

HILL ROCK CONSTRUCTION LIMITED

DIRECTORS' REPORT

Your Directors are pleased to present the Ninth Annual Report and the Audited Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS:

Amount in Rs.

| Particulars | Year Ended 31-03-2014 | Year Ended 31-03-2013 |
|---|----------------------------------|----------------------------------|
| Total Income | 2,39,61,236 | 80,72,500 |
| Total Expenditure including Depreciation | 5,191,869 | 47,37,020 |
| Profit/(Loss) Tax | 18,769,367 | 33,35,480 |
| Less: Tax Expenses | 6,108,000 | 825,000 |
| Add: Deferred Tax/(Credit) | (8435) | (5,341) |
| Profit/(Loss) after tax | 12,669,802 | 25,15,821 |

OPERATIONS:

Your Company has further received Rs.7,029,112/- as unsecured interest free loans from its holding Company, Jai Realty Ventures Limited, and has repaid an amount of Rs.23,897,000/- towards unsecured interest free loan during the year. Your Company has earned an income of Rs.23,950,000/- through sale of land.

DIVIDEND:

In view to conserve the resources of the Company, your Directors do not recommend any dividend.

DIRECTORS:

Mr. Ananjan Datta (DIN 0434224) who retires by rotation and being eligible, has offered himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is, hereby, confirmed:

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2014, applicable accounting standards have been followed along with proper explanation relating to material departure ;
- (ii) that appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the period ended on that date;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956

for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that accounts for the financial year ended 31st March, 2014 have been prepared on a 'going concern' basis.

AUDITORS AND AUDITORS' REPORT:

M/s Pathak H. D. & Associates, Chartered Accountants, Mumbai, hold office as statutory auditors of the Company until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. It is proposed to re-appoint them as Statutory Auditor of the Company from the conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting. Your Company has received the certificate from them confirming their eligibility for re-appointment pursuant to the provisions of Section 139 read with section 141 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014.

DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Nil

FIXED DEPOSIT:

Your Company has not accepted any fixed deposit during the year under review.

PARTICULARS OF EMPLOYEES:

There are no employees whose remuneration requires disclosure in terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENT:

Your Directors express their grateful appreciation for the assistance and co-operation received from the banks and other institutions, government authorities and shareholders during the period under review.

For and on behalf of the Board of Directors

Date: 05.05.2014
Place: Mumbai

Subodh Agarwal
Director
(DIN:01993001)

INDEPENDENT AUDITORS' REPORT

To the Members of HILL ROCK CONSTRUCTION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **HILL ROCK CONSTRUCTION LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

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- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.

For PATHAK H.D. & ASSOCIATES

Chartered Accountants

(Firm Registration Number - 107783W)

ANUJ BHATIA

Partner

Membership No. 122179

Place: Mumbai

Date: 5th May 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of Hill Rock Construction Limited on the accounts for the year ended 31st March 2014)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - (b) As explained to us, all the fixed assets have been physically verified by the management. No material discrepancies were noticed on such verification as compared with the available records.
 - (c) In our opinion and according to the information and explanation given to us, the Company has not disposed off a substantial part of its fixed assets during the year and going concern status of the Company is not affected.

- (ii) In respect of its inventories:

The Company has inventories only in relation to the development projects in progress. It does not have any other inventories during the year. The management has physically verified the project under development and no discrepancies were noticed. The Company has maintained the proper records for these projects.

