

CITADEL REALTY AND DEVELOPERS LIMITED

53rd
ANNUAL REPORT

2012-13

DIRECTORS

MR. V. B. HARIBHAKTI
MR. CHETAN R. SHAH
MR. S. K. DIWANJI
MR. SUNDARAM RAMAMURTHI
MR. NILESH D. DAND

AUDITORS :

BIPIN SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS

BANKERS :

BANK OF BARODA

| Contents | Page No. |
|-------------------------|-----------------|
| Board of Directors | 2 |
| Notice | 3 |
| Director's Report | 6 |
| Annexure - 1 | 14 |
| Auditor's Report | 15 |
| Balance Sheet | 18 |
| Profit & Loss Account | 19 |
| Cash Flow Statement | 20 |
| Schedules | 20 |
| Notes of Accounts | 21 |
| Balance Sheet Abstract | 27 |
| Proxy / Attendance Slip | 29 |

Registered Office :

Marathon Futurex
N. M. Joshi Marg
Lower Parel
Mumbai 400013.

NOTICE OF THE FIFTY-THIRD ANNUAL GENERAL MEETING

NOTICE is hereby given that the 53rd ANNUAL GENERAL MEETING of the Members of CITADEL REALTY AND DEVELOPERS LIMITED will be held at Kilachand Conference Room, Second Floor, Indian Merchants' Chamber, Churchgate, Mumbai, 400020, on Thursday, the 8th August, 2013 at 11.30 a.m. to transact the following business :

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited statement of Profit and Loss Account for the year ended 31st March, 2013 and the Balance Sheet as at 31st March, 2013 and the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Chetan R. Shah, who retires by rotation and being eligible, offers himself for reappointment
3. To appoint a Director in place of Mr. Nilesh D. Dand, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold Office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Regd. Office:
Marathon FutureX,
N. M. Joshi Marg, Lower Parel (W),
Mumbai 400013

By Order of the Board

S.RAMAMURTHI
DIRECTOR

Dated: 21st May, 2013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE GENERAL MEETING MAY APPOINT A PROXY, WHO NEED NOT BE A MEMBER. TO ATTEND AND TO VOTE ON HIS / HER BEHALF. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books shall remain closed from 1st August, 2013 to 8th August, 2013 (both days inclusive)

REQUEST TO MEMBERS :

1. Members are requested to notify immediately, changes in their address, if any, to the Company's Registrar & Transfer Agents, quoting their folio numbers.
2. To avoid multiple communications, please intimate to Registrar & Transfer Agents about consolidation, if any, of the shares held under more than one folio number by you singly or jointly with others in the same sequence. Please also send relevant Share Certificates for the purpose.
3. Members / Proxy holders are requested to produce at the entrance, attendance slips duly completed and signed for admission to the Meeting Hall.
4. Members are requested to bring their copies of the annual report to the Meeting as the Company has discontinued the practice of providing another copy in view of the increased cost of paper and printing.
5. Since the equity shares of the Company are now dematerialized. NSDL & CDSL have allotted ISIN (International Security Identification Number) INE906D01014 for the Company's Shares.
6. Members who hold shares in Dematerialized form are requested to bring their client ID and DP ID numbers for easy identification for attendance at the Meeting.
7. All the members are requested to provide their e-mail address to the RTA/ Company to enable to send the reports and other through electronic mode.

Information required under Clause 49 VIA of the Listing Agreement.

The Particulars of Directors who are proposed to be reappointed at the ensuing Annual General Meeting are given below pursuant to Clause 49 of the Listing Agreement.

| | | |
|--|---|--|
| Name of Director | Mr.Chetan R. Shah | Mr.Nilesh D. Dand |
| Date of Birth | 13-03-1956 | 09-01-1978 |
| Date of appointment | 14-10-2010 | 20-03-2007 |
| Qualification | B. Tech Civil Engineering from IIT Bombay and M. S. Structural Engineering from the University of Houston, USA. | B.Com., A.C.A. |
| Expertise in specific functional areas | Construction of residential, commercial and industrial buildings; responsible for implementing Projects in Mumbai. | Exposure in Accounts and Finance |
| Other Companies in which Directorship held | Columbia Chrome (I) Pvt. Ltd. Cornell Housing & Infrastructure Pvt. Ltd. Kanchi Rehab Private Limited Lark Consultancy Private Limited Marathon Energy Private Limited Marathon Fiscal Pvt. Ltd. Marathon Housing Private Limited Marathon IT Infrastructure Pvt. Ltd. Marathon Nextgen Realty Limited Marathon Nextgen Townships Private Limited Marathon Nexzone Infrastructures Pvt. Ltd. Marathon Nexzone Land Private Limited Marathon Prachin Infrastructures Pvt. Ltd. Marathon Realty Private Limited Marathon Securities & Properties Pvt. Ltd. Marathon Ventures Private Limited Matrix Enclaves Projects Dev. Pvt. Ltd. Matrix Fiscal Pvt. Ltd. Matrix Waste Management Pvt. Ltd. Matrix Water Mgmt. Private Limited Nextgen Buildcon Pvt. Ltd. Nextgen City Container Depot Private Limited Nextgen City Energy Private Limited Nextgen City Utilities Pvt. Ltd. Nextgen City Water Mgmt. Private Limited Nextgen Green Hsg. & Comm. Enclave Pvt. Ltd. Nextgen Land Pvt. Ltd. Nexzone Fiscal Services Pvt. Ltd. Nexzone IT Infrastructure Pvt. Ltd. Nexzone Land Private Limited Nexzone Utilities Pvt. Ltd. Parmeka Private Limited Sanvo Resorts Private Limited Svarnim Enterprises Private Limited | Ithaca Informatics Pvt. Ltd. Nextgen Buildcon Pvt.Ltd. Vinotak Investments Pvt. Ltd. |
| Other public companies in which membership of Committees of Directors held | Marathon Nextgen Realty Limited | – |
| No. of shares held as on 31 st March, 2013 | 6,22,900 | Nil |

Regd. Office:
Marathon FutureX,
N. M. Joshi Marg, Lower Parel (W),
Mumbai 400013
Date: 21st May, 2013

By Order of the Board
S.RAMAMURTHI
DIRECTOR

DIRECTORS' REPORT

The Directors take pleasure in presenting before the shareholders the 53rd Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS:

During the year under review the company registered a profit of Rs.6.48 lacs as against a profit of Rs.675.86 lakhs earned during the previous year.

