Sunteck

Ambition and growth never come
with speed limits and barriers

ANNUAL REPORT 2013

Sunteck

ANNUAL REPORT 2013

# THE STORY SO FAR. . .

At Sunteck, life begins afresh every single day with new hopes, new dreams and goals that go far beyond the sun – our inspiration. Each sunrise is a clarion call to rise, awake and color the corporate canvas with untried ideas, radical thinking and path-breaking innovations. The results are there for all to see. How new benchmarks are being created, how new icons are rising and how incredible edifices are taking shape. Converting ideas into actions is the fire that keeps Sunteck shining bright. Fueled by passion and the ardent urge to succeed has left behind a trail blazing trajectory of successes and accolades in every step taken. While flying and reaching new heights is perhaps defined by our DNA, what also matters the most is our deep rooted philosophy and solid pillars of strength. That's what makes us, that's what defines us and that's what constitutes our today and tomorrow.

## SUNTECK: BRAND PERSONA

**Solid | Understanding | New- Age | Transparent | Ethical | Creative | Knowledge Driven**

# CORPORATE INFORMATION

**BOARD OF DIRECTORS**

**Mr. Kamal Khetan** - Chairman and Managing Director

**Mr. Jignesh Sanghavi** - Executive Director

**Mr. Kishore Vussonji** - Independent Director

**Mr. Sanjay Dutt** - Independent Director

**Mr. Mahadevan Kalahasthi** - Independent Director

**Mr. Ramakant Nayak** - Independent Director

**Mr. Hari V. Krishna** - Nominee Director

**Ms. Rachana Hingarajia** - Company Secretary

**AUDITORS**
M/s Lodha & Co. - Chartered Accountants

**SOLICITORS AND LEGAL ADVISORS**
Kanga & Company

**BANKERS**
Kotak Mahindra Bank Ltd.

**ADDRESS OF REGISTRAR OFFICE**
5th Floor, Sunteck Centre,
37-40, Subhash Road,
Vile Parle (E)
Mumbai - 400057

**REGISTRAR AND TRANSFER AGENTS**
Link Intime India Private Limited
C-13 Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup,
Mumbai - 400078

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# CHAIRMAN'S MESSAGE

## Mr. Kamal Khetan

Dear shareholders,

At Sunteck, we have always believed in sticking to the path with a clear goal-post even though there have been a lot of road-blocks and pot-holes in the form of unstable economy and approval uncertainty. Our philosophy to grow by adopting a balanced operational strategy comprising of periodic city centric acquisitions within Mumbai, execution and prudent reinvestments with clear focus on 'cash flow management' have resulted in adding value for all our stakeholders.

Presently, while negativity looms over the sector on account of the weak global outlook, in the long term Indian real estate will witness sustainable demand due to more evolved population, rapid urbanization, favorable demographics, increased buying power, a shift towards nuclear families and a growing service sector.

We, at Sunteck Realty, believe that at this point of time there are several growth oriented opportunities that could be explored judiciously and capitalized by leveraging the aura of the brand 'Sunteck' - your company enjoys in the premium segment. This aspiration to expand will set another milestone for the company in the years to follow. Our current development portfolio of over 28 mn.sq.ft. spread over 25 projects and 4 rented assets itself speaks about the growth we have been able to achieve within a short span of 6-7 years (post 2008 crisis). Since inception, we have been able to achieve cumulative sales of approximately INR 2,656 crore and collections of approximately INR 1,320 crore.

While strong fundamentals and maintaining negligible debt levels have been the cornerstone of our success, we wish to go full throttle on our execution. With this in mind, we have recruited several industry experts and roped in the best contractors, architects and Interior designers for our various ongoing projects. We are confident that with these improvements, the company will be able to set higher benchmarks and scale greater heights in the years to come.

The talent acquisition policy of your company has laid emphasis on acquiring and honing talent at all levels within the organization. To abet our execution strategy your company is proud to have the industry's best talent on board that are working relentlessly to ensure timely execution. These acquisitions are across varied levels within the hierarchy of the organization. The experience pool of the talent together with strategic initiatives undertaken like the appointment of L& T as our contractors for Sunteck City-Avenue 1 are a step in the direction of achieving operational excellence.

With our 4 projects getting completed in FY2013-14, Our flagship residential project 'Signature Island' located in Bandra Kurla Complex being one of them, we are seeking best possible ways to reward all our stakeholders with the objective to create long term value for them.

I am pleased to inform that your company has won two awards during the year for its excellence in real estate space namely,

- 3 Merit Awards in "APREA (Asia Pacific Real Estate Association Limited) Best Practices Awards 2012" held in Singapore:
  - Emerging Markets: Best Country Submission – India (across 9 regions of Asia-Pacific)
  - Emerging Markets: Best 1st Year Entrant
  - Emerging Markets: Property Valuation
- Sunteck's flagship project i.e. Signature Island won Project of the year award at the 27th National Real Estate Awards from "Accommodation Times" held in Mumbai

I would like to thank our Board Members and the management team whose continuous support and guidance has helped us to achieve the growth where we are right now and expect similar efforts in the coming years to set more milestones in the times to come.

Lastly, I would also like to thank our shareholders, customers, business associates and employees whose continuous efforts have helped the company in achieving this growth. As you are aware, we have always grown despite the tough times and we will strive even hard to capitalize and seize every opportunity that unfolds in the ensuing years to grow and take the company from this level to even greater heights.

**Kamal Khetan**
**Chairman & Managing Director**

# BKC 'LANDMARKS'

A few things get better with time. We delightfully concur. At Sunteck, we are crafting landmarks at Bandra Kurla Complex that will become the symbol of opulence for generations to come. Quietly sophisticated. Definitely uber chic. Decidedly suave. Quite like you. We invite the privileged few to take a pictorial tour of our creations. We have a feeling that you will love the understated opulence and international lifestyle these creations so effortlessly exude.

## Sunteck at the BKC: The latest buzz

Signature Island, Signia Isles and Signia Pearl-the 3 most prestigious and most luxurious projects of Sunteck are shaping up to perfection and completion. A testament to royalty, an ode to luxury and a poem penned down in brick and mortar.

Signia Isles
Bandra Kurla Complex, Mumbai

Signature ISLAND
Bandra Kurla Complex, Mumbai

Signia pearl
Reassuringly Rare
Bandra Kurla Complex, Mumbai

## About Bandra Kurla Complex (BKC)

- BKC is the true central business district of the country
- Home to most of the biggest Corporates, Financial Institutions, Bourses & Consulates
- Best Educational Institutions - American School, Dhirubhai Ambani School, Arya Vidya Mandir, Ascent & upcoming Zee school
- Best Hotels & Restaurants - Trident, Sofitel, Grand Hyatt, Taj Lands End, Sahara Star (Also proposed are the Bellagio, Atlantis and Ritz Carlton)
- Best Eateries & Restaurants - Yauatcha, Otto Infinito, Ping-Pong already open & several others set to open in the vicinity
- Multi Specialty Healthcare – Asian Heart Institute, Lilavati Hospital & Research Center
- Best infrastructure which provides a slum free and a hawker free zone
- Most secure and well connected place with Airport around 15 Mins , South Mumbai around 15 Mins (Via sea link ).

Signature ISLAND

Bandra Kurla Complex, Mumbai

LUXURY LIVING IN MUMBAI
GETS A NEW ADDRESS.
SIGNATURE ISLAND.
AN ISLAND OF LUXURY, MAJESTY
AND SUPERLATIVE LIVING.

Signia Isles

Bandra Kurla Complex, Mumbai

SIGNIA ISLES.
TALL, BOLD AND MAJESTIC
IN ITS OWN INIMITABLE WAY.
JUST LIKE YOU.

Signia pearl

Reassuringly Rare

Bandra Kurla Complex, Mumbai

GET ACCUSTOMED TO ADMIRING
GLANCES EVERY TIME YOU STEP OUT.
SIGNIA PEARL.
TURN ONE-IN-A-MILLION. TURN RARE.

# RESIDENTIAL LANDMARKS UPDATE

## SunteckCity

**The epitome of luxury**

## FORGING PARTNERSHIPS, BUILDING A NEW FUTURE

Sunteck City, the company has partnered with Disney to offer theme-based residences that will bring alive a magical and dreamlike experience for its little denizens. At Sunteck, there also lies a deep commitment to time, quality and delivery- come what may. And what better way to reaffirm that, than choosing a contractor which also stays true to the same spirit. Precisely, the reason why Sunteck entered into an agreement with the infrastructure company L &T for its Goregaon project- Sunteck City Avenue -1.

Enjoy Deck Living At Sunteck City

Disney inspired 'Mickey Mouse' shape swimming pool

## Signia Oceans

Airoli, Navi Mumbai

### WHERE THE CLOUDS WHISPER IN YOUR EARS

This is a blue chip landmark off Palm Beach road. You can call it a 365-day vacation blessed by nature and a majestic highrise with an even more majestic feeling, Signia Oceans located at Airoli, Navi Mumbai, sculpts the skyline in its own proud way. A blue-chip property, it is poised to be the most premium personal space for a privileged few. Project is currently ready for fit-outs.

### CREATE RIPPLES LIKE NO OTHER

A waterfront chimera, and a personal haven for a chosen few, Signia Orion brings natures finest elements- at your doorstep. Crafted with passion and designed by the best, Signia Orion is located at Airoli, Navi Mumbai. Immerse yourself in the highest level of luxury.

## Signia Orion

Airoli, Navi Mumbai

Signia High
GET HIGH. ON LIFE.

Borivali (E), Mumbai

## TALK TO THE CLOUDS

A towering presence that sculpts the skyline. Where the winds whisper all day and the greens embrace you from all the sides. Presenting Signia High, at Borivali (E). Offering the most exquisite views, spaces, and amenities that make every moment worth celebrating. And each moment like heaven.

Signia Skys
24-carat nature

Chaoni, Nagpur

## FEELS LIKE HEAVEN

Living up to its namesake, the sky, Signia Skys raises the bar, the benchmark and the style quotient to an all-new level in Nagpur. A property that exudes that upper-class confidence and class, Signia Skys is bound to give birth to new definitions of what a dream-home is all about. The project is currently ready for fit-outs.

# COMMERCIAL LANDMARKS UPDATE

## YOUR 'CALLING CARD'

In life, and the business of life, there's one thing that makes all the difference. A visiting card. Sunteck Center, is just built for those who love their corporate address to be a signature on its own. A perfectly planned built-for-business architecture, well-equipped infrastructure and most importantly, in the most sought after location. Just 4kms from the International airport, 2 kms from the domestic. Just off the western express highway. And a stone's throw away from all the major utilities. Call it just the 'perfect mix' to write your next big business story. The Projects stands completed.

**Sunteck Centre**

Vile Parle (E), Mumbai

**SUNTECK GRANDEUR**

Andheri (W), Mumbai

## BE IN THE BUSINESS, IN STYLE.

Not many are privileged to have on a platter, a fine mix of business, pleasure and royalty. Sunteck Grandeur surpasses it all, only to give you an unimaginable space that reeks of blue blood in every inch. Located at Andheri West, it is a kaleidoscope of glass, metal and sculpted especially for you. Sunteck Grandeur- It's what people call- a trump card. A completely ready property and ready for you.

## WHERE BUSINESS MEETS PLEASURE

A place known for the sun, surf and sand will now have one more asset to look upto. Sunteck Kanaka- a futuristic retail and business park, situated right in the heart of the city. A confluence of style, grandeur and abundance, Sunteck Kanaka is just the best calling- card you could ever have in the city when you are talking business.

**SUNTECK KANAKA**
**corporate park**

Patto Piazza, Panjim Goa

# OUR BUSINESS CENTRES

For the new corporate breed, Sunteck has set-up international standard Corporate Business Centre at Bandra Kurla Complex (BKC)

**Sunteck** & **Sunteck**
CENTRAKO CERTAINTY

# ANNUAL REPORT 2013

# Directors' Report

To the Members,

The Directors take the privilege of presenting the 30th Annual Report and Audited Accounts for the year ended 31st March 2013 to the members of the Sunteck Family.

**FINANCIAL RESULTS**

(Rs. In Lacs)

| Particulars | Standalone For the year ended on | | Consolidated For the year ended on | |
|---|---|---|---|---|
| | 31.03.2013 | 31.03.2012 | 31.03.2013 | 31.03.2012 |
| Total Income | **3815.32** | 2663.83 | **5016.80** | 3036.99 |
| Total Expenditure | **1567.73** | 558.44 | **2478.80** | 1351.63 |
| Depreciation | **39.59** | 35.74 | **140.78** | 147.66 |
| Interest | **959.20** | 474.01 | **1101.35** | 437.06 |
| Profit Before Tax | **1025.74** | 1595.63 | **1072.80** | 1100.64 |
| Provision for Tax & Deferred Tax | **337.12** | 412.59 | **618.79** | 646.49 |
| Profit After Tax | **688.62** | 1183.04 | **454.01** | 454.15 |

During the year under review, the total revenue earned is Rs. 3815.32 Lacs compared to previous year's revenue of Rs.2663.83 Lacs on standalone basis. The profit before tax stands at Rs.1025.74 Lacs as compared to Rs. 1595.63 Lacs during the previous year. The consolidated revenue for the current year amounted to Rs.5016.80 Lacs against Rs. 3036.99 Lacs compared to the previous year. The profit before tax on consolidated basis stands at Rs.1072.80 Lacs as compared to Rs. 1100.64 Lacs during the previous year.

**DIVIDEND**

The Board of Directors have recommended Final Dividend of 9% i.e Rs. 0.18/- per Equity share for the FY 2012-13 to be paid on outstanding 6,29,66,207 Equity shares amounting to Rs. 1,13,34,000/- (Rupees One Crore Thirteen Lakhs Thirty Four Thousand Only) for the approval of shareholders.

**ESOP 2013**

Your Company recognizes and appreciates the critical role played by the employees of the Company and its subsidiaries in bringing about growth of the organization. It strongly feels that the value created by them should be shared with them. To promote the culture of employee ownership in the Company, the Board of Directors of your Company at its meeting held on 11th February, 2013 recommended for the approval of members to introduce and implement a new Employee Stock Option Scheme under the nomenclature "Employee Stock Option Scheme 2013" in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 except employees who are Promoters or belong to the Promoter Group of the Company such number of equity shares and/or options which could give rise to equity shares not exceeding 6,00,000 (Six Lacs Only)Options, under one or more Employee Stock Option Schemes, in one or more tranches and at such price and on such terms and conditions as may be determined by the Compensation Committee in accordance with the terms of ESOP 2013, the guidelines or other applicable provisions of any law issued by the relevant Authority as may be prevailing at the relevant date.

The scheme was approved through postal ballot by way of E- Voting on 15th March 2013 with the requisite majority.

**E-VOTING FACILITY WITH NATIONAL SECURITIES DEPOSITORIES LIMITED (NSDL)**

Since e-voting has been made mandatory for top 500 listed companies at NSE and BSE and your Company being amongst the top 500 listed Companies, the Company has obtained registration with NSDL for e-voting facility for approval of members of the Company by way of postal ballot. The Company has entered into a Tripartite Agreement with its Registrar and Transfer Agent and National Securities Depository Limited for registration with NSDL for e-voting services.

# Directors' Report (Contd.)

## DIRECTORS

Mr. Kishore Vussonji and Mr. Ramakant Nayak, Directors of the Company retire by rotation and being eligible seek re-appointment at the ensuing Annual General Meeting, The Board recommend their re-appointment.

## FIXED DEPOSITS

Your Company has not accepted any deposits in terms of the provisions of Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975, as amended, during the year under review.

## LISTING

The Equity Shares of the Company are listed at the Bombay Stock Exchange, National Stock Exchange Limited.

## SUBSIDIARY COMPANIES ACCOUNTS:

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies. Details of major subsidiaries of the Company are covered in Management's Discussion and Analysis Report forming part of the Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 ("Act") your Directors confirm that:

1. in the preparation of the Annual Accounts for the year 2012-13 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

2. 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 under review and of the Profit of the Company for that period;

3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. the Directors have prepared the Annual Accounts on a going concern basis.

## STATUTORY DISCLOSURES

**A) Disclosure of particulars of employees in Directors Report as required under Section 217 (2A) read with Companies (Particulars of Employees) Rules, 1975.**

| Name and Designation and Qualification | Age | Date of Joining | Experience | Gross Remuneration 31st March 2013 (in Rs) | Previous Employment & Designation |
|---|---|---|---|---|---|
| Mr. Kamal Khetan (Managing Director) B.E | 45 yrs | 27th January 2006 | 20 yrs | 75 ,00,000 | Promoter of the Company |

# Directors' Report

(Contd.)

**B) Particulars required to be furnished by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:**

I) As the Company is not a manufacturing company the Directors has nothing to report under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 .

ii) Foreign Exchange Earnings and Outgo

a) Foreign Exchange Earned: NIL

b) Foreign Exchange Outflow: Rs. 6,52,813/-

**CORPORATE GOVERNANCE**

The Report on Corporate Governance is attached as Annexure I and forms part of this Report.

**COST AUDIT COMPLIANCE REPORT**

In compliance with the Companies (Cost Accounting Records) Rules, 2011, the Ministry of Corporate Affairs vide the notification dated 3rd June 2011, the Company being engaged in the business of Construction and development, the Cost Compliance Report will be duly filed within 180 days of the completion of the close of the Financial year ended 31st March, 2013.

**TRANSFER TO UNCLAIMED DIVIDEND ACCOUNT**

In compliance with the Ministry of Corporate Affairs Notification for Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the information relating to unpaid and unclaimed dividend lying with the Company on the site of the Ministry of Corporate Affairs as well as the Website of the Company for the financial year ended 31st March, 2012.

**MANAGEMENT ANALYSIS AND DISCUSSION REPORT**

Management Analysis and Discussion Report is attached as Annexure II and forms a part of this Report.

**AUDITORS**

M/s Lodha & Co., Chartered Accountants, Statutory Auditors of the Company, will retire at the conclusion of the forthcoming Annual General meeting. They have offered themselves for reappointment and if appointed, the appointment would be within the limits prescribed under section 224 (1)(B) of the Companies Act 1956.

**ACKNOWLEDGMENT**

Your Directors would like to express their sincere appreciation and gratitude for the co-operation and assistance from its shareholders, bankers, regulatory bodies and other business constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the contribution and commitment made by every member of the Sunteck Family.

**On behalf of the Board of Directors**

Mumbai
30th May, 2013

Kamal Khetan
Chairman & Managing Director

# ANNEXURE- I Directors' Report

## Report On Corporate Governance

In accordance with the Clause 49 of the Listing Agreement, the report containing the details of the Governance systems and process at Sunteck Realty Limited is as under:

**CORPORATE GOVERNANCE PHILOSOPHY**

Corporate Governance may be understood as a system of structuring, operating and managing a Company with a view to achieve its long term strategic goals while at the same time complying with legal and regulatory requirements. It is the implicit rule that determines a management's ability to take sound decisions in the best interest of all its stakeholders, viz. shareholders, customers, employees, creditors, the state, etc. It takes a holistic view of the Company and its impact on economic, legal, ecological and social environment. In order to promote good governance, the Company has followed the best practices, processes and policies based on conscience, transparency, fairness and professionalism.

The Director's hereby present below the Companies policies and practices on Corporate Governance as mandated under the clause 49 of the Listing Agreement.

**BOARD OF DIRECTORS**

**Composition of the Board**

The Company's policy is to maintain the optimum combination of Executive and Non Executive Directors. The Board consists of Seven (7) Directors, out of which Four (4) are Non Executive Independent Directors.

The Board of Directors met four times during the Financial Year i.e. on 30th May 2012, 11th August 2012, 10th November 2012 and 11th February, 2013.

**Details of Board Members**

The names of Members of the Board of Directors, their attendance at the Company's Board Meetings and last Annual General Meeting, number of Directorships / Committee Memberships in other companies during the year under review is given below:

| Name of Director | Category | No. of Board Meetings attended during the period | Attendance at the last AGM held on 18th September 2012 | Number of Directorship in other public limited companies as on 31st March, 2013 | No. of Committee positions held in other public limited companies as on 31st March, 2013 | |
|---|---|---|---|---|---|---|
| | | | | | Chairman | Member |
| Mr. Kamal Khetan | Executive Promoter | 4 | Yes | 9 | Nil | Nil |
| Mr. Jignesh Sanghavi | Executive Director | 3 | Yes | 8 | Nil | Nil |
| Mr. Hari V Krishna | Nominee Director | 2 | No | Nil | Nil | Nil |
| Mr. Sanjay Dutt | Independent Non- Executive | 3 | No | Nil | Nil | Nil |
| Mr. Kishore Vussonji | Independent Non- Executive | 2 | No | 4 | Nil | Nil |
| Mr. Mahadevan Kalahasthi | Independent Non- Executive | 4 | Yes | 2 | 1 | 1 |
| Mr. Ramakant Nayak | Independent Non- Executive | 3 | Yes | 8 | 1 | 10 |

*The Number of Directorships in other public limited companies includes Private Limited Companies which are Subsidiaries of the Public Limited Company

During the year Company has not entered into any material transaction(s) with the Independent Directors of the Company.

During the year information applicable as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for its consideration.

# ANNEXURE- I Directors' Report

## Report On Corporate Governance (Contd.)

**COMMITTEES OF THE BOARD OF DIRECTORS**

**(A) AUDIT COMMITTEE:**

**Constitution of Audit Committee and its functions:**

The Audit Committee is constituted in line with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

During the financial year under review, four meetings of the Audit Committee were held i.e. on 30th May 2012, 11th August 2012, 10th November 2012 and 11th February, 2013.

Pursuant to the resignation of Mr. Dinkarry Kothari, Director and appointment of Mr. Sanjay Dutt as Independent Director on the Board of the Company, the Audit Committee of the Board was reconstituted during the year under review. The composition and attendance of the members of the Audit Committee as on 31st March, 2013 is as follows:

| Name of the Director | Category | Position | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Mahadevan Kalahasthi | Non-Executive and Independent Director | Chairman | 4 | 4 |
| Mr. Kamal Khetan | Executive and Non Independent Director | Member | 4 | 4 |
| Mr. Sanjay Dutt | Non-Executive and Independent Director | Member | 4 | 2 |
| Mr. Kishore Vussonji | Non Executive and Independent Director | Member | 4 | 2 |
| Mr. Hari V Krishna | Nominee Director | Member | 4 | 3 |

**Role of Audit Committee:**

The composition, powers, role and terms of reference of the Committee are in consonance with the requirements mandated under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement:

1. To oversee the Company's financial reporting process and ensuring that the quarterly/annual financial statements are true, correct and credible.
2. To recommend to the Board appointment, re-appointment, replacement and removal of statutory auditor, fixation of their remuneration and approval for payment for any other services rendered by the statutory auditors.
3. To review financial reports with particular reference to matters included in Directors' Responsibility Statement in terms of Section 217 (2AA) of Companies Act, 1956, changes in accounting policies, practices, reasons for the same.
4. To review the major accounting entries, significant adjustment in financial statements, compliance with listing and other legal requirements, disclosures of related party transactions and qualifications by auditors in the draft audit report.
5. To hold periodical discussion with Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Statutory/Internal Auditors.
6. To review compliance with internal control system.
7. To make recommendation to the Board on any matter relating to financial management of the Company, including the Audit Report.

# ANNEXURE- I Directors' Report

## Report On Corporate Governance (Contd.)

### (B) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

**Constitution of Shareholders' / Investors' Grievance Committee and its functions:**

The Shareholders/Investors Grievance Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreement.

This Committee is specifically responsible for the redressal of shareholders/ investors grievances related to non-receipt of Annual Report, non-receipt of declared dividend etc. The Committee also oversees the performance of the Registrar and Transfer Agents of the Company relating to investors services and recommend measures for improvement.

**Role of Shareholders' / Investors' Grievance Committee:**

The role of the Shareholders' / Investors' Grievance Committee, inter alia, includes the following:

1. Investor relations and redressal of shareholders' grievances in general and relating to non- receipt of dividends, interest, non receipt of Annual Report, etc., in particular.

2. Such other matters as may be required from time to time by any statutory, contractual or other regulatory requirements to be attended to by such a Committee.

The Committee met four times i.e. on 30th May 2012, 11th August 2012, 10th November 2012 and 11th February, 2013. Pursuant to the resignation of Mr. Dinkarry Kothari, Director from the Board and appointment of Mr. Sanjay Dutt as an Independent Director of the Committee, the Shareholders/Investors Grievance Committee of the Company was accordingly reconstituted during the year under review. The composition and attendance of the members of the Shareholders/Investors Grievance Committee as on 31st March, 2013 is as follows:

| Name of the Director | Category | Position | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Mahadevan Kalahasthi | Non-Executive and Independent Director | Chairman | 4 | 4 |
| Mr. Jignesh Sanghavi | Executive Director | Member | 4 | 2 |
| Mr. Sanjay Dutt | Non Executive and Independent Director | Member | 4 | 3 |
| Mr. Kishore Vussonji | Non-Executive and Independent Director | Member | 4 | 2 |

During the financial year under review, the Company received no complaint from the shareholders and at the close of the financial year there was no complaint remaining unattended.

