



ANNUAL ACCOUNTS
2011-12

LODHA DEVELOPERS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Annual Report along with the audited accounts of the Company for the financial year ended 31st March 2012.

FINANCIAL RESULTS

Particulars	For the financial year ended 31 st March, 2012 (Rs.)	For the financial year ended 31 st March, 2011 (Rs.)
Revenue	3,325,569,185	2,768,250,170
Less : Total Expenses	2,894,719,306	2,611,612,301
Net Profit before tax	430,849,879	156,637,869
Tax Expenses	127,212,036	59,218,192
Profit After Tax	303,637,843	97,419,677

FINANCIAL OVERVIEW

On standalone basis, your Company achieved revenue of Rs.332.56 crores for the financial year 2011-2012 as compared to the total income of Rs.276.82 crores for the previous financial year 2010-2011, an increase of 20.13%. The net profit before tax for the financial year 2011-2012 stood at Rs.43.08 crores as compared to Rs.15.67 crores for the previous financial year 2010-2011. The Company recorded a net profit after tax of Rs.30.36 crores for the year under review as against the net profit after tax of Rs. 9.74 crores achieved during the previous financial Year 2010-2011.

DIVIDEND

The Board of Directors with a view to plough back the profits of the Company into its business operations, do not recommend any dividend for the Financial Year 2011-2012.

THE YEAR GONE BY

Indian Economy

The outlook for India's economy changed substantially during the course of 2011-12. The tone at the beginning of the year was that India has emerged unscathed from the global financial crisis of 2008. But as the year progressed, pressure points emerged on the domestic front due to stubborn inflation and a policy logjam, and on global front due to Euro zone debt crisis. Consequently, market sentiments and economic growth took a beating and as per CSO's estimate, the GDP growth in FY12 is 6.9%. As per CMIE projections for FY 2013, the growth is likely to recover to 7.6% on account of easing supply constraints, coupled with a fall in inflation and a gradual easing in interest rates. The fiscal deficit in 2011-12 as per revised estimates stands at 5.9 per cent of the GDP, as against the budgeted figure of 4.6 per cent of GDP.

Mumbai Real Estate

Mumbai Metropolitan Region (MMR) is the financial, trading and entertainment capital of India, and thereby it is at the forefront of the Indian growth story. The population of the

Mumbai Metropolitan Region grew at a CAGR of 2.7% to 20 million from 1991 to 2001 and stands at 23.5 million in 2011 (Source: Census 2011).

The Mumbai Real Estate began the year with heightened activity of policy inaction. The later part of the year saw unprecedented amendments in local real estate regulation in the form of amended Development Control Regulation (DCR) of Greater Mumbai, 1991. Absorption levels in the market continue to decline and this is attributable to high property prices and lack of new supply. General price strength despite sluggish demand trends could be attributable to lack of new supply given no big launches and increase in costs (under new DCR norms). The city's realty scenario is interestingly poised post the conclusion of the BMC elections and clarity on new DCR rules emerging in the last two quarters. A number of projects which were stuck up at the approval stage in the last year are likely to be cleared, paving way for a large number of launches hitting the market. The Mumbai office demand is marginally lower than in FY11 with IT and ITES companies becoming even more cautious on account of the expected reduction in IT spend by US and European companies. Uncertain economic environment has continued leading to reduced employment growth and therefore lower the fresh commercial property absorption. The tighter lending standards for commercial construction has not helped either. On the brighter note these market conditions continue to favour tenants in most of Mumbai's micro-markets by ways of a larger bunch of options, rational pricing and various concessions. The real estate market conditions are optimal for consolidation and relocation and many Mumbai-based occupiers will avail of this option throughout FY13.

Land continues to be scarce in the island city of Mumbai which has resulted in restricted supply of new development. Supply remains extremely restricted in the island city and the western suburbs (Bandra to Borivali) and central suburbs (Sion to Mulund). The larger developments of Mumbai both in terms of infrastructure and real estate developments are taking place in the peripheral areas such as Navi Mumbai, Thane, Vasai-Virar and Dombivli-Kalyan.

Company Overview

The Lodha Group ("the Group") is a leading Mumbai Metropolitan Region player with current focus on residential and office space development. The Group is recognized as a premium player in the markets and segments in which it operates.

Execution continued to be the key focus of the Group. The Group has a strong pipeline for development for the next few years. The Group is presently developing 27 residential projects comprising approximately 30 million square feet of saleable area. In addition, currently there are 6 ongoing office space projects comprising approximately 1.8 million square feet of estimated saleable area.

