

Akruti Nirman Limited

Annual Report 2006-07

ENRICHING LIVES.
BUILDING VALUES.



BOARD OF DIRECTORS

HEMANT M. SHAH, Executive Chairman
D. R. KAARTHIKEYAN
P. H. RAVIKUMAR
SHAILESH V. HARIBHAKTI
SHAILESH H. BATHIYA
VYOMESH M. SHAH, (Vimal M. Shah) Managing Director
MADHUKAR B. CHOBE, Wholtime Director

MANAGEMENT EXECUTIVES

A. RAMKRISHNAN	Chief Executive Officer
E. C. PAULOSE	Chief Civil Engineer
COL. R. S. MALIK	Chief Operating Officer
RAJENDRA K. SHAH	Chief Finance Officer
USHA C. MORAES	Chief Investment Officer
MAYUR D. SHAH	Chief Marketing Officer
KAMAL B. MATAJIA	Chief Audit Officer
CHARUTA M. MALSHE	Chief Administrative Officer
NANCY S. PEREIRA	Chief Accounts Officer

COMPANY SECRETARY

CHETAN S. MODY

BANKERS

CANARA BANK
BANK OF INDIA
BANK OF BARODA
CORPORATION BANK
HDFC BANK LIMITED
ICICI BANK LIMITED
PUNJAB NATIONAL BANK
STATE BANK OF INDIA
UNION BANK OF INDIA

AUDITORS

DALAL & SHAH, CHARTERED ACCOUNTANTS
VIRAL D. DOSHI & CO., CHARTERED ACCOUNTANTS

INTERNAL AUDITORS

ANEJA ASSOCIATES, CHARTERED ACCOUNTANTS

REGISTERED OFFICE

AKRUTI TRADE CENTRE
ROAD NO.7, MAROL MIDC
ANDHERI (EAST), MUMBAI 400 093

REGISTRAR & TRANSFER AGENTS

INTIME SPECTRUM SHARE REGISTRY LIMITED
C-13, PANNALAL SILK MILLS COMPOUND
LAL BAHADUR SHASTRI MARG
BHANDUP (WEST), MUMBAI 400 078

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Shailesh V. Haribhakti, Chairman
Shailesh H. Bathiya
Vyomesh M. Shah

REMUNERATION COMMITTEE

Shailesh V. Haribhakti, Chairman
D. R. Kaarthikeyan
P. H. Ravikumar

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Shailesh H. Bathiya, Chairman
Hemant M. Shah
Vyomesh M. Shah

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ENRICHING LIVES.

THAT WE BUILD REAL ESTATE IS KNOWN.

WHAT IS KNOWN MORE IS THAT WE BUILD IT
WITH A CAUSE AND WITH A HEART. THIS IS WHAT
MAKES AKRUTI DIFFERENT FROM ALL THE
REST. YOU KNOW THE BODY OF AKRUTI.

ALLOW US TO PRESENT THE SOUL.

BUILDING VALUES.

Akruti is in the business of enriching lives.

The world has accepted the power of India and the Indian people. A force of 1.1 billion people, of which around 60% are below 30 years of age. What a force. What an opportunity.

But spare a thought. Over 25% of Indians live in sub-optimal conditions. It's not just the living that gets impacted. It's much deeper. The thinking. The approach. The ambition. The aspiration. They are all prisoners to the surroundings.

Change the surroundings and you change the 'circle of influence'. One of the many things that we pride in, is the slum rehab and lifestyle rejuvenation work that we have been committed to. Because in its true sense, we are not just changing where people live, we are changing their thinking, their aspirations and their ambitions. Enriching lives.

We follow the same motto when we design work spaces. Our commercial office complexes and malls are equipped with multiple high speed elevators and complemented by large functional lobbies and inspiring glass façades. We create modern work areas that promote a positive,

energetic and effective work environment and inspire a new generation of Indian work ethic.

Similarly, our commitment to reducing vehicular congestion through innovative and efficient highrise parking facilities helps us enrich lives by reducing traffic congestion, noise pollution and providing a daily convenience to people. This is a first of its kind innovation for old, established Indian metropolitan areas.

The work that we do to fuel India's macro-economic growth is in the same vein. Well laid out multi-acre IT and Biotech Parks as well as SEZs, that we build to attract and retain talent, are so necessary for India to dominate the services space globally.

The catalyst to enhancing lives and lifestyles is the real estate that we build. And in the process the value that we create. Building value, not just for our shareholders through higher ROI, but also for our customers, employees, vendors, and above all for every citizen whose life we touch directly or indirectly. We build value for India.

Enriching lives. Building Values.

Welcome to Akruti Nirman, a company with a responsible soul.



CHAIRMAN'S MESSAGE

"Expect strong growth and strong contribution to society from Akruti in the coming years."

Dear Shareholders,

Welcome to the family.

I am very delighted and happy to extend a warm welcome to our shareholders who entrusted so much faith in Akruti and its vision. Thanks to your response, we got one of the best responses with 81 times oversubscription to our IPO. Thank you once again. With all humility, I assure you, that we at Akruti welcome this responsibility and will not let you down.

We are not just a generic real estate company. We are a keen forward looking company, with a heart. We are aware of the needs not just of today but also of tomorrow. And we have built an institution that has a strong social linkage.

The work that we have done in the area of slum rehabilitation is nothing short of remarkable. Quite simply, it's not just about the real estate that we are building, but also about the many lives we have enhanced in the process. We have changed the thinking, aspirations and ambitions. We are rejuvenating lifestyles of the masses. This sea change will have a profound impact on

India in the years to come. We are, and will continue to be the thought leaders in this space.

There are several dimensions to the phenomenal growth that India is experiencing. India is emerging as the service capital of the world. Metaphorically, the world is getting flat. The confidence of the world in India's capabilities in knowledge industries is a direct function of the infrastructure that India is building as it seeks dominance in the ITES and the Biotech space. And we are making that happen. Powering India's service dominance. We are participating in building an intelligent India through world-class facilities.

I strongly believe that the real estate industry is in a strong cycle. After many decades we are seeing such momentum. And it's all flowing from the country's overall economic growth and rise in disposable incomes. The boom has been unprecedented because India had a huge backlog to build out to begin with, which was further fortified by new waves of demand.

The real estate industry, in general, is on a systematic uptrend and further

fuelling India's growth story. With over a billion people to be housed in the long term, and a burgeoning middle-class population of 350 million that are doing increasingly well financially, we do not have an issue of demand. Its supply where there is a shortfall, and hence, opportunity.

We are participating across the board and leading certain key segments of this buildout. We believe we will deliver long-term, sustainable and consistent growth in the coming years.

Our aim is to be one of the leading real estate companies in India in the areas we operate in and emerge more dominant in the category in the coming years. In our efforts to achieve this objective, we will create long-term, sustainable shareholder value. I want to share with you that every member of my team has been deeply motivated by the response as well as the commensurate responsibility of the IPO and we as a team assure you of the best always.

Sincerely,

Hemant M. Shah
Executive Chairman



Few moments with Mr.Vyomesh M.Shah, Managing Director

"We are now ready to deliver growth, not just in Mumbai, our base but in other geographies as well."

Q: Are you satisfied with the year that went by?

A: 2006-07 was a very satisfying year for us. The niche that we have created for the company by focusing on socially responsible projects like slum rehabilitation, innovation in parking and world

class infrastructure for ITES and Biotech has got a major fillip. We are leaders by far in this space. And 2006-07 demonstrated that. The year also ended with a lot of optimism for growth. We

are in for unprecedented years of high growth, sustainable and consistent. There are challenges, but we are very confident.

Q: How are you mitigating challenges with reference to systems and bandwidth?

A: We think ahead. We could, fortunately, anticipate some of this growth. And prepared for it. We have invested in people ahead of the growth. We built a strong team both on project execution and management side as well as the sourcing side. We invested in training. ACRES (Akruti Centre of Real Estate Studies), was formed to impart quality education in the field of real estate. This institute

focuses on training our employees and outsiders on topics related to the sector. As a company we have always emphasised on planning, budgeting, corporate governance, MIS and risk management policies. And we have trained our people extensively in these areas. Today, we are amongst the most professionally managed companies in the industry, with an immensely talented and experienced

workforce. To strengthen our systems further, we appointed Ernst & Young to strategize and restructure our IT and related processes and are implementing ERP solutions to manage this scale of growth. The preparedness is there. We are now ready to deliver growth, not just in Mumbai, our base, but in other geographies as well.

Q: Which geographies are you planning to enter? And why?

A: We were hitherto a Mumbai centric company, delivering responsible real estate. With India growing we have decided to enter newer, but similar geographies like Pune in Maharashtra, Ahmedabad

and Vadodara in Gujarat and Bangalore in Karnataka. In a fragmented industry like real estate in India, consolidation is imminent. Opportunities are growing in these cities. Besides,

these states have similar demand patterns and regulations. And we are growing in these markets at our pace, which is both robust and lasting.

Q: What should shareholders expect in the coming year?

A: We are in the right place at the right time with the right business model. Differentiated and

profitable. Without much crowd. This should be quite buoyant. We are here to make the most of the

opportunity and will deliver consistent growth in the years to come.



The Akruti Blueprint

Life Time Value

Company Snapshot

The Group/Company:

Akruti Nirman Limited is one of India's leading construction and real estate development companies. It specializes in the construction, sale and lease of commercial, residential, retail and industrial property.

Our Work:

We are currently developing residential complexes, commercial properties, shopping malls, Information Technology (IT) Parks and Biotech Parks across the country. We intend to diversify our product portfolio by getting into the domains of hotels, service apartments and integrated township development.

Our Reach:


Having successfully established ourselves in Mumbai, we are now expanding our footprint to new geographies such as Pune, Bangalore, Ahmedabad and Vadodara.

Our Mission:

"To be amongst the top five real estate companies in India by 2010, by enhancing the lives of people through our projects and by consistently delivering superior and enduring value to our customers and to society at large."

Our Values:

- Honesty and Integrity
- Creating Long Term Value for our Customers
- Innovation, Commitment and Quality
- Social Responsibility and Upliftment
- Excellence and Best Practices in all Spheres of Work



Company Snapshot

Our Quality Focus:

We were awarded ISO 9001 : 2000 certification in recognition of our management standards and systems and the real estate developer's rating of DA2 by CRISIL (Credit Rating Information Service of India) in recognition of our ability to specify and build to agreed quality levels and transfer clear titles within stipulated time schedules.

ISO 9001 is an international standard for quality management systems and certifies that consistent business processes are being applied.

CRISIL's DA2 rating reflects professional management, strong project management capabilities, well defined workflow processes, excellent track record of completing projects on schedule and a strong financial profile.

Akruti Advantage:

Our differential advantage vis-a-vis our peers:

- we pride ourselves in having complete transparency in all our operations.
- we ensure that all our customers get total value for money.
- we assure peace of mind and scheduled completion of projects to our clients.
- we strive for excellence in design and construction.
- we provide dependable after sales service.
- we offer our customers the satisfaction of working with a socially responsible organisation.