Name, Designation and Address of the Compliance Officer:

**Ms. Rachana Hingarajia**
Company Secretary
Sunteck Realty Limited
5th Floor,Sunteck Centre,
37-40 Subhash Road,
Vile Parle (East),
Mumbai- 400057

# ANNEXURE- I Directors' Report

## Report On Corporate Governance (Contd.)

### (C) REMUNERATION COMMITTEE:

**Constitution of Remuneration Committee and its functions:**

The Meeting of the Remuneration Committee was held on 30th May, 2012 during the year under review. Pursuant to the resignation of Mr. Dinkarry Kothari, Director, the Remuneration Committee of the Company was accordingly reconstituted during the year under review.

The composition and attendance of the members of the Remuneration Committee as on the 31st March 2013 is as follows:

| Name of the Director | Category | Position | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Sanjay Dutt | Non-Executive and Independent Director | Chairman | 1 | 0 |
| Mr. Mahadeven Kalahasthi | Non-Executive and Independent Director | Member | 1 | 1 |
| Mr. Hari V Krishna | Nominee Director | Member | 1 | 1 |
| Mr. Kishore Vussonji | Non-Executive and Independent Director | Member | 1 | 0 |

**Role of Remuneration Committee:**

The committee will determine the company's' policy on specific remuneration packages for Executive Directors and any compensation payment and carry out the role as per the corporate governance regulations framed by the authorities from time to time.

Details of remuneration/commission and fees paid to Executive and Non-Executive Directors for the financial year 2012-13:

During the year, Mr. Kamal Khetan, Managing Director was paid remuneration amounting to Rs. 75,00,000 (Rupees Seventy Five Lakhs only), and Mr. Jignesh Sanghavi, Executive Director was paid a remuneration of Rs. 35,00,000 ( Rupees Thirty Five Lakhs only). Non –Executive Directors were paid sitting fees for attending each meeting of the Board of Directors. The Company has paid Rs.60,000/- as Sitting Fees to Directors during the Financial year 2012-13.

### (D) CORPORATE GOVERNANCE COMMITTEE

**Constitution of Corporate Governance Committee and its functions:**

During the year, the Committee met 4 times on 10th April 2012, 9th July 2012, 11th October 2012 and 11th January 2013.

The Composition and attendance of the members of the Corporate Governance Committee as on the 31st March 2013 is as follows:

| Name of the Director | Category | Position | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Kamal Khetan | Executive and Non Independent Director | Chairman | 4 | 4 |
| Mr. Mahadevan Kalahasthi | Non-Executive and Independent Director | Member | 4 | 4 |
| Mr. Hari V Krishna | Nominee Director | Member | 4 | 4 |

# ANNEXURE- I Directors' Report

## Report On Corporate Governance (Contd.)

**Role of Corporate Governance Committee:**

The role of the Corporate Governance Committee, inter alia, includes the following:

1. To observe practices of Corporate Governance at all levels and to suggest remedial measures wherever necessary.
2. To provide correct inputs to the media so as to preserve and protect the Company's image and standing.
3. To disseminate factually correct information to the investors, institutions and public at large.
4. To interact with the existing and prospective FIIs and rating agencies, etc.
5. To recommend nomination of Directors on the Board.

**(E) MANAGEMENT COMMITTEE (COMMITTEE OF DIRECTORS)**

**Constitution of Management Committee and its functions:**

The composition and attendance of the members of the Management Committee as on the 31st March 2013 is as follows:

| Name of the Director | Category | Position | No. of Meetings Held | No. of Meetings Attended |
|---|---|---|---|---|
| Mr. Kamal Khetan | Executive and Non Independent Director | Chairman | 8 | 8 |
| Mr. Jignesh Sanghavi | Executive and Non Independent Director | Member | 8 | 8 |

**Role of Management Committee:**

The role of the Management Committee, inter alia, includes the following:

1. To open/close/operate various Bank Accounts like Client Accounts, Settlement Accounts, Own fund Accounts, Fixed Deposit Accounts, and PMS Schemes Accounts etc.
2. To avail 'Corporate Internet Facility' from various Banks/Depository Participants.
3. To opening/close/operate Demat accounts with various Depository Participants.
4. To execute and register Leave & License, Purchase / Sale Agreements and other similar agreements.
5. To change authorized signatories for Bank Accounts, Demat Accounts, etc.
6. To make application/surrender of new Telephone Lines/Lease Lines.
7. To borrow money otherwise than on Debentures from Banks and other Financial Institutions subject to the Limit of Rs.200 Crores.
8. a) To invest the surplus funds of the Company in mutual funds, debt funds, fixed deposits, etc. subject to the limit of Rs 140 Crores.

   b) To invest in the normal course of business and give loan to any organization subject to not more than 25% of Rs.140 Crore.
9. To make application and Registration for Trade Marks, Patents and Copyrights etc. and appoint attorneys and advisors for this purpose and also sign and execute powers of attorney /vakalatnama in favour of such attorneys/advisors.
10. To file/defend various litigation/Arbitration matters in various Courts/Forums and appoint attorneys and legal advisors for this purpose as also sign and execute powers of attorney /vakalatnama in favour of such attorneys/advisors.
11. To authorize any person to attend AGM/EOGM of other Companies and give him appropriate instructions in relation to voting at such meetings.

# ANNEXURE- I Directors' Report

## Report On Corporate Governance (Contd.)

12. To make application to Central/State and other statutory and Regulatory/Government authorities for various matters of the Company as may be required under the respective Regulation/Act as applicable to the Company.
13. To authorize representatives and signatories for Bidding of various Tenders.
14. To authorize for dealing with Stock Exchanges and signing various documents, deeds etc as may be required for Compliance of Listing agreement etc.
15. To appoint nominees on behalf of the Company in Special Purpose Vehicle (SPVs) and Partnership Firms, Limited Liability Partnership (LLP) and other Business and non-Business entities.
16. To do all such matters, deeds and things and to sign all papers, agreements and documents as may be necessary in respect of the aforesaid matters.

### (F) COMPENSATION COMMITTEE

**Constitution of Compensation Committee and its functions:**

During the year, the meeting of the Committee was held on 28th March, 2013.

The composition and attendance of the members of the Compensation Committee as on the 31st March 2013 is as follows:

| Name of the Director | Category | Position | No. of Meetings Held | No. of Meetings Attended |
|---|---|---|---|---|
| Mr. Mahadevan Kalahasthi | Non-Executive and Independent Director | Chairman | Nil | Nil |
| Mr. Kamal Khetan | Executive and Non Independent Director | Member | Nil | Nil |
| Mr. Ramakant nayak | Non Executive and Non Independent Director | Member | Nil | Nil |

**Role of Compensation Committee:**

The role of the Compensation Committee, inter alia, includes the following:

1. To adopt rules and regulations for implementing the ESOS from time to time
2. To identify the employees eligible to participate under the Scheme
3. To grant Options / Shares to the identified eligible employees and determine the grant date under the ESOP
4. To determine the number of Options / Shares to be granted to each grantee and in aggregate under ESOP
5. To determine the number of Shares of the Company to be covered by each Option Granted
6. To determine the method of exercising the Vested Options, period of Exercise, etc.
7. To determine the Exercise price of the Options / Shares Granted
8. To determine the terms and conditions of any Options / Shares Granted hereunder
9. To determine the terms and conditions under which vested option can lapse in case of termination of employment for misconduct
10. To approve forms for agreements for use under the ESOS
11. To decide all other matters that must be determined in connection with an Option under the Scheme in accordance with SEBI Guidelines
12. To construe and interpret the terms of the Scheme and the Options Granted pursuant to the Scheme
13. To frame suitable policy, procedure and system to comply with the Securities and Exchange Board of India (Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995 to be followed by the Participant, and
14. To exercise such other powers as may be delegated by the Board from time to time.

# ANNEXURE- I Directors' Report

## Report On Corporate Governance (Contd.)

### (G) SPECIAL COMMITTEE (CAPITAL RAISING)

**Constitution of Special Committee and its functions:**

During the year, there was no meeting of the Special Committee.

The composition and attendance of the members of the Special Committee as on the 31st March 2013 is as follows:

| Name of the Director | Category | Position | No. of Meetings Held | No. of Meetings Attended |
|---|---|---|---|---|
| Mr. Kamal Khetan | Executive and Non Independent Director | Chairman | Nil | Nil |
| Mr. Hari V. Krishna | Nominee Director | Member | Nil | Nil |
| Mr. Mahadevan Kalahasthi | Non-Executive and Independent Director | Member | Nil | Nil |

**Role of Special Committee:**

The role of the Special Committee, inter alia, includes the following:

1. To finalise the means of raising the additional capital
2. To decide the quantum of additional capital to be raised within the limits approved by the shareholders
3. To decide the terms and conditions for raising additional capital including the premium, if any
4. To make presentations to prospective investors
5. To decide and appoint bankers, merchant bankers, solicitors and other intermediaries as may be required
6. To approve and adopt Unaudited Balance sheet, Profit & Loss A/c for specific period as may be required
7. To correspond with the concerned authorities
8. To do any other acts as may be necessary for achieving the above mentioned purpose

### GENERAL BODY MEETINGS

The Details of the last three Annual General Meetings were held as follows:

| Date | Venue | Time | No of Special Resolution |
|---|---|---|---|
| 18th September, 2012 | MIG Cricket Club, MIG Colony, Bandra (East), Mumbai 400051 | 5.30 p.m. | 2 |
| 28th September, 2011 | MIG Cricket Club, MIG Colony, Bandra (East), Mumbai 400051 | 5.30 p.m. | 1 |
| 27th September 2010 | MIG Cricket Club, MIG Colony, Bandra (East), Mumbai 400051 | 5.30 p.m. | 2 |

### SUBSIDIARY COMPANIES

The Company does not have any material unlisted Indian subsidiary whose turnover or networth (paid-up and free reserves) exceeds 20% of the consolidated turnover or networth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year as defined under Clause 49 of the Listing Agreement.

# ANNEXURE- I Directors' Report

## Report On Corporate Governance (Contd.)

The Company monitors the performance of its subsidiaries, interalia by following means:

- The Minutes of the Board Meetings of the Subsidiary Companies are noted at the Board Meetings of the Company.
- The Investments made by the Subsidiary Companies are reviewed by the Audit Committee from time to time.
- Details of significant transactions and arrangements entered into by Subsidiary Companies are regularly placed at the Board Meetings of the Company.

**DISCLOSURES**

**(A) Basis of Related Party Transaction**

All transactions with related parties, wherever applicable including transactions of material nature between the Company and its promoters, directors, management, their subsidiaries or relatives etc. are disclosed in the Notes to the Accounts forming part of the Annual Report. There were no materially significant related party transactions during the year having conflict with the interests of the Company.

**(B) Non Compliances / Strictures/Penalties Imposed**

During the last three years, there were no penalties or strictures imposed on the Company by SEBI, Stock Exchange or any statutory authority on any matter related to capital market.

**(C) Disclosure of Accounting Treatment**

The Company has followed all relevant Accounting Standards while preparing the Financial Statements.

**(D) Non mandatory requirements**

The Company has reviewed the non mandatory requirements under Clause 49 of the Listing Agreement and these shall be adopted/ complied by the Company on need based.

**MEANS OF COMMUNICATION**

The quarterly unaudited financial results and the Annual Audited Financial results are normally published in the widely circulating national and local newspapers viz. Free Press Journal and Navshakti.

**GENERAL SHAREHOLDER INFORMATION**

i. Annual General Meeting : 27th September, 2013
ii. Financial Calender:

| **Accounting year** | **:April to March** |
|---|---|
| Financial reporting for the quarter ending June 30, 2013 | :On or before 14th August, 2013 |
| Financial reporting for the half year ending September 30, 2013 | :On or before 14th November, 2013 |
| Financial reporting for the quarter ending December 31, 2013 | :On or before 14th February, 2014 |
| Financial reporting for the year ending March 31, 2014 | :On or before 30th May, 2014 |
| Annual General Meeting for the year ended March 31, 2014 | :September, 2014 |

# ANNEXURE- I Directors' Report

## Report On Corporate Governance (Contd.)

**iii. Date of Book Closure:**

24th September, 2013 to 27th September, 2013, both days inclusive.

**iv. Dividend Payment Date:**

The Board has recommended a dividend of 9% i.e. (Rs.0.18 per Share). If declared by the Shareholders in the Annual General Meeting, the same will be paid within 30 days of declaration of Dividend.

**v. Listing on Stock Exchanges :**

The Company's Equity Shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange Limited

The Company confirms that it has paid annual listing fees due to the Stock exchanges for the year ended 2013 - 2014.

**vi Stock Code:**

Bombay Stock Exchange : 512179
National Stock Exchange : SUNTECK
ISIN Number for NSDL & CDSL: INE805D01026

**vii Market Price Data:**

The high/low market price of the Company's shares in each month during the last financial period under review 2012 -2013 was:

| Particulars | BSE | | NSE | |
|---|---|---|---|---|
| | High | Low | High | Low |
| April 2012 | 384.95 | 367.00 | 388.30 | 360.20 |
| May 2012 | 382.25 | 371.50 | 463.65 | 366.65 |
| June 2012 | 375.00 | 339.00 | 375.00 | 337.75 |
| July 2012 | 365.00 | 347.00 | 363.40 | 341.10 |
| August 2012 | 368.00 | 302.05 | 355.00 | 295.00 |
| September 2012 | 380.00 | 305.00 | 354.00 | 305.05 |
| October 2012 | 330.00 | 309.85 | 337.20 | 311.00 |
| November 2012 | 399.50 | 306.25 | 399.45 | 308.80 |
| December 2012 | 504.00 | 379.40 | 526.00 | 379.60 |
| January 2013 | 563.60 | 465.80 | 560.00 | 465.00 |
| February 2013 | 505.85 | 468.90 | 505.00 | 468.00 |
| March 2013 | 479.10 | 383.80 | 479.00 | 382.15 |

**viii Registrar & Share Transfer Agent:**
Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup, Mumbai - 400 078
Tel : (22) 25963838,
Fax: (22) 25946969.

# ANNEXURE- I Directors' Report

## Report On Corporate Governance (Contd.)

**ix. Share Transfer System**:

The share transfers which are received in physical form are processed by Registrar and Share Transfer Agent viz Link Intime India Pvt. Ltd. and share certificates are dispatched within the time limit prescribed under the Listing Agreement.

**x. Distribution of shareholding as of 31st March, 2013**

| Nominal Value of Shares in Rupees | Shareholders | | Shareholding | |
|---|---|---|---|---|
| | No of Shareholders | Percentage of Total Shareholders | Total No of Shares | Percentage of Total Capital |
| 1-5000 | 636 | 89.57 | 77983 | 0.12 |
| 5001-10000 | 15 | 2.11 | 54881 | 0.09 |
| 10001-20000 | 8 | 1.12 | 55744 | 0.09 |
| 20001-30000 | 7 | 0.98 | 92495 | 0.15 |
| 30001-40000 | 4 | 0.56 | 70006 | 0.11 |
| 40001-50000 | 1 | 0.14 | 24487 | 0.04 |
| 50001-100000 | 7 | 0.98 | 250967 | 0.40 |
| 100001and above | 32 | 4.50 | 62339644 | 99.00 |
| **Total** | **710** | **100.00** | **62966207** | **100.00** |

Shareholding Pattern (category wise) as on 31st March, 2013:

| Sr. No | Category | No of Shares Holders | No of Shares Held | Percentage of total Holding |
|---|---|---|---|---|
| 1 | Promoter Group | 14 | 46245384 | 73.45 |
| 2 | Mutual Funds & Financial Institutions | 5 | 109487 | 0.17 |
| 3 | FII | 23 | 3600502 | 5.72 |
| 4 | Central / State Government | Nil | Nil | Nil |
| 5 | Venture Capital funds | Nil | Nil | Nil |
| 6 | Clearing Members | 27 | 21829 | 0.03 |
| 7 | Trust | 1 | 5029225 | 7.99 |
| 8 | NRI (Repat/ Non Repat) | 11 | 6263 | 0.01 |
| 9 | Bodies Corporate | 72 | 7124251 | 11.31 |
| 10 | Other Public | 557 | 829266 | 1.32 |
| | **Total** | **710** | **62966207** | **100.00** |

**xi Dematerialization of Shares**

The Equity shares of the Company are held in Dematerialized form to the extent 98.59 % with National Securities Depository Limited and Central Depository Services (India) Limited.

# ANNEXURE- I Directors' Report

## Report On Corporate Governance (Contd.)

**xii Address for Investors' Correspondence :**

(1) **Link Intime India Pvt Ltd.,**
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup, Mumbai-400 078
Tel : (22) 25963838
Fax: (22) 25946969
rnt.helpdesk@intimespectrum.com

(2) **Sunteck Realty Limited**
5th Floor Sunteck Centre
37-40, Subhash Road,
Vile Parle (East)
Mumbai- 400057
www. sunteckindia.com
cosec@sunteckindia.com

**xiii. Code of Conduct:**

The Board has formulated a code of conduct for the Board members and senior management of the Company and the same is reflected on the website of the Company.

**xiv ADRs and GDRs**

There are no outstanding GDRs /ADRs /Warrants or any Convertible Instruments, as at the year end.

**xv Plant Location:**

The Company does not have any plant.

**xvi CEO/CFO Declaration:**

Pursuant to clause 49I(D) of the Listing agreement entered into with the Stock Exchange, I hereby declare that all the Board members and Senior management personnel of the Company have affirmed compliances with the Code of Conduct for the Current Year.

**For Sunteck Realty Limited**

**Kamal Khetan**
**Chairman & Managing Director**

**Mumbai : 30th May, 2013**

# Certificate by CEO & CFO

We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2013 and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading.

2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

There are to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2013 which are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiency in the design or operation of the internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

**We have indicated to the Auditors and the Audit Committee:**

1. Significant changes in internal control over financial reporting during the year;

2. Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and

3. 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.

**For Sunteck Realty Limited**

**Kamal Khetan**
**Chairman & Managing Director**

**Mumbai : 30th May, 2013**

# Auditor's Certificate

To,

The Members of,

**Sunteck Realty Limited**

We have examined the compliance of the conditions of Corporate Governance by **Sunteck Realty Limited** ("the Company") for the year ended 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations given by the management of the Company, 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 the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For LODHA & COMPANY**
**Chartered Accountants**
**ICAI Firm Registration No. 301051E**

**A.M. Hariharan**
**Partner**
**Membership No. 38323**

**Place: Mumbai**
**Date: 30th May, 2013**

# Management Discussion and Analysis

## A. Macro Economic Environment

### 1. Global

The economy has witnessed a slow recovery in activity across the globe, though global outlook appears to be better and growth is likely to recover marginally in FY14, with all major geographies (except the Eurozone) expected to improve their economic performance in 2013, supported by lower interest rates which are likely to remain low till 2014. This will invite higher capital flows from FIIs in developing economies like India.

Overall, global real GDP is expected to grow from a low point of 2.7% in 2012 to 3.0% in 2013 and 3.4% in 2014. Escalation of the Eurozone crisis and the US fiscal cliff remain key impediments to global growth.

### 2. India

A gradual recovery is expected in 2014 due to improvement in the performance of Industry and Services sector. However, in the long term India is expected to achieve better growth rate of 8% over 2013E-2017E thereby surpassing developing and other emerging economies which are expected to achieve growth rate of 3% & 6.5% respectively over the same period.

Inflation has come down after more than 3 years of 7%+ levels, a sanguine indication for kick-start of investment in the economy as this could give RBI comfort to reduce rates, depending on the financial stability of the economy.

Reform based measures and announcements are likely to increase towards the second half of the year besides, a fiscally prudent budget, action on pending legislation like the Insurance and Pension bills, clarity on coal linkages, facilitating MoEF clearances and managing the fuel and fertilizer subsidy (regular hikes in diesel prices, for instance) are merely some of the many steps that would alleviate market sentiment and invite capital inflows.

Structurally, India's macro-economic drivers are still intact owing to its demographic dividend, increase in affordability, strong consumption story and vibrant rural economy.

## B. INDUSTRY OVERVIEW

### 1. Indian Real Estate

India's growing economy has led to a more evolved population with rapid urbanization, favorable demographics, increased buying power, a shift towards nuclear families and a growing service sector which augurs well for sustainable long-term real estate demand. Over 120 mn people are expected to shift to urban areas in the next decade, out of which 4-5% will be contributed by the top seven metros. Consequently, over the next five years additional 1.5 mn housing units are required in the top seven metros.

Developers with good operating parameters – healthy cash flow generation, balanced operating strategy, optimal acquisitions and prudent reinvestments, strength in home cities, good corporate governance and focus on core business will be first choice of preference.

### 2. Mumbai Overview

Mumbai is one of the most resilient real estate markets in India. Though, it is perceived as `unaffordable' and `overpriced' for long, yet it continues to attract buyers if the products are 'rightly priced' in each micro market. Besides, good pace of construction, delivery to invite higher premium than under construction property.

Overall, residential real estate prices are likely to remain firm on the back of increasing input costs (approvals and Fungible FSI premiums), limited availability of inventory in under construction projects (with all approvals in place) and scarcity of land. Pockets of Western Suburbs like Bandra, Andheri, Goregaon & Kandivali and Eastern suburbs like Ghatkopar, Mulund & Bandup continue to show good demand and traction. This is because of limited supply and these destinations emerged as new Commercial Business Districts of Mumbai and gained prominence over South Mumbai because of their connectivity to various parts of the city and proximity to Airport.

Bandra Kurla Complex, The new Financial Hub of Mumbai is considered the prime location for Grade A commercial, retail, hotels and residential developments. The state approving authority i.e. MMRDA has developed 19 hectares of marshy land in the `E' -block where a number of office buildings have been constructed comprising of private and government offices (state and central), banks, wholesale establishments, etc.

The latest addition is the `G' - block where the new international finance and business centers are being developed out of which many of them have become operational over last 2-3 years. Besides, the Bandra - Worli Sea Link has also added value to the Bandra realty market.

# Management Discussion and Analysis (Contd.)

The property market in Goregaon is witnessing an upward momentum because of improvement in the infrastructure and steady increase in commercial activity leading to huge employment generation. Several areas of Navi Mumbai like Airoli, Vashi and Panvel have also seen increase in demand due to announcement of International Airport in Navi Mumbai which is positioned as a Greenfield international airport offering world – class facilities to passengers, cargo, aircrafts and airlines.

Leasing demand in commercial space is still expected to remain subdued for few quarters as slower growth in the economy reduces the need for office space expansion.

Approvals have been slow in the city prior to the amendment of Development Control Regulations (DCR) for Mumbai city/suburbs in early 2012. Post amendment approvals under the Municipal bodies have started showing progress. But the larger projects continue to face approval delays in terms of Environment clearances and 'High-rise' approvals. The government is now trying to take some measures to fast track the project clearances that have been stuck for long. Setting up more committees for environmental clearances is one of those measures.

Further, the Union Cabinet has cleared 'The Real Estate (Regulation and Development) Bill 2013 which is a step in the right direction to bring transparency and prudence across the Real estate sector and bring parity across the board. Certain alterations / modifications are expected in the bill at Centre/State levels to match with the local approval process and practices in various states of the country with regards to Real Estate.

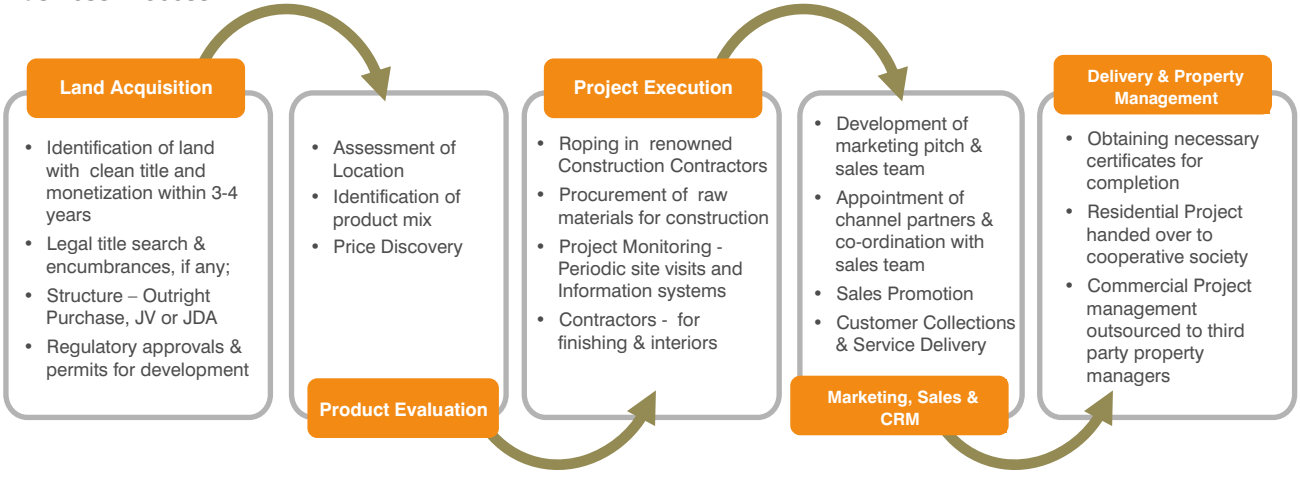
## C. Business Overview

Your company is the country's leading real estate development companies with city-centric operations well spread-out across Mumbai region. The company's business focuses on designing, developing and managing high-end and premium residential and commercial properties.

