of acquisition, less accumulated depreciation except leasehold land, and intangible assets which are stated at cost less amounts amortized. Cost includes purchase price and all other attributable costs of bringing the assets to its working condition for intended use. Financing costs relating to borrowed funds attributable to acquisition, which takes substantial period of time to get ready for its intended use are also included, for the period till such asset is put to use.

DEPRECIATION / AMORTISATION:

- a) Depreciation on fixed assets (other than Fire Fighting Equipment at Avadh Division) is provided on Straight Line Method (SLM) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 except for depreciation on Shuttering & Scaffolding which are being depreciated on SLM at 16.67% p.a. based on useful life determined by the Management.
- b) Depreciation on Fire Fighting Equipment at Avadh Division is provided on written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- c) The depreciation has not been charged on Fixed Assets whose written down value had reached below 5% of its cost.
- d) Asset costing Rs. 5000 or less individually is fully depreciated in the year of purchase.
- e) Leasehold land is amortized over the period of the lease.
- f) Software are being amortized over the estimated useful life of 3 years.
- g) In case of impairment loss, if any, depreciation on it is provided on the revised carrying amount for their remaining useful life.

IMPAIRMENT OF ASSETS:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If recoverable amount of such asset is less than the carrying amount, then the carrying amount is reduced to its recoverable amount and the difference arising therefrom is treated as impairment loss and is charged to profit and loss account.

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

BORROWING COST:

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are considered as part of the cost of that asset upto the date the assets are ready / put to use. Other Borrowing costs are recognized as an expense in the year in which they are incurred.

INVESTMENTS:

Long term Investments are stated at cost. However, provision is made for diminution in value, other than temporary, on individual basis.

INVENTORIES:

Materials, Stores and Spares, tools and consumables are valued at cost or net realizable value, whichever is lower on the basis of 'First In First Out' (FIFO) method.

Work-in-progress is valued at lower of cost and net realizable value. Cost of construction includes cost of land, materials, services, depreciation, interest on borrowing and other incidental cost incurred in relation to project.

COST OF CONSTRUCTION (Real Estate Development):

Cost of construction includes cost of land, materials, services, depreciation, interest on borrowing, and other incidental cost incurred in relation to project.

CONSTRUCTION WORK IN PROGRESS:

The construction work in progress is carried at the lower of cost or net realizable value, wherever the NRV could be reasonably determined. Cost includes all expenditure necessary to bring the assets to its working condition.

EMPLOYEE BENEFITS:**a) Defined Contribution Plan**

Company's contribution to Provident Fund is deposited with the Employees Provident Fund Organization (EPFO). The Company's monthly contribution towards Provident Fund is accounted for on accrual basis.

b) Defined Benefit Plan

Liability on account of 'Gratuity' is accounted for on the basis of Actuarial Valuation at the end of each year.

c) Other Long term

Liability on account of 'leave encashment' is made on the basis of Actuarial Valuation at the end of the year.

d) Other Short Term

Other Short term Employee Benefits are charged to revenue in the year in which the related services are rendered.

MISCELLANEOUS EXPENDITURE:

Expenditure in the nature of miscellaneous expenditure represented by Voluntary Termination Benefits are amortized in accordance with Accounting Standard 15 (Revised) 'Employee Benefits' notified under the Companies (Accounting Standards) Rules, 2006.

SHARE ISSUE EXPENSES:

Share Issue Expenses are adjusted against Share Premium to the extent balance available in the share premium account.

TAXATION:

- a) Current tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.
- b) Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been announced up to the balance sheet date. Deferred tax assets and liabilities are recognized for the future tax consequences

attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the profit and loss account of the respective year of change.

- c) Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognized only if there is a virtual certainty of its realization supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is reasonable certainty of its realization.

FOREIGN CURRENCY TRANSACTIONS:

- a) The transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.
- b) Current Assets and Current Liabilities in Foreign currency outstanding at the Balance Sheet date are translated at the exchange rates prevailing on the date of Balance Sheet.

The resulting Exchange Difference, if any, is charged to the Profit and Loss Account.

EARNINGS PER SHARE ('EPS'):

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

PROVISIONS:

Provision is recognized when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimate.

LEASES:

Lease arrangements where the risks and rewards incident to ownership of asset substantially vest with the lessor are recognized as operating lease. Lease rent under operating leases are charged to the Profit and Loss account on a straight line basis over the lease term.

Assets given under operating leases are included in fixed assets. Lease income is recognized in the profit and loss account on as straight line basis over the lease term. Costs, including depreciation are recognized as expense in the Profit and Loss account.

SEGMENT POLICIES:

Company's reporting segments are identified based on activities/ products, risks and rewards, organization structure and internal reporting systems.

