

THIRTEENTH ANNUAL REPORT 2005 - 2006




PUREARTH
PUREARTH INFRASTRUCTURE LIMITED

PUREARTH INFRASTRUCTURE LIMITED

BOARD OF DIRECTORS

Shri R. Vasudevan

Chairman & Whole Time Director

Dr. Vinay Bharat Ram

Shri Kartar Singh Thakral

Shri Sat Pal Khattar

Shri D.H. Pai Panandikar

Shri Quek Chee Hoon

Shri Karan Singh Thakral

Shri Sumant Bharat Ram

Shri Ajay Srivastava

Mrs. Madhumita Ganguli

(HDFC Nominee)

Mrs. Dawn Lum

(Alternate director to Shri Quek Chee Hoon)

SECRETARY

Shri Ravi Shanker Thakur

BANKERS

ICICI Bank

HDFC Bank

AUDITORS

S.R. Batliboi & Associates

Gurgaon

REGISTERED OFFICE

Vikrant Tower

4, Rajendra Place

New Delhi-110008.

PUREARTH INFRASTRUCTURE LIMITED

(Formerly : DCM Estates & Infrastructure Limited)

Registered Office : Vikrant Tower, 4, Rajendra Place, New Delhi-110008.

NOTICE

Notice is hereby given that the Thirteenth (Adjourned) Annual General Meeting of the Company will be held on Friday, 30th March 2007 at 11.00 a.m. at Plot No. 20, Manohar Lal Khurana (Manni) Marg, Bara Hindu Rao, Delhi – 110006 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as on 30th September, 2006 and Profit & Loss Account of the Company for the period ended on that date together with Auditors' Report and Directors' Report thereon.

By order of the Board
For Purearth Infrastructure Limited

New Delhi
February 21, 2007

Sd/-
Ravi Shanker Thakur
Company Secretary



NOTES:

1. The 13th Annual General Meeting (AGM) was duly called and convened on Saturday, the 30th December, 2006 and all the items as indicated in the notice of AGM dated 4th December, 2006, were transacted other than the adoption of accounts. The meeting was adjourned by a unanimous vote of the members present to a date to be decided by the Board of Directors. The Board of Directors in their meeting held on 21st February, 2007 decided to hold the AGM on 30th March 2007. This adjourned Annual General Meeting is in continuation of the earlier AGM held on 30th December, 2006
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING
3. Shareholders are requested to notify change in address along with Pin Code, if any, to the Company at its Registered Office quoting their folio nos.

DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the 13th Annual Report of the Company together with the audited accounts for the year ended on 30th September 2006.

WORKING

During the year under review, the capitalized value of the development work-in-progress is to the tune of Rs. 3534.47 lacs (Previous year Rs. 419.37 lacs). Your company earned other income of Rs. 443.47 lacs (previous year Rs. 8.08 lacs).

Your Company has earned a profit before tax and prior period items of Rs. 176.34 lacs (previous year loss of Rs. 15.88 lacs) The Company earned a net profit of Rs. 174.58 lacs (previous year loss of Rs. 17.92 lacs). The loss carried forward to Balance Sheet is Rs. 5389.97 lacs (previous period Rs. 5564.55 lacs)

OPERATIONS REVIEW

Your Directors are pleased to inform you that the Techno Business Park Project (rechristened as "Central Square") was launched in February 2006 and the bookings for Plaza 3 and Plaza 1 have received tremendous response from the buyers. The specifications have substantially been revised to be in line with the contemporary market trends and perception of the business community and the consumers including centralized air-conditioning and 100% power back-up amongst other changes.

The construction of Plaza 3 at the Central Square has reached the 4th floor roof level and structure work is scheduled to be completed by March 2007. The construction work of Plaza 1 has also commenced. The excavation of Plaza 2 is in progress and the construction is expected to commence soon.

Your Company has also started laying services in the Residential Complex Green Acres (now rechristened as "Park Square"). Your Company has also appointed a Landscape Architect to provide a modern and green look to both these complexes.

Your Company has also undertaken a well coordinated marketing effort by creating awareness amongst the actual users/buyers, investing and brokering community through print and electronic media. The strategic location of your project is one of the key drivers in attracting large number of buyers.