- (iii) In respect of loans, secured / unsecured,

The Company has neither granted nor taken any loan, secured or unsecured, to/from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence the provisions of Clause (iii) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods. During the year, the Company did not undertake any activity of purchase of inventory, fixed assets and sale of services; however expenditure has been incurred by the Company in relation to the purchase and sale of the inventory. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

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- (v) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Hence, the provisions of Clause (vi) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As the Company is not listed company or net worth of it as on last date of immediately financial year was not excess of Rs. Five Crores or turnover during the immediately financial year was not in excess of Rs. Twenty Crores and accordingly, the cost records under Section 209(1)(d) of the Companies Act, 1956 as prescribed by Central Government are not applicable to the year under audit.
- (ix) In respect of statutory and other dues:
- (a) According to the records of the Company, the Company has generally been regular during the year in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax and Cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating to Rs. 9,55,132/- that have not been deposited on account of matter pending before appropriate authorities are as under.

| Name of the Statue | Nature of the Dues | Amount of Rs. | Period | Forum where dispute is pending |
|----------------------|--------------------|---------------|---------|--------------------------------|
| Income Tax Act, 1961 | Income Tax | 9,55,132 | 2009-10 | Income tax Appellate Tribunal |
| Total | | 9,55,132 | | |

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- (x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, the Company has not taken any borrowings from financial institutions, banks or debenture holders, hence the provisions of Clause (xi) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Hence, the provisions of Clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xiv) The Company has no transactions and contracts in respect of dealing and trading in shares and other securities, hence the provisions of Clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xv) As per the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, hence the provisions of Clause (xv) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, no term loan has been raised during the year & hence, the provisions of Clause (xvi) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xvii) On review of utilization of funds based on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that prima facie, funds raised on short-term basis have not been utilized for long term investments.
- (xviii) During the year, the Company has not made preferential allotment of shares to the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xviii) The Company has not issued any Debentures during the year.

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- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For PATHAK H.D. & ASSOCIATES
Chartered Accountants
(Firm Registration Number - 107783W)

Place: Mumbai
Date: 5th May 2014

ANUJ BHATIA
Partner
Membership No. 122179

HILL ROCK CONSTRUCTION LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2014

(Amount in Rs.)

| Particulars | Note | As At | | As At |
|--|---------|------------------------------|--------------------------|------------------------------|
| | | 31 st March, 2014 | | 31 st March, 2013 |
| I EQUITY AND LIABILITIES | | | | |
| 1 Shareholders' funds | | | | |
| Share Capital | 2 | 595,500 | | 595,500 |
| Reserves and Surplus | 3 | <u>23,806,994</u> | 24,402,494 | <u>11,137,193</u> 11,732,693 |
| 2 Non-current Liabilities | | | | |
| Long-term Borrowings | 4 | 9,996,751 | | 26,864,639 |
| Deferred Tax Liabilities (Net) | 5 | <u>17,583</u> | 10,014,334 | <u>26,017</u> 26,890,656 |
| 3 Current Liabilities | | | | |
| Trade Payables | 6 | 439,966 | | 389,966 |
| Other Current Liabilities | 7 | <u>29,981</u> | 469,947 | <u>82,701</u> 472,667 |
| TOTAL | | | <u><u>34,886,775</u></u> | <u><u>39,096,016</u></u> |
| II ASSETS | | | | |
| 1 Non-current Assets | | | | |
| Fixed Assets - Tangible | 8 | 370,066 | | 452,784 |
| Long-term Loans and Advances | 9 | <u>35,958</u> | 406,024 | <u>21,433</u> 474,217 |
| 2 Current Assets | | | | |
| Inventories | 10 | 34,353,006 | | 38,499,974 |
| Cash and Bank Balances | 11 | 16,615 | | 10,586 |
| Short-term Loans and Advances | 12 | <u>111,130</u> | 34,480,751 | <u>111,239</u> 38,621,799 |
| TOTAL | | | <u><u>34,886,775</u></u> | <u><u>39,096,016</u></u> |
| Significant Accounting Policies | 1 | | | |
| Notes on Financial Statements | 2 to 23 | | | |

As per our report of even date
For Pathak H. D. & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Anuj Bhatia
Partner

Subodh Agarwal
Director
(DIN 01993001)