Segment revenue and expense includes amounts, which can be directly attributed to the segment and are allocable on a reasonable basis. Unallocable items and interest income / expenses are disclosed separately.

Segment assets and liabilities are operating assets / liabilities by the segments which are directly attributable to the segment. The components of capital employed that cannot be directly identified are shown as unallocable capital employed.

CONTINGENT LIABILITIES:

The company makes a provision when there is present obligation as a result of past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- (i) Possible obligation, the existence of which will be confirmed by the occurrence / non-occurrence of one or more uncertain events, not fully within the control of the company;
- (ii) Present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
- (iii) Present obligation where a reliable estimate cannot be made.

OTHER ACCOUNTING POLICIES:

These are consistent with the generally accepted accounting practices.

Schedule 19 - Notes forming part of Consolidated Financial Statements for the year ended 31st December, 2011

1. Preferential Issue:

During the year, the Company has allotted 75,40,400 Equity Shares on 15th June 2011 and 1,29,59,600 Equity Shares on 29th July 2011 on preferential allotment basis upon conversion of 2,05,00,000 Equity Share Warrants into equivalent number of Equity Shares of Rs.10 each fully paid at a premium of Rs. 130 per share to the Promoters and Others. Consequent to the above allotment of shares, the issued and Paid-up share capital of the Company now stands at Rs. 41,13,45,400. The Difference between the issue price and the face value of the equity shares amounting to Rs. 2,66,50,00,000 has been credited to Shares Premium Account. The aforesaid equity share issue shall rank pari passu in all respect with the existing equity shares of the Company. During the year, the Company has adjusted share issue expenses of Rs. 28,70,000 against the balance of Share Premium Account.

Equity shares allotted pursuant to exercise of equity warrants are subject to lock-in for a period of three years for the promoters group i.e. 1,60,84,678 equity shares and for the period of one year for other allottees i.e. 44,15,322 equity shares.

The amount received during the year has been utilized towards the objects of the issue. Detail of the amount received is as under:

Number of Warrants issued /allotted	Issue price of the warrant	Total Amount (Rs.) Received
2,05,00,000	Rs. 140 (balance Rs. 105 i.e. 75% of Rs. 140 received)	2,15,25,00,000

2. (a) Preference shareholders had given consent at their general meeting held on 5th July, 2010 for redemption of preference shares earlier than the date its redemption. Accordingly, during the year, the company has redeemed 1,17,011 - 0 % Redeemable Preference Shares of face value of Rs. 100 each and 1,36,877 - 11% Redeemable Cumulative Preference Shares of face value of Rs.100 at par. Further, the said redemption is made out of issue of equity shares capital on conversion of equity warrants aggregating to Rs. 20,50,00,000, hence creation of Capital Redemption Reserve (CRR) has not been made.
- (b) During the year, one of the subsidiary has issued 82,418 Compulsorily Convertible Preference Shares (CCPS) on 30th March, 2011 and 2,368 Compulsorily Convertible Preference Shares (CCPS) on 26th April, 2011 of Rs.10 each at a premium of Rs. 6,476.92 per share and further 1,33,355 Compulsorily Convertible Preference Shares (CCPS) on 16th December, 2011 of Rs. 10 each at a premium of Rs. 7,488.78 per share. Thus the subsidiary has received Rs. 21,81,410 towards preference share capital and Rs. 1,54,78,18,397 towards share premium. Each CCPS so issued is convertible into one equity share of Rs.10 each. The above 2,18,141 CCPS are due for conversion into equity shares of Rs. 10 each at the expiry of 30 or 36 months from their respective date of allotment. Further the 2,50,000 CCPS issued upto 31.12.2010 are due for conversion into equity shares in the three equal installment of 83,333 each after the end of 24, 30 and 36 months from 28th October, 2009.

3. Capital Commitment :

Particulars	Current year (Rs. in crores)	Previous year (Rs. in crores)
Estimated amount of contracts remaining to be executed on Capital Account and not provided for	342.49	100.18