The company has carved a niche for itself in the luxury and ultra luxury segment by differentiating itself in each micro-market through product positioning, brand partnerships and having different reputed channel partners for each product to attract corporate, HNI, and retail customers. Moreover, the company intends to keep servicing the segment 'A' customers in each micro-market to meet their growing needs and complementing their earnings.

To differentiate the company's projects from its peers in the market, your company has developed four brands that well resonate the product offering across the residential and commercial developments. (a) 'Signature' brand - targets ultra luxury residences that are aimed at high-net worth individuals. The property is located in prime city locations and has apartments size of over 7,000 sq.ft. The company's flagship development 'Signature Island' in Bandra-Kurla Complex, Mumbai is marketed under this brand, (b) 'Signia' brand - targets premium and mid-level residences in select micro markets such as Borivali, Thane and Navi Mumbai. Apartments under this brand are generally between ~1,200 and ~5,000 sq.ft in size and (c) 'Sunteck' brand - for the commercial developments.(d) 'Sunteck City' brand – for larger formats and mixed used developments.

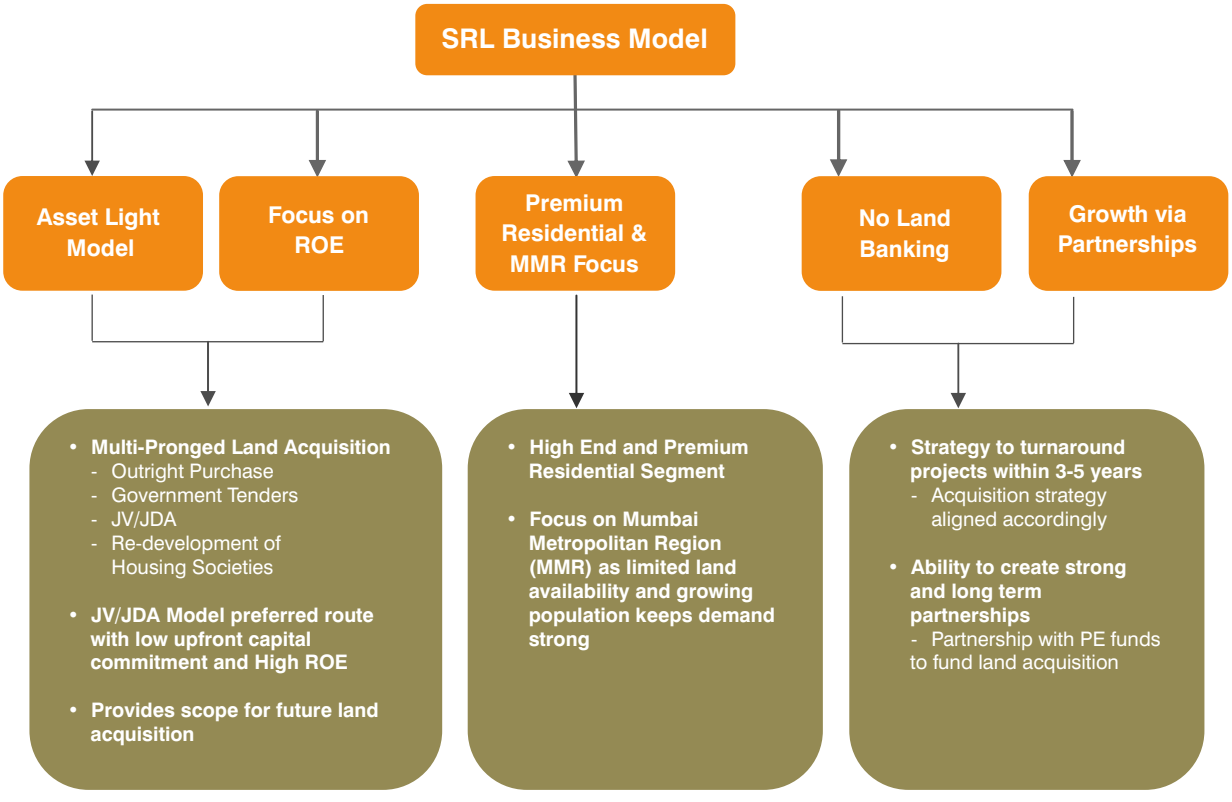
### Business Process



# Management Discussion and Analysis (Contd.)

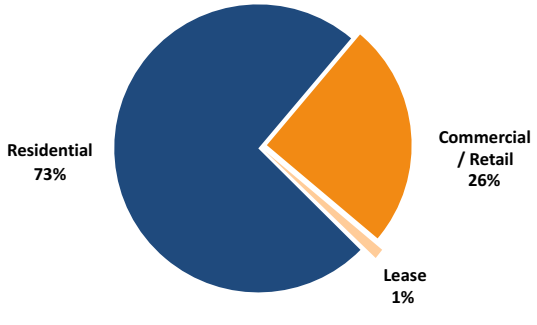
**Sustainable Business Model**

The company has acquired opportunistic lands periodically through Government Tenders (closed), Joint Development and outright purchase from private corporates which has resulted in getting relatively clean & clear land parcels.

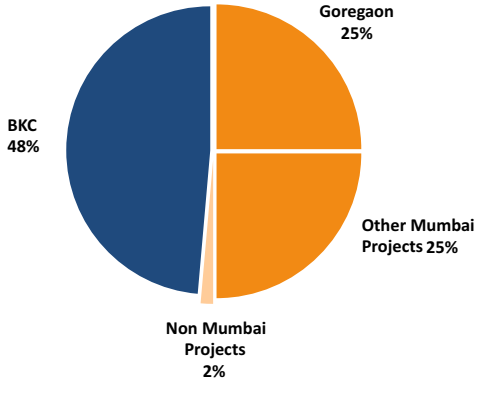



Presently, your company has 25 projects aggregating to development potential of ~28.22 mn.sq.ft. of which over 73% is in the residential segment and the balance in the commercial & retail segment. Out of the said saleable area, the company has an economic interest on ~15.22 mn.sq.ft. of saleable area. Besides, the company also has 4 rented assets in its portfolio with a leasable area of ~0.22 mn.sq.ft. on which the company has an economic interest on 0.14 mn.sq.ft. of the leasable area. These assets are generating steady rental income annually.

**Saleable Area Break-Up**




**Geographical Presence***




*In terms of Investments*

# Management Discussion and Analysis (Contd.)

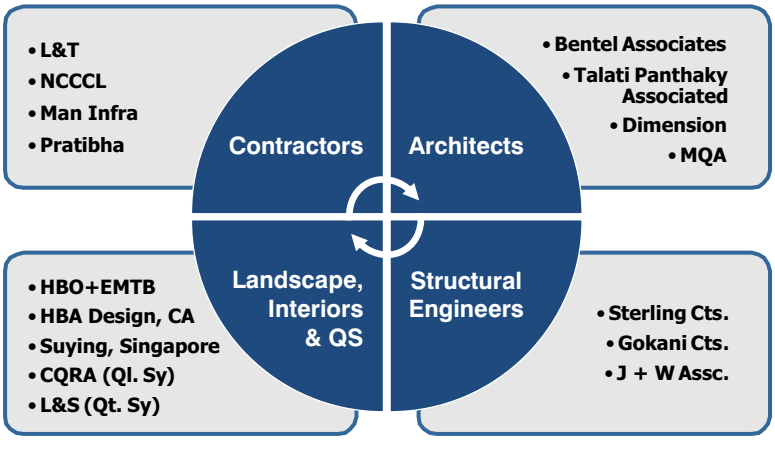
This scale of development portfolio has been achieved within a short span since your company's foray into real estate development business in 2005. The company believes that the demand for residential property in Mumbai will remain strong against the backdrop of factors such as, limited land availability, growing economy and rising immigrant population. In addition, the projects in Mumbai are well-located to gain the first mover advantage post the shift in the central business district from the south of the city primarily Nariman Point to the secondary business districts like Bandra Kurla Complex. Alongside the company is maintaining a strong focus on the projects in Goregaon, Borivali, Andheri, Airoli, Mulund, Ghatkopar, Ville Parle and Sion.

Your company's 3 landmark residential projects in BKC and 2 projects in Goregaon (W) (mixed use development) contribute to a large pie of the revenue potential. The company has chosen these locations for development because **(a) BKC**, has emerged as the new financial hub of the city and is considered most secured & well connected. The locale houses some of the biggest corporates, financial institutions, Bourses, consulates, educational institutions, 7 star Hospitality providers and Multi Specialty Hospitals.**(b) Goregaon**, identified as next Commercial Business District (CBD) of the city by MMRDA (after BKC) is well located and supported with the best infrastructure. The residential potential of the given location is well justified by several back offices of prominent banks like Citi, JP Morgan and also by IT companies that exist there. This together with the thrust on infrastructure projects ensures easy accessibility to the Western Express highway, East - West (through flyover), the link roads like JVLR, the proposed Goregaon - Mulund Link Road and the MUIP's (Mumbai Urban Infrastructure Project) plan to start a Metro link from Charkop to Colaba. In addition, upcoming Oshiwara Suburban train station on the existing Western Railways network would also enhance the connectivity.

Your company's client base include both Indian and multi-national corporations and high net worth individuals currently residing in India and also the NRI's. The company has a separate Customer Relationship Management (CRM) team that provides services to its customers from the date of purchase till the date of delivery.

Your company is also selectively expanding to other geographic regions in India and has acquired few projects located in city-centric locations of cities like Jaipur, Nagour, Goa and Hubli. However, the company's focus on business operations in long term will restrict to select areas within Mumbai.

**Key Project Associates**




The company has strong in-house project management team partnering with best in class architects, structural engineers and contractors that emphasizes on quality, design and construction of its projects. The company endeavors to deliver high-quality products with contemporary and efficient architecture and timely execution. The company believes that this outsourcing model provides the scalability required to undertake large developments.

During the year, the company's focus was on execution and approvals. It has strengthened its construction team by recruiting industry experts. Further, it has enhanced the Project Management Office (PMO) coverage which could help in efficient planning, budgeting, progress reporting, cost management, project management processes, integrated project schedule - drawing schedule, construction schedule, approvals schedule and procurement plans. Also several key Contracts were awarded to the likes of L&T and several top agencies to ramp up the execution and finishing of the key projects.

# Management Discussion and Analysis (Contd.)

**International Tie-Ups**

The company's focus is to deliver niche living spaces to discerning customers and create more value for them. It has tied-up with international brands like (a) Vertu, a market leader in luxury mobile phones for 'Signature Concierge Services' for the residents of its flagship project 'Signature Island' located in the heart of Bandra Kurla Complex in Mumbai, (b) Disney India for the residents of 'Sunteck City' in Gorgeaon (W) to bring Disney inspired homes to India and create an exciting atmosphere for families to raise their kids.

**SWOT Analysis of our Business**

## STRENGTHS

- Strong Brand Recognition-Premium segment
- Clean & Clear land acquisition track record with low acquisition cost
- Low Leverage – Negligible Debt
- Credible Partnerships and tie-ups
- High level of corporate governance
- Experienced senior management personnel
- Higher cash flow visibility

## WEAKNESS

- Business / inflows heavily skewed on customer collections than bank funding
- Land purchases not financed through bank funding resorting to internal accruals / equity funding

## OPPORTUNITIES

- Demand for residential property in Mumbai to remain robust due to growing economy
- Shift in trade from south of city from areas such as Nariman Point to BKC, the new
- Financial hub JV & JDAs with low capital commitment resulting in higher ROEs
- Huge visible cash flows to fuel growth by acquiring land parcels at attractive prices

## THREATS

- Regulatory changes resulting delays in approvals; further delay in planned launches / completion
- Rising inflation resulting in input cost (approvals & fungible FSI)
- Strong public funding in rural areas impacting labour cost in urban areas
- Stagnant market conditions due to uncertainty in the economy & high interest costs regime

**D. Awards & Accolades**

During the year, your company has won two awards for its excellence in the real estate space namely,

- Sunteck won 3 Merit Awards in "APREA (Asia Pacific Real Estate Association Limited) Best Practices Awards 2012" held in Singapore:
  - Emerging Markets: Best Country Submission – India (across 9 regions of Asia-Pacific)
  - Emerging Markets: Best 1st Year Entrant
  - Emerging Markets: Property Valuation
- Sunteck's flagship project i.e. Signature Island won Project of the year award at the 27th National Real Estate Awards from "Accommodation Times" held in Mumbai

**E. Consolidated Operational & Financial Performance as on March 31, 2013:** Your company has achieved cumulative sales of ~INR 26,556 mn since inception and cumulative collections of ~INR 13,201 mn. 3 BKC Residential projects form major part of sales & collections achieved till the end of the year.

# Management Discussion and Analysis (Contd.)

During the year, your company achieved new sales of ~INR 6,028 mn compared to ~INR 4,144 mn achieved in FY12. The collections stood at ~INR 3,911 mn compared to ~INR 2,835 mn in FY12. Further, your company reduced its Secured Debt from ~INR 2,634 mn to ~INR 1,028 mn, a decrease of over 61%. Consequently, the net secured debt stands at ~INR 615 mn as on March 31, 2013.

Your company was also assigned 'Care A' rating by Care Ratings during the year. The company got approvals for Sunteck City, 'Avenue 1' Goregaon (W) and construction contract was awarded to L&T.

**Accounting Policy**

Your company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP") and in compliance with the Accounting Standards referred to in Section 211 (3C) and other requirements of the Companies Act, 1956. Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

The company follows **'Project Completion Method (PCM)'** of accounting unlike other real estate developers who follow percentage of completion method (POCM) for revenue recognition.

Under project completion method of accounting, allocable expenses incurred during the year are debited to work-in-progress account. The revenue is accounted for as and when the significant risks and rewards of ownership of the units in real estate are passed to the buyer and the projects get completed or substantially completed, to the extent that the economic benefits will flow to the group and revenue can be reliably measured.

During the year, the company recognized revenues from one of its commercial property **i.e. Sunteck Grandeur** (as per its Accounting Policy mentioned above) since the project got completed. Consequently, the sales achieved till the end of the fiscal have been recognized and the operating cost has been booked proportionately in the P&L.

**Abridged Consolidated Profit & Loss Account**

(INR in Lacs)

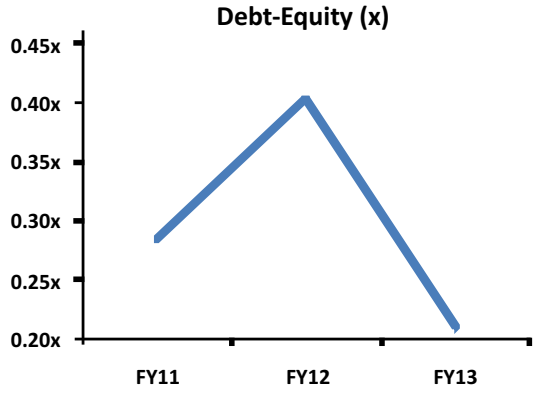
| Particulars | Year Ended | |
|---|---|---|
| | March 31, 2013 | March 31, 2012 |
| Income from Operations | 3,021.18 | 1,700.39 |
| Other Income | 1,995.63 | 1,336.60 |
| Total Revenue | 5,016.81 | 3,036.99 |
| **Total Expenditure** | **3,944.00** | **1,936.34** |
| Profit Before Tax | 1,072.82 | 1,100.65 |
| Provision for Taxation | 618.80 | 646.49 |
| **Profit After Tax** | **454.02** | **454.16** |

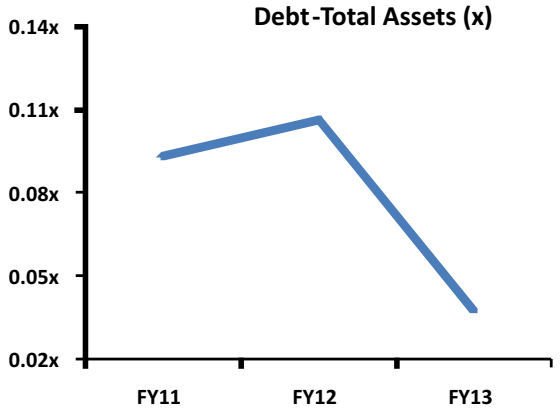
**Abridged Consolidated Balance Sheet**

(INR in Lacs)

| Particulars | Year Ended | |
|---|---|---|
| | March 31, 2013 | March 31, 2012 |
| Shareholders' Fund | 40,035.25 | 39,768.89 |
| Share Application Money Pending Allotment | 8,949.00 | 25,502.71 |
| Minority Interest | 36.95 | 395.71 |
| Non-Current Liabilities | 1,061.66 | 902.06 |
| Current Liabilities | 221,306.00 | 181,672.13 |
| **Total Liabilities** | **271,388.86** | **248,241.51** |
| Non-Current Assets | 13,732.97 | 14,209.55 |
| Current Assets | 257,655.89 | 234,031.94 |
| **Total Assets** | **271,388.86** | **248,241.51** |

# Management Discussion and Analysis (Contd.)




During the year 'Income from Operations' grew by ~78% to ~INR 3,021 lacs compared to ~INR 1,700 lacs as on March 31, 2012. The increase is due to revenue recognition from one of the commercial property which got completed besides the rental income generated from the rented assets under the company's portfolio.

Other income increased by ~49% to ~INR 1996 lacs during the year compared to ~INR 1,337 lacs as on March 31, 2012. This is mainly on account of dividend received on Investments, interest income and gain on sale of assets / investments. The total expenditure increased by ~96% to ~INR 3,944 lacs during the year compared to previous fiscal due to operating cost of 'Sunteck Granduer' getting booked (on account of project completion) and increase in marketing & advertising expenses, legal & professional fees.

Secured Debt to Equity Ratio has decreased from 0.28(x) to 0.21(x) while Secured Debt to Total Assets has decreased from 0.09(x) to 0.04(x) over the last three years.

Your Company broadly defines "liquidity" as its ability to generate sufficient funds from both internal and external sources to meet its obligations and commitments. Your Company has financed capital requirements primarily through funds generated from its operations. Working capital requirements were met by internal accruals and short term borrowings from Banks to run the operations efficiently. Your Company is a full time member of Asia Pacific Real Estate Association (APREA), Singapore. Hence, the company endeavors to follow the financial reporting guidelines set out in the APREA Best Practices Handbook.

## F. Internal Control Systems & Their Adequacy

Your company has appropriate internal control systems covering the gamut of business processes including acquisitions, sales, operations, financials and regulatory reporting. There are clearly defined roles and responsibilities amongst the team through an institutionalized job description and role profile definition. The human resource and related manuals enable all team members to coherently integrate into the company in quick time. Regular internal audits and checks ensure that responsibilities are executed effectively.
The company has implemented various tools to strengthen its systems like (a) Enterprise Resource Planning (ERP) system namely, 'In4velociity' to enhance MIS reporting, (b) 'Sensys' Easy Pay/TDS system for payroll and tax processing, (c) 'Aconex' for project management, which would mean all documents, communication and business processes can be managed in a consistent way.

Your company's statutory auditors are Lodha & Co. which is ranked amongst the top 5 auditors in India. Besides, during the year, your company had also appointed Mahajan & Aibara (one of the leading Indian internal audit organization) to conduct Risk Based Audits so as to provide assurance on controls, compliance, effectiveness and strengthen the necessary functions of operations.

Your company has also employed one of the Big 4 consultants i.e. Pricewaterhouse Coopers (PWC) to ensure a sound system of risk oversight, by identifying key risk areas and take informative decisions towards risks mitigation through suggestions and implementation on the processes (various MIS reporting, ERP and others), organisational development, documentation and Internal Audit Systems.

The Audit Committee of the Board of Directors reviews the effectiveness of internal control and provides suggestions periodically.

# Management Discussion and Analysis (Contd.)

## G. Human Resource

Organizational strength has always been a key parameter for achieving goals and objectives of your company. At Sunteck, talent acquisition and talent retention are the core thrust areas for the human resources team to ensure a smooth functioning. We observe cultural diversity and lay emphasis on hiring talent that stays true to the brand ethos. Concentrated efforts are made to ensure that employees are provided a platform to exhibit their skills and are simultaneously rewarded for their contribution, dedication and passion.

At Sunteck, the workforce is spread over 13 departments based on the functions like Sales & Marketing, Corporate Finance & Investor Relations, Accounts, HR & Administration, Customer Relation Department (CRM), IT, Legal, Compliance, Project Management Office (PMO), Project Architecture Management & Construction (PAMC), Engineering Procurement & Construction (EPC), Purchase & Contracts and others.

With the objective of being able to scale the Talent portfolio in line with the growth of the company, Sunteck's Organisational Chart has been build by Price Waterhouse Coopers (PWC). Consequently, the company has filled several key positions during the year to strengthen the execution. Your company has grown from ~80 employees in 2009 to ~190 employees in 2013 and has also established a code of conduct to guide its directors and senior executives.

To incentivise the employees and recognize their efforts, the company has announced Employee Stock Option Plan/Scheme (ESOPS 2013). This initiative speaks volumes of your company to undertake employee retention and also further boost the morale of the employee.

The human talent of the company comprise of highly qualified, skilled and experienced professionals. We believe that company's operations and action must result in enhancement of the overall entrepreneurial ability of an individual to gain long term value addition and growth. We undertake every initiative to nurture and hone talent.

A few practices observed by the company to ensure that the multi cultural work environment is maintained whilst giving a learning opportunity to the employee include:

- Extensive and rigorous training programs with upgraded development modules, new practices & methods and superior's assistance to make them equipped with necessary skills and knowledge to handle vital functions of project management and delivery.
- Imparting behavioral training to all employees for maintaining a friendly and healthy working environment. This is conducive for talent retention.
- Building confidence in the employee by constant communication on any developments in the company like new joinees, awards recognition, employees' poll on certain work related matters, news articles, etc. are communicated through mailers on a regular basis.

The company focuses on its core values and culture of “Dream, Plan, Act and get Results “which is reflected in HR policies and plans followed at Sunteck. During the year, the company has been able to achieve good operational numbers due to the employees' continued focus, hard work, efforts, dedication and performance. The company would like to express its gratitude for the support and assistance rendered by its employees and expects the spirit of teamwork to continue in the years to follow.

## H. Cautionary Statement

Statements in the Management Discussion and Analysis describing the company's objectives, estimates, expectations may be “forward-looking statements” within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied due to several factors which are beyond the control of the management. In accordance with the Code of Corporate Governance approved by the Securities and Exchange Board of India, shareholders and readers are cautioned that in the case of data and information external to the company, no representation is made on its accuracy and comprehensiveness though the same are based on sources believed to be reliable. Utmost care has been taken to ensure that the opinions expressed by the management herein contain its perceptions on the material impacts on the company's operations but it is not exhaustive. The Company assumes no obligation to amend or update forward looking statements in future on the basis of new information, subsequent developments or otherwise.

# Standalone Financial Statements

## Independent Auditor's Report

**To**
**The Members of**
**Sunteck Realty Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Sunteck Realty Limited ("the Company"), which comprise the Balance Sheet as at 31st March , 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Emphasis of Matter**

The Company continues to apply 'project completion method' on transactions and activities of real estate development which it had applied over the years consistently. The Institute of Chartered Accountants of India has issued "Guidance note on Accounting for Real Estate Transactions (Revised 2012)" which is applicable to projects which have commenced on or after April 1, 2012 and also to projects which have already commenced but where revenue is being recognized for the first time on or after April 1, 2012 to follow 'percentage completion method'. There would not be any impact of the aforesaid guidance note on the financial statements for the year considering the criteria prescribed for recognition of revenue.

Our Opinion is not qualified in respect of above matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, Statement of Profit and Loss, 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, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.

   (e) On the basis of the written representations received from the Directors as on 31st March, 2013 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For LODHA & COMPANY**
**Chartered Accountants**

**A. M. Hariharan**
**Partner**
**Membership No. 38323**
**Firm Registration No– 301051E**

**Place: Mumbai**
**Date: 30th May, 2013**

# Annexure to Audit Report

**Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of the SUNTECK REALTY LIMITED.**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such verification. The verification programme is considered reasonable having regard to the size of the Company and nature of its business.

   c) During the year, the Company has not sold/disposed off substantial portion of its fixed assets.

2. a) During the year, the management has physically verified the inventories of construction material and stores & spares at reasonable intervals.

   b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

   c) The Company has generally maintained proper records in respect of inventories at various locations.

3. a) (i) As informed, the Company has given unsecured loan to three parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs. 146,676,248 and the year end balance is Rs. 500,000. The loan was repayable on demand. The parties have repaid the principal amount as and when demanded and have been regular in payment of interest.