The Group launched a number of projects in residential and office segments in FY12. In the residential segment, the Group launched New Cuffe Parade at Wadala in the luxury/ high-end category. In the affordable segment, the Group launched two major projects, Lodha Dawn at Thane and Casa Rio Gold at Palava, Dombivli. In the office segment, the Group extended its Supremus brand by launching boutique office spaces in Thane and Powai. The Group also launched a residential project in Andheri, Lodha Eternis in the aspiration segment.

The Group operates across all verticals of residential and commercial segments and caters to diverse customer needs across a wide spectrum of income segments ranging from luxury residences in South Mumbai to large integrated townships in the Mumbai suburbs. The portfolio of residential projects includes apartments with area ranging from around 600 square feet to upwards of 12,000 square feet. The Group is presently developing various

luxury and high-end apartments such as World One and World Crest at Lodha Place, Upper Worli, Lodha New Cuffe Parade at Wadala, Lodha Fiorenza at Goregaon, Lodha Bellissimo at Mahalaxmi and Lodha Bellezza at Hyderabad. In the aspiration residential segment, the Group has projects such as Lodha Aurum and Aurum Grande at Kanjurmarg, Lodha Aqua at Dahisar and Lodha Luxuria at Majiwada, Thane. The Group is also developing a plotted serviced luxury villa development in Lonavala, a hill station near Mumbai, and golf villas in Dombivali and Pune. The 'CASA by Lodha' brand targets the mid-income housing segment of the real estate market which has various residential projects including CASA Bella, Casa Bella Gold, CASA Rio and Casa Rio Gold at Dombivali; CASA Univis, CASA Royale and CASA Ultima at Thane; CASA Essenza at Dahisar and CASA Paradiso at Hyderabad.

In the office space segment, the Group caters to corporate seeking high quality office space ranging from client facing offices to back offices. The Group has developed the iThink at Kanjurmarg and Excelus at Mahalaxmi, a high-end corporate office space and is presently developing office spaces such as iThink at Thane and Lodha Supremus, boutique office spaces at Worli, Upper Worli, Thane and Powai.

In addition to the ongoing and planned projects, the Group has in excess of 220 million square feet of land reserves in the Mumbai Metropolitan Region, primarily in Dombivali and Thane-Anjur belt.

Some of the top projects of the Group currently under development are:

- **World One and World Crest, Lodha Place:** Catering to the super-luxury segment, World One at Lodha Place is slated to be the tallest residential structure in the World with a total saleable area of ~1.4 million square feet. The other tower launched at Lodha Place is World Crest which is again a super-luxury tower with a saleable area of ~0.7 million square feet. The Group is partnering with legendary names like Pei Cobb Freed & Partners (Architecture), Ken Smith (Landscape), Six Senses (Club & Spa), Quintessentially (Concierge) and Casa Armani (Interior Design) to create India's most premium project.
- **Lodha New Cuffe Parade, Wadala:** Originating from Mumbai's biggest land transaction and set to be Mumbai's largest residential development of 9 million square feet, Lodha New Cuffe Parade will offer more than 4,500 apartments in various unit sizes with proximity to commercial offices in south Mumbai and a major transportation hub with metro and monorail connectivity and free Expressway. The project will also include an office tower development of close to 1 million square feet.
- **Palava (Integrated township), Dombivali:** A fully integrated, self contained and planned residential development spread over 3,500 acres with shopping malls, schools, medical facilities, sports and recreational facilities. The target client profile of the residential project is the middle income and upper middle income segments of the market. The vision is to develop a sustainable city with world class infrastructure at Dombivali along with developing an ecosystem of thriving commercial, IT and ITES SEZ centers.

Business Strategy

The primary focus of the Group is to strengthen its position as a premium developer across business segments and price points, maintaining reputation for quality and innovation and enhance the brand value. The following are the key elements of the business strategy:

Continued focus on the MMR real estate market: MMR is one of the most attractive and profitable real estate markets in India in terms of depth of demand for real estate development across business segments and price points.

Land acquisition and property development to ensure steady cash flow and long term sustainability: The Group has robust process of land acquisition which is institutionalized across the organization to ensure acquisition of clean title parcels of land and development rights over parcels of land in key locations in MMR.

Strategic focus on maximizing ROI: The focus has been created by acquiring land, which has an inherent market, quick turnaround time and ensuring sales driven by revenue and margin management for all projects.