OPERATIONS:

The company has made considerable progress in the joint development of the Slum Rehabilitation Project that it is undertaking in Bhandup. The rehabilitation building is completed in all respects which had resulted in a satisfactory execution of the SRA Project. The construction of the resale building is in progress and it is expected that it would successfully be completed by end of the Financial Year 2015

FUTURE PROSPECTS

The Company foresees immense growth potential in redevelopment of slums. Over a hundred acre of land has been identified for development. With the handing over of the units developed and built up under the Slum Rehabilitation Project to the slum dwellers the performance of the Company has been admired by the inhabitants in and around the said project, resulting in flow of more enquiries from the public about possible redevelopment in the area.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr.Chetan R. Shah and Mr. Nilesh D. Dand, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Board of Directors of the Company hereby confirm :-

- i. That in the preparation of the accounts for the year ended 31st March 2013, the applicable accounting standards have been followed;
- ii. That appropriate accounting policies have been selected and applied consistently and reasonably so as to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year under review, as at 31-3-2013;

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; and

iv. That the annual accounts for the year ended 31st March, 2013 have been prepared on the basis that the Company is a "Going Concern".

DISCLOSURE UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956:

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under 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) Rules, 1988 is not applicable.

CORPORATE GOVERNANCE :

As required by Clause 49 of the Listing Agreement, Corporate Governance Report together with a certificate of compliance from Practicing Company Secretary is attached as Annexure 1 to this report.

PARTICULARS OF EMPLOYEES :

The Company has no employee who receives remuneration to the extent provided in Section 217(2A) read with the Companies (Particulars of Employees) Rules 1975 for the year ended 31st March, 2013.

AUDITORS :

The Auditors of the Company, M/s. Bipin Shah & Associates retire at this Annual General Meeting and are eligible for reappointment. You are requested to appoint Auditors to hold office until the next Annual General Meeting and fix their remuneration.

ON BEHALF OF THE BOARD OF DIRECTORS

CHAIRMAN

Regd. Office:
Marathon FutureX,
N. M. Joshi Marg, Lower Parel (W),
Mumbai 400013

Place: Mumbai
Dated: 21st May, 2013

**ANNEXURE TO THE DIRECTORS' REPORT
REPORT ON CORPORATE GOVERNANCE FOR
THE YEAR ENDED 31ST MARCH, 2013.**

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The company is part of the Marathon Group.

The Marathon Group is committed to the adherence of all compliances in true spirit, at all times and the adoption of the best practices conducive to maintain good governance. Our inherent desire to improve and innovate brings out good governance practices which reflect and redefine the Marathon culture at every point of time - all this is deeply ingrained in our value system and forms part of the strategic thought process; our philosophy mainly rests on five basis concepts, viz.,

- i) Board accountability to the Company and shareholders as a whole,
- ii) Guidance and effective monitoring by the Board in strict terms,
- iii) Protection of minority interests and rights
- iv) Equitable treatment to all concerned
- v) Transparency and timely disclosure.

The Company believes that good Corporate Governance practices enhances the value for all stakeholders.

2. BOARD OF DIRECTORS :

Composition:

The present strength of the Board of Directors is five Directors and complies with the requirement of Clause 49 of the Listing Agreement.

Number of Board Meetings held during the year ended 31st March 2013 and the dates of the Board Meetings :

Four Meetings of the Board of Directors were held. The dates on which the said meeting were held are as follows :

30th May, 2012; 14th August, 2012; 5th November, 2012 and 13th February, 2013

Attendance of each Director at the said Board Meetings and the last AGM

| Name of Director | Designation & Category of Directorship | No. of Board Meeting attended | Attendance at the last AGM |
|--------------------------------|--|-------------------------------|----------------------------|
| Mr. V.B.Haribhakti Chairman | Non-Executive Independent Director | 4 | Yes |
| Mr.S.K.Diwanji | Non-Executive Independent Director | 4 | Yes |
| Mr.S.Ramamurthi | Non-Executive Director promoter | 4 | Yes |
| Mr.Nilesh Dand | Non-Executive Director promoter | 3 | Yes |
| Mr.Chetan R. Shah | Non-Executive Director promoter | 4 | Yes |

Number of other Companies or Committees where the Director (being a Director as on the date of the Directors' Report) is a Director/Chairman

| Name of Director/ Chairmanship | Directorship in other companies including private companies in India. | No.of Committee in which Chairman/ Member (other than Citadel Realty and Developers Limited) |
|--------------------------------|---|--|
| Mr. V.B.Haribhakti | 7 | 4 |
| Mr.S.K.Diwanji | 5 | Nil |
| Mr.S.Ramamurthi | 1 | 1 |
| Mr.Nilesh Dand | 3 | Nil |
| Mr.Chetan R. Shah | 35 | 1 |

This excludes Directorship held in Foreign Companies, Companies formed under Section 25 of the Companies Act, 1956 and the Directorship held as an alternate Director.

NO. OF SHARES HELD BY NON-EXECUTIVE DIRECTORS AS ON 31ST MARCH, 2013

| NAME OF DIRECTORS | NO. OF SHARES HELD |
|-------------------|--------------------|
| Mr.V.B.Haribhakti | Nil |
| Mr.S.K.Diwanji | Nil |
| Mr.S.Ramamurthi | Nil |
| Mr.Nilesh Dand | Nil |
| Mr.Chetan R. Shah | 6,22,900 |

Committee of Directors includes Audit Committee, Shareholders / Investors' Grievances, Share Transfer Committee and Remuneration Committee of the company.

Information required under Clause 49 VIA of the Listing Agreement.

The Particulars of Directors who are proposed to be reappointed at the ensuing Annual General Meeting are given below pursuant to Clause 49 of the Listing Agreement.

| | | |
|--|---|---|
| Name of Director | Mr.Chetan R. Shah | Mr.Nilesh D. Dand |
| Date of Birth | 13-03-1956 | 09-01-1978 |
| Date of appointment | 14-10-2010 | 20-03-2007 |
| Qualification | B.Tech Civil Engineering from IIT Bombay and M.S.Structural Engineering from the University of Houston, USA. | B.Com., A.C.A. |
| Expertise in specific functional areas | Construction of residential, commercial and industrial buildings; responsible for implementing Projects in Mumbai. | Exposure in Accounts and Finance |
| Other Companies in which Directorship held | Columbia Chrome (I) Pvt. Ltd. Cornell Housing & Infrastructure Pvt. Ltd. Kanchi Rehab Private Limited Lark Consultancy Private Limited Marathon Energy Private Limited Marathon Fiscal Pvt. Ltd. Marathon Housing Private Limited Marathon IT Infrastructure Pvt. Ltd. Marathon Nextgen Realty Limited Marathon Nextgen Townships Private Limited Marathon Nexzone Infrastructures Pvt. Ltd. Marathon Nexzone Land Private Limited Marathon Prachin Infrastructures Pvt. Ltd. Marathon Realty Private Limited Marathon Securities & Properties Pvt. Ltd. Marathon Ventures Private Limited Matrix Enclaves Projects Dev. Pvt. Ltd. Matrix Fiscal Pvt. Ltd. Matrix Waste Management Pvt. Ltd. Matrix Water Mgmt. Private Limited Nextgen Buildcon Pvt. Ltd. Nextgen City Container Depot Private Limited Nextgen City Energy Private Limited Nextgen City Utilities Pvt. Ltd. Nextgen City Water Mgmt. Private Limited Nextgen Green Hsg. & Comm. Enclave Pvt. Ltd. Nextgen Land Pvt. Ltd. Nexzone Fiscal Services Pvt. Ltd. Nexzone IT Infrastructure Pvt. Ltd. Nexzone Land Private Limited Nexzone Utilities Pvt. Ltd. Parmeka Private Limited Sanvo Resorts Private Limited Svarnim Enterprises Private Limited | Ithaca Informatics Pvt. Ltd. Nextgen Buildcon Pvt.Ltd. Vinotak Investments Pvt.Ltd. |
| Other public companies in which membership of Committees of Directors held | Marathon Nextgen Realty Limited | – |
| No.of shares held as on 31 st March, 2013 | 6,22,900 | Nil |