   (ii) The terms and conditions of the aforesaid loan are not prima facie prejudicial to the interest of the Company.

   b) The Company has not taken secured or unsecured loan from any party covered in the register maintained under Section 301 of the Act.

4. In our opinion and according to the information and explanations given to us, having regard to the explanation that purchase of certain items of inventory and fixed assets and sale of services are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations subject to what is stated in Para 7 below, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. (a) According to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Act have been so entered.

   (b) In our opinion and according to the information and explanations given to us, the transactions have been made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding Rupees five lacs or more in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and Rules framed there under.

7. The Company has an internal audit system which in our opinion, needs to be strengthened considering the increasing activities, to be commensurate with its size and nature of its business.

# Annexure to Audit Report

(Contd.)

8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government of India, regarding the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, cess and other material statutory dues applicable to it. There are no undisputed statutory dues outstanding as at the year end for a period of more than six months from the date they became payable.

   b) According to the information and explanations given to us, there are no dues of Income tax, Sales Tax, Wealth tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute.

10. The Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.

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

13. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

14. 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 Order are not applicable to the Company.

15. In respect of guarantee given by the Company for the loan obtained by a partnership firm in which the Company is a partner, the terms and conditions are not prima facie prejudicial to the interest of the Company.

16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

19. The Company has not issued any debentures during the year or in the recent past.

20. The Company has not raised any money by way of public issue during the year or in the recent past.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor have we been informed of such case by the management.

**For LODHA & COMPANY**
**Chartered Accountants**

**A. M. Hariharan**
**Partner**
**Membership No. 38323**
**Firm Registration No– 301051E**

**Place: Mumbai**
**Date: 30th May, 2013**

# Standalone Balance Sheet

## as at 31st March2013

(Amount in Rs.)

| Particulars | Notes | 31.03.13 | 31.03.12 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **SHAREHOLDERS' FUNDS** | | | |
| Share Capital | 2 | 125,932,414 | 125,932,414 |
| Reserves and Surplus | 3 | 3,590,054,007 | 3,533,234,860 |
| **NON - CURRENT LIABILITIES** | | | |
| Deferred Tax Liabilities (Net) | 28 | 9,064,771 | 8,150,314 |
| Other Long Term Liabilities | 4 | 43,833,000 | 20,320,500 |
| Long Term Provisions | 5 | 1,807,001 | 1,209,000 |
| **CURRENT LIABILITIES** | | | |
| Short Term Borrowings | 6 | 1,382,057,565 | 1,070,888,744 |
| Trade Payables | 7 | 30,006,390 | 51,988,936 |
| Other Current Liabilities | 8 | 431,449,744 | 499,152,898 |
| Short Term Provisions | 9 | 13,288,115 | 8,800,825 |
| **TOTAL** | | **5,627,493,007** | **5,319,678,491** |
| **ASSETS** | | | |
| **NON - CURRENT ASSETS** | | | |
| Fixed Assets | 10 | | |
| Tangible Assets | | 87,753,721 | 91,075,384 |
| Intangible Assets | | 850,379 | 645,762 |
| | | | |
| Non - Current Investments | 11 | 1,094,793,678 | 1,783,342,539 |
| Long Term Loans and Advances | 12 | 10,944,957 | 7,702,267 |
| Other Non - Current Assets | 13 | 1,720,592 | 70,531,682 |
| **CURRENT ASSETS** | | | |
| Current Investments | 14 | 711,742,697 | 526,298,000 |
| Inventories | 15 | 1,350,805,840 | 1,125,025,878 |
| Trade Receivables | 16 | 48,624,096 | 78,005,285 |
| Cash and Bank Balances | 17 | 42,568,856 | 24,675,376 |
| Short Term Loans and Advances | 18 | 2,211,731,445 | 1,604,238,230 |
| Other Current Assets | 19 | 65,956,746 | 8,138,088 |
| **TOTAL** | | **5,627,493,007** | **5,319,678,491** |
| Significant Accounting Policies and the accompanying notes form an integral part of financial statements | 1 to 42 | | |

**For and on behalf of the Board of Directors of Sunteck Realty Limited**

**As per our attached report of even date**

**For Lodha & Co.**
**Chartered Accountants**

**A.M.Hariharan**
**Partner**

**Membership No: 38323**

**Mumbai: 30th May, 2013**

**Kamal Khetan**
**Chairman & Managing Director**

**Jignesh Sanghavi**
**Executive Director**

**Sanjay Dutt**
**Director**

**M. Kalahasthi**
**Director**

**Kishore Vussonji**
**Director**

**Rachana Hingarajia**
**Company Secretary**

# Profit & Loss Account

## for the Year Ended 31st March 2013

(Amount in Rs.)

| Particulars | Notes | 31.03.13 | 31.03.12 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 20 | **318,583,925** | **137,755,721** |
| Other income | 21 | **62,948,737** | **128,626,818** |
| **Total Revenue (I)** | | **381,532,662** | **266,382,538** |
| EXPENSES | | | |
| Cost of Revenue | 22 | 63,153,117 | - |
| Employee benefits expense | 23 | 40,921,173 | 18,383,815 |
| Finance cost | 24 | 95,920,715 | 54,328,508 |
| Depreciation and amortisation expense | 10 | 3,959,785 | 3,574,432 |
| Other expenses | 25 | 52,697,442 | 30,532,636 |
| **Total expenses (II)** | | **256,652,231** | **106,819,391** |
| Profit before Exceptional Items and Tax (I - II) | | 124,880,430 | 159,563,147 |
| Exceptional Items | 37 | 22,305,600 | - |
| Profit after Exceptional Items and before Tax | | 102,574,830 | 159,563,147 |
| Tax Expenses : | | | |
| Current tax | | 32,797,690 | 35,878,660 |
| Deferred tax | | 914,457 | 5,380,220 |
| **Profit for the year** | | **68,862,683** | **118,304,267** |
| Earning per equity share of face value Rs. 2 each: | 35 | | |
| Basic | | 1.45 | 1.88 |
| Diluted | | 1.09 | 1.88 |
| Significant Accounting Policies and the accompanying notes form an integral part of financial statements | 1 to 42 | | |

**As per our attached report of even date**

**For Lodha & Co.**
**Chartered Accountants**

**A.M. Hariharan**
**Partner**

**Membership No: 38323**
**Mumbai: 30th May, 2013**

**For and on behalf of the Board of Directors of Sunteck Realty Limited**

**Kamal Khetan**
**Chairman & Managing Director**

**Jignesh Sanghavi**
**Executive Director**

**Sanjay Dutt**
**Director**

**M. Kalahasthi**
**Director**

**Kishore Vussonji**
**Director**

**Rachana Hingarajia**
**Company Secretary**

# Standalone Cash Flow Statement for the Year Ended 31st March, 2013

(Amount in Rs.)

| Particulars | 31.03.13 | | 31.03.12 | |
|---|---|---|---|---|
| **Cash Flow from Operating Activities** | | | | |
| **Profit Before Tax as per Statement of Profit and Loss** | | **124,880,430** | | **159,563,147** |
| **Adjusted for:** | | | | |
| Depreciation and Amortisation Expense | 3,959,785 | | 3,574,432 | |
| Interest Income | (41,177,980) | | (77,226,606) | |
| Dividend Income | (7,500,526) | | (19,431,350) | |
| Finance Cost | 95,920,715 | | 54,328,508 | |
| (Profit) / Loss on Sale of Fixed Assets | 435,744 | | (14,378,242) | |
| (Profit) / Loss on Sale of Investments | 14,078,219 | | (16,719,498) | |
| Liabilities no longer required written back | (93,783) | | (867,780) | |
| | | **65,622,174** | | **(70,720,536)** |
| **Operating Profit before Working Capital Changes** | | **190,502,605** | | **88,842,610** |
| **Adjusted for:** | | | | |
| (Increase)/Decrease in Inventorie | (225,707,370) | | (399,087,743) | |
| (Increase)/Decrease in Trade Receivables | 29,381,189 | | (41,835,641) | |
| (Increase)/Decrease in Other Receivables | (599,112,919) | | 156,482,462 | |
| Increase/(Decrease) in Other Liabilities and Provisions | (58,542,573) | (853,981,673) | 121,203,442 | (163,237,481) |
| Cash Generated from/(used in) Operations | | (663,479,068 | | (74,394,871) |
| Less: Income Tax Paid/(Refund received) | | 34,306,137 | | 35,827,090 |
| Less: Exceptional Items | | 22,305,600 | | - |
| **Net Cash from / (used in) Operating Activities (A)** | | **(720,090,806)** | | **(110,221,960)** |
| **Cash Flow from Investing Activities** | | | | |
| Purchase of Fixed Assets | (1,991,073) | | (15,317,201) | |
| Sale of Fixed Assets | 640,000 | | 21,600,000 | |
| Sale of Investments | 677,077,700 | | 74,221,809 | |
| Purchases of Investments | (2,607,058) | | (546,788,264) | |
| Purchases of Investments in Subsidiaries | - | | (80,000) | |
| Interest Income | 41,177,980 | | 77,226,606 | |
| Dividend Income | 7,500,526 | 721,798,074 | 19,431,350 | (369,705,700) |
| **Net Cash from / (used in) Investing Activities (B)** | | **721,798,074** | | **(369,705,700)** |
| **Cash Flow from Financing Activities** | | | | |
| | | | | |
| Current account with LLP | (185,444,697) | | (524,798,000) | |
| Repayment of Secured Borrowings | (58,822,435) | | 628,005,000 | |
| Dividend Paid (including Dividend Distribution Tax) | (14,495,089) | | (16,360,577) | |
| Proceeds From Unsecured Borrowings | 369,991,256 | | 442,883,744 | |
| Finance Cost | (95,920,715) | 15,308,321 | (54,328,507) | 475,401,661 |
| **Net Cash from Financing Activities (C)** | | 15,308,320 | | 475,401,661 |
| **Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)** | | 17,015,589 | | (4,525,998) |
| **Cash and Cash Equivalents - Opening Balance** | | **1,837,875** | | **6,363,873** |
| **Cash and Cash Equivalents - Closing Balance** | | **18,853,463** | | **1,837,875** |

**Note:** 1) The above Cash Flow Statements has been prepared under the "Indirect Method" as set out in the Accounting Standards- 3 on "Cash Flow Statements".
2) Previous years' figures have been regrouped/rearranged wherever necessary to conform to the current years' presentation.

**As per our attached report of even date**

**For Lodha & Co.**
**Chartered Accountants**

**A.M.Hariharan**
**Partner**

**Membership No: 38323**
**Mumbai: 30th May, 2013**

**For and on behalf of the Board of Directors of Sunteck Realty Limited**

**Kamal Khetan**
**Chairman & Managing Director**

**Jignesh Sanghavi**
**Executive Director**

**Sanjay Dutt**
**Director**

**M. Kalahasthi**
**Director**

**Kishore Vussonji**
**Director**

**Rachana Hingarajia**
**Company Secretary**

# Significant Accounting Policies And Notes

**Significant Accounting Policies forming part of Financial Statements for the year ended 31st March, 2013**

## 1 SIGNIFICANT ACCOUNTING POLICIES

**a) Nature of Operations**

The Company is engaged in the business of real estate/ real estate development and incidental services.

**b) Basis of preparation of financial statements**

The financial statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention, on accrual basis. GAAP comprises mandatory Accounting Standards issued by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**c) 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 liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to the accounting estimates is recognized prospectively.

**d) Revenue recognition**

**i) Revenue for real estate development/sale**

The Company follows completed project method of accounting. Direct/Allocable expenses incurred during the year are debited to work- in-progress account. The revenue is accounted for as and when the significant risks and rewards of ownership of the units in real estate have passed or deemed to have passed to the buyer and the Projects get completed or substantially completed, to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured.

**ii) Rent**

Rental Income is recognized on a time proportion basis as per the contractual obligations agreed with the respective tenant.

**iii) Interest**

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**iv) Dividend**

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

**v) Profit /Loss from Partnership Firms/LLP**

Share of profit / loss from firms in which the Company is a partner is accounted for in the financial period ending on (or before) the date of the balance sheet on the basis of audited accounts and as per the terms of the respective partnership deed.

**vi) Maintenance Services**

Revenue in respect of maintenance services is recognized on an accrual basis, in accordance with the terms of the respective contract.

**vii) Project Management Services**

Revenue in respect of Project Management services is recognized on an accrual basis, in accordance with the terms of the respective agreement.

# Significant Accounting Policies And Notes (Contd.)

**e) Inventories**

Inventories comprise of Land and development rights, Construction materials, Work-in- progress, completed unsold flats/units. These are valued at lower of the cost or net realizable value.

**Construction Work in Progress are valued as follows:**

| | |
|---|---|
| **Land and development rights** | Land and development rights (including development cost) are valued at lower of cost and net realizable value. Costs include land acquisition cost and initial development cost. |
| **Construction materials** | Construction materials are valued at cost if the completed unsold flats/units in which they will be incorporated are expected to be sold at or above cost otherwise lower of cost and net realizable value. Cost is determined on a weighted average basis. |
| **Work-in-progress (Land/ Real Estate under development)** | Work-in-progress is valued at cost if the completed unsold flats/units are expected to be sold at or above cost otherwise at lower of cost and net realizable value. Cost includes direct expenditure relating to construction activity (including land cost) and indirect expenditure (including borrowing costs) during the construction period to the extent the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the Statement of profit and loss. |
| **Completed unsold flats/units** | Lower of cost or net realizable value. |

Net realizable value is the estimated selling price in the ordinary course of business; less estimated costs of completion (wherever applicable) and estimated costs necessary to make the sale.

**f) Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Capital work in progress includes expenditure incurred till the assets are put into intended use.

**g) Depreciation and Amortization**

Depreciation of tangible fixed assets is provided using the Straight Line Method at the rates and in the manner as prescribed under schedule XIV of the Companies Act, 1956. In case of intangible fixed assets – Software, the same is amortized over a period of five years.

**h) Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet dates and if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to extent of the carrying value of the asset that would have been determined (net of amortization / depreciation), had no impairment loss been recognized.

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

# Significant Accounting Policies And Notes (Contd.)

**i) Investments**

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary decline in the value of the investments.

**j) Employee benefits**

**Defined Contribution Plan**
Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Statement of profit and loss of the period when the contributions to the fund are due. There are no other obligations other than the contribution payable to the government funds.

**Defined Benefit Plan**
Company's liabilities towards gratuity liability are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each balance sheet date. Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

**Compensated absences**

**Short term**
Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of the benefit expected to be availed by the employees.

**Long Term**
Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to statement of profit and loss in the year in which such gains or losses are determined.

**k) Borrowing Costs**

Borrowing costs relating to acquisition and/or construction of qualifying assets are capitalized to the extent that the funds are borrowed and used for purpose of constructing a qualifying asset until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs which are not related to acquisition and/or construction activities nor are incidental thereto are charged to the Statement of profit and loss.

**l) Taxation**

Tax expense comprises of current income tax and deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. Minimum Alternative Tax (MAT) credit is recognised as an asset and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

# Significant Accounting Policies And Notes (Contd.)

**m) Foreign Currency Transactions**

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Foreign Currency assets and liabilities (monetary items) are translated at the exchange rate prevalent at the date of the Balance Sheet. Non – Monetary item such as investments are carried at historical cost using the exchange rate on the date of transaction.

Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

**n) Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).
For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**o) Provisions, Contingent Liabilities and Contingent Assets**

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

Possible future obligations or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably estimated, is disclosed as contingent liabilities in the notes to accounts of financial statements.

Contingent Assets are neither recognized nor disclosed in the financial statements.

**p) Share Issue Expenses**

Share issue expenses are adjusted against Securities Premium Account.

**q) Leases**

**i) Where Company is the lessee**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating lease. Operating lease payments are recognised as an expense in the Statement of profit and loss on Straight Line basis over the lease term, unless there is another systematic basis which is more representative of the time pattern of the Lease.

**ii) Where Company is the lessor**

Assets representing Lease arrangements given under operating leases are included in Investments. Lease income is recognized in the Statement of profit and loss on Straight Line basis over the lease term, unless there is another systematic basis which is more representative of the time pattern of the Lease.

**r) Cash Flow Statement**

Cash flow statement has been prepared under the 'Indirect Method'. Cash and cash equivalents, in the cash flow statement comprises of unencumbered cash and bank balances.

# Notes to Financial Statement

(Amount in Rs.)

| | Particulars | 31.03.13 | 31.03.12 |
|---|---|---|---|
| 2 | **Share Capital** | | |
| | **Authorised** | | |
| | 93,750,000 (Previous year 93,750,000) Equity Shares of Rs. 2 each | 187,500,000 | 187,500,000 |
| | 1,250,000 (Previous year 1,250,000) Preference Shares of Rs. 10 each | 12,500,000 | 12,500,000 |
| | **Total authorised share capital** | **200,000,000** | **200,000,000** |
| | **Issued, Subscribed and Paid up** | | |
| | 62,966,207 (Previous year 62,966,207) Equity Shares of Rs. 2 each | | |
| | fully paid up | 125,932,414 | 125,932,414 |
| | **Total issued, subscribed and fully paid up share capital** | **125,932,414** | **125,932,414** |

**a) Reconciliation of shares outstanding at the beginning and at the end of the year**

| Equity shares of Rs. 2 each | 31st March, 2013 | 31st March, 2012 |
|---|---|---|
| | Number of Shares | Number of Shares |
| Outstanding at the beginning of the year | 62,966,207 | 62,966,207 |
| Issued during the year | - | - |
| **Outstanding at the end of the year** | **62,966,207** | **62,966,207** |

**b) Terms/rights attached to equity shares**

"The Company has only one class of Equity Share having value of Rs. 2 each with an entitlement of one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors are subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders. "

**c) Shares held by holding/ ultimate holding Company and /or their subsidiaries/ associates**

3,000,000 shares out of issued, subscribed and paid up share capital are held by Subsidiary Companies.

**d) Details of shareholders holding more than 5% shares in the Company**

| Equity shares of Rs. 2 each fully paid | **31st March, 2013** | | 31st March, 2012 | |
|---|---|---|---|---|
| | **Number of shares** | **% of holding shares** | Number of shares | % of holding shares |
| Manisha Khetan | **24,251,407** | **38.51** | 24,219,380 | 38.46 |
| Eskay Infrastructure Development Private Limited | **_** | **_** | 5,693,419 | 9.04 |
| Pantacle Facility Management Private Limited | **8857419** | **14.07** | _ | _ |
| Kotak Mahindra Trusteeship Services Limited A/C Kotak Alternate Opportunities (India) Fund | **5,029,225** | **7.99** | 5,531,566 | 8.78 |

**e) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash**

1. 3,551,391 (Previous year 3,551,391) shares were allotted pursuant to the High Court Order dated 24/11/2008 on amalgamation of Satguru Corporate Services Private Limited with the Company to the shareholders of Satguru Corporate Services Private Limited effective date being 01/04/2006.
2. 2,001,109 (Previous year 2,001,109) shares were allotted pursuant to the High Court Order dated 12/12/2008 on amalgamation of Amrut Consultancy Private Limited with the Company to the shareholders of Amrut Consultancy Private Limited effective date being 01/06/2008.

# Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | | 31.03.13 | 31.03.12 |
|---|---|---|---|
| 3 | **Reserves and Surplus** | | |
| | **Securities premium account** | | |
| | Balance as per last financial statements | 3,211,407,987 | 3,211,407,987 |
| | Add: Received during the year | - | - |
| | **Closing balance** | **3,211,407,987** | **3,211,407,987** |
| | **General reserve** | | |
| | Balance as per last financial statements | 4,767,380 | 1,809,773 |
| | Add: Transferred from surplus balance in the statement of profit and loss | - | 2,957,607 |
| | **Closing balance** | **4,767,380** | **4,767,380** |
| | **Surplus in the statement of profit and loss** | | |
| | Balance as per last financial statements | 317,059,493 | 216,234,754 |
| | Profit for the year | 68,862,683 | 118,304,267 |
| | Balance available for appropriation | 385,922,176 | 334,539,022 |
| | Less: Appropriations | | |
| | Proposed final equity dividend (Dividend per share Rs. 0.18; Previous year Rs. 0.12) | 11,333,917 | 7,556,045 |
| | Interim equity dividend (Dividend per share Nil; Previous year Rs. 0.12) | - | 7,556,045 |
| | Tax on proposed dividend | 1,926,199 | 2,451,553 |
| | Transferred to general reserve | - | 2,957,607 |
| | Dividend distribution tax credit from subsidiaries | (1,216,580) | (3,041,720) |
| | **Closing balance** | **373,878,640** | **317,059,492** |
| | **Total reserves and surplus** | **3,590,054,007** | **3,533,234,860** |
| | | | |
| 4 | **Other Long Term Liabilities** | | |
| | Other | | |
| | Security deposits received for premises given on lease | 43,833,000 | 20,320,500 |
| | **Total other long term liabilities** | **43,833,000** | **20,320,500** |
| | | | |
| 5 | **Long Term Provisions** | | |
| | Provision for employee benefits | | |
| | Gratuity | 1,486,000 | 1,209,000 |
| | Leave Entitlement | 321,001 | - |
| | **Total long term provisions** | **1,807,001** | **1,209,000** |
| | | | |
| 6 | **Short Term Borrowings** | | |
| | Secured loan | | |
| | From bank | 569,182,565 | 628,005,000 |
| | Unsecured Loans | | |
| | From other | | |
| | Body corporates | 812,875,000 | 442,883,744 |
| | **Total short term borrowings** | **1,382,057,565** | **1,070,888,744** |

**Terms & Conditions for Secured Loan taken from Bank**

a) The term loan is secured by way of mortgage of land situated at Borivali (Realty project - Signia High) and Andheri Realty project - Sunteck Grandeur) and receivables thereon.

b) The term loan is further secured by way of lien on fixed deposits with bank of Rs.23,484,464 (Previous year Rs. 22,837,500).

c) The interest rate on above term loan is Base rate + 4.5% spread.

d) Repayment Schedule of Secured Term Loan

# Notes to Financial Statement (Contd.)

(Amount in Rs.)

| | 31.03.13 | 31.03.12 |
|---|---|---|
| **Repayment Schedule** | | |
| less than 1 years | - | - |
| 1 - 3 years | **569,182,565** | **628,005,000** |

e Loan from body corporates

The Company has taken a loan amounting to Rs 812,875,000 (Previous Year Rs. 410,883,744) @ 10% and an interest free loan of Rs. Nil (Previous Year Rs. 32,000,000) which are repayable on demand.

| | | |
|---|---|---|
| **7 Trade Payables** | | |
| Trade payables (Refer note 33 for details of dues to micro, small and medium enterprises) | 30,006,390 | 51,988,936 |
| **Total trade payables** | **30,006,390** | **51,988,936** |
| **8 Other Current Liabilities** | | |
| Unclaimed Dividend | 230,929 | - |
| Interest accrued but not due on borrowings | 44,406,767 | 36,736,497 |
| Current Account with LLPs | 12,702 | - |
| Others | | |
| Statutory dues | 4,930,583 | 4,364,331 |
| Advance received from customers | 362,646,243 | 389,150,325 |
| Security deposits for premises given on lease | 4,937,500 | 28,950,000 |
| Payable in respect of capital expenditures | **517,348** | **1,182,308** |
| Billed in advance | 13,767,672 | 38,769,437 |
| **Total other current liabilities** | **431,449,744** | **499,152,898** |
| **9 Short Term Provisions** | | |
| Provision for employee benefits | | |
| Gratuity | 23,000 | 19,000 |
| Leave Entitlement | 4,999 | - |
| Others | | |
| Proposed equity dividend | 11,333,917 | 7,556,045 |
| Dividend distribution tax on proposed dividend | 1,926,199 | 1,225,780 |
| **Total short term provisions** | **13,288,115** | **8,800,825** |

**Note No.10**
**Fixed Assets**

(Amount in Rs.)

