



Annual Report 2006-07

BRIGADE ENTERPRISES PRIVATE LIMITED

Our vision:
To be a world-class organisation





The Brigade Brand

Brigade Enterprises is a name that is identified with Bangalore: the city in which we began our operations and in which we are headquartered. Having established ourselves in Bangalore, we are extending our presence in South India—to Mysore, Mangalore, Chikmagalur, Chennai, Kottayam and Hyderabad.

When we began, in 1990, our sole focus was property development. Over the years we have grown vertically and laterally. Our operations in our flagship domain have expanded in nature, scope and scale. And we have very successfully diversified into education and hospitality.

Our corporate vision has evolved with time and organisational growth. Our vision and intent encompass not just creating world-class environments, but providing a better quality of life for people who inhabit them.

Our brand name stands for high professional standards and enduring customer relationships that are built on a history of innovation, quality and trust.



The Logo

The strokes represent the abstract form of a building—symbolising the Group’s flagship business domain. Their upturned ends depict upward growth and positive development.

The number of strokes represent our—

corporate values...

- INNOVATION
- QUALITY
- TRUST
- STABILITY
- SERVICE
- CUSTOMER ORIENTATION

...and our business domains:

- RESIDENTIAL PROPERTIES
- COMMERCIAL PROPERTIES AND SOFTWARE & RETAIL FACILITIES
- HOSPITALITY AND SERVICED RESIDENCES
- PROPERTY MANAGEMENT SERVICES
- EDUCATION
- FUTURE SCOPE AND VISION

The yellow circle represents the sun, the life-giver and the source of all energy. It reminds us of the qualities that we, as Brigadiers, must embody—

- ABUNDING ENERGY
- FRIENDLY WARMTH
- GUIDING OPTIMISM
- CONSTANT GROWTH
- FORWARD VISION

Our motto: *For a better quality of life, upgrade to Brigade.*

This is an invitation to the public to benefit from what we create. It is also an internal mandate to Brigadiers to continually enhance our process and performance.

“Buildings, too, are children of Earth and Sun.”

—Frank Lloyd Wright, Architect

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Luxury homes in elegant settings...

We have a number of residential options in prime locations on offer. These span exclusive buildings with a few apartments to large integrated enclaves with well over a thousand apartments.

We are pioneers of the integrated enclave concept in Bangalore. Our enclaves have been evolving: growing from our first five-acre enclave of ten years ago, to the 40-acre enclaves presently under construction to the over one hundred-acre enclave we have planned for the near future. And they are growing in complexity too... from simple neighbourhoods to integrated, multi-use world-class developments.

Our 22-acre Brigade Millennium received the RT2+ rating by ICRA-NAREDCO—the highest rating ever awarded to a project of a private developer in India!

“We think this is a terrific assignment because of the visionary approach that Brigade has towards creating a mixed-use development and raising the bar for development...to bring it forward 3 to 5 years ahead of the state-of-the-art in the city today.”

—HOK, New York (on Brigade Gateway)



RESIDENTIAL SECTION OF BRIGADE GATEWAY
OVERLOOKING THE LAKE



BRIGADE METROPOLIS



BRIGADE MILLENNIUM, J.P. NAGAR



ARTIST'S IMPRESSION



BRIGADE PETUNIA PREMIUM RESIDENCES

ARTIST'S IMPRESSION



BRIGADE PALMSPRINGS

A range of commercial facilities in prime locations...

Over the years, we have constructed a range of benchmark setting commercial facilities—designed for software development and business purposes.

We are in the process of creating two new office projects in Bangalore—North Star and Summit.

At 30 storeys, North Star will be Bangalore's tallest building...and will be designed to international Grade A++ specifications, using cutting-edge technology. North Star will offer 1 million sft of office space, with super-fast destination controlled elevators; restaurants and cafes; a fitness centre; 3-storey high atrium; a helipad and a 2-acre landscaped banqueting area.

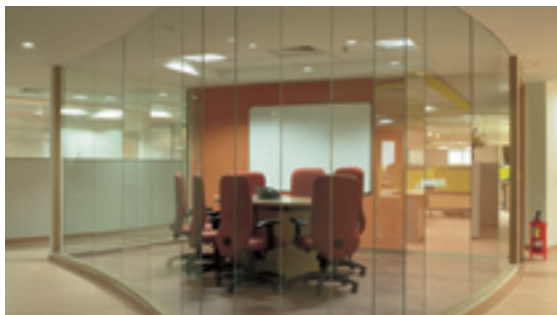
Summit will be an ultra-modern office facility, comprising two state-of-the-art office towers connected by aerial walkways. And featuring 800,000 sft of space, top-of-the line features and facilities, landscaped gardens, helipad, swimming pool and more.

“How would I describe their buildings? World-class. When you walk into MindTree House, you feel this could have been in Singapore or New York City or Silicon Valley. People walk in and then immediately you have a sense of upliftment, you have a sense of elevation.”

—Subroto Bagchi
COO & President-MindTree Consulting



ARTIST'S IMPRESSION



BRIGADE SOUTH PARADE



BRIGADE SQUARE

“Any company looking for office space in Bangalore will know if they lease space in North Star at Brigade Gateway, it conforms to all of the standards one could find either in New York or Shanghai.”

—HOK, New York

ARTIST'S IMPRESSION



SUMMIT



BRIGADE TECHPARK, BLOCK B

From serviced residences to 5-star hotels...

Brigade pioneered the concept of serviced residences in Bangalore—with Homestead. Today, we have serviced residences in a range of prime locations, with a loyal and ever increasing client portfolio.

The designs for The Woodrose and MLR Convention Centre were selected through the design competition we conducted. Both have won national awards for their design and interiors.

We have arrangements with major international players for our 5-star hotel projects. These include hotels under the Sheraton and Holiday Inn brands.

We also have two upcoming 5-star hill resort and spa projects in the Western Ghats, under the Banyan Tree and Angsana brands.

“We chose to partner with Brigade because of: their reputation and quality; strong management team and established board; their interest to pursue the hospitality business with dedicated resources; their ability to secure good sites; scale up with projects in the short-to-near term; their overall vision to be a leading hospitality developer in India.”

—Tom Monahan,
Starwood Asia Pacific Hotels & Resorts Pvt. Ltd



230-ROOM, SHERATON BANGALORE HOTEL
@ BRIGADE GATEWAY



HOMESTEAD, SERVICED RESIDENCE



BANYAN TREE RESORT AND SPA

“...it is the kind of landscape setting that would be unique in the world. It certainly has the ‘wow’ effect that we anticipate out of any really great destination.”

—Ho Kwon Ping
Executive Chairman, Banyan Tree



THE WOODROSE: CENTRAL COURTYARD



AUDITORIUM, MLR CONVENTION CENTRE

Malls & Multiplexes: redefining the retail experience

Set in the Brigade Gateway enclave, Orion will be Bangalore's first and biggest lifestyle mall...and our biggest project to date in the retail domain. It will cover 11,00,000 sft across five floors (including parking space), with an exciting mix of retail, F&B and entertainment outlets. Its multiplex, managed by PVR cinemas, will have 11 screens and around 3,000 seats—making it the largest in the country.