3. AUDIT COMMITTEE:

Terms of Reference:

The terms of reference of this committee are wide enough, covering matters specified for Audit Committees under the Listing Agreement.

Four Meetings of the Audit Committee were held during the year ended 31.3.2013. The dates on which the said meetings were held are as follows :

30th May, 2012; 14th August, 2012; 5th November, 2012 and 13th February, 2013

Attendance of each Director at the said Audit Committee Meetings

| Name of Director | Designation & Category of Directorship | No. of Board Meeting attended | Attendance at the last AGM |
|--------------------|--|-------------------------------|----------------------------|
| Mr. V.B.Haribhakti | Non-Executive Independent Director | 4 | Yes |
| Mr.S.K.Diwanji | Non-Executive Independent Director | 4 | Yes |
| Mr.S.Ramamurthi | Non-Executive Director Promoter | 4 | Yes |

4. SHARE TRANSFER / INVESTOR GRIEVANCE COMMITTEE :

The Committee comprises of Mr.S.Ramamurthi as the Chairman and Mr.S.K.Diwanji and Mr.Nilesh D.Dand as the other members of the Committee.

The Committee deals with matters relating to transfer of shares, transmission of shares, issue of duplicate share certificates, demat, deletion of members name on death, investor grievance, etc. The Share Transfer Committee Meeting was held fifteen times during the year ended 31.3.2013.

The details of payments of sitting fees paid to Non- Executive Directors during the year are given below:

| Non-Executive Directors | Sitting Fees (Rs.) |
|-------------------------|--------------------|
| Mr.V. B.Haribhakti | 40,000 |
| Mr.S.K.Diwanji | 40,000 |
| Mr.S.Ramamurthi | 40,000 |
| Mr.Nilesh Dand | 15,000 |
| Mr.Chetan R. Shah | 20,000 |

5. CODE OF CONDUCT :

Citadel Realty and Developers Limited has laid down a Code of Conduct for all Board Members of the Company. All Board Members have affirmed compliance of the Code of Conduct.

6. COMPLIANCE OFFICER :

Mr. Nilesh Dand is the Compliance Officer of the Company during the financial year ended 31st March 2013.

7. GENERAL BODY MEETINGS :

Details of the location of the last three AGM and the details of the resolutions passed.

| Year | Location | Date | Time | Special resolutions | Postal Ballot |
|---------|--|------------|-----------|---------------------|---------------|
| 2009-10 | Kilachand Conference Room 2 nd floor Indian Merchant Chambers, Churchgate Mumbai 400020 | 23-09-2010 | 3.30p.m. | Nil | Nil |
| 2010-11 | Kilachand Conference Room 2 nd floor Indian Merchant Chambers, Churchgate Mumbai 400020 | 02-09-2011 | 11.30a.m. | 1 (One) | Nil |
| 2011-12 | Kilachand Conference Room 2 nd floor Indian Merchant Chambers, Churchgate Mumbai 400020 | 20-09-2011 | 4.00p.m. | Nil | Nil |

None of the resolutions proposed to be passed at the ensuing Annual General Meeting requires to be put through postal ballot.

8. DISCLOSURES :

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors, or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

i) Transactions with the related parties are disclosed in Note 19 to the Accounts in the Annual Report.

None of the transaction with any of the related parties were in conflict with the interest of the Company.

- ii) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
There were no instances of non-compliance of any matter related to the capital markets during the last three years.

9. MEANS OF COMMUNICATION :

The Company has published its quarterly results in the Free Press Journal and Navshakti Times.

10. GENERAL SHAREHOLDER INFORMATION :

53rd Annual General Meeting:

Venue: Kilachand Conference Room,
 Second Floor, Indian Merchants
 Chamber, Churchgate, Mumbai,
 400020

Date & Time: 8th August, 2013 at 11.30 a.m.

Financial Reporting for 2013-14 (tentative)

1. First quarter result second week of August 2013.
1. Half yearly result second week November 2013.
2. Third quarter result second week of February 2014.
3. Audited Result for the year on or before May 2014.

Annual General Meeting on or before September 2014 next year.

Date of book closure : 1st August, 2013 to
 (both days inclusive) 8th August, 2013

Dividend payment date(s) : Not applicable.

Listing on stock exchange(s) The Stock Exchange
 Mumbai.
 The Company has paid the Annual listing fees for the period 1st April 2013 to March 2014.

Stock code : BSE 502445
 Demat ISIN : INE906D01014
 Number for NSDL & CDSL

Market Price Data :

The High & Low price, during each month in the last financial year, of the Company's shares and BSE SENSEX is as follows :

| | COMPANY'S SHARES | | SENSEX | | |
|----------------|------------------|-------|----------|----------|----------|
| | High | Low | High | Low | Close |
| April 2012 | 28.95 | 21.40 | 17664.10 | 17010.16 | 17318.81 |
| May 2012 | 26.75 | 20.55 | 17432.33 | 15809.71 | 16218.53 |
| June 2012 | 21.65 | 18.75 | 17448.48 | 15748.98 | 17429.98 |
| July 2012 | 22.90 | 19.30 | 17631.19 | 16598.48 | 17326.18 |
| August 2012 | 22.40 | 16.20 | 17972.54 | 17026.97 | 17429.56 |
| September 2012 | 17.90 | 13.60 | 18869.94 | 17250.80 | 18762.74 |
| October 2012 | 21.55 | 14.20 | 19137.29 | 18393.42 | 18505.38 |
| November 2012 | 21.10 | 17.50 | 19372.70 | 18255.69 | 19339.90 |
| December 2012 | 22.15 | 17.65 | 19612.18 | 19149.03 | 19426.71 |
| January 2013 | 19.50 | 16.10 | 20203.66 | 19508.93 | 19894.98 |
| February 2013 | 16.65 | 12.75 | 19966.69 | 18793.97 | 18861.54 |
| March 2013 | 14.10 | 12.05 | 19754.66 | 18568.43 | 18835.77 |

Registrar and Transfer Agents

Computronics Financial Services (I) Pvt.Ltd.
 1, Mittal Chambers, Nariman Point
 Mumbai 400021.
 Phone: 022-22882960
 Fax:022-22873314
 Email: sthakur@compuntronicsindia.com

Share Transfer system

All the share transfers received are processed and approved by the Share Transfer Committee which normally meets once in a month.

