

# OUT OF THE BOX

A man in a dark suit and tie is captured in a dynamic, running pose, appearing to break through a rectangular frame. The frame is positioned between the large blue letters 'B' and 'X' of the word 'BOX' in the headline. The background of the entire graphic is a solid light green color.

The revenue of the companies in the overall construction space grew about 15% in 2010-11. CHD Developers grew revenues 233%.

*(Source: Capital Market)*

## Document milestones

CHD: The corporate 10 • 2010-11 in retrospect 12 • Chairman's message 14 • Q&A with the Managing Director 18  
• Management discussion and analysis 22 • Directors' report 30 • Report on Corporate Governance 33 • The financial section 41  
• Corporate information 72

A TRISYS PRODUCT  
[info@trisysscom.com](mailto:info@trisysscom.com)

CHD Developers extensively outperformed its industry average owing to a differentiated business model.

This model proved that however challenging the circumstances might be, there is always a way to profits – attractively and sustainably – from India's real estate sector.





**MOST COMPANIES IN INDIA'S REAL ESTATE SECTOR INVEST LARGE SUMS IN A LAND BANK THAT IS PROGRESSIVELY DEVELOPED ACROSS THE YEARS. IN A NUMBER OF CASES, THIS INVESTMENT IS FUNDED THROUGH DEBT AND WORKING CAPITAL, STRETCHING VIABILITY.**

**CHD is different.**

We created a land bank-independent business model through the following initiatives: We grew our business through the joint venture model where the alliance partner provided land, and CHD provided construction capability; we invested in FSI-approved (non-agricultural) land instead.

A relatively smaller balance sheet and adequate liquidity made it possible to accelerate project completion, deliver properties faster and generate adequate resources for re-investment, accelerating the virtuous cycle.



# C How CHD is different CONTRARIAN

A land bank-independent business model

The result of this strategy

# 10%

Return on capital employed  
(average) in 2010-11, higher  
than the industry average



CHD is respected for its customer service. All documentation was taken care of by them without hassle. Their representatives are always ready to address queries with a quick response."

*Mr. Manoj, owner of an apartment at Avenue 71, Gurgaon*

# SCALABLE

How CHD is different

A solid and liquid business

**MOST REAL ESTATE DEVELOPERS BORROW FUNDS TO MANAGE DAY-TO-DAY OPERATIONS, WHICH, IN A RISING INTEREST RATE ENVIRONMENT, THREATENS PROFITABILITY.**

## **CHD preferred to do something different.**

We commenced site development followed by project marketing resulting in enhanced credibility. We created projects for the middle and upper-middle sections of society. We addressed actual users. We sustained timely project implementation through the enlistment of credible contractors.

A combination of these initiatives served as an incentive for buyers to pay installments on schedule (92% receipts on schedule), resulting in adequate customer-funded working capital that sustained project progress.

This translated into low dependence on debt, healthy liquidity and attractive margins.



The result of this strategy

< 1

Debt-equity ratio as  
on March 31, 2011



“CHD’s business model is different from most real estate companies. While others try and sell their plots around a concept, CHD markets projects based on reality. Not even a single apartment is sold without corresponding field work. The result is that I have not seen any real estate company embarking on the concurrent construction of 18 towers!”

*Mr. Vivek Arora, owner of a flat at Avenue 71, Gurgaon*

# FOCUSED

How CHD is different

A customer-centric earning model

**MOST PROPERTY DEVELOPERS FLOOD THEIR CHANNEL PARTNERS WITH APARTMENT INVENTORY. IN SOME CASES, THE URGENCY TO TRANSFORM INVENTORY INTO SALE IS ACCOMPANIED BY DISCOUNTS THAT AFFECT THE BRAND AND REVENUES.**

## **CHD walked the road less travelled.**

We reversed a conventional product push with consumer pull through the following initiative: Selection of locations proximate to commercial hubs positioned on national highways/sector roads leading to quicker offtake at relatively higher realisations.

Besides phase-wise marketing, the allocation of small inventory lots across multiple channel partners and elimination of discounts combined to create a distinctive brand around CHD properties.

This recall translated into an increase in revenue per sq. ft. – a 151.85% increase over the last three years.



The watermark we achieved was

Rs. **400** per sq. ft

Price appreciation in the first three hours of opening the bookings for our Avenue 71 project in which CHD sold 300 apartments



"All CHD projects have one thing in common – excellent location. I did not think twice before buying a plot of land at CHD City, Karnal. It is located advantageously on National Highway-1 and within the vicinity of the commercial area."

*Mr. Gaurav Makhija*



REALTY PLAYERS FOCUS ON COST CUTTING TO PROTECT THEMSELVES FROM INFLATION. IN SOME CASES, COST CUTTING AFFECTS PROJECT QUALITY.

### CHD emerged with a differentiated response.

We eliminated wastages. We partnered with architects (international and domestic) to customise international designs with the local terrain; our plans (exteriors and interiors) maximised the use of standard products; we procured inputs that optimised building dimensions.

Besides, we partnered with service providers (telecom, entertainment, among others) and invested in solar-based heating and energy-efficient lighting to optimise our overheads.

The result was that our project pricing was either at par or lower than peer properties in the vicinity, while our profitability was higher.



# UNCOMMON

How CHD is different

A wastage-control cost approach

This was impact of our strategic thinking

# 10.8%

EBIDTA margin in 2010-11; EBIDTA grew 12.62% CAGR over the last three years leading to 2010-11.



"I searched Gurgaon, but no one could match CHD's sound technical capability. I invested my life's savings in the apartment. The mix of international expertise and in-house excellence combined to create a dream destination."

*Mr. Gaurav Khurana, owner of an apartment at Avenue 71, Gurgaon*

CHD Developers grew revenues at a CAGR of 21.96% in the three years leading to 2010-11.

The result of the Company's differentiated business model is a modest gearing of 0.97. An interest cover of 3.0x. An EBIDTA margin of 10.8%.

The result is that the Company is among the fastest-growing realty creators in North India.

CHD Developers (founded by Mr. R. K Mittal in 1990) focuses on the creation of residential landmarks and townships in India's National Capital Region (NCR) for middle and upper-middle society. The Company's track record comprises residential, commercial and recreational complexes, educational institutes and restaurants.

An ISO 9001-2000-certified company, CHD Developers developed 14 projects across its two-decade journey. The Company delivered more than 3.52 million sq. ft of built-up space and currently has more than 2,500 customers (as on March 31, 2011).

CHD Developers is headquartered in New Delhi and its shares are listed on the Bombay Stock Exchange.

Promoters' holding

56.65%

March 31, 2011

Team size

125 members

March 31, 2011

Projects delivered

14

March 31, 2011

Market capitalisation

Rs. 907.49 lacs\*

March 31, 2011

*\*based on full float value*

## Milestones

### 1990

Ventured into the real estate development business. Started purchasing plots through a DDA auction. Developed and marketed them as commercial complexes.

### 1993

Delivered Aanchal Plaza in Vasant Kunj.

### 1995

Listed on the Bombay Stock Exchange, among the first real estate companies to be listed on the bourses.

### 1998

Diversified into the residential sector. Conceived the Rs. 1,500 lacs Gayatri Lok Project (Haridwar) comprising 412 apartments across 1,50,000 sq. ft

### 2000

Launched Capital Chambers in Dwarka

### 2004

Embarked on the Rs. 4,500 lacs Sri Krishnalok Project (Vrindavan ) comprising 216 apartments across 2,32,000 sq. ft

### 2006

Evolved from standalone realty projects to an integrated township project in Karnal, the first project of its kind in Haryana (including Chandigarh and Gurgaon)

### 2010

Completed 20 years in existence. Launched premium residential project named Avenue 71 in Gurgaon under an SPV called CHD Armaan Realtech Private Limited (wholly-owned subsidiary)

## Vision

To become the fastest growing profitable real-estate company while maintaining the highest standards of ethics.

## Core Purpose

Creating happy and healthy communities across the world by delivering beyond the customer's expectation.

## 2010-11 in retrospect

### Revenue growth

# 233%

2009-10 | 2010-11  
Rs. 4,132.78 lacs | Rs. 13,761.37 lacs

### EBIDTA growth

# 147%

2009-10 | 2010-11  
Rs. 599.92 lacs | Rs. 1,485.64 lacs

### Profit after tax growth

# 576%

2009-10 | 2010-11  
Rs. 91.90 lacs | Rs. 621.57 lacs

### Improvement in net margin

# 230 bps

2009-10 | 2010-11  
2.22% | 4.52%

### Projects

- Initiated work on a 21.03-acre project in the Karnal residential township project
- Established a presence in Gurgaon for the first time. Construction of Avenue 71 going on in full swing.

### Market place

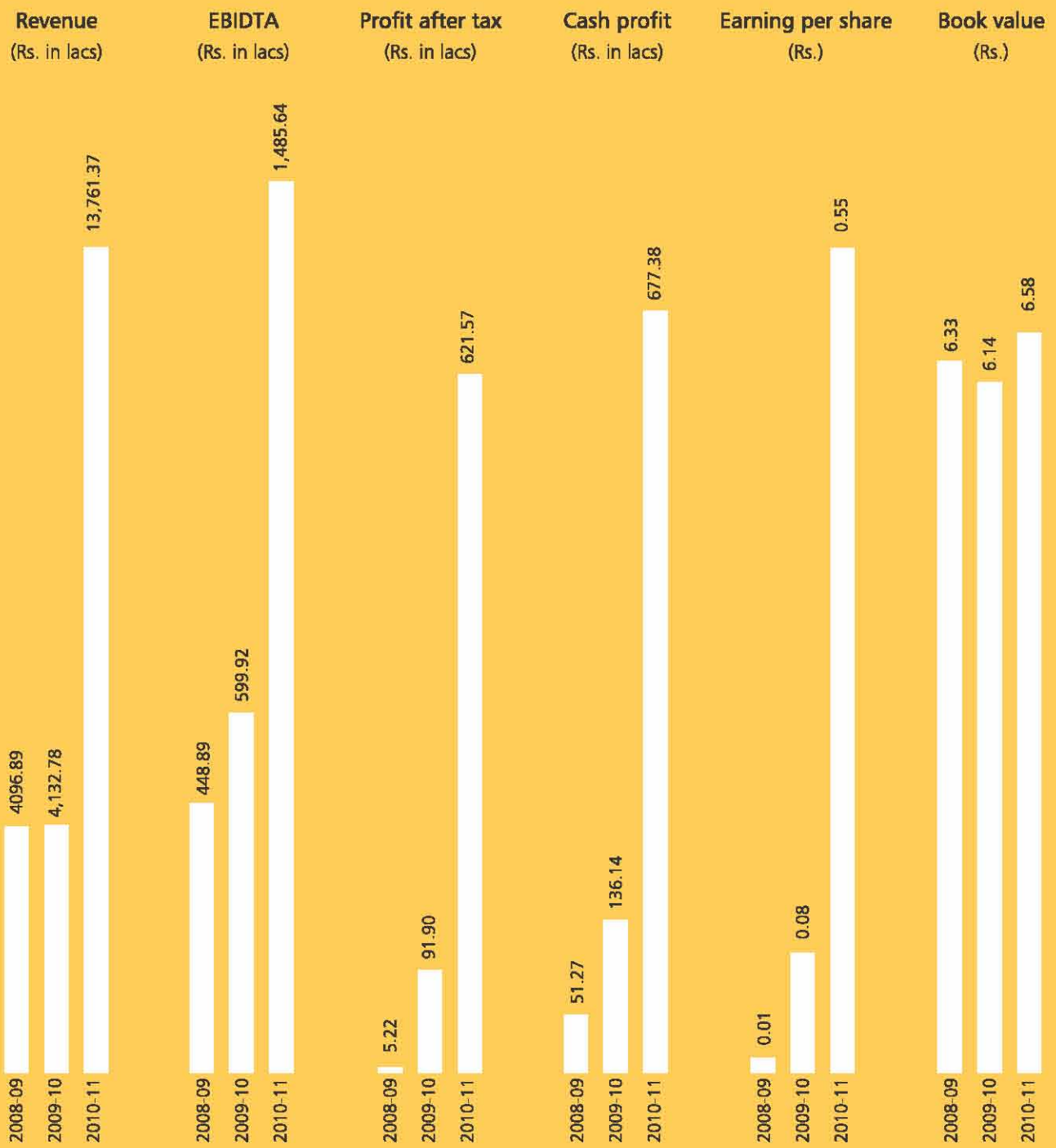
- Launched Avenue 71 in Gurgaon and marketed 80% of the apartment inventory in just six months
- Signed with The Millenium School to commission an educational facility in our Karnal residential township

### Accreditations

- Building Industry Leadership Awards (BILA) conferred 'Developer of the Year' award on our company
- Managing Director Mr. Gaurav Mittal was conferred the Young Achiever's Award at the Realty Plus Conclave 2011



## Growing numbers





Chairman's message

"We will create residential landmarks in the Delhi-NCR region for the benefit of middle and upper-middle class consumers."

Mr. R. K. Mittal draws out a strategic overview

*Dear Shareholders,*

The fiscal 2010-11 was a watershed in our history for some good reasons – we completed 20 years in existence, crossed Rs. 100 crore in topline, launched a residential project in the Delhi-NCR region for the first time and reported a record profit after tax of Rs. 621.57 lacs.

This upturn is not one-off; it is the result of a conscious asset-light and relatively de-risked business model, which should translate into sustainable growth.

### Strategic blueprint

There are two kinds of realty companies – one that invests in a land bank for prospective conversion into developed properties; the other kind that enters into alliances with land owners whereby the latter provides the land and the Company provides construction experience.

There are pros and cons of both models: the first represents a forward integration and an opportunity to arbitrage profitably on rising real estate



valuations; the second is capital-light, focused on efficient delivery instead.

At CHD, we are convinced that the second model is more suited to our existing scale and liquidity. Over the years, we reinforced the following business drivers to enhance organisational value: Invested in our brand, focused on building residential complexes, specialised in the upper-middle class and middle class segments, selected to work in pickets enjoying a locational advantage, preferred to liquidate a significant part of our apartment inventory to enhance cash flow, utilised the proceeds to ensure timely project delivery, ensured a periodic inflow of customer installments, strategically retained a part of the inventory to be sold following the property's progressive value appreciation and reinvestment of business surplus in entering into more such alliances, resulting in organisational scale.

### Locational preference

At CHD, we feel that organisational predictability is derived through strategic stability. In view of this, we enunciated that we will continue to focus on servicing the residential needs of the upper and upwardly mobile Indian middle class in Delhi-NCR (predominantly Gurgaon-focused). The focus is clearly on three constants: The format, the segment and the region.

At a time when most realty companies are focusing on the pan-Indian opportunity, why will CHD focus on the regional?

The question needs to be answered at two levels.

One, it is our conviction that the benefits of branding are best realised through word-of-mouth goodwill resulting in a rapid liquidation of apartment inventory following launch or enhanced realisations to cover periodic cost increases. In turn, this word-of-mouth is best achieved within

specific regions based on one's established performance as opposed to a visibility across a large national footprint that may need to be sustained for a high promotional cost. At our stage of organisational development, quickest business growth will be derived from a growth in concentrated geographical pockets that provide us with the surplus and scale to then extend to other cities where this focused business strategy can be replicated.

Two, the region that we intend to focus on – Delhi-NCR – possesses adequate scope for growth, which will enable us to leverage our brand, presence and locational understanding. Delhi-NCR is the epicenter of development in India; spread over 33,578 sq. km with major infrastructure projects under execution. Real estate services is the prime mover of Delhi's economy; the sector was estimated at Rs. 35,885 crore in 2004-05 and grew at a CAGR of 19% in six years to Rs. 102,000 crore in 2010-11

Rs. **621.57** lacs

A record profit after tax in 2010-11  
for the Company

---

Real estate services is the prime mover of Delhi's economy; the sector was estimated at Rs. 35,885 crore in 2004-05 and grew at a CAGR of 19% in six years to Rs. 102,000 crore in 2010-11 out of Delhi's GDP of Rs. 258,000 crore in 2010-11.

---

out of Delhi's GDP of Rs. 258,000 crore in 2010-11. It is clearly evident that India is being driven by sustained real estate growth.

The outlook for Delhi appears just as attractive for the following reasons:

- Delhi's population is expected to grow from 167 lacs to about 199 lacs in 2016 and 230 lacs in 2021
- The migrated population is engaged in trade, commerce and other services, and is expected to account for 63% of Delhi's population by 2021, widening the market for residential apartments.

Besides, when the Delhi Master Plan is announced, the guidelines for buildings and FAR will be defined, resulting in a clarity that will enable real estate-focused companies like ours to make relevant business-enhancing decisions.

### The Gurgaon factor

Within NCR, CHD expects to focus on

the attractive growth coming out of Gurgaon for some good reasons:

Delhi's population is growing rapidly, there is a dearth of available land and rebuilding conventional structures is prohibited. Within this context, the adjacent township of Gurgaon appears the best option, generally rated as the best residential property opportunity in India on account of growing commercial importance, available land bank, large gated complexes, large hinterland migration and proximity to Delhi.

Over the years, Gurgaon has become increasingly attractive on account of its 'walk-to-work' proposition and self-sustaining infrastructure (social, cultural and retail), without needing to fall back on Delhi.

Avenue-71, CHD's maiden offering in the region, capitalised on these preferences and its 2010-11 offering

was largely absorbed within 24 hours of launch.

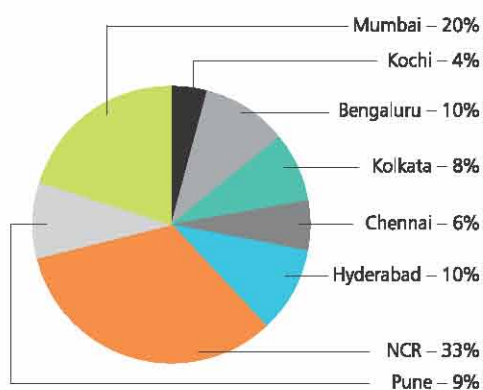
### Segment focus

At CHD, we do not mean everything to every customer type. We are focused on the middle and upper-middle class income segments for some good reasons:

- These income segments will grow rapidly
- Some 70 million new entrants will be a part of India's workforce within the next five years and the working-age population is estimated to rise to 70% of the total population by 2030 -- the largest proportion in any country in the world.

Over the past decade, a number of multinational corporations established their Indian offices in Gurgaon, creating a large population of young and high-salaried Indians. Consequently,

Total construction of realty space 895 million sq. ft. in metro cities according to Eleventh Plan



(Source: Crisil, Five-year Plan)

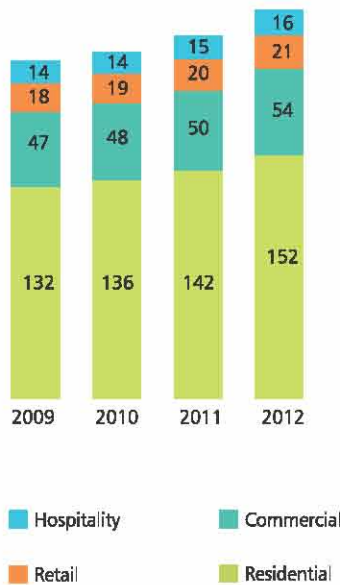
< 3%

India's home loan-to-GDP ratio is lower than that in peer countries - below 3% compared with over 30% in ASEAN

# 40%

27.8% of India's population resided in cities (2001 census) and is expected to rise to 40% by 2020 (Vision 2020 document) with much of the growth concentrated in or around 60 to 70 large Indian cities with populations exceeding a million each.

Real estate demand composition (million sq. ft.)



(Source: Crisil)

Gurgaon emerged as an attractive realty destination addressing the residential needs of a growing middle and upper-middle class.

### Sense of optimism

At CHD, we are optimistic about our prospects for some good sectoral reasons:

- About two-thirds of the housing industry in India is still unorganised, leaving attractive room for organised companies like ours to enhance visibility
- Housing stock was as low as 5 sq. mts per person (in 1999) as against 19 in China and 79 in the USA
- India's home loan-to-GDP ratio is lower than that in peer countries - below 3% compared with over 30% in ASEAN (Source: NCAER; India Banking 2010, a report by McKinsey & Company)
- Urban housing shortage was at 8.89 million units at the beginning of the 10th Plan (2002-07) whilst the cumulative requirement for the same period was placed at 22.44 million units

Besides, there is much to be optimistic about from the social churn presently underway in India:

- India is the second largest country and the youngest in the world. About 60% of the country's population is 29 years or below (47% for China and 42% for the US), which will drive aspirations going ahead

- The Indian middle class (92 million in 2005-06) is expected to grow to 153 million by 2009-10 (Source: NCAER)

- 27.8% of India's population resided in cities (2001 census) and is expected to rise to 40% by 2020 (Vision 2020 document) with much of the growth concentrated in or around 60 to 70 large Indian cities with populations exceeding a million each.

- The relevant population for housing in the age group of 25-44 years is expected to rise from 28% of the country's one billion-plus population in 2005 to 30.6% by 2025 on a larger population base (Source: CRIS INFAC report based on revised UN Population Division 2002 figures).

### Message to shareholders

Following an enhanced focus on format, segment and geography, CHD expects to more than double revenues in 2011-12 at higher profitability, which we expect will not just translate into attractive shareholder value, but create a foundation for sustainable growth.



Q&A

“We did not deploy our precious resources in creating a land bank. This helped us come out of the 2008-09 economic downturn stronger.”

**Mr. Gaurav Mittal**, *Managing Director*, discusses the high points of 2010-11

Were you satisfied with the Company's performance in 2010-11?

The year 2010-11 was a satisfying one for the Company as we more than doubled our revenues over 2009-10, grew EBIDTA 147% and profit after tax 576%. This growth was largely due to the Company's performance in the fourth quarter, the best in its 20-year history of Rs. 8,611 lacs in revenues and net profit of Rs. 344 lacs.

What contributed to this sharp improvement?

One, a revival in the real estate market in Tier-II and III cities and towns resulted in rising Karnal property prices (where the Company is developing an integrated township). On the one hand, the Company marketed 264 residential units during 2010-11 (407 in 2009-10). Besides, average



realisation per sq ft increased by 40% in 2010-11, strengthening revenues.

Two, our new offering (Avenue 71 in Gurgaon) translated into attractive revenues in the last quarter of 2010-11. The Company marketed 449 apartments with an immediate cash inflow of about Rs. 5,600 lacs. As it turned out, 61% of our revenues for the financial year under review were derived from our Karnal project and 35% from Gurgaon.

**This growth was achieved at a time of rising interest rates. To what extent was your Company affected?**

The Company was largely unaffected by the rising interest rate phenomenon for some important reasons: In our business, we are largely funded by periodic installments paid by our customers. During the year under review, we reported a robust cash inflow: 92% of our installments were paid on schedule, which minimised our need to access external working capital. Besides, we resisted the temptation to buy into land banks and this relieved us from the need to mobilise debt. The

result was that we finished the year under review with a gearing of 0.97 and an interest cover of 3.03, indicating our healthy liquidity on the one hand and attractive margins on the other. This indicates that our business is sustainable and should generate value for our shareholders over the coming years. We passed through a test of this business approach during the economic meltdown in 2008-09: We successfully marketed three projects in Karnal and did not stop construction at any of our projects even as the rest of the projects in Karnal were affected.

**What are the other strengths of CHD's business model?**

During the year under review, we climbed the geographic value chain and extended a longstanding presence in Tier-II locations to a Tier-I location for an important reason. During the economic slowdown, demand in Tier-II locations declined as buyers sat on their savings; however, Metro and Tier-I demand declined sharply but recovered faster. As a future focused realty organisation, we considered it

imperative to be present in both locations – one, where demand would be fairly sustained in semi-urban liquid locations and two, where there would always be an undercurrent of robust demand in urban geographies. Going ahead, we expect that these two locations will translate into sustainable and profitable growth at CHD.

