

ANNUAL REPORT

2009-2010



Artist's view of
ETERNA
Sitaapur Road, Lucknow



ELDECO
HOUSING AND INDUSTRIES LTD.

AN ISO 9001:2008 CERTIFIED COMPANY

BOARD OF DIRECTORS

Shri S. K. Garg	Chairman	Shri L. N. Sharma*	Director
Shri Pankaj Bajaj	Managing Director	Shri Arvind Bajaj	Director
Shri Srikant Jajodia	Whole Time Director	Shri Anil Tewari	Director
Shri J. P. Bhargava	Director	Shri Ashish Jain	Director
Shri N. K. Sharma	Director	Shri Ranjit Khattar	Director

*Resigned w.e.f. 30 June, 2009.

Company Secretary

Ms. Neetika Rastogi

Statutory Auditor

M/s Doogar & Associates
Chartered Accountants
13, Community Centre, East of Kailash
NEW DELHI - 110065

Registrar And Share Transfer Agent

M/s Skyline Financial Services Pvt. Ltd.
D-153/A, 1st Floor, Okhla Industrial Area,
New Delhi - 20. Ph. : 011-26292682

Stock Exchanges where Company is Listed

The Bombay Stock Exchange Limited
Phiroze Jeejeebhay Towers
Dalal Street, MUMBAI - 400 001

The Uttar Pradesh Stock Exchange Association
Limited
14/113, Padam Towers, Civil Lines,
KANPUR - 208 001

Bankers

Punjab National Bank
HDFC Limited

Registered Office

201-212, 2nd Floor, Splendor Forum, District Centre
Jasola, New Delhi-110 025

Corporate Office

2nd Floor, Corporate Chamber-I, Vibhuti Khand, Gomti
Nagar, Lucknow-226 010

Divisions

• A-1/153, First Floor, Safdarjung Enclave
New Delhi - 110 029

- 15/54-B, Civil Lines, Virendra Smriti Complex,
Kanpur - 208 001
- 28/2, 1st Floor, Sanjay Place, Agra-282 002

Contents

Page No.(s).

• Board of Directors	01
• Notice of the 25th Annual General Meeting	02
• Directors' Report	05
• Management Discussion and Analysis	09
• Report on Corporate Governance	13
• Compliance Certificate on Corporate Governance	23
• Consolidated Accounts	
• Auditors' Report	24
• Audited Balance Sheet as at 31st March, 2010	25
• Audited Profit and Loss Account for the year ended 31st March, 2010	27
• Significant Accounting Policies and Notes to Accounts	37
• Cash Flow Statement for the year ended 31st March, 2010	48
• Standalone Accounts	
• Auditors' Report	50
• Audited Balance Sheet as at 31st march, 2010	53
• Audited profit and Loss Account for the year ended 31st March, 2010	55
• Significant Accounting Policies and Notes to Accounts	66
• Cash flow Statement for the year ended 31st March, 2010	76
• Financial information of subsidiary companies	79

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Members of Eldeco Housing and Industries Ltd will be held on Thursday, the 30th day of September, 2010, at 3.00 p.m. at hotel The Suryaa New Delhi, New Friends Colony, New Delhi- 110 065 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2010.
3. To appoint a Director in place of Mr Anil Tewari who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Ashish Jain who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to authorise the Board to fix their remuneration.

The present Statutory Auditors M/s Doogar and Associates, Chartered Accountants, New Delhi, are holding the office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

By the order of the Board
For **Eldeco Housing and Industries Ltd**

Neetika Rastogi
Company Secretary

Date : 21st August, 2010
Place : Lucknow

NOTES

- A. APPOINTMENT OF PROXY:** A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY SO AS TO REACH THE CORPORATE OFFICE OF THE COMPANY AT 2ND FLOOR, ELDECO CORPORATE CHAMBER-I, VIBHUTI KHAND, GOMTI NAGAR, LUCKNOW 226 010 , NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.
- B. Corporate Members:** Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
- C.** Members/Proxies attending the meeting are requested to bring their copy of Annual Report to the Meeting and to submit the duly filled and signed admission slips.
- D. Queries at the AGM:** Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its corporate office at least seven days prior to the date of AGM to enable the management to compile the relevant information to reply the same in the meeting.
- E. Book Closure:** The Register of Members and Share Transfer Books of the Company will remain closed from Monday , the 27th day of September, 2010 to Thursday, the 30th day of September, 2010 (both days inclusive) for the purpose of the Annual General Meeting and payment of dividend, if any.
- F.** Members are requested to notify any change in their address/ mandate/ bank details immediately to the Registrar and Share Transfer Agent of the Company - M/s Skyline Financial Services Pvt Ltd., D-153/A, Okhla Industrial Area, Phase-I, New Delhi- 110 020; Phone No. 011-2629 2682.
- G.** The dividend on Equity Shares as recommended by the Board of Directors, if declared at the Annual General Meeting, will be payable to those shareholders whose names appear on the Company's Register of Members and the database of the Company's Registrar and Transfer Agent (M/s Skyline Financial Services Pvt. Ltd., New Delhi) as on 27th September, 2010 after entertaining all valid requests for transfer of shares lodged with the Company on or before 27th September, 2010.
- In respect of the shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
- H. Transfer of unclaimed dividend:** The Company has transferred the unclaimed dividend for the financial year 2001-2002 to the Investors Education and Protection Fund, in the month of February, 2010 in terms of the provisions of Section 205A of the Companies Act, 1956.