Distribution of Shareholding and Shareholding Pattern as on 31st March 2013

| Category | No.of share holders | % | No.of shares | % to total |
|----------------|---------------------|--------|--------------|------------|
| 5000 | 3285 | 88.928 | 44,95,420 | 12.58 |
| 5001 - 10000 | 226 | 6.118 | 17,40,150 | 4.87 |
| 10001 - 20000 | 93 | 2.518 | 13,47,190 | 3.77 |
| 20001 - 30000 | 28 | 0.758 | 6,91,220 | 1.93 |
| 30001 - 40000 | 18 | 0.487 | 6,16,520 | 1.72 |
| 40001 - 50000 | 12 | 0.325 | 533800 | 1.49 |
| 50001 - 100000 | 18 | 0.487 | 1337500 | 3.74 |
| 100001 & above | 14 | 0.379 | 249,83,200 | 69.90 |
| Total | 3694 | 100.00 | 357,45,000 | 100.00 |

Categories of Shareholders as on 31st March 2013:

| Category | No. of Shares held | % of Shareholding |
|----------------------------|--------------------|-------------------|
| Promoters | 21,90,882 | 61.29% |
| Public | 13,82,376 | 38.68% |
| FI's, Mutual Funds & Banks | 1,242 | 0.03% |
| Total | 35,74,500 | 100.00% |

Dematerialization of shares as on 31.3.2013 :-

Total number of 35,74,500 shares, 32,58,038 Equity Shares representing 91.15% are in dematerialized form.

Convertible instruments

As on date, the Company does not have any outstanding Convertible Instruments.

Address for correspondence: 702, Marathon Max Junction. of Mulund-Goregaon Link Rd., Mulund (W), Mumbai 400080

The Registered Office of the Company is located at Marathon Futurex, N.M.Joshi Marg, Lower Parel, Mumbai 400013.

Secretarial Audit Reports :

Quarterly Secretarial Audit Reports were furnished to the Stock Exchange to the following dates :

| Quarter ended on | Furnished on |
|------------------|--------------------------------|
| 30-06-2012 | 10 th July, 2012 |
| 30-09-2012 | 5 th October, 2012 |
| 31-12-2012 | 11 th January, 2012 |
| 31-03-2013 | 9 th April, 2013 |

MANAGEMENT DISCUSSION AND ANALYSIS

The Management of the Company is pleased to present this report covering the activities of the Company during the year ended on March 31, 2013.

Industry structure and development

The Company being part of Marathon Group has jointly developed slum rehabilitation project in the eastern suburbs. during the year under review and handed over of units developed and built up under the said Slum Rehabilitation Project.

Opportunities and Threats

Urbanization has been progressing rapidly from around 11% in 2011 to 31% in 2012 and is expected to reach 41% by 2030. House prices are expected to rise in almost all the metropolitan cities. The Realty sector contributed to 6.5% of the country's GDP in 2012 and is the second largest employment generator after agriculture. The total revenue of the real estate sector currently is estimated at \$66.8 bn. By 2020 the sector is expected to earn a revenue of \$180bn.

Threats:

The Real estate sector had high expectation from Budget 2013 remained un-fulfilled. The sector, a major growth driver of the Indian economy has once again been left without the coveted "Industry" status resulted in disability to access the debts at improved interest rates and reduced collateral.

Risks and concerns

Apart from the increase in land prices, inputs costs have also been constantly increasing. Higher interest cost would dent margins and may have a direct effect on the customer's cash flow as well. Increase in end product prices coupled with tight liquidity may impact demand. The various taxes and levies would add to the costs and this is likely to squeeze margins as end product prices may not go up correspondingly.

The company has a Risk Management Policy, which is being periodically reviewed.

Internal control systems and their adequacy

The internal control is supplemented by an extensive internal audit, review by management and audit committee, documented policies and guidelines and procedures. The internal auditor covers all activities of the company. The internal control system is designed to ensure that every aspect of the company's activity is properly monitored.

Human Resource Development

The Company has harmonious employee relations and there is close interaction between the management and employees to facilitate smooth functioning of our organization activities.

Cautionary Statement

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projection, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events.

Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and other incidental factors. The Company assumes no responsibility in respect of the forward-looking statements herein, which may undergo changes in future on the basis of subsequent development.

CERTIFICATE

To:

The Members of Citadel Realty and Developers Limited

Sub: Declaration by Director under clause 49 D(ii) of the Listing Agreement.

I, S. Ramamurthi, Director of Citadel Realty and Developers Limited hereby declare that all members of the Board of Directors and Senior Management Personnel have affirmed the compliance with the Code of Conduct for the year ended March 31, 2013.

For and on behalf of the Board of Directors

S.Ramamurthi
Director.

Place : Mumbai
Dated : 21st May, 2013

ANNEUXRE - I

CERTIFICATE ON COMPLIANCE FROM THE PRACTISING COMPANY SECRETARY

Certificate of the Practising Company Secretary has been obtained on the compliance of conditions of the Corporate Governance pursuant to Clause 49 of the Listing Agreement and the same is annexed.

**To the Members of
CITADEL REALTY AND DEVELOPERS LTD.
Mumbai**

I have examined the compliance of the conditions of Corporate Governance by Citadel Realty & Developers Limited ("the Company") for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. My examination was limited to procedures and implementations thereof, adopted by the company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Based on such a review and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance, as stipulated in clause 49 of the said Listing Agreement.

On the basis of records maintained by the Shareholders/Investor's Grievance Committee of the Company, I wish to state that there were no investors'/shareholders' grievances pending against the Company for a period exceeding fifteen Days.

I further state that such compliance is neither an assurance as to the future viability of the company, nor as the efficiency or effectiveness with which the management has conducted the affairs of the Company.

V. Nagarajan
Practising Company Secretary
ACS 1107 / CP 5080

Place : Mulund
Date : 18th May, 2013

INDEPENDENT AUDITOR'S REPORT

To

**The Members of
Citadel Realty and Developers Limited.**

Report on the Financial Statements

We have audited the accompanying financial statements of Citadel Realty and Developers Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the period 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 Standard referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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. 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.