A. Datta
Director
(DIN 00434224)

Place : Mumbai

Date : 5th May, 2014

HILL ROCK CONSTRUCTION LIMITED**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014****(Amount in Rs.)**

| Particulars | Note | Year Ended 31st March, 2014 | Year Ended 31st March, 2013 |
|--|----------------|---|---|
| I Revenue From Operations | 13 | 23,950,000 | 8,072,500 |
| II Other Income | 14 | 11,236 | - |
| III Total Revenue | | 23,961,236 | 8,072,500 |
| IV Expenses | | | |
| Land Development Expenses | 15 | 276,930 | 73,588 |
| Changes in Inventories of Work in Progress | 16 | 4,146,968 | 3,945,045 |
| Finance Costs | 17 | 28,152 | - |
| Depreciation | 8 | 82,718 | 82,718 |
| Other Expenses | 18 | 657,101 | 635,669 |
| Total Expenses | | 5,191,869 | 4,737,020 |
| V Profit / (Loss) Before Tax (III-IV) | | 18,769,367 | 3,335,480 |
| VI Tax Expense | | | |
| Current Tax | | 6,108,000 | 825,000 |
| Deferred Tax Expenses / (Credit) | | (8,435) | (5,341) |
| VII Net Profit / (Loss) after Tax (V-VI) | | 12,669,802 | 2,515,821 |
| VIII Earnings per Equity Share of Rs.10 each | 19 | | |
| Basic (In Rs.) | | 253.40 | 50.32 |
| Diluted (In Rs.) | | 212.76 | 42.25 |
| Significant Accounting Policies | 1 | | |
| Notes on Financial Statements | 2 to 23 | | |

As per our report of even date
For Pathak H. D. & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Anuj Bhatia
Partner

Subodh Agarwal
Director
(DIN 01993001)

A. Datta
Director
(DIN 00434224)

Place : Mumbai

Date : 5th May, 2014

HILL ROCK CONSTRUCTION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in Rs.)

| Particulars | Year Ended 31 st March, 2014 | Year Ended 31 st March, 2013 |
|---|--|--|
| A. Cash Flow from Operating Activities | | |
| Net Profit before tax as per Statement of Profit and Loss | 18,769,367 | 3,335,480 |
| Adjusted for | | |
| Depreciation | 82,718 | 82,718 |
| Finance Costs | 28,152 | - |
| Sundry Balance Written Back | (11,236) | - |
| Operating Profit before Working Capital Changes | 18,869,001 | 3,418,198 |
| Adjusted for | | |
| Trade and other receivables | 109 | 55,092 |
| Inventories | 4,146,968 | 3,945,045 |
| Trade and Other Payables | 8,516 | 406 |
| Cash Generated from Operation | 23,024,594 | 7,418,741 |
| Direct Taxes Paid | (6,150,000) | (840,000) |
| Net Cash from Operating Activities | 16,874,594 | 6,578,741 |
| B. Cash Flow from Investing Activities | | |
| Net Cash (used in) / From Investing Activities | - | - |
| C. Cash Flow from Financing Activities | | |
| Proceeds from Long term Borrowings | 7,029,112 | 1,453,033 |
| Re-payment of Long term Borrowings | (23,897,000) | (8,035,000) |
| Finance Costs | (677) | - |
| Net Cash used in Financing Activities | (16,868,565) | (6,581,967) |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | 6,029 | (3,226) |
| Opening Balance of Cash and Cash Equivalents | 10,586 | 13,812 |
| Closing Balance of Cash and Cash Equivalents # | 16,615 | 10,586 |

Components of Cash and Cash equivalents Refer note 11

Notes :

- Figures in brackets represent cash outflow.
- The above Cash Flow Statements has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow Statement" as notified in the Companies (Accounting Standards) Rules, 2006.
- The previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

For Pathak H. D. and Associates

Chartered Accountants

For and on behalf of the Board of Directors

Anuj Bhatia

Partner

Place : Mumbai

Date : 5th May, 2014

Subodh Agarwal

Director

(DIN 01993001)

A. Datta

Director

(DIN 00434224)

HILL ROCK CONSTRUCTION LIMITED

Notes on Financial statements for the year ended 31st March, 2014

Note 1 Significant Accounting Policies

1.1 Basis Of Preparation Of Financial Statements

The financial statements have been prepared as a going concern under historical cost convention, in accordance with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the provisions of the Companies Act, 1956 ("The Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of general circular 15/2013, dated 13th September 2013 of the Ministry of Corporate Affairs) as adopted consistently by the Company.

