

**Annual Report
2010-11**



Lok Housing And Constructions Ltd.

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Letter from the Chairman

Dear Shareholders,

It is just more than a year since I took charge as the Chairman and Managing Director of your Company. I feel very much touched with the whole-hearted support and co-operation that I have received from all stakeholders. This gesture has really enhanced my enthusiasm level in my endeavour to take your Company forward pursuing the vision, mission and principles laid down by the founder Chairman, Late Shri Lalit Gandhi.

We, at Lok Housing, will continue to focus our efforts to serve the people, meeting their housing aspirations - across all segments, especially the mass and affordable housing segment. During the last year, we have initiated various efforts towards consolidating our activities for improved performance, results of which would be visible in the near future.

Update on operations

I am happy to mention that despite various difficulties affecting the industry viz. non-availability of sand, rising cost of input materials, rising interest rate on home loans etc., your company has maintained its operations and performance. While the income remained almost at the same level of last year, the net profit increased by almost 45%.

The realty sector has almost been steady during the last couple of years and we hope this trend would be continued for some more years. . The Central as well as State Governments have been working towards evolving various measures for providing affordable housing, which is the challenge in the present scenario. Your Company's projects viz., Phase-I of Lok Nirman at Khar and Lok Prabhat at Virar are progressing well. The company has worked out some joint venture arrangement for the development of Phase-II of Lok Nirman project at Khar and the last phase of Lok Everest project at Mulund. These projects will be launched shortly.

As mentioned in my last address, the Company has vast land bank located at Turbhe, Ambernath, Kalyan, Vasai, Pune and Bangalore aggregating to over 650 acres. The company has initiated the process to make these lands developable in the near future to ensure sustainability and growth opportunities for the company in the years to come. Also, the company is exploring further development potential in the completed and on-going projects due to certain amendments in the Development Control Rules.

Remaking of Mumbai

It is your Company's sincere commitment to promote the socio-economic cause of redevelopment of dilapidated buildings in the Island City of Mumbai. Your Company's founder Chairman has been a strong advocate of this and his sustained efforts resulted in the formation of Remaking of Mumbai Federation (RoMF), an inclusive body of various stakeholders in the housing sector working for the remaking of Mumbai. Your Company will continue to participate and promote the critical issue of redevelopment of dilapidated buildings in Mumbai. Your company has substantial stake in the share holding of Remaking of Mumbai Development Ltd, which is the holding company for Remaking of Mumbai Housing Infrastructure & Finance Ltd (ROMHIF) which is involved in the implementation of redevelopment of dilapidated buildings in the Kalbadevi-Chira Bazar area. Implementation of this project, though will take some time, will immensely beneficial to your company in the years to come.

On a concluding note

Before I conclude, I would like to take this opportunity to thank all shareholders for their ungrudging support and I assure you that all efforts will be put in to bring back the glory. I also take this opportunity to thank all our business associates, bankers, creditors, Government of Maharashtra, local governing bodies, and our valued customers for their continued support. I would also extend my sincere thanks to the staff members for their support.

Thank you.

Darshan L. Gandhi

Board of Directors

MR. DARSHAN L. GANDHI

Chairman & Managing Director

MR. CHIMAN J. SANGHAVI

Director

MR. MAYANK R. GANDHI

Director

MS. NAINA M. SHAH

Executive Director

AUDITORS :

M/s. Bhupendra Shroff & Co.

Chartered Accountants

LEGAL ADVISORS :

M/s. Pravin Mehta And Mithi & Co.

M/s. Udwardia & Udeshi

BANKERS :

State Bank Of India

Uco Bank

Union Bank Of India

COMPANY SECRETARY :

Mr. Vijay B. Sharma

REGISTERED OFFICE :

4, Lok Bhavan, Ground Floor,

Lok Bharati Complex,

Marol Maroshi Road,

Andheri (E), Mumbai - 400 059

Notice

NOTICE is hereby given that the 26TH ANNUAL GENERAL MEETING of Lok Housing And Constructions Limited will be held at 4.00 p.m. on Friday, the 26th August, 2011 at M.C. GHIA HALL, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubhash Marg, Mumbai 400 001 to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of **Ms. Naina M. Shah** who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and fix their remuneration.

By Order of the Board

VIJAY B. SHARMA

Sr. General Manager & Company Secretary

Place: Mumbai

Dated: 30th June, 2011.

NOTES FOR MEMBERS' ATTENTION :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The instrument appointing a proxy, to be effective, must reach the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books in respect of Equity Shares of the Company will remain closed from **22nd August, 2011 to 26th August, 2011 (both days inclusive)**.
4. Shareholders holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with Share Certificates to the Company.
5. Shareholders are requested to bring their copies of Annual Report to the Meeting. Copies of the Annual Report may not be available for distribution to Shareholders at the venue.
6. Shareholders attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the venue.
7. Members having any queries relating to Annual Report are requested to send their queries at the Registered Office of the Company at least seven days before the date of the Meeting to enable the Management to be prepared with the replies.
8. **NOMINATION OF PHYSICAL SHARES:** Members holding shares in physical form are advised to nominate a person to whom his/her shares in the Company shall vest in the event of his/her death.
9. Members holding shares in dematerialized form are requested to bring their respective Client ID and DP ID Numbers at the venue, for identification.
10. The Company has paid Listing Fee for the Financial Year 2011-2012 to Bombay Stock Exchange Ltd. The Company's shares are listed only on Bombay Stock Exchange Ltd.
11. Appropriate steps are being taken pursuant to Clause 5A of the Listing Agreement with Stock Exchange. In that direction, Demat Suspense Account with one of Depository Participant will be opened and unclaimed shares issued under Public Issue shall be credited to such Demat Suspense Account and follow prescribed procedure laid down under Clause 5A of the Listing Agreement.
12. The Company's Registrar & Transfer Agents are:
Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai 400 078.
Tel. No. : 25946970. Fax No. : 25946969.
E-MAIL: rnt.helpdesk@linkintime.co.in

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (pursuant to Clause 49 of Listing Agreement) :

i) Name of Director	Ms. Naina M. Shah
Date of Birth	25th May, 1949
Age	62 years
Date of Appointment	1st August, 1987
Nature of expertise in specific functional areas	Ms. Naina M. Shah is a B.E. (Architect), with 37 years of experience. She has been actively associated with the Company since 24 years. She guides and supervises number of Departments of the Company such as Architect, Sales, Marketing and General Administrative. The Board of Directors always seeks valuable advice from her on number of tricky and complicated issues faced by the Company in the course of business.
Qualification	B.E. (Architect)
Directorships held in other public Companies (excluding foreign companies)	Nil
Committee position held in other Companies	Nil.
No. of shares :	
(a) Own	1,36,610
(b) For other persons on beneficial basis	Nil.

Directors' Report

TO THE MEMBERS

Your Directors hereby present their Twenty-sixth Annual Report on the business operations of the Company along with the audited statement of accounts for the year ended 31st March, 2011.

1. FINANCIAL RESULTS :

(Rs. in Lakhs)

	Year Ended March 31st	
	2011	2010
Income	2,917.27	2,930.77
Profit / (Loss) before tax	127.00	312.55
Provision for taxation		
a) Current Tax	25.30	53.10
b) Deferred Tax	30.70	188.90
c) Excess Tax Provision	(30.86)	-
Net Profit / (Loss) After Tax	101.86	70.55
Add : Balance brought forward	5,187.83	5,117.28
Balance Carried to balance sheet	5,289.69	5,187.83

2. DIVIDEND :

Your Directors do not recommend any dividend for Financial Year ended 31st March, 2011.

3. REVIEW OF OPERATIONS :

Financial year 2010-2011 represents the period of recovery of whole economy in general and realty sector has edged over the other sectors of the economy. In spite of recovery of real estate sector, demand remained subdued for real estate products across all the categories, apparently due to monetary policy adopted by the Reserve Bank of India to squeeze the liquidity with the object to contain the inflationary elements from the economy, simultaneously increasing the rate of interest on home loans which have direct impact on the demand of the real estate products.

To weather the tremors of slowdown and cash crunch in ever changing scenario on macro and micro level, the Company

has adopted business strategies such as Joint Ventures in projects, hived-off projects, to utilize the vacant portion of existing projects for the development of new projects on such vacant land.

During the year under review, the Company achieved total income of Rs.2,917.27 lacs as against Rs. 2,930.77 lacs in the previous year. During the year, Company has earned Net Profit after tax of Rs. 101.86 lacs against Net Profit of Rs.70.55 lacs in the previous year.

Saturn Trading Pvt. Ltd., a Promoter Group Company, has exercised its option to convert 22,00,000 Convertible Warrants into 22,00,000 equity shares. The Board has approved conversion of warrants into aforesaid equity shares as on 22nd June, 2011. The paid-up capital of the Company after conversion of warrants is increased proportionately to i.e. Rs.46,74,92,910/-.

The progress of construction activities at on-going projects such as Lok Mansarovar, Lok Prabhat and Lok Nirman is satisfactory. The funds derived from these on-going projects are being utilized for the expansion of the business of the Company. Further to strengthen itself financially, the Company has focused on improvising productivity and reducing its costs, utilizing its cash flow most effectively during the year under review.

To reduce its debt burden, constant interaction and settlement process with lenders is on-going. In that direction, the Company has settled and paid to 20 Institutions out of 21 Institutions. Negotiations and settlement process with remained Institution is reached on advanced stage.

“Remaking of Mumbai Housing Infrastructure & Finance Ltd. (ROMHIF) has submitted its proposal to redevelop around 30 acres of land (362 buildings and over 8000 tenements) in the Kalbadevi-Chira Bazar area in ‘C’ Ward of Mumbai. It proposes to demolish these old and dilapidated buildings and in their place construct high rise structure in the ear-marked plots. Your Company has 49% stake in the shareholding of Remaking of Mumbai Development Ltd. which is the holding Company for ROMHIF which intends to develop this Pilot project of 30 acres and then increasing its size to 232 acres in the ‘C’ Ward of Mumbai.

There has been a great deal of forward movement with regards to this redevelopment proposal in the island city of Mumbai. The proposal for redevelopment has got an approval In-principle from the High Powered Committee constituted under the chairmanship of the Municipal Commissioner. It has now been proposed to forward to the Urban Development Ministry of the state of Maharashtra for their consent. Meanwhile, ROMHIF has divided the 30 acre land into parcels of over 5 acres consisting of over 70 buildings each. It has already entered into an agreement with Unity Infrastructure Ltd for jointly developing the first piece of 5 acres and is in final stages of negotiation for the next 5 acre lands with other like-minded developers.”