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, 2013;
- b) in the case of the Statement of Profit and Loss Account, 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 (hereinafter referred to as the "Order") issued by the Central Government of Section 227 (4A) of the Act, and on the basis of such a checks as we consider appropriate we give in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of said 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 purpose 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 the 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 referred to in subsection (3c) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors of the company as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

FOR BIPIN SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS

ERN:101519W
BIPIN SHAH

Partner

Membership No. : 013191

Place: Mumbai

Date: 21/05/2013

Annexure to the Auditors' Report

(Referred to in paragraph 4 of our report of even date)

1. In respect of its fixed assets, since the company does not hold any fixed assets, clauses (i) (a), (i) (b) and (i) (c) of para 4 of the Order are not applicable.
2. In respect of its inventories in form of land held as stock in trade;
 - a. The inventory has been physically verified during the year by the management In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and based on the information and explanations given to us, the procedures of physical verification followed by the management of inventories lying with it were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - a. The company has not granted any loan to any company that needs to be entered into the register in pursuance of section 301 of the Companies Act. Consequently, the requirements of clauses (iii) (a), (iii) (b), (iii) (c) and (iii) (d) of para 4 of the Order are not applicable.
 - b. The Company has taken unsecured loans from the parties listed in the register maintained under section 301 of the Companies Act, 1956 as under:

| Sr. No. | Name of the Party | Interest Rate | Relationship with the Company | Opening Balance Rs.(in Lacs) | Loan repaid during the year Rs. (in Lacs) | Loan required during the year Rs. (in Lacs) | Closing Balance Rs. (in Lacs) |
|---------|----------------------------|---------------|-------------------------------|------------------------------|---|---|-------------------------------|
| 1. | Marathon Realty Pvt. Ltd. | 12% | Associate Concern | 80.15 | 49.55 | 32.28 | 62.88 |
| 2. | Fibre Box Bombay Pvt. Ltd. | Interest Free | Associate Concern | 369 | 0 | 0 | 369 |

- c. In our opinion and based on explanations received from the management, the interest and other terms and conditions of the aforesaid loans taken are not prima facie prejudicial to the interest of the company.
 - d. The said unsecured loan is repayable on demand. There is no repayment schedule / overdue amount.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system maintained by the Company commensurate with the size and nature of the Company, for purchase of inventory. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal records.
5. In respect of contracts or arrangements referred to in section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a. The particulars of contracts or arrangements have been entered in the register maintained under that section.
 - b. In our opinion, transactions during the year made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the company has not accepted deposits from the public. Therefore the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
7. The Company has no internal audit system.
8. According to information and explanations given to us, the requirement of maintenance of cost records as prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Companies Act, 1956 are properly maintained by the company, as evidenced by a certificate of the compliance by a cost accountant.

9. In respect of statutory dues:
- a. According to the records of the Company, undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues, as applicable, have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as on 31st March, 2013 for a period more than six months from the date they became payable.
 - b. According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Service Tax, Custom Duty, Wealth Tax and Cess which have not been deposited on account of any dispute except for the dues referred in para no. 3 of note no 19 of the financial statements of the company.
10. The accumulated losses of the Company at the end of the financial year are less than fifty per cent of its net worth. The Company has not incurred cash loss during the current financial year as well as immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, Company had not taken any loan from financial institution during the year and there was no loan outstanding at the beginning of the year, therefore clause xi of para 4 of the caro, 2003 is not applicable to the company.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and any other securities and hence question of maintenance of adequate records for this purpose does not arise.
13. In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a nidhi /mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company has not dealt obrtuded in shares, securities, debentures, mutual funds or other investments during the year. Therefore, provision of clause 4(xiv) of Caro, 2003 is not applicable to the company.
15. The Company has given not guarantees for loans taken by others from banks / financial institution. Therefore, provision of clause (4xv) of the Caro, 2003 is not applicable to the Company.
16. In our opinion, and according to the information and explanations given to us, the company had not raised any term loan during the year. Therefore, provision of clause 4(xvi) of the Caro 2003 is not applicable to the company.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used for long-term investment during the year.
18. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
19. During the period covered by our audit report, the Company has not issued any debentures and no debentures were outstanding at the beginning of the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
20. The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause 4(xx) of the Caro, 2003 is not applicable to the Company.
21. According to the information and explanations given to us and on the basis of the examination of the records, no fraud on or by the Company was noticed or reported during the year.

For **Bipin Shah & Associates.**

Chartered Accountants

FRN. 101519W

Bipin B. Shah

Partner

(Membership No. 13191)

Place : Mumbai

Date : 21/05/2013

Citadel Realty and Developers Ltd
Balance Sheet as at 31st March, 2013

(in ₹)

| Particulars | Note No. | As at 31st March 2013 | As at 31st March 2012 |
|--|----------|--------------------------|--------------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 1 | 4,82,45,000 | 4,82,45,000 |
| (b) Reserves and surplus | 2 | (2,27,69,063) | (2,34,17,478) |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 3 | 3,69,00,000 | 3,69,00,000 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 4 | 62,87,989 | 80,15,059 |
| (b) Trade payables | 5 | 29,53,778 | 17,66,788 |
| (c) Other current liabilities | 6 | 14,85,009 | 34,25,566 |
| TOTAL | | 7,31,02,713 | 7,49,34,935 |
| II. ASSETS | | | |
| 1 Non-current assets | | | |
| (c) Deferred tax assets (net) | 7 | 3,23,24,735 | 3,26,36,152 |
| (d) Long-term loans and advances | 8 | 1,14,597 | 91,940 |
| 2 Current assets | | | |
| (a) Inventories | 9 | 2,16,04,325 | 58,64,662 |
| (b) Trade receivables | 10 | 1,73,48,399 | 3,16,10,000 |
| (c) Cash and Bank Balances | 11 | 1,96,108 | 26,78,707 |
| (d) Short-term loans and advances | 12 | 15,14,549 | 20,53,474 |
| TOTAL | | 7,31,02,713 | 7,49,34,935 |
| Significant Accounting Policies Notes on Financial Statement | 1 to 19 | | |

As per our report of even date
For BIPIN SHAH & Associates.
Chartered Accountants
Firm Registration No. 101519W

For and on behalf of the Board

Bipin B. Shah
Partner
(Membership No. 013191)
Place : Mumbai
Date : 21-05-2013

V. B. Haribhakti
Director

S. K. Diwanji
Director

S. Ramamurthi
Director

Citadel Realty and Developers Ltd
Profit and loss statement for the year ended 31st March, 2013