**What initiatives by the Company are expected to enhance value?**

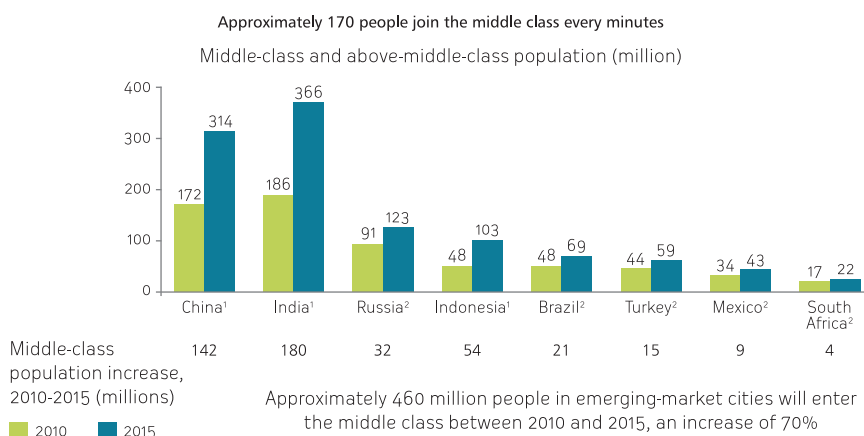
At CHD, we recognise that we are in the business of enhancing shareholder value. One of the biggest impediments to this value creation, especially in our business, is the issue related to transparent accounting. At CHD, we selected the percentage completion method of accounting during 2010-11. Earlier, we accounted for money on a cash basis – whenever it was received from customers. As we graduated to residential property development, we shifted to the percentage completion method - project cost charged according to the proportion of completion and revenue credited correspondingly - to provide

Sources: Economist Intelligence Unit; Brazilian Institute of Geography and Statistics (IBGE); Instituto Nacional de Estadística y Geografía (INEGI); BCG China population and income forecast database, 2010; "The Great Indian Middle Class," National Council of Applied Economic Research (NCAER), 2004; BCG analysis.

<sup>1</sup>Middle-class households are those with annual income exceeding US\$5,000

<sup>2</sup>Middle-class households are those with annual income exceeding US\$10,000

**The middle-class population of emerging-market cities is burgeoning**



shareholders with a fair picture of our financials.

The result is that for the Gurgaon project, the majority of the site development cost was charged to the financial statement of 2010-11. The additional cost for the project will comprise construction and transfer costs of earlier years to be charged in 2011-12, resulting in higher prospective earnings.

### What is the revenue outlook for the Company?

CHD's revenue outlook for 2011-12 is visible and predictable as it will be derived from projects in Gurgaon and Karnal covering 65 acres.

We received the license to develop an additional 23 acres in Karnal, an extension of our residential township project. We expect to complete the sale of the developed land in the first quarter of the current year. We hope to get another license for the extension of township area in the third quarter in 2011-12. My optimism stems from an important reality -- the land parcel is contiguous to our existing development, and our demonstrated

success in the earlier licenses positions us as a preferred developer.

CHD expects to scale its Gurgaon presence. The Company expects to get two licenses under its 100% subsidiaries CHD Blueberry Realtech Pvt. Ltd. & CHD Elite Realtech Pvt. Ltd.

CHD also expects to launch group housing in Vrindavan and Haridwar, reinforcing its position as one of the leading realty developers of North India.

It would be important to explain to our stakeholders that these surpluses will be reinvested into growing the business across more locations through multiple alliances with land owners, resulting in robust revenue engines over the foreseeable future.

### How will you strengthen shareholder return?

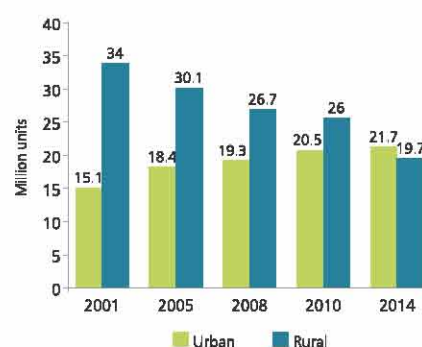
Our focus is to complete and deliver projects undertaken before we add to our project pipeline. This will not only reinforce customer trust but also keep us relatively asset-light over the foreseeable future.

CHD expects to scale its Gurgaon presence. The Company expects to get two licenses under its 100% subsidiaries CHD Blueberry Realtech Pvt. Ltd. & CHD Elite Realtech Pvt. Ltd.

## Urban demand

Rural housing shortage is expected to report a decline even as urban housing shortage rises owing to migration and the incidence of nuclear families. Urban housing shortage is likely to touch 21.7 million units by end 2014.

Housing shortage in India



Source: CRISIL Research



### Realty experience

CHD has a two-decade rich real estate experience comprising the successful completion of residential towers, integrated townships and commercial complexes. About 99% of the Company's 2010-11 turnover was derived from residential complexes.

### Business model

CHD's non-land bank-based business model focuses on timely project turnaround, strengthening its brand.

### Transparency

CHD's transparency in land alliances, project marketing and customer management enhanced trust among land providers and customers.

### Financial position

CHD's de-leveraged financial position (D/E ratio at 0.97 as on March 31, 2011) enhanced its liquidity and sustainability.

### Installments management

CHD engages with its apartment buyers on a regular basis ensuring that its installments are paid on schedule, accelerating project progress without needing to mobilise debt. Nearly 92% of its installments were collected on schedule in 2010-11.

# Pillars of success

### Niche

CHD focuses on growth emerging from the residential segment; the Company services the growing needs of the middle and upper-middle income segments through properties customised around their needs with an attractive value-for-money proposition.

### Direct users

CHD's sales were largely made to direct users, its property valuations being derived from genuine consumption-driven demand.

### Healthy living

CHD properties established a brand for balanced lifestyles, its properties marked by large open areas (more than 80% of property area) and modern amenities (club, theatre, business centre, spa, among others)

### Integration

CHD's construction competence is supported in design capabilities, purchase, contracts, quality control, internal audit, enhancing a culture of professionalism.

### Non-speculative

CHD is a non-speculative real estate company that does not consider it financially prudent to invest in land banks; it created a competence around safe, timely and competent construction-led project delivery instead.

# Management discussion and analysis

## Indian economy

India's gross domestic product (GDP) growth was 8.5% in 2010-11, led by the agriculture and services industries, increasing 5.4% and 9.6% respectively. This resulted in record FII inflows and a revival in domestic investor confidence. Net capital inflows increased US\$ 13.7 billion to reach US\$ 36.7 billion as on March 31, 2010; foreign exchange reserves grew US\$ 20 billion to US\$ 305.49 billion.

Even as the macroeconomic numbers displayed a strong performance, significant volatility was evident not only in the numbers but also in sentiment, primarily driven by global cues and policy responses addressing inflation.

Headline inflation witnessed a relentless rise during the first half of 2010 and remained in double digits for almost five months in 2010. The uneven monsoon during 2009, domestic supply-side constraints coupled with rising food grain and oil prices fuelled inflation in the manufacturing goods

and services sectors.

## Real estate sector

The Indian property sector (estimated at Rs. 70,000 crore) attracted a cumulative foreign direct investment (FDI) worth US\$ 9,405 million from April 2000 to January 2011. The prospects of the industry appear attractive for the following reasons: an increase in the 25-44 age group population and a decline in the average age of a person purchasing a home from about 45 years to 30-36 years. (source: McKinsey); increasing urbanisation and employment opportunities have narrowed down the size of the average household in India to about 4.97 persons per household in 2011 from 5.3 persons in 2001 and government's budgetary support for the sector has increased significantly across five-year plans

## Delhi-NCR real estate

Delhi's population of 13.8 million (2001) is expected to increase to 23 million by 2020, helping grow its real estate sector. National Capital Region (NCR) is expected to dominate nationally, accounting for 60% of India's residential launches in Q32010. The region's real estate economy is catalysed by growth coming out of the software, ITeS, banking, insurance, hospitality and entertainment segments. Gurgaon is a preferred commercial and residential location with in NCR.



## Snapshot

|  | 2010-11 | 2009-10 |
|--|---------|---------|
| Agriculture, forestry and fishing                  | 5.4%    | 0.4%    |
| Mining and quarrying                               | 6.2%    | 6.9%    |
| Manufacturing                                      | 8.8%    | 8.8%    |
| Electricity, gas and water supply                  | 5.1%    | 6.4%    |
| Construction                                       | 8.0%    | 7.0%    |
| Trade, hotels, transport and communication         | 11.0%   | 9.7%    |
| Financing, insurance, realty and business services | 10.6%   | 9.2%    |
| Community, social and personal services            | 5.7%    | 11.8%   |

(Source: Prime Minister's Economic Advisory Council, PMEAC)

# The Indian opportunity

FALL IN DEPENDENCY RATIO, RISING INCOME LEVEL, AND RAPID URBANISATION WILL DRIVE ASPIRATION LEVEL AND STRENGTHEN THE ABILITY TO LEVERAGE AND CONSUME.

## Rising urbanisation

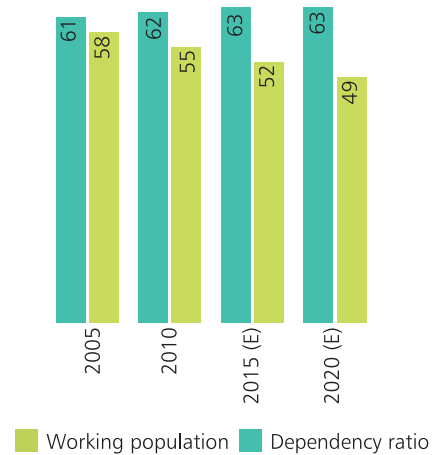
India's urban population at 30% generates about 44% of its income. Estimates suggest that nearly half of India's population (at 530 million or 2x the size of the US population) would be urbanised by 2025.

The annual migration (rural to urban) is likely to persist at 0.35% of the rural population. This will annually add more than 3 million migrants to India's urban population.

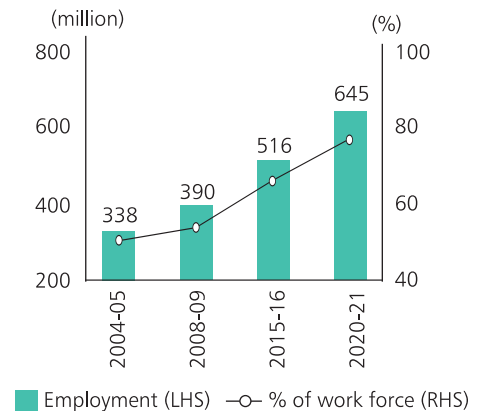
## Working population and dependency ratio

The work force in the IT/ITeS sector is expected to rise from about 2.3 million in 2010 to about 14 million by 2020. Interestingly, for every job created in the IT/ITeS sector, four additional jobs are created in the rest of the economy. Hence, this sector alone could create 55 million indirect jobs by 2020. Besides, financial inclusion and retail penetration has the potential to increase the BFSI employment base to 12 million in 2020 from 3 million in 2010. Besides, the robust industrial growth and thrust on infrastructure is only expected to accelerate the employment generation opportunities going ahead. Of the BRIC countries, India is projected to stay the youngest with its working-age population estimated to rise to 70% of the total demographic by 2030 -- the largest in the world.

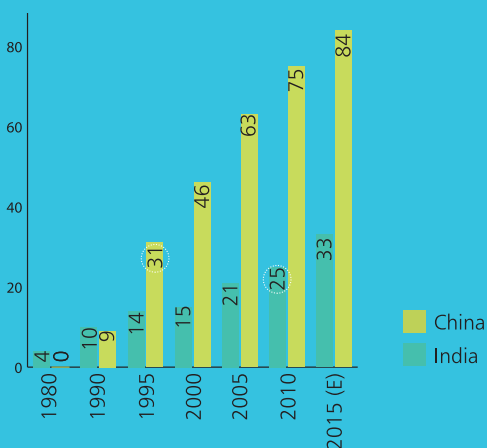
Working population and dependency ratio (%)



Rising employment



India's middle class population is today as large as China's in 1995 (at the beginning of their consumption boom)



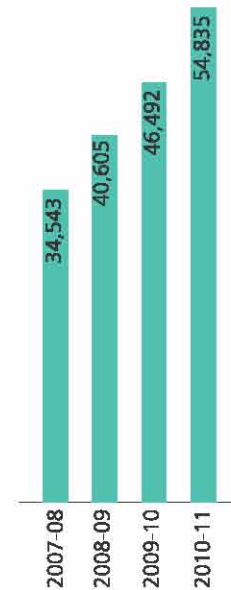
Of the BRIC countries, India is projected to stay the youngest with its working-age population estimated to rise to 70% of the total demographic by 2030 – the largest in the world.

## Rising income

The average Indian is earning more than ever before. This is reflected in increasing salaries and growing per capita income.

According to NCAER, the rich class (households earning > Rs. 17 lacs annually) will touch 33 million people (6.6 million households) by 2015-16, up from the current 16 million people or 3.2 million households. The Indian middle class, (annual family income Rs. 3.4 lacs - Rs. 17 lacs at 2009-10 price levels), is expected to swell up to 267 million people in 5 years, -- a 67% growth -- providing a great opportunity [source: NCAER study].

Per capita income (Rs)



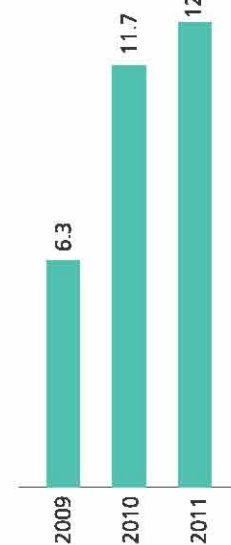
## Today and tomorrow!

As a result, India's middle class households (earning Rs. 150K – 1,000K) is expected to increase from 24% to 40% by 2020 – an increase of 51 million households.

The median annual household income is expected to rise from US\$3,400 to US\$ 8,000 by 2020 which will have a significant impact on consumption patterns.

The number of middle and upper middle class households (income group of US\$3,000 to US\$ 21,000) will increase from 58 million to 110 million by 2020 representing 40% of Indian households.

Average salary increase in India (%)



Interest subvention scheme for home loans was extended till March 2012, providing buyers a 1% interest subsidy for loans upto Rs. 15 lacs, strengthening real estate offtake.

### Today and tomorrow!

| Classification | Income          | Households (%) |            | Household increase/(decrease) |
|----------------|-----------------|----------------|------------|-------------------------------|
|                |                 | FY 2010        | FY 2020    |                               |
| Globals        | 1,000K - 1,500K | 3              | 7          | 4                             |
|                | > 1,500K        | 3              | 9          | 6                             |
| Middle class   | 500K -1,000K    | 9              | 22         | 51                            |
|                | 300K – 500K     | 14             | 29         |                               |
|                | 150K – 300K     | 35             | 59         |                               |
| Aspirers       | 75K – 150K      | 61             | 68         | 7                             |
| Deprived       | < 75K           | 120            | 88         | (32)                          |
| <b>TOTAL</b>   |                 | <b>244</b>     | <b>281</b> |                               |



# Business operations

CHD Developers is engaged in real estate development, primarily for residential purposes, catering to the middle and upper-middle classes. Over the last 20 years, the Company delivered more than 3.52 million sq. ft of residential and commercial space. Being in the business for two decades, the Company emerged as one of North India's leading real estate developers, with a focus on creating landmarks in the Delhi-NCR region.

## Highlights, 2010-11

- Marketed 1.5 million sq. ft in 2010-11
- Marketed the entire residential township inventory in Karnal
- Initiated a residential project in Gurgaon (through its wholly-owned subsidiary CHD Armaan Realtech Private Limited)
- Projects under execution were valued at more than Rs. 750 crore as on March 31, 2011

## 1. Legal function

Every acre of land purchased has a clear title in the Company's name. The 12-member legal team ensures that the Company only purchases land with a clean title and that every land parcel acquired is converted into land fit for realty development before acquisition, making it possible for the project team to initiate timely land development through the following initiatives:

- Conduct a search for the property title from 30-year land records.
- Undertake a legal due diligence to ascertain pending litigation in any district court or village panchayat against the land parcel or land owner
- Adopt the practice to obtain the consent of every title holder in case of multiple ownerships

## 2. Project design

CHD invests its resources in creating an international look at Indian costs, enhancing pride among buyers.

The Company partners with design teams (international and Indian); the former provides an international look, while the latter customises it to the Indian environment. The alliance with the design partners extends to the execution stage against the conventional practice of drawing board assistance. This makes it possible to translate a dream image to ground reality.

The teams invest extensively in design, providing multiple options for every critical segment resulting in timely project execution. The design maximises the utilisation of standard products, minimising wastage. The teams plan for essential services infrastructure (in-building solutions for mobile and DTH operators, among others) at the designing stage.

At CHD, project design also encompasses a concern for the environment. The Company's waste water management system comprises water recycling (100% recycled for purposes other than human consumption). Nearly 10% of the projects energy needs are derived from renewable sources.

## 3. Project management

CHD believes that infrastructure creation should be as disciplined as a manufacturing line, marked by timely project commissioning and closure.

Following project design, the Company selects contractors based on their capability, creates an internal project management team (52 members), covering construction quality, control, costs, safety and environment management.

The team's competence lies in on-time project delivery. A sense of urgency was institutionalised through contracts. Project is implemented by the project development team and not linked to project marketing. About 30% of the Company's business is referral in nature.

In 2010-11, the teams completed the entire project development activities of its prime CHD City, Karnal. It also initiated development of its first Gurgaon project.

## 4. Marketing

CHD believes that 'seeing is believing' and in view of this, markets projects only after work on the project has commenced. The Company markets only small project sections that sustain appetite without affecting realisations. The apartments are marketed through channel partners. The Company prefers to market directly to property users as opposed to apartment investors. In the Avenue 71 Gurgaon project, the Company achieved an 80% first-hand sale. It sold 300 apartments in this project in only three hours of the opening of the booking.

---

## Unique in India's real estate sector

The Company institutionalised a unique Blue Book concept which contains all documents pertaining to the project (title deeds, government clearances, receipts for levies paid to government authorities, among others). Every customer needs to go through the Blue Book before making the purchase, to be completely convinced about the property title.

---

# Financial analysis

## Basis of Accounting

The financial statements were prepared under historical cost convention and on a going concern basis. The revenue recognition method was changed to percentage completion method during the year under review in accordance with Accounting Standard 7 as per Institute of Chartered Accountants of India.

## Revenue

The Company witnessed a historic increase in its revenues by 233% from Rs. 4,132.78 lacs in 2009-10 to Rs. 13,761.37 lacs in 2010-11. The launch of Avenue 71 was one of the primary reasons for this increase, supported by regular cash inflows from its other projects. The Company strategically shifted its focus towards residential projects and townships – catering to high demand from the middle and upper -middle class segments.

## Construction cost

The Company's total construction cost

increased 277 percent from Rs. 2,603.93 lacs in 2009-10 to Rs. 9,822.05 lacs in 2010-11. This was due to faster project execution like Karnal city and the initiation of Avenue 71. This increase was also augmented by rising raw material prices witnessed during the year (like steel and cement, among others).

## Employee cost

Employee cost increased 114.49 percent from Rs. 258.75 lacs in 2009-10 to Rs. 555.02 lacs in 2010-11. The increase was due to increased recruitments during the year, on account of the Company's growing expansion plans. The employees' annual increment was 25 percent for the year 2010-11. The Company's team size grew from 67 in 2009-10 to 125 in 2010-11.

## Advertisement and sales promotion

Advertising and sales promotion expenses grew more than threefold during the year. The Company undertook major steps to sustain its





brand and attract value-added customers through advertising initiatives. Advertisement expenditure grew 227.50% from Rs. 121.33 lacs in 2009-10 to Rs. 397.37 lacs in 2010-11. The launch of Avenue 71 contributed to the increased advertising expenditure.

Sales promotion expenditure increased 32.62% from Rs. 87.28 lacs in 2009-10 to Rs. 115.75 lacs in 2010-11 largely due to increased participation in more realty fairs and seminars.

### Margins

EBIDTA grew 147% from Rs. 599.92 lacs in 2009-10 to Rs. 1,485.64 lacs. During the year under review, net margin increased 230 basis points from 2.22% in 2009-10 to 4.52%. Profit before tax increased 332 basis points from 3.55% in 2009-10 to 6.87%. With expansion projects and increasing cost optimisation, the Company is expected to sustain its margin growth for years to come.

### Capital employed

The Company's capital employed grew 15.75% from Rs. 12,988.54 lacs as on March 31, 2010 to Rs. 15,034.45 lacs as on March 31, 2011. This increase was supported by an increase in

reserves and surplus and a partial increase in debt.

**Equity:** The Company's equity capital comprised 113,295,252 equity shares with a face value of Rs. 2 each. The Company issued 375,588 shares to Company employees pursuant to the ESOP scheme 2007 at a face value of Rs. 2 each. The Company's promoters held a 56.65% stake in the Company.

**Reserves:** Reserves increased 10.10% from Rs. 5,025.35 lacs in 2009-10 to Rs. 5,532.92 lacs in 2010-11. The increase in reserves was on account of ploughing business surplus. Free reserves comprised 56.57% of the Company's total reserves. Return on net worth (RONW) grew 133 bps to 8.34% as on March 31, 2011.

### Borrowed funds

The Company's external borrowing increased 26.89% from Rs. 5,670 lacs as on March 31, 2010 to Rs. 7,194.60 lacs as on March 31, 2011, owing to the purchase of additional land for upcoming projects. The Company's debt-equity ratio weakened from 0.82 in 2009-10 to 0.97 in 2010-11, due to an increase in borrowings of Rs. 910 lacs of unsecured loans.

**Debt cost:** Interest outflow related to bank borrowings declined by Rs. 13.22 lacs on account of faster repayment. The interest payment related to other borrowings increased by Rs. 89.81 lacs on a year-on-year basis due to a change in accounting policies for which the interest was charged to relevant projects.

### Fixed assets

Gross block increased 15.02% from Rs. 1,517.14 lacs as on March 31, 2010 to Rs. 1,745.09 lacs as on March 31, 2011, on account of machinery and equipment purchased. The Company provided depreciation on the straight line method (SLM). Depreciation for the year 2010-11 was Rs. 49.76 lacs against Rs. 39.64 lacs in 2009-10.

### Working capital

The Company's working capital outlay increased 15.85% from Rs. 11,394 lacs as on March 31, 2010 to Rs. 13,200.75 lacs as on 31st March 2011, owing to advances and security deposits. Working capital as a proportion of total capital employed was 87.80% as on March 31, 2011 compared with 87.72% as on March 31, 2010.