1.2 Use Of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the Financial Statements and the reported amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/materialised.

1.3 Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any.

1.4 Depreciation

Depreciation is provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

1.5 Inventories

Cost of inventories consists of cost of land, land development expenses, material services, construction cost, interest and financial charges and other expenses related to project under development. In general, all Inventories of land are stated at lower cost and net realisable value. Inventories of land are taken on the basis of Agreement to sell.

1.6 Preliminary And Share Issue Expenses

Preliminary and Share issue expenses are charged to the Statement of Profit and Loss.

1.7 Provision For Current And Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual/reasonable certainty that the assets will be realized in future.

1.8 Provision, Contingent Liabilities And Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

1.9 Revenue Recognition

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sales of land and is recognised when significant risk and rewards of ownership of the land have passed to the buyer.

HILL ROCK CONSTRUCTION LIMITED
Notes on Financial statements for the year ended 31st March, 2014

Note 2 - Share Capital

| Particulars | (Amount in Rs.) | |
|---|---------------------------------------|---------------------------------------|
| | As At 31 st March, 2014 | As At 31 st March, 2013 |
| Authorised | | |
| 85,000 Equity Shares of Rs. 10 each (85,000) | 850,000 | 850,000 |
| 15,000 1% Optionally Convertible Non-Cumulative, Redeemable (15,000) Preference Shares of Rs.10 each | 150,000 | 150,000 |
| Total | 1,000,000 | 1,000,000 |
| Issued, Subscribed and Paid up | | |
| 50,000 Equity Shares of Rs. 10 each fully paid up (50,000) | 500,000 | 500,000 |
| 9,550 1% Optionally Convertible Non-Cumulative, Redeemable (9,550) Preference Shares of Rs. 10 each fully paid up | 95,500 | 95,500 |
| Total | 595,500 | 595,500 |

Figures in bracket represent previous year figures.

2.1 (i) Reconciliation of number of Equity Shares outstanding.

| Particulars | As At | |
|---|------------------------------|------------------------------|
| | 31 st March, 2014 | 31 st March, 2013 |
| Number of Shares outstanding at the beginning of the year | 50,000 | 50,000 |
| Number of Shares outstanding at the end of the year | 50,000 | 50,000 |

(ii) Reconciliation of number of Preference Shares outstanding.

| Particulars | As At | |
|---|------------------------------|------------------------------|
| | 31 st March, 2014 | 31 st March, 2013 |
| Number of Shares outstanding at the beginning of the year | 9,550 | 9,550 |
| Number of Shares outstanding at the end of the year | 9,550 | 9,550 |

2.2 (i) The Terms / Rights attached to the Equity Shares

Holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by shareholders.

(ii) The Terms of conversion / redemption of Preference Shares

1% Optionally Convertible, Non - cumulative, Redeemable Preference Shares (OCPS) of Rs.10/- each fully paid-up were allotted on 31st January, 2008. The OCPS are redeemable at the option of the Company any time from the date of issue but before the end of 20 years. The holder has the option to seek conversion any time before redemption. The OCPS are redeemable at a premium of Rs.990/- per share. The preference share holders have a preferential right to non cumulative dividend of 1% per annum, carry a preferential right for repayment of capital in priority to the equity shares, on liquidation of the Company or repayment of capital. However, the preference shares carry no further or other right to participate either in the profits or assets of the Company.

2.3 Redemption Premium on preference shares as mentioned above will be paid out of the Securities Premium Account and hence no provision has been considered necessary.