4. Contingent Liabilities in respect of :

Amount in Rupees

Sr. No.	Particulars	Current Year	Previous Year
a)	Claims against the Company not acknowledged as debts	4,81,10,732	4,86,10,732
b)	Labour Matters :		
	i) Pending in court in respect of claims for Retrenchment Compensation etc.	14,69,751	4,87,240
	ii) Pending Court cases - 6 (Previous Year - 5) in respect of claims for Back Wages etc. filed by ex-employees of the Company for which the amount of Contingent Liability is unascertainable		
c)	Income Tax Matters :		
	i) Disputed demand of Income Tax for Assessment Year 2003-04, where the department is in appeal.	1,08,86,963	NIL
	ii) Disputed demand of Income Tax for Assessment Year 2004-05, where the department is in appeal.	79,57,942	79,57,942
	iii) Disputed demand of Income Tax for Assessment Year 2005-06, where the department is in appeal.	8,74,93,855	NIL
	iv) Disputed demand of Income Tax for Assessment Year 2007-08, where the Company is in appeal.	43,58,910	43,58,910
	v) Disputed demand of Income Tax for Assessment Year 2009-10, where the Company is in appeal.	90,49,260	NIL
	vi) Income Tax demand for short deduction of tax at source and interest thereon for various Assessment Years, where the Company is in appeal.	1,92,24,278	NIL
d)	i) Property Tax disputed with BMC where the Company is in appeal	1,61,23,536	1,02,60,432
	ii) Property Tax disputed with BMC	3,49,32,964	2,54,84,173
e)	Excise Duty demand [Bank Guarantee provided for the same Rs. 3,39,250 (Previous Year: Rs. 3,39,250)]	3,39,250	3,39,250
f)	Customs Duty demand [Bank Guarantee provided for the same Rs. 6,98,500 (Previous Year: Rs. 6,98,500)]	6,98,250	6,98,250
g)	Dividend in respect of 1,36,877 11% Redeemable Cumulative Preference Shares of Face Value of Rs. 100 each	1,22,30,116	1,07,90,470
h)	Pending court cases- 4 (Previous Year: 5) in respect of other matters against the Company for which the amount of Contingent Liability is unascertainable.		

5. Arbitration proceedings have been underway since 2005 with Kalpataru Properties Pvt Ltd. (KPPL) in respect of development rights of Plot 5A admeasuring 20,955.40 sq.mtrs of the Company's Worli Estate, against which it has received Rs. 30 crores. The Bombay High Court had passed a status quo order on about 23,500 sq.mtrs. of the said Estate. Subsequently, KPPL had filed a claim of compensation for

Rs. 1,528.93 crores along with interest as an alternative to their original claim for specific performance. The Company has received legal advice that the said claim for compensation is not tenable, and the chances of it being held against the Company are highly remote. As regards the Company's own counter-claim of Rs. 2,677.32 crores against KPPL, the Arbitral Tribunal has held that claim of Rs. 760.36 crores is under their jurisdiction under the present Arbitration proceeding, and for the balance amount of Rs.1,916.96 crores, alternative remedies will have to be sought. The Company is in discussion with its legal advisors on the most optimum course to follow for the said balance claim.

6. In the opinion of the Management, no item of current assets has a value on realization in the ordinary course of business, which is less than the amount of value at which it is stated in the Balance Sheet. The provision for all known and determined liability is adequate and not in the excess of the amount reasonably required.
7. Shares held as investment by the company have been classified as Long term Investment. Provision for the diminution in the value of investment has been made in the accounts where the management is of the view that such diminution is of permanent nature.
8. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If recoverable amount of such asset is less than the carrying amount, then the carrying amount is reduced to its recoverable amount and such difference between recoverable amount and carrying amount is treated as impairment loss and is charged to Profit and Loss account. For the current year ended 31st December 2011 impairment loss charged to Profit and Loss account is of Rs. Nil (Previous year: Rs. 7,28,34,724).
9. Operating future minimum Rent Receivable as at 31st December, 2011

Particulars	Amount (Rs.)	Amount (Rs.)
Rent Receivable	As at 31.12.2011	As at 31.12.2010
i) Not later than one year	NIL	12,56,300
ii) Later than one year and not later than five years	NIL	2,52,000
iii) Later than five years	NIL	NIL

10. During the year, the Company has achieved more than 30% of the total estimated project cost and accordingly revenue is recognized on proportionate basis as per its accounting policy in respect of real estate sales.
11. No revenue has been recognized by the subsidiary SRM Sites Private Limited and Raghuvver Suburban Infrastructure Private Limited for the year ended 31st December, 2011 in respect of the work executed, since in the opinion of the subsidiaries management the same is below the prescribed level (30%) of the completion of the project as compared to the total projected cost.
12. No significant events which could affect the financial position as on 31st December, 2011, to a material extent have been occurred, after the Balance Sheet date till the signing of report.