Quite apart from excellent footfall potential, Orion Mall offers enlightened and flexible retail features and facilities that include separate service access, 24-hour service tunnel entry for loading, separate staff areas and facilities, and professional mall management.

We propose to create another mall and multiplex in the Brigade Metropolis enclave.

“A good storefront is one of your best salesmen. On its dignity and good taste, people will base their opinions of your entire business.”

—Architect Victor David Gruen
Considered the father of the modern shopping mall





ARTIST'S IMPRESSION



THE ARCADE, BRIGADE METROPOLIS

ARTIST'S IMPRESSION



REAR VIEW, ORION MALL



STUDENTS AGAINST A WALL MURAL, THE BRIGADE SCHOOL

Corporate Social Responsibility

The **Brigade Foundation** is a not-for-profit organisation which manages The Brigade Schools, the first of which was set up in the Brigade Millennium enclave.

We also decided to establish schools for the economically disadvantaged—these will be set up in the vicinity of our main institutions, so that resources can be shared. We also intend to establish schools in rural areas.

Over the years, Brigade Enterprises has taken many initiatives as a corporate citizen. Our efforts in this sphere include the re-development of police stations; setting up of public toilets, beautification of traffic islands, installation of bus shelters, and the development and construction of the 24th main road extension in J.P. Nagar, which has hence been re-named as Brigade Millennium Road by civic authorities.

In association with Rotary Bangalore Midtown, we have instituted the annual Rotary Bangalore Midtown and Brigade Group Young Achiever Award, a state-wide programme.



CHEMISTRY LAB IN PROGRESS



THE YOUNG ACHIEVER AWARD—2006 WINNERS

The Board of Directors



P. V. Maiya

P. M. Thampi

M. R. Jaishankar

Dr T. N. Subba Rao

M. R. Gurumurthy

M. R. Shivaram

Githa Shankar

Dr K. Kasturirangan

M. R. Jaishankar, *Managing Director*

Board Member, Public Affairs Centre,
Bangalore

Dr K. Kasturirangan, *Independent Director*

Padma Vibhushan; Hon. MP (Rajya Sabha)
Former Chairman, Indian Space Research Organisation
Former Secretary, Dept of Space, Govt of India

Githa Shankar, *Executive Director*

Chairperson, Brigade Foundation
Director, Tetrarch Equity Research & Analysis Pvt Ltd

P. V. Maiya, *Independent Director*

Director, Canara Bank
Director, Neuland Laboratories Ltd
Former CMD, ICICI Bank

M. R. Gurumurthy, *Non-Executive Director*

Coffee Planter
Director, Capronics Pvt. Ltd

P. M. Thampi, *Independent Director*

Director, HDFC Asset Mgmt Co. Ltd
President, Bombay Scottish School
Director, Strides Arcolab Ltd
Former CMD, BASF India Ltd

M. R. Shivaram, *Non-Executive Director*

MD, Capronics Pvt. Ltd

Dr T. N. Subba Rao, *Independent Director*

Chairman, Construma Consultancy Pvt. Ltd
Former CMD, Gammon India Ltd

“My primary preoccupation was to give every citizen a stake in the country and its future. I wanted a home-owning society. I had seen the contrast between the blocks of low-cost rental flats, badly misused and poorly maintained, and those of house-proud owners, and was convinced that if every family owned its home, the country would be more stable.”

*—Lee Kuan Yew,
First Prime Minister, Republic of Singapore.*

Directors' Report

To The Members,

Your Directors have pleasure in presenting the Twelfth Annual Report on business and operations of the Company together with the Audited Statement of Accounts for the financial year ended March 31, 2007.

Financial Results and Operations:

Current year's operational result reflects the Company achieving greater heights in terms of volume and sales figures. The turnover has grown from Rs. 1,982.41 million to Rs. 4,077.65 million, which is an increase of 106% over the previous year. The profit before tax increased from Rs. 468.65 million to Rs. 1,068.44 million, an increase of 128% over the previous year.

We attribute the growth in our total income during the fiscal year 2007 to primarily the overall growth of our real estate development business and particularly from revenue recognised as a result of collections and development of residential properties in Brigade Gateway and Brigade Metropolis, which amounted to Rs. 2,031.23 million and Rs. 595.80 million, respectively.

Financial Results and Operations:

Rupees in Millions		
PARTICULARS	2006-2007	2005-2006
Net Sales and Other income	4,077.65	1,982.41
Profit before interest, depreciation and tax	1,320.25	618.20
Finance charges	164.57	95.97
Depreciation	87.24	53.58
Profit before tax	1,068.44	468.65
Provision for taxation:		
Current	(347.40)	(39.59)
Fringe Benefits	(1.80)	(1.11)
Deferred	12.37	(6.43)
Excess provision for Income tax reversed	(1.44)	(0.21)
Net Profit after Tax	730.17	421.31
Add: Prior year expenses/income	19.82	(0.03)
Less: Diminution in value of investment	(2.58)	-
Profit available for appropriation	747.41	421.28
Appropriations:		
Interim Dividend (Includes Tax on Dividend)	61.37	46.03
Transfer to General Reserve	74.80	280.27
Balance carried to Balance Sheet	611.24	94.98
Earning Per Share	27.77	37.85

Dividend:

The Board had declared Interim dividend at Rs. 2.00/- per share during the financial year 2006-07 and currently the Board is not recommending any additional and final dividend for the year 2006-07. A sum of Rs. 74.80 million has been transferred to the General Reserve.

Management Discussion and Analysis

I. MARKET

The year 2006-07 has witnessed continued buoyancy in the real estate market, more specifically reflected in line with overall growth of the Indian economy. Since real estate/housing sector is now open to FDI investment opportunities, and an active interest is being shown by overseas real estate/ financing companies in the India growth model, we see this triggering further growth in real estate activity all over the country.

With the Company's high standards in quality and timely delivery without compromising on basic principles of transparency and fairness, it has grown to be a dominant player in Bangalore.

We have recently witnessed a spurt in interest rates in the housing sector in the last few months. However we observe that the interest rates are affordable and your company does feel that this should not affect the long term perspective of the industry.

We intend to expand our scale of operations to various cities and centres in India, keeping in mind the all round growth and demand seen in the real estate sector.

II QUALITY

The quality in construction is the lifeline of your Company and imparted by your Company in all aspects of the product and service. The Company's continued commitment to excellence, and its efforts to continually deliver quality in all its projects, has led to being recognised as leaders in its business.

All engineers and site supervisors are regularly imparted training in the newer methodology and also in the use of latest tools and techniques in construction methods.

III SAFETY

Safety and security of the personnel, assets and environmental protection are on top of the agenda of all Brigade projects. Every activity is discussed with safety in mind and every solution complies with our safety policy.

IV HUMAN RESOURCES DEVELOPMENT

At Brigade, our passion at work translates into improving daily living and enabling our employees to reach her/his full potential. Several new initiatives have been taken by HR department to meet aspirations of employees, which include continuous training and work life balance.

The company has grown in strength from 225 numbers to 274 numbers in the last year. The growth rate is almost 22% over last year's staff strength. The company has initiated several steps to ensure that talented employees are retained with the advent of foreign players in the construction field.

V SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT

As a responsible corporate citizen, Brigade believes that its corporate responsibilities extend beyond its project sites and offices. The Company believes that for ensuring sustainable all round growth, organisation growth objectives need to be in line with overall development imperatives of society and community at large.

The company encourages, funds and develops numerous education, sports, health, human capital and infrastructure initiatives. These initiatives are undertaken through various organisations, including corporates, trusts and individuals.

The Company strongly believes in the welfare of its workers and tradesmen who are on its roll, by contributing to them and their families' medical and personnel requirements, in case of emergencies.

Fixed Deposits:

The Company has neither accepted nor renewed any fixed deposits during the year.

Directors:

There are no changes amongst the Directors during the year under review, except as mentioned on the next page:

Directors' Report

Mr. B. S. Adinaraya Gupta, Mr. A. A. Ramesh Kumar, Mr. M. S. Ravindra, Mr. Rajendra Prasad and Mr. M. R. Krishna Kumar resigned from the directorship of the Company during March 2007. Dr. K Kasturirangan has joined the Board during April 2007.

We place on record our deep appreciation for the services rendered by the Directors during their tenure on the Board.

Auditors:

M/s. Narayanan Patil & Ramesh, Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible for reappointment have offered themselves for reappointment.

M/s. Narayanan Patil & Ramesh, Chartered Accountants have confirmed that the appointment, if made, will be in accordance with the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Directors' Responsibility Statement:

As per the provisions of Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed 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. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the accounts on a going concern basis.

Particulars of Employees:

As per the requirements under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975, we state that the Company has not employed any person on a remuneration aggregating not less than Rs. 24,00,000/- per year or Rs. 2,00,000/- per month or were employed for a part of the year.

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

Since your Company does not own any manufacturing facility, the requirements pertaining to disclosure of particulars relating to conservation of energy, research and development and technology absorption, as prescribed in Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable. The particulars regarding foreign exchange earnings and expenditure are mentioned below.

Foreign Exchange : The foreign exchange outgo during the financial year under review is Rs. 46.38 million as against Rs. 27.40 million for the previous year. The foreign exchange earnings during the aforesaid periods is Rs. 163.29 million as against Rs. 83.55 million for the previous year 2005-06.

Acknowledgements:

Your Board of Directors would like to express its sincere appreciation to all the Company's valued customers—shareholders, consultants, contractors, suppliers, agents—for their support and continued patronage. The Directors are also grateful for the co-operation of the regulatory authorities including BCC, BDA, BMRDA, BWSSB, KPTCL, City Municipal Corporations, Airport Authority, BSNL and all other government agencies.

Your Directors wish to express their gratitude and appreciation to the employees of the Company for their hard work, loyalty and professionalism, which has ensured excellent all-round performance despite the challenging environment. The employees continue to remain the Company's most valuable assets and their dedicated efforts have enabled the Company to continue to be at the forefront of the property development sector.

for Brigade Enterprises Private Limited

M.R. Jaishankar
Managing Director

M.R. Shivaram
Director

Place: Bangalore
Date: May 14, 2007

Auditors' Report

To the members of **BRIGADE ENTERPRISES PRIVATE LIMITED**,

1. We have audited the attached Balance Sheet of **BRIGADE ENTERPRISES PRIVATE LIMITED**, as on 31st March 2007 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government of India, in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, 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 accounts as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

- e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 31.03.2007 from being appointed as Directors of the company under Clause (g) of Sub-section (1) of Section 274 of Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the notes thereon give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2007.
 - ii) In the case of Profit and Loss Account, of the profit for the year ended on that date.
 - iii) In the case of Cash Flow Statement of the cash flows for the year ended on that date.

Place: Bangalore
Date: May 14, 2007

for Narayanan, Patil and Ramesh
Chartered Accountants

L.R. Narayanan
Partner

Membership No: 200/25588

Annexure to Auditors' Report

Annexure referred to in paragraph 3 of the Auditors' Report to the members of Brigade Enterprises Private Limited on the accounts for the period ended 31st March 2007.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) All the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
(c) During the year, the Company has not disposed off any major part of Plant & Machinery that would affect the Going Concern assumption of the Company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between physical stock and book stock was not material.
- (iii) (a) The Company has neither granted nor taken any loans, secured or unsecured from companies, firms and other parties mentioned in the Register maintained under Section 301 of the Companies Act, 1956.
(b) Since the Company has neither granted nor taken any loans, the provisions of Clause (iii) (b), (iii) (c), (iii) (d), (iii) (e), (iii) (f), (iii) (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from the public and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under, are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records and hence the provision of Clause 4(viii) is not applicable.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Employee Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess were in arrears, as on 31.03.2007 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Sales Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of dispute, except for dispute with Income Tax which have not been deposited and details are given below:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Penalty for wrongful claim of deduction	Rs.15,49,503/-	Assessment Year 2001-02	Commissioner of Income Tax (Appeals)
	Income Tax on disallowance of deduction	Rs.2,86,96,361/-	Assessment Year 2004-05	Commissioner of Income Tax (Appeals)

Annexure to Auditors' Report

- (x) In our opinion, the Company has no accumulated losses and the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) In our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence, maintenance of records is not applicable.
- (xiii) In our opinion, the Company is not a chit fund or nidhi mutual benefit fund / society and therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations provided to us, the Company is not dealing in or trading in shares, securities, debentures and other investments and accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution and accordingly provisions of clause 4(xv) of the Order are not applicable to the Company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) 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 not been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Act and therefore, the provisions of clause 4(xviii) of the Order are not applicable to the Company.

- (xix) According to the information and explanations given to us, the Company has not issued any debenture and therefore, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) According to the information and explanations given to us, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- (xix) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under review.
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for Narayanan, Patil and Ramesh
Chartered Accountants

L.R. Narayanan
Partner

Membership No: 200/25588

Place: Bangalore
Date: May 14, 2007

Balance Sheet

as at 31st March 2007

Rupees in Millions

PARTICULARS	SCH	31st March 2007	31st March 2006
SOURCES OF FUNDS			
Shareholders Funds			
Share capital	A	269.16	269.16
Reserves and surplus	B	1,202.73	516.69
		1,471.89	785.86
Loan Funds			
Secured loans	C	2,402.03	1,007.31
Unsecured loans	D		17.93
		2,402.03	1,025.23
Total		3,873.92	1,811.09
APPLICATION OF FUNDS			
Fixed Assets			
	E		
Gross Block		956.84	2,209.86
Less: Depreciation		198.16	111.13
Net Block		758.68	2,098.72
Add: Capital work-in-progress		477.94	430.99
		1,236.62	2,529.71
Investments	F	15.37	17.99
Deferred Tax Asset	G	16.76	4.39
Current Assets, Loans & Advances			
Inventories	H	3,984.43	900.14
Sundry debtors	I	169.50	53.04
Cash and bank balances	J	175.04	196.25
Loans and advances	K	1,551.82	734.71
		5,880.79	1,884.14
Less: Current Liabilities & Provisions			
Current liabilities	L	2,921.59	2,561.06
Provisions	M	354.03	64.08
		3,275.62	2,625.14
Current Assets		2,605.17	(741.01)
Total		3,873.92	1,811.09