2.4 Details of shares in the Company held by Holding Company

| Particulars | As At | |
|---|------------------------------|------------------------------|
| | 31 st March, 2014 | 31 st March, 2013 |
| Jai Realty Ventures Limited | | |
| Equity Shares (in Nos.) (Including Equity Shares held jointly with nominees) | 50,000 | 50,000 |
| 1% Optionally Convertible Non-Cumulative, Redeemable Preference Shares (in Nos.) | 9,550 | 9,550 |

2.5 Details of shares in the Company held by each shareholder holding more than 5% shares:

| Name of Shareholder | As At 31 st March, 2014 | | As At 31 st March, 2013 | |
|---|------------------------------------|--------------|------------------------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Jai Realty Ventures Limited. | | | | |
| Equity Shares (Including Equity Shares held jointly with nominees) | 50,000 | 100 | 50,000 | 100 |
| 1% Optionally Convertible Non-Cumulative, Redeemable Preference Shares | 9,550 | 100 | 9,550 | 100 |

HILL ROCK CONSTRUCTION LIMITED
Notes on Financial statements for the year ended 31st March, 2014

Note 3 - Reserves and Surplus

| Particulars | (Amount in Rs.) | |
|--|---------------------------------------|---------------------------------------|
| | As At 31 st March, 2014 | As At 31 st March, 2013 |
| Securities Premium Account | | |
| As per Last Balance Sheet | 9,454,500 | 9,454,500 |
| Surplus in Statement of Profit and Loss | 1,682,693 | (833,128) |
| Add: Profit for the Year | 12,669,802 | 2,515,821 |
| Closing Balance | 14,352,494 | 1,682,693 |
| Total | 23,806,994 | 11,137,193 |

Note 4 - Long - Term Borrowings

| Particulars | (Amount in Rs.) | |
|-------------------------|---------------------------------------|---------------------------------------|
| | As At 31 st March, 2014 | As At 31 st March, 2013 |
| Unsecured Loans | | |
| Loan from Related Party | 9,996,751 | 26,864,639 |
| Total | 9,996,751 | 26,864,639 |

4.1 The above interest free loan from Jai Realty Ventures Limited, holding company, is repayable on or before 30th June, 2015 with an option to the company to repay earlier if sufficient funds are available with the company.

4.2 For details refer note 22

Note 5 - Deferred Tax Liabilities (Net)

| Particulars | (Amount in Rs.) | |
|---------------------------------|---------------------------------------|---------------------------------------|
| | As At 31 st March, 2014 | As At 31 st March, 2013 |
| Deferred Tax Liabilities | | |
| Related to Fixed Assets | 17,583 | 26,017 |
| Deferred Tax Assets | - | - |
| Total | 17,583 | 26,017 |

Note 6 - Trade Payables

| Particulars | (Amount in Rs.) | |
|-------------------------------------|---------------------------------------|---------------------------------------|
| | As At 31 st March, 2014 | As At 31 st March, 2013 |
| Micro, Small and Medium Enterprises | - | - |
| Others | 439,966 | 389,966 |
| Total | 439,966 | 389,966 |

6.1 The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures as required by notification dated 16.11.2007 issued by the Ministry of Company Affairs have not been given.

Note 7 - Other Current Liabilities

| Particulars | (Amount in Rs.) | |
|------------------------|---------------------------------------|---------------------------------------|
| | As At 31 st March, 2014 | As At 31 st March, 2013 |
| Other Payables | | |
| Statutory Dues | 4,700 | 4,700 |
| Other Expenses Payable | 25,281 | 78,001 |
| Total | 29,981 | 82,701 |

Note 9 - Long - Term Loans and Advances

| Particulars | (Amount in Rs.) | |
|-------------------------------------|---------------------------------------|---------------------------------------|
| | As At 31 st March, 2014 | As At 31 st March, 2013 |
| (Unsecured, Considered Good) | | |
| Income Tax (Net) | 35,958 | 21,433 |
| Total | 35,958 | 21,433 |

HILL ROCK CONSTRUCTION LIMITED
Notes on Financial statements for the year ended 31st March, 2014
Note 10- Inventories

| Particulars | (Amount in Rs.) | |
|--|---------------------------------------|---------------------------------------|
| | As At 31 st March, 2014 | As At 31 st March, 2013 |
| Work-in-Progress - Land and Development Expenses | 34,353,006 | 38,499,974 |
| Total | 34,353,006 | 38,499,974 |