I. Schedule for transfer of unclaimed dividend to the Investors' Fund:

Financial Year Ended	Rate	Date of Declaration	Last Date for Claiming	Last Date for Transfer to IEPF
31/03/2003	10%	30/12/2003	04/02/2011	06/03/2011
31/03/2004	10%	17/11/2004	24/12/2011	23/01/2012
31/03/2005	10%	30/11/2005	05/01/2013	04/02/2013
31/03/2006	10%	30/10/2006	06/12/2013	05/01/2014
31/03/2007	10%	29/09/2007	05/11/2014	04/12/2014
31/03/2008	10%	27/09/2008	03/11/2015	02/12/2015
31/03/2009	10%	30/09/2009	06/11/2016	05/12/2016

- J.** In terms of provisions of Section 205A of the Companies Act, 1956, the amount of dividend for the financial year 2002-03 that still remains unclaimed is required to be transferred to the Investors Education and Protection Fund on or before 6th March, 2011. Any shareholder who has not encashed the dividend warrants for the financial year 2002-03 and onwards may claim the same immediately. **Please note that the unclaimed dividend once transferred to Investors Education and Protection Fund cannot be claimed by the shareholders.**

- K.** Inspection of Documents: Documents referred to in the Notice etc., are open for inspection at the registered office of the Company at all working days except Saturdays between 11 A.M. and 2 P.M. up to the date of Annual General Meeting.

By the order of the Board
For **Eldeco Housing and Industries Ltd**

Neetika Rastogi
Company Secretary

Date : 21st August, 2010
Place: Lucknow

DIRECTORS' REPORT**Dear Members**

Your Directors have the pleasure in presenting the 25th Annual Report of your Company together with the Audited Annual Accounts for the financial year ended 31st March, 2010.

Financial Highlights

(Rs in lacs)

Particulars	Financial Year ended			
	31 st March 2010 Consolidated	31 st March 2010 Standalone	31 st March 2009 Consolidated	31 st March 2009 Standalone
Income:				
A. Value of Work Done	6038.99	4778.17	10278.62	10278.62
B. Other Income	437.88	446.31	387.78	378.72
C. Increase/ Decrease in Stocks	14.39	14.39	(19.49)	(19.49)
Total	6491.26	5238.87	10646.91	10637.85
Expenditure	5409.70	4240.57	9696.44	9696.31
Profit before tax	1081.55	998.30	950.47	941.54
Less: Provision for tax				
Current	246.54	213.43	268.13	268.13
Deferred	18.06	18.00	1.50	1.50
Wealth Tax	0.57	0.57	0.85	1.09
Fringe Benefit Tax	0.00	0.00	4.36	4.36
Profit After Tax	816.38	766.29	675.63	666.46
Previous Balance in Profit & Loss Account	3038.80	3029.72	2447.29	2447.38
Adjustments related to previous year	(1.51)	(2.10)	31.11	31.11
Profit available for appropriation	3856.60	3798.12	3091.81	3082.73
Less: Proposed dividend	19.67	19.67	19.67	19.67
Tax on proposed dividend	3.27	3.27	3.34	3.34
Transfer to general reserve	30.00	30.00	30.00	30.00
Balance in Profit & Loss Account	3803.66	3745.18	3038.80	3029.72
Earning per share (Rs.)	41.51	38.97	34.36	33.89
Dividend per share (Rs.)	1.00	1.00	1.00	1.00

Year in Retrospect

During the year under review, total income of the Company was Rs. 5224.48 lacs as against Rs. 10657.34 lacs in previous year ended 31st March, 2009. Profit before tax was Rs. 998.30 lacs as against Rs. 941.54 lacs in the preceding year. Profit after tax for the year under review was Rs. 766.29 lacs as against Rs. 666.46 during the preceding year. Your Directors are putting in their best efforts to further improve the performance of the Company.