(in ₹)

| Particulars | Note No. | Year ended 31st March, 2013 | Year ended 31st March 2012 |
|--|----------|--------------------------------|-------------------------------|
| I. Revenue From Operations | 13 | - | 7,97,00,000 |
| II. Other income | 14 | 16,04,670 | - |
| III. Total Revenue (I + II) | | 16,04,670 | 7,97,00,000 |
| IV. Expenses: | | | |
| Property Development Expenses | 15 | 1,57,39,663 | 3,82,05,379 |
| Changes in inventories of finished goods work-in-progress and Stock-in-Trade | 16 | (1,57,39,663) | 54,36,838 |
| Finance costs | 17 | 15,363 | 61,780 |
| Other expenses | 18 | 6,29,475 | 10,46,366 |
| Total expenses | | 6,44,838 | 4,47,50,362 |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | 9,59,832 | 3,49,49,638 |
| VI. Exceptional items | | - | - |
| VII. Profit before extraordinary items and tax (V - VI) | | 9,59,832 | 3,49,49,638 |
| VIII. Extraordinary Items | | - | - |
| IX. Profit before tax (VII- VIII) | | 9,59,832 | 3,49,49,638 |
| X Tax expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax | | 3,11,417 | (3,26,36,152) |
| XI Profit (Loss) for the period from continuing operations (IX-X) | | 6,48,415 | 6,75,85,790 |
| XII Earnings per equity share: Basic & Diluted (in ₹) | | 0.18 | 18.91 |
| Significant Accounting Policies Notes on Financial Statement | 1 to 19 | | |

As per our report of even date
For BIPIN SHAH & ASSOCIATES.
Chartered Accountants
Firm Registration No. 101519W

For and on behalf of the Board

Bipin B. Shah
Partner
(Membership No. 013191)
Place : Mumbai
Date : 21-05-2013

V. B. Haribhakti
Director

S. K. Diwanji
Director

S. Ramamurthi
Director

CITADEL REALTY AND DEVELOPERS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013 (in ₹)

| | | 2012 - 2013 | 2011 - 2012 |
|---------------|---|--------------------|--------------------|
| A > | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Net Profit/(Loss) before Tax and Extraordinary items | 9,59,832 | 3,49,49,638 |
| | Adjustments for : | | |
| | Ex-workmen Compensation | - | 5,45,037 |
| | Finance Cost | 15,363 | 61,780 |
| | Misc Income | (16,04,670) | - |
| | | (15,89,307) | 6,06,817 |
| | Operating Profit/(Loss) before Working Capital changes | (6,29,475) | 3,55,56,455 |
| | Adjustments for : | | |
| | Trade and Other Receivables | 1,47,77,869 | (3,36,56,943) |
| | Inventories | (1,57,39,663) | 54,36,838 |
| | Trade and Other Payables | 8,51,103 | 22,02,554 |
| | Increase/(Decrease) in Current Liabilities | (1,10,691) | (2,60,17,551) |
| | Cash generated from Operations | (7,40,166) | 95,38,904 |
| | Direct Taxes Paid | - | - |
| | Net Cash generated /(used) from operating activities | (7,40,166) | 95,38,904 |
| B > | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | Net Cash generated /(used) in Investing Activities | - | - |
| C > | CASH FLOW FROM FINANCING ACTIVITIES | | |
| | Interest Paid | (15,363) | (61,780) |
| | Repayment of Short Term Borrowings (Net) | (17,27,070) | (68,18,680) |
| | Net Cash generated/(used) from Financing Activities | (17,42,433) | (68,80,460) |
| D > | NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | (24,82,599) | 26,58,444 |
| E > | CASH AND CASH EQUIVALENT AT THE BEGINNING OF YEAR | 26,78,707 | 20,263 |
| F > | CASH AND CASH EQUIVALENT AT THE CLOSE OF THE YEAR (D+E) | 1,96,108 | 26,78,707 |

Note :

- 1 The cash flow has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements Issued by the Institute of Chartered Accountants of India.
- 2 Figures of the Previous Year have been regrouped wherever necessary to conform to this year's classification.

As per our report of even date
For BIPIN SHAH & ASSOCIATES.
Chartered Accountants
Firm Registration No. 101519W

For and on behalf of the Board

Bipin B. Shah
Partner
(Membership No. 013191)
Place : Mumbai
Date : 21-05-2013

V. B. Haribhakti
Director

S. K. Diwanji
Director

S. Ramamurthi
Director

Notes on Financial Statements for the Year ended 31st March, 2013

Note 1

| Share Capital | As at 31 st March, 2013 ₹ | As at 31 st March, 2012 ₹ |
|---|--|--|
| Authorised | | |
| 70,00,000 Equity Shares of ₹10/- each (Previous Year 70,00,000 Equity Shares of ₹10/- each) | 7,00,00,000 | 7,00,00,000 |
| 3,00,000 0% Redeemable Preference Shares of ₹100/- each (Previous Year 3,00,000 0% Redeemable Preference Shares of ₹100/- each) | 3,00,00,000 | 3,00,00,000 |
| | 10,00,00,000 | 10,00,00,000 |
| Issued, Subscribed & fully Paid up | | |
| 35,74,500 Equity Shares of ₹10/- each fully paid up (Previous Year 35,74,500 Equity Shares of ₹10/- each) [Out of the above 13,50,000 Shares of ₹10/- each were allotted as fully paid up Bonus Shares by Capitalisation of Reserves] | 3,57,45,000 | 3,57,45,000 |
| 1,25,000 0% Redeemable Preference Shares of ₹100/- each fully paid up (Previous Year 1,25,000 0% Redeemable Preference Shares of ₹ 100/- each fully paid up) [Above 0% Preference Shares are redeemable at a premium of 5% after 2012. The Preference shareholder have not opted for redemption). | 1,25,00,000 | 1,25,00,000 |
| Total | 4,82,45,000 | 4,82,45,000 |

a. Reconciliation of Shares outstanding at the beginning and at the end of the reporting period

| Equity Shares | As at 31 st March, 2013 | | As at 31 st March, 2012 | |
|---|------------------------------------|-------------|------------------------------------|-------------|
| | Number | ₹ | Number | ₹ |
| Shares outstanding at the beginning of the year | 35,74,500 | 3,57,45,000 | 35,74,500 | 3,57,45,000 |
| Shares Issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 35,74,500 | 3,57,45,000 | 35,74,500 | 3,57,45,000 |
| Preference Shares | As at 31 st March, 2013 | | As at 31 st March, 2012 | |
| | Number | ₹ | Number | ₹ |
| Shares outstanding at the beginning of the year | 1,25,000 | 1,25,00,000 | 1,25,000 | 1,25,00,000 |
| Shares Issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 1,25,000 | 1,25,00,000 | 1,25,000 | 1,25,00,000 |