10.1 Refer Note No.1.5 for mode of valuation of inventories

10.2 Conveyance Deed is yet to be executed in the name of Company.

10.3 Possession of the land of Rs. 5,059,901 (Previous Year Rs. 5,059,901) is in dispute.

Note 11 - Cash and Bank Balances

| Particulars | (Amount in Rs.) | |
|--|---------------------------------------|---------------------------------------|
| | As At 31 st March, 2014 | As At 31 st March, 2013 |
| Cash and Cash Equivalents | | |
| Balance with a Bank in Current Account | 16,615 | 10,586 |
| Total | 16,615 | 10,586 |

Note 12 - Short Term Loans and Advances

| Particulars | (Amount in Rs.) | |
|-------------------------------------|---------------------------------------|---------------------------------------|
| | As At 31 st March, 2014 | As At 31 st March, 2013 |
| (Unsecured, Considered Good) | | |
| Deposit for Rent | 100,000 | 100,000 |
| Prepaid Expenses | 1,130 | 1,239 |
| Advances for Expenses | 10,000 | 10,000 |
| Total | 111,130 | 111,239 |

Note 13 - Revenues from Operations

| Particulars | (Amount in Rs.) | |
|--------------|--|--|
| | Year Ended 31 st March, 2014 | Year Ended 31 st March, 2013 |
| Sale of Land | 23,950,000 | 8,072,500 |
| Total | 23,950,000 | 8,072,500 |

Note 14 - Other Income

| Particulars | (Amount in Rs.) | |
|------------------------------------|--|--|
| | Year Ended 31 st March, 2014 | Year Ended 31 st March, 2013 |
| Sundry Credit Balance Written Back | 11,236 | - |
| Total | 11,236 | - |

Note 15 - Land Development Expenses

| Particulars | (Amount in Rs.) | |
|--|--|--|
| | Year Ended 31 st March, 2014 | Year Ended 31 st March, 2013 |
| Project Expenses | 30,750 | 23,588 |
| Legal, Professional and Consultancy Expenses | 246,180 | 50,000 |
| Total | 276,930 | 73,588 |

HILL ROCK CONSTRUCTION LIMITED
Notes on Financial statements for the year ended 31st March, 2014
Note 16 - Changes in Inventories of Work in Progress

| Particulars | (Amount in Rs.) | |
|-------------------------------------|--|--|
| | Year Ended 31 st March, 2014 | Year Ended 31 st March, 2013 |
| At the end of the Year | | |
| Work-in-Progress | 34,353,006 | 38,499,974 |
| At the beginning of the Year | | |
| Work-in-Progress | 38,499,974 | 42,445,019 |
| Total | <u>4,146,968</u> | <u>3,945,045</u> |

Note 17 - Finance Cost

| Particulars | (Amount in Rs.) | |
|--|--|--|
| | Year Ended 31 st March, 2014 | Year Ended 31 st March, 2013 |
| Interest Expenses | 28,152 | - |
| Total | <u>28,152</u> | <u>-</u> |
| 17.1 Represents late payment of advance income tax and service tax. | | |

Note 18 - Other Expenses

| Particulars | (Amount in Rs.) | |
|---|--|--|
| | Year Ended 31 st March, 2014 | Year Ended 31 st March, 2013 |
| Administrative and General Expenses | | |
| Rent | 564,000 | 535,600 |
| Rates and Taxes | 8,992 | 10,306 |
| Other Repairs | 41,232 | 46,372 |
| Insurance | 8,195 | 9,271 |
| Legal, Professional and Consultancy Charges | 9,289 | 8,727 |
| Bank Charges | 112 | 112 |
| Payment to Auditors | | |
| Audit Fees | 14,045 | 14,045 |
| Tax Audit Fees | 11,236 | 11,236 |
| Total | <u>657,101</u> | <u>635,669</u> |