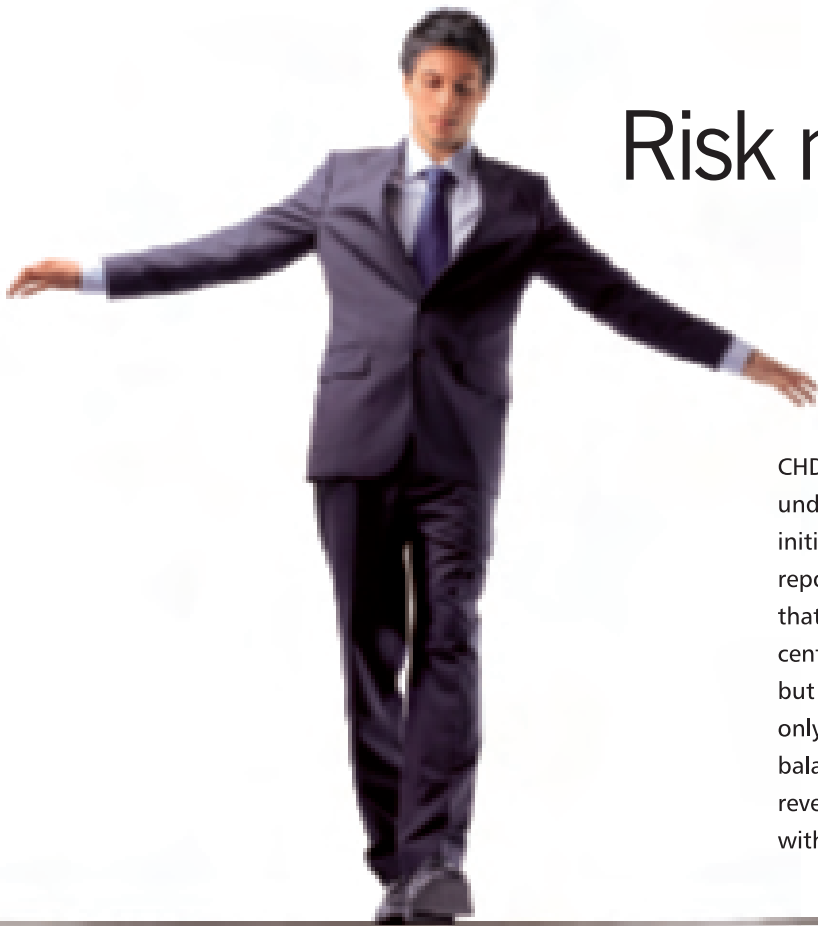
#### Advertisement expenditure

(Rs. lacs)

| 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2010-11       | 2009-10    |
|---------|---------|---------|---------|---------|---------------|------------|
| 3.14    | 34.96   | 306.85  | 121.33  | 397.37  | Current ratio | 4.58 10.82 |

(Rs. in lacs)

| Particulars    | 2010-11  | % of the total | 2009-10  | % of the total | Y-o-Y growth (%) |
|----------------|----------|----------------|----------|----------------|------------------|
| Secured debt   | 5,197.23 | 72.24          | 4,582.80 | 80.82          | 13.41            |
| Unsecured debt | 1,997.37 | 27.76          | 1,087.26 | 19.18          | 83.71            |
| Total          | 7,194.60 | 100            | 5,670.06 | 100            |                  |



# Risk management

CHD's risk mitigation process comprises an understanding of strategy, policy and initiatives, prudent norms, structured reporting and control. This approach ensures that the risk management discipline is centrally initiated by the senior management, but adequately decentralised. As a result, only those business decisions are taken that balance risk and reward, ensuring that revenue-generating initiatives are consistent with the risks taken.



## 1. Interest rate increases could impact business growth

**Mitigation:** The continuous increase in interest rates is likely to impact the growth of all real estate developers as it could increase their borrowing cost on the one hand and increase the cost for buyers opting to purchase through mortgage finance. The Company is in a relatively better industry position as it primarily targets high-salaried executives and the self-employed of the middle and upper-middle class segments. The result: Despite seven rate hikes in 2010-11, the Company's topline grew fourfold over 2009-10.



## 2. Dependence on one region could stagnate growth

**Mitigation:** Nearly 61% of the Company's revenues in 2010-11 were derived from Karnal and 35% from Gurgaon. Rather than extend to different locations and reduce the proportion of revenues derived from each, the Company decided to focus on growth in Gurgaon, a geographical area marked by land availability, growing residential demand and proximity to commercial opportunities. Besides, the Company expects to work on two licenses in the Karnal region contiguous to its existing residential township, develop properties in Haridwar and Mathura and extend to Mumbai in about three years.



**3. A number of Delhi-based realty competitors could affect the Company's viability.**

**Mitigation:** Competition in Gurgaon is reasonably limited, as norms for issuing licenses have become increasingly stringent. The Company's properties are priced attractively compared with peer competition, accelerating offtake. Its prudent locational decision helped enhance property valuation, strengthening its reputation as a wealth creator and attracting more customers for subsequent property tranches. In 2010-11, the Company successfully marketed about 300 apartments of its Gurgaon-based Avenue 71 project in only three hours.



**4. Delayed project completion could affect brand recall and business growth.**

**Mitigation:** CHD invests in comprehensive project management covering design, raw material availability, regulatory clearances, resource mobilisation, sales planning, installment inflows and surplus management. The Company's project management team maintains a stringent project control, ensuring timely project delivery. The Vrindavan project and tranches of the Karnal residential township were completed within the committed timeline.

**Unique in India's real estate sector**

**Despite seven rate hikes in 2010-11, the Company's topline grew four fold over 2009-10.**



**5. Acquiring properties at a fixed price and delivering after a few years' results in cost escalation for the Company**

**Mitigation:** CHD leverages its two decade-rich experience in arriving at cost estimates. It enjoys a prosperous two-decade experience in effective cost management in inflationary environments. The Company's extensive design measures optimised costs without compromising quality. The Company's apartments are designed to permit the use of standard materials, minimising wastage. For bulk material, the Company enters into long-term contracts, minimising cost increases. Timely project implementation minimises the cost escalation. The effectiveness of these measures is evident in the Company's growing profitability.



**6. Inadequate low-cost funds could stagger project implementation and profitability.**

**Mitigation:** The Company focused on a number of initiatives to reduce its need for large funds. It acquires land already converted from agricultural to use for realty creation, making it possible to accelerate project development and marketing. Clean titles to the acquired land facilitate low-cost loan mobilisation and smooth property sale. The Company enjoyed a D/E ratio of 0.97 as on March 31, 2011, which reinforced profitability.

**The Company successfully marketed about**

**300**

**apartments of its Gurgaon-based avenue 71 project in only three hours.**



# DIRECTORS' REPORT

*To the members,*

Your Directors are pleased to present their Twenty First Annual Report together with the Audited Accounts and Financial Statements for the year ended March 31, 2011.

## 1. FINANCIAL RESULTS

The summarised financial results of the Company for the year ended March 31, 2011 are as follows:

|   | Current Year ended<br>March 31, 2011 | Previous Year Ended<br>March 31, 2010 |
|---|--------------------------------------|---------------------------------------|
| Gross receipts                              | 8,866.68                             | 4,067.84                              |
| Profit before tax Depreciation and Interest | 1,334.17                             | 598.51                                |
| Interest                                    | 487.10                               | 413.36                                |
| Depreciation                                | 46.42                                | 39.07                                 |
| Profit before tax                           | 800.65                               | 146.08                                |
| Profit after tax                            | 531.93                               | 91.54                                 |

*(Rupees in Lacs)*

## 2. DIVIDEND

In view of the improved profitability, your Directors are pleased to recommend a dividend of Rs. 0.10 per equity share (5%) on the paid up Equity Share capital of the Company for the financial year ended March 31, 2011. The total payout of the proposed dividend is Rs. 113.30 lacs and for Corporate Dividend Tax is Rs. 18.82 lacs. A motion for the confirmation of the dividend is placed before the shareholders at the Annual General Meeting.

## 3. PERFORMANCE

The financial year 2010-11 was a tremendous year for your Company and it has achieved a fine level of business during this period. Turnover for the year was Rs. 8,866.68 lacs as against Rs. 4,067.84 lacs in the previous year. The net profit (post tax) for the year 2010-11 stood at Rs. 531.93 lacs as against Rs. 91.54 lacs in the previous year recording an increase of 481.09%. The earning per share (EPS) increased to Rs. 0.47, registering a growth of 487.50%.

## 4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr.

Manav Jain, Director of your Company retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment, subject to the approval of shareholders of the Company.

Further during the year Mr. Gaurav Mittal was appointed as Managing Director and Mr. R. K. Mittal has been appointed as Whole Time Director at your approval obtained through postal ballot result of which was declared on February 02, 2011.

## 5. AUDITORS

M/s. Mohan & Mohan, Chartered Accountants, the Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting.

The Auditors have forwarded a certificate under Section 224(1B) of the Companies Act, 1956, to the effect that their reappointment, if made, would be within the limits specified in the said section. The Directors recommend their reappointment. The report of the Auditors is self-explanatory and does not call for any comment.

## 6. CORPORATE GOVERNANCE

Corporate Governance and Management discussion and analysis report are given in Annexure A & B.

## 7. DIRECTORS' RESPONSIBILITY STATEMENT

As required by the provisions of section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.

## 8. SUBSIDIARIES OF THE COMPANY

As on March 31, 2011, the Company had the following subsidiaries, all incorporated in India:

| S. No. | Name of the Company                      | % Holding |
|--------|--|-----------|
| 1.     | Golden Infracon Private Limited          | 100       |
| 2.     | Horizon Realtech Private Limited         | 100       |
| 3.     | Divine Townships Private Limited         | 100       |
| 4.     | CHD Facility Management Private Limited  | 100       |
| 5.     | CHD Retirement Townships Private Limited | 100       |
| 6.     | CHD Armaan Realtech Private Limited      | 100       |
| 7.     | CHD Blueberry Realtech Private Limited   | 100       |
| 8.     | CHD Elite Realtech Private Limited       | 100       |

## 9. FIXED DEPOSITS

Fixed deposits from the public, shareholders and employees

of the Company as on March 31, 2011 stood at Rs. 1,834.61 lacs as against Rs. 931.53 lacs at the close of the preceding financial year. There were unclaimed deposits aggregating Rs. 10,000 pertaining to one depositor as on that date.

## 10. PERSONNEL

The employees at all levels continued to put sincere efforts in the growth of the Company. The employee relations continued to be cordial.

During the year under review, no employee drew remuneration more than the limits specified under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of the Employees) Rules, 1975, as amended and hence is not applicable

### Employee benefits:

#### a. Short-term employee benefits

Short-term employee benefits are recognised in the period during which the services have been rendered.

#### b. Long-term employee benefits

##### i) Defined Contribution plan

Contributions to provident fund are deposited with the appropriate authorities and charged to the Profit and Loss Account on accrual basis.

##### ii) Defined benefit plan

Gratuity – The Company provides for the Gratuity based on actuarial valuation as per the Projected Unit Credit method in accordance with Accounting Standard 15, as applicable, related to employee benefits.

## 11. OTHER INFORMATION

A Statement pursuant to the provisions of Section 217(1) (e) of the Companies Act, 1956 read together with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report in Annexure C.



#### 12. LISTING AT STOCK EXCHANGE

The Equity Shares of the Company continue to be listed on the Bombay Stock Exchange. The annual listing fees for the current year have been paid to the Bombay Stock Exchange.

#### 13. EMPLOYEE STOCK OPTION PLAN-ESOP 2007

The Company has adopted an ESOP Scheme i.e. CHD ESOP 2007 scheme for the benefit of permanent employees of the Company.

The options granted under the scheme would vest over a period of four years and the year under consideration was its fourth year. No employee or Director of the Company has been granted options in excess of 1% of the issued equity share capital of the Company.

Complete details of ESOP Scheme implemented during the year is attached to this report as Annexure 'A-I'.

#### 14. CHANGES IN THE PAID UP SHARE CAPITAL OF THE COMPANY

During the year your Company made an allotment of 375,588 equity shares of Rs. 2 each, at par, to the employees of the Company under CHD ESOP 2007 Scheme.

The paid up capital after taking the effect of changes as above, stood at Rs. 226,590,504 on March 31, 2011 as against Rs. 225,839,328 on March 31, 2010.

#### 15. PARTICULARS REQUIRED AS PER SECTION 212 OF THE COMPANIES ACT, 1956

Ministry of Corporate Affairs, Government of India through circular dated 51/12/2007-CL-III has granted a general exemption to all Companies dispensing with the requirements to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of

Section 212 of the Companies Act, 1956. Accordingly, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary Companies of the Company have been adopted and are made a part of the consolidated financial results of the Company. A statement containing brief financial details of the Company's subsidiaries for the year ended as on March 31, 2011 is included in the Annual Report. The Company will make available the audited annual accounts and related information of the subsidiary companies, on request by any member of the Company. These documents will also be available for inspection during business hours at our Registered Office.

#### 16. SIGNING OF NOTICE, BALANCE SHEET, PROFIT AND LOSS A/C AND DIRECTORS REPORT ETC.

This is to inform you that the Company approved and authenticated its Audited Financial Results for the year ended March 31, 2011 in the Board meeting duly held on May 23, 2011, which is well within the statutory time limits as prescribed in the Companies Act, 1956 and Listing Agreement entered into by the Company with Bombay Stock Exchange, Mumbai.

#### 17. ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the support extended by its employees, bankers, customers and various government agencies. The Board also wishes to thank the shareholders for their unstinted support.

By order of the Board of Directors  
For CHD Developers Limited

Place: New Delhi  
Date: May 23, 2011

R. K. Mittal  
(Chairman)

# CORPORATE GOVERNANCE

## 1. The Corporate Governance Code

The Company recognises the importance of good Corporate Governance, which is the tool of building strong and everlasting beneficial relationship with customers, suppliers, bankers and more importantly with the investors. During the year, the Company adopted Clause 49 of the Listing Agreement, as revised from time to time.

## 2. Board of Directors ("Board")

The strength of the Board on signing of the report comprises of six Directors. The Board of Directors comprises Executive and Non-Executive Directors. There are four Non-Executive Directors and two Executive Directors. The Chairman of the Board is an Executive Director. The Directors are eminently qualified and experienced in business, finance and corporate management.

| S. No. | Name of Director  | Status / Designation                        | Shareholding |
|--------|-------------------|---|--------------|
| 1.     | Mr. R. K. Mittal  | Executive, Chairman and Whole Time Director | 21,583,350   |
| 2.     | Mr. Gaurav Mittal | Executive, Managing Director                | 12,377,200   |
| 3.     | Mr. M. P. Goel    | Non-Executive Director                      | NIL          |
| 4.     | Mr. Manav Jain    | Non-Executive Director                      | NIL          |
| 5.     | Mr. Pran Nath     | Non-Executive Director                      | NIL          |
| 6.     | Mr. M. S. Kapur   | Non-Executive Director                      | NIL          |

Mr. R. K. Mittal and Mr. Gaurav Mittal are related to each other as father and son respectively.

## Board Meetings

The meetings of Board of Directors were held at the Registered Office of the Company. The functions performed by the Board include review of Minutes of Audit Committee Meetings and other Committees of the Board, adoption of quarterly results of the Company and review of Company's operation and performance. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company.

## Number of Board Meetings

During the financial year from April 01, 2010 to March 31, 2011 the Board of Directors met 10 times on the following dates:

| S. No | Date of Meeting   | Board Strength | No. of Directors present |
|-------|-------------------|----------------|--------------------------|
| 1.    | April 06, 2010    | 6              | 5                        |
| 2.    | April 21, 2010    | 6              | 4                        |
| 3.    | May 29, 2010      | 6              | 5                        |
| 4.    | August 13, 2010   | 6              | 5                        |
| 5.    | August 30, 2010   | 6              | 4                        |
| 6.    | October 07, 2010  | 6              | 5                        |
| 7.    | November 15, 2010 | 6              | 5                        |
| 8.    | January 10, 2011  | 6              | 5                        |
| 9.    | February 07, 2011 | 6              | 5                        |
| 10.   | February 10, 2011 | 6              | 5                        |

## Attendance of Directors

| Name of the Director | No. of Board Meetings held | No. of Board Meetings attended | Attendance at the last AGM held on Sept 25, 2010 | No. of Directorships in other Boards as on March 31, 2011 | No. of Memberships in all Committees of the Board as on March 31, 2011 |
|----------------------|----------------------------|--------------------------------|--|---|--|
| 1. Mr. R. K. Mittal  | 10                         | 10                             | Present  | 12  | 2  |
| 2. Mr. Gaurav Mittal | 10                         | 10                             | Present  | 12  | 1  |
| 3. Mr. M. S. Kapur   | 10                         | 7                              | -  | 6   | 0  |
| 4. Mr. M. P. Goel    | 10                         | 6                              | -  | 0   | 3  |
| 5. Mr. Manav Jain    | 10                         | 7                              | -  | 1   | 2  |
| 6. Mr. Pran Nath     | 10                         | 8                              | Present  | 0   | 3  |



### Code of Conduct

A declaration regarding compliance by Board members and Senior Management with the Code of Conduct is annexed herewith as Annexure-A-II.

### 3. Committees of the Board

Non-Executive Directors including the Chairman provide guidance on policy matters as well as in the monitoring actions of operating management.

In conformity with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and the Companies Act, 1956, the composition of these committees of the Board are constituted and reconstituted.

The composition of these Committees is as under:

| Name of Members                   | Various Committees |                                   |                        |
|-----------------------------------|--------------------|-----------------------------------|------------------------|
|                                   | Audit Committee    | Shareholders Grievances Committee | Remuneration Committee |
| Mr. R. K. Mittal, Exe. Director   | No                 | Yes                               | No                     |
| Mr. Gaurav Mittal Exe. Director   | No                 | No                                | No                     |
| Mr. M. S. Kapur Non-Exe. Director | No                 | No                                | No                     |
| Mr. Pran Nath Non-Exe. Director   | Yes                | Yes                               | Yes                    |
| Mr. Manav Jain Non-Exe. Director  | Yes                | No                                | Yes                    |
| Mr. M. P. Goel Non-Exe. Director  | Yes                | Yes                               | Yes                    |

The Company also has a Share Transfer Committee which comprises Mr. R. K. Mittal and Mr. Gaurav Mittal.

### Audit Committee Membership

In conformity with the requirements of Clause 49 of the Listing Agreement read with Section 292 A of the Companies Act, 1956 the strength of the Board as also of the Audit Committee is adequate.

### Broad Terms of Reference of the Audit Committee

The main function of the Audit Committee is to assess and ensure that the financial statements of the Company are correct. It also interacts with the Statutory Auditors before finalisation of Annual Financial Accounts and Reports focusing primarily on Accounting Policies, Compliance of Accounting Standards etc. It also reviews the adequacy of the internal control system on any matter in connection with review of financial reporting systems and control procedures.

During the year from April 01, 2010 to March 31, 2011, the Audit Committee met four times on May 29, 2010, August 13, 2010, November 15, 2010 and February 10, 2011.

Attendance of the Directors in the Audit Committee meetings:

| Name of Directors | Designation | No. of meetings held | No. of meetings attended |
|-------------------|-------------|----------------------|--------------------------|
| 1. Mr. Pran Nath  | Chairman    | 4                    | 4                        |
| 2. Mr. M. P. Goel | Member      | 4                    | 4                        |
| 3. Mr. Manav Jain | Member      | 4                    | 4                        |

### 4. Shareholders Grievances Committee

The Committee comprising the following members of the Board to review shareholder complaints and resolving of the same by Mr. Vishal Rajpal, Compliance Officer of the Company.

| Name of Directors   | Designation | No. of meetings held | No. of meetings attended |
|---------------------|-------------|----------------------|--------------------------|
| 1. Mr. Pran Nath    | Chairman    | 4                    | 4                        |
| 2. Mr. M. P. Goel   | Member      | 4                    | 4                        |
| 3. Mr. R. K. Mittal | Member      | 4                    | 4                        |

Details of Investors/Shareholders Complaint received during the year ended March 31, 2011:

| S. No | Nature of Complaints   | Received   | Disposed   | Pending    |
|-------|--|------------|------------|------------|
| 1.    | Non-receipt of dividend warrant(s)   | NA         | NA         | NA         |
| 2.    | Non-receipt of Share Certificates after transfer/exchange/sub-division/consolidation | Nil        | Nil        | Nil        |
|       | <b>Total</b>   | <b>Nil</b> | <b>Nil</b> | <b>Nil</b> |

Number of shares pending for transfer:

No share(s) was pending for transfer as on March 31, 2011.

### 5. Remuneration Committee

Membership:

| Name of Directors | No. of meetings held | No. of meetings attended |
|-------------------|----------------------|--------------------------|
| 1. Mr. Pran Nath  | 2                    | 2                        |
| 2. Mr. M. P. Goel | 2                    | 2                        |
| 3. Mr. Manav Jain | 2                    | 2                        |

### Remuneration Policy:

The Company follows a market linked policy, which is aimed at enabling the Company to attract and retain the best talent. Compensation is also linked to individual and team performance as they support the achievement of corporate goals. The Company also adopted an Employee Stock Option Plan.

The Company does not pay any remuneration to the Non-Executive Directors of the Company. The Company only paid to Mr. R. K. Mittal, salary of Rs. 2,007,143 only and to Mr.

Gaurav Mittal, a salary of Rs. 1,097,500 and benefits (key man Insurance Policy) which amounts to Rs. 162,406 p.a.

#### Sitting Fees:

No Sitting Fees was paid to Non-Executive Directors for attending the Board meetings.

#### 6. Particulars of the past three AGMs

The details of the past three Annual General Meetings of the Company are given below:

| AGM No. | Year | Venue  | Date          | Time       |
|---------|------|--|---------------|------------|
| 18      | 2008 | Plot No. 10-11, Adayant School, Vasant Kunj, New Delhi -110070 | Sept 27, 2008 | 10:00 A.M. |
| 19      | 2009 | Plot No. 10-11, Adayant School, Vasant Kunj, New Delhi -110070 | Sept 26, 2009 | 10:00 A.M. |
| 20      | 2010 | Plot No. 10-11, Adayant School, Vasant Kunj, New Delhi -110070 | Sept 25, 2010 | 10:00 A.M. |

#### 7. Disclosures

There were no transactions of material nature with promoters, Directors, management, subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large. The relevant disclosures have been given in schedules to the Accounts. No penalties have been imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets for non-compliance by the Company.

#### 8. Means of Communication

- The Company publishes quarterly, half-yearly and annual results as required under the Listing Agreement in the prescribed format. The results are normally published in the Financial Express (Eng.), Jansatta (Hindi), Business Bhaskar (Hindi) and in Economics Times (Eng.). The results are also sent to the Stock Exchange for general information and for putting on their web site. The notice of the AGM is sent to the shareholders well in advance of the AGM. The gist of the notice is also published in newspapers. The Company regularly puts latest information and financial data on Company's website also - [www.chddevelopers.com](http://www.chddevelopers.com)
- Company has not made any presentations to any institutional investors/analysts during the year.
- Management discussion and analysis report forms part of this Annual Report.

#### 9. General Shareholders' Information

##### Annual General Meeting:

Day & Date : Saturday, September 24, 2011  
 Time : 10:00 A.M.  
 Venue : Plot No - 10, 11,  
 Nelson Mandela Road,  
 Vasant Kunj, New Delhi -110070

Dividend Payment Date : Within 30 Days from the date of Annual General Meeting

##### Financial Calendar, Tentative

(April 1, 2011 to March 31, 2012):

|  |  |
|--|--|
| 1 <sup>st</sup> quarter results                              | within 45 days from the end of quarter   |
| 2 <sup>nd</sup> quarter results                              | within 45 days from the end of quarter   |
| 3 <sup>rd</sup> quarter results                              | within 45 days from the end of quarter   |
| 4 <sup>th</sup> quarter results/<br>Annual results (Audited) | within 45 days from the end of quarter/<br>within 60 days from the end of year |

##### Details of Postal Ballot:

Notice of Postal Ballot under Section 192A of the Companies Act, 1956, along with the postal ballot form and a duly stamped reply envelope addressed to the Scrutinizer in relation to the following resolution(s) were dispatched to shareholders on December 30, 2011:

1. Special resolution under Section 372A of the Companies Act, 1956 to make/give, from time to time, any loan(s)/advances/deposits/investments in shares, debentures and/or other securities and to give, on behalf of the Company, any guarantee and/or provide any security in connection with any loan or loans made by any other person to, or to any other persons by, the Companies/Body Corporate(s) which shall be subject to aggregate limit of Rs. 500 crores only.
2. Special resolution under Section 198, Section 269, Section 309, Schedule XIII of the Companies Act, 1956 for appointment of Mr. Gaurav Mittal as Managing Director of the Company with effect from February 02, 2011 for a period of five years at the remuneration, perquisites and other benefits and upon the terms and conditions as set out in the resolution
3. Special resolution under Section 198, Section 269, Section 309, Schedule XIII of the Companies Act, 1956 for appointment of Mr. R. K. Mittal as Whole Time Director of the Company with effect from February 02, 2011 for a period of five years at the remuneration, perquisites and other benefits and upon the terms and conditions as set out in the resolution

The Board of Directors of the Company had appointed Mr. Rajesh Hadda, Practicing Company Secretary, as the Scrutiniser for conducting the Postal Ballot in a fair and transparent manner.

