

DIRECTORS' REPORT

To the Members,
Your Directors present the 11th Annual Report together with the Audited Statements of Accounts for the accounting period ended 31st March 2005.

FINANCIAL RESULTS:

In order to have a uniform reporting period of financials for both Income Tax Act and the Companies Act the company closed the accounting year under review on 31-03-2005 instead of 30-09-2005. Accordingly the financial results of the Company for the period under review reflect the working/operations for 6 months only and hence are not strictly comparable with figures of the previous year which comprise of 12 months.

The financial results of the Company during the period under review are summarised as under:

| PARTICULARS | (Rs. in Lakhs) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2005 | Year Ended 30.09.2004 |
| Gross Profit/(Loss) | (138.61) | (277.32) |
| Less : (a) Depreciation | 0.91 | 1.74 |
| (b) Miscellaneous Expenses Written Off | 0.46 | 0.93 |
| (c) Loss on sale of Long term Investments | 26.00 | — |
| Net Profit/(Loss) | (165.98) | (279.99) |
| Provision for Taxation | — | — |
| — Current Tax | — | — |
| — Deferred Tax – Credit/(Charge) | 0.22 | (0.08) |
| Profit/(Loss) after Taxation | (165.76) | (280.07) |
| Add/(Less): | | |
| Profit/(Loss) Brought Forward | (598.92) | (319.16) |
| Prior Period Adjustments | (4.81) | 0.31 |
| Net Amount available for appropriation(s) | Nil | Nil |
| Profit/(Loss) carried forward* | (769.49) | (598.92) |

*The loss has been adjusted against the amount standing to the credit of general reserve.

DIVIDEND

In view of loss, your Directors regret their inability to recommend dividend for the period under review.

PERFORMANCE REVIEW & OUTLOOK

During the period under review, there has been appreciation in the price level of commercial property segment. In the improved market scenario your company has been able to improve its price realization and has been able to minimize its loss. With infrastructure sector continuing to receive priority and attention of the policy makers in the government, the prices of commercial property is expected to remain firm and buoyant in the medium to long term.

In view of the improved market sentiments for the commercial property segment the company hopes to make better realisation for the remaining stocks.

The residential housing sector continues to be buoyant with easy availability of finance at softer interest rates. The housing sector offering better return compared to other investment avenues has been attracting huge fund inflows which led to a surge in demand for residential properties. On account of the short term supply-demand mismatch there has been all round appreciation in the prices of residential property. However experts opine that the present market seems to be overheated and a correction in the price level can be expected any time. Your company is accordingly adopting a cautious approach to its entry in the residential sector.

The company is however continuing its efforts in identifying viable projects in the commercial property segment in Delhi and NCR region.

STATUTORY STATEMENTS

Your Company has not accepted any deposits from the public during the year. The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption are not applicable to your company. During the year under review there have been no foreign exchange earnings or outgo.

The provisions of Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable, as there were employees who were drawing/in receipt of remuneration of prescribed amount during the period under review. Pursuant to Section 217(2AA) it is hereby stated that in the preparation of the Annual Accounts for the period under review, the applicable accounting standards have been followed. The Directors have selected such accounting policies and applied them consistently and made judgements 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 period under review and of the profit or loss of the company for that period. 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. Further, the Directors have prepared the annual accounts, for the period under review, on a going concern basis.

CORPORATE GOVERNANCE

The Report on Corporate Governance is annexed hereto and forms a part of the Directors' Report.

STATEMENT PURSUANT TO LISTING AGREEMENT(S)

The Company's securities (equity shares) are presently listed in the Stock Exchanges at Mumbai (BSE) and Kolkata (CSE). Pursuant to the approval of the shareholders and the application made for voluntary delisting, the Equity Shares of the company were delisted from the Stock Exchanges at Ahmedabad and Chennai w.e.f. 23-01-2005 and 16-02-2005 respectively. The company's application for voluntary delisting of Equity Shares from CSE, Kolkata is under process and the delisting is awaited. The listing fee for the year 2004-2005 has been paid to BSE.

AUDITORS REPORT

Observations of the Auditors have been explained, wherever necessary, by appropriate notes

to accounts.