13. Managerial Remuneration comprises of the following:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Salary	29,40,000	27,00,000
Contribution to Provident Fund	3,52,800	3,24,000
Ex-Gratia	1,10,000	90,000
Others	11,29,122	9,24,342
Total	45,31,922	40,38,342
Less: Transferred to cost of construction	23,29,141	22,15,314
Net Debited to Profit and Loss Account	22,02,781	18,23,028

14. Auditor's Remuneration comprises of the following

Particulars	Current Year (Rs.)	Previous Year (Rs.)
For Statutory Audit	17,64,200	14,59,630
For Other Matters	4,65,350	2,37,150
Out of Pocket expenses	—	6,381
Total	22,29,550	17,03,161
Less: Transferred to cost of construction	3,06,080	71,695
Net debited to Profit and Loss Account	19,23,470	16,31,466

15. The Company has recognized the Deferred Tax Liability / Assets as at 31st December, 2011 as per Accounting Standard –22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India as detailed under:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Deferred Tax Liabilities		
Depreciation on Fixed Assets and others	—	—
Misc. Expenditure	—	—
Total Deferred Tax Liabilities	—	—
Deferred Tax Assets		
Preliminary Expenses	—	7,20,807
Depreciation on Fixed Assets and others	41,79,329	1,74,52,651
Provision for Gratuity / Leave Encashment	4,65,938	7,84,872
Unabsorbed depreciation / Fiscal losses	97,24,458	2,65,81,571
Total Deferred Tax Assets	1,43,69,725	4,55,39,901
Deferred Tax Liabilities / (Assets) - Net	(1,43,69,725)	(4,55,39,901)
Deferred Tax (Assets) recognized in Balance Sheet	NIL	NIL

As a matter of prudence, the Company has not recognized deferred tax asset being timing differences on account of unabsorbed depreciation, carried forward losses and depreciation on fixed assets and others, under Accounting Standard (AS)-22 “Accounting for Taxes on Income”.

16. **Segment Reporting:**

The Company has recognized the “Textile” and “Real Estate” as segments for Segment Reporting as at 31st December, 2011 as per Accounting Standard –17 issued by the Institute of Chartered Accountants of India as detailed under:

Accounting Standard 17 'Segment Reporting'

(a) Business Segments :

(Amount in Rupees)

Particulars	TEXTILE		REAL ESTATE		TOTAL	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
REVENUE :						
External Revenue	24,82,47,368	32,93,27,260	3,53,90,50,120	1,75,63,642	3,78,72,97,488	34,68,90,902
Inter-segment Revenue	—	—	—	—	—	—
Total Revenue	24,82,47,368	32,93,27,260	3,53,90,50,120	1,75,63,642	3,78,72,97,488	34,68,90,902
RESULT :						
Segment Result	(29,62,908)	(6,97,00,702)	6,69,39,363	87,74,192	6,39,76,455	(6,09,26,510)
Less : Unallocable expenditure net of unallocable income					(6,09,67,278)	(10,65,77,232)
Less : Interest expenses					(2,25,686)	(1,05,809)
Add : Interest income					14,35,706	17,19,899
Profit before Prior Period adjustment					42,19,197	(16,58,89,653)
Less / (Add) : Prior Period adjustment					5,18,248	(5,11,840)
Profit before Taxation & Exceptional Item					47,37,445	(16,64,01,493)
Less : Tax Provision					18,00,000	2,00,000
Income Tax					45,798	21,802
Wealth Tax					3,884	25,478
Income / Wealth Tax for earlier years						
Profit after Taxation					28,87,763	(16,66,48,773)
Less : Minority interest's share in loss of subsidiary					(1,54,381)	(2,15,205)
Profit / (Loss) for the year					30,42,144	(16,64,33,568)

Note :- The segment result for Real Estate segment has been arrived at after considering the Interest Expenses of Rs. 94,30,35,809 and Interest Income of Rs. 1,70,79,465.

Particulars	TEXTILE		REAL ESTATE		TOTAL	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
OTHER INFORMATION						
Segment Assets	5,06,25,595	8,69,13,428	17,18,69,44,259	12,14,31,02,112	17,23,75,69,853	12,23,00,15,540
Unallocable Assets					61,06,09,757	13,13,97,581
Total Assets					17,84,81,79,611	12,36,14,13,121
Segment Liabilities	12,90,799	13,31,706	5,91,00,68,826	5,87,22,23,362	5,91,13,59,626	5,87,35,55,068
Unallocable Liabilities					15,75,63,317	7,09,37,487
Total Liabilities					6,06,89,22,943	5,94,44,92,555
Capital Expenditure						
Segment Capital Expenditure	-	-	11,39,85,991	24,13,80,909	11,39,85,991	24,13,80,909
Unallocable Capital Expenditure					29,40,616	6,30,869
Total Capital Expenditure					11,69,26,607	24,20,11,778
Depreciation /Amortisation / Impairment						
Segment Depreciation /Amortisation /Impairment	-	8,05,48,129	11,61,96,048*	9,93,61,220*	11,61,96,048	17,99,09,349
Unallocable Depreciation /Amortisation /Impairment					3,81,011	3,56,389
Total Depreciation /Amortisation /Impairment					11,65,77,059	18,02,65,738

* Includes depreciation of Rs. 11,58,35,987 (Previous Year: Rs.9,90,01,159) relating to Real Estate division which has been debited to Cost of Construction (Real Estate Development) (Refer Schedule 14).