**Voting Pattern:**

| Particulars  | Resolution No. 1 | Resolution No. 2 | Resolution No. 3 |
|--|------------------|------------------|------------------|
| No. of shares representing valid votes received                | 78,749,123       | 78,748,623       | 78,748,623       |
| No. of shares representing invalid votes received and rejected | 21,750           | 22,250           | 22,250           |
| No. of shares in favour of the resolution                      | 78,741,623       | 78,739,123       | 78,739,123       |
| No. of shares against the resolution                           | 7,500            | 9,500            | 9,500            |
| Total No. of shares representing total votes received          | 78,770,873       | 78,770,873       | 78,770,873       |
| % of shares in favour of resolution                            | 99.99%           | 99.99%           | 99.99%           |

The Special Resolution No. 1, 2 and 3 were approved by the members with requisite majority.

**Listing on Stock Exchanges:**

The Equity Shares of the Company as on the date are listed on the Bombay Stock Exchange. The Company confirms that it has paid annual listing fees to the Bombay Stock Exchange.

|                                   |  |
|-----------------------------------|--|
| <b>Name of the Stock Exchange</b> | <b>Bombay Stock Exchange,</b><br>Phiroz Jee Bhoy Towers,<br>Dalal Street, Mumbai-400001<br>Ph: 022-22721234, 22721233<br>Fax: 022-22721919 |
|-----------------------------------|--|

**Stock Code of the Company**

|                 |                        |
|-----------------|------------------------|
| Electronic Mode | INE659B01021           |
| Scrip Name:     | CHD Developers Limited |
| Scrip Code:     | 526917                 |

**Market Price Data: (As obtained from BSE Website)**

| Month & Year    | High Price | Low Price | Close Price |
|-----------------|------------|-----------|-------------|
| April, 2010     | 6.10       | 5.22      | 5.46        |
| May, 2010       | 5.83       | 4.75      | 5.00        |
| June, 2010      | 5.49       | 4.50      | 4.80        |
| July, 2010      | 6.60       | 4.32      | 5.10        |
| August, 2010    | 7.63       | 5.02      | 6.31        |
| September, 2010 | 7.95       | 5.82      | 7.95        |
| October, 2010   | 15.62      | 8.33      | 11.54       |
| November, 2010  | 13.15      | 7.38      | 8.40        |
| December, 2010  | 10.69      | 7.75      | 8.30        |
| January, 2011   | 9.15       | 6.33      | 6.89        |
| February, 2011  | 7.29       | 5.76      | 6.40        |
| March, 2011     | 9.00       | 6.04      | 8.01        |

**Registrar and Share Transfer Agents:**

Skyline Financial Services Pvt. Ltd.  
D-153A, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi -110 020, Ph: 011-30857575

**Share Transfer System:**

The turn around time for completion of transfer of shares in physical mode is generally less than 15 days if the documents are clear in all respects. Shares under demat mode are transferred by the Registrar for this purpose normally within 15 days.

The under noted official of the Company has been designated for speedy redressal of Shareholder's/Investor's requests/queries.

**Compliance Officer:**

Mr. Vishal Rajpal (Chief Financial & Compliance Officer)

**Categories of shareholding as on March 31, 2011**

| S. No | Category   | No. of Shares held | % of Shareholding |
|-------|--|--------------------|-------------------|
| A     | Promoters  | 64,178,748         | 56.65             |
| B     | Non-Promoters Holding  |                    |                   |
|       | a) Mutual Funds & UTI Banks  | 46,500             | 0.04              |
|       | b) Financial Institutions, Insurance Companies<br>(Central/State Govt. institutions/ Non Govt. Institutions) | —                  | —                 |
|       | c) FIIS  | —                  | —                 |
| C     | Others   |                    |                   |
|       | a) Private Corporate Bodies  | 24,478,769         | 21.61             |
|       | b) Indian Public   | 24,084,420         | 21.26             |
|       | c) Any other (NRI/OCBs )   | 506,815            | 0.45              |
|       | <b>Total</b>   | <b>113,295,252</b> | <b>100.00</b>     |



**Distribution of Company's shareholding as on March 31, 2011**

| Range (No. of shares) | No. of shareholders | % of shareholders | Total shares in the range | % of Shares |
|-----------------------|---------------------|-------------------|---------------------------|-------------|
| 1-500                 | 10,440              | 63.27             | 2,576,157                 | 2.27        |
| 501-1000              | 2,894               | 17.54             | 2,626,198                 | 2.32        |
| 1001-2000             | 1,459               | 8.84              | 2,402,649                 | 2.12        |
| 2001-3000             | 582                 | 3.53              | 1,540,590                 | 1.36        |
| 3001-4000             | 203                 | 1.23              | 741,550                   | 0.65        |
| 4001-5000             | 281                 | 1.70              | 1,357,558                 | 1.20        |
| 5001-10000            | 338                 | 2.05              | 2,629,418                 | 2.32        |
| 10001 & above         | 305                 | 1.85              | 99,421,132                | 87.75       |
| <b>Total</b>          | <b>16,502</b>       | <b>100</b>        | <b>113,295,252</b>        | <b>100</b>  |

**Dematerialization of Shares**

At present 99.10% of the Company's shares are held in electronic form. The table herein below gives the break up of the shares in physical and demat form as at March 31, 2011.

|                                       |                    |                |
|---------------------------------------|--------------------|----------------|
| No. of shares in the Physical Segment | 1,023,721          | 0.90%          |
| No. of shares in the De-mat Segment   | 112,271,531        | 99.10%         |
| <b>Total</b>                          | <b>113,295,252</b> | <b>100.00%</b> |

**Address for Correspondence:**

SF-16-17, 1st Floor,  
Madame Bhikaji Cama Bhawan, 11,  
Bhikaji Cama Place,  
New Delhi-110066  
Ph.: 011-40100100 Fax: 011-40100190

**Compliance of non-mandatory requirements**

The Company has adopted the non-mandatory requirements relating to:

- Remuneration Committee

**10. Compliance Certificate from the Auditors**

A Certificate has been obtained from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance and the same is attached to this report.

By order of the Board of Directors  
For CHD Developers Limited

Place: New Delhi  
Date: May 23, 2011

R. K. Mittal  
(Chairman)

**ANNEXURE "A1"**

**Disclosure pursuant to the provisions of Securities and Exchange Board of India, (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999**

**Employee Stock Option Scheme**

|   |  |
|---|--|
| a) Total options offered  | The Company did not offer new options during the year.   |
| b) Options granted  | The Company granted 501,049 Stock Options during the year (each Option carrying entitlement for one equity shares) at a price of Rs. 2 |
| c) The pricing formula  | Rs. 2 face value of equity shares  |
| d) Options vested   | 375,588  |
| e) Options exercised  | 375,588  |
| f) Total No. of shares arising as a result of exercise of options | 375,588  |
| g) Options lapsed   | Nil  |
| h) Variation of terms of options                                  | Nil  |
| i) Money realised by exercisable Options                          | 751,176  |
| j) Total No. of options in force                                  | 5,01,049   |

The Company has received advance against employee stock options equivalent to 10% of the face value i.e. Rs. 2 per share, from all the employees to whom options have been granted and have been availed thereby.

## ANNEXURE "A-II"

### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT WITH THE CODE OF CONDUCT

The Board has adopted the Code of Conduct for Board and Senior Management as recommended by the Corporate Governance. This Code is a comprehensive code applicable to all Directors, Executive as well as Non-Executive members of Senior Management.

A copy of the Code has been put on the Company's website - [www.chddevelopers.com](http://www.chddevelopers.com).

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has

been affirmed by them. A declaration signed by the Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the code of conduct for Board of Directors and Senior Management in respect of the financial year 2010-11.

By order of the Board of Directors  
For CHD Developers Limited

Place: New Delhi  
Date: May 23, 2011

**Gaurav Mittal**  
(Managing Director)

## ANNEXURE "C"

### DISCLOSURE UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

#### 1. CONSERVATION OF ENERGY

##### A. Energy conservation measures taken

The Company continuously endeavours to economise the use of energy and fuel and the Company has taken steps to install energy efficient equipments.

B. Additional investments and proposals, if any, being implemented for reduction of consumption of energy. The Company continuously endeavors to economise the use of energy and fuel. However no specific proposals are being implemented.

C. Impact of measures at (a) and (b) above for reduction of energy consumption and consequently impact on the cost of production of goods.

Sincere efforts to conserve energy are a continuous exercise the impact thereof has not been quantified.

D. Total energy consumption and energy consumption per unit of production as per form A of Annexure in respect of industries specified in schedule thereto.

Your Company continuously strives to economise the use of energy and fuel. Necessary particulars as required by rules in respect of energy consumption at restaurant-cum-bar are given in Form A.

#### 2. TECHNOLOGY ABSORPTION

##### A. Research and Development

In view of the nature of business of the Company, the required information in the prescribed format is considered to be not applicable to the Company.

B. Technology Absorption: Nil

#### 3. FOREIGN EXCHANGE

EARNING- NIL  
OUTGO- Rs. 1,493,674

### Form A

#### A. POWER & FUEL CONSUMPTION

(Amount in Rupees)

| 1. Purchase                 | Current year      | Previous year   |
|-----------------------------|-------------------|-----------------|
| <b>a) Electricity</b>       |                   |                 |
| Units                       | 349,549           | 262,506         |
| Total Amount (Rs.)          | 1,807,169         | 1,470,033       |
| Rate per unit (Rs.)         | 5.17 unit         | 5.60 unit       |
| <b>b) Coal (Charcoal)</b>   |                   |                 |
| Quantity (in Kg)            | 20,238            | 32,388          |
| Total Cost (Rs.)            | 445,841           | 551,241         |
| Average Rate (Rs.)          | 22.03 kg          | 17.02 kg        |
| <b>c) Others (LPG)</b>      |                   |                 |
| Quantity (No. of cylinders) | 330               | 324             |
| Total Cost (Rs.)            | 339,537           | 309,552         |
| Average Rate (Rs.)          | 1,028.53 cylinder | 955.41 cylinder |

# AUDITOR'S REPORT ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members  
CHD Developers Limited,

We have examined the compliance of conditions of Corporate Governance by CHD Developers Limited for the year ended March 31, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange.

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

We have conducted review on the basis of the relevant records and documents maintained by the Company and furnished to us for review and the information and explanations given to us by the Company and the representations made by the Directors and the Management. Based on such review, in our opinion, the Company has complied with the conditions of Clause 49 of the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended March 31, 2011 no investor grievance is pending against the Company for a period exceeding one month, as per the records placed before the shareholder/ Investor Grievance Committee.

We further 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 Mohan & Mohan  
Chartered Accountants  
(Firm Regn. No. -002612N)

Place: New Delhi  
Dated: May 23, 2011

CA. Adarsh Mohan  
Partner  
Membership No. 81491



## CEO/CFO CERTIFICATION

### CEO/CFO certification, issued in terms of clause 49 (V) of the listing Agreement

To,  
The Board of Directors,  
CHD Developers Limited

Sub: CEO/CFO Certificate

Dear Sirs,

1. We have reviewed financial statements (Consolidated and unconsolidated) read with cash flow statement for the year ended March 31, 2011 and certify that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:
  - (b) 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.
2. We further certify that to the best of our knowledge and belief no transactions have been entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have:
  - a) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles.
  - b) Evaluated the effectiveness of the Company's disclosure, controls and procedures.
  - c) Disclosed in the report any changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected or is reasonable likely or materially affect the Company's internal control over financial reporting.
4. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions):
  - a) All deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
  - b) Significant changes in internal controls, if any, during the year covered by this report.
  - c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
  - d) Instances of significant fraud of which we are aware that involve management or other employees who have a significant role in the Company's internal control system.
5. We further declare that all Board members and senior management personnels have affirmed compliances with the code of conduct for current year.

**Vishal Rajpal**  
*Chief Financial officer*

Place: New Delhi  
Dated: May 23, 2011

**Gaurav Mittal**  
*Managing Director*

# AUDITOR'S REPORT

To  
The Members  
CHD Developers Limited

1. We have audited the attached Balance Sheet of CHD Developers Limited as at March 31, 2011, Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards Generally Accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the Accounting Principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditors' Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such examination of the books and records of the Company as we considered appropriate and information and explanations given to us during the course of audit. We enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from party, the directors as on March 31, 2011 and taken on record by the Board of Directors. We report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles Generally Accepted in India;
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011.
  - ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date and.
  - iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For & On behalf of  
**Mohan & Mohan**  
Chartered Accountants  
(Firm Regn. No.-002612N)

**Adarsh Mohan**  
Partner

Place: New Delhi  
Dated: May 23, 2011

Membership No. 81491



## ANNEXURE TO AUDITORS' REPORT

Statement referred to in Paragraph 3 of our report of even date on the accounts of CHD Developers Ltd. for the year ended as on March 31, 2011

1. In respect of its Fixed Assets:
  - A. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - B. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
  - C. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its Inventories:
  - A. As explained to us the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion the frequency of such verification is reasonable.
  - 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 the nature of its business.
  - C. The Company has maintained proper records of inventory. As explained to us there were no material discrepancies noticed on physical verification of inventories as compared to book records.
3. In respect of loans secured or unsecured granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - A. The Company has granted Unsecured Loan to Nine parties. At the year end the outstanding balance of such loan granted was Rs. 2243.27 Lacs and the maximum amount involved during the year was Rs. 2603.91 lacs.
  - B. In our opinion and according to the information and explanations given to us the rate of interest, if applicable and other terms and conditions are not prima-facie prejudicial to the interest of the Company:
    - a. The loan granted by the Company is interest free and the principal amount is repayable on demand
    - b. Since the loans granted by the Company are repayable on demand, no question of overdue amounts arises.
    - c. The Company has not taken any Unsecured Loans from parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods. Further in our opinion there is no continuing failure to correct major weaknesses in the internal control.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
  - A. In our opinion and according to the information and explanations given to us, the transaction made in pursuance of such contracts or arrangements, that needed to be entered in the register maintained U/s 301 of the Companies Act, 1956 has been so entered.
  - B. In our opinion and according to the information and explanations given to us, the transaction made in pursuance of such contracts or arrangements entered in the Register maintained U/s 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of each party during the year, if any, have been made at prices which appear reasonable as per information available with the Company.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58 A, 58 AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
7. In our opinion the Company has an internal audit system commensurate with the size and the nature of its business.
8. According to information and explanations given to us, the Company is not required to maintain cost records prescribed by Central Government under clause (d) of sub section (1) of section 209 of the Companies Act, 1956.
9. In respect of statutory dues:
  - A. According to the information and explanations given to us and the books and records examined by us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess and any other statutory dues applicable to it with the appropriate authorities.
  - B. According to the information and explanations given to

us, no undisputed amounts payable in respect of Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess and any other statutory dues were outstanding at the year ended for a period of more than six months from the date they became payable.

a) According to the information and explanation given to us there are no dues outstanding of Sales Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty and Cess on account of any dispute, other than the following:

| Particulars             | Nature of the dues                          | Amount (Rs. in Lacs) | Forum where dispute is pending                                    |
|-------------------------|---|----------------------|---|
| Income Tax Act, 1961    | Additional income tax Demand, A.Y.-2006-07  | 60.38                | Income Tax Appellate Tribunal, New Delhi                          |
| Income Tax Act, 1961    | Additional income tax Demand, A.Y.-2007-08  | 239.31               | Income Tax Appellate Tribunal, New Delhi                          |
| Income Tax Act, 1961    | Additional income tax Demand, A.Y.- 2008-09 | 183.69               | Commissioner of Income tax, (Appeal), Range-6, New Delhi          |
| UP. Sales Tax Act, 1948 | Additional Sales tax, Demand, A.Y.-2005-06  | 10.04                | Addl. Commissioner Grade-2 (Appeal) Sales tax, Mathura. Range - 4 |
| UP. Sales Tax Act, 1948 | Additional Sales tax, Demand, A.Y.-2005-06  | 11.74                | Addl. Commissioner Grade-2 (Appeal) Sales tax, Mathura. Range - 4 |

10. The Company does not have accumulated losses as at the end of the year and the Company has not incurred any cash loss during the current year.
11. Based on our audit procedures and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to any Financial Institution or any Bank, during the year.
12. In our opinion and according to the information and explanations given 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. According to the information and explanations given to us the Company is not a Chit Fund/Nidhi/ Mutual Benefit Society. Hence, the requirements of item (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares or other securities except the investment made in the equity shares of the Subsidiary Companies/Group Companies and share application money in other Companies. All the shares are held by the Company in its own name except minimum one equity share in subsidiary Companies are in the name of nominee.
15. According to the information and explanations given to us, the Company has given corporate guarantee to the extent of Rs. 3055.08 Lacs for loan taken by others, from Banks and Financial Institutions and the terms and conditions are not prime facie prejudicial to the interest of the Company.
16. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion term loans availed by the Company have been prima-facie

applied during the year for the purpose for which the loans were obtained.

17. According to the information and explanations given to us, there are no fund raised on a short-term basis which has been used for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment to the parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures. Hence the requirements of clause (xix) of paragraph 4 of the Order are not applicable to the Company.
20. The Company has not raised any Capital through public issue during the year. However, the Company has issued 3,75,588 Equity Shares through Employee Stock Option Scheme. According to the information and explanations given to us, the amount has been prima-facie used for the purpose for which it was raised, if any.
21. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year.

For & On behalf of  
**Mohan & Mohan**  
*Chartered Accountants*  
(Firm Regn. No.-002612N)

Place: New Delhi  
Dated: May 23, 2011

**Adarsh Mohan**  
*Partner*  
Membership No. 81491



## BALANCE SHEET as on 31.03.2011

(Amount in Rupees)

| Particulars                                 | Schedule | 31.03.2011  |                      | 31.03.2010  |                      |
|---|----------|-------------|----------------------|-------------|----------------------|
| <b>SOURCES OF FUNDS</b>                     |          |             |                      |             |                      |
| <b>Shareholders' Funds</b>                  |          |             |                      |             |                      |
| Share Capital                               | A        | 226,690,734 |                      | 225,914,446 |                      |
| Reserve & Surplus                           | B        | 545,129,581 | 771,820,315          | 503,337,881 | 729,252,327          |
| <b>Loan Funds</b>                           |          |             |                      |             |                      |
| Secured Loans                               | C        | 293,813,906 |                      | 458,280,504 |                      |
| Unsecured Loans                             |          | 193,321,889 | 487,135,795          | 107,840,944 | 566,121,448          |
| Deferred Tax Liabilities (Net)              |          |             | 3,915,098            |             | 3,603,460            |
| <b>Total</b>                                |          |             | <b>1,262,871,208</b> |             | <b>1,298,977,235</b> |
| <b>APPLICATION OF FUNDS</b>                 |          |             |                      |             |                      |
| <b>Fixed Assets</b>                         |          |             |                      |             |                      |
| Gross Block                                 |          | 163,604,481 |                      | 150,637,321 |                      |
| Less : Depreciation                         | D        | 23,907,383  |                      | 19,768,111  |                      |
| Net Block                                   |          |             | 139,697,098          |             | 130,869,210          |
| Investments                                 | E        |             | 21,899,990           |             | 23,399,990           |
| <b>Current Assets, Loans &amp; Advances</b> |          |             |                      |             |                      |
| Inventories                                 | F        | 612,940,421 |                      | 716,714,551 |                      |
| Sundry Debtors                              |          | 151,212,720 |                      | 209,361,416 |                      |
| Cash & Bank Balances                        |          | 123,554,150 |                      | 42,460,897  |                      |
| Loans & Advances                            |          | 412,354,601 | 1,300,061,892        | 258,314,414 | 1,226,851,278        |
| <b>Current Liabilities &amp; Provisions</b> |          |             |                      |             |                      |
| Current Liabilities                         | G        | 157,164,240 |                      | 75,975,171  |                      |
| Provisions                                  |          | 41,704,949  | 198,869,189          | 6,330,905   | 82,306,076           |
| Net Current Assets                          |          |             | 1,101,192,703        |             | 1,144,545,202        |
| <b>Miscellaneous Expenditure</b>            |          |             |                      |             |                      |
| (To The extent not W/off or adjusted)       | H        |             | 81,417               |             | 162,833              |
| <b>Total</b>                                |          |             | <b>1,262,871,208</b> |             | <b>1,298,977,235</b> |
| Significant Accounting policies             | N        |             |                      |             |                      |
| Notes on Account                            | O        |             |                      |             |                      |

Note: The Schedules referred to above are integral part of Balance Sheet

As per our report of even date attached

For **Mohan & Mohan**  
Chartered Accountants  
(Firm Regn. No.: 002612N)

For and on behalf of the Board of Directors

**Adarsh Mohan**  
Partner  
Membership No.: 81491

**R. K. Mittal**  
Chairman

**Gaurav Mittal**  
Managing Director

Place : New Delhi  
Dated : May 23, 2011

**Vishal Rajpal**  
Chief Financial Officer

**Ritu Goyal**  
Company Secretary

## PROFIT AND LOSS ACCOUNT for the year ended 31.03.2011

| Particulars                                | Schedule | (Amount in Rupees) |                    |
|--|----------|--------------------|--------------------|
|  |          | 31.03.2011         | 31.03.2010         |
| <b>INCOME</b>                              |          |                    |                    |
| Sale & Other Receipts                      | I        | 881,374,756        | 401,267,712        |
| Wine & liquor                              |          | 5,695,843          | 5,490,852          |
| Increase/(Decrease) in Stock               |          | (402,648)          | 25,048             |
| <b>Total Income (A)</b>                    |          | <b>886,667,951</b> | <b>406,783,612</b> |
| <b>EXPENDITURE</b>                         |          |                    |                    |
| Construction Expenses                      |          | 614,603,089        | 260,393,249        |
| Consumption of provisions                  | J        | 6,680,193          | 6,983,138          |
| Administrative & Other Expenses            | K        | 94,215,643         | 46,923,993         |
| Selling Expenses                           | L        | 34,565,558         | 29,190,078         |
| Financial Expenses                         | M        | 48,710,386         | 41,336,489         |
| Directors' Remuneration                    |          | 3,104,643          | 3,360,000          |
| Depreciation                               |          | 4,642,040          | 3,907,044          |
| Miscellaneous Exp. W/off                   |          | 81,416             | 81,416             |
| <b>Total Expenditure (B)</b>               |          | <b>806,602,968</b> | <b>392,175,407</b> |
| <b>Profit before Tax (A - B)</b>           |          | <b>80,064,983</b>  | <b>14,608,205</b>  |
| Less: Provision for Taxation               |          |                    |                    |
| - Income Tax                               |          | 26,465,589         | 5,133,415          |
| - Wealth Tax                               |          | 95,038             | -                  |
| - Deferred Tax                             |          | 311,638            | 320,995            |
| <b>Net Profit/Loss after Dep.&amp; Tax</b> |          | <b>53,192,718</b>  | <b>9,153,795</b>   |
| Balance Brought Forward                    |          | 264,822,722        | 255,668,927        |
| <b>Profit available for appropriation</b>  |          | <b>318,015,440</b> | <b>264,822,722</b> |
| Proposed Dividend                          |          | 11,329,525         | -                  |
| Dividend Distribution tax                  |          | 1,881,834          | -                  |
| <b>Balance Carried to Balance sheet</b>    |          | <b>304,804,081</b> | <b>264,822,722</b> |
| Earning Per Share                          |          |                    |                    |
| Basic                                      |          | 0.47               | 0.08               |
| Diluted                                    |          | 0.47               | 0.09               |
| Significant Accounting Policies            | N        |                    |                    |
| Notes on Account                           | O        |                    |                    |