4. FIXED DEPOSITS:

The Company has not accepted/renewed any Fixed Deposits during the year under review. The Company had no outstanding Fixed Deposits at the close of the year under review.

5. IN-HOUSE MANUFACTURING ACTIVITIES:

During the year under review, Company has attained turnover of Rs.168.09 lacs by sale of concrete blocks, against Rs.177.57 lacs in the previous year.

6. DIRECTORS' RESPONSIBILITY STATEMENT:-

In terms of section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that:-

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

7. CORPORATE GOVERNANCE:

During the year under review, your Company has taken adequate steps to ensure that all mandatory provisions of

Corporate Governance stipulated in Clause 49 of the Listing Agreement have been complied with. A separate Report on Governance along with the Auditors' Certificate on its compliance, forms part of this Report and is annexed hereto.

8. DIRECTORS:

Shri Prayag K. Parekh, Director of the Company left for his heavenly abode on 30th December, 2010. The untimely death of Shri Prayag K. Parekh was irreparable loss to the Company.

Shri Prayag K. Parekh was an Electrical Engineer by profession and later on he dedicated his life to mission set by Enlightened Soul Sri Sri Ravishankar who teaches the philosophy of “Art of Living” to the general masses.

Number of employees, under his able guidance, learnt the Art of Living course which teaches not only to lead spiritual life but also to withstand stress occurred during the day-to-day work of a person.

The Board placed on record his momentous contribution to the Company and expressed heart-felt condolence to the bereaved family.

Ms. Naina M. Shah, Director of the Company shall be retiring at the ensuing Annual General Meeting and she is eligible, for re-appointment.

Shri B.C. Jain resigned as a Director on 12th November, 2010. The Board places on record its appreciation of the services rendered by him during his tenure on the Board.

9. AUDITORS' REPORT :

Notes to the Accounts are self-explanatory and therefore, do not call for any further clarification or explanation with respect to qualifications made by the Auditors in their Report.

10. AUDITORS:

The Company's Auditors, M/s. Bhupendra Shroff & Co., Chartered Accountants, Mumbai will hold office upto the conclusion of the 26th Annual General Meeting and are eligible for re-appointment.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information relating to Conservation of Energy, Technology Absorption etc. pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is not provided as the same is not applicable to the Company.

Foreign Exchange earnings are Nil. Outgo on account of traveling expenses and Professional Fees during the year under review are Rs.Nil lacs.

12. PARTICULARS OF EMPLOYEES:

During the year under review, there is no employee who was in receipt of remuneration, which, in the aggregate, was not less than the sum prescribed under Section 217(2A) of the Companies Act, 1956. Hence, information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not forming part of this report.

13. PERSONNEL:

The Directors wish to place on record their sincere appreciation for the outstanding contribution and devoted services of employees at all levels of the Company during the year under review.

14. ACKNOWLEDGMENTS:

The Directors acknowledge the valued co-operation and continued support extended to the Company by its Bankers, Financial Institutions and various other lenders. The Directors also place on record their gratitude to various departments of Government of Maharashtra and Government of India and authorities of different Municipal Corporations of Maharashtra, Bombay Stock Exchange Ltd., Securities And Exchange Board of India and the Advisors for their valuable co-operation.

And to you our Shareholders, we are deeply grateful for the confidence and faith which you have always placed in us.

For and on behalf of the Board of Directors

DARSHAN L. GANDHI
Chairman & Managing Director

Place: Mumbai.

Dated: 30th June, 2011.

Corporate Governance Report

(1) CORPORATE GOVERNANCE - PHILOSOPHY :

The Company's philosophy of Corporate Governance is aimed at the attainment of highest level of transparency and accountability in all facets of its operations and assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations towards all its stakeholders, employees and government.

(2) BOARD OF DIRECTORS :

(A) Size and Composition of Board :

The Board of the Company at present comprises of Four Directors out of which, Two are Independent and Non-Executive Directors. The Chairman of the Board is an Executive Director. The constitution of the Board as on 31st March, 2011 is as under:

Name	Executive/ Non-Executive/ Independent
Mr. Darshan L. Gandhi	Executive – Chairman & Managing Director
Mr. Chiman J. Sanghavi	Non-Executive, Independent
Mr. Mayank R. Gandhi	Non-Executive, Independent
Ms. Naina M. Shah	Executive

* Mr. B.C. Jain, Director of the Company resigned on 12th November, 2010.

** Mr. Prayag K. Parekh, Director of the Company expired on 30th December, 2010.

(B) Board Meetings held during the Financial Year 2010-2011 :

During the Financial Year ended 2010-2011, four Board Meetings were held on 13th May, 2010, 9th August, 2010, 12th November, 2010 and 14th February, 2011. The time gap between any two meetings was less than four months.

Attendance of each Director at the Board meetings, last Annual General Meeting and Number of Directorships in other Companies, and Chairmanship/Membership of Committee of each Director in the Company, and in various companies, are as detailed hereunder :

Name of the Director	Attendance Particulars		No. of directorships and Committee memberships/chairmanships		
	Board Meetings	Last AGM	Other Directorships*	Committee Memberships*	Committee Chairmanships*
Mr. Darshan L. Gandhi	4	Yes	4	2	-
Mr. Chiman J. Sanghavi	4	Yes	-	-	3
***Mr. Prayag K. Parekh	-	Yes	-	-	-
Mr. Mayank R. Gandhi	4	Yes	1	2	-
Ms. Naina M. Shah	4	Yes	-	1	-
** Mr. B.C. Jain	2	Yes	-	-	-

* This excludes Directorships held in Foreign Companies and Private Limited Companies.

** Mr. B.C. Jain, Director of the Company resigned on 12th November, 2010.

*** Mr. Prayag K. Parekh, Director of the Company expired on 30th December, 2010.

(C) Code of Conduct :

The Board of Directors of the Company have laid down Code of Conduct for all the Members and Senior Management Personnel of the Company for the year under review. All the Directors and Senior Management Personnel have confirmed their adherence to the provisions of this Conduct. A Declaration to this effect duly signed by Chairman & Managing Director is annexed hereto.

(3) AUDIT COMMITTEE:

Terms of reference :

The terms of reference of the Audit Committee include the matters specified under Clause 49 of the Listing Agreement entered into with the Stock Exchange as well as those in Section 292-A of the Companies Act, 1956 and inter-alia includes the following :

1. Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors.
4. Reviewing with management the annual financial statements before submission to the board for approval, with particular reference to :
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause 2AA of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualification in Draft Audit Report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow-up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
13. To mandatorily review the following information :
 - a. Management discussion and analysis of financial condition and results of operations.
 - b. Statement of significant related party transactions submitted by the management.
 - c. Management letters / letters of internal control weaknesses.
 - d. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
 - e. Internal Audit Reports relating to Internal Control weakness.
14. Carrying out any other function as is mentioned in the terms of reference of Audit Committee as amended from time to time by the Listing Agreement and Companies Act, 1956.

Composition of the Audit Committee:

The Audit Committee comprises of 2 Independent Non-Executive Directors. The Company Secretary acts as the Secretary of the Committee.

The Audit Committee met on 8/5/2010, 7/8/2010, 9/11/2010 and 12/2/2011 (Total 4 Meetings).

Details of the composition of the Audit Committee and the attendance at the Meetings held are as follows :

Name	Position	Meetings held	Meetings Attended
Mr. Chiman J. Sanghavi	Chairman	4	4
*Mr. Darshan L. Gandhi	Member	4	1
Mr. Mayank R. Gandhi	Member	4	4
**Mr. B.C. Jain	Member	4	3

*Mr. Darshan L. Gandhi, Chairman & Managing Director of the Company was appointed as Member of the Audit Committee in place of Mr. B.C. Jain by the Board at its meeting held on 12th November, 2010.

**Mr. B.C. Jain resigned on 12th November, 2010 as Director of the Company and subsequent as a Member of the Audit Committee.

(4) REMUNERATION COMMITTEE :

The remuneration policy is based on review of achievements on periodical basis which is in consonance with prevalent

industry practice. The terms of reference of Remuneration Committee are to review and recommend the remuneration payable to the Managing Director and the Executive Director based on definite performance criteria, subject to the provisions of the Companies Act, 1956 and Schedule XIII of the said Act, approval of the Shareholders, and consent of the Central Government, if any.

The Remuneration Committee comprises of Mr. Chiman J. Sanghavi - Chairman, and Mr. Mayank R. Gandhi as Members. Mr. Prayag K. Parekh, a Member of Remuneration Committee expired on 30th December, 2010.

Details of Remuneration to the Directors for the year :

The Non-executive Directors do not receive any remuneration except sitting fee @ Rs.2,000/- and re-imbusement of other out-of-pocket expenses for each Board Meeting attended by them.

Details of compensation paid / payable to the Directors for the year ended 31st March, 2011 is as follows:

(Amount in Rs.)

Name	Salary	Perquisites & Other Allowances	Sitting Fees	Total
Mr. Darshan L. Gandhi	Nil	Nil	Nil	Nil
Ms. Naina M. Shah	Nil	Nil	Nil	Nil
Mr. Chiman J. Sanghavi	Nil	Nil	8,000	8,000
Mr. Prayag K. Parekh	Nil	Nil	Nil	Nil
Mr. Mayank R. Gandhi	Nil	Nil	8,000	8,000
Mr. B.C. Jain	Nil	Nil	4,000	4,000
Total	Nil	Nil	20,000	20,000

(5) SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Shareholders'/Investors' Grievance Committee, *inter alia*, approves issue of duplicate share certificates, oversees and review all matters connected with share transfer, transmission, etc. The committee also looks into redressal of shareholders complaints, related to share transfer/transmission, non-receipt of share certificates, non-receipt of annual reports, non-receipt of dividend, etc. The Committee oversees the performance of the Registrar & Transfer Agents and recommend measures for overall improvements in the quality of shareholders'/investors' services.

At the beginning of the year, there were no pending investor complaints. During the year, the Company has received No

complaints. Apart from these 25 requests are received for change of address, issue of duplicate share certificates, transfer / transmission of shares and other miscellaneous requests. All the requests have been dealt with appropriately.

The above statistics do not include inquiries initiated through regulatory authority. All inquiries have been properly & timely responded. However, no regulatory communication towards closure of these inquiries have been received by the Company.

Details of the composition of the Shareholders'/Investors' Grievances Committee and the attendance at the Meetings held are as follows :

Name	Position	Meetings held	Meetings Attended
Mr. Chiman J. Sanghavi	Chairman	19	18
Ms. Naina M. Shah	Member	19	19
Mr. Darshan L. Gandhi	Member	19	19

Mr. Vijay B. Sharma, Company Secretary, continues to be the Compliance Officer of the Company.