Note : Real Estate segment includes income from Business Centre.

(b) Secondary Segment Reporting (Geographical Segments) :

Not Applicable

17. Employee Benefits:

Disclosure under Accounting Standard 15 "Employee Benefits" (Revised 2005) issued by the Institute of Chartered Accountants of India:

Defined Contribution Plan:

The Company's contribution to Provident Fund is deposited with the Employees Provident Fund Organisation (EPFO). During the year, the Company has recognized Rs. 10,56,761 (Previous year: Rs. 8,73,042) towards provident fund.

Defined Benefit Plan:**Gratuity**

The gratuity liability arises on retirement, premature withdrawal, resignation and death of an employee. The gratuity liability is calculated on the basis of actuarial valuation as per projected unit credit method.

Other Long Term Benefit:**Leave Encashment Plan**

The earned leave liability arises as and when services are performed by an employee. The said liability is calculated on the basis of actuarial valuation as per projected unit credit method.

I) Changes in Defined Benefit Obligation :

Particulars	Gratuity as on 31.12.2011	Gratuity as on 31.12.2010	Leave Encashment as on 31.12.2011	Leave Encashment as on 31.12.2010
Liability at the beginning of the year	15,93,848	13,00,726	9,46,189	9,17,721
Current service cost	4,45,865	2,65,044	1,82,948	1,36,501
Past service cost	—	65,385	—	—
Interest cost	1,31,492	1,04,058	78,061	73,418
Benefits paid	(1,41,990)	(98,880)	(10,09,258)	(4,68,871)
Actuarial Gain/ (Loss) on obligation	(40,144)	(42,485)	4,93,475	2,87,420
Liability at the end of the year	19,89,071	15,93,848	6,91,415	9,46,189

II) The fair value of plan assets is Nil since, retirement benefit plans are wholly unfunded.

III) Amount recognised in Balance Sheet :

Particulars	Gratuity as on 31.12.2011	Gratuity as on 31.12.2010	Leave Encashment as on 31.12.2011	Leave Encashment as on 31.12.2010
Liability at the end of the year	19,89,071	15,93,848	6,91,415	9,46,189
Amount recognised in balance sheet	19,89,071	15,93,848	6,91,415	9,46,189

IV) Expenses recognized in Profit and Loss Account

Particulars	Gratuity as on 31.12.2011	Gratuity as on 31.12.2010	Leave Encashment as on 31.12.2011	Leave Encashment as on 31.12.2010
Current Service Cost	4,45,865	2,65,044	1,82,948	1,36,501
Past Service Cost	—	65,385	—	—
Interest Cost	1,31,492	1,04,058	78,061	73,418
Adjustments for increase in opening provision	—	—	—	—
Expenses transfer to reserves	—	—	—	—
Actuarial (Gain)/ Loss	(40,144)	(42,485)	5,62,572	2,87,420
Total expenses	5,37,213	3,92,002	8,23,581	4,97,339
Expenses charged to the Profit & Loss Account	3,33,815	2,21,070	3,59,813	3,50,634
Expenses charged to Construction Costs	2,03,398	1,70,932	4,63,768	1,46,705
Total Expenses	5,37,213	3,92,002	8,23,581	4,97,339

V) Balance Sheet Reconciliation:

Particulars	Gratuity as on 31.12.2011	Gratuity as on 31.12.2010	Leave Encashment as on 31.12.2011	Leave Encashment as on 31.12.2010
Opening Net Liability	15,93,848	13,00,726	9,46,189	9,17,721
Expenses as above	5,37,213	3,92,002	8,23,581	4,97,339
Adjustment for increase in opening provision for retirement benefits	—	—	—	—
Benefits paid	(1,41,990)	(98,880)	(10,78,355)	(4,68,871)
Amount Recognition in the Balance sheet	19,89,071	15,93,848	6,91,415	9,46,189

VI) Principal Actuarial Assumptions

Particulars	Gratuity as on 31.12.2011	Gratuity as on 31.12.2010	Leave Encashment as on 31.12.2011	Leave Encashment as on 31.12.2010
Discount Rate	8.75 %	8.25 %	8.75 %	8.25 %
Future Salary Increases	5.00 %	5.00 %	5.00 %	5.00 %
Attrition Rate	2.00 %	2.00 %	2.00 %	2.00 %

The discount rate is based upon the bench mark rate available on Government Securities having maturity equal to the tenure of benefits.

The estimate of salary growth rate considered in actuarial valuation takes into account inflation, seniority and other relevant factors on long term basis.