| Sr. No | Fixed Assets | Gross Block | | | | Depreciation / Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at 1 April 2012 | Additions | Deduction | As at 31 March 2013 | As at 31 March 2012 | For the year* | Deduction | As at 31 March 2013 | As at 31 March 2013 | Closing As at 31 March 2012 |
| **a)** | **Tangible Assets** | | | | | | | | | | |
| | Building | 52,560,767 | 414,116 | - | 52,974,883 | 1,713,481 | 876,991 | - | 2,590,472 | 50,384,411 | 50,847,286 |
| | Furniture and fixtures | 29,156,037 | 341,750 | - | 29,497,787 | 2,207,786 | 1,854,050 | - | 4,061,836 | 25,435,951 | 26,948,252 |
| | Vehicles | 1,810,101 | - | 1,810,101 | - | 732,473 | 1,884 | 734,357 | - | - | 1,077,628 |
| | Office equipment | 1,279,058 | 89,800 | - | 1,368,858 | 111,419 | 63,063 | - | 174,482 | 1,194,376 | 1,167,639 |
| | Air Conditioners | 4,686,733 | 258,164 | - | 4,944,897 | 366,563 | 230,279 | - | 596,842 | 4,348,054 | 4,320,168 |
| | Computers and Peripherals | 4,780,204 | 506,430 | - | 5,286,634 | 3,565,762 | 486,782 | - | 4,052,544 | 1,234,090 | 1,214,442 |
| | **Total** | **94,272,900** | **1,610,260** | **1,810,101** | **94,073,059** | **8,697,484** | **3,513,050** | **734,357** | **11,476,176** | **82,596,883** | **85,575,415** |
| | **Assets given on operating lease** | | | | | | | | | | |
| | Furniture and fixtures | 3,857,441 | | | 3,857,441 | 309,041 | 244,176 | | 553,217 | 3,304,224 | 3,548,399 |
| | Air Conditioners | 2,083,269 | | | 2,083,269 | 131,700 | 98,955 | | 230,655 | 1,852,614 | 1,951,570 |
| | **Total** | **5,940,710** | **-** | **-** | **5,940,710** | **440,741** | **343,131** | **-** | **783,872** | **5,156,838** | **5,499,969** |
| **b)** | **Intangible Assets** | | | | | | | | | | |
| | Computer Software | 837,590 | 380,813 | - | 1,218,403 | 191,828 | 176,196 | - | 368,024 | 850,379 | 645,762 |
| | **Total** | **837,590** | **380,813** | **-** | **1,218,403** | **191,828** | **176,196** | **-** | **368,024** | **850,379** | **645,762** |
| | **Current Year** | **101,051,199** | **1,991,073** | **1,810,101** | **101,232,172** | **9,330,053** | **4,032,377** | **734,357** | **12,628,072** | **88,604,100** | **91,721,146** |
| | Previous Year | 85,655,952 | 22,778,453 | 7,383,206 | 101,051,200 | 5,853,710 | 3,637,791 | 161,448.00 | 9,330,053 | 91,721,146 | |

*** Includes Depreciation of Rs. 72,591 (Previous year Rs. 63,359) transferred to Construction work in progress**



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# Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | 31.03.13 | 31.03.12 |
|---|---|---|
| **11 Non - Current Investments** | | |
| Long term trade investments (valued at cost unless stated otherwise) | | |
| Investment in property | 142,837,878 | 140,510,820 |
| **Investment in Equity Instruments (Unquoted)** | | |
| **Investment in Subsidiaries** | | |
| Starlight Systems Private Limited<br>400,000 (Previous year 320,000) equity shares of Rs. 10 each fully paid up | 399,366,106 | 413,270,000 |
| Satguru Infocorp Services Private Limited<br>375,000 (Previous year 375,000) equity shares of Rs. 10 each fully paid up | 104,384,070 | 104,384,070 |
| Amenity Software Private Limited<br>50,000 (Previous year 50,000) equity shares of Rs. 10 each fully paid up | 14,085,125 | 14,085,125 |
| Magenta Computer Software Private Limited<br>50,000 (Previous year 50,000) equity shares of Rs. 10 each fully paid up | 13,132,750 | 13,132,750 |
| Skystar Buildcon Private Limited<br>9,990 ( Previous year 9,990) equity shares of Rs. 10 each fully paid up | 99,900 | 99,900 |
| Sunteck Property Holding Private Limited<br>10,000 ( Previous year 10,000) equity shares of Rs. 10 each fully paid up | 100,000 | 100,000 |
| Starlight Systems (I) Private Limited (Refer Note No. 41)<br>NIL (Previous year 8,000) equity shares of Rs. 10 each fully paid up | - | 80,000 |
| Sahrish Construction Private Limited<br>10,000 (Previous year NIL) equity shares of Rs. 10 each fully paid up | 100,000 | - |
| Eleanor lifespaces Pvt. Ltd. (formerly known Signature Island Buildcon Pvt. Ltd.)<br>10,000 (Previous year NIL) equity shares of Rs. 10 each fully paid up | 100,000 | - |
| Investment in joint ventures | | |
| Piramal Sunteck Realty Private Limited<br>500,001 (Previous year 500,001) equity shares of Rs. 10 each fully paid up | 284,532,010 | 284,532,010 |
| (including Nil (Previous year Nil) share of Non-Voting of Class B of Rs. 10 each) | | |
| **Investment in Debentures** | | |
| **Quoted** | | |
| Starlight Systems Private Limited<br>NIL (Previous year 4,150) 15% Non-Convertible Debentures of Rs.100,000 each fully paid up | - | 466,176,399 |
| **Unquoted** | | |
| Starlight Systems Private Limited<br>NIL (Previous year 684,752) Zero Coupon Optionally Convertible Debentures of Rs. 100 each fully paid up | - | 68,475,200 |
| Starlight Systems Private Limited<br>NIL (Previous year 1,037) 15% Optionally Convertible Debentures of Rs. 100,000 each fully paid up | - | 116,420,426 |
| **Long term investments other than trade (valued at cost unless stated otherwise)** | | |
| **Investment in Equity Instruments (Quoted)** | | |
| Punjab Communication Limited<br>1,000 (Previous year 1,000) equity shares of Rs. 10 each fully paid up | 12,600 | 12,600 |
| **Investment in Equity Instruments (Unquoted)** | | |
| Samhrutha Habitat Infrastructure Private Limited<br>220,378 (Previous year 2,755,378) equity shares of Rs. 10 each fully paid up | 2,203,780 | 28,303,780 |
| Saraswat Co-op. Bank Limited<br>70 (Previous year 70) equity shares of Rs. 10 each fully paid up | 700 | 700 |
| Advaith Infraprojects Private Limited<br>1,990 (Previous year 1,990) equity shares of Rs. 10 each fully paid up | 19,990 | 19,990 |
| **Investment in compulsorily convertible preference shares(Unquoted)** | | |
| Advaith Infraprojects Private Limited<br>800,100 (Previous year 800,100) compulsorily convertible preference shares of Rs. 10 each fully paid up | 8,001,000 | 8,001,000 |

# Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | 31.03.13 | 31.03.12 |
|---|---|---|
| **Investment in limited liability partnership firms** | | |
| Topzone Mercantile Company LLP | 75,401,100 | 75,401,100 |
| Uniworth Realty LLP | 50,000 | 50,000 |
| V3 Designs LLP | 75,000 | 75,000 |
| Assable Buildcon LLP | 50,000 | 50,000 |
| Nariman Infrastructure LLP | 111,669 | 111,669 |
| Pathway Buildcon LLP | 50,000 | 50,000 |
| Starlight Systems (I) LLP (Refer Note No. 41) | 80,000 | - |
| **Investment in a partnership firm** | | |
| Kanaka & Associates | 50,000,000 | 50,000,000 |
| **Total non current investments** | **1,094,793,678** | **1,783,342,539** |
| **Notes** | | |
| Aggregate market value of quoted investments | 43,250 | 466,364,999 |
| Aggregate amount of quoted investments | 12,600 | 466,188,999 |
| Aggregate amount of unquoted investments | 1,094,781,078 | 1,317,153,540 |

| **Details of investment in partnership firm** | **As at 31st March, 2013** | | **As at 31st March, 2012** | |
|---|---|---|---|---|
| | % | Rs. | % | Rs. |
| Kanaka & Associates | | | | |
| Sunteck Realty Limited | 50 | 50,000,000 | 50 | 50,000,000 |
| Kanaka & Associates (Proprietor) | 50 | 50,000,000 | 50 | 50,000,000 |
| **Total capital of firm** | | **100,000,000** | | **100,000,000** |

| | | |
|---|---|---|
| **12 Long Term Loan and Advances** | | |
| Unsecured, considered good | | |
| Loans to body corporate | 500,000 | - |
| Security deposits | 1,165,700 | 1,159,200 |
| Others | | |
| Prepaid expenses | 3,847,654 | 2,733,370 |
| Advance income tax (net of provision of Rs. 123,904,475 ; Previous year Rs. 91,055,215) | 5,431,603 | 3,809,697 |
| **Total long term loan and advances** | **10,944,957** | **7,702,267** |
| **13 Other Non - Current Assets** | | |
| **Other** | | |
| Interest accrued on Fixed Deposit | 1,720,592 | 507,182 |
| Interest accrued on Debentures | - | 70,024,500 |
| **Total other non current assets** | **1,720,592** | **70,531,682** |
| **14 Current Investments** | | |
| **Unquoted** | | |
| Investment in Equity Instruments | | |
| Satguru Capital & Finance Private Limited | 1,500,000 | 1,500,000 |
| 150,000 (Previous year 150,000) equity shares of Rs. 10 each fully paid up | | |
| **Current account balance in LLP's** | | |
| Nariman Infrastructure LLP | 440,085,000 | 440,035,000 |
| Topzone Mercantile Company LLP | 25,195,500 | 22,793,000 |
| Uniworth Realty LLP | 46,050,000 | 45,065,000 |
| V3 Designs LLP | 38,785,000 | 16,905,000 |
| Starlight Systems (I) LLP (Refer Note No. 41) | 160,127,197 | - |
| **Total current investments** | **711,742,697** | **526,298,000** |
| **Aggregate amount of unquoted investments** | **711,742,697** | **526,298,000** |

# Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | 31.03.13 | 31.03.12 |
|---|---|---|
| **15 Inventories (valued at lower of cost and net realizable value)** | | |
| (As certified by management) | | |
| Construction work - in - progress (Refer Note No. 33) | 1,075,901,322 | 1,125,025,878 |
| Completed Units | 274,904,518 | - |
| **Total Inventories** | **1,350,805,840** | **1,125,025,878** |
| | | |
| **16 Trade Receivables** | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Secured, considered good | 39,246 | 6,386 |
| Unsecured, considered good | 176,120 | 368,667 |
| Others | | |
| Secured, considered good | 1,474,640 | 229,662 |
| Unsecured, considered good | 46,934,090 | 77,400,570 |
| (Including Receivable from subsidiaries and joint ventures Rs. 31,465,278; Previous year Rs.29,796,632) | | |
| **Total trade receivables** | **48,624,096** | **78,005,285** |
| | | |
| **17 Cash and Bank Balances** | | |
| i) Cash and cash equivalents | | |
| Balances with bank | 18,235,369 | 1,341,119 |
| Cash in hand | 618,094 | 496,757 |
| | **18,853,463** | **1,837,876** |
| ii) Other bank balances | | |
| Fixed Deposit with Bank | | |
| Deposit with original maturity for more than 12 months | 23,484,464 | 22,837,500 |
| Earmarked bank balances | | |
| Unpaid dividend bank account | 230,929 | - |
| | **23,715,393** | **22,837,500** |
| | | |
| **Total cash and bank balances** | **42,568,856** | **24,675,376** |
| **Bank Deposits given as security** | | |
| Fixed deposit with bank of Rs. 23,484,464 ( Previous year Rs. 22,837,500) are given on lien to bank as a security towards Company's term loan facility. | | |
| | | |
| **18 Short Term Loans and Advances** | | |
| Unsecured, considered good | | |
| Loans and advances to body corporate | 514,931,157 | 26,160 |
| Advances recoverable in cash or in kind or for value to be received | 4,924,262 | 5,128,730 |
| Security deposits | 686,756 | 686,756 |
| **Others** | | |
| Non - convertible debentures application money | 719,154,000 | 719,154,000 |
| Optionally convertible redeemable preference shares application money | 945,170,000 | 842,093,000 |
| Advances towards projects | 12,206,425 | 21,111,170 |
| Advances towards transferable development rights | 9,687,600 | 9,687,600 |
| Prepaid expenses | 4,319,293 | 5,010,688 |
| Duties and taxes recoverable | 449,656 | 1,340,126 |
| Advances to employee | 202,296 | - |
| **Total short term loans and advances** | **2,211,731,445** | **1,604,238,230** |

# Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | | 31.03.13 | 31.03.12 |
|---|---|---|---|
| **19** | **Other Current Assets** | | |
| | Interest accrued on loans and advances | 40,873,216 | 8,138,088 |
| | Unbilled Revenue | 25,083,530 | - |
| | **Total other current assets** | **65,956,746** | **8,138,088** |
| **20** | **Revenue From Operations** | | |
| | Sales of Commercial Units | 135,833,750 | - |
| | Sale of services | | |
| | Rent on immovable property | 56,834,625 | 55,419,887 |
| | Project management fees | 114,574,398 | 71,517,361 |
| | Brand fees | 7,227,672 | 7,180,366 |
| | Maintenance services on immovable property | 4,113,480 | 3,638,107 |
| | **Total revenue from operations** | **318,583,925** | **137,755,721** |
| **21** | **Other Income** | | |
| | Interest income on | | |
| | Fixed deposit with bank | 895,116 | 258,004 |
| | Loans & Advances | 40,282,864 | 76,968,602 |
| | Share of Profit From LLP (Refer Note No. 41) | 14,176,448 | - |
| | Dividend income on | | |
| | Long term investment in subsidiaries | 7,500,526 | 18,750,000 |
| | Current investment in mutual fund | - | 681,350 |
| | Net gain on sale of fixed assets | - | 14,378,242 |
| | Net gain on sale of investments | - | 16,719,498 |
| | Liabilities no longer required written back | 93,783 | 867,780 |
| | Other Income | - | 3,342 |
| | **Total other income** | **62,948,737** | **128,626,818** |
| **22** | **Cost of Revenue** | | |
| | Land Cost | 24,955,871 | - |
| | Construction materials & Other Expenses | 38,197,246 | - |
| | **Total** | **63,153,117** | **-** |
| **23** | **Employee Benefits Expense** | | |
| | Salaries and wages | 38,708,330 | 16,481,294 |
| | Contribution to provident and other funds | 1,813,495 | 1,757,692 |
| | Staff welfare expenses | 399,348 | 144,829 |
| | **Total employee benefit expense** | **40,921,173** | **18,383,815** |
| **24** | **Finance Costs** | | |
| | Interest expenses (Including interest paid on duties and taxes Rs. 66,900; Previous year Nil) | 95,920,715 | 47,401,148 |
| | Other borrowing cost | - | 6,927,360 |
| | **Total finance costs** | **95,920,715** | **54,328,508** |

# Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| Particulars | 31.03.13 | 31.03.12 |
|---|---|---|
| **25 Other Expenses** | | |
| Advertisement expenses | 1,848,331 | 209,315 |
| Payment to auditors (Refer Note No.36) | 646,400 | 566,493 |
| Business promotion expenses | 2,980,832 | 2,227,960 |
| Commission and brokerage expenses | 550,000 | - |
| Directors' sitting fees | 60,000 | 65,000 |
| Electricity expenses | 2,957,242 | 2,235,617 |
| Legal and professional fees | 11,293,254 | 5,703,508 |
| Membership fees and entrance fees | 1,973,059 | 3,411,725 |
| Pay and park charges (net of non-operating income | | |
| directly attributable to such expenses of Rs. 2,752,491; | | |
| Previous year Rs. 3,000,000) | 1,825,881 | 1,225,770 |
| Rates and taxes | 1,011,604 | 1,269,920 |
| Repairs and maintenance to | | |
| Building | 4,391,203 | 9,294,606 |
| Others | 1,701,058 | 1,747,771 |
| Loss on sale of investments (Net) | 14,078,219 | - |
| Loss on sale of fixed assets | 435,744 | - |
| Telephone and communication expenses | 577,250 | 381,220 |
| Traveling and conveyance expenses | 2,679,531 | 302,370 |
| Insurance | 726,220 | 43,252 |
| Miscellaneous expenses | 2,961,618 | 1,848,109 |
| **Total other expenses** | **52,697,442** | **30,532,636** |

**26 Contingent liabilities and commitments**

(Amount in Rs.)

| Particulars | 31.03.13 | 31.03.12 |
|---|---|---|
| **a. Contingent Liabilities (To the extent not provided for)** | | |
| (I) Disputed Income tax | - | 3,845,122 |
| (ii) Stamp duty and registration charges arising on amalgamation | | |
| or reconstruction of various companies carried | | |
| out as per High Court Order's under section 394 of the | | |
| Companies Act, 1956 | - | Amount not ascertainable |
| (iii) Company's share in a corporate guarantee given to a Bank | | |
| on behalf of a partnership firm in which company is a partner | - | 12,607,204 |
| towards credit facility | | |
| **Total (a)** | **-** | **16,452,326** |
| **b. Commitments** | **-** | **-** |
| **Total (b)** | **-** | **-** |
| **Total (a) + (b)** | **-** | **16,452,326** |

**27 Lease**

**a. Initial direct cost such as Legal cost, Brokerage cost etc. are charged immediately to Statement of Profit and Loss.**

# Notes to Financial Statement (Contd.)

(Amount in Rs.)

| Particulars | 31.03.13 | 31.03.12 |
|---|---|---|
| **b. Premises given on operating lease:** | | |
| The total future minimum lease rentals receivable at the Balance Sheet date is as under: | | |
| The total future minimum lease rentals receivable at the Balance Sheet date is as under: | | |
| For a period not later than one year | 1,207,213 | 45,221,006 |
| For a period later than one year and not later than five years | - | 1,207,213 |
| For a period later than five years | - | - |

**c. Lease income recognized in Statement of Profit and Loss for the year ended 31st March, 2013 is Rs. 56,834,625/-(Previous Year Rs. 55,419,887).**

(Amount in Rs.)

**28 Deferred Tax Liability / (Asset)**

| Particulars | 31.03.13 | 31.03.12 |
|---|---|---|
| Deferred tax liability Related to Fixed assets (Depreciation / Amortization) | 9,660,137 | 8,548,739 |
| **Gross deferred tax liability** | **9,660,137** | **8,548,739** |
| **Deferred tax asset** | | |
| Impact of expenditures charged to the statement of profit and loss in the year but allowed for tax purposes on payment basis | 595,364 | 398,425 |
| **Gross deferred tax asset** | 595,364 | 398,425 |
| **Net Deferred Tax Liability / (Asset)** | **9,064,771** | **8,150,314** |

**29 Employee Benefits Disclosures**

**Defined Benefit Plans - Gratuity**

As per Accounting Standard - 15 "Employees Benefits", the disclosure as defined in the Accounting Standard are given below:

(Amount in Rs.)

| Particulars | 31.03.13 | 31.03.12 |
|---|---|---|
| **1 Components of Employer Expense** | | |
| (a) Current Service Cost | **393,332** | 206,103 |
| (b) Interest Cost | **98,240** | 72,480 |
| (c) Expected Return on Plan Assets | **-** | - |
| (d) Curtailment Cost/ (Credit) – (Excess fund of last year) | **-** | - |
| (e) Settlement Cost/(Credit) | **-** | - |
| (f) Past Service Cost | **-** | - |
| (g) Actuarial (Gain)/Loss | **(210,572)** | 43,417 |
| (h) Total expense/(gain) recognised in the Statement of Profit and Loss | **281,000** | 322,000 |

# Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | Particulars | 31.03.13 | 31.03.12 |
|---|---|---|---|
| 2 | **Net (Asset)/Liability recognised in Balance Sheet** | | |
| | (a) Present Value of Obligation at the end of the year | 1,509,000 | 1,228,000 |
| | (b) Fair Value of Plan Assets as at end of the year | - | - |
| | (c )(Asset)/Liability recognised in the Balance Sheet | 1,509,000 | 1,228,000 |
| 3 | **Change in Defined Benefit Obligation (DBO) during the year ended as on 31st March, 2013** | | |
| | (a) Present Value of Obligation as at beginning of the year | 1,228,000 | 906,000 |
| | (b) Current Service Cost | 393,332 | 206,103 |
| | (c) Interest Cost | 98,240 | 72,480 |
| | (d) Liability Transferred in | - | - |
| | (e) Actuarial (Gain)/Loss | - | - |
| | (f) Past Service Cost | - | - |
| | (g) Actuarial (Gains) / Losses on obligations | (210,572) | 43,417 |
| | (f) Present Value of Obligation as at end of the year | 1,509,000 | 1,228,000 |
| 4 | **Changes in the Fair Value of Plan Assets** | | |
| | (a) Present Value of Plan Assets as at beginning of the year | - | - |
| | (b) Contribution by Employer | - | - |
| | (c) Expected Return on Plan Assets | - | - |
| | (d) Actuarial Gain/(Loss) | - | - |
| | (e) Transfer from other Company | - | - |
| | (f) Benefits Paid | - | - |
| | (g) Fair Value of Plan Assets as at end of the year | - | - |
| 5 | **Actuarial Assumptions** | | |
| | (a) Discount Rate (per annum) | 8.00% | 8.00% |
| | (b) Expected Rate on Return on Assets | NA | NA |
| | (c) Salary Escalation Rate* | 6.50% | 6.50% |

*takes into account the inflation, seniority, promotions and other relevant factors

**30 Related Party Disclosures**

**1 Name of the Related Parties :**

(i) Related Parties where control exists, irrespective of whether transcation has occured or not:

**a Subsidiary Companies:**

Amenity Software Private Limited

Magenta Computer Software Private Limited

Satguru Infocorp Services Private Limited

Starlight Systems Private Limited

Sunteck Property Holdings Private Limited

Skystar Buildcon Private Limited

Starlight Systems (I) Private Limited (up to 21st March, 2013)

Sahrish Construction Pvt. Ltd.(from 10th July, 2012)

Eleanor Lifespaces Pvt. Ltd. (formerly known as Signature Island Buildcon Pvt. Ltd.)

# Notes to Financial Statement

| | | |
|---|---|---|
| (ii) | Related Parties with whom transactions have taken place during the year | |
| | a | **Joint Ventures :** |
| | | Piramal Sunteck Realty Private Limited |
| | | Piramal Sunteck Realty Mauritius Limited (up to 14th September, 2012) |
| | | Piramal Sunteck International Limited (up to 14th September, 2012) |
| | | V3 Designs LLP |
| | | Uniworth Realty LLP |
| | | Nariman Infrastructure LLP |
| | | Pathway Buildcon LLP |
| | | Assable Buildcon LLP |
| | | Starlight Systems (I) LLP (from 22nd March, 2013) |
| | b | **Partnership Firm:** |
| | | Kanaka and Associates |
| | c | **Other Associates:** |
| | | Topzone Mercantile Company LLP |
| | d | **Key Management Personnel:** |
| | | Mr. Kamal Khetan – Chairman & Managing Director |
| | | Mr. Jignesh Sanghavi – Whole Time Director |
| | e | **Entity/Person/s having Significant Influence:** |
| | | Starteck Infraprojects Private Limited |

**Note : Related party relationship is as identified by the management and relied upon by the Auditors.**

2. **The following transactions were carried out with the related parties referred in 1 above, in the ordinary course of business during the year:**

(Amount in Rs.)

| Particulars | Subsidiary | | Associates / Joint Venture | | Entity / Persons having Significant Influence | | Key Management Personnel | |
|---|---|---|---|---|---|---|---|---|
| | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
| **Sales:** | | | | | | | | |
| Management and Brand Fees (Income From Operations) | **105,374,335** | 87,582,774 | **16,427,735** | 3,716,453 | - | - | - | - |
| **Expenses:** | | | | | | | | |
| Directors Remuneration | - | - | - | - | - | - | 11,000,000 | 9,964,180 |
| **Income:** | | | | | | | | |
| Interest and rent income | **12,733,007** | 90,406,500 | **11,088** | 435,900 | - | - | - | - |
| Dividend income | **7,500,000** | 18,750,000 | - | - | - | - | - | - |
| **Others:** | | | | | | | | |
| LoansandadvancesGiven/(Received) | **858,483** | (41,171,642) | **-** | (17,503,275) | - | - | - | (448,000) |
| Interest on Loans and Advances NCD / OCD | - | - | **-** | 435,900 | - | - | - | - |
| Non - Current Investments in Subsidiary - Optionally | | | | | | | | |
| Convertible Debentures | - | 582,596,825 | **-** | - | - | - | - | - |
| Non- Current Investments-LLP-Fixed Capital | - | - | **80,000** | 211,669 | - | - | - | - |
| Current Investment -LLP-Current Capital | - | - | **172,489,306** | 477,703,000 | - | - | - | - |
| Non - Current Investments-Firm/ Shares | **100,000** | 180,000 | **1,000,000** | (111,674) | - | - | - | - |
| Purchase of Development Rights | | | **106,929,569** | | | | | |
| | | | | | | | | |
| **Outstanding:** | | | | | | | | |
| Trade Receivables | **27,141,993** | 29,116,864 | **4,323,285** | 679,768 | - | - | - | - |
| Application Money granted towards Optionally Convertible | | | | | | | | |
| Redeemable Preference Shares | **-** | - | **945,170,000** | 842,093,000 | - | - | - | - |
| Loans and advances Given | **500,000** | - | - | 26,160 | - | - | - | - |
| Non - Current Investment in shares | **531,367,951** | 545,151,845 | **284,532,010** | 334,532,010 | - | - | - | - |
| Non - Current Investments-LLP/ Firm-Fixed Capital | **-** | - | **125,817,769** | 75,737,769 | - | - | - | - |
| Current Investment -LLP/Firm-Current Capital | **-** | - | **696,023,006** | 524,798,000 | - | - | - | - |
| Non - Current Investments in Subsidiary - Optionally | | | | | | | | |
| Convertible Debentures | **-** | 651,072,025 | **-** | - | - | - | - | - |

**Notes:**

(i) Related party relationships are as identified by the Management and relied upon by the Auditors.