Notes to accounts forms an integral part of the Financial Statement

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner

Place: Bangalore
Date: May 14, 2007

for **Brigade Enterprises Private Limited**

M.R. Jaishankar
Managing Director

M.R. Shivaram
Director

A. Anil Kumar
Vice President-Finance & Company Secretary

Profit & Loss Account

for the year ended 31st March 2007

Rupees in Millions

PARTICULARS	SCH.	31st March 2007	31st March 2006
INCOME			
Contract & other receipts	N	4,019.59	1,988.83
Increase/(Decrease) in closing stock of units		58.06	(6.42)
Total		4,077.65	1,982.41
EXPENDITURE			
Project Expenses	O	2,315.68	1,150.08
Personnel Expenses	P	159.43	87.53
Administrative and Selling Expenses	Q	282.29	126.60
Interest & Financial Charges	R	164.57	95.97
Depreciation	E	87.24	53.58
Total		3,009.20	1,513.76
Profit Before Tax		1,068.44	468.65
Provision for taxation - current taxes		(347.40)	(39.59)
Provision for taxation - deferred taxes		12.37	(6.43)
Fringe Benefit tax paid		(1.80)	(1.11)
Excess provision for Income tax reversed		(1.44)	(0.21)
Profit after tax		730.17	421.31
Add: Prior year (expenses)/income		19.82	(0.03)
Less : Diminution in value of investments		(2.58)	-
Profit for the year available for Appropriation		747.41	421.28
Appropriations			
Towards Proposed/Interim dividends		53.83	40.37
Towards Tax on Proposed/Interim dividend		7.54	5.66
Profit Transferred to General Reserve		74.80	280.27
Balance Transferred to Profit & Loss account		611.24	94.98
		747.41	421.28
(Earnings per share - Basic & diluted (in Rupees))		27.77	37.85

Notes to accounts forms an integral part of the Financial Statement

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner

Place: Bangalore
Date: May 14, 2007

for **Brigade Enterprises Private Limited**

M.R. Jaishankar
Managing Director

M.R. Shivaram
Director

A. Anil Kumar
Vice President-Finance & Company Secretary

Schedules forming part of Balance Sheet as at 31st March 2007

Rupees in Millions

PARTICULARS	31st March 2007	31st March 2006
SCHEDULE A — Share Capital		
Authorised		
3,00,00,000 Equity Shares of Rs.10/- each	300.00	300.00
Issued , Subscribed & Paid Up		
2,69,16,210 Equity shares of Rs.10/- each	269.16	269.16
	269.16	269.16
SCHEDULE B — Reserves & Surplus		
General Reserve		
Opening balance	300.00	19.74
Add: Transfers during the year from P&L A/c	74.80	280.27
Closing balance (A)	374.80	300.01
Profit & Loss A/c		
Opening balance	216.69	283.21
Add : Profit for the year	611.24	94.98
Less : Transferred towards issue of bonus shares	-	(161.51)
Closing balance (B)	827.93	216.68
Total (A+B)	1,202.73	516.69
SCHEDULE C — Secured Loans		
Project loans	2,150.99	950.00
Rent receivable loans	104.80	54.16
Other loans /Bank overdraft	144.77	-
Vehicle Loan	1.47	3.15
(Term Loans repayable within 1 year is Rs.566.31 Millions)		
	2,402.03	1,007.31
SCHEDULE D — Unsecured Loans		
From Shareholders & their relatives		17.93
		17.93

Notes to accounts forms an integral part of the Financial Statement

Rupees in Millions

			GROSS BLOCK						DEPRECIATION BLOCK				NET BLOCK	
SL. No.	Assets	Rate of Depn.	As at 1-Apr-06	Amount Reallocated	As At 1-Apr-06	Additions	Deletions	As At 31-Mar-07	Upto 31-Mar-06	For the Year ending 31-Mar-07	Amount Written Back	Total	W.D.V. As At 31-Mar-07	W.D.V. As At 31-Mar-06
A	Land & Buildings													
	Land		1,800.97	18.04	1,819.01	26.00	1,778.70	66.31	-	-	-	-	66.31	1,800.97
	Buildings		207.53	(18.04)	189.49	354.57	-	544.06	18.13	23.77	-	41.90	502.16	189.40
B	Interiors, Furniture & Fixtures													
	Furniture & Fixtures	18.10%	20.21	1.07	21.28	1.40	-	22.68	9.71	3.41	-	13.12	9.56	11.57
	Interiors	20.00%	52.64	-	52.64	102.14	-	154.78	15.17	22.09	-	37.26	117.52	37.47
	Furniture & fixtures	25.00%	11.05	-	11.05	-	-	11.05	5.97	5.08	-	11.05	-	5.08
	Furniture & fixtures	33.33%	15.36	-	15.36	-	-	15.36	9.82	5.12	-	14.94	0.42	5.54
C	Office Equipment, Plant & Machinery													
	Electrical Installation	20.00%	9.40	-	9.40	25.52	-	34.92	3.23	5.73	-	8.96	25.96	6.17
	Plant & machinery	25.00%	10.01	-	10.01	-	-	10.01	6.89	3.12	-	10.01	-	3.12
	Electrical Installation	33.33%	23.50	-	23.50	-	-	23.50	15.02	7.83	-	22.85	0.65	8.48
	Office Equipment	13.91%	13.17	-	13.17	2.00	0.21	14.96	5.13	2.35	0.02	7.46	7.50	8.04
D	Computers													
	Computers	40.00%	20.88	-	20.88	3.66	-	24.54	13.47	3.70	-	17.17	7.37	7.41
E	Motor Vehicles													
	Motor Vehicles	25.89%	24.08	-	24.08	10.81	0.21	34.68	8.59	5.04	0.19	13.44	21.24	15.49
	Total		2,208.8	-	2,209.87	526.10	1,779.12	956.86	111.13	87.24	0.21	198.16	758.69	2,098.74
	IV. Capital Work-in-progress					477.94		477.94					477.94	
1	Interiors—10th Floor-BHSPL													
	Office													
	Interiors		1.1	(1.07)	0.03	-	-	-	-	-	-	-	-	-
	Total		2,209.9		2,209.90	1,004.04	1,779.12	1,434.80	111.13	87.24	0.21	198.16	1,236.63	2,098.74