18. Related Party Disclosures:

In compliance with Accounting Standard 18 – ‘Related Party Disclosures’ issued by the Institute of Chartered Accountants of India, the required disclosures are given in the table below:

a) Name of the Related Party and Nature of Related Party Relationship

Name of the Related Party	Nature of Related Party Relationship
Akhilesh Developers Private Limited	Enterprise that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise
a) Landmarc Leisure Corporation Limited b) S Kumars Online Limited c) Vidhi Holdings Private Limited d) Raghuveer Urban Constructions Company Private Limited (w.e.f. 7th April, 2010) e) Akhilesh Developers Private Limited f) Hanumesh Realtors Private Limited g) Mandakini Hospitality Private Limited h) Yashaswini Leisure Private Limited i) SKM Fabrics (Andheri) Limited j) Aura Realtors Private Limited k) Goldmount Advisors l) Vasundhara Hospitality Private Limited	Enterprises over which key management personnel & their relatives exercise significant influence where the Company has entered into transactions during the year
a) Mr. Vikas S. Kasliwal - Vice Chairman & CEO b) Mr. S. K. Luharuka - Whole Time Director c) Mr. Ashok Bhatt (in subsidiary SRM Sites Limited)	Key Management Personnel

- b) Details of transactions between the Company and related parties and the status of outstanding balances as on 31st December, 2011.

(Amount In Rupees)

Nature of transactions	Current Year	Previous Year
Contract with material and other charges		
Raghuveer Urban Constructions Company Private Limited	1,98,97,30,938	68,02,59,289
Total	1,98,97,30,938	68,02,59,289
Purchase of materials		
Raghuveer Urban Constructions Company Private Limited	30,06,26,551	—
Total	30,06,26,551	—
Sale of Flat		
Aura Realtors Private Limited	—	36,11,52,000
Total	—	36,11,52,000
Revenue recognised on sale of flat on percentage completion basis		
Hanumesh Realtors Private Limited	3,59,19,132	—
Mandakini Hospitality Private Limited	3,59,19,132	—
Yashaswini Leisure Private Limited	3,59,19,132	—
Akhilesh Developers Private Limited	3,59,19,132	—
Aura Realtors Private Limited	16,21,53,328	—
Total	30,58,29,856	—
Consultancy charges paid / (reversed)		
Goldmount Advisors	18,05,376	6,61,800
Vasundhara Hospitality Private Limited	21,91,353	2,75,000
Total	39,96,729	9,36,800
Rent received		
S Kumars Online Limited	3,00,000	3,00,000
Total	3,00,000	3,00,000
Loans taken		
Akhilesh Developers Private Limited	—	21,54,000
Total	—	21,54,000
Repayment of Loans taken		
Vidhi Holdings Private Limited	—	10,50,00,000
Akhilesh Developers Private Limited	—	33,13,45,000
Total	—	43,63,45,000
Allotment of Equity Share Warrants		
(a) Amount adjusted from loan taken		
Hanumesh Realtors Private Limited	—	4,19,00,000
Mandakini Hospitality Private Limited	—	4,74,00,000
Yashaswini Leisure Private Limited	—	3,65,10,000

(b) Amount received*		
Hanumesh Realtors Private Limited	57,75,00,000	9,81,00,000
Mandakini Hospitality Private Limited	53,38,91,190	7,80,63,730
Yashaswini Leisure Private Limited	57,75,00,000	10,34,90,000
Total	1,68,88,91,190	40,54,63,730
*(During the year, the company has allotted 1,60,84,678 equity shares of Rs. 10 each at a premium of Rs. 130 per share, on conversion of equivalent number of equity share warrants)		
<u>Payments towards advances received</u>		
Hanumesh Realtors Private Limited	—	1,00,00,000
Mandakini Hospitality Private Limited	—	1,00,00,000
Yashaswini Leisure Private Limited	—	1,00,00,000
Akhilesh Developers Private Limited	—	1,00,00,000
Total	—	4,00,00,000
<u>Payment towards 11% Redeemable Cumulative Preference Shares</u>		
Vidhi Holdings Private Limited	34,36,400	—
Mr. Vikas S. Kasliwal	18,200	—
Akhilesh Developers Private Limited	93,87,000	—
Total	1,28,41,600	—
<u>Payment towards 0% Redeemable Cumulative Preference Shares</u>		
Vidhi Holdings Private Limited	1,10,66,900	—
Mr. Vikas S. Kasliwal	11,000	—
Total	1,10,77,900	—
<u>Deposit received</u>		
Landmarc Leisure Corporation Limited	—	59,355
Total	—	59,355
<u>Advances given for materials / contract charges</u>		
Raghuveer Urban Constructions Company Private Limited	1,19,73,70,412	1,16,02,74,505
Total	1,19,73,70,412	1,16,02,74,505
<u>Key Management Personnel</u>		
Managerial Remuneration		
- Mr. Vikas S. Kasliwal - Vice Chairman & CEO	23,29,141	22,15,314
- Mr. S. K. Luharuka - Whole Time Director	22,02,781	18,23,028
Total	45,31,922	40,38,342
<u>Purchase of Equity Shares of Raghuveer Suburban Infrastructure Private Limited</u>		
- Mr. S. K. Luharuka - Whole Time Director	—	50,000
Total	—	50,000
<u>Purchase of Equity Shares of Shree Ram Realinfra Ventures Private Limited</u>		
- Mr. S. K. Luharuka - Whole Time Director	—	50,000