The detailed Management Discussion & Analysis Report is attached hereto with the Directors' Report and should be read as part of this Directors' Report.

Material Changes etc.

Save as mentioned elsewhere in this Report, no material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company 31st March, 2010 and the date of this Report.

Dividend

Your Directors propose to maintain an Equity Dividend of 10% for the financial year ended on 31st March, 2010. The Dividend, if approved by you at the forthcoming Annual General Meeting will absorb Rs. 19.67 lacs.

Transfer to Investors Education and Protection Fund

Un-claimed/un-paid dividend for the financial year 2001-2002 has been transferred to the Investors Education and Protection Fund in terms of the provisions of Section 205A of the Companies Act, 1956.

Public Deposits

As at 31st March, 2009, the Company held Fixed Deposits of Rs. 309.10 lacs from the Public, Shareholders and Employees, out of which deposits for Rs. 13.75 lacs, due for repayment on or before 31st March, 2010 were not claimed by depositors as on that date.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

1. **Conservation of Energy:** Your Company is conscious about energy consumption and environmental issues related with it. It is continuously making sincere efforts towards conservation of energy and optimizing its usage in all aspects of operations.
2. **Technology Absorption:** The Company is taking advantage of the latest developments and advancements in the Construction Industry. The Company is using indigenous technology which is well established in the Country and no foreign technology/ know how was purchased. The Company has not incurred any R & D expenditure during the year.
3. **Export Activities:** There was no export activity in the Company during the year under review. The company is not planning any export in the near future, as well.
4. **Foreign Exchange Earnings and Outgo:** There was no Foreign Exchange Earning and Outgo during the year under review.

Particulars of Employees

Particulars of the employees who are in receipt of remuneration more than the limit prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is annexed to this Directors Report as **Annexure – A**.

Subsidiary Companies and Consolidated Financial Statements

As on date there are following subsidiaries of the Company:

- a. Aadesh Constructions Private Limited
- b. Garv Constructions Private Limited
- c. Mahal Constructions Private Limited
- d. Milaap Constructions Private Limited
- e. Samarpit Constructions Private Limited
- f. Sunijoyit Constructions Private Limited
- g. Halwasiya Agro Industries Limited
- h. Prayatna Constructions Private Limited
- i. Sushobhit Constructions Private Limited
- j. Primacy Constructions Private Limited
- k. Prasiddhi Constructions Private Limited
- l. Perpetual Constructions Private Limited
- m. Khwahish Constructions Private Limited
- n. Fixity Constructions Private Limited
- o. Facility Constructions Private Limited
- p. Deepjyoti Constructions Private Limited
- q. Conviction Constructions Private Limited
- r. Bliss Constructions Private Limited
- s. Advantage Constructions Private Limited

In terms of approval granted by the Ministry of Corporate Affairs, Government of India vide letter No. 47/467/2010-CL-III date 21.05.2010, under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsidiaries of the Company as of March 31, 2010 have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any Member of Company interested in obtaining the same.

Corporate Governance

The Company had complied with the provisions of Clause 49 of the Listing Agreement relating to the Corporate Governance. A Certificate from M/s R & D, Company Secretaries confirming compliance of conditions of Corporate Governance as stipulated under Clause 49, is also annexed to the Report on Corporate Governance.

Directors

In accordance with the provisions of the Companies Act, 1956, Mr Anil Tewari and Mr Ashish Jain, Directors, retire by rotation and, being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, are provided in the Report on Corporate Governance forming part of the Annual Report.

Auditors

M/s Doogar and Associates, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A certificate under section 224(1) of the Companies Act, 1956 regarding their eligibility for the proposed re-appointment has been obtained from them. Your Directors recommend their re-appointment.

Auditors' Report

Comments made by the Statutory Auditors in the Auditors' Report are self-explanatory and do not require any further clarification.

Secretarial Compliance Certificate

In terms of the provisions of section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001 and Notification issued by Ministry of Corporate Affairs, the company is not required to take Compliance Certificate u/s 383A of the Companies Act, 1956 as the company has a Whole Time Company Secretary.

Directors' Responsibility Statement

In terms of the provisions of section 217 (2AA) of the Companies Act, 1956, and to the best of their knowledge and belief and according to the information and explanations obtained by them and save as mentioned elsewhere in this Report, the attached Annual Accounts and the Auditors' Report thereon, your Directors confirm that:

- in preparation of the annual accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that 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, 2010 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the Annual Accounts on a going concern basis.

Listing

The Equity shares of the Company are presently listed at Bombay Stock Exchange, Mumbai and U P Stock Exchange, Kanpur. The Company has already paid listing fees to these Stock Exchanges for the financial year 2010-11.