Schedules forming part of Balance Sheet as at 31st March 2007

Rupees in Millions

PARTICULARS	31st March 2007	31st March 2006
SCHEDULE F		
A. Investments (Long Term)		
Investment in Government Securities		
Indira Vikas Patra	-	-
National Savings Certificate	1.26	1.30
B. Unquoted Shares		
5,000 Shares of Diagnostic Research (P) Ltd	0.05	0.05
face value of Rs. 10/- each		
1,90,000 Shares of AEC Infotech (P) Ltd	1.90	1.90
Face value of Rs. 10/- each		
1,85,000 shares of Tandem Allied Services Pvt. Ltd	0.74	0.74
Face value of Rs. 10/- each		
10,00,000 Shares of Brigade Hospitality Pvt. Ltd	10.00	10.00
Face Value Rs. 10/- each		
100,200 Shares of Tetrarch Holdings Pvt. Ltd		
Face Value Rs. 10/- each	3.84	3.84
Less: Dimution in value of investment in Tetrarch	(2.59)	
	1.25	3.84
Foundation Habitats Company Limited		0.10
10,000 shares of Brigade Estates & Projects (P) Ltd		
of Face Value of Rs. 10/- each	0.10	
C. Quoted Shares (at lower of cost or market value) in		
Nuchem India Ltd - 6000 shares	0.04	0.04
(Market value as on 31.03.07 is Rs. 7.14 per share)		
Ansal Housing Co. Ltd - 100 shares	0.00	0.00
(Market value as on 31.03.07 is Rs. 269.80 per share)		
Ansal Build Well Ltd - 100 shares	0.00	0.00
(Market value as on 31.03.07 is Rs. 94.05 per share)		
Ansal Properties Ltd - 100 shares	0.01	0.01
(Market value as on 31.03.07 is Rs. 527.50 per share)		
Mantri Housing Ltd - 100 shares	0.00	0.00
S I Property Developers Ltd - 100 shares	0.00	0.00
Unitech Ltd - 100 shares	0.02	0.01
(Market value as on 31.03.07 is Rs. 387.35 per share)		
Vijayshanti Builders Ltd - 100 shares	0.00	0.00
(Market value as on 31.03.07 is Rs. 69.9 per share)		
	15.37	17.99

Notes to accounts forms an integral part of the Financial Statement

Contd...

Rupees in Millions

PARTICULARS	31st March 2007	31st March 2006
SCHEDULE G — Deferred Tax Asset		
Fixed Assets	12.73	3.24
Expenses disallowed	4.03	1.15
	16.76	4.39
SCHEDULE H — Inventories		
(At lower of Cost or Net Realisable Value)		
Stock of Materials at sites		
- As Certified by Management	-	83.43
Land Held for Development	1,729.89	-
Work in Progress		
- As Certified by Management	2,187.56	777.28
Closing stock of unsold units	66.98	39.43
	3,984.43	900.14
SCHEDULE I — Sundry Debtors		
(Unsecured, Considered Good)		
- Outstanding for more than 6 months:		
Considered Good	29.67	53.04
Considered Doubtful	2.32	-
- Other debts, Considered Good	139.83	-
	171.82	53.04
Less: Provision for doubtful debts	(2.32)	-
	169.50	53.04
SCHEDULE J — Cash & Bank Balances		
Cash & Cheques in hand	21.64	1.24
Cash with Scheduled Banks		
- in Current Accounts	117.95	123.51
- in Deposit Accounts	35.45	71.50
	175.04	196.25

Contd...

Schedules forming part of Balance Sheet as at 31st March 2007

Contd...from the previous page

Rupees in Millions

PARTICULARS	31st March 2007	31st March 2006
Schedule K — Loans and Advances		
(Unsecured; Considered good)		
Advances recoverable in cash, kind or value to be received:		
Property	805.43	323.08
Contractors/Suppliers	477.08	221.34
Subsidiary companies	0.01	0.01
Others	31.03	13.28
Advance Tax/TDS	188.11	40.96
Deposits	50.16	136.04
	1,551.82	734.71
Schedule L — Current Liabilities		
Advances Received from Clients	1,864.92	2,052.94
Sundry Creditors:		
Subsidiary Companies	24.87	5.31
Small Scale Industries [Note (i) below]	-	-
Contractors, Suppliers & Others	1,031.80	502.81
Note (i): Information provided by the Company, which has been relied upon by the Auditors		
	2,921.59	2,561.06
Schedule M — Provisions		
Provision for Income Tax	347.40	38.62
Provision for FBT (Net of Adv Tax of Rs.17.96 Lakhs, 2006:Rs.10.63 Lakhs)	-	0.05
Provision for leave encashment & gratuity	6.63	2.39
Dividend Payable	-	20.19
Tax on Dividend	-	2.83
	354.03	64.08

for Brigade Enterprises Private Limited

A. Anil Kumar
Vice President-Finance & Company Secretary

Schedules forming part of Profit & Loss Account for the year ended 31st March 2007

Rupees in Millions

PARTICULARS	31st March 2007	31st March 2006
SCHEDULE N — Contract & Other Receipts		
Contract & Other receipts	3,781.70	1,834.36
Dividend received/Income from Investment	0.65	0.15
Interest received	11.59	10.19
Miscellaneous Income	103.84	20.69
Rent Received	121.80	114.55
Profit/(Loss) on Sale of Properties/Asset	0.01	8.89
	4,019.59	1,988.83
SCHEDULE O — Project Expenses		
Construction materials		
Cement	85.80	47.42
Concrete Pavers	4.34	3.93
Flush doors	7.70	4.61
Granite/Marble	22.16	76.53
Hardware Items	2.23	3.80
PVC Windows	9.15	49.90
Steel	659.38	137.82
Tiles	23.24	15.30
Wood	-	4.10
	814.00	343.41
Construction Expenses	1,781.95	775.23
Architect & Consultancy Fees	143.24	102.24
Electrical Work and Power Charges	177.83	196.57
Interiors - Projects	73.88	102.87
Miscellaneous Expenses Construction	37.81	61.96
Land cost	715.71	48.41
Rates & Taxes - projects	46.96	71.50
Sub-Total	3,791.38	1,702.19
Increase/Decrease in Stock and WIP		
Opening Stock	83.43	112.89
Opening Work in Progress - Projects	777.28	444.60
Opening Work in progress - Capital	430.99	182.10
Less: Cost of Projects capitalised	(274.39)	-
Total	1,017.31	739.59
Closing Stock	-	83.43
Closing Work in Progress - Projects	2,187.56	777.28
Closing Work in Progress - Capital	305.45	430.99
Total	2,493.01	1,291.70
(Increase) / Decrease in value	(1,475.70)	(552.11)
Total	2,315.68	1,150.08

Schedules forming part of Profit & Loss Account for the year ended 31st March 2007

Rupees in Millions

PARTICULARS	31st March 2007	31st March 2006
SCHEDULE P — Personnel Expenses		
Salaries & Wages	140.92	77.93
Training & Recruitment	2.59	2.42
Staff Welfare	9.04	4.54
Contributions to funds	6.88	2.64
	159.43	87.53
SCHEDULE Q — Administrative and Selling Expenses		
Advertisement & Sales Promotion	102.63	51.98
Agency Commission	34.43	7.56
Bad debts	3.13	0.42
Communication expenses	6.95	4.19
Directors Sitting fee	0.42	0.43
Discount	24.96	7.32
Donation	1.57	3.14
Miscellaneous expenses	21.17	5.26
Insurance A/c	6.20	0.70
Legal, professional & consultancy charges	7.43	4.87
Power / Fuel Charges	3.23	2.08
Printing & Stationery	3.28	2.93
Rates & Taxes	12.49	8.57
Rent Paid	21.83	11.44
Repairs & Maintenance	8.24	1.66
Foreign. Currency fluctuation	0.37	(0.00)
Security Charges	7.99	3.46
Travelling & Conveyance Expenses	15.97	10.59
	282.29	126.60
SCHEDULE R — Interest and Financial Charges		
Bank Charges	23.34	1.78
Interest paid	141.23	94.19
	164.57	95.97