(6) MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

a) Industry structure and development :

With the liberalization and opening up of the economy, large number of corporate and multinational companies have entered into the housing construction activities. This has been instrumental for the housing construction industry getting more and more organized and as a result, the industry has started adopting new standards in terms of quality, professionalism, timely delivery and after sales service. In the changing scenario, even the players in the un-organized sector are compelled to adopt the changes in the industry and therefore the housing industry has become not only highly competitive but also customer-services oriented, which has enormously benefited the ultimate customer and promote long term interest of Housing Industry. Using the latest technology, methods, and providing better service to the clients is become concomitant of the real estate industry.

The change is observed in the current financial year, the shifting in the demand from high cost and large size luxury specification houses to moderate and low profile houses, the new units will be needed over the next decade to meet the demand among middle and lower middle income group and same will be concentrated in 8 to 10 tier II and tier III city in the country and such cities will emerge as growth centre.

Of late, builders and developers are offering schemes of constructing bungalows and row houses in the hinterland of nature as a second home on affordable price with luxurious amenities which is attracting the investors from Tier-I and Tier-II city.

The housing construction industry has also started adopting new design technology for better earthquake resistance. Further, due to improvement in the quality of basic materials as well as introduction of new finishing materials, the overall quality and appearance of the finished products has been improved substantially. The housing construction industry has also started adopting mechanized construction methods which help speedier completion of the projects.

b) Strengths, Opportunities, Weaknesses And Threats

i) Strengths :

- Capability to carry out large scale construction.
- Professional Management.
- In-house set up for architectural designs, project services and marketing.
- Number of options to finance housing and real estate projects such as Initial Public Offering (IPOs), Foreign Direct Investment (FDI), Venture Capital, Private Equity, Alternative Investment Market (AIM).

ii) Opportunities :

- Adequate demand for housing, especially in the real user-segment.
- The government has also reduced the threshold for integrated townships.
- As a parallel development, besides FDI, real estate funds are expected to pump money into the real estate sector.
- Prevalent government policies to encourage and promote housing construction Industry.
- Rapid urbanisation.
- Availability of housing loan from Banks & Housing Finance Companies at lower interest rate coupled with Income-Tax benefits.
- Proposed law to reform the unregulated construction industry, enables the future deals more obvious and transparent, in turn it attracts great deal of capital, particularly from the upper and middle income categories.
- Expected entrance of real estate mutual funds in the capital market. Simultaneously to spur reforms in the property market.

- Financing opportunities for housing and real estate sector.
- The shifting in the demand from big houses to small houses is an opportunity for the Company.
- Stable Government at centre is looked at by the industry to have firm and quick decision making ability.

iii) Weaknesses :

- Housing sector is not accorded the status of an industry.
- Rent Control Act.

iv) Threats :

- Rising prices of basic and ancillary inputs.
- Increased competition due to entry of multinational and other foreign bodies through Foreign Direct Investment route.
- Proposed Bill on reform on unregulated construction and real estate industry may create legal intricacies which lead to market distortion and may discourage inflow of capital in the industry from the enthusiastic entrepreneur.
- Raising funds from international market in the form of GDRs/ADRs/FCCBs, etc. may be under microscope scanner of Government of India and other regulatory bodies.
- Imposition of Vat/Service Tax on sale transaction which increase the cost of the product for the customer.
- The finance procedure do not clear the loan proposals as quick as it was being done in the earlier years.
- Approvals required from multiple agencies are now highly time consuming and circuitous procedures lead to project delays and affect the marketability of the projects.

Review of Operations :

The general policies either at national level or state level providing sufficient impetus to construction and real estate industry, on-going reforms may prove to be boon for constructions and real estate industry.

c) Segmentwise Performance :

Segmentwise Performance in the form of Statement is given herebelow :

SEGMENTWISE REVENUE, RESULTS AND CAPITAL PERFORMANCE

	Year Ended 31.03.2011 (Rs. in Lakhs)
1. Segment Revenue	
(Net sale/income from each segment should be disclosed under this head)	
a) Construction & Real Estate Development	2,699.50
b) Cement Product Division	168.09
Total	2,867.59
Less : Inter segment revenue	0.25
Net sales/income from operations	2,867.34
2. Segment Results	
(Profit+)/ (Loss)(-) before tax and interest from each segment)*	
a) Construction & Real Estate Development	496.60
b) Cement Product Division	(20.45)
Total	476.15
Less : i) Interest **	377.05
Add : i) Other un-allocable income net off unallocable expenditure	27.90
Total Profit Before Tax	127.00

* Profit / (Loss) before tax and after interest in case of company having operations which are primarily of financial nature.

** Other than the interest pertaining to the segments having operations which are primarily of financial nature.

3. Capital Employed ***	
(Segment assets - Segment Liabilities)	
a) Construction & Real Estate Development	26,002.17
b) Cement Product Division	118.68
Add: Unallocated Net Assets	594.01
Total	26,714.86

*** Capital Employed is inclusive of Long Term Debts.

d) Outlook :

The experts in housing industry believe that future of the industry is having huge potential to grow.

The housing industry is taking cue for the following positives :

- Increase of urban population in the years to come.
- Development of new urban areas, horizontal growth of Tier II and III cities, and effective utilization of prime land in large Tier I cities.
- Increase in number of middle class families.
- Expected increase in working population.

- Expected increase in income levels.
- Several other factors, such as rising incomes, evolving preferences. Emergence of nucleus families, tax incentives and home loan at competitive rates.
- Demographic and economies reform are driving India's growth. India's work force, on its way to becoming the youngest in the world, is expected to grow continuously over the next three to four decades.

The Company is mainly focusing on construction of mass housing complexes with all basic and social infrastructural facilities with an objective to provide shelter to all segments of the society. The demand for housing in "Actual-user-Segment" is rising in Mumbai and its extended suburbs, where the Company is developing its major housing projects.

The housing construction industry is getting more and more organised in the recent years with the entry of large number of corporates and Multinational firms in the housing construction activities.

e) Risk and Concerns :

Even though, the Company has been so far successful in getting bookings for flats in its various mass housing projects in the initial launch period, after creating the basic infrastructural facilities, the changing trend in the housing sector whereby the customers prefer purchase of ready flats than booking of flats at the ground level is one of the major concern.

In the changed scenario, the Company is necessitated to either ploy its financial resources which further squeezes its liquidity position, or hive-off its on-going new projects to other developers for the timely completion of projects. This entails element of financial risk till the flats are booked.

To contain inflationary elements in the economy, the Government of India and Reserve Bank of India has initiated fiscal and monetary measures. One of them is to increase the rate of interest which has direct impact on the loan disbursement by the Banks and Finance Companies.

VAT and Service Tax added in cost cascading effect in booking of residential and commercial properties. Further Banks and Finance Companies check minutely documents submitted for the disbursement of loans, making the process cumbersome and deter the sanctions of the loans.

f) Internal Control Systems and their adequacy :

The Company has a proper and adequate system of internal controls to ensure that all the assets

are safeguarded and protected against loss from unauthorised use or disposition, and that transactions are authorised, recorded and reported correctly.

A strong internal audit function and effective Audit Committee of the Board have strengthened the Internal Control within the organisation.

g) Financial Statements :

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956 and applicable accounting standards issued by the Institute of Chartered Accountants of India. The estimates and judgment relating to the financial statements have been made on a prudent and reasonable basis, in order to ensure that the financial statements reflect the state of affairs of the Company in a true and fair manner.

FINANCIAL PERFORMANCE

(Rs. in lacs)

	Year Ended March 31st	
	2011	2010
1. Net Sales/Income from Operation	2867.34	2875.17
2. Other Income	49.93	55.60
3. Total Expenditure		
a) (Increase)/Decrease in Stock in Trade Including purchase of Finished Goods	14.65	18.90
b) Cost of Sales	1288.19	1163.90
c) Administration & Marketing Expenses	692.41	759.45
d) Other Expenses	22.03	13.41
4. Operating Profit (1+2-3)	899.99	975.11
5. Interest	377.05	263.24
6. Gross Profit (+) / (Loss) (-) after Interest but before Depreciation and Taxation (4-5)	522.94	711.87
7. Depreciation / Amortisation	395.94	399.32
8. Profit (+) / (Loss) (-) before Tax (6-7)	127.00	312.55
9. Provision for Taxation		
a) Current Tax	25.30	53.10
b) Deferred Tax	30.70	188.90
c) Excess Tax Provision of earlier years	(30.86)	-
10. Net Profit (+) / (Loss) (-) (8-9)	101.86	70.55

h) Material developments in Human Resources :

In mass housing business activities, role of employees is very vital. The Company's motto is to function economically, achieve the planned target in time and deliver quality products. Economy-Time-Quality aspects are pervasive in all activities of the Company.

As policy, the Chairman frequently conducts meetings of employees to appraise them about future plans of the Company. This provides an open forum for staff to express their views on various matters. It provides valuable feedback to assess opportunities, threats, strengths and weaknesses. The growth and development of the organisation is based on growth and development of human resources though it is long, painstaking process, but it is committed goal of the organisation.

- To bring the competence of the employees, the policy of investing in knowledge and development is continued and is being followed regularly.

The number of persons directly employed by the Company is 136.

Cautionary Note : Certain Statements in the Management Discussion and Analysis Report may be forward-looking and are stated as required by applicable laws and regulations. Many factors and variables may affect the actual results which could be different from that the Directors envisage in terms of the future performance and outlook.

(7) DISCLOSURES :

(a) Related party transactions :

There were no material significant related party transactions during the Financial Year 2010-2011 that may have potential conflict with the interest of the company at large. The details of related party transactions as per Accounting Standard-18 are included in the notes to the accounts. Transactions with the related parties are disclosed in Note no.16 of Schedule Notes to the Accounts in the accompanying Annual Report.

(b) Senior Management :

The Senior Management has made disclosures to the Board relating to all material, financial and commercial transactions stating that they did not have any personal interest that could result in a conflict with the interests of the Company at large.

(c) Accounting Standards :

The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India from time to time.

(d) Risk Management :

The Company has finalized to lay down the procedures to apprise the Board of Directors regarding key risk assessment and risk mitigation mechanism procedure. Such procedure shall be reviewed continuously.

Risk Mitigation :

The Board continuously takes necessary steps to reduce imminent risk to the resources of the Company. In that direction, Company is adopting newer technologies, innovation methods, flexibility in specification to suit individual requirements coupled with better services to the client.

Tailor-made stimulus package of government to the industry has renewed the economy which has given boost to the economy.