Note 19 - Earnings Per Equity Share

| Particulars | Year Ended | Year Ended 31 st |
|---|------------------------------|-----------------------------|
| | 31 st March, 2014 | March, 2013 |
| Net Profit for the Year Attributable for Equity Shareholders for Basic and Diluted EPS (In Rs.) | 12,669,802 | 2,515,821 |
| Weighted Average Number of Equity Shares Outstanding During the Year for Basic EPS (in Nos.) | 50,000 | 50,000 |
| Weighted Average Number of Equity Shares Outstanding During the Year for Diluted EPS (in Nos.) | 59,550 | 59,550 |
| Basic Earning per share (in Rs.) | 253.40 | 50.32 |
| Diluted Earning per share (in Rs.) | 212.76 | 42.25 |
| Face Value per Equity Share (in Rs.) | 10.00 | 10.00 |

19.1 Reconciliation between number of shares used for calculation of Basic and Diluted Earnings per share

| Particulars | As At | As At |
|---|------------------------------|------------------------------|
| | 31 st March, 2014 | 31 st March, 2013 |
| Number of shares used for calculating Basic EPS | 50,000 | 50,000 |
| Add:- Potential Equity Shares (Optionally Convertible Non-Cumulative, Redeemable Preference Shares) | 9,550 | 9,550 |
| Number of shares used for calculating Diluted EPS | 59,550 | 59,550 |

HILL ROCK CONSTRUCTION LIMITED
Notes on Financial statements for the year ended 31st March, 2014

Note 20 - Contingent Liabilities

| Particulars | (Amount in Rs.) | |
|---|---------------------------------------|---------------------------------------|
| | As At 31 st March, 2014 | As At 31 st March, 2013 |
| Claims against the Company not acknowledged as debts | | |
| Disputed Liabilities in Appeal (No Cash outflow is expected in the near future) | | |
| - Income Tax | 955,132 | - |
| Total | 955,132 | - |

Note 21 - Segment Reporting

In the opinion of the Management and based on consideration of dominant source and nature of risk and returns, the Company's activities, during the year revolved around the single segment namely, "Builders and Developers". Considering the nature of Company's business and operations, there are no separate reportable segment (Business and/or Geographical) in accordance with the requirement of Accounting Standard 17-"Segment Reporting" as notified in the Companies (Accounting Standards) rules 2006

Note 22 - Related Party Disclosure

Information on Related Parties Disclosures as per Accounting Standard (AS-18) - "Related Party Disclosures" are given below:

(A) List of Related Parties :

Jai Realty Ventures Limited Holding Company
Jai Corp Limited Ultimate Holding Company

(B) Transactions with Related Parties :

| Name of the Party | Nature of Transaction | 2013-14 | 2012-13 |
|-----------------------------|---|------------|--------------|
| Jai Realty Ventures Limited | Equity Shares | | |
| | -- Opening Balance | 500,000 | 500,000 |
| | -- Closing Balance | 500,000 | 500,000 |
| | 1% Optionally Convertible Non-Cumulative, Redeemable Preference Shares | | |
| | -- Opening Balance | 95,500 | 95,500 |
| | -- Closing Balance | 95,500 | 95,500 |
| | Long term Borrowings | | |
| | -- Opening Balance | 26,864,639 | 33,446,606 |
| | -- Received During the year | 7,029,112 | 1,453,033 |
| | -- Refund / Adjusted During the year | 23,897,000 | 8,035,000 |
| | -- Closing Balance | 9,996,751 | 26,864,639 |
| | Reimbursement of Expenses to | 612 | 9,033 |

Note 23

Previous year's figures have been re-grouped, reworked, reclassified and re-arranged wherever necessary.

As per our report of even date
For Pathak H. D. & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Anuj Bhatia
Partner

Subodh Agarwal
Director
(DIN 01993001)

A. Datta
Director
(DIN 00434224)

Place : Mumbai
Date : 5th May, 2014