for Brigade Enterprises Private Limited

A. Anil Kumar
Vice President-Finance & Company Secretary

Cash Flow Statement

for the year ended 31st March 2007

Rupees in Millions

PARTICULARS	As on 31st March 2007	As on 31st March 2006
Cash flows from Operating Activities		
Net profit before taxation	1,068.44	468.65
Adjustments for:		
Depreciation	87.24	53.58
Profit on sale of Assets	(0.01)	(9.78)
Dividend Income	(0.65)	(0.15)
Dimunition in value of investments	-	0.02
Prior year income/(expenses)	19.82	(0.03)
Interest Income	(11.59)	(10.19)
Sundry Debtors written Off	3.13	0.42
Interest paid	141.23	94.19
Operating Profit before working Capital changes	1,307.61	596.71
Decrease/(Increase) in Sundry Debtors	(119.59)	24.24
Decrease/(Increase) in Inventories	(1,305.59)	(545.68)
Decrease/(Increase) in Loans & Advances	(669.95)	(179.67)
Income taxes paid	(189.06)	(35.53)
Increase/(Decrease) in Current Liabilities	364.76	663.16
Net Cash flow from Operating Activities	(611.82)	523.23
Cash flows from Investing Activities		
Purchase of Fixed Assets	(573.06)	(302.66)
Sale Proceeds of Fixed Assets	0.22	48.37
Long term Investments	0.04	(13.38)
Interest Received	11.59	10.19
Dividend received	0.65	0.15
Net Cash flow from Investing Activities	(560.56)	(257.33)
Cash flows from Financing Activities		
Interest payment	(141.23)	(94.19)
Dividend paid	(84.40)	(35.29)
Increase/(Decrease) in secured loans	1,394.72	(64.30)
Decrease in Unsecured loans	(17.93)	(3.17)
Net Cash from financing activities	1,151.16	(196.95)
Net increase in cash and cash equivalents	(21.22)	68.95
Cash and Cash equivalents at the beginning of period	196.26	127.31
Cash and Cash equivalents at the end of period	175.04	196.26

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner

Place: Bangalore
Date: May 14, 2007

for **Brigade Enterprises Private Limited**

M.R. Jaishankar
Managing Director

M.R. Shivaram
Director

A. Anil Kumar
Vice President-Finance & Company Secretary

Part IV

Balance Sheet Abstract & Company's General Business Profile

Rupees in Millions

Registration Details	
(a) Registration No.	19126 of 1995
(b) State Code	08
(c) Balance Sheet Date	31.03.2007
	Rupees in Millions
Capital raised during the year:	
(a) Public Issue	Nil
(b) Rights issue	Nil
(c) Bonus Issue	Nil
(d) Private Placement	Nil
Position of mobilisation and deployment of funds	
(a) Total Liabilities	3,873.92
(b) Total Assets	3,873.92
Sources of Funds	
- Paid Up Capital	269.16
- Reserves & Surplus	1,202.73
- Secured Loans	2,402.03
- Unsecured Loans	-
Application of Funds	
- Net Fixed Assets	1,236.62
- Investments	15.37
- Net Current Assets	2,605.17
- Deferred Tax Asset	16.76
Performance of Company	
Total Income	4,077.65
Total Expenditure	3,009.21
Profit/Loss before Tax	1,068.44
Profit/Loss after Tax	730.18
Earnings per share in Rs.	27.77
Dividend Rate (%)	20%
Generic name of principal products/service of the Company	
Item Code No. (ITC Code)	-NA-
Product description	Construction Activity

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner

Place: Bangalore
Date: May 14, 2007

for **Brigade Enterprises Private Limited**

M.R. Jaishankar
Managing Director

M.R. Shivaram
Director

A. Anil Kumar
Vice President-Finance & Company Secretary

Schedule for Notes to Accounts for the year ended on 31st March 2007

I. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis for Preparation of Financial Statements:

The financial statements are prepared under the historical cost convention, in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material impact / bearing on the financial statements are recognised on the accrual basis.

2. Use of Estimates:

Preparation of financial statements in conformity with Generally Accepted Accounting Principles requires Company management to make estimates and assumptions that affect reported balance of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of financials and reported amounts of income and expenses during the period. Examples of such estimate include profits expected to be earned on projects carried on by the Company, contract costs expected to be incurred to completion of project, provision for doubtful debts, income taxes, etc. Actual results could differ from these estimates. Differences, if any, between the actual results and estimates are recognised in the period in which the results are known or materialised.

3. Revenue Recognition:

- Income from operations is determined and recognised, based on the percentage of completion method, as the aggregate of the profits earned on the projects completed/under completion and the value of construction work done during the period.

Profit so recognised in respect of individual projects is adjusted to ensure that it does not exceed the estimated overall profit margin. Loss on projects, if any, is fully provided for.

Stage of completion of projects in progress is determined on the basis of the proportion of the contract costs incurred, in respect of individual projects for work performed up to the period of the financial statements, bear to the estimated total project cost. Income recognised as contract revenue during the period is based on the lower of stage of completion as determined above and percentage of actual amount received on sale (pursuant to agreements entered into by the Company) of the estimated contract value of these projects. Project revenues on new projects are

Schedule for Notes to Accounts for the year ended on 31st March 2007

recognised when the stage of completion of each project reaches a significant level, which is estimated to be at least 25%.

The estimates for sale value and contract costs are reviewed by management periodically and the cumulative effect of the changes in these estimates, if any, are recognised in the period in which these changes may be reliably measured.

- Interest income is recognised on time basis and is determined by the amount outstanding and rate applicable.
- Dividend income is recognised as and when right to receive payment is established.
- Rental income / lease rentals are recognised on accrual basis in accordance with the terms of agreement.
- Differential income arising on account of any charges collected including deposits and the related expenses incurred are recognised in the year of handing over of the flats to the customers.

4. Expenditure:

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

5. Events occurring after the date of Balance Sheet:

Material events occurring after date of Balance Sheet are taken into cognisance.

6. Fixed Assets:

Fixed assets are stated at cost of acquisition including directly attributable costs for bringing the asset into use, less accumulated depreciation.

7. Depreciation:

Depreciation in respect of fixed assets, is provided adopting Written Down Value Method at the rates provided under Schedule XIV to the Companies Act, 1956, except,

- On assets held for the purpose of sale, no depreciation is charged.
- On assets leased out depreciation is charged on Straight Line Method over the period of the lease or five years whichever is lower.

Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing less than Rs.5,000/- is charged off in the year of purchase.

8. Foreign Currency Translation:

Foreign currency transactions are restated at the rates ruling at the time of receipt/payment and all exchange losses/gains arising there from are adjusted to the respective accounts. All monetary items denominated in foreign currency are converted at the rates prevailing on the date of the financial statement.

9. Valuation of Inventories and Construction Work-in-progress:

- a) Valuation of Inventories, representing stock of materials at project site, has been done after providing for obsolescence, if any, at lower of cost or net realisable value.
- b) The value of construction work-in-progress during the period is determined as follows:
 - The aggregate of opening stock, opening work in progress, cost of construction and construction overheads incurred during the year as reduced by cost of completed contract transferred to income and closing stock of materials, if any.
 - The value of completed projects intended for immediate sale is considered as an inventory and value of completed projects/units intended to be retained/leased is considered as fixed asset.
 - Land held for development is valued at cost.