The Management:

The Company is promoted by Mr. Hemant M. Shah, Executive Chairman, a Civil Engineer having over 25 years of experience in executing various large projects involving real estate development and Mr. Vyomesh M. Shah (Vimal Shah), Managing Director, Chartered Accountant having over 20 years of experience in the field of construction, finance and property development. They exemplify the Company's relentless pursuit of excellence and dedication to creating immense value for all its stakeholders. They are ably supported by a team of highly qualified and dedicated professionals focused on delivering commitments.

Corporate Achievements:

- execution of public-private development project on tenanted municipal land in Mumbai;
- development of private sector IT Park in Hinjewadi, Pune;
- obtained prestigious ISO 9001:2000 certification in design, construction and maintenance;
- obtained DA2 rating from CRISIL;
- awarded development of Biotech Park Project at Savli, Vadodara, Gujarat; and
- construction of multi-storey car parking structure with multiple elevators in Mumbai.

Performance:

During 2006-07 Akruti recorded sales of Rs.187.88 crore. The Company's EBITDA stood at Rs.111.05 crore as against Rs. 76.90 crore in 2005-06, an increase of 44.41%. The Profit After Tax (PAT) increased from Rs. 63.10 crore in 2005-06 to Rs. 75.48 crore in 2006-07, an increase of 19.62%. The Company's shares are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The closing share price on BSE as on 30th March, 2007 was Rs. 405.85 and the market capitalization as on that date was Rs 270.07 crore.

THE EDUCATION INITIATIVE



Prof. K. N. Vali
Director General
Akuriti Citygold
Institute

At Akuriti Nirman Limited, we believe that the business has a major role to play in human resource development and creation of human capital for knowledge economy. Our education initiative is rather unique as it develops students to manage Real Estate and Infrastructure Projects.

Akuriti has established an Educational Foundation as an Autonomous, Non-profit making Foundation and Public Charitable Trust that is incorporated as a Society under Societies Registration Act, 1860 and a Trust under the Bombay Public Trust Act, 1950. The Foundation has been mandated to establish a network of institutions to provide cross-discipline, flexible and seamless education and research based learning. These institutions will be tied together into a University. The University will establish faculties for Business and Management, Science & Technology, Infrastructure and Engineering, Health & Life Sciences, Energy and Environment, Food and Agriculture, Arts, Liberal Sciences and Media.

A reputed educationist and institution builder, ably supported by distinguished faculty and researchers, leads the Foundation. The first four institutions are at various stages of operation. Akuriti Centre of Real Estate Studies (ACRES) and Akuriti Citygold Institute of Infrastructure Management are in operation. The International Institute of Environment and Energy will commence work shortly and the Construction Technology and Vocational Training Institute is at planning stage.

DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting their Nineteenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2007.

FINANCIAL RESULTS :

The salient features of the Company's financial results for the year under review are as follows :

(Rs. in crore)

	Year ended March 31, 2007	Year ended March 31, 2006
Net Sales / Income from Operations	177.89	171.29
Share of profit from Joint Ventures and Partnership Firms (net) and Other income	9.99	30.21
Total Income	187.88	201.50
Operating Profit (before interest, depreciation and tax)	111.05	76.90
Interest	19.98	6.01
Profit before depreciation and tax	91.07	70.89
Depreciation and amortisation	6.14	4.78
Profit before tax	84.93	66.11
Provision for income tax, fringe benefit tax, deferred tax liability and prior period adjustments	9.06	3.90
Profit after tax	75.87	62.21
Profit brought forward	46.78	4.79
Profit available for appropriation	122.65	67.00

PERFORMANCE REVIEW :

During the year under review, income from operations increased by 3.85 % to Rs. 177.89 crores from Rs. 171.29 crores in the previous year. The Company achieved operating profit (PBIDT) of Rs.111.05 crores. After providing for interest of Rs.19.98 crores, depreciation of Rs.6.14 crores and taxation including prior period adjustments of Rs.9.06 crores, the net profit stood at Rs. 75.87 crores which is higher by 21.9% as against Rs. 62.21 crores in the previous year.

APPROPRIATIONS :

An amount of Rs. 3.80 crores (Rs. 6.75 crores) is credited to General Reserves and Rs.100 crores credited to Debenture Redemption Reserve. Out of the amount available for appropriation, your Directors recommend a dividend of 15 % (15 %) on the increased capital base of 6,67,00,000 equity shares amounting to Rs. 10.05 crores (Rs.7.20 crores). The dividend tax on the proposed dividend will be Rs. 1.70 crores (Rs.1.01 crores).

DIRECTORS' REPORT (CONTD.)

OPERATIONAL PERFORMANCE :

The general business environment continued to remain robust backed by healthy growth in the economy which is driving the real estate sector's growth. The current upswing in the real estate sector is the result of a number of factors. Growing economy, expanding service sector, rising disposable income and affluence, supportive government policies have all lent momentum to this rapidly growing sector.

The real estate sector in India is undergoing a metamorphosis from being an unorganized sector into an organized sector with well-established corporate practices and transparency. Your Company has benchmarked itself with the best practices in the industry and will constantly endeavor to maintain the highest level of quality in execution and corporate governance.

The Company continued to augment its land bank (short term and long term) and towards this end, efforts continue in order to avail of the opportunities available for organic growth and increase in the market share in the industry. The Company will pursue its policy to expand geographically across major cities of the country to achieve its goal of strategic growth in terms of volume as well as geographical spread.

The Company has also entered into strategic joint ventures with certain leading real estate development companies for some of its projects on a profit sharing basis. Collaborating strategically with other firms reduces the capital investment required and helps leverage development capabilities. It allows the Company to benefit from an enhanced pool of construction and marketing expertise and experience, as well as facilitate expansion into additional geographic areas and business lines.

Your Company has in-house expertise and capability in construction and project management, development consultancy, sales and marketing, thereby making the Company vertically integrated. This enables the Company to meet project timelines and commitments and ensuring that the highest levels of technical and service standards are met.

Your Company is actively involved in the development of Commercial / IT Parks, Retail Space and Residential Complexes and plans to venture into SEZs and integrated townships in the near future.

RESIDENTIAL

The Company is developing a number of residential real estate projects, which are located in Mumbai and Thane. During the year under review, the Company commenced construction of residential space independently and in conjunction with our joint venture partners.

COMMERCIAL

All the completed commercial properties of the Company have 100% occupancy rate.

AUTOMATED CAR PARKING

The Company has nearly completed the construction of a 20 storey innovative and fully mechanized car park tower namely, Akruti Elite Car Park with a capacity of 240 cars at Bhulabhai Desai Road, Mumbai, using fully automated technology imported from Europe. The car park is expected to be operational by year end.

RETAIL

During the year under review, the Company also commenced construction of lettable retail space independently and in conjunction with our joint venture partners.

CHANGE OF COMPANY NAME :

The Board has proposed, subject to approval of shareholders and Central Government, the change of Company name from Akruti Nirman Limited to **AKRUTI CITY LIMITED** and the explanatory statement appended to the Notice of Annual General Meeting deals with the logic and rationale for the proposed change.

SHARE CAPITAL :

During the year under review, your Company made its maiden IPO of 67,00,000 equity shares of Rs.10 each through 100 % book building process. The issue was priced at Rs.540 per share. The issue was oversubscribed 81 times. The equity shares of the Company were listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on February 7, 2007. Consequent to IPO, the paid-up share capital of the Company increased from Rs.60 crores to Rs.66.70 crores.

DIRECTORS' REPORT (CONTD.)

UTILISATION OF FUNDS :

Details of utilisation of funds received from IPO of equity shares, as per Clause 43 of the Listing Agreement :

(Rs. in crore)

Particulars	Estimated Utilisation Amount		Actual utilisation upto 31-03-2007
	Total	Upto 31-03-07	
- acquisition of land / rights in land or development rights	150.00	150.00*	7.29
- repayment of loan	25.00	25.00	28.25
- development and construction cost for projects under development	125.00	30.00*	5.86
- expenses relating to IPO	25.21	25.21	30.91
- general corporate purposes	36.58	18.30	18.00
Total	361.80	248.51	90.31

* Pursuant to agreements executed with the vendors of properties, the amount becomes due and payable to the vendors on completion of due diligence by the Company. The Company utilised Rs. 144.00 crore during the last week of June 2007, and the balance amount is expected to be utilised by September 2007.

AUDITORS' REPORT :

The observations made by the Auditors in their Report has been clarified in the relevant notes forming part of the Accounts, which are self explanatory and need no further elaboration.

CONSOLIDATED ACCOUNTS :

In accordance with the requirements of Accounting Standard - AS 21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiaries together with Auditor's Report thereon is annexed to this Report.

NON-CONVERTIBLE DEBENTURES :

During the year under review, the Company issued Secured, Redeemable, Non-convertible Debentures aggregating Rs.100 crores on a private placement basis. The proceeds of the issue were utilised for the purpose for which they were raised.

DEPOSITS AND LOANS / ADVANCES :

The Company has not accepted any deposits from the public and its shareholders during the year under review.

CORPORATE GOVERNANCE :

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investor confidence, improve investors' protection and maximize long term shareholder value. Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a compliance report on Corporate Governance has been annexed hereto as part of the Annual Report. The Company is in compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company forms part of the said report.

MANAGEMENT DISCUSSION AND ANALYSIS :

Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing Agreements is presented in a separate section forming part of the Annual Report.

DIRECTORS' REPORT (CONTD.)

SUBSIDIARIES :

During the year under review, Adhivitiya Properties Limited, Akruti Centre Point Infotech Limited, Akulplita Construction Limited, Arnav Properties Limited, E Commerce Solutions (India) Limited, TDR Properties Limited and Vishal Tekniks (Civil) Limited became wholly owned subsidiaries of the Company.

DIRECTORS :

Mr. Dillip N. Parekh ceased to be Director of the Company effective May 8, 2006. The Board has placed on record its appreciation of the services rendered by Mr. Dillip N. Parekh during his tenure.

At the meeting of the Board of Directors of the Company held on May 12, 2006, Mr. D. R. Kaarthikeyan, Mr. P. H. Ravikumar, Mr. Shailesh V. Haribhakti and Mr. Shailesh H. Bathiya were appointed as Additional Directors of the Company. Pursuant to Section 257 of the Companies Act, 1956, the Company has received notices from members together with requisite deposits, signifying their intention to propose Mr. D. R. Kaarthikeyan, Mr. P. H. Ravikumar, Mr. Shailesh V. Haribhakti and Mr. Shailesh H. Bathiya as candidates for the office of Director.

At the meeting of the Board of Directors of the Company held on December 27, 2006:

- Mr. Hemant M. Shah was reappointed Executive Chairman of the Company for a period of five years effective January 1, 2007 to December 31, 2011 by terminating his earlier appointment. The terms and conditions of his appointment, including the remuneration payable to him, are subject to approval of the members;
- Mr. Vyomesh M. Shah was reappointed Managing Director of the Company for a period of five years effective January 1, 2007 to December 31, 2011. The terms and conditions of his appointment, including the remuneration payable to him, are subject to approval of the members; and
- Mr. Madhukar B. Chobe was reappointed Wholetime Director of the Company for a period of five years effective January 1, 2007 to December 31, 2011 by terminating his earlier appointment. The terms and conditions of his appointment, including the remuneration payable to him, are subject to approval of the members.