Focus on brand building: Strengthen the position as a premium developer across business segments and price points to create unique categories and destinations and deliver premium projects in every category in which the Group operates through strategic branding initiatives and value proposition.

Focus on Execution: Strengthen the execution of the projects which the Group has undertaken and expedite the delivery. The Group has readily adopted latest in construction technology to facilitate faster execution of its township at Palava, Dombivli and high rise towers at World Towers at Lodha Place, Upper Worli and New Cuffe Parade, Wadala.

Focus on best-in-class alliances: Strong focus on bringing the best to Indian real estate by having a dedicated 'innovation' cell with the mandate of finding and implementing customer-focused innovation across the organization and forming global alliances with world class players such as:

1. Pei Cobb Freed & Partners, Architects – Designers of various buildings of international fame including the Pyramid at the Grand Louvre, Paris; the Bank of China Building, Hong Kong and the Hancock Building, Boston. They are the lead architects for the entire development at Lodha Place, Upper Worli including World One.
2. Sasaki – One of the world's leading master planners, they have worked extensively on some of the best known urban planning and urban renewal projects across the globe, including the site for the Beijing Olympics in 2008. They are the master planners for Palava.
3. Armani / Casa – The interior design studio of Giorgio Armani is well-known for its world class interiors and setting standards of design excellence. Armani/Casa will design almost every facet of World One, from apartments, villas and duplex mansions to common areas.
4. Yoo (by Jade Jagger) – A design and marketing partnership amongst some of the world's leading designers (including Philip Starck, Jade Jagger, Marcel Wanders and others), Yoo has been credited with providing the very best in architecture, hotel and residential interior design, branding and marketing. They are currently working on Lodha Fiorenza, Goregaon.
5. WOHA – Singapore's leading architectural firm with a focus on sustainable development, WOHA has been awarded numerous accolades including the International High-rise Award 2010 by the City of Frankfurt. They are the architects and planners for our planned mega development at Wadala.
6. Six Senses – One of the world's leading hospitality and spa chains, Six Senses operates some of the world's finest resorts such as Soneva Fushi in the Maldives and have been

awarded by the readers of Conde Nast Traveler in 2008. They are our spa and club partners at Lodha Place.

7. Quintessentially - Quintessentially is the world's leading private members' club with a global concierge that provides a unique brand of service 24 hours a day, 365 days a year. Q will manage the personal concierge services for Lodha Place
8. Yoo (by Philip Stark) - A design and marketing partnership amongst some of the world's leading designers (including Philip Starck, Jade Jagger, Marcel Wanders and others), Yoo has been credited with providing the very best in architecture, hotel and residential interior design, branding and marketing. They are currently involved in the interior design and marketing of a designer tower at New Cuffe Parade, Wadala .

In addition, the Group is engaged with numerous internationally recognized names including LERA (structure), Buro Happold (services), Aedas (architecture) and Evason (by Six Senses) for ensuring world class quality of its projects and delivery.

Shripal Realty Private Limited, a wholly owned subsidiary of the Company has been merged with the Company with effect from 1st June, 2012. The Appointed Date for the merger was 1st April, 2011.

The Company has allotted 8250, 16% secured, redeemable, non-convertible debentures ('NCDs') of face value of Rs. 10,00,000/- each, aggregating to Rs 825,00,00,000/- on private placement basis, on 6th February, 2012. The Tenor of the NCDs is 24 months from the date of allotment. The NCDs were listed on BSE effective from 8th February, 2012.

PUBLIC DEPOSITS

Your Company has not accepted any public deposits and as such no amount on account of principal or interest on public deposits was outstanding on the date of the Balance sheet.

AUDITORS & AUDITORS REPORT

M/s. Shanker and Kapani, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received letter from the Statutory Auditors to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

DIRECTORS

Mr. Tilokchand P Ostwal, Mr. Mansingh L Bhakta, Mr. Gian P Gupta and Mr. Rajan Saxena resigned as directors of the Company on 5th January, 2012, 10th February, 2012, 24th December, 2011 and 24th December, 2011, respectively. Your Directors record their deep appreciation for the valuable contribution made by them to the Company during their tenure.

In accordance with the provisions of Section 256 of the Companies Act, 1956, Mr. Abhishek Lodha and Mr. Rajendra Lodha, Directors, retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

COMMITTEES OF THE BOARD

Audit Committee

The Company has an audit committee comprising of three directors, viz. Mr. Mangal Prabhat Lodha, Mr. Abhinandan Lodha, and Mr. Rajendra Lodha. The Chairman of the Committee is Mr. Abhinandan Lodha.