The Company has made efforts to boost sales by participating in the trade-fairs and exhibitions

(e) Mandatory Requirements :

The Corporation has complied with mandatory requirements as stipulated in Clause 49 of the Listing Agreement.

(f) Adoption of non-mandatory requirements in the Listing Agreement :

The Company has adopted non-mandatory requirements as regards to provisions;

- (a) Remuneration Committee
 - (b) Publication of Quarterly Results in the newspapers.
- In respect of the other non-mandatory requirements, the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

(g) Statutory compliance, penalties and strictures :

There has been no instance of non-compliance by the Company on any matter related to capital markets and hence the question of penalties being imposed on the Company by the Stock Exchange or The Securities And Exchange Board of India or any Statutory Authority does not arise.

(8) SECRETARIAL AUDIT REPORT :

As stipulated by the Securities And Exchange Board of India (SEBI), a qualified Practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange and is also placed before the Board of Directors. The audit, *inter alia*, confirms that the total listed and paid-up capital of

the Company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

(9) GENERAL BODY MEETINGS:

The details as to the timings, date and venue of the last three Annual General Meetings are as follows:

Year	Date	Time	Venue
2008	25th September, 2008	4:00 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubhash Marg, Mumbai - 400 001.
2009	20th July, 2009	10:30 a.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubhash Marg, Mumbai - 400 001.
2010	27th September, 2010	4:00 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubhash Marg, Mumbai - 400 001.

There was no resolution requiring use of postal ballots at above mentioned Annual General Meetings. At the ensuing Annual General Meeting, there is no Resolution proposed to be passed through postal ballot.

Special Resolutions passed through the Postal Ballot procedure :

During the financial year 2010-2011, No Special Resolution is passed through Postal Ballot.

Brief Resume of Directors :

A Brief Resume of Ms. Naina M. Shah is given in the accompanying Notice convening the Annual General Meeting of the Company.

(10) MEANS OF COMMUNICATION :

During the year under review, the quarterly results of the Company are published in 'The Free Press Journal', 'Navshakti' in compliance with the provisions of Clause 41 of the Listing Agreement. As the results of the Company are published in the newspapers. Half-yearly reports are not sent to each household of shareholders. The quarterly results approved at Board Meetings. The proceedings of the Annual /General Meetings are submitted to the Stock Exchange shortly after the conclusion of the meeting. No presentations were made to the institutional investors or to analysts during the year under review.

(11) CEO / CFO CERTIFICATION :

The CEO / CFO / Senior Manager (Accounts, Finance & Taxation) of the Company have certified to the Board as required under Clause 49(V) of the Listing Agreement.

(12) SHAREHOLDERS' GENERAL INFORMATION :
i. Annual General Meeting:
Details of Annual General Meeting :

Day, Date & Time	Friday, 26th August, 2011 and 4:00 p.m.
Venue :	M.C. GHIA HALL, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubhash Marg, Mumbai 400 001

ii. Financial Year : April to March.
iii. Financial Calendar for 2011-2012 (tentative) :

Financial results for Financial Year 2011-2012	Publication in newspaper
• First quarter Results for Quarter ending 30th June, 2011.	2nd week of August, 2011
• Second quarter Results for Quarter ending 30th September, 2011.	2nd week of November, 2011
• Third quarter Results for Quarter ending 31st December, 2011.	2nd week of February, 2012
• Fourth quarter Results for Year ending 31st March, 2012.	2nd week of May, 2012

iv. Dates of Book Closure : 22nd August, 2011 to 26th August, 2011 (both days inclusive)

v. Dividend Payment Date: Not Applicable.
vi. Stock Exchanges where listed : Bombay Stock Exchange Ltd.

vii. Stock Code : (500256)

Demat ISIN No. : INE367C01011.

viii. Stock Market Price Data for the year 2010-2011 :

Month	Bombay Stock Exchange Ltd. *		Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April, 2010	44.15	35.85	18,047.86	17,276.80
May, 2010	39.65	31.50	17,536.86	15,960.15
June, 2010	43.00	32.35	17,919.62	16,318.39
July, 2010	40.70	36.00	18,237.56	17,395.58
August, 2010	60.75	36.15	18,475.27	17,819.99

Month	Bombay Stock Exchange Ltd. *		Sensex	
	High (Rs.)	Low (Rs.)	High	Low
September, 2010	50.10	42.15	20,267.98	18,027.12
October, 2010	50.70	40.40	20,854.55	19,768.96
November, 2010	45.75	33.40	21,108.64	18,954.82
December, 2010	39.45	31.10	20,552.03	19,074.57
January, 2011	36.95	25.15	20,664.80	18,038.48
February, 2011	28.05	22.05	18,690.97	17,295.62
March, 2011	26.95	22.10	19,575.16	17,792.17

* Source : Daily stock prices from BSE official website.

ix. Registrar & Transfer Agents : Linkintime India Pvt. Ltd.

Address for correspondence : C-13, Pannalal Silk Mills Compound , L.B.S. Marg, Bhandup (W), Mumbai 400 078.
Tel. Nos. : 25946970.
Fax : 91-22-25946969.

Email : rnt.helpdesk@linkintime.co.in

The Telephone No. of the Registered Office of the Company : 40494949.
The Fax no. is : 29201727.

Email : lokshares@rediffmail.com

x. Share Transfer System

Transfer of Shares in physical form is processed and approved as per provisions of the Companies Act, 1956 and guidelines laid down under Listing Agreement. As per SEBI guidelines, the Company has offered the transfer cum demat facility to the Shareholders so that Shareholders/ Transferees can dematerialise their shares. In this regard, the Company has complied with all the rules, regulations and procedures as prescribed under the law.

Pursuant to SEBI (Depository & Participants) Regulations, 1996, Certificates have been received from a Company Secretary in Practise for dematerialization of the shares and for conducting Secretarial Audit on quarterly basis for reconciliation of the shares/Share capital of the Company. The Company also complied with the provisions of the Clause 47 (C) of the Listing Agreement.

xi. Distribution of shareholding as at 31st March, 2011 :

No. of shares	Shareholders		Shareholding	
	Numbers	%to Total Holders	Number of shares	% to Capital
1 - 500	29202	85.97	4282533	9.61
501 – 1000	2419	7.12	1987918	4.46
1001 - 2000	1161	3.42	1803848	4.05
2001 - 3000	377	1.11	979108	2.20
3001 - 4000	190	0.56	687512	1.54
4001 - 5000	169	0.50	812868	1.82
5001 - 10000	231	0.68	1727152	3.88
10001 & above	219	0.64	32268352	72.44
Total	33968	100.00	44549291	100.00

xii. Shareholding pattern as at 31st March, 2011 :

Category	Number of shares held		Total		Shares pledged or otherwise encumbered	
	Physical Shares	Demat Shares	No of Shares	% to Total	Number of Shares	As a Percentage
Promoters holding	39035	22874511	22913546	51.43	3861600	8.67
Persons acting in concert	114815	513300	628115	1.41	513300	1.15
Mutual Funds & UTI	27500	1800	29300	0.07	0	0
Banks, FIs., Insurance Companies, * (Central/State Govt., Institutions / Non-Govt. Institutions)	6400	0	6400	0.01	0	0
Foreign Institutional Investors	0	5025	5025	0.01	0	0
Foreign Financial Institutions	3200	0	3200	0.01	0	0
Private Corporate Bodies	9450	4632399	4641849	10.42	0	0
Indian Public	602222	14436149	15038371	33.76	0	0
NRIs, OCBs	100	1283385	1283485	2.88	0	0
Transit Shares	0	0	0	0.00	0	0
GDR	0	0	0	0.00	0	0
Total	802722	43746569	44549291	100.00	4374900	9.82

xiii. Break up shares in Physical and Demat form as on 31st March, 2011 :

	No of Shares	Percentage of shares
Physical Segment	802722	1.80
Demat Segment:		
NSDL	36736525	82.46
CDSL	7010044	15.74
Total	44549291	100.00

xiv. Outstanding GDRs/ ADRs/OFIs/ FCCBs/Warrants :	Saturn Trading Pvt. Ltd., a Promoter Group Company exercised an option to convert 22,00,000 Warrants into Equity Shares as per terms of issue of the warrants. The conversion took place on 22nd June, 2011 by the authority of Allotment Committee of Directors.
xv. Information about Subsidiary Company :	N.A.
xvi. Plant Locations :	J-66, Plot No. 256, MIDC, Addl. Industrial Area, Murbad, Thane - 421 401.
xvii. Address for correspondence :	Regd. Office : 4, Lok Bhavan, Ground Floor, Lok Bharati Complex, Marol Maroshi Road, Andheri(E), Mumbai 400 059. Tel. No. : 40494949 Fax No. : 29201727

xviii. Auditors' Certificate on Compliance with the conditions of Corporate Governance Under Clause 49 of the Listing Agreement :

To,

The Members of Lok Housing And Constructions Ltd.

1. We have examined the compliance of conditions of Corporate Governance by Lok Housing And Constructions Ltd. (the Company) for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. 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 and behalf of

Bhupendra Shroff & Co.

Chartered Accountants

Sd/-

B. N. Shroff

Partner

Membership No.: 5039

Place : Mumbai.

Dated : 30th June, 2011.

DECLARATION

I, Darshan L. Gandhi, Chairman & Managing Director of Lok Housing And Constructions Ltd. do hereby declare that all the Members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct laid down by the Board for the year ended 31st March, 2011.

For **Lok Housing And Constructions Ltd.**

Sd/-

(Darshan L. Gandhi)

Chairman & Managing Director

Place : Mumbai.

Dated : 30th June, 2011.

Auditors' Report

To The Members Of

LOK HOUSING AND CONSTRUCTIONS LIMITED.

We have audited the Balance Sheet of LOK HOUSING AND CONSTRUCTIONS LIMITED as at 31st March, 2011 and the Profit & Loss Account of the Company for the year ended on that date annexed there to. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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.

We report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we state 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 Books of the Company;
 - c. The Balance Sheet and Profit & Loss Account and Cash Flow statement referred to in this report are in agreement with the Books of Account.
 - d. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;
- e. On the basis of the confirmations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified from being appointed as directors of the company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our knowledge and according to the information and explanation given to us the said Balance Sheet, Profit & Loss Account and Cash Flow Statement read together with the notes there on attached thereto give the information required by the Companies Act, 1956 in the manner so required and, *Subject to provision for interest and other charges payable upon final settlement particularly with State Bank Of India, the amount thereof being unascertainable. (See Notes 2(f) to Accounts.)* give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2011;
 - ii. In the case of the Profit & Loss Account of the Profit of the Company for the year ended on that date and;
 - iii. In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For **BHUPENDRA SHROFF & CO.,**
Chartered Accountants
Firm No. 101458W

B N SHROFF
Partner
Membership No. 5039.