At the ensuing Annual General Meeting Mr. Madhukar B. Chobe retires by rotation and being eligible, offers himself for reappointment.

Appropriate resolutions for the reappointment/appointment of the aforesaid Directors are being moved at the ensuing Annual General Meeting, which the Board commend for your approval.

None of the Directors are disqualified from being appointed as directors as specified in terms of Section 274 (1) (g) of the Companies Act, 1956.

Brief profile of these Directors, as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, are given in the Notice of the Nineteenth Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Directors of the Company, to the best of their knowledge and belief and on the basis of the Information and explanations received by them, hereby state and confirm that :

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- they 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 as at March 31, 2007 and of the profit of the Company for the year ended on that date;
- 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
- the annual accounts have been prepared on a going concern basis.

DIRECTORS' REPORT (CONTD.)

AUDITORS :

M/s. Viral D. Doshi & Co., Chartered Accountants, the retiring Auditors have expressed their desire not to seek reappointment. The Company has received a notice pursuant to Section 225 of the Companies Act, 1956, proposing to appoint M/s. Doshi Doshi & Associates, Chartered Accountants, as Auditors of the Company.

M/s. Doshi Doshi & Associates, Chartered Accountants have confirmed their eligibility and willingness to accept office, if appointed.

M/s. Dalal & Shah, Chartered Accountants, the other Auditors also retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

STATUTORY INFORMATION :

The particulars regarding foreign exchange outgo appear as Item No. 11 (b) in Schedule 'O' - Notes to Accounts. There was no earning in foreign exchange. Since the Company does not own any manufacturing facility, the other particulars relating to conservation of energy and technology absorption as stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 are not applicable.

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975 forms part of this Report. However, as per provisions of Section 219 (1) (b) (iv) of the said Act, this Report and Accounts are being sent to all the members of the Company excluding the Statement of Particulars of Employees under Section 217(2A). Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company.

The Company has been exempted by the Central Government vide their letter no. 47/193/2007 -CL-III dated April 16, 2007 under Section 212 (8) of the Companies Act, 1956 from attaching a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies. However, pursuant to Accounting Standard - AS 21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of the subsidiaries. The statement pursuant to Section 212 of the Companies Act, 1956, containing the details of the subsidiary companies is attached.

Shareholders who wish to have a copy of the annual accounts and detailed information on any subsidiary company may write to the Company for the same. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the respective registered offices of the Company and its subsidiary companies.

EMPLOYEES :

Human Resources is the most valuable asset of the Company. As a part of our continuous efforts to better equip the employees to successfully deal with the challenges in the rapidly changing environment, well-structured training and development programmes are organized at frequent intervals.

APPRECIATION :

Your Directors wish to place on record their sincere appreciation and thanks for the valuable co-operation and support received from the Company's Bankers, Financial Institutions, Business Associates, Suppliers, Consultants, Customers, Contractors and Shareholders at large and look forward to the same in greater measure in the coming years.

Your Directors also express their warm appreciation to all the employees for their diligence and contribution towards the growth of the Company.

For and on behalf of the Board

Hemant M. Shah
Executive Chairman

Mumbai, July 4, 2007

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

India is third largest economy in the world in terms of purchasing power parity, gross domestic product and the economy has experienced rapid growth in recent years with GDP growth being 8.5 %, 7.5 % and 9.4 % in fiscal 2005, 2006 and 2007 respectively.

The Indian real estate landscape has undergone a paradigm shift over the past few years. With economic liberalization, increased globalisation and consequent increase in business opportunities, India's real estate sector scaled new heights. A booming economy, depicted by soaring levels achieved at stock market, increasing demand across sectors and favourable demographics has provided necessary impetus to the growth of real estate sector.

A number of knowledge and technology intensive sectors have emerged as sunrise segments, causing demand for residential and commercial space to go into an overdrive. India's strong performance and its established position as an off-shoring destination has translated into a more robust real estate environment. In effect, the growth of real estate industry in India could be attributed to burgeoning IT/ITES sector.

The real estate sector in India has been largely unorganized and characterized by various factors that impeded organized dealing, such as lack of uniformity in local laws, non-availability of bank financing, high interest rates, higher incidence of stamp duty and lack of transparency in transaction values. In recent years however, the real estate sector in India has exhibited a trend towards greater organisation and transparency accompanied by various regulatory reforms such as :

- a. repeal of Urban Land Ceiling Act by several State Governments;
- b. modification in the Rent Control Act that provides greater protection to homeowners;
- c. rationalization of property tax in a number of States; and
- d. Foreign Direct Investment (FDI) now being permitted in the real estate sector subject to fulfillment of certain conditions.
- e. proposed computerization of land records.

The trend towards greater organisation and transparency has contributed to the development of reliable indicators of value and organized investment in real estate sector by domestic and international financial institutions and has also resulted in greater availability of finance for real estate developers.

The real estate sector is a major employment driver, being the second largest employer next to agriculture. This is because of the chain of backward and forward linkages that the sector has with the other sectors of the economy, especially with housing and construction sectors.

Regulatory changes permitting foreign direct investment and setting up of real estate mutual funds and real estate investment trusts are expected to further increase investment in Indian real estate sector. Though real estate demand continues to be largely led by IT, ITES and BPO sectors, the demand for real estate sector has also been driven by other industries such as telecom, insurance, banks and financial institutions, financial services firms, consulting firms, media, airlines, logistics, etc.

The Company's business portfolio may be broadly classified into segments as below :

RESIDENTIAL REAL ESTATE :

With a growing population and increasing urbanization, the joint family system giving way to formation of nuclear families, rise in disposable income coupled with the propensity to spend fuelled by a rise in employment opportunities, the demand for housing in India as it stands today far exceeds the supply. Changes in demographics, growth in disposable income, reduction in average family size, urbanization, etc. have contributed to faster rise in demand in this segment.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

COMMERCIAL REAL ESTATE :

The commercial real estate market in India has continuously been evolving in response to a number of changes in business environment. IT/ITES/BPO sectors have been drivers of commercial real estate demand in the country. Large scale requirements by IT / ITES sector has lead to real estate growth being spread beyond chief business locations to suburban and peripheral locations of major cities. IT, ITES and related sectors are estimated to account for over 70 % of net demand.

It is expected that India will continue to be one of the preferred destinations for setting up back office operations. Consequently the growth in the sector is expected to translate into substantially higher demand for commercial space, adding to overall investment in real estate activities.

RETAIL REAL ESTATE :

India is currently ninth largest retail market in the world. India's vast middle class and its almost untapped retail industry are key attractions for global giants wanting to enter newer markets. As India continues to get strongly integrated with global policies, the retail sector is bound to grow manifold in the years to come. The depth of Indian market and variations of the consumer profile portend a bright future for the sustained growth of the Indian retail sector. Driven by changing lifestyles, strong income growth and favourable demographic patterns, Indian retail is expected to grow 25 percent annually.

SPECIAL ECONOMIC ZONES :

Special Economic Zones (SEZs) are specifically delineated duty free enclaves deemed to be foreign territories for purposes of Indian Custom controls, duties and tariffs. SEZs by virtue of their size, are expected to be a significant new source of real estate demand in future.

OPPORTUNITIES AND THREATS :

Regulatory reforms initiated by the Government and the entry of private equity and mutual funds are expected to provide greater transparency and higher funding of the industry apart from providing necessary transparency to transactions in the sector. This in turn is expected to ensure larger capital supply to real estate market thereby speeding up the pace of development of real estate market. Relaxation of Foreign Direct Investment (FDI) eligibility norms relating to the reduction of built-up area for commercial real estate projects to 50,000 mtrs, and minimum threshold land area for integrated townships to 25 acres from 100 acres of land have also provided much needed impetus for faster growth of real estate industry. Your Company is keeping a close watch on emerging opportunities in the industry with a view to convert these opportunities into profitable projects.

Taxation benefits applicable to SEZs are also expected to push up the demand for real estate. Your Company is enhancing its competitive heads through entry into this sunrise segment of Special Economic Zone. The SEZ for DLF Akruti IT Park at Pune has been sanctioned by the Government of India and proposals for additional SEZs focusing on IT and IT services in Mumbai and Pune are underway.

Land is a key input for the real estate industry. The prices of land have increased speculatively to unsustainable levels and is an area of concern to the management. In order to remain competitive in the business, the Company is adopting a hedging strategy of buying land on a continuous basis in order to buoy up its land bank and simultaneously converting the land bank into commercial projects independently and through joint ventures with reputed partners.

The Union Budget of 2007 has been disappointing on certain key areas affecting our sector. Non-extension of tax exemption under Section 80(IB) of the Income Tax Act would put further pressure on prices of residential properties and affect the overall demand. Imposition of service tax on rentals of commercial properties will also make commercial properties more expensive.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Tightening of regulations on lending to real estate sector by the measures announced by Reserve Bank of India is likely to slow down the momentum of growth. Further, the tightening of external commercial borrowing norms of funding by the Government of India is likely to dampen the enthusiasm of global investors in Indian real estate industry. The frequent hike in the rate of interest on home loans will have a cascading effect on the growth of this industry on account of possible slow down in consumer demand.

Tax benefits to Software Technology Parks of India (STPI) units end in 2009. The sustained GDP growth, the real estate sector's turnaround, increased purchasing power leading to retail revolution, malls and townships, the residential and construction boom, are all a direct or indirect fallout of IT sector's growth. Should IT/ITES companies relocate themselves, this may put pressure on demand for commercial real estate and act as dampeners for growth.

RISKS AND CONCERNS :

Apart from increase in land prices, input costs have also been constantly increasing. This is likely to squeeze margins if end product prices do not go up correspondingly. Increase in end product prices coupled with tight liquidity may impact demand.

Your Company has put in place a policy of continuously monitoring the risks associated with its business and take timely corrective measures with the help of market research, pro-active decision making in order to contain the fallout of the threats and risks associated with the industry and the business.

OPERATIONS REVIEW :

During the year under review, the Company reported an increase from operations by 3.85 % at Rs.177.89 crores as against Rs.171.29 crores in the previous year. Profit before tax was higher by 28.47 % at Rs.84.93 crores as against Rs.66.11 crores in the previous year. Net Profit after tax and prior period adjustments was higher by 21.96% at Rs.75.87 crores as against Rs.62.21 crores in the previous year. Barring unforeseen development, your Company is expected to maintain the pace of growth in both, sales income and profitability in the current year.

The Company has signed a Memorandum of Understanding with Gujarat State Biotechnology Mission and TCG Urban Infrastructure Holding Limited for developing and operating a biotech park at Savli, near Vadodara, Gujarat.

Since SEZs are expected to be harbinger for catalyzing economic growth at a much faster pace, the Company plans foray into developing SEZs in and around Mumbai and Pune.

The small metros are expanding fast and your Company is looking at expanding operation in some of these locations. As part of growth strategy, the Company plans to expand into other cities to give it a pan India presence. Plans are underway to develop integrated township between Mumbai and Pune.