(ii) No balances in respect of the related parties has been provided for/written off/written back.

# Notes to Financial Statement (Contd.)

**3. The following are the disclosure in respect of Material Related Party Transactions during the year:**

(Amount in Rs.)

| Name of the Entity | Type of Transaction | 31.03.13 | 31.03.12 |
|---|---|---|---|
| Kanaka and Associates | Interest and rent income | 11,088 | 495,300 |
| | Loan given /(received) | 1,233,759 | (17,362,215) |
| | | | |
| Piramal Sunteck Realty Private Limited | Management and Brand Fees (Income From Operations) | 16,427,735 | 4,099,248 |
| | Reimbursement Expenses | - | 2,124,884 |
| | Application Money granted towards Optionally Convertible Redeemable Preference Shares | 103,077,000 | 261,450,000 |
| Starlight Systems Private Limited | Management and Brand Fees | | |
| | (Income From Operations) | 8,760,903 | 92,463,239 |
| | Reimbursement Expenses | - | 19,169,248 |
| | Application Money granted towards | | |
| | Optionally Convertible Redeemable Preference Shares | - | (524,550,000) |
| | Investment in Non Convertible Debentures | | |
| | and Optionally Convertible Debentures | - | 582,596,825 |
| | Interest accrued on Debentures | - | 77,805,000 |
| Starlight Systems (I) Private Limited | Investments in Shares | | 80,000 |
| | Management and Brand Fees | | |
| | (Income From Operations) | 91,575,986 | |
| | Purchase of Investment | 100,000 | |
| | Interest and rent income | 12,601,500 | |
| | Reimbursement Expenses | - | 18,870 |
| Nariman Infrastructure Private Limited | Application Money granted towards | | |
| | Optionally Convertible Redeemable Preference Shares | - | 8,218,000 |
| | Optionally Convertible Redeemable Preference Shares Application Money converted to Current Investment LLP Current Capital | - | 439,585,000 |
| | Non - Current Investment in LLP Fixed Capital | - | (111,669) |
| Nariman Infrastructure LLP | Non - Current Investment in LLP Fixed Capital | - | 111,669 |
| | Current Investment in LLP Current Capital | 50,000 | 440,035,000 |
| Topzone Mercantile Company LLP | Current Investment in LLP Current Capital | 2,402,500 | 22,793,000 |
| Uniworth Realty LLP | Current Investment in LLP Current Capital | 985,000 | 3,745,000 |
| V3 Design LLP | Current Investment in LLP Current Capital | 21,880,000 | 11,130,000 |
| Assable Buildcon LLP | Investments in LLP Fixed Capital | - | 50,000 |
| Pathway Buildcon LLP | Investments in LLP Fixed Capital | - | 50,000 |
| Starlight System(I) LLP | Current Investment in LLP Current Capital | 145,920,208 | - |
| | Non - Current Investment in LLP Fixed Capital | 80,000 | - |
| Amenity Software Private Limited | Dividend Income | 3,750,000 | 5,625,000 |
| Magenta Computer Software Private Limited | Dividend Income | 3,750,000 | 5,625,000 |
| Mr. Kamal Khetan | Directors Remuneration | 7,500,000 | 7,000,000 |
| Mr. Jignesh Sanghavi | Directors Remuneration | 3,500,000 | 2,964,180 |
| Satguru Infocorp Services Private Limited | Dividend Income | - | 7,500,000 |
| | Management and Brand Fees | | |
| | (Income From Operations) | 5,037,446 | 4,140,561 |

**Notes:**

(i) Related party relationships are as identified by the Management and relied upon by the Auditors.

(ii) No balances in respect of the related parties has been provided for/written off/written back.

# Notes to Financial Statement (Contd.)

**31. Disclosure of amounts at the year end and maximum amount of loans & advances outstanding during the year are as follows:**

(Amount in Rs.)

| Particulars | As at 31st March, 2013 | Maximum Amounts | Investment in equity shares made by subsidiaries in holding company | As at 31st March, 2012 | Maximum Amounts | Investment in equity shares made by subsidiaries in holding company |
|---|---|---|---|---|---|---|
| **Name of the entity** | | | | | | |
| Loans and Advances to Subsidiaries | | | | | | |
| Skystar Buildcon Private Limited Loan | - | - | - | - | 45,371,642 | - |
| Starlight Systems Private Limited Zero | | | | | | |
| Coupon Optionally Convertible Debentures* | - | 68,475,200 | 7,500,000 | 68,475,200 | 68,475,200 | 7,500,000 |
| Starlight Systems Private Limited Optionally | | | | | | |
| Convertible Redeemable Preference Shares | | | | | | |
| Application Money | - | - | | - | 555,650,000 | 7,500,000 |
| **Loans and Advances to associates** | | | | | | |
| Piramal Sunteck Realty Private Limited | | | | | | |
| Optionally Convertible Redeemable | | | | | | |
| Preference Shares Application Money | 945,170,000 | 945,170,000 | - | 842,093,000 | 1,005,693,000 | - |
| **Loans and Advances to firm/company in** | | | | | | |
| **which directors are interested** | - | - | - | - | - | - |
| **Loans and advances to others** | | | | | | |
| Advaith Infra projects Private Limited | | | | | | |
| Non - convertible debentures | | | | | | |
| application money* | 719,154,000 | 719,154,000 | - | 719,154,000 | 719,154,000 | - |

* The advance is in nature where interest charged is below section 372A of Companies Act, 1956

**32. Investments in Joint Ventures and the company's share in their Assets & Liabilities, Income & Expenditure, Profit & Loss and Contingent Liability.**

**The interest of the Company in Joint ventures is listed below :**

Piramal Sunteck Realty Private Limited (PSRPL) -50%

Piramal Sunteck Realty Mauritius Limited (PSRML) -50%

Piramal Sunteck International Limited (PSIL) -50%

Nariman Infrastructure LLP (NIL) -50%

Uniworth Realty LLP (URL)-50%

V3 Designs LLP (VDL) -50%

Assable Buildcon LLP (ABL) 50%

Pathway Buildcon LLP (PBL) 50%

Kanaka and Associates (Partnership Firm)50%

# Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| Particulars | | PSPRL | NIL | URL | VDL | KANAKA | ABL | PBL |
|---|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | | | | | | | |
| Reserves and Surplus | **Current Year** | **402,814,213** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Previous Year | 416,868,453 | - | - | - | - | (2,500) | (2,500) |
| Optionally Convertible Redeemable | | | | | | | | |
| Preference Shares Application Money | **Current Year** | **945,170,000** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Previous Year | 842,144,000 | - | - | - | - | - | - |
| Non - Current Liabilities | **Current Year** | **297,102** | **-** | **-** | **438,344** | **-** | **-** | **-** |
| | Previous Year | 627,087 | - | - | 438,344 | - | - | - |
| Current Liabilities | **Current Year** | **1,031,664,824** | **8,427** | **730,359** | **6,552,267** | **180,316,641** | **3,750** | **3,750** |
| | Previous Year | 1,013,119,456 | 4,158,273 | 705,277 | 330,781 | 132,422,923 | 2,500 | 2,500 |
| **ASSETS** | | | | | | | | |
| Fixed Assets | **Current Year** | **1,649,995** | **-** | **-** | **19,499** | **27,138** | **-** | **-** |
| | Previous Year | 1,878,701 | - | - | - | 18,655 | - | - |
| Non - Current Assets | **Current Year** | **3,764,596** | **-** | **-** | **22,500** | **331,250** | **-** | **-** |
| | Previous Year | 625,929,630 | - | - | 22,500 | 331,250 | - | - |
| Current Assets | **Current Year** | **2,379,659,763** | **440,203,855** | **46,830,359** | **47,812,856** | **229,958,254** | **53,750** | **53,750** |
| | Previous Year | 1,650,078,880 | 440,153,701 | 45,807,777 | 16,927,031 | 182,073,019 | 50,000 | 50,000 |
| **INCOME** | **Current Year** | **3,910,306** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Previous Year | 14,146,425 | - | - | - | - | - | - |
| **EXPENSES** | **Current Year** | **17,823,446** | **-** | **-** | **-** | **-** | **3,851** | **3,851** |
| | Previous Year | 9,217,346 | - | - | - | - | 2,500 | 2,500 |
| **PROFIT AFTER TAX** | **Current Year** | **(14,054,241)** | **-** | **-** | **-** | **-** | **(3,851)** | **(3,851)** |
| | Previous Year | 3,519,216 | - | - | - | - | (2,500) | (2,500) |
| **CONTINGENT LIABILITY** | **Current Year** | **-** | **-** | **25,000,000** | **-** | **-** | **-** | **-** |
| | Previous Year | - | - | 25,000,000 | - | - | - | - |

**Note:**

Disclosure of financial data as per Accounting Standards-27 "Financial Reporting of Interest in the Joint Venture" has been made based on the standalone audited financial statements of the above Joint Venture entities. There is no Capital commitment at the year end in respect of above joint ventures. All above entities are incorporated in India except Piramal Sunteck Realty Mauritius Limited (PSRML) & Piramal Sunteck International Limited (PSIL) incorporated in Mauritius.

# Notes to Financial Statement (Contd.)

## 33 Construction Work-in-Progress

Amount in Rs.

| Particulars | Increase /(decrease) in Construction WIP ( 2012-2013) | As at 31st March, 2013 | Increase /(decrease) in Construction WIP ( 2011-2012) | As at 31st March, 2012 |
|---|---|---|---|---|
| Land cost | 24,725,405 | 739,292,393 | 237,099,388 | 764,017,798 |
| Legal and professional fees* | 3,167,264 | 11,431,579 | 5,500,463 | 14,598,843 |
| Finance costs | (60,271,960) | 98,162,559 | 29,457,354 | 37,890,599 |
| Employee benefits expenses | 2,437,907 | 1,028,839 | 1,557,320 | 3,466,746 |
| Other project related expenses | 79,065,940 | 225,985,952 | 125,536,577 | 305,051,892 |
| **Closing Construction Work-in-Progress** | | **1,075,901,322** | | **1,125,025,878** |
| | | | | |
| **Less: Opening Construction** | | | | |
| **Work-in-Progress** | | 1,125,025,878 | | 725,874,776 |
| | | **(49,124,556)** | **399,151,102** | **399,151,102** |

* Cost of construction of units completed during the year amounting to Rs. 338,057,635 transferred to finished stock (Completed units)

## 34 Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

(Amount in Rs.)

| Particulars | 31.03.13 | 31.03.12 |
|---|---|---|
| **The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company are as under** | | |
| Principal amount due and remaining unpaid | - | - |
| Interest due on above and the unpaid interest | - | - |
| Interest Paid | - | - |
| Payment made beyond the appointed day during the year | - | - |
| Interest due and payable for the period of delay | - | - |
| Interest accrued and remaining unpaid | - | - |
| Amount of further interest remaining due and payable in succeeding | - | - |

## 35 Earnings per share (EPS)

| | | |
|---|---|---|
| Profit before Exceptional items but after tax (Rs.) | 91,168,283 | 118,304,268 |
| Less : Exceptional Items(Rs.) | 22,305,600 | - |
| Profit after Exceptional Items and Tax(Rs.) | 68,862,682 | 118,304,267 |
| | | |
| Weighted average number of equity shares of Rs. 2 in calculating basic and diluted EPS(No.) | 62,966,207 | 62,966,207 |
| | | |
| Basic EPS | | |
| Before Exceptional Items(Rs.) | 1.45 | 1.88 |
| After Exceptional Items(Rs.) | 1.09 | 1.88 |
| | | |
| Diluted EPS | | |
| Before Exceptional Items(Rs.) | 1.45 | 1.88 |
| After Exceptional Items(Rs.) | 1.09 | 1.88 |

# Notes to Financial Statement

(Contd.)

**36 Payment to auditors (excluding Service Tax)**

(Amount in Rs.)

| Particulars | 31.03.13 | 31.03.12 |
|---|---|---|
| **As auditor** | | |
| Audit fee | 450,000 | 350,000 |
| Tax audit fee | 150,000 | 150,000 |
| **In other capacity** | | |
| Certification fee | 25,000 | 25,000 |
| Re-imbursement of expenses | 21,400 | 41,493 |
| **Total auditors remuneration** | **646,400** | **566,493** |

**37** Exceptional item represents amount paid towards stamp duty and registration charges (crystalised during the year) on account of amalgamation of two companies with the company in the year 2008-09.

(Amount in Rs.)

**38 Expenditure in Foreign Currency (accrual basis)**

| Particulars | 31.03.13 | 31.03.12 |
|---|---|---|
| Membership fees | 576,481 | 449,343 |
| Travelling Expenses | 76,332 | - |
| | **652,813** | **449,343** |

**39** The Company's normal operating cycle in respect of operations relating to under construction real estate projects may vary from project to project depending upon the size of the project, type of development, project complexities and related approvals. Operating cycle for all completed projects and other business is based on 12 months period. Assets and Liabilities have been classified into current and non-current based on the operating cycle of respective businesses.

**40**

**a.** In the opinion of the management, all the assets other than fixed assets and non- current investments have a value on realisation in the ordinary course of business atleast equal to the amount at which these are stated.

**b.** The accounts of certain Trade Receivables, Trade Payables, Loans and Advances and banks are, however, subject to formal confirmations or reconciliations and consequent adjustments, if any. However there is no indication of dispute on these accounts, other than those mentioned in the Financial Statements. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

**41** Share of Profit from LLP represents accumulated profit of the investee company, namely starlight System (I) Pvt. Ltd. which was converted in the Limited Liability Partnership(LLP) during the year.The carrying value of investment of Rs. 80,000 has in terms of the LLP agreement considered as fixed capital.The aforesaid accumulated profit included in ' Current account balance in LLP' can be distributed by the LLP after the end of 3 years from the date of conversion. i.e. 22nd March, 2013.

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

**Signature to Notes No. 1 to 42**

**For and on behalf of the Board of Directors of Sunteck Realty Limited**

**Kamal Khetan**
**Chairman & Managing Director**

**Jignesh Sanghavi**
**Executive Director**

**Sanjay Dutt**
**Director**

**M. Kalahasthi**
**Director**

**Kishore Vussonji**
**Director**

**Rachana Hingarajia**
**Company Secretary**

**Mumbai: 30th May, 2013**

# Consolidated Financial Statements

## Auditor's Report

**To**
**The Board of Directors**
**Sunteck Realty Limited**

We have audited the accompanying consolidated financial statements of Sunteck Realty Limited ('the Parent Company'), its subsidiaries, joint ventures and associates (collectively referred to as 'the Group'), which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss for the year then ended and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements:**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Group in accordance with the accounting principles generally accepted in India; This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility:**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Group's preparation and presentation of consolidated the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors in the financial statements of subsidiaries, joint ventures and an associate as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
(b) in the case of the consolidated statement of Profit and Loss, of the profit of the Group for the year ended on that date and
(c) in the case of the consolidated Cash flow statement of the Group for the year ended on that date.

**Emphasis of Matter**

The Group continues to apply 'project completion method' on transactions and activities of real estate development which it had applied over the years consistently. The impact of "Guidance note on Accounting for Real Estate Transactions (Revised 2012)" issued by Institute of Chartered Accountants of India recommending the accounting treatment to be followed by real estate enterprises on the financial statements for the year has not been quantified by the Group.

Our Opinion is not qualified in respect of above matter.

**Other Matters:**

We did not audit the financial statements of ten subsidiaries, six joint ventures and an associate included in the consolidated financial statements, which comprises total assets of Rs. 22,011,569,087 as at March 31st, 2013 and total revenue of Rs. 210,044,763 for the year then ended.

**For LODHA & COMPANY**
**Chartered Accountants**
**A. M. Hariharan**
**Partner**
**Membership No. 38323**
**Firm Registration No– 301051E**

**Place: Mumbai**
**Date: 30th May, 2013**

# Consolidated Balance Sheet

## as at 31st March2013

(Amount in Rs.)

| Particulars | Notes | 31.03.13 | 31.03.12 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **SHAREHOLDERS' FUNDS** | | | |
| Share Capital | 2 | 119,932,414 | 119,932,414 |
| Reserves and Surplus | 3 | 3,883,578,046 | 3,856,956,467 |
| **SHARE APPLICATION MONEY PENDING ALLOTMENT** | 34 | 894,900,000 | 2,550,271,000 |
| **MINORITY INTEREST** | | 3,695,493 | 39,570,940 |
| | | | |
| **NON - CURRENT LIABILITIES** | | | |
| Long Term Borrowings | 4 | 538,344 | 707,931 |
| Deferred Tax Liabilities | 29 | 9,144,368 | 8,552,068 |
| Other Long Term Liabilities | 5 | 93,309,758 | 78,643,943 |
| Long Term Provisions | 6 | 3,188,182 | 2,301,500 |
| **CURRENT LIABILITIES** | | | |
| Short Term Borrowings | 7 | 5,082,198,480 | 4,881,152,158 |
| Trade Payables | 8 | 3,169,705,854 | 3,247,876,118 |
| Other Current Liabilities | 9 | 13,863,464,869 | 10,027,961,108 |
| Short Term Provisions | 10 | 15,230,364 | 10,223,926 |
| TOTAL | | **27,138,886,172** | **24,824,149,572** |
| | | | |
| **ASSETS** | | | |
| **NON - CURRENT ASSETS** | | | |
| Fixed Assets | | | |
| Tangible Assets | 11 | 143,668,473 | 154,091,741 |
| Intangible Assets | | 1,818,443 | 1,949,814 |
| Goodwill on Consolidation | | 598,736,912 | 634,409,683 |
| Non - Current Investments | 12 | 337,900,404 | 452,107,347 |
| Deferred Tax Assets | 29 | 1,887,699 | 1,394,878 |
| Long Term Loans and Advances | 13 | 287,564,640 | 177,001,383 |
| Other Non - Current Assets | 14 | 1,720,592 | - |
| **CURRENT ASSETS** | | | |
| Current Investments | 15 | 26,695,500 | 217,839,051 |
| Inventories | 16 | 20,762,810,723 | 19,035,563,045 |
| Trade Receivables | 17 | 575,605,558 | 369,015,269 |
| Cash and Bank Balances | 18 | 413,094,488 | 274,292,422 |
| Short Term Loans and Advances | 19 | 3,919,555,171 | 3,497,525,477 |
| Other Current Assets | 20 | 67,827,569 | 8,959,461 |
| **TOTAL** | | **27,138,886,172** | **24,824,149,572** |

**Significant Accounting Policies and accompanying notes form an integral part of the financial statements**

**For and on behalf of the Board of Directors of Sunteck Realty Limited**

**As per our attached report of even date**

**For Lodha & Co.**
**Chartered Accountants**

**A.M. Hariharan**
**Partner**

**Membership No: 38323**
**Mumbai: 30th May, 2013**

**Kamal Khetan**
**Chairman & Managing Director**

**Sanjay Dutt**
**Director**

**Kishore Vussonji**
**Director**

**Jignesh Sanghavi**
**Executive Director**

**M. Kalahasthi**
**Director**

**Rachana Hingarajia**
**Company Secretary**

# Consolidated Profit & Loss Account

## for the year ended 31st March 2013

(Amount in Rs.)

| | Notes | 31.03.13 | 31.03.12 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 21 | 302,117,809 | 170,038,539 |
| Other income | 22 | 199,562,691 | 133,660,068 |
| **Total Revenue** | **(I)** | 501,680,500 | 303,698,607 |
| **EXPENSES** | | | |
| Operating expense | 23 | 98,328,046 | 33,206,535 |
| Employee benefits expense | 24 | 44,977,828 | 22,480,277 |
| Finance cost | 25 | 110,135,157 | 50,943,450 |
| Depreciation and amortization expense | 11 | 14,078,328 | 14,765,752 |
| Other expenses | 26 | 104,574,898 | 72,238,350 |
| **Total Expenses** | **(II)** | **372,094,257** | **193,634,364** |
| Profit before exceptional Items and Tax | **(I - II)** | **129,586,243** | 110,064,243 |
| Exceptional Items | | 22,305,600 | - |
| Profit after Exceptional Items and before Tax | | 107,280,643 | 110,064,243 |
| **Tax Expenses :** | | | |
| Current tax | | 61,440,873 | 60,483,022 |
| Short / (Excess) taxation of earlier years | | 357,077 | - |
| Deferred tax | | 96,142 | 4,165,722 |
| **Profit for the year before minority interest** | | 45,386,551 | 45,415,499 |
| **Less: Minority interest** | | 5,168,733 | 14,341,950 |
| **Profit for the year after Minority Interest** | | **40,217,818** | **31,073,549** |
| Earning per equity share (EPS) of face value Rs. 2 each: | 35 | | |
| Basic & Diluted EPS before Exceptional Items | | 1.04 | 0.52 |
| Basic & Diluted EPS after Exceptional Items | | 0.67 | 0.52 |
| **Significant Accounting Policies and accompanying notes form an integral part of the financial statements** | **1 to 40** | | |

**For and on behalf of the Board of Directorsof Sunteck Realty Limited**

**As per our attached report of even date**
**For Lodha & Co.**
**Chartered Accountants**

**A.M. Hariharan**
**Partner**

**Membership No: 38323**
**Mumbai: 30th May, 2013**

**Kamal Khetan**
**Chairman & Managing Director**

**Sanjay Dutt**
**Director**

**Kishore Vussonji**
**Director**

**Jignesh Sanghavi**
**Executive Director**

**M. Kalahasthi**
**Director**

**Rachana Hingarajia**
**Company Secretary**

# Consolidated Cash Flow Statement for the Year Ended 31st March, 2013

(Amount in Rs.)

| Particulars | 31.03.13 | | 31.03.12 | |
|---|---|---|---|---|
| **Cash Flow from Operating Activities** | | | | |
| Profit before tax as per Statement of Profit and Loss | - | 129,586,243 | - | 110,064,243 |
| Adjusted for: | | | | |
| Depreciation and Amortization Expense | 14,078,328 | - | 14,765,752 | - |
| Interest Income | (117,212,127) | | (73,113,078) | |
| Dividend Income | (1,737,047) | | (3,201,113) | |
| Finance Cost | 110,135,157 | | 50,943,450 | |
| (Profit) / Loss on Sale of Fixed Assets | 435,744 | | (14,378,242) | |
| (Profit) / Loss on Sale of Investments | (79,208,237) | | (39,064,971) | |
| Liabilities no longer required written back | (130,126) | | (3,661,910) | |
| | | (73,638,308) | | (67,710,112) |
| **Operating Profit before Working Capital Changes** | | **55,947,935** | | **42,354,132** |
| **Adjusted for:** | | | | |
| (Increase)/Decrease in Inventories | (1,662,240,054) | | (3,338,768,604) | |
| (Increase)/Decrease in Trade Receivables | (206,590,289) | | (352,881,572) | |
| (Increase)/Decrease in Other Receivables | (631,464,335) | | (517,734,731) | |
| Increase/(Decrease) in Other Liabilities and Provisions | 3,772,797,688 | 1,272,503,010 | 3,414,154,362 | (795,230,545) |
| Cash Generated from / (used in) Operations | | 1,328,450,945 | | (752,876,413) |
| Less: Income Tax Paid | | 64,593,439 | | 115,826,852 |
| Less: Exceptional Items | | 22,305,600 | | - |
| **Net Cash from / (used in) Operating Activities (A)** | | **1,241,551,907** | | **(868,703,266)** |
| | | | | |
| **Cash Flow from Investing Activities** | | | | |
| Sale of Fixed Assets | 640,000 | | 21,600,000 | |
| Purchase of Fixed Assets | (5,710,231) | | (16,881,525) | |
| Sale of Investments | 325,407,664 | | 185,457,077 | |
| Purchase of Investments | (4,745,758) | | (210,812,587) | |
| Business (Acquisition) / Dilution | (5,371,409) | | 3,390,000 | |
| Interest Income | 117,212,127 | | 73,113,078 | |
| Dividend Income | 1,737,047 | | 3,201,113 | |
| **Net Cash from / (used in) Investing Activities (B)** | | **429,169,440** | | **59,067,155** |
| | | | | |
| **Cash Flow from Financing Activities** | | | | |
| Proceeds from Optionally Convertible Redeemable Preference Shares | (1,655,371,000) | | 106,892,500 | |
| Proceeds/(repayment or redemption of) from Borrowings | 200,876,736 | | 858,868,729 | |
| Dividend Paid (including Dividend Distribution Tax) | (8,191,768) | | (21,054,389) | |
| Finance Cost | (110,135,157) | | (50,943,450) | |
| **Net Cash from / (used in) Financing Activities (C)** | | **(1,572,821,189)** | | **893,763,390** |
| **Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)** | | **97,900,157** | | **84,127,278** |
| **Cash and Cash Equivalents - Opening Balance** | | **237,764,387** | | **153,637,111** |
| **Cash and Cash Equivalents - Closing Balance** | | **335,664,544** | | **237,764,387** |

**Note:**
1) The above Cash Flow Statements has been prepared under the "Indirect Method" as set out in the Accounting Standards- 3 on "Cash Flow Statements".
2) Previous years' figures have been regrouped/rearranged wherever necessary to conform to the current years' presentation.