Mumbai,
Date : 30th June, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our Report of even date)

- 1a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1b. As per the information and explanations given to us physical verification of fixed assets has been carried out at regular intervals and we have been informed that no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its fixed assets.
- 1c. During the year, the Company has not disposed of any substantial / major part of fixed assets.
- 2a. As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
- 2b. In our opinion and according to the information and explanations given to us the procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of business.
- 2c. The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- 3a. As per the information furnished, the Company has outstanding unsecured advances given aggregating to Rs.365.76 lacs (previous year Rs.1,689.91 lacs) to 1 party (previous year 5 parties) listed in the register maintained under Section 301 of the Companies Act, 1956, *the terms of which are prima facie prejudicial to the interest of the Company.*
- 3b. As per the information furnished, the Company has no loans taken (previous year nil) from any party (previous year no party) listed in the register maintained under Section 301 of the Companies Act, 1956, the terms of which are prima facia not prejudicial to the interest of the Company.
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 for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control procedures.
- 5a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that

need to be entered into the register maintained under Section 301 have been so entered.

- 5b. In our opinion and according to the information and explanations given to us, there are no transactions exceeding the value of Rs. five lacs each which have been made at prices which are unreasonable having regard to prevailing market prices at the relevant time.
6. In our opinion, the Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under. Hence, the Clause (vi) of the order is not applicable.
7. The Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business. However the same need to be strengthened.
8. We are informed that in case of the Company the Central Government has not prescribed maintenance of cost record as required under section 209(1)(d) of the Companies Act,1956.
- 9a. According to the information and explanations given to us and the records examined by us, the Company is generally depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, customs duty, excise-duty, cess and other statutory dues wherever applicable. Undisputed arrears of statutory dues outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable are as under:

Nature of dues	Period	Undisputed Tax Amount (Rs. in lacs)
Income tax	F.Y.2008-09	58.09

- 9b. According to the records of the Company, dues of sales tax, income-tax, customs, wealth-tax, excise duty, cess (excluding interest) which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Nature of dues	Period	Forum	Disputed Tax Amount (Rs. in lacs)
Income tax	F.Y.2002-03	CIT(A)	11.26
Income tax	F.Y.2006-07	CIT(A)	7,568.88
Income tax	F.Y.2006-07	ITAT	282.00
Income tax	F.Y.2007-08	CIT (A)	5,936.15
Income tax	F.Y.2007-08	ITAT	198.00
Income tax	F.Y.2008-09	ITAT	26.46

Please refer to note no. 3 of notes to accounts, regarding non provision of interest u/s 220 of the Income Tax Act, 1961.

10. There are no accumulated losses of the Company as on 31st March, 2011. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. The Company has defaulted in repayment of dues to financial institutions, banks and debenture holders, and as per the Company's records the amount outstanding in this respect are as under:

Sr. No.	Name of Institution / Bank	Amount of due o/s on 31-03-2011 (Rs. in lacs)	Over due since
1.	State Bank of India	4,580.29	14.12.2007

For the above purpose we have relied on figures as reflected in the books of account of the Company. The figures as claimed by the Banks / Financial Institutions are not available to us as the same are being disputed.

12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, provisions of any special statute applicable to chit fund /nidhi / mutual benefit fund/ society are not applicable to the Company.
14. In our opinion and according to the information and explanation given to us, the Company is not a dealer or trader in shares securities, debentures and other investments.
15. In our opinion and according to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks or Financial Institutions.

16. In our opinion and according to the information and explanation given to us, on an overall basis, the term loans have been applied for the purpose of which they are obtained.
17. According to the information and explanations given to us and on the basis of an overall examination the balance sheet of the Company, in our opinion no funds raised on short-term basis have been used for long-term investment. Similarly no long-term funds have been used to finance short-term assets except permanent working capital.
18. According to the information and explanations given to us, during the year the Company has converted 16,66,600 optionally convertible share warrants into equity shares at Rs. 40/- per warrant (including a premium of Rs. 30/-) on preferential basis to parties and companies covered in the register maintained under section 301 of the Act.
19. According to the information and explanations given to us, during the year, the Company has not issued any debentures.
20. According to the information and explanations given to us, during the year the .Company has not raised any money by way of public issues.
21. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For BHUPENDRA SHROFF & CO.,
Chartered Accountants
Firm No. 101458W

B N SHROFF
Partner
Membership No. 5039.

Mumbai,
Date : 30th June, 2011



Balance Sheet

as at 31st March, 2011

	SCHEDULE	31st MARCH 2011 Rupees in Lacs	31st MARCH 2010 Rupees in Lacs
FUNDS EMPLOYED			
SHAREHOLDER'S FUNDS			
Share Capital	A	4,454.93	4,288.27
Optionally Convertible Warrants		333.34	500.00
Reserves & Surplus	B	15,353.76	14,751.92
		20,142.03	19,540.19
LOAN FUNDS	C	5,703.07	5,367.55
DEFERRED TAX LIABILITY (NET)		869.76	839.06
		26,714.86	25,746.80
FUNDS UTILISED			
FIXED ASSETS	D		
Gross Block		2,362.78	2,369.18
Less : Depreciation		2,251.29	1,906.07
Net Block		111.49	463.11
INVESTMENTS	E	594.01	594.01
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	F	34,011.59	33,719.88
Sundry Debtors	G	2,467.43	3,514.65
Cash and Bank Balances	H	521.20	532.92
Loans and Advances	I	3,381.75	3,394.26
		40,381.97	41,161.71
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	J	13,448.52	15,496.36
Provisions	K	993.06	1,079.13
		14,441.58	16,575.49
NET CURRENT ASSETS		25,940.39	24,586.22
MISCELLANEOUS EXPENDITURE & LOSSES (to the extent not written off or adjusted)			
Preliminary Expenses	L	68.97	103.46
		26,714.86	25,746.80
NOTES TO ACCOUNTS	Q		

As per our report of even date attached

On behalf of the Board

For BHUPENDRA SHROFF & CO.

Chartered Accountants

Firm No. 101458W

B. N. SHROFF

Partner

Membership No. 5039.

Place : Mumbai

Date : 30th June, 2011

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DARSHAN L. GANDHI
Chairman & Managing DirectorNAINA M. SHAH
Executive DirectorVIJAY B. SHARMA
Company Secretary

Profit and Loss Account

for year ended 31st March, 2011

	SCHEDULE	31st MARCH 2011 Rupees in Lacs	31st MARCH 2010 Rupees in Lacs
INCOME			
Sales		2,867.34	2,875.17
Other Income	M	49.93	55.60
Increase / (Decrease) in Stock		(14.65)	(18.90)
		2,902.62	2,911.87
EXPENDITURE			
Cost of Construction - Units Sold	N		
Land / Land Related Expenses		266.57	102.18
Development & Construction Expenses		877.52	800.73
Administration Expenses		479.63	523.24
Selling Expenses		190.32	217.33
Finance Expenses		376.40	263.21
Total Construction Cost		2,190.44	1,906.69
Cost of Trading Units Sold		-	122.52
Total Direct Cost		2,190.44	2,029.21
Expenses (C & BP Division)	O	167.21	157.38
Other Expenses	P	22.03	13.41
Preliminary Expense written off		34.49	34.49
Goodwill Amortised		344.11	344.11
Depreciation		17.34	20.72
Total Expenditure		2,775.62	2,599.32
PROFIT/(LOSS) BEFORE TAXATION		127.00	312.55
Less : Provision for Taxation		25.30	53.10
Less : Provision for Deferred Tax		30.70	188.90
Less/(add) : Excess provision of tax of earlier years		(30.86)	-
PROFIT/(LOSS) AFTER TAXATION		101.86	70.55
Profit b/f from previous year		5,187.83	5,117.28
Total available for Appropriation		5,289.69	5,187.83
APPROPRIATIONS:			
BALANCE CARRIED TO BALANCE SHEET		5,289.69	5,187.83
Earnings per Share			
Basic Earnings Per Share		0.229	0.165
Diluted Earnings Per Share		0.224	0.163
Face Value Per Share		10	10
NOTES TO ACCOUNTS	Q		

As per our report of even date attached

On behalf of the Board

For BHUPENDRA SHROFF & CO.

Chartered Accountants
Firm No. 101458WDARSHAN L. GANDHI
Chairman & Managing DirectorNAINA M. SHAH
Executive DirectorB. N. SHROFF
Partner
Membership No. 5039.VIJAY B. SHARMA
Company SecretaryPlace : Mumbai
Date : 30th June, 2011

Schedules

Annexed to and forming part of accounts for year ended 31st March, 2011

	31st MARCH 2011 Rupees in Lacs	31st MARCH 2010 Rupees in Lacs
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised		
6,50,00,000 (Previous Year 6,50,00,000)		
Equity Shares of Rs.10/- each.	6,500.00	6,500.00
2,00,00,000 (Previous Year 2,00,00,000)		
Preference Shares of Rs. 1/- each.	200.00	200.00
	6,700.00	6,700.00
Issued, Subscribed and Paid Up		
4,45,49,291 (Previous year 4,28,82,691)	4,454.93	4,288.27
Equity shares of Rs.10/- each fully Paid Up. (of above 1,92,27,791 equity shares of Rs.10/- each fully paid up issued for consideration other than cash on account of amalgamation of Lok Shelters Ltd. with the Company)		
	4,454.93	4,288.27
SCHEDULE 'B'		
RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last account	1,239.00	-
Add : Forfeiture of share warrants	-	1,239.00
Balance in Capital Reserve	1,239.00	1,239.00
Securities Premium		
Balance as per last account	5,563.79	5,563.79
Add : Receipt During the year	499.98	-
Balance in Securities Premium (arising out of conversion of 16,66,600 optionally convertible warrants into shares at premium of Rs.30/- per share)	6,063.77	5,563.79
General Reserve	2,761.30	2,761.30
Profit and Loss Account	5,289.69	5,187.83
	15,353.76	14,751.92
SCHEDULE 'C'		
LOAN FUNDS		
(Secured)		
From Scheduled Banks	4,960.24	4,565.24
(Secured by mortgage of land and land development rights held as inventories and pledge of Fixed Deposit Receipts)		
Sub Total	4,960.24	4,565.24
(Unsecured)		
From Other Body Corporates	698.29	675.54
Hire Purchase Finance (Secured by Hypothecation of Leased Assets) (originally secured against leased assets whose lease term have expired and asset retained by lessees)	44.54	126.77
Sub Total	742.83	802.31
Total	5,703.07	5,367.55

SCHEDULE 'D'