The Company Secretary acts as the secretary to the Audit Committee.

The terms of reference of the Audit Committee are in accordance with the provisions of Section 292A of the Companies Act, 1956.

Compensation Committee for ESOP

A Compensation committee of the Board of Directors of the Company has been constituted to administer and manage ESOP scheme. The committee consists of Mr. Mangal Prabhat Lodha, Mr. Rajendra Lodha and Mr. Abhisheck Lodha.

Management Committee

For management of the routine business affairs of the Company, a management committee of the Company has been formed. The committee consists of Mr. Mangal Prabhat Lodha, Mr. Abhisheck Lodha and Mr. Abhinandan Lodha.

Allotment Committee

The Company constituted Allotment Committee comprising of three Directors viz. Mr. Mangal Prabhat Lodha, Mr. Abhisheck Lodha, and Mr. Rajendra Lodha.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm 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) appropriate accounting policies have been selected and applied consistently and judgments and estimates made 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) 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) the annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies

Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed to this Report as **Annexure -1**.

PARTICULARS OF EMPLOYEES

In terms of provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) Amendment Rules, 2011, the names and other particulars of the employees are set out in **Annexure - 2** to this Report.

EMPLOYEE STOCK OPTIONS ('ESOPs')

The Disclosures pertaining to ESOPs are set out in **Annexure - 3** to this report.

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its gratitude for the faith reposed and the co-operation extended by banks, financial institutions, government authorities, customers, shareholders and employees of the Company and looks forward to continued support and co-operation from them.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 14th September, 2012

Sd/-
(Abhisheck Lodha)
Managing Director

Sd/-
(Abhinandan Lodha)
Director

Annexure -1

Disclosure of particulars under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A	Conservation of Energy	
a)	Energy conservation measures taken	<p>Your Company has taken following initiatives towards energy conservation measures:-</p> <ul style="list-style-type: none"> • Reduction in distribution losses using latest State of Art distribution such as bus risers system increasing power factor by using capacitor banks. • Use of CLF lamps for the offices. • High efficiency water cooled chillers for centralised air conditionings and star rated split units in the residential premises. • Use of roof top insulation. • Use of heat recovery wheels. • Sensor based lighting • High performance concrete is being used at work using significant quantity of fly ash. • Use of other energy efficient equipments at project sites. • Use of home automation in residential projects.
b)	Additional Investments and proposals, if any being implemented for reduction of conservation of energy	None
c)	Impact of measures for reduction of energy consumption	Economy in operations
d)	Total Energy Consumption and Energy Consumption per unit of production as per Form A of the Rules in respect of Specified Industries.	Details as per Form A not required since the Company is not covered in the list of specified industries.
e)	Environment protection	<ul style="list-style-type: none"> • Use of soil conservation by providing gabions, geogrids & gravelock walls. • Extensive plantation of trees. • Protection of hill side slopes with geogrids.

		<ul style="list-style-type: none"> • Rain water harvesting for conservation of water and recycling of waste water for reuse in airconditioning. • Use of chemical curing compounds to conserve water otherwise used for curing. • Use of light weight blocks and artificial wood in many projects for conservation of agricultural soil used in manufacture of bricks & trees. • All vehicles carrying mud or loose material are covered to prevent dust pollution at site and along the route of their travel. • All vehicles leaving the site have to go through the tyre wash so that mud from tyres does not spoil the city roads. • Prefabricated units provided for workers accommodation with proper arrangements for disposal of waste water to avoid pollution and environment.
B	Technology Absorption	As per Form 'B' annexed.
C	Foreign Exchange Earnings and Outgo	
f)	i) Activities relating to exports	The Company is engaged in developing / constructing residential and commercial properties in India and selling the immovable properties to various customers.
	ii) Initiatives taken to increase exports	The Company does not export any of its products; however the properties / units offered by the Company can also be acquired by Non Resident. The Company also participates in international convocations to interact with potential customers. The Company advertises the products on various portals and international publications.
	iii) Development of new export markets for products and services	The Company has taken many initiatives to increase the sale of immovable properties to the customers abroad by designing premium apartments and advertising the same at appropriate places.
	iv) Export plans	N. A.
g)	Total Foreign Exchange earned and used	The Company has earned Rs.30,761,722/- in foreign currency and has spent Rs.44,364,947/- in foreign exchange during the year under review.