The Company also plans to diversify into new business lines such as Bio-Tech Parks, Hospitality, Integrated Townships and Serviced Apartments.

The Company has also entered into strategic joint venture agreements with real estate development companies for some of its projects on a profit sharing basis. Collaborating strategically with other firms reduces the capital investment required and helps leverage development capabilities. It also allows the Company to benefit from an enhanced pool of construction and marketing expertise and experience, and facilitates expansion into additional geographic areas and business lines.

Land acquisition is an ongoing exercise and the Company is planning to augment its presence in the industry by venturing into newer locations, which offer potential for development. Efforts are continuing to augment the land bank that will take care of the growth requirement for the next few years.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

The Company has a large pool of experienced engineers and planners, covering the entire range of skills from planning and design to execution, focused on quality of construction and finishes. The Company has set a consistent track record of completing projects within the time and cost schedules.

The systems and procedures are well laid out and documented. The Company maintains high standards in quality and timely completion of projects, adopts latest innovation and dedicated services and accordingly, has been accredited with ISO 9001: 2000 management system certificate from Det Norske Veritas Netherlands. The Company has also been awarded a "DA2" rating from CRISIL recognising the Company's ability to specify and build to agreed quality levels and transfer clear title within stipulated time schedules.

All these initiatives are expected to result in the Company making a robust growth in sales income and profitability of its business.

INTERNAL CONTROLS :

The Company has an adequate system of internal controls commensurate with its nature of business and scale of operations. However, to contemporise the business processes, services of a renowned international management consultancy firm M/s. Ernst & Young have been availed to restructure the entire business process. Implementation of these processes are expected to further enhance the internal control systems.

Checks and balances are in place to ensure that transactions are adequately authorised and reported correctly. Safeguarding of assets and protection against unauthorised use are also part of these exercises.

The Company has appointed M/s. Aneja & Associates, a leading firm of Chartered Accountants as Internal Auditors to ensure that internal controls are in place at sites and offices. The reports of the Internal Auditors are reviewed by the Audit Committee of the Board and corrective actions are being taken by the Company where needed.

HUMAN RESOURCES :

Human Resources continue to be the biggest asset of the Company. The staff strength of the Company comprises of professionals possessing qualifications and experience in the field of engineering, finance, law and business management. The Company has created a conducive working environment with prudent knowledge management leading to enhanced skills and capabilities. Your Company provides challenging career development opportunities and encourages innovative thinking. It monitors employees' performance to enhance individual and organizational performance. The Company organized and conducted various types of training and development programmes for the employees during the year. Employee relations continue to be cordial.

CAUTIONARY STATEMENT :

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ 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.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of an organisation. Good corporate governance leads to long term shareholder value and enhances interest of other stakeholders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of an organisation towards creating wealth and shareholder value.

Above all else, corporate governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and sense of justice.

The detailed report on implementation by the Company, of the Corporate Governance Code as enshrined in Clause 49 of the Listing Agreements with the Stock Exchanges, is set out below :

A. MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

We at Akruti believe that corporate governance is not just an objective in isolation, but means to an end – that of building a customer focused, value driven organisation. To that end, we as a Company lay greater emphasis on good corporate governance – which is a key driver for sustainable corporate growth and long term value creation for our shareholders.

Good corporate governance should be an internal driven need and is not to be looked upon as an issue of compliance dictated by statutory requirements. The Company's philosophy on corporate governance envisages an attainment of transparency, accountability and propriety in the total functioning of the Company and in the conduct of its business internally and externally, including its interactions with employees, shareholders, creditors, suppliers, consumers, and institutional and other lenders.

The Company firmly believes that its systems and actions must be dovetailed for enhancing the performance and shareholder value in the long term.

The Board of Directors fully supports and endorses corporate governance practices as per the provisions of Clause 49 of the Listing Agreements as applicable from time to time.

2. BOARD OF DIRECTORS:

COMPOSITION AND CATEGORY

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management, and legal. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors, meets with the requirements of Clause 49 (I) (A) of the Listing Agreements.

The present strength of the Board of Directors is seven, whose composition is given below :

- two Promoter, Executive Directors
- one Non-Promoter, Executive Director
- four Non-Promoter, Independent Directors

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees (as specified in Clause 49 of the Listing Agreements) across all companies in which they are Directors. The Board does not have any Nominee Director representing any Institution.

CORPORATE GOVERNANCE REPORT (CONTD.)

The names and categories of Directors, the number of Directorships and Committee positions held by them in companies are given below :

Name of the Director	Category of Directorship	Directorship in other companies (*)	No. of Board Committees (other than Akruti Nirman Limited) in which Chairman / Member @	
			Chairman	Member
Mr. Hemant M. Shah Executive Chairman	Promoter, Executive, Non-Independent	12	—	—
Mr. D. R. Kaarthikeyan (effective May 12, 2006)	Independent, Non-Executive	2	—	1
Mr. P.H. Ravikumar (effective May 12, 2006)	Independent, Non-Executive	7	1	4
Mr. Shailesh V. Haribhakti (effective May 12, 2006)	Independent, Non-Executive	14	4	9
Mr. Shailesh H. Bathiya (effective May 12, 2006)	Independent, Non-Executive	3	—	3
Mr. Vyomesh M. Shah Managing Director	Promoter, Non-Independent, Executive	12	1	2
Mr. Madhukar B. Chobe Wholtime Director (effective June 1, 2006)	Non-Promoter, Non-Independent, Executive	4	—	—
Mr. Dilip N. Parekh (ceased effective May 8, 2006)	Non-Promoter, Independent, Non-Executive,	—	—	—

(*) - excludes Alternate Directorships, Directorships in Indian Private Limited Companies and Foreign Companies and membership of Managing Committees of various bodies.

@ - Member includes Chairman.

Only memberships of Audit Committee and Shareholders' / Investors' Grievances Committee are considered.

RESPONSIBILITIES :

The Board of Directors represents the interests of the Company's shareholders in optimizing long term value by providing the management with guidance and strategic direction on the shareholders' behalf. The Board's mandate is to oversee the Company's strategic operations, review corporate performance, authorise and monitor strategic investment, ensure regulatory compliance and safeguard interests of the stakeholders.

ROLE OF INDEPENDENT DIRECTORS :

Independent Directors play a key role in the decision-making process of the Board by participating in framing the overall strategy of the Company. The Independent Directors are committed to acting in what they believe to be in the best interest of the Company and its stakeholders.

The Independent Directors bring to the Company a wide range of experience, knowledge and judgment as they draw their varied proficiencies in finance, housing, management, accountancy, law, public policy, engineering and corporate strategy. This wide knowledge of both, their field of expertise and boardroom practices helps foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

BOARD PROCEDURE

The Board meets atleast once a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial / business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Director and only in exceptional cases, the same is tabled at the meeting. The members of the Board have complete access to all information of the Company. The members of the Board are free to recommend the inclusion of any matter in the agenda for discussion in consultation with the Chairman.

CORPORATE GOVERNANCE REPORT (CONTD.)

The information as specified in Annexure I to Clause 49 of the Listing Agreements is regularly made available to the Board.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company. Senior management is invited to attend the Board Meetings so as to provide additional inputs to the items being discussed by the Board.

The Minutes of each Board/Committee Meetings are circulated in draft to all Directors for their confirmation before being recorded in the minutes book. The minutes of the Board Meetings of unlisted subsidiary companies are tabled at the Board Meetings. The Board periodically reviews the statement of significant transactions and arrangements entered into by the unlisted subsidiary companies.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING

During the financial year ended March 31, 2007, Ten Board Meetings were held on April 07, 2006, April 20, 2006, April 21, 2006, May 12, 2006, May 30, 2006, July 25, 2006, October 03, 2006, December 05, 2006, December 27, 2006 and March 12, 2007. The gap between two Board Meetings did not exceed four months.

The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is as under :

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on May 08, 2006
Mr. Hemant M. Shah	7	No
Mr. D. R. Kaarthikeyan (effective May 12, 2006)	4	N.A.
Mr. P. H. Ravikumar (effective May 12, 2006)	4	N.A.
Mr. Shallesh V. Haribhakti (effective May 12, 2006)	6	N.A.
Mr. Shallesh H. Bathiya (effective May 12, 2006)	7	N.A.
Mr. Vyomesh M. Shah	10	Yes
Mr. Madhukar B. Chobe	10	Yes
Mr. Dilip N. Parekh (ceased effective May 8, 2006)	3	No

3. AUDIT COMMITTEE :

BROAD TERMS OF REFERENCE

The Audit Committee of the Board of Directors of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The Terms of Reference of the Audit Committee are wide enough to cover the matters specified for Audit Committees under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956 and inter-alia includes :

- oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors, Internal Auditors and payment of audit fees;

CORPORATE GOVERNANCE REPORT (CONTD.)

- c. approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- d. reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - i. matters required to be included in the Director's Responsibility Statement which forms part of the Directors' Report pursuant to Clause (2AA) of Section 217 of the Companies Act, 1956;
 - ii. changes, if any, in accounting policies and practices and reasons for the same;
 - iii. major accounting entries involving estimates based on the exercise of judgement by the management;
 - iv. significant adjustments made in the financial statements arising out of audit findings;
 - v. compliance with listing and other legal requirements relating to financial statements;
 - vi. disclosure of any related party transactions; and
 - vii. qualifications in the draft audit report.
- e. reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- f. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- g. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- h. discussion with internal auditors any significant findings and follow up thereon;
- i. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board;
- j. discussion with statutory auditors before audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; and
- k. carrying out any other function as mentioned in the terms of reference of the Committee.

In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

During the year under review, the Audit Committee reviewed the Management Discussion and Analysis report, statement of significant related party transactions and management letters issued to the Statutory Auditors and Internal Auditors. The Audit Committee also periodically reviews the financial statements and investments made by unlisted subsidiaries of the Company.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by The Institute of Chartered Accountants of India. Compliance of the AS as applicable to the Company has been ensured in the Financial Statements for the year ended March 31, 2007.

COMPOSITION

The Audit Committee comprises of three Directors, two of whom are Non-Executive, Independent Directors. The Audit Committee is constituted in accordance with the provisions of Clause 49 (II) (A) of the Listing Agreements and Section 292A of the Companies Act, 1956. All the members of the Committee are financially literate and have accounting and financial management expertise. The Chairman of the Committee is an Independent, Non-Executive Director.

CORPORATE GOVERNANCE REPORT (CONTD.)

Senior executives are invited to participate in the meetings of the Committee as and when necessary. The Statutory Auditors, and the Internal Auditors are also invited to the Meetings whenever required. The quorum for the Audit Committee Meetings is two independent members. The Company Secretary acts as Secretary to the Committee.

The Board of Directors at the subsequent Board Meeting notes the Minutes of the Audit Committee Meetings.

The composition of the Audit Committee is as follows:

Name of the Director		Category
*Mr. Shaillesh V. Haribhakti	Chairman	Independent, Non-Executive
*Mr. Shaillesh H. Bathiya	Member	Independent, Non-Executive
Mr. Vyomesh M. Shah	Member	Promoter, Non-Independent, Executive
**Mr. Madhukar B. Chobe	Member	Independent, Non-Executive
***Mr. Dilip N. Parekh	Member	Independent, Non-Executive

* - appointed as members of the Committee effective May 30, 2006.