Total	—	50,000
<u>Outstanding balances as on 31st December, 2011 :</u>		
Sundry Debtors		
S Kumars Online Limited	22,500	22,500
Aura Realtors Private Limited	70,67,745	—
Total	70,90,245	22,500
<u>Investments held In Equity Shares of</u>		
Raghuveer Urban Constructions Company Private Limited	99,00,000	99,00,000
Total	99,00,000	99,00,000
<u>Loans taken</u>		
Akhilesh Developers Private Limited	2,33,09,000	2,33,09,000
Hanumesh Realtors Private Limited	1,00,90,000	1,00,90,000
Mandakini Hospitality Private Limited	1,00,00,000	1,00,00,000
Yashaswini Leisure Private Limited	1,00,00,000	1,00,00,000
Total	5,33,99,000	5,33,99,000
<u>Advance received</u>		
Akhilesh Developers Private Limited	4,40,80,868	8,00,00,000
Hanumesh Realtors Private Limited	4,40,80,868	8,00,00,000
Mandakini Hospitality Private Limited	4,40,80,868	8,00,00,000
Yashaswini Leisure Private Limited	4,40,80,868	8,00,00,000
Aura Realtors Private Limited	19,89,98,672	36,11,52,000
Total	37,53,22,144	68,11,52,000
<u>Advances given for materials / contract charges</u>		
Raghuveer Urban Constructions Company Private Limited	2,60,18,51,917	1,40,44,81,505
Total	2,60,18,51,917	1,40,44,81,505
<u>Deposits Received</u>		
Landmarc Leisure Corporation Limited	13,71,26,297	13,71,26,297
S Kumars Online Limited	73,00,000	73,00,000
Total	14,44,26,297	14,44,26,297
<u>Sundry Creditors</u>		
Vasundara Hospitality Private Limited	1,64,000	—
Golmount Advisors	2,02,042	—
Total	3,66,042	—

19. Computation of Earnings per share (EPS)

Particulars	Current Year	Previous Year*
Profit / (Loss) after taxation (Rs.)	30,42,143	(16,64,33,568)
Weighted average number of equity shares	3,03,05,164	2,06,34,540
Face value per equity shares (Rs.)	10	10
Basic earnings per share (EPS) Rs.	0.10	(8.07)
Diluted earnings per share (EPS) Rs.	0.10	(8.07)

* As on 31st December, 2010 - 2,05,00,000 equity share warrants were outstanding and as there was a loss during period year ended December 2010, the effect of exercise of equity share warrants was anti-dilutive and hence the same had not been considered in the computation of diluted earnings per share. Accordingly basic and diluted EPS were same.

20. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues on account of principal amount together with interest as at the balance sheet date. This has been determined to the extent such parties have been identified on the basis of information available with the Company.
21. 'Sundry credit balances written back (Net)' amounting to Rs. 18,60,312 are net of 'Sundry debit balances written off' amounting to Rs. 1,35,442. (Previous Year: 'Sundry debit balances written off (Net)' amounting to Rs. 3,29,738 are net of 'Sundry credit balances written back' amounting to Rs. 4,63,066).
22. Movement in Minority Interest during the year :

Particulars	Year ended 31st December, 2011	Year ended 31st December, 2010
Minority Interest balance at the beginning	5,68,38,718	2,08,47,136
Add: Minority share in the share premium received during the year	8,06,91,955	3,62,06,787
Less: Minority share in 'share issue expenses'	(2,96,692)	—
Less: Minority share in loss of a subsidiary for the year	(1,54,381)	(2,15,205)
Minority Interest balance as at the end	13,70,79,600	5,68,38,718