FIXED ASSETS

(Rupees in Lacs)

Particulars	Gross Block			Depreciation / Amortisation				Net Block	
	As at 31-03-10	Addition / (Deletion) During The Year	As at 31-03-11	As at 31-03-10	Deletion During The Year	For The Year	As at 31-03-11	As at 31-03-11	As at 31-03-10
(A) Assets Self Used									
1. Goodwill	1,720.55	-	1,720.55	1,376.44	-	344.11	1,720.55	-	344.11
Sub Total (A)	1,720.55	-	1,720.55	1,376.44	-	344.11	1,720.55	-	344.11
(B) Assets Self Used									
2. Land	28.89	-	28.89	-	-	-	-	28.89	28.89
3. Building - Others	172.08	-	172.08	132.11	-	3.82	135.93	36.15	39.97
4. Plant & Machinery	93.59	3.12	96.71	81.14	-	1.88	83.02	13.69	12.45
5. Vehicles	22.92	6.51	29.43	20.12	-	2.64	22.76	6.67	2.80
6. Computers	212.61	(16.10)	196.51	198.27	16.23	5.77	187.81	8.70	14.34
7. Office Equipments	75.44	0.07	75.51	63.59	-	1.65	65.24	10.27	11.85
8. Furniture & Fixture	43.10	-	43.10	34.40	-	1.58	35.98	7.12	8.70
Sub Total (B)	648.63	(6.40)	642.23	529.63	16.23	17.34	530.74	111.49	119.00
Total(A+B)	2,369.18	(6.40)	2,362.78	1,906.07	16.23	361.45	2,251.29	111.49	463.11
Previous Year	2,368.26	0.92	2,369.18	1,541.24	-	364.83	1,906.07	463.11	827.02

31st MARCH 2011
31st MARCH 2010

Rupees in Lacs

Rupees in Lacs

SCHEDULE 'E'
INVESTMENTS
LONG TERM
TRADE INVESTMENTS (AT-COST)
Unquoted

10,00,000 Equity Shares of Rs.10/- each (Previous year 10,00,000) fully paid in Lok Realty Corporation Pvt. Ltd.	100.00	100.00
200 Equity Shares of Rs.10/- each (Previous year 200) fully paid in Lok Estate & General Maintainance Pvt. Ltd.	0.02	0.02
8,000 Equity Shares of Rs.10/- each (Previous year 8,000) fully paid in Shangri-la Golf & Health Resorts Pvt. Ltd.	0.80	0.80
1,96,000 Equity Shares of Rs.10/- each (Previous year 1,96,000) fully paid in Remaking of Mumbai Development Ltd.	492.94	492.94
1,012 Equity Shares of Rs.25 each (Previous year 1,012) Fully paid in Shamrao Vithal Co-op Bank Ltd.	0.25	0.25
	594.01	594.01

SCHEDULE 'F'
INVENTORIES

(Valued at lower of cost or market value)

Construction materials	102.25	105.46
Raw Material (C & BP Div.)	13.97	14.90
Finished Goods (C & BP Div.)	21.47	36.12
Work in progress-		
Land Development Rights, Construction, Development, Administration, Marketing and Finance cost	33,820.79	33,563.40
Stock of trading units	53.11	-
	34,011.59	33,719.88

	31st MARCH 2011	31st MARCH 2010
	Rupees in Lacs	Rupees in Lacs
SCHEDULE 'G'		
SUNDRY DEBTORS		
(Unsecured Considered good)		
Outstanding for more than 6 months	1,871.79	2,236.48
Others	595.64	1,278.17
(of the above Rs.Nil (previous year Rs.29.46 lacs) are due from companies/firms in which directors are interested)		
	2,467.43	3,514.65
SCHEDULE 'H'		
CASH AND BANK BALANCES		
Cash on Hand	6.87	5.49
Balance with Scheduled Banks	69.06	34.37
Fixed deposit with Scheduled Banks	445.27	493.06
	521.20	532.92
SCHEDULE 'I'		
LOANS AND ADVANCES		
(Unsecured considered good)		
Advance Income Tax	1,620.44	818.56
Advances recoverable in cash or in kind for value to be received (of the above Rs.365.76 lacs (previous year Rs.1,689.91 lacs) are due from companies /firms in which directors are interested)	1,760.81	2,528.83
Deposits	0.50	46.87
	3,381.75	3,394.26
SCHEDULE 'J'		
CURRENT LIABILITIES		
Sundry Creditors		
- For Land Development Rights **	4,482.97	4,587.47
- For Materials & Labour	480.55	611.95
- For Other Liabilities	208.88	236.05
Acceptance	551.57	528.77
Advances from customers	3,453.75	3,704.52
Other liabilities	4,270.80	5,827.60
(** Rs. 4,365 lacs of sundry creditors for land development rights are secured by property of the Company at Turbhe)		
	13,448.52	15,496.36

31st MARCH 2011
31st MARCH 2010

Rupees in Lacs

Rupees in Lacs

SCHEDULE 'K'
PROVISIONS

For Income Tax	993.06	1,079.13
	993.06	1,079.13

SCHEDULE 'L'
MISCELLANEOUS EXPENDITURE

(To the extent not written off)

Preliminary Expenses	68.97	103.46
	68.97	103.46

SCHEDULE 'M'
OTHER INCOME

Miscellaneous Receipts	49.93	55.60
	49.93	55.60

SCHEDULE 'N'
COST OF CONSTRUCTION UNITS SOLD

Opening Work in Progress		33,563.40	33,212.06
Add : Expenses incurred during the Year			
Land / Land Related Expenses	N1	502.41	315.00
Development and Constn. Expenses	N2	547.97	336.18
Administration Expenses	N3	627.15	606.20
Marketing Expenses	N4	278.68	441.09
Finance Expenses	N5	491.62	559.56
		36,011.23	35,470.09
Less : Closing Work in Progress		33,820.79	33,563.40
		2,190.44	1,906.69

SCHEDULE 'N1'
LAND / LAND RELATED EXPENSES

Land/Land Development Rights		35.00	42.70
Land Related Expenses		467.41	272.30
		502.41	315.00

31st MARCH 2011

31st MARCH 2010

Rupees in Lacs

Rupees in Lacs

SCHEDULE 'N2'**DEVELOPMENT & CONSTRUCTION EXPENSES**

Materials Consumed :

Opening Stock of Materials	105.45	104.99
Add: Purchases during the year	137.23	166.98
	<hr/>	<hr/>
	242.68	271.97
Less: Closing stock of raw material	102.25	105.45
	<hr/>	<hr/>
	140.43	166.52
Labour cost	200.56	129.20
Other Construction Expenses	161.23	81.35
Add : Provision for Cost to complete substantially completed Units (Net of Opening & Closing)	45.75	(40.89)
	<hr/>	<hr/>
	547.97	336.18

SCHEDULE 'N3'**ADMINISTRATION EXPENSES**

Salaries	316.15	208.64
Contribution to Provident & other funds	21.62	20.05
Gratuity	4.18	13.80
Staff Welfare Expenses	3.67	4.91
Services & Professional Fees	210.11	252.52
Travelling & Conveyance	10.58	10.07
Electricity Charges	15.94	20.26
Postage, Telegram & Telephone	6.27	7.76
Printing & Stationery	9.87	28.41
Insurance	0.67	0.77
Miscellaneous Expenses	15.81	26.82
Repairs & Maintainance	12.28	12.19
	<hr/>	<hr/>
	627.15	606.20

SCHEDULE 'N4'**MARKETING EXPENSES**

Advertisements and Sales Promotion Expenses	278.68	441.09
	<hr/>	<hr/>
	278.68	441.09

31st MARCH 2011
31st MARCH 2010

Rupees in Lacs

Rupees in Lacs

SCHEDULE 'N5'
FINANCE EXPENSES

Interest and Other Finance Charges	491.62	559.56
	491.62	559.56

SCHEDULE 'O'
EXPENSES OF C.& B.P. DIVISION

Consumption of Raw Materials	122.54	116.53
Other Manufacturing Expenses	21.56	21.94
Administration & Selling Expenses	22.46	18.88
Finance Charges	0.65	0.03
	167.21	157.38

SCHEDULE 'P'
OTHER EXPENSES

Listing Fees	0.98	1.18
Donations	12.10	1.35
Registration & Filing Fees	0.13	0.11
General Expenses	0.45	0.75
Auditor's Remuneration (Including Service Tax)		
Audit fees	5.52	6.62
Tax Audit Fees	1.66	2.21
Other Services	1.10	1.10
Membership Fee	0.09	0.09
	22.03	13.41

SCHEDULE : Q**NOTES FORMING PART OF THE ACCOUNTS****1) ACCOUNTING POLICIES:****a. Basis of Accounting**

Financial statements are prepared under historical cost convention on accrual basis in accordance with the requirements of the Companies Act, 1956, except in the case of items which are uncertain in nature and not possible to quantify.

b. Revenue Recognition

- i. The Company follows substantial completed contract method of accounting in respect of its construction activity. Under this method profit in respect of units sold is recognised only when the work in respect of the relevant units are substantially completed, which is determined on technical estimates as certified by management.
- ii. The completion status of a project at the end of each accounting period, the estimated cost for completion of the construction and development work relating to the units sold, which are considered for profit are estimated on the basis of technical evaluation and are so certified by the management. The auditors have relied upon such management certificate..
- iii. Revenue recognition in respect of transactions for sale of properties / development rights is on the date of execution of agreement to sale and are subject to conclusion of formalities as to conveyance and compliance of applicable legal formalities.
- iv. Revenue recognition in respect of constructed premises is on the basis of booking done by the prospective customer and the same is subject to execution of registered sale deed under the Maharashtra Ownership Flats Act (MOFA) and payment of consideration.
- v. Sales in respect of a particular project is accounted for, net of cancellation, in the same accounting period.

c. Fixed Assets :-

Fixed Assets are stated at cost of acquisition less accumulated depreciation.

d. Depreciation

- i. Depreciation on fixed assets has been provided under Written Down Value method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

- ii. Depreciation on additions to fixed assets has been charged from the date when they were first put to use.
- iii. Goodwill is amortised over period of five years in equal installments.

e. Inventories

- i. Construction materials are valued at cost.
- ii. Work in progress are valued at costs consisting of land development rights, construction, development, administration, marketing and finance expenses or market value whichever is lower. For this purpose items of the same project are compared in totality.
- iii. Finished goods are valued at cost consisting of land development rights, construction, development, administration, marketing and finance expenses or market value whichever is lower. For this purpose items of the same project are compared in totality.