Acknowledgement

Your Directors take this opportunity to place on record their sincere appreciation for the co-operation and assistance, the Company has received from the Bankers and various Government Departments. The Board also places on record its appreciation for the devoted services of the employees; support and co-operation extended by the valued business associates and the continuous patronage of the customers of the Company.

For and on behalf of the Board

For Eldeco Housing and Industries Ltd

S K Garg

Chairman

Date: 21st August, 2010

Place: Lucknow

ANNEXURE 'A' to the Directors' Report

Information pursuant to section 217(2A) of the Companies Act 1956, read with the Companies (particulars of Employees) Rules, 1975, as amended and forming part of Directors' Report for the year ended March 31, 2010.

(A) Employed throughout the year and were in receipt of remuneration aggregating not less than Rs.24 lacs per annum

Sl. No.	Name and Age	Designation and Nature	Remuneration received (Rs.p.a.)	Qualification and Experience	Date of Joining	Particulars of last employment	Shareholding in the Company
1.	S.K. Garg 68 Yrs.	Executive Chairman Agreement of 5 years	24,00,000	AMIE Over 35 Years as Industrialist	Reappointed on 15.05.2006	ELDECO Constructins Pvt. Ltd.	5,300 0.27%
2.	Shrikant Jajodia 46 Yrs.	Whole Time Director Agreement of 3 years	26,09,590	MBA from Boston University Over 20 Years of Experience in Real Estate Business	Reappointed on 01.12.2009	All India Sales Manager in Allied Domeq (MNC)	Nil

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimate, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

1. Industry Structure and Developments

The real estate sector in the country is one of great importance. According to the report of the Technical Group on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big investment opportunity.

India leads the pack of top real estate investment markets in Asia for 2010, according to a study by PricewaterhouseCoopers (PwC) and Urban Land Institute, a global non-profit education and research institute, released in December 2009. The report, which provides an outlook on Asia-Pacific real estate investment and development trends, points out that India, in particular Mumbai and Delhi, are good real estate investment destinations. Residential properties are viewed as more promising than other sectors. While, Mumbai, Delhi and Bengaluru top the pack in the hotel 'buy' prospects as well.

The study is based on the opinions of over 270 international real estate professionals, including investors, developers, property company representatives, lenders, brokers and consultants.

According to the data released by the Department of Industrial Policy and Promotion (DIPP), housing and real estate sector including cineplex, multiplex, integrated townships and commercial complexes etc, attracted a cumulative foreign direct investment (FDI) worth US\$ 8.4 billion from April 2000 to April 2010 wherein the sector witnessed FDI amounting US\$ 2.8 billion in the fiscal year 2009-10.

The Real Estate Sector offers promising future for all its stakeholders and the company's new projects are expected to increase its Turnover and Profitability year after year. The company will continue to strive for more and more remunerative projects.

2. Business Overview

The Company has successfully launched during the year a mega group housing project, Eldeco Eternia at Sitapur Road, Lucknow comprising 400 residential apartments. Construction activity has started and the response from the public is overwhelming. All NOC's and approvals have been received from the appropriate authorities and the License has been granted for a mega township of 300 acres on Sultanpur Road under Uttar Pradesh Government Integrated Township Policy.

The various projects of the Company like Eldeco Elegence (6 Towers), Eldeco Corporate II, Eldeco Emperor, Eldeco Express Plaza, Eldeco Eden Park are on the verge of completion.

In the coming year Company proposes to launch new project named as "Eldeco Ananda" at Vrindavan Colony at Raibareilly Road comprising of 1100 apartments, Commercial Block, Club, Swimming Pool facility etc. Another project which will be launched by our Company is "Eldeco Nirvana" at Bangla Bazar near Udyan I, Lucknow. It comprises of apartments, Independent Villas, Independent Floor, EWS, Commercial Block, Club etc.

3. Opportunities and Threats

Opportunities

- **High Growth Prospects :** In the face of rapid urbanization, the basic infrastructure of the cities is unable to cope up the rising demand which has resulted in shortage of about 20million units in the residential sector alone.
- **Rising Income Levels :** A growing middle income level population, rise in their average income levels and moderation in income tax rates has lead to enhanced market for the real estate sector.
- **Emergence of Nuclear Families :** Rapid development and urbanization has lead to the emergence of nuclear families which in turn has resulted in the increase in demand for residential units as well as commercial space.
- **Growing Consumer Culture :** The demand for better lifestyle has enhanced consumption levels and rapid growth in several areas like township development with state of art facilities, commercial space and mall construction. The Company with its wide portfolio is expected to benefit from improvement in lifestyle and higher aspiration levels.