23. During the year, the Company has received notices arising out of inspection u/s. 209A of the Companies Act, 1956 carried out by the Deputy Registrar of Companies pointing out certain irregularities / contraventions of the Companies Act, 1956. In response, the Company has provided all necessary explanations / documentary evidences. In order to avoid long drawn litigation, Company without accepting any of the irregularities / contraventions, has filed application for compounding of offences under section 621A of the Companies Act, 1956. The said applications are pending for hearing. In opinion of the Company, liability in this regard is estimated at Rs. 22,60,000 which have been provided for in the books of accounts.
- 24 The 'Maharashtra Chamber of Housing Industry' (MCHI) has also filed a writ petition in Bombay High Court challenging the levy of VAT under MVAT Act, 2002 on property under construction. The Hon'ble High Court has directed that the members of the MCHI should not be treated as 'Dealers' liable to tax under the MVAT Act, 2002 in respect of flats on ownership basis under the Maharashtra Ownership Flats Act, 1963 (MOFA Act), and members of MCHI have been absolved from assessments till the disposal of the petition. Pending

the final outcome of the said writ petition, the Company has neither recovered separately nor deposited MVAT on advances collected towards sale of residential flats / units, the MVAT liability, in respect of the same amounts to Rs. 7,87,67,685 (Previous Year : Rs. 3,02,48,570).

25. The Company has extended mortgage of its property at Plot Nos.5B and 6 situated at Shree Ram Mills Premises, Lower Parel Div., Mumbai viz. "Palais Royale" and also is secured by first and exclusive charge on all the receivables of the aforesaid project and personal guarantee of one of the Director for loan availed of Rs. 35,00,00,000 by its subsidiary Company 'Raghuveer Suburban Infrastructure Private Limited' from others.
26. The Company had received Letter of Intent / Intimation of Disapproval / Commencement Certificate from the Govt. of Maharashtra – Municipal Corporation of Greater Mumbai (MCGM) for construction of Public Parking Lot under DCR 33(24) and had commenced construction accordingly. On 29th November, 2011, the MCGM issued a show- cause notice to the Company regarding the Public Parking Lot asking why it should not be cancelled / modified in keeping with the revised policies of the state Govt. / MCGM. Subsequently, the MCGM issued stop work notice to the Company which was stayed by the Hon'ble City Civil Court. The matter is pending before the Hon'ble Court. In the meanwhile, as per the Hon'ble Court's directions, the construction of the Public Parking Lots is continuing and is almost complete. The company has been advised that the MCGM actions are not tenable under law.
27. The Company is regular in depositing all the statutory dues including provident fund, employee's state insurance, property tax, income-tax, wealth tax, service tax, sales tax, custom duty, tax deducted at source, works contract tax, cess and other statutory dues. However, due to administrative reason, there are delays in few cases in depositing Tax deducted at source.
28. Some of the balances of deposit, loans and advances, sundry debtors and sundry creditors are subject to confirmation from the respective parties and consequential reconciliation / adjustments arising therefrom, if any. The management however does not expect any material variation.
29. Previous year's figures are regrouped wherever necessary in order to bring them in conformity with the current year classification.

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants

Narendra Jain
(Partner)
Membership No. 048725

Place : Mumbai
Dated : 27th February, 2012

As per our report of even date

For **Habib & Co.**
Chartered Accountants

D. P. Shroff
(Partner)
Membership No.045417

Place : Mumbai
Dated : 27th February, 2012

For and on behalf of the Board

S. S. Kasliwal - Chairman
S. K. Luharuka - Whole Time Director
Manju B. Batham - Company Secretary

Place : Mumbai
Dated : 27th February, 2012

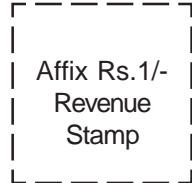
SHREE RAM URBAN INFRASTRUCTURE LIMITED

Registered Office : Shree Ram Mills Premises, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013.

PROXY FORM

I/We _____
of _____ in the district of _____ being a member / members
of the above named company hereby appoint _____
_____ of _____ in the district of _____
or failing him _____
_____ of _____ in the district of _____
as my/our Proxy to vote for me/us and on my/our behalf at the 75th Annual General Meeting of the Company
to be held on Saturday 21st April, 2012 and at any adjournment thereof.
As witness my/our hand(s) this _____ day of _____ 2012.

Signed by the said



In the presence of _____

- Notes :
1. The Proxy form should be signed across the stamp as per specimen signature with the Company.
 2. This proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the commencement of the meeting.

SHREE RAM URBAN INFRASTRUCTURE LIMITED

Registered Office : Shree Ram Mills Premises, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013.

ATTENDANCE SLIP

Please record my presence at the 75th Annual General Meeting of the Company held at Sunville 9, Annie Besant Road, Worli, Mumbai 400 018 on Saturday 21st April, 2012 at 11.00 a.m.

Name of the Shareholder (in Block Letter) _____

Signature of the Shareholder or Proxy holder _____

Folio No. _____

Client ID No. _____

Please sign. this attendance slip and hand it over at the entrance of the Hall.