2) LOANS & BORROWINGS:

- a. Secured Loans are subject to charge created / to be created on the assets/properties of the Company.
- b. In case of disputed /defaulted loans taken by the Company, provision for interest due on the outstanding secured loans has been made at the last contractual rate of interest. No provision is being made for interest on unpaid interest as also for any penal interest and other charges.
- c. The Company is in the process of restructuring and renegotiating its outstanding unsecured loans. Consequently provision for interest due on the outstanding unsecured loans has been made on simple interest basis at rate which is consistent with the trend at which other unsecured loans are restructured and renegotiated, and not at the original /last contracted rate of interest, further no provision for interest is being made on the unpaid interest amount. On account payments made by the Company to its lenders are first apportioned towards unpaid principal, instead of unpaid interest, without the consent of the lenders, this practice would result in to reduction in provision for probable interest liability.
- d. In respect of all the loans, secured and unsecured, (which are not re- negotiated) no provision has been made for compound interest and penal interest. The same will be accounted for on final settlement of the accounts with the lenders. To that extent Company has Contingent Liability which is unascertainable.
- e. The Company in the past has entered into settlement with several lenders of which the company has failed to meet its commitment in respect of Ranbaxy Laboratories

Ltd. The agreed liability as reflected in the Books of Accounts of the Company is Rs.60 lacs in respect of Ranbaxy Laboratories Ltd. (Previous Year Rs.60 lacs). The waiver of interest liability in terms of the settlement with Ranbaxy Laboratories Ltd amounting to Rs. 21.77 lacs was credited to Work in Progress account during the earlier years. In the opinion of the Company the revised liabilities as per the settlement with these parties are still valid and subsisting as the Company has not received any legal notice for termination of the settlement from the concerned Lenders.

- f. The balance in the secured loan account of State Bank of India as per the Company's books of accounts as on 31.03.2011 is Rs. 4,580 lacs (including interest provision of Rs.1,857 lacs). This balance is based on the settlement arrived at with the Bank vide its letter dated 14th June 2006. As per the said settlement the entire dues were to be paid off by 14th December, 2007 to which the Company has not adhered. The Company is in continuous dialogue with the Bank to settle the dues. The Company has not received any formal notice terminating the settlement. The Company has also not received any balance confirmation from the Bank. As per the legal advice received by the Company, the settlement agreement dated 14th June 2006 is valid, subsisting and binding till date. In view of the facts as mentioned herein it is not possible to ascertain whether the Bank has withdrawn the concessions granted in the settlement of June 2006. Accordingly the final liability towards this Bank loan is not ascertainable. The Company has to that extent unascertainable contingent liability towards any additional claim which may be made by the Bank against this loan liability.
- 3) The Company has received demand from the Income Tax Department for Rs.7,569 lacs and Rs.5,936 lacs in respect of financial year 2006-07 and 2007-08 respectively. The Company has disputed the above demands and the matter is pending at appellate stage with appropriate authorities. Since the matter is disputed the Company has not provided for these liabilities in its books, to that extent the Company has a Contingent Liability. The above figure does not include interest payable u/s. 220 of the Indian Income Tax Ac, 1961, which will be concluded depending on the outcome of the appeal as well at the point of time when the outcome is decided and taxes paid by the Company, to that extent the Contingent Liability is unascertainable.
 - 4) The provision for tax for the year is done considering the provision of Minimum Alternative Tax (MAT). While working out the provision of tax it is assumed that the claimed made by the Company during financial year 2006-07 and 2007-08 will be upheld and decided in favour of the Company, resulting in to the Company being eligible for claim of losses in those

years which can be used to set off the profits of the year. If the tax dispute of financial year 2006-07 and 2007-08 are not decided in favour of the Company then the provision for tax for the year will be higher by Rs. 56 lacs and the resulting profit after tax lower by similar amount.

- 5) No provision has been made for interest on delayed payments in terms of agreements for purchase of land including Mr. Suresh Thanawala as the claims are disputed and not acknowledged by the Company. The same will be provided as and when the claims are settled with the parties concerned. To that extent the Company has Contingent Liability the amount of which is unascertainable.
- 6) No provision has been made in respect of contractual delays, lapses and defaults committed by the Company in respect of various contracts in the course of business. These delays, defaults and lapses are generally accepted to occur in the real estate development business and generally settled amicably by the parties. No provision for any probable / additional cost, compensation or penalties are being made by the Company, to that extent the Company has a Contingent Liability, which is unascertainable.
- 7) The balances in creditors, debtors, secured and unsecured loans are subject to confirmation. The management is of the opinion that all the debtors, loans and advances reflected in the financial statements are fully realizable and that there is no impairment in them. During the year under review balances in the accounts of the several debtors, creditors and loan and advances have been written off, as in the opinion of the management the same are no longer receivable/ payable. The auditors have relied on the judgment of the management in this regard.
- 8) The Company has undertaken an exercise to evaluate the impairment of each inventory. On the basis of such exercise, the management is of the opinion that all the inventories which are carried over in the Balance Sheet are at their full realizable value. The auditors have relied on the judgment of the management as to the impairment of inventories.
- 9) The Company has obtained legal advise that the overdue bills discounted amounts and the construction loans received from customers are not considered as Deposits in terms of section 58A of the Companies Act, 1956. Accordingly they are classified as Current Liabilities.
- 10) **CONTINGENT LIABILITIES :**
Please refer to Note numbered 2 (e), 2(f), 3, 4, 5 and 6 above.
- 11) **MANAGERIAL REMUNERATION :**
Remuneration to directors in accordance with the conditions specified in Schedule XIII of the Companies Act, 1956,— Rs. Nil (previous year Rs. Nil).
- 12) Expenditure in foreign currency on account of travelling Rs.Nil /- (previous year Rs.3.35 lacs).

13) Information pursuant to part II of Schedule VI to the Companies Act

A) SALES :

i) Construction Division

(Rupees in Lacs)

Particulars	Unit	Quantity	Value
Residential Units and Development Rights	Square feet	28,640 (59,764)	2,699.50 (2,697.60)
Miscellaneous Income			44.67 (51.37)

ii) Cement & Building Product Division

(Rupees in Lacs)

Product	Quantity	Value
140 mm Solid	5,43,640 (3,95,252)	107.11 (77.87)
125mm solid	36,035 (2,500)	6.40 (0.44)
90mm solid	1,67,860 (2,06,812)	23.58 (29.14)
190mm solid	1,24,845 (2,82,652)	30.96 (70.02)
90mm Hollow	0 (150)	0 (0.02)
Broken	1,050 (2,090)	0.04 (0.08)
Other Recoveries		5.26 (4.23)

B) PRODUCTION

i) Cement & Building Product Division

(Rupees in Lacs)

Product	Quantity	Value
140 mm solid	5,10,158 (3,39,820)	100.50 (66.94)
125mm solid	47,096 (0)	8.36 (0)
90mm solid	92,330 (2,27,334)	13.89 (31.94)
190mm solid	1,33,915 (2,47,226)	37.56 (61.31)

C) QUANTITATIVE AND VALUE ANALYSIS OF CONSUMPTION :

i) Construction Division

(Rupees in Lacs)

Product	Unit	Quantity	Value
Cement	Bags	12,439 (6,911)	31.97 (17.62)
Steel	Tonnes	19.78 (37.89)	7.51 (14.46)
Others			100.95 (134.44)
Total			140.43 (166.52)

ii) Cement & Building Product Division

(Rupees in Lacs)

Product	Unit	Quantity	Value
Cement	Bags	28,319 (28,636)	54.70 (55.27)
Sand	Brass	230.89 (821.57)	4.82 (16.40)
Metal	Brass	1,161.33 (958.20)	16.18 (13.41)
Grit	Brass	4,028.04 (2676.15)	46.84 (31.45)
Total			122.54 (116.53)

D) QUANTITATIVE AND VALUE ANALYSIS OF CLOSING STOCK

i) Construction Division

Construction Materials

(Rupees in Lacs)

Product	Unit	Quantity	Value
Cement	Bags	380 (880)	0.97 (2.28)
Steel	Tonnes	9.09 (18.63)	3.50 (7.09)
Others			97.78 (96.09)
Total			102.25 (105.46)

ii) Cement & Building Product Division
Raw Materials

(Rupees in Lacs)

Product	Unit	Quantity	Value
Cement	Bags	955 (2,141)	2.13 (4.34)
Sand	Brass	0 (41.40)	0 (1.04)
Metal	Brass	31.66 (41.10)	0.52 (0.58)
Grit	Brass	68.01 (35.90)	1.29 (0.42)
Others			10.03 (8.52)
Total			13.97 (14.90)

iii) Construction Division
Work in progress

(Rupees in Lacs)

	Sq.ft.		
Land Development Rights Construction, Development, Administrative, Marketing & Finance Expenses		85,88,965 (86,17,605)	33,820.79 (33,563.40)
Completed Residential Unit	Sq.ft.	1,110 (Nil)	53.11 (Nil)
Stock of Finished Goods (C & BPD)			21.47 (36.12)
			34,011.59 (33,719.88)

The area in respect of Land Development rights is tentative as it depends on rules and regulations of various Government Authorities.

- 14) Installments becoming due for sale of residential and commercial units, the construction work of which is in progress and not substantially completed are accounted as and when received under the head "Current Liabilities".

15) Segment Information

(Rupees in Lacs)

	Year Ended On 31.03.2011	Year Ended On 31.03.2010
	1	2
1. Segment Revenue		
(net sale/ income from each segment should be disclosed under this head)		
a) Construction & Real Estate Development	2,699.50	2,697.60
b) Cement Product Division	168.09	177.57
Total	2,867.59	2,875.17
Less: Inter segment revenue	0.25	-
Net sales/ income from operations	2,867.34	2,875.17
2. Segment Results		
Profit (+)/(Loss) (-) before tax and interest from each segment)*		
a) Construction & Real Estate Development	496.60	538.04
b) Cement Product Division	(20.45)	(4.44)
Total	476.15	533.60
Less: i) Interest **	377.05	263.24
Less: ii) Other un-allocable expenditure net off unallocable income.	(27.90)	(42.19)
Total Profit / (Loss) Before Tax	127.00	312.55
* Profit/ (Loss) before tax and after interest in case of company having operations which are primarily of financial nature.		
** Other than the interest pertaining to the segments having operations which are primarily of financial nature.		
3. Capital Employed ***		
(Segment assets- Segment Liabilities)		
a) Construction & Real Estate Development	26,002.17	25,090.48
b) Cement Product Division	118.68	62.31
	26,120.85	25,152.79
Add : Unallocated Net Assets	594.01	594.01
Total	26,714.86	25,746.80
*** Capital Employed is inclusive of Long Term Debts		

16) Related Parties disclosure :**1. Relationships:****(a) Key Management Personnel :**

Mr. Darshan L. Gandhi

Ms. Naina M. Shah

(b) Relatives of Key Management Personnel and their Enterprises

Mrs. Rajni L. Gandhi

Mrs. Shraddha D. Gandhi

(c) Associate Companies :

Bahar Housing Developers

L. L. Builders

LGNC Ltd.