In addition to the internal developments of the project, the external developments have also been firmed up by various government agencies by way of sanction of flyover from St. Stephen's Hospital to Filmistan, widening of the old Rohtak Road by three times and an under-pass to facilitate the smooth traffic under the Railway Bridge. This will tremendously help the project.

Your Directors are confident that this Project will be a landmark in Delhi as an integrated Business Hub and modern Residential Complex.

FUTURE PROSPECTS

Driven by positive growth in the economy, increased disposable income, easy financing options and the emerging retail market, the real estate sector in India is on an all time high. The Government of India's decision to open the construction and development sector allowing 100 per cent foreign direct investment (FDI) under the 'automatic route' has also spur investment in the vital infrastructure sector.

Your Directors consider that these factors aided by the strategic central location of your project will help in making our endeavor a success.

DIRECTORS

Dr. Vinay Bharat Ram, Mr. Sat Pal Khattar and Mr. Quek Chee Hoon Directors retired by rotation and, being eligible, were re-appointed on 30th December 2006.

FIXED DEPOSIT

During the year your Company has not invited or accepted any fixed deposit under Section 58A of the Companies Act, 1956.

AUDITORS

M/s S.R. Batliboi & Associates, Chartered Accountants, Statutory Auditors of the Company, retired and were re-appointed as Statutory Auditors in the meeting held on 30th December 2006 to hold office as such till the conclusion of the next Annual General Meeting.

AUDITORS' OBSERVATION

The observations of Auditors are explained and replied to where necessary in the appropriate notes to the Accounts and as detailed in the Annexure appended.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of section 217 (2AA) of the Companies (Amendment) Act, 2000, it is hereby confirmed:

- i. that in preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company at the end of financial year and of the Profit & Loss of the Company for that period.

DIRECTORS' REPORT

- iii. that the Directors have taken a proper and sufficient care, for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. that the Directors have prepared the annual accounts for the year ended 30.09.2006 on a "going concern basis".

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of the Company consists of five (5) directors viz., Mr. D.H. Pai Panandikar, Mr. R. Vasudevan, Mrs. Mahumita Ganguli, Mr. Karan Singh Thakral and Mr. Ajay Srivastava out of which four (4) directors are other than managing and whole time directors. During the year the Committee met twice for discussing the internal audit report and other matters as per mandate given to it.

EMPLOYEE STOCK OPTION SCHEME 2005 (ESOP)

During the year the Company granted 60,000 Options w.e.f. 1st April, 2006 at a price of Rs 10 per option, under Employee Stock Option Scheme (ESOP) 2005. Though the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are not applicable to the Company, being an unlisted Company, a statement pursuant to Clause 12 (Disclosure in the Directors' Report) in terms of the above Guidelines is annexed.

GENERAL DISCLOSURES

A List of employees in terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is enclosed.

Provisions of Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988, relating to "Conservation of Energy" are not applicable to the Company. However, the Company, being a corporate citizen, takes utmost care in saving energy wherever it is feasible.

During the year, the Company has not undertaken any Research and Development Activity or Development of any new technology in the area of construction activities.

Foreign Exchange earnings and outgo during the year are as follows:

<u>Particulars</u>	<u>Amount (Rs.)</u>
Earnings	NIL
Outgo	1,73,304.00

MANAGERIAL REMUNERATION

- a. Mr R. Vasudevan was appointed as Whole Time Director of the Company for a period of three years with effect from 11th August, 2005 on the recommendation of the Remuneration Committee subject to the approval of the Shareholders.
- b. Remuneration and fixed component of bonus paid to Mr R. Vasudevan as Whole Time Director during the year is:
- | | Rupees |
|--|---------------|
| Remuneration | 1785000 |
| *Bonus on joining | 798387 |
| Contribution to provident and other funds | 214200 |
| Total | 2797587 |
| *Part payment of one time Bonus on joining | |
- c. Mr. R. Vasudevan's appointment is contractual for a period of 3 years w.e.f., 11th August 2005.
- d. Mr R. Vasudevan was granted 50000 stock options during the year 2004-05. The options were granted at Rs 10 per share.