**Note:** The Schedules referred to above are integral part of Profit and Loss Account

As per our report of even date attached

For **Mohan & Mohan**  
Chartered Accountants  
(Firm Regn. No.: 002612N)

For and on behalf of the Board of Directors

**Adarsh Mohan**  
Partner  
Membership No.: 81491

**R. K. Mittal**  
Chairman

**Gaurav Mittal**  
Managing Director

Place : New Delhi  
Dated : May 23, 2011

**Vishal Rajpal**  
Chief Financial Officer

**Ritu Goyal**  
Company Secretary

## SCHEDULES TO THE ACCOUNTS as on 31.03.2011

(Amount in Rupees)

| Particulars   | 31.03.2011         | 31.03.2010         |
|---|--------------------|--------------------|
| <b>Schedule A SHARE CAPITAL</b>   |                    |                    |
| <b>Authorised</b>   |                    |                    |
| 117500000 Equity Shares (Pr.Yr.117500000) of Rs. 2/- each                 | 235,000,000        | 235,000,000        |
| <b>Issued, Subscribed &amp; Paid-Up Share Capital</b>                     |                    |                    |
| (113295252 Equity Shares (Pr.Yr.112919664) of Rs. 2/- each fully paid up) | 226,590,504        | 225,839,328        |
| Advance against Employees Stock Options (Refer Note No. 18 in Schedule O) | 100,230            | 75,118             |
| <b>Total</b>  | <b>226,690,734</b> | <b>225,914,446</b> |

|  |             |                    |             |                    |
|--|-------------|--------------------|-------------|--------------------|
| <b>Schedule B RESERVE &amp; SURPLUS</b>          |             |                    |             |                    |
| General Reserve                                  |             | 50,000             |             | 50,000             |
| Capital Reserve                                  |             | 34,871,155         |             | 34,871,155         |
| Profit & loss A/c                                |             | 304,804,081        |             | 264,822,722        |
| Share premium A/c                                |             |                    |             |                    |
| Opening Balance                                  | 162,797,312 |                    | 119,550,893 |                    |
| Add: During the Year                             | 1,398,928   | 164,196,240        | 43,246,419  | 162,797,312        |
| Forfeit of Advance Against Share Warrants & ESOP |             | 40,055,692         |             | 40,055,692         |
| Employees Stock Options Outstanding              |             | 2,304,825          |             | 1,398,928          |
| Less: Deferred Employee Compensation             |             | (1,152,413)        |             | (657,928)          |
| <b>Total</b>                                     |             | <b>545,129,581</b> |             | <b>503,337,881</b> |

|  |  |                    |  |                    |
|--|--|--------------------|--|--------------------|
| <b>Schedule C LOAN FUNDS</b>   |  |                    |  |                    |
| <b>A. Secured Loans</b>  |  |                    |  |                    |
| a) Secured against Vehicles  |  | 2,928,130          |  | 4,139,698          |
| b) i. Bank of Baroda Term Loan (Secured by equitable mortgage of Land and Building situated at Vrindavan, UP and personnel guarantee of two directors)                                       |  | 31,880,000         |  | 53,128,000         |
| ii. HUDCO Term Loan (Secured against equitable mortgage of land and building and hypothecation of moveables situated at Sector-45, Karnal, Haryana and personnel guarantee of two directors) |  | 198,974,363        |  | 312,692,207        |
| iii. Term Loans/ Overdraft from Axis Bank Ltd. (Secured by equitable mortgage of Land & Building at Vikaspuri, New Delhi and personnel guarantee of two directors)                           |  | 57,231,281         |  | 84,497,644         |
| iv. Interest Accrued but not due   |  | 2,800,132          |  | 3,822,955          |
| <b>Total</b>   |  | <b>293,813,906</b> |  | <b>458,280,504</b> |
| <b>B. Unsecured Loans</b>  |  |                    |  |                    |
| a) Public Deposits   |  | 183,461,000        |  | 93,153,000         |
| b) Other Loans & Advances  |  | 1,755,593          |  | 11,026,238         |
| c) Interest Accrued but not Due  |  | 8,105,296          |  | 3,661,706          |
| <b>Total</b>   |  | <b>193,321,889</b> |  | <b>107,840,944</b> |

| <b>Schedule D FIXED ASSETS</b> |                    |                          |                               |                    |                   |                  |                               |                   |                    |                    |
|--------------------------------|--------------------|--------------------------|-------------------------------|--------------------|-------------------|------------------|-------------------------------|-------------------|--------------------|--------------------|
| Particulars                    | GROSS BLOCK        |                          |                               |                    | DEPRECIATION      |                  |                               |                   | NET BLOCK          |                    |
|                                | As on 01.04.2010   | Addition during the year | Sales/Adjust. during the year | As on 31.03.2011   | As on 01.04.2010  | For the period   | Sales/Adjust. during the year | As on 31.03.2011  | As on 31.03.2011   | As on 31.03.2010   |
| Plant & Machinery              | 9,483,813          | 1,835,651                | –                             | 11,319,464         | 3,781,085         | 499,240          | –                             | 4,280,327         | 7,039,138          | 5,702,728          |
| Furniture & Fixture            | 11,348,214         | 2,520,310                | –                             | 13,868,524         | 3,673,577         | 745,256          | –                             | 4,418,832         | 9,449,692          | 7,674,637          |
| Vehicles                       | 21,338,153         | 4,583,406                | 1,463,791                     | 24,457,768         | 6,131,848         | 2,126,153        | 502,770                       | 7,755,231         | 16,702,537         | 15,206,305         |
| Office Equipment & Machinery   | 8,254,007          | 5,029,374                | –                             | 13,283,381         | 2,602,813         | 1,146,148        | –                             | 3,748,962         | 9,534,419          | 5,651,194          |
| Building                       | 99,611,193         | –                        | –                             | 99,611,193         | 3,274,735         | –                | –                             | 3,274,735         | 96,336,458         | 96,336,458         |
| Computer                       | 601,940            | 462,211                  | –                             | 1,064,151          | 304,053           | 125,243          | –                             | 429,296           | 634,855            | 297,887            |
| <b>Grand Total</b>             | <b>150,637,320</b> | <b>14,430,952</b>        | <b>1,463,791</b>              | <b>163,604,481</b> | <b>19,768,112</b> | <b>4,642,040</b> | <b>502,770</b>                | <b>23,907,383</b> | <b>139,697,098</b> | <b>130,869,208</b> |
| Previous Year                  | 167,135,457        | 31,130,516               | 47,628,652                    | 150,637,321        | 16,883,619        | 3,907,044        | 1,022,552                     | 19,768,111        | 130,869,208        | 150,251,838        |



## SCHEDULES TO THE ACCOUNTS as on 31.03.2011

(Amount in Rupees)

| Particulars  | 31.03.2011        | 31.03.2010        |
|--|-------------------|-------------------|
| <b>Schedule E INVESTMENT (at Cost)</b>                                       |                   |                   |
| <b>Long term, Unquoted and Trade Investments</b>                             |                   |                   |
| <b>Subsidiary Companies (Holding 100%)</b>                                   |                   |                   |
| CHD Retirement Townships Pvt. Ltd.   | 100,000           | 100,000           |
| Golden Infracon Pvt. Ltd.  | 100,000           | 100,000           |
| Horizon Realtech Pvt. Ltd.   | 100,000           | 100,000           |
| CHD Armaan Realtech Pvt. Ltd.  | 100,000           | 100,000           |
| CHD Blueberry Realtech Pvt. Ltd.   | 100,000           | 100,000           |
| CHD Elite Realtech Pvt. Ltd.   | 100,000           | 100,000           |
| CHD Facility Management Pvt. Ltd.  | 100,000           | 100,000           |
| Divine Townships Pvt. Ltd.<br>(Equity Shares of Rs. 10/- each fully paid up) | 100,000           | 100,000           |
| <b>Current unquoted investments</b>  |                   |                   |
| CHD Agro Products Pvt. Ltd. (Holding 49.99%)                                 | 49,990            | 49,990            |
| Share Application Money (Others)   | 21,050,000        | 22,550,000        |
| <b>Total</b>   | <b>21,899,990</b> | <b>23,399,990</b> |

### Schedule F CURRENT ASSETS, LOANS & ADVANCES

|   |                      |                      |
|---|----------------------|----------------------|
| <b>A. Current Assets</b>  |                      |                      |
| <b>1. Inventory</b>   |                      |                      |
| a. Work in Progress (Vrindavan)                                   | -                    | 120,988,795          |
| b. Work in Progress (Karnal Project)                              | 497,457,858          | 584,507,111          |
| c. Finished Stock (Units in Hand)                                 | 115,482,563          | 11,218,645           |
| <b>Total (A)</b>  | <b>612,940,421</b>   | <b>716,714,551</b>   |
| <b>2. Sundry Debtors : (Unsecured Considered good)</b>            |                      |                      |
| a) Due for a period exceeding six months                          | 37,803,180           | 60,358,196           |
| b) Others   | 113,409,540          | 149,003,220          |
| <b>Total (B)</b>  | <b>151,212,720</b>   | <b>209,361,416</b>   |
| <b>3. Cash &amp; Bank Balances</b>                                |                      |                      |
| a) Cash in Hand   | 4,183,460            | 1,372,220            |
| b) Balances with scheduled Banks                                  |                      |                      |
| i) In Current Accounts  | 52,196,822           | 13,806,300           |
| ii) In Fixed Deposit Accounts (including interest Accrued on FDR) | 67,173,868           | 27,282,377           |
| <b>Total (C)</b>  | <b>123,554,150</b>   | <b>42,460,897</b>    |
| <b>B. Loans &amp; Advances</b>                                    |                      |                      |
| 1. a) Loans to Subsidiary Companies                               | 215,827,479          | 7,664,983            |
| b) Other Loan & Advances  | 156,581,132          | 239,766,851          |
| 2. Advance Recoverable in Cash/Kind for the value to be received  | 39,945,990           | 10,882,580           |
| <b>Total (D)</b>  | <b>412,354,601</b>   | <b>258,314,414</b>   |
| <b>Total (A + B + C + D)</b>                                      | <b>1,300,061,892</b> | <b>1,226,851,278</b> |

### Schedule G CURRENT LIABILITIES & PROVISIONS

|                                   |                    |                   |
|-----------------------------------|--------------------|-------------------|
| <b>A. Current Liabilities</b>     |                    |                   |
| 1) Sundry Creditors               | 14,742,746         | 39,418,839        |
| 2) Expenses Payable               | 106,495,424        | 10,030,655        |
| 3) Security Deposits (Refundable) | 10,710,192         | 9,534,334         |
| 4) Advance against Projects       | 23,648,000         | 16,991,343        |
| 5) Stale Cheques                  | 1,567,877          | -                 |
| <b>Total</b>                      | <b>157,164,240</b> | <b>75,975,171</b> |
| <b>B. Provisions</b>              |                    |                   |
| 1) For Income Tax                 | 26,465,589         | 5,133,415         |
| 2) For Gratuity                   | 1,367,099          | 1,197,490         |
| 3) For Leave Encashment           | 565,864            | -                 |
| 4) Proposed Dividend              | 11,329,525         | -                 |
| 5) Dividend Distribution tax      | 1,881,834          | -                 |
| 6) Wealth Tax                     | 95,038             | -                 |
| <b>Total</b>                      | <b>41,704,949</b>  | <b>6,330,905</b>  |

## SCHEDULES TO THE ACCOUNTS as on 31.03.2011

(Amount in Rupees)

| Particulars                                 | 31.03.2011    | 31.03.2010     |
|---|---------------|----------------|
| <b>Schedule H MISCELLANEOUS EXPENDITURE</b> |               |                |
| (To the extent not W/off or adjusted)       |               |                |
| Balance Brought forward                     | 162,833       | 244,249        |
| Less: Written off during the year           | (81,416)      | (81,416)       |
| <b>Total</b>                                | <b>81,417</b> | <b>162,833</b> |

|  |                    |                    |
|--|--------------------|--------------------|
| <b>Schedule I SALES &amp; OTHER RECEIPTS</b> |                    |                    |
| 1) Sales                                     | 864,789,960        | 388,046,274        |
| 2) Other Receipts                            | 16,584,797         | 13,221,438         |
| <b>Total</b>                                 | <b>881,374,756</b> | <b>401,267,712</b> |

|  |                  |                  |
|--|------------------|------------------|
| <b>Schedule J CONSUMPTION OF PROVISION</b> |                  |                  |
| 1) Provisions, Beverages and Smokes        | 5,968,616        | 5,877,838        |
| 2) Wine & Liquor                           | 711,578          | 1,105,300        |
| <b>Total</b>                               | <b>6,680,193</b> | <b>6,983,138</b> |

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Schedule K ADMINISTRATIVE &amp; OTHER EXPENSES</b> |                   |                   |
| Salaries, Bonus & Other Perquisites                   | 47,824,913        | 22,476,351        |
| Employee Welfare                                      | 2,260,564         | 1,038,842         |
| Employee Compensation Exp.                            | 1,810,341         | 710,151           |
| Donation  | 11,000            | 21,000            |
| Rent, Rates & Taxes                                   | 5,574,661         | 5,112,357         |
| General Expenses                                      | 3,883,398         | 1,732,512         |
| Restaurant Misc. exp.                                 | 413,930           | 435,740           |
| News Paper & Periodicals                              | 55,910            | 76,639            |
| Licence Fee (Excise Duty)                             | 640,468           | 618,750           |
| Legal & Professional Expenses                         | 10,995,877        | 2,401,991         |
| Repair & Maintenance :                                |                   |                   |
| - Plant & Machinery                                   | 3,043,428         | 877,956           |
| - Vehicle   | 2,540,746         | 1,443,755         |
| - Others  | 759,862           | 991,017           |
| Auditors' Remuneration                                | 30,000            | 30,000            |
| Internal Audit Fee                                    | 330,900           | 330,900           |
| Travelling and Conveyance                             | 2,634,793         | 1,291,028         |
| Loss on Sale of Fixed Assets                          | 159,821           | 559,750           |
| Postage & Telephone Charges                           | 6,452,415         | 3,613,998         |
| Power, Fuel & Water                                   | 1,807,169         | 1,470,033         |
| Membership & Subscription                             | 258,572           | 379,755           |
| Printing & Stationery                                 | 2,726,877         | 1,311,468         |
| <b>Total</b>  | <b>94,215,643</b> | <b>46,923,993</b> |

|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| <b>Schedule L SELLING EXPENSES</b> |                   |                   |
| Advertisement                      | 14,658,051        | 12,133,123        |
| Sales Promotion                    | 8,946,319         | 8,728,462         |
| Booking & Selling Expenses         | 10,961,188        | 8,328,493         |
| <b>Total</b>                       | <b>34,565,558</b> | <b>29,190,078</b> |

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| <b>Schedule M FINANCIAL EXPENSES</b> |                   |                   |
| Bank Interest & collection Charges   | 31,083,477        | 32,468,757        |
| Interest on Others                   | 17,626,909        | 8,867,732         |
| <b>Total</b>                         | <b>48,710,386</b> | <b>41,336,489</b> |



# SCHEDULES TO THE ACCOUNTS as on 31.03.2011

## Schedule N SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of Preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and on the basis of going concern concept and in accordance with the Generally Accepted Accounting Principles ("GAAP") and other Accounting Standards prescribed under the Companies (Accounting Standard) Rules, 2006 and other applicable provisions of the Companies Act, 1956. A Summary of Significant Accounting policies that have been applied consistently is set out below.

### 2. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements, disclosure regarding financial statements and reported amount of revenue and expenses during the reported period. These estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and differences, if any, are recognised in the period in which the results are known /materialised.

### 3. Fixed Assets

#### a) Valuation

Fixed assets are stated at cost (Gross Block) less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

#### b) Capital Work in Progress represents expenditure incurred in respect of Capital projects under development and are carried at cost, includes land, related acquisition expenses, development / construction costs, borrowing costs and other direct expenses.

#### c) Depreciation

Depreciation on fixed assets has been provided on the basis of straight line method as per provision of section 205 (2) (b) and the rates prescribed in schedule XIV of the Companies Act, 1956.

### 4. Inventories

Inventories are valued as under:

|  |  |
|--|--|
| a) Building material & stores          | at lower of Cost or Net Realisable Value |
| b) Flats (unsold)                      | at lower of cost or Net Realisable Value |
| c) Projects/contracts work in progress | at lower of Cost or Net Realisable Value |

### 5. Recognition of Income & Expenses

a) The revenue is recognised on the basis of 'Percentage of Completion Method' of accounting. Revenue is recognised, in relation to sold areas only, on the basis of percentage of actual cost incurred thereon including land as against the total estimated cost of the project under execution subject to such actual cost being 20% or more of the total estimated cost. The estimates of saleable area and costs are revised periodically by the management. The effect of such changes to estimates is recognised in the period such changes are determined. However, the revenue, in respect of project undertaken before March 31, 2010, is accounted for on the basis of actual receipts and instalment fallen due during the year towards booking of properties, subject to final adjustments on the completion of respective projects. However, change in this Accounting Policy doesn't have any significant impact on the profitability of Company.

b) Further interest on delayed payments, if any, is accounted for on realisation due to uncertainties in recovery.

c) Interest and direct expenditure attributable to specific projects are capitalized in the cost of project, other interest and indirect costs are treated as 'Period Cost' and charged to Profit & Loss account in the year in which it is incurred.

d) Brokerage or Commission on Sales is accounted in the year of payment due to uncertainty on realisation of sale Installments.

e) Municipal Taxes are accounted in the year of payment.

f) All other incomes and expenditures except mentioned above are accounted for on accrual basis.

### 6. Retirement Benefits to employees

Company's contribution to Provident Fund, Family Pension and ESIC are deposited in accordance with the provisions of Employees Provident fund, 1952 charged to profit and loss account.

Provision for gratuity and leave encashment is determined on the basis of actuarial valuation carried out at the balance sheet date in accordance with revised AS-15.

### 7. Taxation

Income tax comprises current tax, deferred tax. Current tax is the amount payable as determined in accordance with the provisions of Income Tax Act, 1961. Provision for Income Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from timing difference between the book and the taxable profits is accounted for using the tax rates and law that are enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognised only

### Schedule N SIGNIFICANT ACCOUNTING POLICIES (Contd...)

to the extent there is reasonable certainty that the asset can be realised in the future. However if there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets/liabilities are reviewed at each balance sheet date.

#### 8. Investments

Investments intended to be held for more than a year are classified as long term investments. All other investments are classified as current investments. Long term investments are stated at cost. However provision for diminution is made to recognize any decline, other than temporary, in the value of investments. Current investments are stated at lower of cost or market value on an individual investment basis.

#### 9. Foreign Currency Transaction

Transaction in foreign currency is recorded at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing on the Balance sheet date and exchange difference on translation of monetary assets and liabilities and resultant gain or loss is recognized in the Profit & loss account.

Non Monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

#### 10. Borrowing Cost

The borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily take substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit & Loss account as an expense in the year in which they are incurred.

#### 11. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may suffer impairment loss. If any such indication exists, the Company estimates the recoverable amount of the asset or the recoverable amount of cash generating unit to which the assets belongs. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flow expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflect the current market assessment of the time value of money and risk specific to the asset. In case recoverable amount is less than its carrying amount then its carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

#### 12. Provisions, Contingent Liabilities and Contingent Assets

A) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation if: -

- a) The Company has present obligation as a result of past event.
- b) A probable outflow of resources is expected to settle the obligation and the amount of obligation can be reliably estimated.

Provisions are determined based on management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

B) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

C) Contingent Liability is disclosed in the case of: -

- a) A Present obligation arising from the past event, in case it is not probable that an outflow of resources will be required to settle the obligation.
- b) A Possible obligation, unless the probability of outflow of resources is remote.

D) Contingent Assets are neither recognized nor disclosed.

#### 13. Employee Stock Compensation Cost

In respect of stock options granted by the Company, the intrinsic value of the options (excess of market price of the share on the date of grant over the exercise price of the option) is treated as deferred employee compensation cost and is amortized over the vesting period on straight line basis in accordance with SEBI guidelines in this regard.

#### 14. Leases

Lease arrangements, where risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating lease. Lease rentals in respect of operating lease arrangement are recognized as business income/expense in the profit and loss account as and when due in accordance with the terms of the related agreement.

#### 15. Earning per share

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprises the net profit after tax (and includes the post



## SCHEDULES TO THE ACCOUNTS as on 31.03.2011

### Schedule N SIGNIFICANT ACCOUNTING POLICIES (Contd...)

tax effect of any extra ordinary items). The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period / year. The number of shares used in computing Diluted EPS comprises of weighted average number of equity shares and dilutive potential equity shares outstanding during the period..

16. Amalgamation Expenses: Amalgamation expenses arising due to merger of Capital Homes Limited with the Company are being amortized over the period of five years.

### Schedule O NOTES ON ACCOUNTS

- In the opinion of the Board of Directors the value on realisation of current assets and loans & advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
- Segment Reporting :**  
Company is operating in two segments, but is not giving segment-wise results because there is no reportable segment which has revenue/assets of more than required limit as per Accounting Standard (AS-17) on Segment Reporting.
- Related Parties Disclosures :**  
As per the requirement of Accounting Standard "AS – 18" issued by the Institute of Chartered Accountants of India the following are the list of relationship with related parties with whom transactions have taken place during the year ended 31.03.2011 :

(Rs. in Lacs)

| Related Parties                      | Nature of Relationship       | Nature of Transaction | Opening | Received/ Credited | Payment | Closing   |
|--------------------------------------|------------------------------|-----------------------|---------|--------------------|---------|-----------|
| Divine Townships Pvt. Ltd.           | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | (0.10)  | –                  | 0.006   | (0.11)    |
| Golden Infracon. Pvt. Ltd.           | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | (76.15) | 42.25              | 75.00   | (108.91)  |
| Horizon Realtech Pvt. Ltd.           | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | –       | –                  | 0.008   | (0.008)   |
| CHD Facility Management Pvt. Ltd.    | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | 68.01   | 96.50              | 400.65  | (236.13)  |
| CHD Retirement Townships Pvt. Ltd.   | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | (0.40)  | –                  | 0.009   | (0.41)    |
| CHD Armaan Realtech Pvt. Ltd.        | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | 20.00   | 3636.04            | 3968.46 | (312.42)  |
| CHD Elite Realtech Pvt. Ltd.         | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | –       | 0.003              | 0.003   | –         |
| CHD Blueberry Realtech Pvt. Ltd.     | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | –       | 450.00             | 1950.03 | (1500.03) |
| CHD Agro Products Pvt. Ltd.          | Common Directors             | Investment            | 0.49    | –                  | –       | 0.49      |
|                                      |                              | Loan                  | (0.27)  | –                  | –       | (0.27)    |
| Manohar Memorial Educational Society | Significant influence of KMP | Unsecured loan        | –       | 1070.45            | 1155.45 | (85.00)   |
| R. K. Mittal                         | Chairman                     | Salary                | –       | –                  | 20.07   | 20.07     |
| Gaurav Mittal                        | Managing Director            | Salary                | –       | –                  | 10.98   | 10.98     |

4. **Foreign Currency Transaction :**  
During the year expenses incurred in foreign currency were Rs.14, 93,674 (P.Y. Rs. 12, 32,512).