Notes on Financial Statements for the Year ended 31st March, 2013

| b.Details of Shareholders holding more than 5% shares in the company | | | | |
|--|------------------------|--------------|------------------------|--------------|
| Equity Shares | As at 31st March, 2013 | | As at 31st March, 2012 | |
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Marathon Realty Pvt Ltd | 9,47,587 | 26.51 | 9,47,587 | 26.51 |
| Chetan R Shah | 6,22,900 | 17.43 | 6,22,900 | 17.43 |
| Mayur R Shah | 6,20,395 | 17.36 | 6,20,395 | 17.36 |
| Preference Shares | As at 31st March, 2013 | | As at 31st March, 2012 | |
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Fibre Box Bombay Pvt Ltd | 1,25,000 | 100 | 1,25,000 | 100 |

Note 2

| Reserves & Surplus | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|---|-----------------------------|-----------------------------|
| a. Securities Premium Account | | |
| Opening Balance | 5,13,51,300 | 5,13,51,300 |
| Add : Securities premium on issue of shares | - | - |
| Less : Utilised for issuing Bonus Shares | - | - |
| Closing Balance | 5,13,51,300 | 5,13,51,300 |
| b. Surplus | | |
| Opening balance | (7,47,68,778) | (14,23,54,568) |
| Add : Net Profit/(Net Loss) for the year | 6,48,415 | 6,75,85,790 |
| Closing Balance | (7,41,20,363) | (7,47,68,778) |
| Total | (2,27,69,063) | (2,34,17,478) |

Note 3

| Long Term Borrowings | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|---|-----------------------------|-----------------------------|
| Unsecured | | |
| (a) Loans and advances from related parties | 3,69,00,000 | 3,69,00,000 |
| Total | 3,69,00,000 | 3,69,00,000 |

Notes on Financial Statements for the Year ended 31st March, 2013

Note 4

| Short Term Borrowings | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|---|--------------------------------------|--------------------------------------|
| Unsecured | | |
| (a) Loans and advances from related parties | 62,87,989 | 80,15,059 |
| Total | 62,87,989 | 80,15,059 |

Note 5

| Trade Payable | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|---|--------------------------------------|--------------------------------------|
| Payables including supply & services Micro, Small and Medium Enterprises | 29,53,778 - | 17,66,788 - |
| Total | 29,53,778 | 17,66,788 |

Note 6

| Other Current Liabilities | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|----------------------------------|--------------------------------------|--------------------------------------|
| (a) Other payables | | |
| Duty & Taxes | 93,975 | 4,46,009 |
| Others | 13,91,034 | 29,79,557 |
| Total | 14,85,009 | 34,25,566 |

Note 7

| Deferred Tax Assets (Net) | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|--|--------------------------------------|--------------------------------------|
| Deferred Tax Liability Related to Fixed Assets | - | - |
| Deferred Tax Assets Tax effect of timing difference on account of unabsorbed depreciation & carry forward losses* | 3,23,24,735 | 3,26,36,152 |
| Total | 3,23,24,735 | 3,26,36,152 |

*In terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has computed Deferred Tax Asset there is virtual certainty supported by convincing evidence that there would be sufficient future taxable income that would be available for set off.

Notes on Financial Statements for the Year ended 31st March, 2013

Note 8

| Long Term Loans and Advances | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|---|--------------------------------------|--------------------------------------|
| a. Other loans and advances (Unsecured, considered good) | 67,069 | 69,412 |
| | 67,069 | 69,412 |
| b. Security Deposits (Unsecured, considered good) | 47,528 | 22,528 |
| | 47,528 | 22,528 |
| Total | 1,14,597 | 91,940 |

Note 9

| Inventories | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Land Stock in Trade (Valued at Cost) | 58,64,662 | 58,64,662 |
| Work In Progress | 1,57,39,663 | |
| Total | 2,16,04,325 | 58,64,662 |

Note 10

| Trade Receivables | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|--|--------------------------------------|--------------------------------------|
| Trade receivables outstanding for a period less than six months Unsecured, considered good | 1,73,48,399 | 3,16,10,000 |
| Total | 1,73,48,399 | 3,16,10,000 |

Note 11

| Cash and Bank Balances | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|----------------------------------|--------------------------------------|--------------------------------------|
| Cash in Hand | - | - |
| Bank Balance in Current Accounts | 1,96,108 | 26,78,707 |
| Total | 1,96,108 | 26,78,707 |

Notes on Financial Statements for the Year ended 31st March, 2013

Note 12

| Short-term loans and advances | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Others | | |
| Unsecured, considered good | | |
| Prepaid Expenses | 5,618 | - |
| Advance to Suppliers | 15,00,000 | 20,53,474 |
| Cenvat Credit on Input Service | 8,931 | - |
| Total | 15,14,549 | 20,53,474 |

Note 13

| Revenue from Operations | 2012-13 ₹ | 2011-12 ₹ |
|--------------------------------|----------------------|----------------------|
| Transfer of completed area | - | 7,97,00,000 |
| Total | - | 7,97,00,000 |

Note 14

| Other Income | 2012-13 ₹ | 2011-12 ₹ |
|---------------------|----------------------|----------------------|
| Misc Income | 16,04,670 | - |
| Total | 16,04,670 | - |

Note 15

| Property Development Expenses | 2012-13 ₹ | 2011-12 ₹ |
|--------------------------------------|----------------------|----------------------|
| Purchases | 1,09,53,291 | 1,52,62,657 |
| Direct Expenses | 40,12,816 | 1,10,15,951 |
| Land Cost | - | 78,19,550 |
| Finance Cost | 7,73,556 | 41,07,221 |
| Total | 1,57,39,663 | 3,82,05,379 |

Notes on Financial Statements for the Year ended 31st March, 2013

Note 16

| Changes in inventories of finished goods work-in-progress | 2012-13 ₹ | 2011-12 ₹ |
|--|---------------------|---------------------|
| Inventory at the end of the year: | | |
| Work in Progress | 1,57,39,663 | - |
| Land | 58,64,662 | 58,64,662 |
| Total | 2,16,04,325 | 58,64,662 |

Inventory at the beginning of the year:

| Particulars | 2012-13 ₹ | 2011-12 ₹ |
|---|---------------------|---------------------|
| Work in Progress | - | 1,13,01,500 |
| Land | 58,64,662 | |
| Total | 58,64,662 | 1,13,01,500 |
| Changes in Inventories of work in progress | 1,57,39,663 | (54,36,838) |

Note 17

| Finance Cost | 2012-13 ₹ | 2011-12 ₹ |
|-----------------------|---------------------|---------------------|
| Interest expense | 14,905 | 59,948 |
| Bank Charges | 458 | 1,832 |
| Other borrowing costs | - | - |
| Total | 15,363 | 61,780 |