**For and on behalf of the Board of Directors of Sunteck Realty Limited**

**As per our attached report of even date**

**For Lodha & Co.**
**Chartered Accountants**

**A.M. Hariharan**
**Partner**

**Membership No: 38323**
**Mumbai: 30th May, 2013**

**Kamal Khetan**
**Chairman & Managing Director**

**Jignesh Sanghavi**
**Executive Director**

**Sanjay Dutt**
**Director**

**M. Kalahasthi**
**Director**

**Kishore Vussonji**
**Director**

**Rachana Hingarajia**
**Company Secretary**

# Consolidated Notes to Policies (Contd.)

**Significant Accounting Policies forming part of Consolidated Financial Statements for the year ended 31st March, 2013**

**1 SIGNIFICANT ACCOUNTING POLICIES**

**a) Nature of Operations**

Sunteck Realty Limited ('The Parent Company') and its subsidiary companies collectively referred to as "Group". The group is primarily engaged in the business of real estate/ real estate development and incidental services.

**b) Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention, on accrual basis, in compliance with all material aspects of the notified Accounting standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**c) Principles of consolidation**

The consolidated financial statements relate to the group. The consolidated financial statements have been prepared on the following basis:

I. The financial statements of the Company and its subsidiary companies are combined 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 intra-group transactions in accordance with Accounting Standard (AS) 21 -"Consolidated Financial Statements"

ii. Interest in Joint Ventures has been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures".

iii. Investment in Associate Companies has been accounted under the equity method as per (AS-23)- "Accounting for Investments in Associates in Consolidated Financial Statements".

iv. The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

v. Minority's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

vi. Minority's share of net assets of consolidated subsidiaries is identified and presented as minority interest in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

vii. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

viii. The list of Subsidiary Companies, Joint venture and an Associate which are included in the consolidation and the Company's holdings therein are as under :

# Consolidated Notes to Policies (Contd.)

(Amount in Rs.)

| | Country of Incorporation | Proportion of ownership interest |
|---|---|---|
| **I. Subsidiary Companies** | | |
| Amenity Software Private Limited | India | 100% |
| Magenta Computer Software Private Limited | India | 100% |
| Satguru Infocorp Services Private Limited | India | 100% |
| Starlight Systems Private Limited | India | 100% |
| Starlight Systems (India) Private Limited (up to 21st March, 2013) | India | 80% |
| Sunteck Property Holdings Private Limited | India | 100% |
| Skystar Buildcon Private Limited | India | 100% |
| Eleanor lifespaces Pvt. Ltd. (formerly known as Signature Island Buildcon Pvt. Ltd.) | India | 100% |
| Sahrish Constructions Private Limited (from 10th July, 2012) | India | 100% |
| **II Joint Venture** | | |
| Piramal Sunteck Realty Private Limited | India | 50% |
| Kanaka and Associates | India | 50% |
| V3 Designs LLP | India | 50% |
| Uniworth Realty LLP | India | 50% |
| Assable Buildcon LLP | India | 50% |
| Pathway Buildcon LLP | India | 50% |
| Nariman Infrastructure LLP | India | 50% |
| Starlight systems (I) LLP (from 22nd March, 2013) | India | 80% |
| Piramal Sunteck Mauritius Limited ( up to 14th September, 2012) | Mauritius | 50% |
| Piramal Sunteck International Limited ( up to 14th September, 2012) | Mauritius | 50% |
| **III Associates** | | |
| Topzones Mercantile Company LLP | India | 25% |

**d) Use of Estimates**

The Preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to the accounting estimates is recognized prospectively.

**e) Revenue recognition**

**i. Revenue for real estate development/sale**

The Group follows completed project method of accounting. Direct/Allocable expenses incurred during the year are debited to work- in-progress account. The revenue is accounted for as and when the significant risks and rewards of ownership of the units in real estate are passed or deemed to have passed to the buyer and the Projects get completed or substantially completed, to the extent that the economic benefits will flow to the Group and the revenue can be reliably measured.

**ii. Rent**

Rental Income is recognized on a time proportion basis as per the contractual obligations agreed with the respective tenant.

# Consolidated Notes to Policies (Contd.)

**iii. Interest**
Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**iv. Dividend**
Dividend Income is recognised when the shareholders' right to receive payment is established by the balance sheet date.

**v. Profit /Loss from Partnership Firms/LLP**
Share of profit / loss from firms in which the Group is a partner is accounted for in the financial period ending on (or before) the date of the balance sheet on the basis of audited accounts and as per the terms of the respective partnership deed.

**vi. Maintenance Services**
Revenue in respect of maintenance services is recognised on an accrual basis, in accordance with the terms of the respective contract.

**vii. Project Management Services**
Revenue in respect of Project Management services is recognised on an accrual basis, in accordance with the terms of the respective agreement.

**f) Inventories**
Inventories comprise of Land and development rights, Construction materials, Work-in- progress, completed unsold flats/units. These are valued at lower of the cost or net realizable value.

**Construction Work in Progress are valued as follows:**

| | |
|---|---|
| **Land and development rights** | Land and development rights (including development cost) are valued at lower of cost and net realizable value. Costs include land acquisition cost and initial development cost. |
| **Construction materials** | Construction materials are valued at cost if the completed unsold flats/units in which they will be incorporated are expected to be sold at or above cost otherwise lower of cost and net realizable value. Cost is determined on a weighted average basis. |
| **Work-in-progress (Land/Real Estate under development)** | Work-in-progress is valued at cost if the completed unsold flats/units are expected to be sold at or above cost otherwise at lower of cost and net realizable value. Cost includes direct expenditure relating to construction activity (including land cost) and indirect expenditure (including borrowing costs) during the construction period to the extent the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the Statement of profit and loss. |
| **Completed unsold flats/units** | Lower of cost or net realizable value. |

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion (wherever applicable) and estimated costs necessary to make the sale.

**g) Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Capital work in progress includes expenditure incurred till the assets are put into intended use.

# Consolidated Notes to Policies (Contd.)

**h) Depreciation**

Depreciation on tangible fixed assets is provided using the Straight Line Method at the rates and in the manner as prescribed under schedule XIV of the Companies Act, 1956. In case of intangible fixed assets – Software, the same is amortized over a period of five years.

**i) Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet dates and if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to extent of the carrying value of the asset that would have been determined (net of amortization / depreciation), had no impairment loss been recognized.

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

**j) Investments**

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary decline in the value of the investments.

**k) Employee benefits**

**Defined Contribution Plan**

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the period when the contributions to the fund are due. There are no other obligations other than the contribution payable to the government funds.

**Defined Benefit Plan**

Group's liabilities towards gratuity liability are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each balance sheet date. Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

**Compensated absences**

**Short term**

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of the benefit expected to be availed by the employees.

**Long Term**

Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to profit and loss account in the year in which such gains or losses are determined.

**l) Borrowing Costs**

Borrowing costs relating to acquisition and/or construction of qualifying assets are capitalized to the extent that the funds are borrowed and used for purpose of constructing a qualifying asset until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs which are not related to acquisition and/or construction activities nor are incidental thereto are charged to the Profit and Loss account.

**m) Taxation**

Tax expense comprises of current income tax and deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income

# Consolidated Notes to Policies (Contd.)

taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date, the Group re-assesses unrecognised deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. Minimum Alternative Tax (MAT) credit is recognised as an asset and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

**n) Foreign Currency Transactions**

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Foreign Currency assets and liabilities (monetary items) are translated at the exchange rate prevalent at the date of the Balance Sheet. Non – Monetary item such as investments are carried at historical cost using the exchange rate on the date of transaction.

Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

**o) Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

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

**p) Provisions, Contingent Liabilities and Contingent Assets**

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

Possible future obligations or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably estimated, is disclosed as contingent liabilities in the notes to accounts of financial statements.

Contingent Assets are neither recognized nor disclosed in the financial statements.

**q) Share Issue Expenses**

Share issue expenses are adjusted against Securities Premium Account.

**r) Leases**

**i) Where Group is the lessee**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating lease. Operating lease payments are recognised as an expense in the Profit and Loss Account on Straight Line basis over the lease term unless there is another systematic basis which is more representative of the time pattern of the Lease.

**ii) Where Group is the lessor**

Assets representing Lease arrangements given under operating leases are included in Investments. Lease income is recognized in the Profit and Loss Account on Straight Line basis over the lease term unless there is another systematic basis which is more representative of the time pattern of the Lease.

**s) Cash Flow Statement**

i) Cash flow statement has been prepared under the 'Indirect Method'.

ii) Cash and cash equivalents, in the cash flow statement comprise unencumbered cash and bank balances.

# Consolidated Notes to Financial Statement

(Amount in Rs.)

| 2 | Share Capital | 31.03.13 | 31.03.12 |
|---|---|---|---|
| | **Authorised** | | |
| | 93,750,000 (Previous year 93,750,000) Equity Shares of Rs. 2 each | 187,500,000 | 187,500,000 |
| | 1,250,000 (Previous year 1,250,000) Preference Shares of Rs. 10 each | 12,500,000 | 12,500,000 |
| | **Total authorised share capital** | **200,000,000** | **200,000,000** |
| | **Issued, Subscribed and Paid up** | | |
| | 59,966,207 (Previous year 59,966,207) Equity Shares of Rs. 2 each fully paid up | 119,932,414 | 119,932,414 |
| | **Total issued, subscribed and fully paid up share capital** | **119,932,414** | **119,932,414** |

**a. Reconciliation of shares outstanding at the beginning and at the end of the year**

| Equity shares of Rs. 2 each | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---|---|
| | Number of shares | Number of shares |
| Outstanding at the beginning of the year | 59,966,207 | 59,966,207 |
| Issued during the year | - | - |
| Bought back during the year | - | - |
| **Outstanding at the end of the year** | **59,966,207** | **59,966,207** |

**b. Terms/rights attached to equity shares**

The Company has only one class of Equity Share having value of Rs. 2 Each with an entitlement of one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors are subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares of holding company held by subsidiaries**

3,000,000 (Previous year 3,000,000) equity shares of Rs. 2 each fully paid-up, of holding company are held by subsidiary companies which are eleminated for the purpose of consolidation

**d. Details of shareholders holding more than 5% shares in the Company**

| Equity shares of Rs. 2 each fully paid | As at 31st March, 2013 | | As at 31st March, 2012 | |
|---|---|---|---|---|
| | Number of shares | % holding in the class | Number of shares | %holding in the class |
| Manisha Khetan | 24,219,380 | 38.46 | 24,219,380 | 38.46 |
| Eskay Infrastructure Development Private Limited | 5,693,419 | 9.04 | 5,693,419 | 9.04 |
| Kotak Mahindra Trusteeship Services Limited A/C Kotak Alternate Opportunities (India) Fund | 5,531,566 | 8.78 | 5,531,566 | 8.78 |

**e. Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash**

1. 3,551,391 (Previous year 3,551,391) shares were allotted pursuant to the High Court Order dated 24/11/2008 on Amalgamtion of Satguru Corporate Services Private Limited with the Company to the shareholders of Satguru Corporate Services Private Limited effective date being 01/04/2006.
2. 2,001,109 (Previous year 2,001,109) shares were allotted pursuant to the High Court Order dated 12/12/2008 on Amalgamation of Amrut Consultancy Private Limited with the Company to the shareholders of Amrut Consultancy Private Limited effective daten being 01/06/2008.

# Consolidated Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | | 31.03.13 | 31.03.12 |
|---|---|---|---|
| 3 | **Reserve & Surplus** | | |
| | **Capital Reserves** | | |
| | Balance as per last financial statements | 32,068,614 | 24,139,185 |
| | Add: Adjustment related to earlier years | - | 7,929,429 |
| | **Closing Balance** | **32,068,614** | **32,068,614** |
| | **Securities premium account** | | |
| | Balance as per last financial statements | 3,612,290,044 | 3,612,290,044 |
| | Add: Received during the year | - | - |
| | **Closing balance** | **3,612,290,044** | **3,612,290,044** |
| | **Debentures Redemption Reserve** | | |
| | Balance as per last financial statements | 100,000 | - |
| | Less: Transfer to surplus in statement of Profit & Loss on | | |
| | redemption of debentures | (100,000) | - |
| | Add: Transferred from surplus in statement of Profit and Loss | - | 100,000 |
| | **Closing Balance** | **-** | **100,000** |
| | **General Reserve** | | |
| | Balance as per last financial statements | 12,562,333 | 7,541,887 |
| | Add: Transferred from surplus in statement of Profit and Loss | 2,730,356 | 5,020,446 |
| | **Closing Balance** | **15,292,689** | **12,562,333** |
| | **Surplus in the statement of profit and loss** | | |
| | Balance as per last financial statements | 199,935,476 | 197,462,984 |
| | Add: Profit for the year | 40,217,818 | 31,073,549 |
| | Less/(Add) : Appropriations | | |
| | Proposed equity dividend (Dividend per share Rs. 0.18; | | |
| | Previous year Rs. 0.12) | 11,334,575 | 7,556,045 |
| | Interim Equity Dividend (Dividend per share Rs. Nil; | | |
| | Previous year Rs.0.12) | - | 7,196,045 |
| | Tax on Equity Dividend | 2,621,664 | 1,843,209 |
| | Transferred to General Reserve | 2,730,356 | 5,020,446 |
| | Transferred to/from Debentures Redemption Reserve | (100,000) | 100,000 |
| | Adjustment related to earlier years | - | 7,425,310 |
| | Adjustment for dividend paid to subsidiaries in respect of shares | | |
| | of holding company | (360,000) | (540,000) |
| | **Closing Balance** | **223,926,699** | **199,935,476** |
| | **Total Reserves and Surplus** | **3,883,578,046** | **3,856,956,467** |
| 4 | **Long Term Borrowings** | | |
| | **Secured loans** | | |
| | Term loans | | |
| | From Banks | - | 169,587 |
| | **Unsecured loans** | | |
| | From body corporates & Others | **538,344** | 538,344 |
| | **Total Long Term Borrowings** | **538,344** | **707,931** |
| 5 | **Other Long Term Liabilities** | | |
| | Other | | |
| | Security deposits received for premises given on Lease | **93,309,758** | 78,643,943 |
| | **Total Other Long Term Liabilities** | **93,309,758** | **78,643,943** |

# Consolidated Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | | 31.03.13 | 31.03.12 |
|---|---|---|---|
| 6 | **Long Term Provisions** | | |
| | Provision for employee benefits | 3,188,182 | 2,301,500 |
| | **Total long term provisions** | **3,188,182** | **2,301,500** |
| | | | |
| 7 | **Short Term Borrowings** | | |
| | **Secured loans** | | |
| | **Term Loan** | | |
| | From banks | 1,027,797,994 | 2,633,990,913 |
| | **Unsecured Loans** | | |
| | From body corporates and others | 4,054,400,486 | 1,192,061,244 |
| | Optionally convertible debentures (OCD) issued by a subsidiary | - | 417,900,000 |
| | Non convertible debentures (NCD) issued by a subsidiary | - | 637,200,000 |
| | | | |
| | **Total short term borrowings** | **5,082,198,480** | **4,881,152,158** |
| | | | |
| 8 | **Trade Payables** | | |
| | Trade Payables | 3,169,705,854 | 3,247,876,118 |
| | **Total trade Payables** | **3,169,705,854** | **3,247,876,118** |
| | | | |
| 9 | **Other Current Liabilities** | | |
| | | | |
| | Current maturities of long term borrowings | 169,587 | 333,085 |
| | Interest accrued but not due on borrowings | 154,615,075 | 270,422,108 |
| | Unclaimed dividend | 230,929 | - |
| | Others | | |
| | Statutory dues | 38,497,244 | 67,892,935 |
| | Advance received from customers | 13,090,718,229 | 9,291,046,946 |
| | Payable in respect of capital expenditure | 517,348 | 1,182,308 |
| | Security deposits received for premises given on Lease | 34,610,956 | 56,285,531 |
| | Billed in advance | 544,105,502 | 340,798,195 |
| | **Total other current liabilities** | **13,863,464,869** | **10,027,961,108** |
| | | | |
| 10 | **Short Term Provisions** | | |
| | Provision for tax (net of advance tax Rs.NIL; Previous year Rs. 38,442,827) | 7,311 | 186,913 |
| | Provision for employee benefits | 50,999 | 38,500 |
| | Others | | |
| | Proposed equity dividend | 11,333,917 | 7,556,045 |
| | Tax on proposed equity dividend | 3,838,138 | 2,442,468 |
| | **Total short term provisions** | **15,230,364** | **10,223,926** |

**Note - 11**
**Non Current Assets - Fixed Assets**

(Amount in Rs.)

| Sr. No | Fixed Assets | Gross Block (At cost) | | | | Accumulated Depreciation and Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at 1st April 2012 | Additions | Deduction | As at 31 March 2013 | Upto 1st April 2012 | Depreciation charge For the year* | Deduction | Upto 31 March 2013 | As at 31 March 2013 | As at 31 March 2012 |
| **A** | **Tangible Assets** | | | | | | | | | | |
| **1** | **Own Assets** | | | | | | | | | | |
| | Building | 52,560,767 | 414,116 | - | 52,974,883 | 1,713,481 | 876,991 | - | 2,590,472 | 50,384,411 | 50,847,286 |
| | Furniture and fixtures | 29,197,887 | 1,995,837 | - | 31,193,724 | 2,209,210 | 2,574,253 | - | 4,783,463 | 26,410,261 | 51,545,408 |
| | Vehicles | 17,460,603 | - | 1,810,101 | 15,650,502 | 5,445,709 | 1,488,682 | 734,357 | 6,200,034 | 9,450,467 | 12,014,894 |
| | Office equipment | 3,425,664 | 203,645 | - | 3,629,309 | 915,428 | 166,692 | - | 1,082,120 | 2,547,189 | 2,510,236 |
| | Air Conditioners | | | | | | | | | | |
| | (Plant & Machinery) | 4,722,283 | 775,780 | - | 5,498,063 | 371,217 | 255,335 | - | 626,552 | 4,871,511 | 6,326,408 |
| | Computers and Peripherals | 19,365,042 | 1,668,390 | - | 21,033,432 | 16,955,866 | 1,219,802 | - | 18,175,668 | 2,857,764 | 2,409,176 |
| | **Total** | **126,732,246** | **5,057,768** | **1,810,101** | **129,979,913** | **27,610,911** | **6,581,756** | **734,357** | **33,458,310** | **96,521,605** | **125,653,408** |
| **2** | **Assets given on operating lease** | | | | | | | | | | |
| | Furniture and fixtures | 123,129,740 | 193,950 | - | 123,323,690 | 72,946,378 | 7,797,474 | - | 80,743,852 | 42,579,838 | 25,626,631 |
| | Air Conditioners | 6,389,158 | 77,700 | - | 6,466,858 | 1,602,114 | 297,714 | - | 1,899,828 | 4,567,030 | 2,811,702 |
| | **Total** | **129,518,898** | **271,650** | **-** | **129,790,548** | **74,548,492** | **8,095,188** | **-** | **82,643,680** | **47,146,868** | **28,438,333** |
| **B** | **Intangible Assets** | | | | | | | | | | |
| | Computer Software | 2,517,533 | 380,813 | - | 2,898,346 | 567,719 | 512,184 | - | 1,079,903 | 1,818,443 | 1,949,814 |
| | **Total** | **2,517,533** | **380,813** | **-** | **2,898,346** | **567,719** | **512,184** | **-** | **1,079,903** | **1,818,443** | **1,949,814** |
| | **CURRENT YEAR** | **258,768,676** | **5,710,231** | **1,810,101** | **262,668,806** | **102,727,122** | **15,189,128** | **734,357** | **117,181,893** | **145,486,916** | **156,041,554** |
| | PREVIOUS YEAR | 241,809,104 | 24,342,777 | 7,383,206 | 258,768,675 | 87,825,804 | 15,062,765 | 161,448 | 102,727,121 | 156,041,554 | |

*** Includes Depreciation of Rs.1,110,797/-(Previous year Rs. 297,013/-) transferred to Construction work in progress**



Sunteck

# Consolidated Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | | 31.03.13 | 31.03.12 |
|---|---|---|---|
| 12 | **Non - Current Investments** | | |
| | **Long Term Trade investments (valued at cost unless stated otherwise)** | | |
| | **Investment in property** | **180,763,188** | **178,419,930** |
| | **Investment in transferable development rights** | | |
| | Balance as per last financial statements | - | 57,390,642 |
| | Add: Purchased during the year | - | 64,422,540 |
| | Less: Transferred to construction work - in - progress | - | 64,422,540 |
| | Less: Returned during the year | - | 57,390,642 |
| | **Closing Balance** | **-** | **-** |
| | **Investment in Equity Instruments (Unquoted)** | | |
| | Samhrutha Habitat Infrastructure Private Limited<br>2,755,378 (Previous year 2,535,000) equity shares of Rs. 10 each fully paid up | 2,203,780 | 28,303,780 |
| | Advaith Infraprojects Private Limited<br>1,990 (Previous year 1,990) equity shares of Rs. 10 each fully paid up | 19,990 | 19,990 |
| | Saraswat Co-op. Bank Limited<br>70 (Previous year 170) equity shares of Rs. 10 each fully paid up | 1,500 | 1,700 |
| | Janakalyan Sahakari Bank Limited<br>1000 (Previous year 1000) equity shares of Rs. 10 each fully paid up | 10,000 | 10,000 |
| | Mandavi Bank Limited<br>200 (Previous year 200) equity shares of Rs. 10 each fully paid up | 2,000 | 2,000 |
| | North Canara Bank Limited<br>2 (Previous year 2) equity shares of Rs. 25 each fully paid up | 50 | 50 |
| | Shamrao Vithal Bank Limited<br>50 (Previous year 50) equity shares of Rs. 10 each fully paid up | 1,250 | 1,250 |
| | Essar Steel Limited<br>4,500 (Previous year 4,500) equity shares of Rs. 10 each fully paid up | 218,201 | 218,201 |
| | Investment in Equity Instruments (Quoted) | | |
| | Punjab Communication Limited<br>1,000 (Previous year 1,000) equity shares of Rs. 10 each fully paid up | 12,600 | 12,600 |
| | MRPL Limited<br>5,000 (Previous year 5,000) equity shares of Rs. 10 each fully paid up | 247,656 | 247,656 |
| | PSL Limited<br>2,000 (Previous year 2,000) equity shares of Rs. 10 each fully paid up | 1,018,090 | 1,018,090 |
| | **Investment in compulsorily convertible preference shares (Unquoted)** | | |
| | Advaith Infra projects Private Limited<br>800,100 (Previous year 800,100) compulsorily convertible preference shares of Rs. 10 each fully paid up | 8,001,000 | 8,001,000 |
| | **Investment in mutual fund units* (Unquoted)** | | |
| | IDFC Fund | - | 55,950,000 |
| | Reliance Fund | - | 34,500,000 |
| | HDFC Fund | 50,000,000 | 50,000,000 |
| | ICICI Fund | 20,000,000 | 20,000,000 |
| | * Fixed Maturity Plans | | |

# Consolidated Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | 31.03.13 | 31.03.12 |
|---|---|---|
| **Unquoted Investment in an Associate** | | |
| Topzone Mercantile Company LLP | 75,401,100 | 75,401,100 |
| (Cost of acquisition towards goodwill) | | |
| **Total non-current investments** | **337,900,404** | **452,107,347** |
| **Notes** | | |
| Aggregate market value of quoted investments | 77,875,950 | 162,377,725 |
| Aggregate amount of quoted investments | 71,278,346 | 161,728,346 |
| Aggregate amount of unquoted investments | 266,622,058 | 290,379,000 |
| | | |
| **13 Long Term Loan and Advances** | | |
| Unsecured, considered good | | |
| Capital advances | - | 2,051,509 |
| Security deposits | 18,799,267 | 9,879,950 |
| Others | | |
| Advances recoverable in cash or in kind or for value to be received | 219,928,934 | 119,966,993 |
| Prepaid expenses | 3,847,654 | 2,733,370 |
| Advance income tax (net of provision Rs.221,215,814; Previous year | | |
| Rs. 121,729,273) | 44,988,786 | 42,369,561 |
| **Total long term loan and advances** | **287,564,640** | **177,001,383** |
| | | |
| **14 Other Non-Current Assets** | | |
| Interest accrued on FD | 1,720,592 | - |
| **Total other non-current assets** | **1,720,592** | **-** |
| **15 Current Investments** | | |
| **Unquoted equity instruments** | | |
| **Unquoted Investment in Shares** | | |
| Sunteck Wealthmax Capital Private Limited | 1,500,000 | 1,500,000 |
| 150,000 (Previous year 150,000) equity shares of Rs. 10 each fully paid up | | |
| **Investment in LLP (Current Capital)** | | |
| Topzone Mercantile Company LLP | 25,195,500 | 22,793,000 |
| **Investment in mutual fund units (Unquoted)** | | |
| HDFC Fund | - | 16,478,654 |
| ICICI Fund | - | 101,131,433 |
| IDFC Fund | - | 75,935,923 |
| Reliance Fund | - | 41 |
| **Total current investments** | **26,695,500** | **217,839,051** |
| **Notes** | | |
| Aggregate market value of quoted investments | - | - |
| Aggregate amount of quoted investments | - | - |
| Aggregate amount of unquoted investments | 26,695,500 | 217,839,051 |
| **16 Inventories (valued at lower of cost and net realizable value)** | | |
| **(As certified by management)** | | |
| Construction work - in - progress (Refer note 33) | 20,487,906,205 | 19,035,563,045 |
| Completed Units | 274,904,518 | - |
| **Total inventories** | **20,762,810,723** | **19,035,563,045** |