5. **Auditor's Remuneration :**  
Payment due to Auditors has been as below: --

(Amount in Rupees)

| S. No. | Particulars            | 31.03.2011 | 31.03.2010 |
|--------|------------------------|------------|------------|
| a)     | Audit Fee              | Rs. 30,000 | Rs. 30,000 |
| b)     | Income Tax matters     | NIL        | NIL        |
| c)     | Out of pocket expenses | NIL        | NIL        |

## SCHEDULES TO THE ACCOUNTS as on 31.03.2011

### Schedule 6 NOTES ON ACCOUNTS (Contd...)

#### 6. Deposits

The details regarding the public deposits are as below:

(Amount in Rs. Lacs)

| S. No. | Particulars                       | 31.03.2011     | 31.03.2010    |
|--------|-----------------------------------|----------------|---------------|
| 1      | Public Deposits from Shareholders | 354.49         | 1.90          |
| 2      | Public Deposits from Others       | 1480.12        | 929.63        |
|        | <b>Total</b>                      | <b>1834.61</b> | <b>931.53</b> |

#### 7. Contingent Liabilities:

(Amount in Rs. Lacs)

| S. No. | Particulars  | 31.03.2011 | 31.03.2010 |
|--------|--|------------|------------|
| 1.     | Claims against the Company not acknowledged as debt                            |            |            |
|        | i. Income Tax Demand   | 483.38     | 241.93     |
|        | ii. Sales Tax Demand   | 21.78      | -          |
|        | iii. Others  | 171.70     | -          |
| 2.     | Guarantee issued by the Banks on behalf of the Company                         | 848.14     | 705.90     |
| 3.     | Corporate Guarantee given to Bank for providing secured loans to third parties | 3055.08    | 595.00     |

#### 8. Earning Per Share:

(Amount in Rs. Lacs)

| S. No.    | Particulars  | 31.03.2011 | 31.03.2010 |
|-----------|--|------------|------------|
| <b>A.</b> | <b>Basic</b>   |            |            |
|           | 1. Net Profit after Tax  | 531.93     | 91.54      |
|           | 2. Weighted average of number of Equity Shares considered for calculation of EPS         | 1131.07    | 1027.90    |
|           | 3. Basic earning per equity shares of Rs. 2 each   | 0.47       | 0.08       |
| <b>B.</b> | <b>Diluted</b>   |            |            |
|           | 1. Weighted average of number of Equity Shares considered for calculation of diluted EPS | 1134.00    | 1027.90    |
|           | 2. Diluted earning per equity shares of Rs. 2 each                                       | 0.47       | 0.09       |

#### 9. Deferred Tax:

The Accumulated net deferred tax liability is Rs. 39,15,098 as on March 31, 2011. Provision for Deferred Tax Liability for the year ended March 31, 2011 amounting Rs. 3,11,638 has been debited to Profit & Loss Account. The deferred tax Liabilities/Assets arising due to timing difference on account of Depreciation on Fixed Assets. Deferred tax liabilities / Assets are reviewed as at each Balance Sheet date.

#### 10. Managerial Personnel Remuneration:

During the year Company has paid Rs. 31.05 Lacs to Managerial Personnel as remuneration details whereof are as follow: -

(Amount in Rupees)

| S. No. | Name of Directors | Nature       | 31.03.2011 | 31.03.2010 |
|--------|-------------------|--------------|------------|------------|
| 1.     | R. K. Mittal      | Remuneration | 20,07,143  | 24,00,000  |
| 2.     | Gaurav Mittal     | Remuneration | 10,97,500  | 9,60,000   |

#### 11. Quantitative details:

Quantitative details of material consumed/bought as required under schedule VI of the Companies Act, 1956 are as under:

- a) Construction Division: There are so many items of different quantities like Cement, Bricks, steel, Badarpur & Rodi etc., details of which are as follows as on March 31, 2011. Information pursuant to Part – II of schedule VI of the Companies Act, 1956:

##### Consumption of Building Material:

(Amount in Rupees)

| S. No. | Particulars                 | As at 31.03.2011 |             | As at 31.03.2010 |             |
|--------|-----------------------------|------------------|-------------|------------------|-------------|
|        |                             | Quantity         | Value (Rs.) | Quantity         | Value (Rs.) |
| 1.     | Bricks (Nos.)               | 5,97,675         | 21,51,628   | 89,533           | 2,68,600    |
| 2.     | Cement (Bag)                | 43,428           | 108,56,994  | 22,693           | 48,00,494   |
| 3.     | Steel (MT)                  | 953              | 3,90,66,276 | 175              | 61,61,825   |
| 4.     | Grit (CFT)                  | 48,069           | 15,38,200   | 6,875            | 1,36,502    |
| 5.     | Sand, Rodi & badarpur (CFT) | 39,485           | 12,63,537   | 99,684           | 19,89,269   |



## SCHEDULES TO THE ACCOUNTS as on 31.03.2011

### Schedule 0 NOTES ON ACCOUNTS (Contd...)

#### 12. Discontinuation of Operation (AS-24)

The restaurant division of the Company has been discontinued w.e.f March 31, 2011. This division has sale of Rs. 113.91 lacs and expenses of Rs.106.60 lacs and Profit Before Tax was Rs. 5.02 lacs (ie. 1% of Total Profit before Tax), during the year. Closure of this division doesn't have any material or significant impact on profitability of the Company.

#### 13. Details of Issue of Share Capital

During the year the Company has issued and allotted 3,75,588 equity shares to employees of the Company pursuant to ESOP Scheme 2007.

14. During the year Unclaimed Deposits was Rs. 10,000 (P.Y. Rs. 55,000) and Unclaimed Dividend was Rs. 1,24,822 only (P.Y. Rs. 1,24,822).

15. The Company had purchased land of 37.31 acre at Karnal for the project CHD City Karnal. An amount of Rs. 9,14,32,454 is payable against this land as at 31.03.2011.

#### 16. Detail of Gurgaon Project

The Company has floated an SPV named CHD Armaan Realtech Pvt. Ltd. for development of Avenue 71, Group Housing Project, which was launched in May, 2010 and two more trenches thereafter. Construction work has been started at this project and is progressing at very fast pace.

#### 17. Subsidiaries of the Company:

As on March 31, 2011 the Company has following subsidiaries incorporated in India:

| S. No. | Name of the Company                | % Holding |
|--------|------------------------------------|-----------|
| 1.     | Golden Infracon Pvt. Ltd.          | 100       |
| 2.     | Horizon Realtech Pvt. Ltd.         | 100       |
| 3.     | Divine Townships Pvt. Ltd.         | 100       |
| 4.     | CHD Facility Management Pvt. Ltd.  | 100       |
| 5.     | CHD Retirement Townships Pvt. Ltd. | 100       |
| 6.     | CHD Armaan Realtech Pvt. Ltd.      | 100       |
| 7.     | CHD Blueberry Realtech Pvt. Ltd.   | 100       |
| 8.     | CHD Elite Realtech Pvt. Ltd.       | 100       |

#### 18. Employee Stock Option Scheme:

The Securities and Exchange Board of India (SEBI) has issued the (Employees Stock Options Scheme and Employees Stock Purchase Scheme) guidelines, 1999. In accordance with these guidelines, the excess of the market price of the underlying equity shares as on the date of the grant of the options over the exercise price of the option, including upfront payments, if any, is to be recognized as an expense and amortized on a straight line basis over the vesting period.

Details of options offered, granted, lapsed, vested and exercised are given below:

|   |  |
|---|--|
| a) Total options offered  | The Company had not offered new options during the year  |
| b) Options granted  | The Company has granted 5,01,049 Stock Options during the year (each Option carrying entitlement for one equity share) at a price of Rs. 2 each (face value) |
| c) The Pricing formula  | Rs. 2 (face value of equity shares)  |
| d) Options vested   | 375588   |
| e) Options exercised  | 375588   |
| f) Total No. of shares arising as a result of exercise of Options | 375588   |
| g) Options lapsed   | Nil  |
| h) Variation in terms of Options                                  | Nil  |
| i) Money realized by exercisable Options (Amt. in Rs.)            | 7,51,176   |
| j) Total No. of Options in force                                  | 5,01,049   |

\* The Company has received advance against employee stock options equivalent to ten percent of the face value i.e. Rs. 2 per share from the employees to whom options have been granted and has been availed thereby.

#### 19. Micro, Small and Medium Enterprises:

The Company has not received any information from its suppliers under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures regarding their status, if any, relating to amounts unpaid as on March 31, 2011 together with interest paid/payable as required under Micro, Small and Medium Enterprises Development Act, 2006 is not given.

## SCHEDULES TO THE ACCOUNTS as on 31.03.2011

### Schedule 0 NOTES ON ACCOUNTS (Contd...)

#### 20. Operating Lease:

The break up of the total minimal Lease Rental Expense /Income as per "AS-19" at March 31, 2011 is as follows:

#### A. Lease Rental Expenses: (Amount in Rupees)

| S. No. | Particulars                                       | 31.03.2011        | 31.03.2010         |
|--------|---|-------------------|--------------------|
| A)     | Not later than one year                           | 4,165,455         | 39,81,972          |
| B)     | Later than One year but not later than Five years | 17,837,024        | 1,81,64,790        |
| C)     | Later than Five Years                             | 3,973,243         | 64,01,344          |
|        | <b>Total</b>                                      | <b>25,975,722</b> | <b>2,85,48,106</b> |

#### B. Lease Rental Incomes : (Amount in Rupees)

| S. No. | Particulars                                       | 31.03.2011        | 31.03.2010         |
|--------|---|-------------------|--------------------|
| A)     | Not later than one year                           | 46,49,219         | 84,44,547          |
| B)     | Later than One year but not later than Five years | 151,73,520        | 35,960,707         |
| C)     | Later than Five Years                             | 129,38,877        | 45,735,072         |
|        | <b>Total</b>                                      | <b>327,61,616</b> | <b>9,01,40,326</b> |

21. Some of the balance of Debtors, Creditors, Advances and Loans are subject to confirmation / reconciliation.

22. Balance Sheet abstracts and Company's General business profile is attached herewith.

23. Previous year's figures have been regrouped/rearranged, wherever necessary, to confirm this year's classifications.

For Mohan & Mohan  
Chartered Accountants  
(Firm Regn. No.: 002612N)

For and on behalf of the Board of Directors

Adarsh Mohan  
Partner  
Membership No.: 81491

R. K. Mittal  
Chairman

Gaurav Mittal  
Managing Director

Place : New Delhi  
Dated : May 23, 2011

Vishal Rajpal  
Chief Financial Officer

Ritu Goyal  
Company Secretary



# CASH FLOW STATEMENT for the year ended 31.03.2011

(Amount in Rupees)

| Particulars  | 31.03.2011    |                    | 31.03.2010    |                     |
|--|---------------|--------------------|---------------|---------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>            |               |                    |               |                     |
| Net Profit Before Tax & extraordinary Items              |               | 80,064,984         |               | 14,608,205          |
| Adjustment to Depreciation                               | 4,642,040     |                    | 3,907,044     |                     |
| Loss on sale of Fixed Assets                             | 159,821       |                    | 559,750       |                     |
| Interest Paid  | 48,710,386    |                    | 41,336,489    |                     |
| Interest Received  | (6,833,524)   |                    | (1,533,842)   |                     |
| ESOP   | 411,413       |                    | 741,000       |                     |
| Miscellaneous Expenditure W/off                          | 81,416        | 47,171,552         | 81,416        | 45,091,856          |
| Operating Profit before Working Capital Changes          |               | 127,236,536        |               | 59,700,061          |
| Adjustment For:--  |               |                    |               |                     |
| Sundry Debtors   | 58,148,696    |                    | 17,104,990    |                     |
| Loans & Advances   | (154,009,603) |                    | (149,633,242) |                     |
| Inventories  | 103,774,130   |                    | 71,753,821    |                     |
| Current liabilities                                      | 75,555,545    |                    |               |                     |
| Provisions   | (2,839,589)   | 80,629,178         | (44,996,035)  | (105,770,466)       |
| Cash Generation From Operations                          |               | 207,865,714        |               | (46,070,405)        |
| Income Tax Paid  | (3,440,074)   | (3,440,074)        | (5,133,415)   | (5,133,415)         |
| <b>Net Cash From Operating Activities</b>                |               | <b>204,425,640</b> |               | <b>(51,203,820)</b> |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>            |               |                    |               |                     |
| Interest Received  | 6,833,524     |                    | 1,533,842     |                     |
| Sale of Investment                                       | 1,500,000     |                    | (17,104,990)  |                     |
| Purchase of Fixed Assets                                 | (14,430,949)  |                    | (11,130,516)  |                     |
| Sale of Fixed Assets                                     | 801,200       |                    | 39,185,154    |                     |
|  |               | (5,296,225)        |               | 12,483,490          |
|  |               | <b>199,129,415</b> |               | <b>(38,720,330)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>            |               |                    |               |                     |
| Long Term Borrowings                                     | (71,500,992)  |                    | 11,439,535    |                     |
| Interest Paid  | (48,710,386)  |                    | (41,336,489)  |                     |
| Increase in share Capital                                | 751,176       |                    | 31,912,134    |                     |
| Equity Shares and Warrants                               | 25,112        |                    | 75,118        |                     |
| Share Premium A/c  | 1,398,928     | (118,036,162)      | 43,246,419    | 45,336,717          |
| <b>Net Increase/Decrease in Cash/Cash Equivalents</b>    |               | <b>81,093,253</b>  |               | <b>6,616,387</b>    |
| Cash/Cash Equivalents as at 01.04.2010 (Opening Balance) |               | 42,460,897         |               | 35,844,510          |
| Cash/Cash Equivalents as at 31.03.2011 (Closing Balance) |               | 123,554,150        |               | 42,460,897          |

As per our report of even date attached

For **Mohan & Mohan**  
Chartered Accountants  
(Firm Regn. No.: 002612N)

For and on behalf of the Board of Directors

**Adarsh Mohan**  
Partner  
Membership No.: 81491

**R. K. Mittal**  
Chairman

**Gaurav Mittal**  
Managing Director

Place : New Delhi  
Dated : May 23, 2011

**Vishal Rajpal**  
Chief Financial Officer

**Ritu Goyal**  
Company Secretary

## BALANCE SHEET ABSTRACT

### Balance Sheet Abstract and Company's General Business Profile

#### I. Registration Details

Registration No.      State code

Balance Sheet Date          
Date Month Year

#### II. Capital raised during the year (Amount in Rupees Thousand)

Public issue    Rights issue

Bonus issue    Private placement

#### III. Position of mobilisation and deployment of funds (Amount in Rupees Thousand)

Total liabilities        Total assets

##### Sources of funds

Paid-up capital       Reserves and surplus\*

Secured loans       Unsecured loans

\* Reserve & Surplus includes deferred tax liability of Rs. 3,915,098/-

##### Application of funds

Net fixed assets       Investments

Net current assets        Misc. Expenditure

#### IV. Performance of Company (Amount in Rupees Thousand)

Turnover       Total expenditure

Profit before tax      Profit after tax

Earning per share (Basic)    Earning per share (Diluted)

#### V. Generic names of two principal products / services of the Company (as per monetary terms)

Item code No. (ITC code)

Product description

Construction

Eatable House

For Mohan & Mohan  
Chartered Accountants  
(Firm Regn. No.: 002612N)

For and on behalf of the Board of Directors

Adarsh Mohan  
Partner  
Membership No.: 81491

R. K. Mittal  
Chairman

Gaurav Mittal  
Managing Director

Place : New Delhi  
Dated : May 23, 2011

Vishal Rajpal  
Chief Financial Officer

Ritu Goyal  
Company Secretary

## AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To  
The Board of Directors  
CHD Developers Limited

1. We have audited the attached Consolidated Balance Sheet of CHD Developers Limited (the Company) and its subsidiaries (Collectively referred to as "the group") as at March 31, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the Accounting Principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21- Consolidated Financial Statements, notified by Companies (Accounting Standard) Rules, 2006, and on the basis of the separate Audited Financial Statements of the Company and its subsidiaries.
4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual Audited Financial Statements of the Company and its subsidiaries, we are of the opinion that the attached Consolidated Financial Statements record with significant Accounting Policies and other notes thereon, give a true and fair view in conformity with the Accounting Principles Generally Accepted in India:
  - i) In the case of the Consolidated Balance Sheet, of the state of the Consolidated affairs of the Group as at March 31, 2011,
  - ii) In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
  - iii) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For **Mohan & Mohan**  
*Chartered Accountants*  
(Firm Regn. No.-002612N)

**Adarsh Mohan**  
*Partner*

Place: New Delhi  
Dated: May 23, 2011

Membership No. 81491



## CONSOLIDATED BALANCE SHEET as on 31.03.2011

(Amount in Rupees)

| Particulars                                 | Schedule | 31.03.2011  |                      | 31.03.2010  |                      |
|---|----------|-------------|----------------------|-------------|----------------------|
| <b>SOURCES OF FUNDS</b>                     |          |             |                      |             |                      |
| <b>Shareholders' Funds</b>                  |          |             |                      |             |                      |
| Share Capital                               | A        | 226,690,734 |                      | 225,914,446 |                      |
| Reserve & Surplus                           | B        | 553,291,870 | 779,982,604          | 502,535,682 | 728,450,128          |
| Deferred Tax                                |          |             | 4,143,429            |             | 3,660,932            |
| <b>Loan Funds</b>                           |          |             |                      |             |                      |
| Secured Loan                                | C        | 519,723,208 |                      | 458,280,504 |                      |
| Unsecured Loan                              |          | 199,737,016 | 719,460,224          | 108,725,944 | 567,006,448          |
| <b>Total</b>                                |          |             | <b>1,503,586,257</b> |             | <b>1,299,117,508</b> |
| <b>APPLICATION OF FUNDS</b>                 |          |             |                      |             |                      |
| <b>Fixed Assets</b>                         |          |             |                      |             |                      |
| Gross Block                                 |          | 174,509,892 |                      | 151,714,941 |                      |
| Less : Depreciation                         | D        | 24,341,525  |                      | 19,868,033  |                      |
| Net Block                                   |          |             | 150,168,367          |             | 131,846,908          |
| Investment                                  | E        |             | 33,201,040           |             | 27,599,990           |
| <b>Current Assets Loans &amp; Advances</b>  |          |             |                      |             |                      |
| Inventories                                 |          | 815,034,006 |                      | 720,089,361 |                      |
| Sundry Debtors                              |          | 218,124,090 |                      | 213,314,178 |                      |
| Cash & Bank Balances                        |          | 152,361,331 |                      | 45,453,712  |                      |
| Loans & Advances                            |          | 502,905,534 |                      | 276,613,118 |                      |
|   |          |             | 1,688,424,961        |             | 1,255,470,369        |
| <b>Current Liabilities &amp; Provisions</b> |          |             |                      |             |                      |
| Current Liabilities                         | G        | 321,135,848 |                      | 109,574,612 |                      |
| Provisions                                  |          | 47,213,489  | 368,349,337          | 6,487,923   | 116,062,535          |
| <b>Net Current Assets</b>                   |          |             | 1,320,075,624        |             | 1,139,407,834        |
| <b>Miscellaneous Expenses</b>               |          |             |                      |             |                      |
| (To The extent not W/off or adjusted)       | H        |             | 141,226              |             | 262,776              |
| <b>Total</b>                                |          |             | <b>1,503,586,257</b> |             | <b>1,299,117,508</b> |
| Significant Accounting Policies             | N        |             |                      |             |                      |
| Notes on Account                            | O        |             |                      |             |                      |

Note: The Schedules referred to above are integral part of Balance Sheet

As per our report of even date attached

For **Mohan & Mohan**  
Chartered Accountants  
(Firm Regn. No.: 002612N)

For and on behalf of the Board of Directors

**Adarsh Mohan**  
Partner  
Membership No.: 81491

**R. K. Mittal**  
Chairman

**Gaurav Mittal**  
Managing Director

Place : New Delhi  
Dated : May 23, 2011

**Vishal Rajpal**  
Chief Financial Officer

**Ritu Goyal**  
Company Secretary



## CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31.03.2011

|  |          | (Amount in Rupees)   |                    |
|--|----------|----------------------|--------------------|
| Particulars                                | Schedule | 31.03.2011           | 31.03.2010         |
| <b>INCOME</b>                              |          |                      |                    |
| Sale & Other Receipts                      | I        | 1,370,844,215        | 407,762,395        |
| Wine & liquor                              |          | 5,695,843            | 5,490,852          |
| Increase/(Decrease) in Stock               |          | (402,648)            | 25,048             |
| <b>Total Income (A)</b>                    |          | <b>1,376,137,410</b> | <b>413,278,295</b> |
| <b>EXPENDITURE</b>                         |          |                      |                    |
| Construction Expenses                      |          | 982,205,728          | 260,393,249        |
| Consumption of provisions                  | J        | 6,680,193            | 6,983,138          |
| Administrative & Other Expenses            | K        | 105,677,512          | 53,249,587         |
| Selling Expenses                           | L        | 129,390,888          | 29,190,078         |
| Financial Expenses                         | M        | 49,013,201           | 41,354,709         |
| Director Remuneration                      |          | 3,497,500            | 3,360,000          |
| Depreciation                               |          | 4,976,261            | 3,964,301          |
| Miscellaneous Exp. W/off                   |          | 121,550              | 109,864            |
| <b>Total Expenditure(B)</b>                |          | <b>1,281,562,833</b> | <b>398,604,926</b> |
| <b>Profit before Tax (A - B)</b>           |          | <b>94,574,577</b>    | <b>14,673,369</b>  |
| Provision for Taxation                     |          |                      |                    |
| - Income tax                               |          | 31,839,835           | 5,133,415          |
| - Wealth Tax                               |          | 95,038               |                    |
| - Deferred Tax                             |          | 482,497              | 349,860            |
| <b>Net Profit after Dep.&amp; Tax</b>      |          | <b>62,157,207</b>    | <b>9,190,094</b>   |
| Balance Brought Forward                    |          | 264,020,523          | 254,830,430        |
| <b>Balance Available For Appropriation</b> |          | <b>326,177,730</b>   | <b>264,020,524</b> |
| Dividend Distribution tax                  |          | 1,881,834            | -                  |
| Proposed Dividend                          |          | 11,329,525           | -                  |
| <b>Balance Carried to Balance Sheet</b>    |          | <b>312,966,371</b>   | <b>264,020,524</b> |
| Earning Per Share                          |          |                      |                    |
| Basic                                      |          | 0.55                 | 0.08               |
| Diluted                                    |          | 0.55                 | 0.09               |
| Significant Accounting Policies            | N        |                      |                    |
| Notes on Account                           | O        |                      |                    |

**Note:** The Schedules referred to above are integral part of Profit and Loss Account

As per our report of even date attached

For **Mohan & Mohan**  
Chartered Accountants  
(Firm Regn. No.: 002612N)