Note 18

| Other Expenses | 2012-13 ₹ | 2011-12 ₹ |
|--------------------------------|---------------------|---------------------|
| Payments to the auditor | | |
| a. Statutory Audit | 35,000 | 25,000 |
| b. Tax Audit | - | 20,000 |
| c. Limited Review | 4,500 | 4,500 |
| d. for management services | - | 3,000 |
| e. for other services | 10,500 | 4,000 |
| f. Service Tax | 6,117 | 5,821 |
| | 56,117 | 62,321 |
| Director's Sitting Fees | 1,55,000 | 1,55,000 |
| Legal & Professional Fees | 1,68,126 | 27,646 |
| Misc Expenses | 2,50,232 | 8,01,399 |
| Total | 6,29,475 | 10,46,366 |

NOTES TO ACCOUNTS

Note 19

1) Significant Accounting Policies

- a) The financial statements have been prepared on historical costs and on the basis of going concern and are in accordance with the Generally Accepted Accounting Principles in India ("GAAP") and the provisions of the Companies Act 1956.
- b) The accounting policies of the company have been consistent over a period of time.

2) Revenue:

Revenue in respect of realty development activities is recognized upon the transfer of significant risks and rewards to the buyer in terms of the underlying sale agreement, provided it is not unreasonable to expect ultimate collection.

3) Contingent Liabilities not provided for in respect of :-

| | 31.03.13 | 31.03.12 |
|---|-----------------|-----------------|
| | Amount | Amount |
| | Rs. In Lacs | Rs. In Lacs |
| a) Show Cause Notice from Central Excise Authorities | 1.42 | 1.42 |
| b) Estimated Liability in respect of Suit filed by Ex-Workers of the Company in Labour Court. | 5.00 | 5.00 |
| c) Claims not acknowledged as debt | 2.06 | 2.06 |
| d) Income Tax : | | |

The company was served notices under Sec. 147 of the Income Tax Act, 1961 for Assessment Years 2004-05, 2005-06 and 2006-07 relating to sale of property of the company by the erstwhile management. The company filed the returns for the said three years on the basis of which the Assessing Officer passed orders enhancing the income for the said assessment years.

The company has appealed against the Orders of the Assessing Officer with the Commissioner of Appeals.(CIT Appeals.)

The status of the Assessments for these assessment years is as under:

A.Y. 2004-05

The Commissioner of Income Tax (Appeals) had upheld the order of the Assessing Officer. The Company has preferred an appeal to the Income Tax Appellate Tribunal against this order.

A.Y. 2005-06

The Company has been granted substantial reliefs by the Commissioner of Income Tax (Appeals). The Income Tax Department as well as the company have approached the Income Tax Appellate Tribunal on certain points relating to the Order.

A.Y. 2006-07

The Company has approached the Income Tax Appellate Tribunal by way of an appeal against the order of the Commissioner of Income Tax Appeals.

In none of the above assessments any additional tax outgo is envisaged and hearings are yet to take place.

- 4) The Company has made substantial progress in the Slum Rehabilitation Project in Bhandup. The Rehabilitation Building has been completed and has generated substantial Transfer of Development Rights(TDR) which would be used in the project for areas intended for sale. On the basis of current estimates there would be substantial TDR for sale as well. The sale area has generated considerable interest.

- 5) a) Disclosure of the transactions with related parties as required by Accounting Standard 18 (AS - 18) on " RELATED PARTY DISCLOSURES " issued by the Institute of Chartered Accountants of India.

| A) Related Parties | Relationship | |
|--|---|-----------------|
| 1) Marathon Realty Pvt.Ltd | Associate Concerns | |
| 2) Fibre Box Bombay Pvt Ltd | Associate Concerns | |
| B) Transaction with the related parties : | | |
| Nature of the Transaction | Amount (in Lacs) | |
| | Related Parties Referred in 1(A) above | |
| | 31.03.13 | 31.03.12 |
| Unsecured Loans : | | |
| Fibre Box Bombay Pvt Ltd | | |
| Inter Corporate Deposit-Assigned | 369.00 | 369.00 |
| Marathon Realty Pvt Ltd | | |
| Inter Corporate Deposit taken : | | |
| Outstanding as on 31.03.2013 | 62.88 | 80.15 |
| Inter Corporate Deposit taken | (17.27) | (68.18) |

Note: The above information has been determined to the extent such parties have been identified on the basis of information provided by the company and approved by the management , which has been relied upon by the auditors.

- 6) (a) Balances of sundry debtors & creditors are subject to confirmation from them.
 (b) On the basis of information furnished by the Management , the Board is of the opinion that Current Assets, Loans & advances have a value on realization in the ordinary course of the business at least equal to the amount at which they are stated in the Accounts except those items which are shown as doubtful or bad.
- 7) Figures of the Previous Year are regrouped wherever necessary.

As per our report of even date
 For BIPIN SHAH & ASSOCIATES
 Chartered Accountants
 Firm Registration No. 101519W

For and on behalf of the Board

Bipin B. Shah
 Partner
 (Membership No. 013191)

V. B. Haribhakti
 Director

S. K. Diwanji
 Director

S. Ramamurthi
 Director

Place : Mumbai
Date : 21-05-2013

PROXY FORM

I/We _____
of _____
_____ being member / Members of
hereby appoint _____ of _____
or failing him _____ of _____
or failing _____ of _____

As my/our proxy to attend and vote for me/on our behalf at the 53rd Annual General Meeting of the Company to be held on Thursday, 8th August, 2013 at 11.30 a.m. and at any adjournment thereof.

As witness my/our hands (s) this _____ day of _____ 2013
Signed by the said _____
Member's Folio No _____
No. of Shares held _____
Affix Re.1 Stamp
DPI.D.* _____
Client I.D.* _____

*Applicable for investors holding shares in Electronic Form

Note : The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

TEAR HERE

TEAR HERE

ATTENDANCE SLIP

Name of the attending Member/Proxy (in block letter) : _____
Member's Folio No. _____ DPI.D.* _____
No. Of Shares held _____ Client I.D.* _____

I hereby record my presence at the 53rd Annual General Meeting held on Thursday 8th August, 2013 at 11.30 a.m. at KILACHAND CONFERENCE ROOM, 2ND FLOOR, INDIAN MERCHANTS' CHAMER, CHURCHGATE, MUMBAI - 400 020

Member's / Proxy Signature

*Applicable for investors holding shares in Electronic Form

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND OVER AT THE ENTRANCE DULY FILLED IN.

DUPLICATE ATTENDANCE SLIPS WILL NOT BE ISSUED BY THE COMPANY AT THE MEETING HALL.

Book-Post

if undelivered, please return to :

Citadel Realty And Developers Limited

802, Marathon Max,

Jn. of Mulund - Goregaon Link Road, Mulund (W)

Mumbai - 400080