** - ceased to be member of the Committee consequent upon reconstitution of the Committee effective May 30, 2006.

*** - ceased to be member of the Committee consequent upon his ceasing to be a Director of the Company effective May 08, 2006.

MEETINGS AND ATTENDANCE

During the financial year ended March 31, 2007, Six Audit Committee Meetings were held on April 20, 2006, April 21, 2006, July 25, 2006, October 03, 2006, December 05, 2006, and December 21, 2006. The gap between two meetings did not exceed four months.

The attendance at the Audit Committee Meetings is as under :

Name of the Director	No. of meetings attended
*Mr. Shaillesh V. Haribhakti	4
*Mr. Shaillesh H. Bathiya	4
Mr. Vyomesh M. Shah	5
**Mr. Madhukar B. Chobe	2
***Mr. Dilip N. Parekh	2

* - appointed as members of the Committee effective May 30, 2006.

** - ceased to be member of the Committee consequent upon reconstitution of the Committee effective May 30, 2006.

*** - ceased to be member of the Committee consequent upon his ceasing to be Director of the Company effective May 08, 2006.

INTERNAL AUDITORS

The Company has appointed a firm of Chartered Accountants M/s. Aneja Associates as Internal Auditors to review the internal control systems of the Company and to report thereon. The Audit Committee reviews the report of the Internal Auditors.

CORPORATE GOVERNANCE REPORT (CONTD.)

4. REMUNERATION COMMITTEE:

TERMS OF REFERENCE

- reviewing the overall compensation policy, service agreements and other employment conditions of Managing / Wholtime Directors.
- reviewing the performance of the Managing / Wholtime Directors for recommending to the Board, the quantum of annual increments and performance incentive.

COMPOSITION

The Remuneration Committee comprises of three Directors, all of whom are Independent, Non-Executive Directors. The Chairman of the Committee is an Independent, Non-Executive Director nominated by the Board.

The composition of the Remuneration Committee is as follows:

Name of the Director		Category
Mr. Shailesh V. Haribhakti	Chairman	Independent, Non-Executive
Mr. P.H. Ravikumar	Member	Independent, Non-Executive
Mr. D. R. Kaarthikeyan	Member	Independent, Non-Executive

MEETING AND ATTENDANCE

The Remuneration Committee met once on December 27, 2006. Mr. Shailesh V. Haribhakti, Mr. P.H. Ravikumar and Mr. D. R. Kaarthikeyan attended the meeting.

The Minutes of the Remuneration Committee are noted by the Board of Directors at the Board Meetings.

REMUNERATION POLICY

The Remuneration Policy of the Company is performance driven and in considering the remuneration payable to the Directors, the Board/Remuneration Committee considers the performance of the Company, the current trends in the industry, the experience of the appointee(s), their past performance and other relevant factors.

A. Remuneration to Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of sitting fees @ Rs.20,000 for each meeting of the Board or any Committee thereof attended by them.

None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company.

B. Remuneration to Executive Chairman / Managing Director and Wholtime Director

The appointment of Executive Chairman / Managing Director and Wholtime Director is governed by resolutions passed by the Board of Directors and shareholders of the Company, which covers the terms of such appointment read with the service rules of the Company. Payment of remuneration to Executive Chairman / Managing Director and Wholtime Director is governed by the respective Agreements executed between them and the Company. Remuneration paid to Executive Chairman / Managing Director and Wholtime Director is recommended by the Remuneration Committee, approved by the Board and subject to the overall limits as approved by the shareholders. Attention is invited to Note No. 13 in Schedule 'O' to the Accounts.

Annual increments are linked to performance and are decided by the Remuneration Committee and recommended to the Board for approval thereof.

CORPORATE GOVERNANCE REPORT (CONTD.)

There is no separate provision for payment of severance fees under the resolutions governing the appointment of Executive Chairman / Managing Director and Wholetime Director.

Presently, the Company does not have a scheme for grant of stock options or performance linked incentives for its Directors.

DETAILS OF REMUNERATION TO ALL THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2007

NON-EXECUTIVE DIRECTORS *

Name of the Director	Sitting Fees Rs.
Mr. Shailesh V. Haribhakti	@ 2,60,000
Mr. Shailesh H. Bathiya	@ 3,00,000
Mr. P. H. Ravikumar	@ 1,40,000
Mr. D. R. Kaarthikeyan	1,00,000
Mr. Madhukar B. Chobe (Non-Executive Director upto May 31, 2006)	1,00,000
Mr. Dilip N. Parekh (upto May 8, 2006)	60,000

* - The Non-Executive Directors are not paid any commission and they do not hold any shares in the Company.

@ - includes sitting fees paid for attending two meetings of IPO Committee, which is non-mandatory.

EXECUTIVE CHAIRMAN / MANAGING DIRECTOR / WHOLETIME DIRECTOR

Name of the Director	Salaries Rs.	Benefits Rs.	Service Contract
Mr. Hemant M. Shah Executive Chairman	63,00,000	12,96,000	5 years
Mr. Vyomesh M. Shah Managing Director	61,50,000	11,88,000	5 years
Mr. Madhukar B. Chobe (Wholetime Director effective June 1, 2006)	13,00,000	—	5 years

5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE :

FUNCTIONS

The 'Shareholders'/Investors' Grievances Committee' consists of three members, chaired by a Non-Executive, Independent Director.

The Committee oversees share transfers and monitors redressal of investors'/shareholders' complaints.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent, M/s. Intime Spectrum Registry Limited attend to all grievances of the shareholders and investors, received directly or through SEBI, Stock Exchanges, Department of Company Affairs, Registrar of Companies, etc.

The Minutes of the Shareholders' / Investors' Grievances Committee Meetings are noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and e-mail addresses to facilitate prompt action.

CORPORATE GOVERNANCE REPORT (CONTD.)

COMPOSITION

The composition of the Shareholders' / Investors' Grievances Committee of Directors is as under :

Name of the Director		Category
Mr. Shailesh H. Bathiya	Chairman	Independent, Non-Executive
Mr. Hemant M. Shah	Member	Promoter, Non-Independent, Executive
Mr. Vyornesh M. Shah	Member	Promoter, Non-Independent, Executive

COMPLIANCE OFFICER

The Board has designated Mr. Chetan S. Mody, Company Secretary as the Compliance Officer.

MEETINGS AND ATTENDANCE

Two meetings of the Shareholders' / Investors' Grievances Committee were held during the year on January 02, 2007 and March 29, 2007.

The attendance at the Investors' / Shareholders' Grievances Committee meetings is as under :

Name of the Director	No. of meetings attended
Mr. Shailesh H. Bathiya	2
Mr. Hemant M. Shah	2
Mr. Vyornesh M. Shah	2

DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED, NOT SOLVED AND PENDING SHARE TRANSFERS

The total number of complaints received, and replied to the satisfaction of the shareholders during the year ended March 31, 2007 were 318. There were no complaints outstanding as on March 31, 2007. The number of pending requests for dematerialisation as on March 31, 2007 were Nil. Shareholders' / Investors' complaints and other correspondence are normally attended to within seven working days except where constrained by disputes or legal impediments. No investor grievances remained unattended / pending for more than thirty days as on March 31, 2007.

6. GENERAL BODY MEETINGS :

a. Location and time, where last three Annual General Meetings were held is given below :

Financial Year	Date	Location of the Meeting	Time	Particulars of the Special Resolution
2003-2004	September 28, 2004	Akuti Trade Centre, Road No.7, Marol MIDC, Andheri (East) Mumbai 400 093	11.00 A.M.	—
2004-2005	August 27, 2005		11.00 A.M.	—
2005-2006	May 08, 2006		11.00 A.M.	i. issue of bonus shares; and ii. issue of equity shares / securities linked to equity shares

Both the above resolutions which were put to vote by show of hands, were passed unanimously.

CORPORATE GOVERNANCE REPORT (CONTD.)

b. Location and time, where Extraordinary General Meetings were held for last three years is given below :

Financial Year	Date	Location of the Meeting	Time	Particulars of the Special Resolution
2004-2005	May 7, 2004	Akurti Trade Centre, Road No.7 Marol MIDC, Andheri (East) Mumbai 400 093	11.00 A.M.	Increase in authorised share capital
2005-2006	April 13, 2005	Akurti Trade Centre, Road No.7 Marol MIDC, Andheri (East) Mumbai 400 093	11.00 A.M.	Increase in authorised share capital
	November 29, 2005		11.00 A.M.	Issue of equity shares on rights basis
	January 27, 2006		11.00 A.M.	i. Increase in authorised share capital ii. Issue of bonus shares
	February 21, 2006		11.00 A.M.	Alteration of objects clause
2006-2007	June 12, 2006	Akurti Trade Centre, Road No.7 Marol MIDC, Andheri (East) Mumbai 400 093	03.00 PM.	Alteration of Articles of Association.

All the above resolutions which were put to vote by show of hands, were passed unanimously.

No special resolution was passed through postal ballot during the financial year 2006-07.

A special resolution under Section 372A of the Companies Act, 1956 is proposed to be passed through Postal Ballot separately.

7. SUBSIDIARIES:

The Company does not have any material unlisted Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20 % of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year as defined under Clause 49 of the Listing Agreements.

8. CODE OF CONDUCT :

The Board of Directors has adopted the Code of Business Conduct and Ethics, one each for Directors and Employees of the Company. Both the said Codes have been posted on the Company's website - www.akurtiestate.com. For the year under review, all Directors and employees of the Company have confirmed their adherence to the provisions of the said Codes.

9. INSIDER TRADING :

Code of Conduct for Prevention of Insider Trading

The Securities and Exchange Board of India (SEBI) has, effective February 20, 2002 introduced amendments to the existing Insider Trading Regulations of 1992 which ordain new action steps by corporates and other market intermediaries for the purposes of prevention of Insider Trading.

Pursuant to the above requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a 'Code of Conduct for Prevention of Insider Trading' (The Code) effective from February 7, 2007. The Code is applicable to all Directors, Employees and Consultants of the Company who are expected to have access to unpublished price sensitive information relating to the Company.

Mr. Chetan S. Mody - Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

By its terms, all Directors, Employees and Consultants are restricted from dealing in the shares of the Company during 'restricted periods' notified by the Company from time to time.

In compliance with the provisions of the said Code, all designated employees have disclosed their dealings in the shares of the Company including disclosures regarding changes in their shareholding during the financial year and position as at the end of the financial year.

CORPORATE GOVERNANCE REPORT (CONTD.)