For and on behalf of the Board of Directors

**Adarsh Mohan**  
Partner  
Membership No.: 81491

**R. K. Mittal**  
Chairman

**Gaurav Mittal**  
Managing Director

Place : New Delhi  
Dated : May 23, 2011

**Vishal Rajpal**  
Chief Financial Officer

**Ritu Goyal**  
Company Secretary

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS as on 31.03.2011

(Amount in Rupees)

| Particulars  | 31.03.2011         | 31.03.2010         |
|--|--------------------|--------------------|
| <b>Schedule A SHARE CAPITAL</b>  |                    |                    |
| <b>Authorised</b>  |                    |                    |
| 117500000 Equity Shares (Pr. Yr. 117500000) of Rs. 2 each                  | 235,000,000        | 235,000,000        |
| <b>(I) Issued, Subscribed &amp; Paidup</b>                                 |                    |                    |
| (113295252 Equity shares (Pr. Yr. 112919664) of Rs. 2 each fully paid up.) | 226,590,504        | 225,839,328        |
| Advance against Employees Stock Options                                    | 100,230            | 75,118             |
| <b>Total</b>   | <b>226,690,734</b> | <b>225,914,446</b> |

|   |                    |                    |
|---|--------------------|--------------------|
| <b>Schedule B RESERVE &amp; SURPLUS</b> |                    |                    |
| General Reserve                         | 50,000             | 50,000             |
| Capital Reserve                         | 34,871,155         | 34,871,155         |
| Profit & loss A/c                       | 312,966,371        | 264,020,523        |
| Share premium A/c                       | 164,196,240        | 162,797,312        |
| Forfeiture of Employee stock option     | 40,055,692         | 40,055,692         |
| Employee Stock Options outstanding      | 2,304,825          | 1,398,928          |
| Less: Deferred Employee Compensation    | (1,152,413)        | (657,928)          |
| <b>Total</b>                            | <b>553,291,870</b> | <b>502,535,682</b> |

|   |                    |                    |
|---|--------------------|--------------------|
| <b>Schedule C LOANS FUNDS</b>   |                    |                    |
| <b>A. Secured Loans</b>   |                    |                    |
| Loan & Advances From Banks  |                    |                    |
| a) Secured against Vehicles   | 8,837,432          | 4,139,698          |
| b) i. Bank of Baroda Term Loan (Secured by registered mortgage of Land and Buildings at Vrindavan, UP and personnel guarantee of two directors)   | 251,880,000        | 53,128,000         |
| ii. HUDCO Term Loan (Secured against registered mortgage of land and building and hypothecation of moveables situated at Sector-45, Karnal, Haryana and personnel guarantee of two directors) | 198,974,363        | 312,692,207        |
| iii. Term Loans/ Overdraft from Axis Bank Ltd. (Secured by registered mortgage of Land & Buildings at Vikaspuri, New Delhi and personnel guarantee of two directors)                          | 57,231,281         | 84,497,644         |
| iv. Interest Accrued but not due  | 2,800,132          | 3,822,955          |
| <b>Total</b>  | <b>519,723,208</b> | <b>458,280,504</b> |
| <b>B. Unsecured Loans</b>   |                    |                    |
| 1. Public deposit   | 183,461,000        | 93,153,000         |
| 2. Other Loans & Advances   | 8,170,719          | 11,911,238         |
| 3. Interest Accrued but not due   | 8,105,297          | 3,661,706          |
| <b>Total</b>  | <b>199,737,016</b> | <b>108,725,944</b> |

| <b>Schedule D FIXED ASSETS</b> |                    |                          |                               |                    |                   |                  |                               |                   |                    |                    |  |
|--------------------------------|--------------------|--------------------------|-------------------------------|--------------------|-------------------|------------------|-------------------------------|-------------------|--------------------|--------------------|--|
| Particulars                    | GROSS BLOCK        |                          |                               |                    | DEPRECIATION      |                  |                               |                   | NET BLOCK          |                    |  |
|                                | As on 01.04.2010   | Addition during the year | Sales/Adjust. during the year | As on 31.03.2011   | As on 01.04.2010  | For the period   | Sales/Adjust. during the year | As on 31.03.2011  | As on 31.03.2011   | As on 31.03.2010   |  |
| Plant & Machinery              | 10,442,008         | 2,906,677                | -                             | 13,348,685         | 3,860,180         | 568,069          | 778                           | 4,428,250         | 8,920,435          | 6,581,554          |  |
| Furniture & Fixture            | 11,394,299         | 2,899,664                | -                             | 14,293,963         | 3,676,830         | 754,380          | -                             | 4,431,209         | 9,862,754          | 7,717,469          |  |
| Vehicles                       | 21,338,153         | 12,958,666               | 1,463,791                     | 32,833,028         | 6,131,848         | 2,370,297        | 502,770                       | 7,999,375         | 24,833,653         | 15,206,305         |  |
| Office Equipment & Machinery   | 8,273,387          | 5,031,524                | -                             | 13,304,911         | 2,603,942         | 1,149,525        | -                             | 3,753,467         | 9,551,444          | 5,669,719          |  |
| Building                       | 99,611,193         | -                        | -                             | 99,611,193         | 3,274,735         | -                | -                             | 3,274,735         | 96,336,458         | 96,336,458         |  |
| Computer Software              | 655,900            | 462,211                  | -                             | 1,118,112          | 320,498           | 133,990          | -                             | 454,488           | 663,624            | 335,402            |  |
| <b>Grand Total</b>             | <b>151,714,940</b> | <b>24,258,742</b>        | <b>1,463,791</b>              | <b>174,509,892</b> | <b>19,868,034</b> | <b>4,976,261</b> | <b>503,548</b>                | <b>24,341,525</b> | <b>150,168,367</b> | <b>131,846,907</b> |  |
| Previous Year                  | 168,156,477        | 31,187,116               | 47,628,652                    | 151,714,941        | 16,926,284        | 3,964,301        | 1,022,552                     | 19,868,033        | 131,846,907        | 151,230,193        |  |

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS as on 31.03.2011

(Amount in Rupees)

| Particulars   | 31.03.2011        | 31.03.2010        |
|---|-------------------|-------------------|
| <b>Schedule E INVESTMENT (at Cost)</b>  |                   |                   |
| <b>Long term, Unquoted and Trade Investments</b>  |                   |                   |
| CHD Agro Products Pvt. Ltd. (Holding 49.99%)  | 49,990            | 49,990            |
| <b>Current unquoted investments (Share application Money)</b>                             |                   |                   |
| Capital Institute of Competition Training Pvt. Ltd. (A Company under the same management) | 8,101,050         | –                 |
| Other Investment in share application Money   | 25,050,000        | 27,550,000        |
| <b>Total</b>  | <b>33,201,040</b> | <b>27,599,990</b> |

### Schedule F CURRENT ASSETS LOANS & ADVANCES

|   |                      |                      |
|---|----------------------|----------------------|
| <b>A. Current Assets</b>  |                      |                      |
| <b>Inventory</b>  |                      |                      |
| 1. Work-in-Progress   | 497,457,858          | 705,495,906          |
| 2. Other Inventories (Units in hand)                              | 317,576,148          | 14,593,455           |
| <b>Total (A)</b>  | <b>815,034,006</b>   | <b>720,089,361</b>   |
| <b>Sundry Debtors (Unsecured Considered Good)</b>                 |                      |                      |
| a) Sundry Debtors outstanding more than six month                 | 104,714,550          | 64,310,958           |
| b) Other debts  | 113,409,540          | 149,003,220          |
| <b>Total (B)</b>  | <b>218,124,090</b>   | <b>213,314,178</b>   |
| <b>Cash &amp; Bank Balances</b>                                   |                      |                      |
| a) Cash in Hand   | 4,666,411            | 2,057,030            |
| b) Balances with scheduled Bank                                   |                      |                      |
| i) In Current Accounts  | 69,968,775           | 16,114,305           |
| ii) In Fixed Deposit Accounts                                     | 77,726,145           | 27,282,377           |
| <b>Total (C)</b>  | <b>152,361,331</b>   | <b>45,453,712</b>    |
| <b>B. Loans &amp; Advances</b>                                    |                      |                      |
| 1) Other Loans & advances   | 190,400,031          | 267,020,272          |
| 2) Advance recoverable in cash /kind for the value to be received | 40,137,242           | 7,783,950            |
| 3) Security Deposit   | 157,564,212          | –                    |
| 4) Advance Recoverable  | 4,775,150            | –                    |
| 5) Security   | 109,524,309          | –                    |
| 6) Prepaid Expenses   | 504,590              | 1,808,896            |
| <b>Total (D)</b>  | <b>502,905,534</b>   | <b>276,613,118</b>   |
| <b>Total (A+B+C+D)</b>  | <b>1,688,424,961</b> | <b>1,255,470,369</b> |

### Schedule G CURRENT LIABILITIES & PROVISIONS

|                                  |                    |                    |
|----------------------------------|--------------------|--------------------|
| <b>A. Current Liabilities</b>    |                    |                    |
| 1) Sundry Creditors              | 35,003,838         | 40,118,417         |
| 2) Expenses Payable              | 112,171,301        | 10,182,658         |
| 3) Security Deposit (Refundable) | 48,659,201         | 39,082,194         |
| 4) Advance from Customer         | 123,733,631        | 20,191,343         |
| 5) Stale Cheques                 | 1,567,877          | –                  |
| <b>Total</b>                     | <b>321,135,848</b> | <b>109,574,612</b> |
| <b>B. Provisions</b>             |                    |                    |
| 1) For Income Tax                | 32,001,043         | 5,133,415          |
| 2) For Gratuity                  | 1,406,288          | 1,197,490          |
| 3) Others                        | –                  | 157,018            |
| 4) For Leave Encashment          | 594,799            | –                  |
| 5) Proposed Dividend             | 11,329,525         | –                  |
| 6) Dividend Distribution tax     | 1,881,834          | –                  |
| <b>Total</b>                     | <b>47,213,489</b>  | <b>6,487,923</b>   |



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS as on 31.03.2011

(Amount in Rupees)

| Particulars                                 | 31.03.2011     | 31.03.2010     |
|---|----------------|----------------|
| <b>Schedule H MISCELLANEOUS EXPENDITURE</b> |                |                |
| (To the extent not W/off or adjusted)       |                |                |
| Balance Brought forward                     | 262,776        | 340,051        |
| Add. During the year                        | –              | 32,589         |
| Less: Written off during the year           | (121,550)      | (109,864)      |
| <b>Total</b>                                | <b>141,226</b> | <b>262,776</b> |

|  |                      |                    |
|--|----------------------|--------------------|
| <b>Schedule I SALES &amp; OTHER RECEIPTS</b> |                      |                    |
| 1) Sales                                     | 1,332,622,617        | 394,540,957        |
| 2) Other Receipts                            | 38,221,598           | 13,221,438         |
| <b>Total</b>                                 | <b>1,370,844,215</b> | <b>407,762,395</b> |

|  |                  |                  |
|--|------------------|------------------|
| <b>Schedule J CONSUMPTION OF PROVISION</b> |                  |                  |
| 1) Provisions for Beverages and Smokes     | 5,968,616        | 5,877,838        |
| 2) Wine & Liquor                           | 711,577          | 1,105,300        |
| <b>Total</b>                               | <b>6,680,193</b> | <b>6,983,138</b> |

|   |                    |                   |
|---|--------------------|-------------------|
| <b>Schedule K ADMINISTRATIVE &amp; OTHER EXPENSES</b> |                    |                   |
| Salary & Other perquisites                            | 50,132,277         | 24,087,557        |
| Employee Welfare                                      | 2,517,299          | 1,078,189         |
| Employee Compensation Expenses                        | 2,852,206          | 710,151           |
| Donation  | 11,000             | 21,000            |
| Rent, Rates & Taxes                                   | 5,650,936          | 5,181,005         |
| General Expenses                                      | 4,452,883          | 2,112,996         |
| Restaurant Expenses                                   | 413,930            | 435,740           |
| News Paper & Periodicals                              | 63,859             | 81,912            |
| Licence Fee   | 640,468            | 618,750           |
| Legal & Professional Expenses                         | 11,728,521         | 2,429,327         |
| Repair & Maintenance                                  |                    |                   |
| - Building  | 19,495             | 13,617            |
| - Plant & Machinery                                   | 3,200,127          | 973,835           |
| - Vehicle   | 2,547,657          | 1,470,312         |
| - Others  | 1,939,453          | 1,381,316         |
| Auditors' Remuneration                                | 43,345             | 43,676            |
| Internal Audit Fee                                    | 330,900            | 330,900           |
| Travelling Expenses                                   | 3,153,181          | 1,364,348         |
| Loss on sale of fixed Assets                          | 159,821            | 559,750           |
| Postage & Telephone Charges                           | 6,729,298          | 3,696,650         |
| Power, Fuel & Water                                   | 3,741,920          | 3,478,011         |
| Membership & Subscription                             | 258,572            | 379,755           |
| Printing & Stationery                                 | 2,906,376          | 1,352,482         |
| House keeping Expenses                                | 2,183,988          | 1,448,308         |
| <b>Total</b>  | <b>105,677,512</b> | <b>53,249,587</b> |

|                                    |                    |                   |
|------------------------------------|--------------------|-------------------|
| <b>Schedule L SELLING EXPENSES</b> |                    |                   |
| Advertisement & Publicity          | 39,736,968         | 12,133,123        |
| Sales Promotion                    | 11,575,836         | 8,728,462         |
| Booking & Selling Expenses         | 78,078,084         | 8,328,493         |
| <b>Total</b>                       | <b>129,390,888</b> | <b>29,190,078</b> |

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| <b>Schedule M FINANCIAL EXPENSES</b> |                   |                   |
| Bank interest and Collection charges | 31,164,910        | 32,486,977        |
| Interest on Others                   | 17,848,291        | 8,867,732         |
| <b>Total</b>                         | <b>49,013,201</b> | <b>41,354,709</b> |



# SCHEDULES TO THE CONSOLIDATED ACCOUNTS as on 31.03.2011

## Schedule N SIGNIFICANT ACCOUNTING POLICIES

### 1. Nature of Operations

CHD Developers Ltd.(The Company),a public Limited Company, together with its subsidiaries and Associates (Collectively referred to as the 'Group') is engaged primarily in the business of township and residential /commercial complexes. The Operation of the group spans all aspect of real estate development, from identification and acquisition of land, to planning, execution, construction and marketing projects.

### 2. Basis of Preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and on the basis of going concern concept and in accordance with the Generally Accepted Accounting Principles ("GAAP") and other Accounting Standards prescribed under the Companies (Accounting Standard) Rules, 2006 and other applicable provisions of the Companies Act, 1956. A Summary of Significant Accounting polices that have been applied consistently is set out below.

### 3. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements, disclosure regarding financial statements and reported amount of revenue and expenses during the reported period. These estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and differences, if any, are recognised in the period in which the results are known /materialised.

### 4. Principles of Consolidation

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company. 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 the intra-group balances, intra-group transactions and the resulting unrealized profits or losses unless the cost cannot be recovered in full in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- ii) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- iii) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as on the date of disposal is recognized in the Consolidated Statement of Profit and Loss account as exceptional item being the profit or loss on disposal of investment in subsidiary.
- iv) Minority interest, if any in the net income 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.
- v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transaction and other events in similar circumstances and are presented, in the same manner as the Company's separate financial statements to the extent applicable.

### 5. Fixed Assets

#### a) Valuation

Fixed assets are stated at cost (Gross Block) less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

- b) Capital Work in Progress represents expenditure incurred in respect of Capital projects under development and are carried at cost includes land, related acquisition expenses, development / construction costs, borrowing costs and other direct expenses.

#### c) Depreciation

Depreciation on fixed assets has been provided on the basis of straight line method as per provision of section 205 (2) (b) and the rates prescribed in schedule XIV of the Companies Act, 1956.

### 6. Inventories

Inventories are valued as under:

|  |  |
|--|--|
| a) Building material & stores          | at lower of Cost or Net Realisable Value |
| b) Flats (unsold)                      | at lower of cost or Net Realisable Value |
| c) Projects/contracts work in progress | at lower of Cost or Net Realisable Value |

### 7. Recognition of Income & Expenses

- a) The revenue is recognised on the basis of 'Percentage of completion Method' of accounting. Revenue is recognised, in relation to sold areas only, on the basis of percentage of actual cost incurred thereon including land as against the total estimated cost of the project under execution subject to such actual cost being 20% or more of the total estimated cost. The estimates of saleable area and costs are revised periodically by the management. The effect of such changes to estimates is recognised in the period such



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS as on 31.03.2011

### Schedule N SIGNIFICANT ACCOUNTING POLICIES (Contd...)

changes are determined, However, the revenue, in respect of project undertaken before March 31, 2010, is accounted for on the basis of actual receipts and instalment fallen due during the year towards booking of properties, subject to final adjustments on the completion of respective projects. However change in this Accounting Policy doesn't have any significant impact on the profitability of Company.

- b) Further interest on delayed payments, if any, is accounted for on realisation due to uncertainties in recovery.
  - c) Interest and direct expenditure attributable to specific projects are capitalized in the cost of project. Other interest and indirect costs are treated as 'Period Cost' and charged to Profit & Loss account in the year in which it is incurred.
  - d) Brokerage or Commission on Sales is accounted in the year of payment due to uncertainty on realisation of sale Instalments.
  - e) Municipal Taxes are accounted in the year of payment.
  - f) All other incomes and expenditures except mentioned above are accounted for on accrual basis.
- 8. Retirement Benefits to employees**  
Company's contribution to Provident Fund, Family Pension and ESIC are deposited in accordance with the provisions of Employees Provident fund, 1952 charged to profit and loss account.  
Provision for gratuity and leave encashment is determined on the basis of actuarial valuation carried out at the balance sheet date in accordance with revised AS-15.
- 9. Taxation**  
Income tax comprises current tax, deferred tax. Current tax is the amount payable as determined in accordance with the provisions of Income Tax Act, 1961. Provision for Income Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from timing difference between the book and the taxable profits is accounted for using the tax rates and law that are enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future. However if there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets/liabilities are reviewed at each balance sheet date.
- 10. Investments**  
Investments intended to be held for more than a year are classified as long term investments. All other investments are classified as current investments. Long term investments are stated at cost. However provision for diminution is made to recognize any decline, other than temporary, in the value of investments. Current investments are stated at lower of cost or market value on an individual investment basis.
- 11. Foreign Currency Transaction**  
Transaction in foreign currency is recorded at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing on the Balance sheet date and exchange difference on translation of monetary assets and liabilities and resultant gain or loss is recognized in the Profit & loss account.  
Non Monetary assets and liabilities are translated at the rate prevailing on the date of transaction.
- 12. Borrowing Cost**  
The borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily take substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit & Loss account as an expense in the year in which they are incurred.
- 13. Impairment of Assets**  
The Company assesses at each balance sheet date whether there is any indication that an asset may suffer impairment loss. If any such indication exists, the Company estimates the recoverable amount of the asset or the recoverable amount of cash generating unit to which the assets belongs. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flow expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflect the current market assessment of the time value of money and risk specific to the asset. In case recoverable amount is less than its carrying amount then its carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists the recoverable amount is reassessed and the asset is reflected at the recoverable amount.
- 14. Provisions, Contingent Liabilities and Contingent Assets**  
A) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation if: -  
a) The Company has present obligation as a result of past event.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS as on 31.03.2011

### Schedule N SIGNIFICANT ACCOUNTING POLICIES (Contd...)

- b) A probable outflow of resources is expected to settle the obligation and the amount of obligation can be reliably estimated. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.
- B) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.
- C) Contingent Liability is disclosed in the case of: -
- a) A Present obligation arising from the past event, in case it is not probable that an outflow of resources will be required to settle the obligation.
- b) A Possible obligation, unless the probability of outflow of resources is remote.
- D) Contingent Assets are neither recognized nor disclosed.
- 15. Employee Stock Compensation Cost**  
In respect of stock options granted by the Company, the intrinsic value of the options (excess of market price of the share on the date of grant over the exercise price of the option) is treated as deferred employee compensation cost and is amortized over the vesting period on straight line basis in accordance with SEBI guidelines in this regard.
- 16. Leases**  
Lease arrangements, where risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating lease. Lease rentals in respect of operating lease arrangement are recognized as business income/expense in the profit and loss account as and when due in accordance with the terms of the related agreement.
- 17. Earning per share**  
The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprises the net profit after tax (and includes the post tax effect of any extra ordinary items). The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period / year. The number of shares used in computing Diluted EPS comprises of weighted average number of equity shares and diluted potential equity shares outstanding during the period.
- 18. Amalgamation Expenses:** Amalgamation expenses arising due to merger of Capital Homes Limited with the Company are being amortized over the period of five years.

### Schedule O NOTES ON ACCOUNTS

1. In the opinion of the Board of Directors the value on realisation of current assets and loans & advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
2. **The Subsidiary companies considered in the consolidated financial statements are:**
- | S. No. | Name of the Company                | (%) Holding |
|--------|------------------------------------|-------------|
| 1.     | Golden Infracon Pvt. Ltd.          | 100         |
| 2.     | Horizon Realtech Pvt. Ltd.         | 100         |
| 3.     | Divine Townships Pvt. Ltd.         | 100         |
| 4.     | CHD Facility Management Pvt. Ltd.  | 100         |
| 5.     | CHD Retirement Townships Pvt. Ltd. | 100         |
| 6.     | CHD Armaan Realtech Pvt. Ltd.      | 100         |
| 7.     | CHD Blueberry Realtech Pvt. Ltd.   | 100         |
| 8.     | CHD Elite Realtech Pvt. Ltd.       | 100         |
3. In the opinion of the Board of Directors the value on realisation of current assets and loans & advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
4. **Segment Reporting :**  
Company is operating in two segments, but is not giving segment-wise results because there is no reportable segment which has revenue/assets of more than required limit as per Accounting Standard (AS-17) on Segment Reporting.



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS as on 31.03.2011

### Schedule 5 NOTES ON ACCOUNTS (Contd...)

#### 5. Related Parties Disclosures :

As per the requirement of Accounting Standard "AS – 18" issued by the Institute of Chartered Accountants of India the following are the list of relationship with related parties with whom transactions have taken place during the year ended 31.03.2011 :

(Rs. in Lacs)

| Related Parties                      | Nature of Relationship       | Nature of Transaction | Opening | Received/ Credited | Payment | Closing   |
|--------------------------------------|------------------------------|-----------------------|---------|--------------------|---------|-----------|
| Divine Townships Pvt. Ltd.           | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | (0.10)  | –                  | 0.006   | (0.11)    |
| Golden Infracon Pvt. Ltd.            | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | (76.15) | 42.25              | 75.00   | (108.91)  |
| Horizon Realtech Pvt. Ltd.           | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | –       | –                  | 0.008   | (0.008)   |
| CHD Facility Management Pvt. Ltd.    | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | 68.01   | 96.50              | 400.65  | (236.13)  |
| CHD Retirement Townships Pvt. Ltd.   | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | (0.40)  | –                  | 0.009   | (0.41)    |
| CHD Armaan Realtech Pvt. Ltd.        | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | 20.00   | 3636.04            | 3968.46 | (312.42)  |
| CHD Elite Realtech Pvt. Ltd.         | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | –       | 0.003              | 0.003   | –         |
| CHD Blueberry Realtech Pvt. Ltd.     | Wholly Owned Subsidiary      | Investment            | 1.00    | –                  | –       | 1.00      |
|                                      |                              | Loan                  | –       | 450.00             | 1950.03 | (1500.03) |
| CHD Agro Products Pvt. Ltd.          | Common Directors             | Investment            | 0.49    | –                  | –       | 0.49      |
|                                      |                              | Loan                  | (0.27)  | –                  | –       | (0.27)    |
| Manohar Memorial Educational Society | Significant influence of KMP | Unsecured loan        | –       | 1070.45            | 1155.45 | (85.00)   |
| R. K. Mittal                         | Chairman                     | Salary                | –       | –                  | 20.07   | 20.07     |
| Gaurav Mittal                        | Managing Director            | Salary                | –       | –                  | 10.98   | 10.98     |

#### 6. Foreign Currency Transaction :

During the year expenses incurred in foreign currency were Rs.14, 93,674 (P.Y. Rs. 12, 32,512).