# Consolidated Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | 31.03.13 | 31.03.12 |
|---|---|---|
| **17 Trade Receivables** | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Secured, considered good | 2,993,068 | 406,048 |
| Unsecured, considered good | 4,032,173 | 2,631,631 |
| Others | | |
| Secured, considered good | 7,065,346 | 4,789,311 |
| Unsecured, considered good | 561,514,971 | 361,188,279 |
| **Total trade receivables** | **575,605,558** | **369,015,269** |
| | | |
| **18 Cash and Bank Balances** | | |
| i) Cash and Cash Equivalent | | |
| Cash in hand | 3,430,642 | 2,572,386 |
| Balances with bank | 332,233,903 | 235,192,001 |
| | | |
| | **335,664,545** | **237,764,387** |
| ii) Cash and Bank Balances | | |
| Fixed Deposit with Bank | | |
| Deposit with original maturity for more than 12 months | 53,331,372 | 22,837,500 |
| Deposit with original maturity for more than 3 months but less than 12 months | 23,867,642 | 13,690,535 |
| Earmarked bank balances - Unpaid dividend bank account | 230,929 | - |
| | 77,429,943 | 36,528,035 |
| **Total Cash and Bank Balances** | **413,094,488** | **274,292,422** |
| | | |
| **19 Short Term Loans and Advances** | | |
| Unsecured, considered good | | |
| Advances recoverable in cash or in kind or for value to be received | 87,665,240 | 95,475,411 |
| Security deposits | 686,756 | 1,172,436 |
| Others | | |
| Advances to body corporates | 2,912,770,664 | 2,558,654,268 |
| Advances to joint venturer | - | 4,901,665 |
| Advances towards projects | 48,097,978 | 21,111,170 |
| Duties and taxes recoverable | 8,642,800 | 8,686,024 |
| Prepaid expenses | 132,850,133 | 78,682,903 |
| Non-convertible debentures application money | 719,154,000 | 719,154,000 |
| Advances towards transferable development rights | 9,687,600 | 9,687,600 |
| | | |
| **Total short term loans and advances** | **3,919,555,171** | **3,497,525,477** |
| | | |
| **20 Other Current Assets** | | |
| Interest accrued on fixed deposit | 808,393 | 821,373 |
| Interest accrued on investment | 41,935,646 | 8,138,088 |
| Unbilled revenue | 25,083,530 | - |
| | | |
| **Total other current assets** | **67,827,569** | **8,959,461** |

# Consolidated Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | | 31.03.13 | 31.03.12 |
|---|---|---|---|
| 21 | **Revenue From Operations** | | |
| | Sales of Commercial Units | 135,833,750 | - |
| | Sale of services | | |
| | Rent from properties | 143,983,909 | 156,338,875 |
| | Project management fees | 8,205,345 | 1,858,227 |
| | Maintenance Services | 4,113,480 | 3,638,107 |
| | Other services | 9,981,325 | 8,203,330 |
| | **Total revenue from operations** | **302,117,809** | **170,038,539** |
| 22 | **Other Income** | | |
| | Interest income on | | |
| | Fixed deposit with bank | 2,806,382 | 6,332,162 |
| | Loans & Advances | 40,282,864 | 9,421,049 |
| | Current investments | 11,146,099 | 10,062,000 |
| | Others | 62,976,782 | 47,297,867 |
| | Dividend income on | | |
| | Current investments | 1,727,051 | 3,190,443 |
| | Long- term investments | 9,996 | 10,670 |
| | Net gain on sale of fixed asset | - | 14,378,242 |
| | Net gain on sale of investments in transferable development rights | - | 16,719,498 |
| | Net gain on sale of investments | 79,208,237 | 22,345,473 |
| | Liabilities no longer required written back | 130,126 | 3,661,910 |
| | Other income | 1,275,154 | 240,754 |
| | **Total other income** | **199,562,691** | **133,660,068** |
| 23 | **Operating Expenses** | | |
| | **Cost of Land, Development and Construction** | | |
| | Land Cost | 24,955,871 | - |
| | Construction materials & Other Expenses | 38,197,246 | - |
| | Lease rent | 29,601,539 | 30,632,935 |
| | Other operating expense | 5,573,390 | 2,573,600 |
| | **Total operating expenses** | **98,328,046** | **33,206,535** |
| 24 | **Employee Benefits Expense** | | |
| | Salaries and wages | 42,614,901 | 20,324,577 |
| | Contribution to provident and other funds | 1,879,344 | 1,862,418 |
| | Staff welfare expenses | 483,584 | 293,282 |
| | **Total employee benefit expense** | **44,977,828** | **22,480,277** |
| 25 | **Finance Costs** | | |
| | Interest expenses | 110,135,157 | 43,705,573 |
| | Other borrowing cost | - | 7,237,877 |
| | **Total finance costs** | **110,135,157** | **50,943,450** |
| 26 | **Other Expenses** | | |
| | Advertising expenses | 32,857,115 | 495,888 |
| | Payment to auditors (Refer Note No.36) | 1,049,689 | 922,388 |
| | Bank Charges | 323,521 | 287,954 |
| | Business promotion expenses | 4,576,066 | 5,102,393 |
| | Directors' Sitting Fees | 60,000 | 65,000 |

# Consolidated Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | | 31.03.13 | 31.03.12 |
|---|---|---|---|
| | Exhibition expenses | 3,764,315 | 5,312,218 |
| | Commission and brokerage expenses | 2,821,894 | 2,117,937 |
| | Electricity expenses | 5,184,453 | 4,476,718 |
| | Exchange rate difference (Net) | 7,076 | - |
| | Legal and professional fees | 12,352,000 | 9,307,236 |
| | Membership fees and entrance fees | 1,973,059 | 3,436,725 |
| | Pay and park charges (net of non operating income directly attributable to such expenses of Rs. 3,000,000; Previous year Rs. 3,000,000) | 1,825,881 | 1,225,770 |
| | Rates and taxes | 1,952,349 | 2,087,890 |
| | Repairs and maintenance to | | |
| | Building | 4,544,543 | 9,477,510 |
| | Others | 12,926,439 | 15,956,735 |
| | Loss on sale of Fixed Asset | 435,744 | - |
| | Telephone and communication expenses | 1,016,052 | 628,888 |
| | Traveling and conveyance expenses | 5,281,808 | 1,502,102 |
| | Insurance | 1,208,084 | 1,194,338 |
| | Rent | 126,000 | 112,000 |
| | Miscellaneous expenses | 10,288,811 | 8,528,660 |
| | **Total other expenses** | **104,574,898** | **72,238,350** |
| **27** | **Contingent liabilities and commitments** | | |
| | **Particulars** | | |
| | **a. Contingent Liabilities (to the extent not provided for)** | | |
| | (i) Disputed Income Tax Matters | - | 19,614,638 |
| | (ii) Bank Guarantee | 16,500,000 | 16,000,000 |
| | (iii) Stamp duty and registration charges arising on amalgamation or reconstruction of various companies carried out as per High Court Order under section 394 of the Companies Act, 1956 | - | Amount not ascertainable |
| | **Total (a)** | **16,500,000** | **35,614,638** |
| | **b. Commitments** | | |
| | The Group may have to pay directly to Rajasthan Financial Corporation (RFC on behalf of Man Industrial Corporation Limited, towards repayment of the loans, as per the Development Agreement enterred by the Uniworth Realty LLP with them. | 25,000,000 | 25,000,000 |
| | **Total (b)** | **25,000,000** | **25,000,000** |
| | **Total (a) + (b)** | **41,500,000** | **60,614,638** |

**28 Leases**

a. All the initial direct income/payment relating to lease are charged to Statement of Profit and Loss

b. Particulars

**Premises given on operating lease:**

# Consolidated Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| | 31.03.13 | 31.03.12 |
|---|---|---|
| The total future minimum lease rentals receivable at the Balance Sheet date is as under: | | |
| For a period not later than one year | 64,865,103 | 122,082,551 |
| For a period later than one year and not later than five years | 14,624,725 | 91,434,337 |
| For a period later than five years | - | - |
| **c. Particulars** | | |
| **Premises taken on operating lease:** | | |
| The total future minimum lease rentals payable at the Balance Sheet date is as under: | | |
| For a period not later than one year | 27,424,192 | 27,104,200 |
| For a period later than one year and not later than five years | 41,181,178 | 67,946,800 |
| For a period later than five years | - | - |

d. Lease income recognized in Statement of Profit and Loss for the year ended 31st March, 2013 is Rs. 143,98,909 (Previous Year Rs. 156,338,875).

e. Lease payment recognized in Statement of Profit and Loss for the year ended 31st March, 2013 is Rs. 29,727,539 (Previous Year Rs. 30,774,935).

**29 Deferred tax liability / Asset**

(Amount in Rs.)

| | 31.03.13 | 31.03.12 |
|---|---|---|
| **Deferred Tax Asset:** | | |
| **Deferred tax liability** | | |
| Related to Fixed assets (Depreciation / Amortization) | 210,123 | 144,913 |
| Gross deferred tax liability | 210,123 | 144,913 |
| **a. Deferred tax asset** | | |
| Related to Fixed assets (Depreciation / Amortization) | 1,714,265 | 1,340,903 |
| Impact of expenditures charged to the statement of profit and loss in the year but allowed for tax purposes on payment basis | 383,559 | 198,888 |
| **Gross deferred tax asset** | **2,097,823** | **1,539,791** |
| **Net Deferred Tax Asset** | **1,887,699** | **1,394,878** |
| **b. Deferred Tax Liability:** | | |
| Deferred tax liability | | |
| Related to Fixed assets (Depreciation / Amortization) | 9,808,331 | 9,112,393 |
| **Gross deferred tax liability** | 9,808,331 | 9,112,393 |
| **Deferred tax asset** | | |
| Impact of expenditures charged to the statement of profit and loss in the year but allowed for tax purposes on payment basis | 663,963 | 560,325 |
| Others | | |
| **Gross deferred tax asset** | **663,963** | **560,325** |
| **Net Deferred Tax Liability** | **9,144,368** | **8,552,068** |

# Consolidated Notes to Financial Statement

(Contd.)

(Amount in Rs.)

| 30 Employee Benefits Disclosures<br>Defined Benefit Plans - Gratuity | 31.03.13 | 31.03.12 |
|---|---|---|
| As per Accounting Standard - 15 "Employees Benefits", the disclosure as defined in the Accounting Standard are given below: | | |
| **1 Components of Employer Expense** | | |
| (a) Current Service Cost | 832,200 | 583,743 |
| (b) Interest Cost | 224,400 | 116,960 |
| (c) Expected Return on Plan Assets | - | - |
| (d) Curtailment Cost/ (Credit) – (Excess fund of last year) | - | - |
| (e) Settlement Cost/(Credit) | - | - |
| (f) Past Service Cost | - | - |
| (g) Actuarial (Gain)/Loss | (987,600) | 177,297 |
| (h) Total expense/(gain) recognised in the Statement of Profit and Loss | 69,000 | 878,000 |
| **2 Net (Asset)/Liability recognised in Balance Sheet** | | |
| (a) Present Value of Obligation | | |
| at the end of the year | 2,874,000 | 2,340,000 |
| (b) Fair Value of Plan Assets | | |
| as at end of the year | - | - |
| (c) (Asset)/Liability recognised | | |
| in the Balance Sheet | 2,874,000 | 2,340,000 |
| **3 Change in Defined Benefit Obligation (DBO) during the year** | | |
| (a) Present Value of Obligation as at beginning of the year | 2,805,000 | 1,462,000 |
| (b) Current Service Cost | 832,200 | 583,743 |
| (c) Interest Cost | 224,400 | 116,960 |
| (d) Liability Transferred in | - | - |
| (e) Actuarial (Gain)/Loss | - | - |
| (f) Past Service Cost | - | - |
| (g) Actuarial (Gains) / Losses on obligations | (987,600) | 177,297 |
| (f) Present Value of Obligation as at end of the year | 2,874,000 | 2,340,000 |
| **4 Changes in the Fair Value of Plan Assets** | | |
| (a) Present Value of Plan Assets as at beginning of the year | - | - |
| (b) Contribution by Employer | - | - |
| (c) Expected Return on Plan Assets | - | - |
| (d) Actuarial Gain/(Loss) | - | - |
| (e) Transfer from other Company | - | - |
| (f) Benefits Paid | - | - |
| (g) Fair Value of Plan Assets as at end of the year | - | - |
| **5 Actuarial Assumptions** | | |
| (a) Discount Rate (per annum) | 8.00% | 8.00% |
| (b) Expected Rate of Return on Assets | NA | NA |
| (c) Salary Escalation Rate* | 6.50% | 6.50% |

*takes into account the inflation, seniority, promotions and other relevant factors

**31 Related Party Disclosures**

**1 Name of the Related Parties :**

**Related Parties with whom transactions have taken place during the year**

**a Associates:**

Topzone Mercantile Company LLP

# Consolidated Notes to Financial Statement

(Contd.)

**b Key Management Personnel:**

Mr. Kamal Khetan – Chairman & Managing Director

Mr. Jignesh Sanghavi - Executive Diretor

**c Entity/Person/s having Significant Influence:**

Jignesh Sanghvi (HUF)

Mrs.Manisha Khetan

**Note : Related party relationship is as identified by the Management and relied upon by the Auditors.**

**2 The following transactions were carried out with the related parties referred in 1 above, in the ordinary course of business during the year:**

(Amount in Rs.)

| | Associates | | Key Management Personnel/ Entity / Persons having Significant Influence | |
|---|---|---|---|---|
| **Nature of transactions** | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
| **Expenses:** | | | | |
| Directors' Remuneration | | | | |
| Mr. Kamal Khetan | - | - | 7,500,000 | 7,000,000 |
| Mr. Jignesh Sanghavi | - | - | 3,500,000 | 2,964,180 |
| **Others:** | | | | |
| Investment in associate(in current capital) | | | | |
| Topzone Mercantile Company LLP | 2,402,500 | 22,793,000 | - | - |
| Advance received towards sale of flat | | | | |
| Jignesh Sanghvi (HUF) | - | - | 3,884,195 | - |
| Mr. Jignesh Sanghavi | - | - | - | 7,500,000 |
| **Particulars** | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 | As at 31st March, 2012 |
| **Outstanding balances at the year end** | | | | |
| Trade Payable (Directors' Remuneration) | | | | |
| Mr. Jignesh Sanghavi | - | - | - | 35,820 |
| Current account balance in an Associate | | | | |
| Topzone Mercantile Company LLP | 25,195,500 | 75,401,100 | - | - |
| Investment in an Associate(Fixed Capital) | | | | |
| Topzone Mercantile Company LLP | 75,401,100 | - | - | - |
| Advance received towards sale of flat | | | | |
| Mr. Kamal Khetan | - | - | 21,500,000 | 21,500,000 |
| Mrs.Manisha Khetan | - | - | 137,450,000 | 137,450,000 |
| Mr. Jignesh Sanghavi | - | - | 12,500,000 | 12,500,000 |
| Jignesh Sanghvi (HUF) | - | - | 3,884,195 | - |

**Notes:** (i) Related party relationships are as identified by the Management and relied upon by the Auditors.

(ii) No balances in respect of the related parties have been provided for/written off/written back.

**32. Investments in Joint Ventures and the Group share in their Assets & Liabilities, Income & Expenditure, Profit & Loss and Contingent Liability.**

**The interest of the Group in Joint ventures are listed below :**

Piramal Sunteck Realty Private Limited (PSRPL) -50%

Nariman Infrastructure LLP (NIL) -50%

Uniworth Realty LLP (URL)-50%

V3 Designs LLP (VDL) -50%

Kanaka and Associates (Partnership Firm) (Kanaka)-50%

Assable Buildcon LLP (ABL) 50%

Pathway Buildcon LLP (PBL) 50%

(Amount in Rs.)

| Particulars | | PSPRL | NIL | URL | VDL | Kanaka | ABL | PBL |
|---|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | | | | | | | |
| **Reserves and Surplus** | **Current Year** | **402,814,213** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Previous Year | 413,349,236 | - | - | - | - | - | - |
| **Optionally Convertible Redeemable Preference Shares Application Money** | **Current Year** | **945,170,000** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Previous Year | 1,133,193,000 | - | - | - | - | - | - |
| **Non - Current Liabilities** | **Current Year** | **297,102** | **-** | **-** | **438,344** | **-** | **-** | **-** |
| | Previous Year | 671,843 | - | - | 438,344 | - | - | - |
| **Current Liabilities** | **Current Year** | **1,031,664,823** | **8,427** | **730,359** | **6,555,604** | **180,316,641** | **3,750** | **3,750** |
| | Previous Year | 365,423,390 | - | 805,647 | 161,491 | 92,460,637 | - | - |
| | | | | | | | | |
| **ASSETS** | | | | | | | | |
| **Fixed Assets** | **Current Year** | **1,649,995** | **-** | **-** | **19,499** | **27,138** | **-** | **-** |
| | Previous Year | 1,605,474 | - | - | - | 27,985 | - | - |
| **Non - Current Assets** | **Current Year** | **3,764,596** | **-** | **-** | **22,500** | **331,250** | **-** | **-** |
| | Previous Year | 587,045,517 | - | - | - | 355,667 | - | - |
| **Current Assets** | **Current Year** | **2,379,659,763** | **440,203,855** | **46,830,359** | **47,812,856** | **229,958,254** | **53,750** | **53,750** |
| | Previous Year | 1,329,114,694 | - | 42,065,647 | 5,615,242 | 142,076,986 | - | - |
| | | | | | | | | |
| **INCOME** | **Current Year** | **3,910,306** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Previous Year | 12,326,991 | - | - | - | - | - | - |
| **EXPENSES** | **Current Year** | **17,823,446** | **-** | **-** | **-** | **-** | **3,851** | **3,851** |
| | Previous Year | 3,897,955 | - | - | - | - | - | - |
| **PROFIT AFTER TAX** | **Current Year** | **(14,054,241)** | **-** | **-** | **-** | **-** | **(3,851)** | **(3,851)** |
| | Previous Year | 5,790,998 | - | - | - | - | - | - |
| **CONTINGENT LIABILITY** | **Current Year** | **-** | **-** | **25,000,000** | **-** | **-** | **-** | **-** |
| | Previous Year | - | - | 25,000,000 | - | - | - | - |

**Note:**

Disclosure of financial data as per Accounting Standards-27 “Financial Reporting of Interest in the Joint Venture” has been made based on the standalone audited financial statements of the above Joint Venture entities. There is no Capital commitment at the year end in respect of above joint ventures. All above entities are incorporated in India except PSRML and PSIL which are incorporated in Mauritius.

# Consolidated Notes to Financial Statement

(Contd.)

**33 Construction Work-In-Progress**

(Amount in Rs.)

| Particulars | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---|---|---|
| Land cost | 14,430,775,902 | 13,745,668,743 |
| Legal and professional fees | 170,686,166 | 125,209,566 |
| Finance cost | 1,736,536,032 | 1,429,375,117 |
| Employee benefits expenses | 154,016,027 | 108,653,245 |
| Other project related expenses | 3,995,892,078 | 3,626,656,374 |
| **Closing Construction Work-in-Progress** | **20,487,906,205** | 19,035,563,045 |
| | | |
| **Less: Opening Construction** | | |
| **Work-in-Progress** | **19,035,563,045** | 15,696,497,427 |
| | **1,452,343,159** | **3,339,065,618** |

* The Finance Cost has been transferred to Construction Work-in- Progress in accordance with AS- 16 " Borrowing Costs".

**34 Share Application Money Pending Allotment**

**Terms and Conditions of Optionally Convertible Redeemable Preference Shares (OCRPS)**

- On allotment of OCRPS, the Share Application money paid of the below Companies shall be adjusted as under for each OCRPS:

a) Skystar Buildcon Private Limited

(i) Rs. 10 towards the face value

(ii) Rs. 31,490 towards premium in full.

- The above company shall allot 28,409 numbers of OCRPS on or before 31st March, 2014.

- The above company have sufficient authorised capital to allot the OCRPS.

**35 Earnings per share (EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations:

(Amount in Rs.)

| Particulars | 31.03.13 | 31.03.12 |
|---|---|---|
| Profit after Tax after minority interest & before considering exceptional items | 62,523,418 | 31,073,549 |
| Profit after Tax after minority interest & after considering exceptional items | 40,217,818 | 31,073,549 |
| Weighted average number of equity shares of Rs. 2 in calculating basic and diluted EPS | 59,966,207 | 59,966,207 |
| Basic & Diluted EPS before Exceptional Items | 1.04 | 0.52 |
| Basic & Diluted EPS after Exceptional Items | 0.67 | 0.52 |

**36** The Group operates in Single Segment i.e. Real Estate \ Real Estate Development and therefore, Segment Reporting as per AS-17 'Segment Reporting' is not applicable.

**37** The Group's normal operating cycle in respect of operations relating to under construction real estate projects may vary from project to project depending upon the size of the project, type of development, project complexities and related approvals. Operating cycle for all completed projects and other business is based on 12 months period. Assets and Liabilities have been classified into current and non-current based on the operating cycle of respective businesses.

# Consolidated Notes to Financial Statement

(Contd.)

**38** Exceptional item represents amount paid towards stamp duty and registration charges (crystalised during the year) on account of amalgamation of two companies with the holding company in the year 2008-09

**39**

a. In the opinion of the management, all the assets other than fixed assets and non- current investments have a value on realisation in the ordinary course of business atleast equal to the amount at which these are stated.

b. The accounts of certain Trade Receivables, Trade Payables, Loans and Advances and banks are, however, subject to formal confirmations/ reconciliations and consequent adjustments, if any. However there is no indication of dispute on these accounts, other than those mentioned in the Financial Statements. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.

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

**Signature to Notes No.1 to 40**

**For and on behalf of the Board of Directors of Sunteck Realty Limited**

**Kamal Khetan**
**Chairman & Managing Director**

**Jignesh Sanghavi**
**Executive Director**

**Sanjay Dutt**
**Director**

**M. Kalahasthi**
**Director**

**Kishore Vussonji**
**Director**

**Rachana Hingarajia**
**Company Secretary**

**Mumbai: 30th May, 2013**

# Details of Subsidiaries

**Particulars of the Subsidiary Companies of Sunteck Realty Limited**

Disclosure Pursuant to the Genreal circular dated 8th February 2011 issued by Ministry of Corporate Affairs under section 212 of the Companies Act 1956 for the year ended 31st March 2013

(Amount in Rs.)

| Sr.No | Name of Subsidiary Company | Paid up Capital | Reserves | Total assets | Total Liabilities | Investments | Turnover / Total Income | PBT | Provision for Tax | PAT | Proposed Dividend |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Starlight Systems Pvt Ltd | 4,000,000 | 205,157,301 | 294,775,620 | 94,775,620 | 8,911,847 | 101,380,293 | 45,986,321 | 14,876,284 | 31,110,037 | NIL |
| 2 | Satguru Infocorp Services Pvt Ltd | 3,750,000 | 119,338,950 | 179,204,541 | 179,204,541 | 7,586,200 | 65,442,904 | 21,974,224 | 7,368,305 | 14,605,919 | - |
| 3 | Magenta Computer Software Pvt Ltd | 500,000 | 54,328,370 | 59,340,061 | 59,340,061 | 18,836,330 | 9,894,784 | 7,848,406 | 1,499,583 | 6,348,823 | - |
| 4 | Amenity Software Pvt Ltd | 500,000 | 55,509,559 | 60,526,927 | 60,526,927 | 17,823,680 | 9,782,619 | 7,679,235 | 1,470,058 | 6,209,177 | 3,750,000 |
| 5 | Skystar Buildcon Pvt Ltd | 100,000 | (31,288,289) | 1,985,083,117 | 1,985,083,117 | NIL | 202,530 | (31,275,420) | 658 | (31,276,078) | NIL |
| 6 | Sunteck Property Holdings Pvt Ltd | 100,000 | (60,453) | 67,225 | 67,225 | 100 | NIL | (15,035) | NIL | (15,035) | NIL |
| 7 | Eleanor Lifespaces Pvt Limited | 100,000 | (32,997) | 579,503 | 579,503 | NIL | NIL | (21,775) | NIL | (21,775) | NIL |
| 8 | Sahrish Constructions Pvt limited | 100,000 | 8,392 | 1,190,687 | 1,190,687 | NIL | 110,000 | 12,143 | 3,751 | 8,392 | NIL |

Sunteck

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