10. DISCLOSURES :

a. Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

Transactions with related parties entered into by the Company in the normal course of business were placed before the Audit Committee. Details of related party transactions as per requirements of Accounting Standard - AS 18 - 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are disclosed in Note No. 2 in Schedule 'O' to the Accounts in the Annual Report. All transactions with related parties were on an arms length basis.

b. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied are set out in the Annexure to Notes to the Accounts.

c. Risk Management

Business risk evaluation and management is an ongoing process within the Company. During the year under review, a detailed exercise on 'Risk Assessment and Management' was carried out covering the entire gamut of business operations and the Board was informed of the same.

d. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

e. Proceeds from Public Issue

During the year under review, the Company made an initial public offer of equity shares, proceeds of which have been utilized for the purposes as stated in the Offer Document. The details thereof were provided to the Audit Committee and Board of Directors. Attention is invited to Note 22 in Schedule 'O' to the Accounts.

f. Proceeds from Private Placement Issue of Debentures

During the year under review, the Company issued Secured, Redeemable, Non-convertible Debentures, the proceeds of which, were utilized for the purpose for which they were raised. The details thereof were provided to the Audit Committee and Board of Directors.

g. Disclosure by Senior Management to the Board

Senior Management personnel have confirmed that they have not entered into any material financial or commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.

h. Mandatory requirements

The Company is fully compliant with all mandatory requirements of Clause 49 of the Listing Agreements with the Stock Exchanges.

CORPORATE GOVERNANCE REPORT (CONTD.)

i. Non-mandatory requirements

- aa. The Company has adopted the non-mandatory requirements as regards the provisions relating to the Remuneration Committee.
- bb. Since the financial results are published in leading newspapers as well as promptly displayed on the Company's website the same are not sent to each household of the shareholders.
- cc. The Company is in the regime of unqualified financial statements.

11. MEANS OF COMMUNICATION :

- (i) the Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreements within one month of the close of the respective period,
- (ii) the approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the leading national English newspaper namely 'The Economic Times' and in local language (Marathi) newspaper namely 'Maharashtra Times', within forty-eight hours of approval thereof. The same are not being sent to the shareholders separately.
- (iii) the Company's financial results and official news releases are displayed on the Company's Website www.akrutistate.com.
- (iv) no formal presentations were made to the institutional investors and analysts during the year under review.
- (v) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

12. GENERAL SHAREHOLDER INFORMATION :

Detailed information in this regard is provided in the section 'Shareholder Information' which forms part of this Annual Report.

13. COMPLIANCE CERTIFICATE OF THE AUDITORS :

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges. The Company has submitted the compliance report in the prescribed format to the Stock Exchanges for the quarter ended March 31, 2007.

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges and the same is annexed to the Directors' Report and Management Discussion and Analysis.

The Certificate from the Statutory Auditors will be sent to the Listed Stock Exchanges alongwith the Annual Return of the Company.

Declaration by the Managing Director under Clause 49 of the Listing Agreements regarding compliance with Code of Business Conduct and Ethics

In accordance with Clause 49 (ID) of the Listing Agreements with the Stock Exchanges, I hereby confirm that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with Akruti Nirman Limited Code of Business Conduct and Ethics, as applicable to them, for the Financial Year ended March 31, 2007.

For Akruti Nirman Limited

Vyomesh M. Shah
Managing Director

Mumbai, July 4, 2007

CORPORATE GOVERNANCE REPORT (CONTD.)

Certification under Clause 49 of the Listing Agreements

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, we hereby certify that :

- a. we have reviewed financial statements and the cash flow statement for the year ended March 31, 2007 and that to the best of our knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
- c. we accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the Auditors of the Company and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies; and
- d. we have indicated to the Auditors and the Audit Committee that there were :
 - (i) no changes in internal control during the year;
 - (ii) changes in accounting policies during the year with respect to revenue from sale of incomplete properties, which upto March 31, 2006 was recognised as per the completed building project method. With effect from April 1, 2006, the revenue from sale of such incomplete properties is recognised on the basis of the percentage of completion method, pursuant to the guidance note on 'Recognition of Revenue by Real Estate Developers' issued by The Institute of Chartered Accountants of India. Attention is invited to Note No. 24 in Schedule 'O' to the Accounts; and
 - (iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system,

For Akruiti Nirman Limited

Vyomesh M. Shah
Managing Director

Rajendra K. Shah
Chief Finance Officer

Mumbai : July 4, 2007

CORPORATE GOVERNANCE REPORT (CONTD.)

Auditors' Certificate on Clause 49 Compliance – Corporate Governance

To The Members of
Akruti Nirman Limited

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements entered into, by the Company with the Stock Exchanges of India, for the financial year ended 31st March, 2007.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the 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.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

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

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No. : 37310
Mumbai
July 4, 2007

For and on behalf of
VIRAL D. DOSHI & CO.
Chartered Accountants

VIRAL DOSHI
Proprietor
Membership No. : 105330

SHAREHOLDER INFORMATION

This Section *inter-alia* provides information to the shareholders pertaining to the Company, its shareholding pattern, means of dissemination of information, service standards, share price movement and such other information as required under the Listing Agreements.

Registered Office :

Akruti Trade Centre, Road No. 7 Marol MIDC,
Andheri (East), Mumbai - 400 093, Maharashtra
Phone : 022-6703 7427; 6703 7400 Fax : 022 - 28218230
Website : www.akrutistate.com

Annual General Meeting :

Day : **THURSDAY**
Date : **SEPTEMBER 6, 2007**
Time : **10.00 A.M.**
Venue : **SHRI BHIDAS MAGANLAL SABHAGRIHA
U -1, JUHU DEVELOPMENT SCHEME
VILE PARLE (WEST)
MUMBAI 400 056**

Financial Calendar (2007-08) :

- | | |
|---|------------------|
| • Financial reporting for the quarter ending June 30, 2007 | End July 2007 |
| • Financial reporting for the half year ending September 30, 2007 | End October 2007 |
| • Financial reporting for the quarter ending December 31, 2007 | End January 2008 |
| • Financial reporting for the year ending March 31, 2008 | End April 2008 |

Date of Book Closure : AUGUST 29, 2007 to SEPTEMBER 6, 2007 (both days inclusive).

Dividend :

The dividend as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be paid at par on or after September 7, 2007 to those members whose names appear on the Company's Register of Members as holders of equity shares in physical form on September 6, 2007. In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

The dividend, if declared at the Annual General Meeting (AGM) will be dispatched / remitted commencing from the day after the AGM.

Listing on Stock Exchanges :

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

Listing Fees :

The Annual Listing Fees payable to BSE and NSE for the financial year 2007-08 have been paid within the prescribed time limit.

Stock Code :

BSE - 532799

National Stock Exchange - Akruti EQ

ISIN No. of Akruti on NSDL and CDSL - INE703H01016

SHAREHOLDER INFORMATION (CONTD.)

OUTSTANDING GDRs / ADRs / WARRANTS / CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY :

The Company has no outstanding GDRs, ADRs, warrants or any convertible Instruments.

Stock Market Data :

The monthly high and low quotations and volume of shares traded on BSE and NSE during the year were as follows :

MONTH		BSE			NSE	
	HIGH (Rs.)	LOW (Rs.)	VOLUME Nos.	HIGH (Rs.)	LOW (Rs.)	VOLUME (Nos.)
* FEBRUARY 2007	729.00	401.00	29794121	730.00	401.25	31532315
MARCH 2007	468.00	332.15	11014304	467.45	330.10	10924571

* - The equity shares of the Company were listed for the first time on February 7, 2007 on BSE and NSE

	BSE	NSE
No. of shares traded	40808425	42456886
Highest share Price	729.00	730.00
Lowest share Price	332.15	330.10
Closing share price as on March 31, 2007	405.85	406.70
Market Capitalisation as on March 31, 2007	Rs. 270701.95 lacs	Rs. 271268.90 lacs

Stock Performance (Indexed) :

The performance of the Company's shares relative to BSE Sensex is given below :

MONTH	ANL HIGH ON BSE	BSE SENSEX HIGH	ANL LOW ON BSE	BSE SENSEX LOW
February 2007	729.00	14723.88	401.00	12800.91
March 2007	468.00	13386.95	332.15	12316.10

Registrar and Share Transfer Agent :

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West)
Mumbai - 400 078
Tel : 022- 2569 3838 : Fax : 022 - 2594 6969
website : www.intimespectrum.com
Time : 10.00 a. m. to 1.00 p. m. and 1.30 p. m. to 5.30 p. m.

Share Transfer System :

The transfer of shares in physical form will be processed and completed by Intime Spectrum Registry Limited within a period of seven days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Agreements with the Stock Exchanges, a Practising Company Secretary carries out audit of the system of transfer and a certificate to that effect is issued.

SHAREHOLDER INFORMATION (CONTD.)

Distribution of shareholding as on March 31, 2007 :

No. of equityshares held	No. of shareholders	% of shareholders	No. of shares	% of shares
1-500	110016	99.39	2329710	3.49
501 - 1000	300	0.27	231575	0.35
1001 - 2000	141	0.13	208888	0.31
2001 - 3000	55	0.05	136780	0.21
3001 - 4000	30	0.03	107096	0.16
4001 - 5000	16	0.01	75070	0.11
5001 - 10000	48	0.04	375510	0.56
10001 - above	91	0.08	63235371	94.81
TOTAL	110697	100	66700000	100

Shareholding Pattern as on March 31, 2007:

Sr. No.	Category	No. of Shares held	% to total capital
1.	Promoters and Promoter Group	60000000	89.96
2.	Indian public	3105802	4.65
3.	Foreign Institutional Investors	1514893	2.27
4.	Bodies Corporate	1367177	2.05
5.	Mutual Funds and UTI	578330	0.87
6.	Financial Institutions and Banks	111786	0.17
7.	Non-Resident Indians	22012	0.03
	TOTAL	66700000	100

Dematerialisation of shares and liquidity :

10.04 % of the equity shares of the Company have been dematerialized as on March 31, 2007. The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialize their shares with either of the depositories.

Status of Dematerialisation as on March 31, 2007:

PARTICULARS	NO. OF SHARES	% TO TOTAL CAPITAL	NO. OF ACCOUNTS
National Securities Depository Limited	5024793	7.53	80007
Central Depository Services (India) Limited	1675207	2.51	30668
TOTAL DEMATERIALISED	6700000	10.04	110675
PHYSICAL	60000000	89.96	22
TOTAL	66700000	100	110697

SHAREHOLDER INFORMATION (CONTD.)

Nomination :

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

Electronic Clearing Service :

The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for crediting dividends through Electronic Clearing Services (ECS) to the investors wherever ECS and bank details are available. In the absence of ECS facility, the Company is required to print the bank account details on the dividend warrant. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the Depository Account, may notify their DPs about any change in the bank account details.

Address for Correspondence :

PHYSICAL SHARES	DEMAT SHARES
Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai - 400 078 e-mail: sandeep.holam@intimespectrum.com	Respective Depository Participants of the Shareholders

Exclusive E-mail ID for redressal of investor complaints :

In terms of Clause 47 (f) of the Listing Agreement, please use the following contact for redressal of investor complaints:

E-mail : Investorcell@akrutiestate.com

COMPLIANCE :

During the year under review, the Company has complied with the applicable provisions, filed relevant returns/forms and furnished relevant particulars under the provisions of the Companies Act, 1956 and rules framed thereunder, SEBI Act, 1992 and the rules, regulations and guidelines issued by SEBI and the Listing Agreements. In this connection, compliance certificate issued by M/s. Ashish Bhatt & Associates, Company Secretaries is given elsewhere in the Annual Report.

SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL :

As stipulated by SEBI, a qualified Practising Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Listed Stock Exchanges. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and the total number of shares in physical form.

SECRETARIAL COMPLIANCE CERTIFICATE

The Board of Directors Akruti Nirman Limited

I have examined the registers, records and documents of Akruti Nirman Limited ("the Company") for the financial year ended March 31, 2007 according to the provisions of :

- The Companies Act, 1956 and the Rules made under that Act;
- The Listing Agreement with the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
- The Depositories Act, 1996 and the Bye-laws framed under that Act.

I. Based on my examination and verification of the records produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the rules made under the Act and the Memorandum and Articles of Association of the Company, with regards to:

- (a) maintenance of various statutory registers and documents and making necessary entries therein;
- (b) forms, returns, documents and resolutions required to be filed with the Registrar of Companies;
- (c) service of documents by the Company on its Members and the Registrar of Companies;
- (d) the 18th Annual General Meeting held on 8th May, 2006;
- (e) minutes of proceedings of General Meetings and of Board and other Meetings;
- (f) notice of Board Meetings and Committee Meetings of Directors;
- (g) the Meeting of Directors and Committees of Directors including passing of resolutions by circulation;
- (h) approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
- (i) declaration and payment of dividend;
- (j) constitution of the Board of Directors and appointment, retirement and reappointment of Directors;
- (k) remuneration paid to the Directors other than Wholetime Directors;
- (l) appointment and remuneration of Wholetime Directors;
- (m) appointment and remuneration of Auditors;
- (n) transfer and transmission of the Company's shares and issue and delivery of original and remat certificates of shares;
- (o) borrowing and registration, modification and satisfaction of charge;
- (p) investment of Company's funds including inter corporate loans and investments and loans to others;
- (q) contracts, common seal, registered office and publication of name of the Company; and
- (r) generally, all other applicable provisions of the Act and the Rules made under that Act.

SECRETARIAL COMPLIANCE CERTIFICATE (CONTD.)

2. I further report that:
 - a. the Company's Directors have complied with the requirements as to disclosures of interests and concerns in contracts and arrangements, shareholdings/ debenture holding and directorship in other Companies and interest in other entities;
 - b. the Company has obtained all necessary approvals under the various provisions of the Act;
 - c. there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties were imposed on the Company under the Act against the Company, its Directors and officers.
3. I further report that the Company has complied with the provisions of Companies Act, 1956; Securities Contracts (Regulation) Act, 1956; Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000; Depositories Act, 1996 and Listing Agreements in connection with the Initial Public Offer of Equity Shares of the Company.
4. I further report that :
 - a. the Company has complied with the requirements under the Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
 - b. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 including the provisions with regard to disclosures and maintenance of records required under the regulations;
 - c. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.
5. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to the dematerialisation and rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.

For **Ashish Bhatt & Associates**
Company Secretaries

Ashish Bhatt
Certificate of Practice No. 2956

Place: Mumbai
Date : July 4, 2007

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **AKRUTI NIRMAN LIMITED**, as at 31st March, 2007, the annexed Profit and Loss Account for the year ended on that date, and also the Cash Flow Statement for the year ended on that date. 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.

1. We conducted our audit in accordance with the Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from any 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) 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 the books of the Company;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2007, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) (a) Reference is invited to Note No. 13 (b) in Schedule O to the Accounts, relating to reappointment of managing director and revisions in managerial remuneration, that are subject to approval of the shareholders at the ensuing general meeting;
 - (b) Reference is invited to disclosures made under Note No. 24 in Schedule O to the Accounts, relating to change in accounting policy made during the year, with respect to recognition of revenue from sale of incomplete properties, which does not have any impact on the profit for the year;
 - (vii) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with our comments in para 3 (vi) above and the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present 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 31st March, 2007;
 - (b) in the case of the 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.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.: 37310
Mumbai: 4th July, 2007

For and on behalf of
VIRAL D. DOSHI & CO.
Chartered Accountants

VIRAL DOSHI
Proprietor
Membership No.: 105330

ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2007 OF AKRUTI NIRMAN LIMITED

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-

- (i) (a) The Company has maintained a register of fixed assets, giving description and location of its assets, **which is in the process of being updated**;
- (b) As explained to us, the Company is in the process of implementing a programme for verification of its fixed assets, in a phased manner, which programme, in our opinion, appears reasonable, looking to the size of the Company and the nature of its business. No physical verification was conducted during the year as a result of which, the question of discrepancies does not arise;
- (c) The Company has not disposed off any substantial part of its fixed asset so as to affect its going concern;
- (ii) (a) As explained to us, inventories have been physically verified by the management at intervals which are, in our opinion, reasonable in relation to the size of the Company and the nature of its business;
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) On the basis of our examination of the records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. No discrepancies were noticed as compared to the book records;
- (iii) (a) According to the information and explanations given to us, the Company has granted unsecured loans (including advances in the nature of loans) to companies covered in the register maintained under Section 301 of the Companies Act, 1956, as given below:

	No. of parties	Amount (Rs.)
Opening Balance	3	31,067,871
Given during the year	5	157,267,042
Repaid during the year	5	80,725,177
Closing Balance	4	107,609,736

There were no loans granted to any firm or other party covered in the register maintained under the said section;

- (b) In our opinion, the rate of interest and other terms and conditions of the loans granted are, prima-facie, not prejudicial to the interest of the Company, **except in the case of interest free loans aggregating Rs.22,057,500 granted to a company, which has repaid the loans prior to the close of the year**;
- (c) According to the information and explanations given to us, the recovery of principal amounts and interest thereon is generally regular;
- (d) According to the information and explanations given to us, the Company has taken unsecured loans (including advances in the nature of loans) from companies covered in the register maintained under Section 301 of the Companies Act, 1956, as given below:

	No. of parties	Amount (Rs.)
Opening Balance	3	3,812,790
Taken during the year	3	2,410,644
Repaid during the year	3	6,223,434
Closing Balance	—	—

There were no loans taken from any firm or other party covered in the register maintained under the said section;

ANNEXURE TO THE AUDITORS REPORT (CONTD.)

- (e) In our opinion, the rate of interest and other terms and conditions of the loans taken are, prima-facie, not prejudicial to the interest of the Company;
- (f) According to the information and explanations given to us, the Company is generally regular in repayment of principal amounts and interest thereon;
- (iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and sale of services. There was no sale of goods during the year. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control;
- (v) (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations made to us, we are of the opinion that, the transactions in which directors were interested as contemplated under Section 297 and Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, 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 exceeding the value of Rupees five lac in respect of any party during the year, have been made at prices which are reasonable having regard to market prices prevailing at that time;
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) On the basis of internal audit report broadly reviewed by us, we are of the opinion that, the internal audit function, carried out by a firm of Chartered Accountants appointed by the management, is commensurate with the size of the Company and the nature of its business;
- (viii) (a) According to the records of the Company, it has been generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Wealth Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities. **There have been delays during certain months, in depositing Provident Fund, Income Tax deducted at source, Sales Tax and Service tax.** However, there were no amounts outstanding at the last day of the financial year for a period exceeding six months from the date they became payable. There were no dues during the year towards Employees State Insurance and Excise Duty;
- (b) On the basis of our examination of documents and records of the Company, there were no disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or Cess;
- (ix) The Company, neither has accumulated losses at the end of the financial year nor has incurred cash losses, both, in the financial year under report and in the immediately preceding financial year;
- (x) On the basis of records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, debenture holders or financial institutions;
- (xi) On the basis of the records examined by us and the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;
- (xii) In respect of the securities dealt in or traded by the Company, proper records have been maintained in respect of the transactions and contracts, and timely entries have been made therein. All the investments are held by the Company in its own name;
- (xiii) According to the information and explanations given to us, and the representations made by the management, the guarantees given by the Company for loans taken by others from banks are, in our opinion, prima-facie, not prejudicial to the interests of the Company;
- (xiv) On the basis of the records examined by us, we have to state that, the Company has, prima-facie, applied the term loan availed, for the purpose for which it was obtained;

ANNEXURE TO THE AUDITORS REPORT (CONTD.)

- (xv) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, and after placing reliance on the reasonable assumptions made by the Company for classification of usage of funds we are of the opinion that, prima facie, short term funds have not been used for long term purposes;
- (xvi) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956;
- (xvii) On the basis of the records examined by us, we have to state that, the Company has created security in respect of debentures issued;
- (xviii) On the basis of the records examined by us and according to the information, explanations and representations made to us, we have to state that, the disclosure made by the management, in respect of the end use of monies raised by issue of equity shares to the public, are adequate;
- (xix) According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year;

Looking to the nature of activities being carried on, at present, by the Company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditor's Report) Order, 2003, and the Companies (Auditor's Report) (Amendment) Order, 2004, clauses (iii) (d), (viii) and (xiii) of paragraph 4 of the aforesaid Order, are, in our opinion, not applicable to the Company.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.: 37310

Mumbai: 4th July, 2007

For and on behalf of
VIRAL D. DOSHI & CO.
Chartered Accountants

VIRAL DOSHI
Proprietor
Membership No.: 105330

BALANCE SHEET AS AT 31st MARCH, 2007

	Schedule	31st March, 2007 (Rupees)	31st March, 2006 (Rupees)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	667,000,000	480,000,000
Reserves and Surplus	B	4,351,296,381	587,852,118
LOAN FUNDS			
Secured Loans	C	2,819,837,726	891,149,293
Unsecured Loans		3,026,732	3,812,790
		<u>2,822,864,458</u>	<u>894,962,083</u>
DEFERRED TAX LIABILITY (Refer Note 6)		1,307,669	6,351,429
TOTAL		<u><u>7,842,468,508</u></u>	<u><u>1,969,165,630</u></u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	1,010,851,029	953,046,857
Less: Depreciation and Amortisation		143,062,093	94,561,773
Net Block		867,788,936	858,485,084
Capital Work-in-progress		2,670,639	—
		<u>870,459,575</u>	<u>858,485,084</u>
INVESTMENTS	E	2,651,257,203	197,780,446
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	F	1,484,169,129	1,041,748,335
Sundry Debtors		716,019,462	24,724,448
Cash and Bank Balances		1,309,786,631	51,547,102
Loans and Advances		1,602,761,110	382,801,970
		<u>5,112,736,332</u>	<u>1,500,821,855</u>
LESS : CURRENT LIABILITIES AND PROVISIONS	G		
Current Liabilities		542,094,704	472,895,755
Provisions		249,889,898	115,026,000
		<u>791,984,602</u>	<u>587,921,755</u>
NET CURRENT ASSETS		<u><u>4,320,751,730</u></u>	<u><u>912,900,100</u></u>
TOTAL		<u><u>7,842,468,508</u></u>	<u><u>1,969,165,630</u></u>
Notes forming part of the Accounts	O		