#### 7. Auditor's Remuneration :

Payment due to Auditors has been as below:

(Amount in Rupees)

| S. No. | Particulars            | 31.03.2011 | 31.03.2010 |
|--------|------------------------|------------|------------|
| a)     | Audit Fee              | Rs. 43,345 | Rs. 43,676 |
| b)     | Income Tax matters     | NIL        | NIL        |
| c)     | Out of pocket expenses | NIL        | NIL        |

#### 8. Deposits

The details regarding the public deposits are as below:

(Amount in Rs. Lacs)

| S. No. | Particulars                       | 31.03.2011     | 31.03.2010    |
|--------|-----------------------------------|----------------|---------------|
| 1.     | Public Deposits from Shareholders | 354.49         | 1.90          |
| 2.     | Public Deposits from Others       | 1480.12        | 929.63        |
|        | <b>Total</b>                      | <b>1834.61</b> | <b>931.53</b> |

#### 9. Contingent Liabilities:

(Amount in Rs. Lacs)

| S. No. | Particulars  | 31.03.2011 | 31.03.2010 |
|--------|--|------------|------------|
| 1.     | Claims against the Company not acknowledged as debt                          |            |            |
|        | i. Income Tax Demand   | 483.38     | 241.93     |
|        | ii. Sales Tax Demand   | 21.78      | –          |
|        | iii. Others  | 532.34     | –          |
| 2.     | Guarantee issued by the Banks on behalf of the Company                       | 1384.22    | 705.90     |
| 3.     | Corporate Guarantee given to Bank for providing secured loans to third party | 3055.08    | 595.00     |

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS as on 31.03.2011

### Schedule O NOTES ON ACCOUNTS (Contd...)

#### 10. Earning Per Share: Amount in Rs. Lacs

| S. No.    | Particulars  | 31.03.2011 | 31.03.2010 |
|-----------|--|------------|------------|
| <b>A.</b> | <b>Basic</b>   |            |            |
| 1.        | Net Profit after Tax   | 621.57     | 91.54      |
| 2.        | Weighted average number of Equity Shares considered for calculation of EPS         | 1131.07    | 1027.90    |
| 3.        | Basic earning per equity shares of Rs. 2 each                                      | 0.55       | 0.08       |
| <b>B.</b> | <b>Diluted</b>   |            |            |
| 1.        | Weighted average number of Equity Shares considered for calculation of diluted EPS | 1134.00    | 1027.90    |
| 2.        | Diluted earning per equity shares of Rs. 2 each                                    | 0.55       | 0.09       |

#### 11. Deferred Tax:

The Accumulated net deferred tax liability is Rs. 41,43,429 as on March 31, 2011. Provision for Deferred Tax Liability for the year ended March 31, 2011 amounting Rs. 4,82,497 has been debited to Profit & Loss Account. The deferred tax Liabilities/Assets arise due to timing difference on account of Depreciation on Fixed Assets. Deferred tax liabilities / Assets are reviewed as at each Balance Sheet date.

#### 12. Managerial Personnel Remuneration:

During the year Company has paid Rs. 34.98 Lacs to Managerial Personnel as remuneration details whereof are as follow: -

| (Amount in Rupees) |                   |              |             |             |
|--------------------|-------------------|--------------|-------------|-------------|
| S. No.             | Name of Directors | Nature       | 31.03.2011  | 31.03.2010  |
| 1.                 | R. K. Mittal      | Remuneration | 24,00,000/- | 24,00,000/- |
| 2.                 | Gaurav Mittal     | Remuneration | 10,97,500/- | 9,60,000/-  |

#### 13. Discontinuation of Operation (AS-24):

The restaurant division of the Company has been discontinued w.e.f March 31, 2011. This division has sale of Rs. 113.91 lacs and expenses of Rs.106.60 lacs and Profit before Tax was Rs. 7.31 lacs (ie. 1% of Total Profit before Tax), during the year. Closure of this division doesn't have any material or significant impact on profitability of the Company.

#### 14. Details of Issue of Share Capital

During the year the Company has issued and allotted 3,75,588 equity shares to employees of the Company pursuant to ESOP Scheme 2007.

#### 15. Quantitative details:

Quantitative details of material consumed/bought as required under schedule VI of the Companies Act, 1956 are as under:

##### a) Construction Division:

There are so many items of different quantities like Cement, Bricks, steel, Badarpur & Rodi etc., details of which are as follows as on March 31, 2011. Information pursuant to Part – II of schedule VI of the Companies Act, 1956:

##### Consumption of Building Material:

| S. No. | Particulars                 | As at 31.03.2011 |             | As at 31.03.2010 |             |
|--------|-----------------------------|------------------|-------------|------------------|-------------|
|        |                             | Quantity         | Value (Rs.) | Quantity         | Value (Rs.) |
| 1.     | Bricks (Nos.)               | 10,08,907        | 36,32,062   | 89,533           | 2,68,600    |
| 2.     | Cement (Bag)                | 68,273           | 1,64,47,044 | 22,693           | 48,00,494   |
| 3.     | Steel (MT)                  | 1877.29          | 7,48,36,356 | 175              | 61,61,825   |
| 4.     | Grit (CFT)                  | 48,069           | 15,38,200   | 6,875            | 1,36,502    |
| 5.     | Sand, Rodi & badarpur (CFT) | 63,785           | 20,33,237   | 99,684           | 19,89,269   |

16. During the year Unclaimed Deposits was Rs. 10,000 (P.Y. Rs. 55,000) and Unclaimed Dividend was Rs. 1,24,822/- only. (P.Y. Rs. 1,24,822).

#### 17. Employee Stock Option Scheme:

The Securities and Exchange Board of India (SEBI) has issued the (Employees Stock Options Scheme and Employees Stock Purchase Scheme) guidelines, 1999. In accordance with these guidelines, the excess of the market price of the underlying equity shares as on the



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS as on 31.03.2011

### Schedule 0 NOTES ON ACCOUNTS (Contd...)

date of the grant of the options over the exercise price of the option, including upfront payments, if any is to be recognized as an expense and amortized on a straight line basis over the vesting period.

Details of options offered, granted, lapsed, vested and exercised are given below:

|   |  |
|---|--|
| a) Total options offered  | The Company had not offered new options during the year  |
| b) Options granted  | The Company has granted 5,01,049 Stock Options during the year (each Option carrying entitlement for one equity share) at a price of Rs. 2 each (face value) |
| c) The Pricing formula  | Rs. 2 (face value of equity shares)  |
| d) Options vested   | 375588   |
| e) Options exercised  | 375588   |
| f) Total No. of shares arising as a result of exercise of Options | 375588   |
| g) Options lapsed   | Nil  |
| h) Variation in terms of Options                                  | Nil  |
| i) Money realized by exercisable Options (Amt. in Rs.)            | 7,51,176   |
| j) Total No. of Options in force                                  | 5,01,049   |

\* The Company has received advance against employee stock options equivalent to ten percent of the face value i.e. Rs. 2 per share from the employees to whom options have been granted and has been availed thereby.

#### 18. Micro, Small and Medium Enterprises:

The Company has not received any information from its suppliers under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures regarding their status, if any, relating to amounts unpaid as on March 31, 2011 together with interest paid/payable as required under Micro, Small and Medium Enterprises Development Act, 2006 is not given.

#### 19. Operating Lease:

The break up of the total minimal Lease Rental Expense /Income as per "AS-19 Lease" at March 31, 2011 is as follows:

| A. Lease Rental Expenses: |   | <i>(Amount in Rupees)</i> |                    |
|---------------------------|---|---------------------------|--------------------|
| S. No.                    | Particulars                                       | 31.03.2011                | 31.03.2010         |
| A)                        | Not later than one year                           | 4,165,455                 | 39,81,972          |
| B)                        | Later than One year but not later than Five years | 17,837,024                | 1,81,64,790        |
| C)                        | Later than Five Years                             | 3,973,243                 | 64,01,344          |
|                           | <b>Total</b>                                      | <b>25,975,722</b>         | <b>2,85,48,106</b> |

| B. Lease Rental Incomes : |   | <i>(Amount in Rupees)</i> |                    |
|---------------------------|---|---------------------------|--------------------|
| S. No.                    | Particulars                                       | 31.03.2011                | 31.03.2010         |
| A)                        | Not later than one year                           | 46,49,219                 | 84,44,547          |
| B)                        | Later than One year but not later than Five years | 151,73,520                | 35,960,707         |
| C)                        | Later than Five Years                             | 129,38,877                | 45,735,072         |
|                           | <b>Total</b>                                      | <b>327,61,616</b>         | <b>9,01,40,326</b> |

20. Some of the balance of Debtors, Creditors, Advances and Loans are subject to confirmation / reconciliation.

21. Balance Sheet abstracts and Company's General business profile is attached herewith.

22. Previous year's figures have been regrouped/rearranged, wherever necessary, to confirm this year's classifications.

For **Mohan & Mohan**  
Chartered Accountants  
(Firm Regn. No.: 002612N)

For and on behalf of the Board of Directors

**Adarsh Mohan**  
Partner  
Membership No.: 81491

**R. K. Mittal**  
Chairman

**Gaurav Mittal**  
Managing Director

Place : New Delhi  
Dated : May 23, 2011

**Vishal Rajpal**  
Chief Financial Officer

**Ritu Goyal**  
Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT for the year ended 31.03.2011

(Amount in Rupees)

| Particulars  | 31.03.2011    |                    | 3103.2010     |                     |
|--|---------------|--------------------|---------------|---------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>            |               |                    |               |                     |
| Net Profit before Tax & extraordinary Items              |               | 94,574,577         |               | 14,673,369          |
| Adjustment to Depreciation                               | 4,976,261     |                    | 3,964,301     |                     |
| Loss on sale of Fixed Assets                             | 159,821       |                    | 559,750       |                     |
| Interest Paid  | 49,013,201    |                    | 41,354,709    |                     |
| Interest Received  | (7,801,164)   |                    | (1,533,842)   |                     |
| ESOP   | 411,413       |                    | 741,000       |                     |
| Miscellaneous Expenditure W/off                          | 121,550       | 46,881,082         | 109,864       | 45,195,782          |
| Operating Profit before Working Capital Changes          |               | 141,455,659        |               | 59,869,151          |
| Adjustment For:  |               |                    |               |                     |
| Trade & Other Receivables                                | (4,809,912)   |                    | 33,469,562    |                     |
| Loans & Advances   | (221,292,416) |                    | (168,627,656) |                     |
| Inventories  | (94,944,645)  |                    | 71,764,020    |                     |
| Current Liabilities                                      | 204,076,579   |                    | (23,592,811)  |                     |
| Provisions   | (980,592)     | (117,950,986)      |               | (86,986,885)        |
| Cash Generation From Operations                          |               | 23,504,673         |               | (27,117,734)        |
| Taxes on Expenses  |               | (8,440,074)        |               | (5,133,415)         |
| <b>Net Cash from Operating Activities</b>                |               | <b>15,064,599</b>  |               | <b>(32,251,149)</b> |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>            |               |                    |               |                     |
| Interest Received  | 7,801,164     |                    | 1,533,842     |                     |
| Purchase of Investment                                   | (5,601,050)   |                    | (16,804,990)  |                     |
| Purchase of Fixed Assets                                 | (24,258,742)  |                    | (11,187,116)  |                     |
| Sale of Fixed Assets                                     | 801,200       |                    | 20,939,359    |                     |
|  |               | (21,257,428)       |               | (5,518,905)         |
|  |               | (6,192,829)        |               | (37,770,054)        |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>            |               |                    |               |                     |
| Long Term Borrowings                                     | 159,938,435   |                    | 12,249,534    |                     |
| Interest Paid  | (49,013,201)  |                    | (41,354,709)  |                     |
| Increase in Share Capital                                | 751,176       |                    | 31,912,134    |                     |
| Equity Shares and Warrants                               | 25,112        |                    | 75,118        |                     |
| Share Premium A/c  | 1,398,928     | 113,100,450        | 43,246,419    | 46,128,496          |
| <b>Net Increase/Decrease in Cash/Cash Equivalents</b>    |               | <b>106,907,621</b> |               | <b>8,358,442</b>    |
| Cash/Cash Equivalents as at 01.04.2010 (Opening Balance) |               | 45,453,712         |               | 37,095,270          |
| Cash/Cash Equivalents as at 31.03.2011 (Closing Balance) |               | 152,361,331        |               | 45,453,712          |

As per our report of even date attached

For **Mohan & Mohan**  
Chartered Accountants  
(Firm Regn. No.: 002612N)

For and on behalf of the Board of Directors

**Adarsh Mohan**  
Partner  
Membership No.: 81491

**R. K. Mittal**  
Chairman

**Gaurav Mittal**  
Managing Director

Place : New Delhi  
Dated : May 23, 2011

**Vishal Rajpal**  
Chief Financial Officer

**Ritu Goyal**  
Company Secretary



## SECTION 212

### Statement Pursuant to Section 212 of the Companies Act, 1956

#### Financial details of Subsidiary Companies for the year ended on 31st March, 2011

| S. No. | Particulars  | CHD Facility Management Pvt. Ltd. | Golden Infracon Pvt. Ltd. | Divine Townships Pvt. Ltd. | Horizon Realtech Pvt. Ltd. | CHD Retirement Townships Pvt. Ltd. | CHD Armaan Realtech Pvt. Ltd. | CHD Blueberry Realtech Pvt. Ltd. | CHD Elite Realtech Pvt. Ltd. |
|--------|--|-----------------------------------|---------------------------|----------------------------|----------------------------|------------------------------------|-------------------------------|----------------------------------|------------------------------|
| 1      | Financial Year ending date   | 31.03.2011                        | 31.03.2011                | 31.03.2011                 | 31.03.2011                 | 31.03.2011                         | 31.03.2011                    | 31.03.2011                       | 31.03.2011                   |
| 2      | Paid up Share Capital  | 100,000                           | 100,000                   | 100,000                    | 100,000                    | 100,000                            | 100,000                       | 100,000                          | 100,000                      |
| 3      | Reserves & Surplus   | (2,192,649)                       | (48,019)                  | (44,627)                   | (42,775)                   | (33,031)                           | 10,542,437                    | (12,328)                         | (6,718)                      |
| 4      | Total Assets   | 23,798,347                        | 11,015,604                | 145,604                    | 1,865,808                  | 140,889                            | 274,266,399                   | 100,000                          | 100,000                      |
| 5      | Total Liabilities  | 23,798,347                        | 11,015,604                | 145,604                    | 1,865,808                  | 140,889                            | 274,266,399                   | 100,000                          | 100,000                      |
| 6      | Details of Investment (except in case of investment in subsidiary companies) |                                   |                           |                            |                            |                                    |                               |                                  |                              |
|        | a) Shares  | 12,101,050                        | –                         | –                          | –                          | –                                  | –                             | –                                | –                            |
|        | b) Mutual Funds  | –                                 | –                         | –                          | –                          | –                                  | –                             | –                                | –                            |
| 7      | Total of Investment  | 12,101,050                        | –                         | –                          | –                          | –                                  | –                             | –                                | –                            |
| 8      | Turnover (including other income)  | 6,155,656                         | –                         | –                          | –                          | –                                  | 483,313,802                   | –                                | –                            |
| 9      | Profit before Tax  | (1,494,121)                       | (9,368)                   | (9,313)                    | (10,017)                   | (11,550)                           | 16,060,803                    | (11,225)                         | (5,615)                      |
| 10     | Provision for Current & Deferred Tax   | 27,842                            | –                         | –                          | –                          | –                                  | 5,517,263                     | –                                | –                            |
| 11     | Profit after Tax   | (1,521,963)                       | (9,368)                   | (9,313)                    | (10,017)                   | (11,550)                           | 10,543,540                    | (11,225)                         | (5,615)                      |
| 12     | Proposed Dividend  | –                                 | –                         | –                          | –                          | –                                  | –                             | –                                | –                            |

For and on behalf of the Board of Directors

**R. K. Mittal**  
Chairman

**Gaurav Mittal**  
Managing Director

Place : New Delhi  
Dated : May 23, 2011

**Vishal Rajpal**  
Chief Financial Officer

**Ritu Goyal**  
Company Secretary



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

|                   |                                  |
|-------------------|----------------------------------|
| Mr. R. K. Mittal  | Chairman-cum-Whole Time Director |
| Mr. Gaurav Mittal | Managing Director                |
| Mr. M. P. Goel    | Director                         |
| Mr. Manav Jain    | Director                         |
| Mr. Pran Nath     | Director                         |
| Mr. M. S. Kapur   | Director                         |

### CHIEF FINANCIAL OFFICER CUM COMPLIANCE OFFICER

Mr. Vishal Rajpal

### COMPANY SECRETARY

Ms. Ritu Goyal

### REGISTERED OFFICE

SF-16-17, 1st floor,  
Madame Bhikaji Cama Bhawan,  
Bhikaji Cama Place, New Delhi -110066  
Ph: No: 011-40100100  
Fax: 011-40100190  
Web: [www.chddevelopers.com](http://www.chddevelopers.com)  
Email: [investorservices@chddevelopers.com](mailto:investorservices@chddevelopers.com)

### AUDITORS

M/s Mohan & Mohan  
Chartered Accountants,  
F-31, D. B. Gupta Market,  
Karol Bagh, New Delhi-110005

### SUBSIDIARIES

Divine Townships Private Limited  
Golden Infracon Private Limited  
Horizon Realtech Private Limited  
CHD Facility Management Private Limited  
CHD Retirement Townships Private Limited  
CHD Armaan Realtech Private Limited  
CHD Elite Realtech Private Limited  
CHD Blueberry Realtech Private Limited

### PRINCIPAL BANKERS/ FINANCIAL INSTITUTIONS

Axis Bank Limited  
Bank of Baroda  
HUDCO

### REGISTRAR & SHARE TRANSFER AGENTS

Skyline Financial Services Pvt. Ltd.  
D-153A, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi-110 020, Ph: 011-30857575



## CHD DEVELOPERS LIMITED

SF-16-17, 1st Floor, Madame Bhikaji Cama Bhawan, Bhikaji Cama Place, New Delhi-110066

### NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Members of **CHD Developers Limited** will be held at Aadyant School, Plot No. 10-11, Nelson Mandela Road, Vasant Kunj, New Delhi-110070 on Saturday, September 24, 2011 at 10:00 A.M. to transact the following businesses:

#### Ordinary Business:-

1. To receive, consider and adopt the Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the year ending on that date along with report of Board of Directors' and Auditors' Report thereon.
2. To declare Dividend on equity shares for the financial year ended March 31, 2011
3. To appoint a Director in place of Mr. Manav Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT M/s Mohan & Mohan, Chartered Accountants, the retiring auditors of the Company be and are hereby re-appointed as the auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting on a remuneration as may be fixed by Board of Directors of the Company."

M/s Mohan & Mohan, Chartered Accountants have furnished a Certificate to the effect that their reappointment, if made, shall be within the limits set out in section 224(1B) of the Companies Act, 1956.

By order of the Board of Directors  
For CHD Developers Limited

Place: New Delhi  
Date: May 23, 2011

**R.K. Mittal**  
(Chairman)

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY (IES) TO ATTEND AND VOTE INSTEAD OF HIM SELF/ HER SELF AND THE PROXY (IES) NEED NOT BE A MEMBER OF THE COMPANY. PROXY (IES) IN ORDER TO BE EFFECTIVE MUST BE SIGNED, STAMPED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING. BLANK PROXY FORM IS ANNEXED HERETO.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from Monday, September 19, 2011 to Saturday, September 24, 2011 (both days inclusive).
3. The dividend on equity shares as recommended by Board of Directors for the year ended March 31, 2011, if approved, at the Annual General Meeting, will be paid to the members whose name appear:-
  - i. As beneficial owner as per list to be furnished by the Depositories in respect of the shares held in demat form and
  - ii. As members on the Register of Members of the Company as on September 24, 2011 after giving effect to all valid share transfers in physical form which would be received by the Company upto close of the business hours on September 18, 2011

4. Shareholders are requested to note that no claims shall lie against the Company or the investor education and protection fund in respect of any amounts which will remain unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
5. Members who hold shares in dematerialized form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their Dividend Warrants as per the applicable provisions of the Depositories and the Company will not entertain any direct request from such members for deletion of or making changes in such Banking account details. Further, instructions, if any, already given by the member in respect of shares held in physical form will not be automatically applicable to shares held by them in electronic form. Members who wish to change such Bank Account details are therefore requested to advise their depository participants about such change with complete details of Bank Account.
6. Members are requested to notify any changes in their address etc. quoting their folio no.(s) to the Registrar & Share Transfer Agents at the following address, at the earliest to avoid inconvenience at a later stage :  
  
**Skyline Financial Services Private Limited**  
D-153A, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi-110 020, Ph: 011-30857575
7. Members are requested to bring their copy of the Annual Report to the venue of the meeting.
8. Members desiring any information on accounts of the Company are requested to write to the Company at least one week before the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.
9. Shareholders are eligible to file their nominations against their Shareholding. Nomination form(s) are available at the

Registered Office of the Company at SF-16-17, 1st Floor, Madame Bhikaji Cama Bhawan, 11, Bhikaji Cama Place, New Delhi-110066. Those interested in getting the facility of Nomination may write to the Company Secretary of the Company for a copy of the prescribed nomination form.

10. As required under clause 49 of the Listing Agreement, given below are the details of the Director who retire by rotation and is eligible for re-appointment:

- i) Director being re-appointed at retirement by rotation (Resolution at Item No. 3)

Mr. Manav Jain son of Shri Subhash Jain is a Director of the Company since 2000. He is 34 years old and completed honors degree in commerce. He has a good experience of construction & Hospitality Industries. He is also having expertise Knowledge in accounts and finance. He is also a Director of Manav Estate Pvt. Limited. He is on the following Committee (s) formed by the Board of Directors.

Committee Membership:-

- Audit Committee
- Remuneration Committee

Other than the foregoing he is not a member of any other Committee.

None of the Directors except Mr. Manav Jain, being the appointee, is interested or concerned in the said resolution.

By order of the Board of Directors  
For CHD Developers Limited

Place: New Delhi  
Date: May 23, 2011

**R.K. Mittal**  
(Chairman)





CHD DEVELOPERS LIMITED

Regd.Office : SF 16-17, FF, Madame Bhikaji Cama Bhawan, Bhikaji Cama Place , New Delhi- 110066

### ATTENDANCE SLIP

|            |  |                      |  |
|------------|--|----------------------|--|
| DP ID*     |  | L.F. No.             |  |
| Client ID* |  | No. of Share(s) held |  |

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

|                 |                       |   |
|-----------------|-----------------------|---|
| Name(s) in full | Father/husband's Name | Address as Registered<br>With the Company |
| 1 _____         |                       |   |
| 2 _____         |                       |   |

I/We hereby record my/our presence at the 21st Annual General Meeting of the Company to be held on Saturday, the September 24, 2011 at 10.00 A.M. at Aadyant School. Plot No. 10-11, Nelson Mandela Road, Vasant Kunj New Delhi – 110 070.

Signature of the shareholder(s)

|         |         |
|---------|---------|
| 1 _____ | 2 _____ |
|---------|---------|

Note : Attendance Slip in original should be complete in all respect.



CHD DEVELOPERS LIMITED

Regd.Office : SF 16-17, FF, Madame Bhikaji Cama Bhawan, Bhikaji Cama Place , New Delhi- 110066

### FORM OF PROXY

|            |  |                      |  |
|------------|--|----------------------|--|
| DP ID*     |  | L.F. No.             |  |
| Client ID* |  | No. of Share(s) held |  |

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

|                 |                       |   |
|-----------------|-----------------------|---|
| Name(s) in full | Father/husband's Name | Address as Registered<br>With the Company |
| 1 _____         |                       |   |
| 2 _____         |                       |   |

Being a member/member(s) of CHD Developers Limited hereby appoint \_\_\_\_\_ Or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the 21st Annual General Meeting of the Company to be held on Saturday the September 24, 2011 at 10.00 A.M. at Aadyant School. Plot No. 10-11, Nelson Mandela Road, Vasant Kunj New Delhi – 110 070 and at any adjournment thereof.

Signature of the shareholder(s)

|         |         |
|---------|---------|
| 1 _____ | 2 _____ |
|---------|---------|

Dated: 2011

Note: The Proxy Form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for the aforesaid Meeting. The proxy need not be a member of the Company.

IMPORTANT: No gifts/coupons would be given to the shareholders for attending the Annual General Meeting