Lok Builders

Lok Realty Corporation Pvt. Ltd.

Remaking of Mumbai Housing Infrastructure & Finance Ltd.

Remaking of Mumbai Federation

Remaking of Mumbai Development Ltd.

Nirman Engineers

NOTE:**2. Transactions carried out with Related Parties referred to in 1 above, in ordinary course of business.**

Related parties Nature of Transactions	REF.	REF.	REF.	TOTAL
	IN 1(a)	IN 1(b)	IN 1(c)	
Purchases :				
Goods and materials	-	-	-	-
Fixed assets	-	-	-	-
Sales :				
Goods, materials and construction services	-	-	-	-
Expenses :				
Rent and other service charges	-	-	-	-
Remuneration	-	3.78	-	3.78
Director's fees	-	-	-	-
Income :				
Rent and other service charges	-	-	-	-
Other receipts :				
Deputation of staff	-	-	-	-
Outstandings :				
Payable	83.87	32.35	500.00	616.22
Receivable	-	-	-	-
Loans and advances	-	-	-	-

17) Items required to be reported under Schedule VI being nil or not applicable are not reported herein.

18) Previous year's figures have been regrouped and restated wherever necessary to confirm to this year's classification. Figures in brackets relates to previous year.

Signature to Schedules 'A' to 'Q'
As per our report of even date attached

For BHUPENDRA SHROFF & CO.
Chartered Accountants
Firm No. 101458W

B. N. SHROFF
Partner
Membership No. 5039

Place : Mumbai
Date : 30th June, 2011

On behalf of the Board

DARSHAN L. GANDHI
Chairman & Managing Director

NAINA M. SHAH
Executive Director

VIJAY B. SHARMA
Company Secretary

Balance Sheet Abstract

and Company's General Business Profile

Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

I. Registration Details

Registration No. **L76210MH1985PLC037143**
 Balance Sheet Date **31-MAR-11** State Code **11**

II. Capital raised during the year (Amount in Rs. Lacs)

Public Issue **NIL** Right Issue **NIL**
 Bonus Issue **NIL** Private Placement * **NIL**

* Preference Share Capital

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lacs)

Sources of Funds	Total Liabilities 26714.86	Total Assets 26714.86
	Paid-up Capital 4454.93	Convertible Warrants 333.34
	Reserves & Surplus 15353.76	Secured Loans 4960.24
Application of Funds	Unsecured Loans 742.83	Deferred Tax Liability 869.76
	Net Fixed Assets 111.49	Investment 594.01
	Net Current Assets 25940.39	Misc. Expenditure 68.97
	Accumulated Losses NIL	

IV. Performance of Company (Amount in Rs. Lacs)

Turnover 2902.62	Total Expenditure 2775.62
Profit/(Loss) before tax 127.00	Profit/(Loss) after tax 101.86
Earning Per Share in Rs. (Weighted Average) 0.229	Dividend rate % -

V. Generic Names of three Principal Product/services of Company (as per monetary terms)
Product Description :

- | | |
|---|-----------------------|
| i) Real estate Development & Construction of residential premises | NOT APPLICABLE |
| ii) Leasing | NOT APPLICABLE |
| iii) Cement Concrete Block making | NOT APPLICABLE |

As per our report of even date attached

On behalf of the Board

For BHUPENDRA SHROFF & CO.

Chartered Accountants
Firm No. 101458W

DARSHAN L. GANDHI
Chairman & Managing Director

NAINA M. SHAH
Executive Director

B. N. SHROFF
Partner
Membership No. 5039

VIJAY B. SHARMA
Company Secretary

Place : Mumbai
Date : 30th June, 2011

Cash Flow Statement

for the period ended, 31st March 2011
(Pursuant to amendment to clause 32 of the Listing Agreement)

(Rupees in Lacs)

	Inflow / (Outflow) 31st March, 2011	Inflow / (Outflow) 31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT / (LOSS) AFTER TAX AND EXTRAORDINARY ITEMS	101.86	70.55
ADJUSTMENTS FOR :		
-Depreciation	17.34	20.72
-Profit on Sale of Fixed Assets	(0.08)	-
-Preliminary Expense written off	34.49	34.49
-Goodwill Amortised	344.11	344.11
-Income Tax (Current Tax)	25.30	53.10
-Income Tax (Excess Provision of earlier years)	(30.86)	-
-Deferred Tax Adjustment	30.70	188.90
	421.00	641.32
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	522.86	711.87
ADJUSTMENTS FOR :		
- Trade and Other Receivables	1,861.63	1,102.72
- Inventories	(291.71)	(226.33)
- Trade Payables	(2,047.85)	(1,026.68)
	(477.93)	(150.29)
CASH GENERATED FROM OPERATIONS	44.93	561.58
Direct Taxes Paid	(882.40)	(6.04)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(837.47)	555.54
EXTRAORDINARY ITEMS	-	-
NET CASH FROM OPERATING ACTIVITIES	(837.47)	555.54
B. CASH FLOW FROM INVESTING ACTIVITIES :		
- Purchase of Fixed Assets	(9.84)	(0.92)
- Sale of Fixed Assets	0.09	-
- Purchase of Investments	-	(490.49)
- Sale of Investments	-	245.03
NET CASH USED IN INVESTING ACTIVITIES	(9.75)	(246.38)
C. CASH FLOW FROM FINANCING ACTIVITIES		
- Proceeds from issue of Share Warrants (including Premium)	499.98	500.00
- Increase / (Decrease) in Long Term Borrowings (including provision for interest)	335.52	(824.36)
NET CASH IN FINANCING ACTIVITIES	835.50	(324.36)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(11.72)	(15.20)
CASH AND CASH EQUIVALENTS AS AT 31st, March (Opening Balance)	532.92	548.12
CASH AND CASH EQUIVALENTS AS AT 31st, March (Closing Balance)	521.20	532.92

As per our report of even date attached

On behalf of the Board

For BHUPENDRA SHROFF & CO.

Chartered Accountants

Firm No. 101458W

DARSHAN L. GANDHI
Chairman & Managing DirectorNAINA M. SHAH
Executive Director

B. N. SHROFF

Partner

Membership No. 5039

VIJAY B. SHARMA
Company Secretary

Place : Mumbai

Date : 30th June, 2011



LOK HOUSING AND CONSTRUCTIONS LTD.

Registered Office : 4, Lok Bhavan, Ground Floor, Lok Bharati Complex,
Marol Maroshi Road, Andheri (E), Mumbai 400 059.

July 8, 2011

Dear Shareholder(s),

Sub : Green Initiative of Ministry of Corporate Affairs- Registration of E-mail address.

As a responsible corporate citizen, the Company supports the 'Green Initiative' taken by the Ministry of Corporate affairs (MCA) vide its Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011. In terms of the said Circulars, the Company will henceforth effect electronic delivery of documents including annual reports, notice of meeting etc. to the members at the e-mail address registered for this purpose.

For supporting the above 'Green Initiative' of MCA –

- **If you are holding shares in Electronic Form:**

Please intimate your e-mail address to your Depository Participant (DP). The same will be deemed to be your registered e-mail address for serving notices/documents.

- **If you are holding shares in Physical Form :**

Please send a request letter mentioning your e-mail address & Folio Number, duly signed by the sole/first holder as per the specimen signature recorded with us, to M/s Link Intime India Pvt. Ltd., the Company's Registrar & Transfer Agents (RTA), to the address given below.

Please note that if you do not register your e-mail address as above, a physical copy of the Annual Report and other documents will be sent to you as per the current practice.

Please also note that the Annual Report and other documents which are sent electronically to shareholders will also be displayed on the Company's website www.lokhousing.com

Registrar & Transfer Agents:

Link Intime India Pvt. Ltd

Unit : Lok Housing And Constructions Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W), Mumbai – 400 078

Tel : 25946970 Fax : 91-22-25946969

Website : <http://www.linkintime.co.in/newsite/goGreen.jsp>

For LOK HOUSING AND CONSTRUCTIONS LIMITED

Vijay B. Sharma

Company Secretary

LOK HOUSING AND CONSTRUCTIONS LTD.

Registered Office : 4, Lok Bhavan, Ground Floor, Lok Bharati Complex,
Marol Maroshi Road, Andheri (E), Mumbai 400 059.



Attendance Slip

To be handed over at the entrance of the Meeting venue

Name of the Member(s) 1) _____ Folio No. : _____ No. of Shares held _____
2) _____ Dp Id* No.: _____ Client Id* No.: _____

In the case of Proxy, Name of Proxy _____
I hereby record my presence at the TWENTY-SIXTH ANNUAL GENERAL MEETING at 'M.C. GHIA HALL, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubhash Marg, Mumbai 400 001' at 4:00 p.m. on Friday, the 26th August, 2011.

Member's/Proxy's Signature

(To be signed at the time of handing over this slip)

Notes : 1) Member/Joint Members are requested to bring the attendance slip with them.
* 2) Applicable to the Members whose shares are held in dematerialised form.



LOK HOUSING AND CONSTRUCTIONS LTD.

Registered Office : 4, Lok Bhavan, Ground Floor, Lok Bharati Complex,
Marol Maroshi Road, Andheri (E), Mumbai 400 059.



Proxy Form

Name of the Member(s) 1) _____ Folio No. : _____ No. of Shares held _____
2) _____ Dp Id* No.: _____ Client Id* No.: _____

I/We _____

being a Member/Members of LOK HOUSING AND CONSTRUCTIONS LTD., hereby appoint _____ of _____

(or failing him / her) _____ of _____

(or failing him / her) _____ of _____

as my / our Proxy to attend and vote for me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at 4:00 p.m. on Friday, the 26th August, 2011.

Signed this _____ day of _____, 2011
Signed by the said _____ of _____

Affix Re. 1
Revenue
Stamp

NOTE (S) :

1. The proxy need NOT be a member.
2. The proxy form signed across revenue stamp should reach Company's registered office at least 48 hours before the scheduled time of meeting.
3. Company reserve the right to ask for identification of the proxy.
4. Proxy cannot speak at the meeting or vote on a show of hands.

BOOK-POST



If undelivered, return to:
Lok Housing And Constructions Ltd.
4, Lok Bhavan, Ground Floor,
Lok Bharati Complex, Marol Maroshi Road,
Andheri (E), Mumbai - 400 059