AUDITORS

The Auditors, M/s P. Bholusaria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment.

DIRECTORATE

Mr. Lalit Bhasin and Mr. J.M.L. Suri being longest in Office retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

ACKNOWLEDGEMENTS

Your Directors wish to thank and acknowledge the co-operation, assistance and support extended by the Company's Bankers and the Employees of the Company and the trust and confidence reposed by the shareholders of the company.

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi

Date : 7th May, 2005

LALIT BHASIN

Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS**1. Operating Results**

The working/results for the period under review is not strictly comparable with the results for previous year as the period under review comprises of six months while the previous year comprised of 12 months.

The total income earned by the company from Sales and other income for the period under review was Rs.237.60 lakhs compared to Rs.535.86 lakhs in the previous year. During the period under review, there has been appreciation in the price level in the commercial property segment especially in Feb-Mar'05. The company under the encouraging market scenario has been able to improve its price realisation.

While the company strives to maximise its revenue however, it continues its vigil on controlling the expenses. The Administrative expenses for the period under review was Rs.54.20 lakhs compared to Rs.76.73 lakhs in the previous year. The interest and financial charges has come down from 65.91 lakhs to Rs.29.88 lakhs. The loan availed from HDFC has since been settled in full and the company is debt free now.

2. Industry Trends and Business Analysis

During the period under review the price level in the real estate sector (both commercial and residential property segment) improved with significant appreciation in residential properties. As per the Industry experts a price correction in the residential properties can be expected with the supply side catching up with the rise in demand.

The prices of commercial property segment are expected to remain buoyant with the sprucing up of existing transport infrastructure and also new initiatives by the Government to address other infrastructural constraints. With the space constraint in Delhi, the future growth in real estate would be in the NCR region with Gurgaon, Noida and Greater Noida being the attractive destinations.

3. Opportunities and Threats

With the Economy maintaining its current growth momentum the demand for quality commercial space is likely to increase especially in the NCR Region of Gurgaon, Noida and Greater Noida. The main engine for demand is likely to be from the IT & BPO Industry. The recent liberalization of FDI in Real Estate also augurs well for the Industry as it would result in more inflow of capital and technology in the Industry. The steady increase of disposable income and the rise of middle class is likely to keep up the demand for residential property buoyant.

The company in the improved market scenario continues its efforts for identifying suitable projects in the commercial property segment. With the new Government assuming power in Haryana, the supply of land and availability of projects in Gurgaon is expected to improve.

As in any other business, the real estate sector continues to face intense competition from both existing as well as new players which is likely to increase further with the industry offering better opportunities in the years ahead. However your company hopes to address the competitive threat on the strength of its emphasis on quality of construction and better services.

4. Future Prospects and Outlook

The initiatives in improvement of transport infrastructure by the Central Government as also the state governments in Delhi and the other NCR regions, the Delhi along with the NCR Region would offer excellent growth opportunities.

With the economy on the roll and inflation and other macro economic factors remaining favourable, the demand for quality commercial and retail space is expected to grow. The prices for commercial property is expected to remain firm and buoyant while there may be correction in the residential sector with increased supply to match the demand.

As stated above, your company is making renewed efforts in identifying new projects for taking up after detailed due diligence of commercial viability and the market potential.

5. Risks and concerns

Although major initiatives in the infrastructure of road and transportation has been made, however the availability of adequate parking space, utilities such as Power etc. still needs the attention of policy makers.

The lack of uniformity in the regulatory environment concerning the real estate as also the availability of quality manpower, market research models and reliable databases on industry are concerns that needs to be addressed for attracting FDI inflows in the industry.

6. Internal control system and their adequacy

The Company has adequate internal controls commensurate with its size to ensure protection of assets against loss from unauthorised use and all the transactions are authorised, recorded and reported correctly. The internal control is also supplemented by internal audit conducted by an external and independent firm of Chartered Accountants on an ongoing basis.

The Internal Audit Reports along with management comments thereon are reviewed by the Audit Committee of the Board. Besides, the Audit Committee reviews the internal controls at periodic intervals in close coordination with the Internal Auditors.