ACKNOWLEDGEMENTS

The Directors acknowledge the active co-operation and help received from the Financial Institutions, Banks and Government agencies. Your Directors further wish to acknowledge the support of the old and new customers to the Project.

The Directors wish to place on record their appreciation for the hardwork, sincerity and contribution made by the employees at all levels.

For and on behalf of the Board

Sd/-
(R. VASUDEVAN)
Chairman & Whole Time Director

New Delhi
February 21, 2007

DIRECTORS' REPORT**ANNEXURE TO THE DIRECTORS' REPORT**

Statement as at 30th September 2006, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

(a) (i)	Options granted in the year 2006	60,000 Options granted in 2006 at an Exercise Price of Rs 10 per Option.
(ii)	Options granted upto 2006 including(i) above	10,50,000
(b)	Pricing formula	Pricing formula is based on the book value of Rs 10.28 per share on the basis of audited accounts of last three financial periods as the Company is not a listed Company.
(c)	Options vested	Nil
(d)	Options Exercised	Nil
(e)	Total number of Ordinary Shares arising as result of Exercise of Options	N.A., as Options are yet to be vested and exercised
(f)	Options lapsed	2,10,000
(g)	Variation of terms of Options	Nil
(h)	Money realized by exercise of Options	N.A., as Options are yet to be exercised
(i)	Total No Options in force	8,40,000
(j) (i)	Details of Options granted to Senior managerial personnel	Options granted during the year are provided below:

S. No.	Name	Designation	No of Options granted during the year
1	Mr Aditya Wadhwa	Vice President (Sales & Marketing)	20000
2	Mr Ravi Shanker Thakur	Company Secretary	40000

(ii)	Any other employee who received a grant in any one year Options amounting to 5% or more of the Options granted during that year	None
(iii)	Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Mr Ajay Srivatava, Director, was granted 5,00,000 Options in 2005 which is more than 1% of the issued capital during 2005
(k)	Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Rs. 0.30
(l) (i)	Method of calculation of employee compensation cost	Based on valuation of shares.

DIRECTORS' REPORT

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|-------|---|--|
| (ii) | Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have recognized if it had used the fair value of the Options | Difference is Rs 0.17 Lacs. |
| (iii) | The impact of this difference on profits and on EPS of the Company. | No Major impact as the Company has yet to recognize revenue for its only product i.e. Real Estate Development |
| (m) | Weighted average exercise prices and weighted average fair values of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stocks | Weighted average exercise is Rs. 10 per Option. Weighted average fair price based on the book value for last three years is Rs 10.28 per Option. |
| (n) | A description of the method and significant assumptions used during the year to estimate the fair values of the options | Fair value has been arrived based on average book value per share of last three years audited accounts. |



DIRECTORS' REPORT

Annexure

PARTICULARS UNDER SECTION 217(2a) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF THE EMPLOYEES) RULE, 1975, AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2006

S. No	Name of Employee	Age (Yrs.)	Designation	Qualification	Experience (Yrs.)	Date of Joining	Total Remuneration (Rs.)	Particular of Last Employment
1.	Mr. Satish Dhawan*	46	Chief Executive Officer	B. Com(Hons.), FISM	25	01.06.2004	35,67,799/-	CEO, Shipra Estate Ltd.
2.	Mr. R. Vasudevan	69	Chairman & Whole Time Director	M.A., M.P.A. (Developments)	47	11.08.2005	25,83,387/-	Self Employed
3.	Mr. Aditya Wadhera*	39	V.P. (Sales & Marketing)	B. Com, MBA	14	03.02.2006	19,00,611/-	Ansal Properties & Industries Ltd.
4.	Mr. I.J. Khanna*	60	Head of Constructions & Project	B.E. (Civil)	37	01.06.2006	8,32,000/-	Silver Glades Pvt. Ltd.

* Employed for a part of the year under review and was in receipt of remuneration, at a rate which in aggregate was not less than Rs 2,00,000/- per month.

Notes:

1. Remuneration comprises basic salary, allowances, taxable perquisites, Contribution to P.F., leave encashment, bonus and gratuity.
2. All appointments are contractual in accordance with the terms and conditions as per Company Rules.