10. Retirement Benefits:

Retirement benefits are provided for / paid to the approved funds maintained on behalf of the Company, as per statutes / amounts advised by the funds. Liability in respect of leave encashment is provided for on actual basis.

Gratuity cost is accrued based on Actuarial Valuations at the balance sheet date, carried out by an independent actuary and considering the fund balance. The Company has an employee gratuity fund managed by Life Insurance Corporation of India (LIC). Actuarial gains or losses are charged to Profit and Loss Account.

Schedule for Notes to Accounts for the year ended on 31st March 2007

11. Investments

Investments are classified as current investments and long term investments. Long term investments are carried at the cost, unless there is a permanent diminution in value of the investments and current investments are carried at the lower of cost or market value.

12. Impairment of Assets:

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard-28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India, where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

13. Earnings per Share:

Basic earning per share is computed by dividing net income by the weighted average number of common stock outstanding during the period.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earning per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e., the average market value of the outstanding shares). Diluted potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

14. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating; financing and investing activities of the company are segregated.

15. Provision for Taxation:

Deferred tax is recognised, subject to the consideration of prudence, in respect of deferred tax assets or liabilities, on timing differences, being the difference

between taxable incomes and accounting incomes that originate in one period, and are reversible in one or more subsequent periods.

The provision for taxation is made on taxes payable method after considering the effect of deduction under Section 80IB of the Income Tax Act, 1961.

16. Borrowing Costs

Cost of funds borrowed for acquisition of fixed assets up to the date the asset is put to use is added to the value of the assets.

II. NOTES ON ACCOUNTS (forming an integral part of accounts)

1. Share Capital:

Issued, Subscribed and Paid up Capital of 2,69,16,210 Equity shares includes:

- 5,00,000 Equity Shares of Rs.10/- each fully paid-up, issued as Bonus Shares in 1996; 71,77,656 Equity Shares of Rs.10/- each fully paid-up, issued as Bonus Shares during 2004-05 and 1,61,49,726 Equity Shares of Rs.10/- each fully paid-up, issued as Bonus Shares during 2005-06
- 16,22,628 Equity Shares allotted as fully paid up on Amalgamation of the erstwhile Brigade Developers Private Limited with the Company in the year 2001-02.
- 68,400 Equity Shares allotted as fully paid up on Amalgamation of the erstwhile Brigade Investments Private Limited with the Company in the year 2001-02.

2. Managerial Remuneration:

	Rupees in Millions	
	2006-07	2005-06
Profit after providing for Managing Director's remuneration but before taxation	1,068.44	468.65
Add: Managing Director's remuneration	56.23	24.67
Profit before charging Managing Director's remuneration	1,124.67	493.32
Managing Director's remuneration @ 5% of the above	56.23	24.67

Schedule for Notes to Accounts for the year ended on 31st March 2007

3. Remuneration paid to Statutory Auditors debited to Profit & Loss Account:

Rupees in Millions

	2006-07	2005-06
Audit Fees	0.50	0.33
Tax Audit Fees	0.14	0.14
Other services	0.18	0.03
Total	0.82	0.50

The above includes the applicable service tax on the fees.

4. Secured Loans:

➤ Loan from :

- Corporation Bank term loan to part finance Phase I of Brigade Gateway project is secured by the equitable mortgage of land situated at 26/1, Industrial Suburb, Subramanyanagar, Malleswaram (West), Bangalore measuring 39.735 acres and the building to be constructed thereon, on pari-passu basis with Karnataka Bank.
- Demand loan from Corporation Bank to part finance the hospital project at Brigade Gateway project is secured by the equitable mortgage of property offered as primary security for the Phase I loan.
- Corporation Bank Overdraft secured by equitable mortgage of portions owned by the Company in
 - Brigade Seshamahal situated at No.5, Vani Vilas Road, Basavanagudi, Bangalore.
 - Hulkul Brigade Centre situated at No.82, Lavelle Road, Bangalore owned by Mr. M R Jaishankar and his family members.
- Corporation Bank term loan for Brigade Gateway North Star project and parking complex project is secured by pari-passu first charge on equitable mortgage of land situated at 26/1, Industrial Suburb, Subramanyanagar, Malleswaram (West), Bangalore measuring 39.735 acres and the building to be constructed thereon, with Indian Bank.
- Indian Bank term loan for Brigade Gateway North Star project is secured by equitable mortgage of land at Brigade Gateway project situated at 26/1, Industrial Suburb, Subramanyanagar, Malleswaram (West), Bangalore measuring 3.1 acres included in larger block of land and the building to be constructed thereon, on pari-passu basis with Corporation Bank.

- Karnataka Bank term loan for Brigade Gateway project is secured by equitable mortgage of land at Brigade Gateway project situated at 26/1, Industrial Suburb, Subramanyanagar, Malleswaram (West), Bangalore measuring 39.735 acres and the building to be constructed thereon, on pari-passu basis with Corporation Bank.
- HDFC Bank term loan for Brigade Metropolis project is secured by mortgage of land situated at Mahadevapura Village, Krishnarajapuram Hobli, Bangalore South, to the extent of developers share measuring 6,10,000 sft and built up space thereon.
- Term loan from State Bank of India for Brigade South Parade project is secured by equitable mortgage of property belonging to Mr. M R Jaishankar situated at Kurubarakunte Village, Devanahalli Taluk measuring 22 acres, and 1st charge on the rent receivable from the building Brigade South Parade.
- Vehicle loan from ICICI Bank is secured by hypothecation of the respective vehicles for which loan is taken.

Above loans have been further secured by the personal guarantee of Mr. M.R. Jaishankar, Mr. M.R. Shivram, and Mr. M.R. Krishna Kumar, directors of the Company, wherever required.

5. The Foreign Exchange Inflow & Outflow:

The details of Foreign Exchange inflow and outflow during the year are as follows:

Particulars	2006-07	2005-06
Inflow:		
Advance for Sale of Units, Lease deposits & Rentals	Rs.163.29 Millions	Rs.83.55 Millions
Expenditure in Foreign Currency towards:		
i. Professional charges	Rs. 14.78 Millions	Rs. 26.63 Millions
ii. Consultation Fees	Rs. 1.79 Millions	Nil
iii. Others	Rs. 29.81 Millions	Rs. 0.77 Millions

CIF Value of imports during the year is Rs.25.68 Millions (2006: Nil)

Schedule for Notes to Accounts for the year ended on 31st March 2007

6. Contingent Liabilities:

Capital Commitments and Contingent Liabilities on account of:

Rupees in Millions

Particulars	2006-07	2005-06
Capital Commitments not provided in the books	2,904.37	Nil
Towards counter guarantee to bank for issuing bank guarantee	11.67	0.09
Claims from government departments not acknowledged as debts	29.59	1.55

7. Assets given under Operating Lease:

- i) The Company has given certain Assets on Operating Lease. Details of assets given under Operating Lease are as under:

Rupees in Millions

Description of Asset	Gross Carrying amount 31-03-07	Accumulated Depreciation	Depreciation for the year	Acc. Impairment loss
Building (cost incurred) & Equipments in 'Brigade Software Park'	7.14	NIL	NIL	NIL
Building and equipments at 'Brigade Seshmahal'	30.29	0.93	0.93	NIL
Interiors and equipments at 'Hulkul Brigade Centre'	15.36	14.94	5.12	NIL
Building, Interiors and Equipments at 'Brigade South Parade'	191.71	43.69	17.77	NIL
Building, Interiors and Equipments at 'Brigade Plaza'	21.98	3.56	1.30	NIL
Building, Interiors and Equipments at 'Brigade Court'	34.48	12.97	4.77	NIL
Equipments at 'Brigade Terraces'	3.92	3.92	0.33	NIL

- ii) The Company has taken various residential / commercial premises on cancellable operating leases. These agreements are normally renewed on expiry.
- iii) The Company has taken on non-cancellable operating lease certain assets (lands) the future minimum lease payments in respect of which, as at 31st March 2007 are as follows:

Rupees in Millions

Minimum lease payments	
a) Payable not later than 1 year	11.03
b) Payable later than 1 year and not later than 5 years	49.23
c) Payable later than 5 years	369.98

There are no exceptional / restrictive covenants in the lease agreements.

iv) Contingent rent recognised in the Profit and Loss Account is Rs.Nil.

8. Contract Revenues:

The total Contract Revenues recognised during the year amounts to Rs.3,781.70 Million for which the corresponding contract costs incurred and recognised profits /(losses) for all contracts in progress during the year amounts to Rs.2,315.68 Millions. The Company has retention amount as at the end of the year for Rs.128.93 Millions from suppliers/contractors and the same is included in Sundry Creditors amount in the financial statements.

9. Land held for Development:

Company had acquired certain lands during the preceding years which were grouped under Fixed Assets till last financial year. The same has been regrouped during the current year as Land held for Development and is disclosed as part of inventories in the current financial statement.

10. Related Party Disclosure:

Related Party Disclosures, as required by AS-18, "Related Party Disclosures" are given below:

A. Relationships:

Holding Companies	Nil
Subsidiary Companies	1. Brigade Hospitality Services Private Limited 2. Tetrarch Holdings Private Limited. 3. Brigade Estates and Projects Private Limited
Associated Companies	1. AEC Infotech Private Limited 2. Tandem Allied Services Pvt. Ltd.
Other related parties where common control exists	1. Mysore Holdings 2. Brigade Foundation
Whole time Directors	Mr. M. R. Jaishankar Managing Director

Schedule for Notes to Accounts

for the year ended on 31st March 2007

B. The following transactions were carried out with the related parties in the ordinary course of business.

Transactions with subsidiaries, associates, and key managerial personnel and relatives

Rupees in Millions

	Sale of material / finished goods / services	Purchase of material / finished goods / services / Other expenses	Guarantees out-standing	Investment in shares during the year	Outstanding receivables / (payables), as at 31.03.2007
BHSPL	NIL	0.08	NIL	NIL	(24.87)
Tandem	NIL	15.04	NIL	NIL	(0.15)
AEC	NIL	4.61	NIL	NIL	(0.50)
Tetrarch	NIL	NIL	NIL	NIL	0.01
B Estates	NIL	NIL	NIL	0.10	NIL
Mysore Holdings	NIL	NIL	NIL	NIL	0.24
B Foundation	NIL	0.19	NIL	NIL	27.89
Key Managerial Personnel	3.31	1.02	NIL	NIL	(0.59)
Relatives of Key Managerial Personnel	8.63	0.80	NIL	NIL	(9.40)

Details with respect to salary paid to whole-time directors are mentioned elsewhere in the notes.

11. Earnings Per Share

Particulars	EPS before Extra-ordinary items		EPS after Extra-ordinary items	
	2006-07	2005-06	2006-07	2005-06
Equity Share of par value Rs.10/- each				
Net profit	730.18	421.31	747.42	421.28
Basic & Diluted (in Rupees)	27.13	37.85	27.77	37.85
Number of shares used in computing earnings per share				
Basic & Diluted	26,916,210	11,129,853	26,916,210	11,129,853

12. Warranty Costs:

The Company has not recognised warranty cost relating to sale of unit/property, since such costs, if any, are covered by a corresponding warranty from the Company's contractors /vendors. This cost, if any, is recognised as and when incurred by the company.

13. As of 31st March 2007, the Company has no amounts due to Small Scale Industries. Certain Debtor and Creditor balances are subject to confirmation from the respective parties.

14. Gratuity Plan:

Effective from April 01, 2006, the Company has adopted the revised accounting standard on employee benefits.

The table on the next page spells out the status of the gratuity plan as required under AS-15 (revised).

Schedule for Notes to Accounts for the year ended on 31st March 2007

Rupees in Millions

Particulars	As at 31 March 2007
Obligations at the beginning of the year	3.92
Service Cost	1.28
Interest Cost	0.29
Benefits Settled	(0.19)
Actuarial (Gain) / Loss	(0.22)
Obligations at the end of the year	5.08
Change in Plan Assets	
Plan Assets at the beginning of the year, at Fair Value	2.05
Expected return on plan assets	0.16
Contributions	0.73
Benefits Settled	(0.19)
Actuarial Gain / (Loss)	Nil
Plan Assets at the end of the year, at Fair Value	2.75
Reconciliation of Present Value of the obligation and the Fair Value of the planned assets	
Fair Value of Plan Assets at the end of the year	2.75
Present Value of the defined benefit obligation at the end of the year	5.08
Asset / (Liability) recognized in the balance sheet	(2.33)
Gratuity Cost for the year	
Service Cost	1.28
Interest Cost	0.29
Expected return on plan assets	(0.17)
Actuarial (Gain) / Loss	(0.21)
Net Gratuity Cost	1.19
Assumptions	
Interest rate	7.50%
Expected rate of return on plan assets	7.50%
Expected rate of salary increase	7.00%
Attrition rate	9.00%
Retirement Age	58 Years

15. Deferred Taxation:

During the year, the Company has accounted for Rs. 12.37 Millions towards deferred tax assets and the same has been charged to profit and loss account of the current year.

16. Segmental Reporting

The Company's operations predominantly relate to construction and development, real estate development and related activities of leasing/rental of units/properties. Accordingly, real estate development represents a single primary segment in the financials of the Company and the geographical location of the projects represents the secondary segment of reporting.

During the current year, the financials of the Company represent a single primary segment (real estate development). With respect to secondary segment, the Company has its projects in and around Bangalore, which makes it a single segment. Hence, providing of segmental information is not applicable to the Company for the current financial year

17. Quantitative Details:

The company is engaged in the business of real estate and property development. Such activity cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under paragraphs 3, 4C, and 4D of part II of Schedule VI of the Companies Act, 1956.

18. Previous Year Amounts:

The figures of the previous year have been regrouped and reclassified wherever necessary.

As per our report of even date
for **Narayanan, Patil and Ramesh**
Chartered Accountants

L.R. Narayanan
Partner

Place: Bangalore
Date: May 14, 2007

for Brigade Enterprises Private Limited

M.R. Jaishankar
Managing Director

M.R. Shivaram
Director

A. Anil Kumar
Vice President-Finance & Company Secretary

“Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives, the cumulative experience of many masters of craftsmanship.”

—Will A. Foster



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