As per our report of even date

For and on behalf of the Board

For and on behalf of
DALAL & SHAH
Chartered Accountants

For and on behalf of
VIRAL D. DOSHI & CO.
Chartered Accountants

HEMANT M. SHAH
EXECUTIVE CHAIRMAN

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER

VIRAL D. DOSHI
PROPRIETOR

CHETAN S. MODY
COMPANY SECRETARY

RAJENDRA SHAH
CHIEF FINANCE OFFICER

MUMBAI:
Date : 4th July, 2007

MUMBAI:
Date : 4th July, 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

	Schedule	Year ended 31st March, 2007 (Rupees)	Year ended 31st March, 2006 (Rupees)
INCOME			
Sales and Income from Operations	H	1,778,877,290	1,712,895,560
Share of Profit from Joint Ventures and Partnership Firms (Net)		—	280,687,764
Other Income	I	99,933,957	21,429,798
TOTAL		1,878,811,247	2,015,013,122
EXPENDITURE			
Cost of Construction	J	1,018,167,012	941,685,266
(Increase) / Decrease in Inventories	K	(523,918,436)	176,400,751
Purchase of Transferable Development Rights (TDR) for Trade		34,227,905	71,590,890
Share of Loss from Joint Ventures and Partnership Firms (Net) (Refer Note 16)		13,546,190	—
Employment Cost	L	67,104,247	13,487,859
Administrative, Selling and General Expenses	M	159,212,018	42,855,727
Interest and Finance Charges	N	199,776,000	60,099,648
Depreciation and Amortisation		61,375,648	47,801,098
TOTAL		1,029,490,584	1,353,921,239
PROFIT BEFORE TAX		849,320,663	661,091,883
Add / (Less): Provision for Taxation			
- Current Tax		(97,200,000)	(32,500,000)
- Deferred Tax Credit (Refer Note 6 (b))		5,043,760	2,787,774
- Fringe Benefit Tax		(2,300,000)	(428,000)
- Wealth Tax		(86,000)	—
PROFIT FOR THE YEAR		754,778,423	630,951,657
Add / (Less) :			
Excess / (Short) Provision for Taxation in respect of earlier years		(329,438)	53,268
Deferred Tax Adjustments for earlier years (Refer Note 6 (a))		—	(8,979,335)
Prior Period Adjustments (Net) (Refer Note 23)		4,223,338	50,708
		758,672,323	622,076,298
Add / (Less) :			
Balance brought forward from previous year		520,352,118	426,801,188
Deferred Tax Liability as at 1st April, 2002 (net) (Refer Note 6 (a))		—	(159,868)
Capitalised towards issue of Bonus Shares		(52,500,000)	(378,767,500)
AMOUNT AVAILABLE FOR APPROPRIATION		1,226,524,441	669,950,118
Appropriations :			
Debenture Redemption Reserve		1,000,000,000	—
Proposed Dividend		100,050,000	72,000,000
Tax on Proposed Dividend		17,003,498	10,098,000
General Reserve		38,000,000	67,500,000
Balance carried to Balance Sheet		71,470,943	520,352,118
Earnings per Share of Rs.10 each (Basic and Diluted) (Refer Note 17)		12.42	13.93
Notes forming part of the Accounts	O		

As per our report of even date

For and on behalf of
DALAL & SHAH
Chartered Accountants

For and on behalf of
VIRAL D. DOSHI & CO.
Chartered Accountants

For and on behalf of the Board

HEMANT M. SHAH
EXECUTIVE CHAIRMAN

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER

VIRAL D. DOSHI
PROPRIETOR

CHETAN S. MODY
COMPANY SECRETARY

RAJENDRA SHAH
CHIEF FINANCE OFFICER

MUMBAI:
Date : 4th July, 2007

MUMBAI:
Date : 4th July, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	Year ended 31st March, 2007 (Rupees)	Year ended 31st March, 2006 (Rupees)
I CASH FLOW ARISING FROM OPERATING ACTIVITIES :		
Net Profit before Tax as per Profit and Loss Account	787,485,751	661,091,883
Add / (Deduct) :		
Interest and Finance Charges	199,776,000	60,099,648
Depreciation and Amortisation	61,375,647	47,801,098
Dividend from Current Investments	(20,565,360)	—
Profit on Sale of Current Investments	(1,637,241)	—
Interest Income	(67,817,534)	(10,193,016)
Proportionate amount written off against		
Miscellaneous Expenditure	61,834,912	—
Prior Period Adjustments	(204)	—
Loss on Sale / Discardment of Fixed Assets (Net)	7,307,394	195,334
	<u>240,273,614</u>	<u>97,903,064</u>
Operating Profit before Working Capital Changes	1,027,759,365	758,994,947
Add / (Deduct) :		
(Increase) / Decrease in Inventories	(484,285,553)	176,400,751
(Increase) / Decrease in Trade and Other Receivables	(1,779,866,317)	26,057,563
Increase / (Decrease) in Trade Payables	8,236,395	(26,306,525)
Direct Taxes Paid	(109,335,833)	(4,598,404)
	<u>(2,365,251,308)</u>	<u>171,553,385</u>
Net Cash Flow in the course of Operating Activities	<u>(1,337,491,943)</u>	<u>930,548,332</u>
II CASH FLOW ARISING FROM INVESTING ACTIVITIES :		
Inflow / (Outflow) on account of :		
Dividend from Current Investments	20,565,360	—
Profit on Sale of Current Investments	1,637,241	—
Interest Income	67,817,534	10,193,016
(Increase) in Loans and Advances		
(Including towards Share Application)	(580,467,859)	(54,042,596)
Fixed Assets (Net)	(34,569,231)	(155,198,989)
Investments (Net)	(2,453,476,757)	(122,862,771)
Net Cash Flow in the course of Investing Activities	<u>(2,978,493,712)</u>	<u>(321,911,340)</u>
III CASH FLOW ARISING FROM FINANCING ACTIVITIES :		
Inflow / (Outflow) on account of :		
Increase / (Decrease) in Secured Loans	1,924,438,597	(456,778,718)
(Decrease) in Unsecured Loans	(786,058)	(103,458,506)
Issue of Equity Shares	67,000,000	10,000,000
Securities Premium Account	3,551,000,000	—
Interest and Finance Charges	(187,839,863)	(63,807,635)
Dividend Paid	(72,000,000)	(40,000,000)
Tax on Dividend Paid	(10,098,000)	(5,227,500)
Share Issue Expenses	(255,898,309)	—
Net Cash Flow in the course of Financing Activities	<u>5,015,816,367</u>	<u>(659,272,359)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)	699,830,712	(50,635,367)
Add: Balance at the beginning of the year	37,574,704	88,210,071
Cash and Cash Equivalents at the close of the year	737,405,416	37,574,704
Reconciliation of Cash and Bank Balances given in Schedule F, is as follows :-		
Cash and Bank Balances	1,309,786,631	51,547,102
Less:-		
- Margin Money Balances	(22,381,215)	(13,972,398)
- Fixed Deposits pledged towards Bank Overdraft	(550,000,000)	—
Cash and Cash Equivalents at the close of the year	<u>737,405,416</u>	<u>37,574,704</u>

As per our report of even date

For and on behalf of the Board

For and on behalf of
DALAL & SHAH
Chartered Accountants

For and on behalf of
VIRAL D. DOSHI & CO.
Chartered Accountants

HEMANT M. SHAH
EXECUTIVE CHAIRMAN

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER

VIRAL D. DOSHI
PROPRIETOR

CHETAN S. MODY
COMPANY SECRETARY

RAJENDRA SHAH
CHIEF FINANCE OFFICER

MUMBAI:
Date : 4th July, 2007

MUMBAI:
Date : 4th July, 2007

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	31st March, 2007 (Rupees)	31st March, 2006 (Rupees)
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
12,50,00,000 Equity Shares of Rs. 10 each	1,250,000,000	1,250,000,000
	<u>1,250,000,000</u>	<u>1,250,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
6,67,00,000 (P. Y. 4,80,00,000) Equity Shares of Rs.10 each fully paid up	667,000,000	480,000,000
(Of the above, 5,85,00,000 shares allotted as fully paid-up bonus shares, including 1,20,00,000 (P.Y. 45,00,00,000) shares allotted during the year by way of capitalisation of General Reserve and Surplus in Profit and Loss Account. On 2nd February, 2007, Company issued and allotted 67,00,000 Equity Shares of Rs. 10 each under Initial Public Offer)		
Per Balance Sheet	<u>667,000,000</u>	<u>480,000,000</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
Securities Premium Account	3,551,000,000	—
Received during the year	309,174,562	—
Less : Share Issue Expenses (Initial Public Offer)	—	—
	3,241,825,438	—
Debenture Redemption Reserve	1,000,000,000	—
Transferred from Profit and Loss Account	—	—
General Reserve		
As per last Balance Sheet	67,500,000	71,232,500
Less : Amount capitalised towards issue of bonus shares	(67,500,000)	(71,232,500)
Add : Transferred from Profit and Loss Account	38,000,000	67,500,000
	38,000,000	67,500,000
Surplus in Profit and Loss Account	71,470,943	520,352,118
Per Balance Sheet	<u>4,351,296,381</u>	<u>587,852,118</u>
SCHEDULE 'C'		
LOAN FUNDS		
Secured Loans		
a) 100 Privately Placed Non-Convertible Debentures of Rs. 10,00,000/- each to be redeemed in equal installments of Rs. 5,00,000/- each on 13th Oct., 2007 and 13th Nov., 2007 respectively (Interest linked with MIBOR) (Refer Note 7)	1,000,000,000	—
b) Loans from Banks (Refer Note 7)	794,630,320	573,991,476
Interest accrued on above	5,310,920	1,061,084
	799,941,240	575,052,560
c) Loans from Financial Institution (Refer Note 7)	220,000,000	—
d) Loans from Banks against Future Lease Rentals (Refer Note 7)	796,716,249	311,811,387
e) Vehicle Loans from Banks (Secured against Vehicles purchased there against)	3,180,237	4,285,346
Per Balance Sheet	<u>2,819,837,726</u>	<u>891,149,293</u>
Unsecured Loans		
Short Term Loans		
From Subsidiary Companies	3,026,732	3,477,790
From Others	—	335,000
Per Balance Sheet	<u>3,026,732</u>	<u>3,812,790</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

SCHEDULE 'D'

FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31 st March, 2006	Additions during the year	Deductions/ Adjustments	As at 31 st March, 2007	Upto 31 st March, 2006	Provided during the year	Deductions/ Adjustments	Upto 31 st March, 2007	As at 31 st March, 2007	As at 31 st March, 2006
Leasehold Land	19,631,515	—	15,403,158	4,228,357	2,689	312,560	173,918	141,331	4,087,026	19,628,826
Commercial Premises	48,861,000	2,877,995	33,056,674	18,682,321	124,970	1,424,639	556,760	992,649	17,689,472	48,736,030
Mivan System	5,327,561	—	—	5,327,561	563,849	662,632	—	1,226,481	4,101,080	4,763,712
Air Conditioners	450,237	979,697	—	1,429,934	129,536	79,342	—	208,878	1,221,056	320,701
Computers	2,372,371	2,591,632	—	4,964,003	335,370	1,305,569	—	1,640,939	3,323,064	2,037,001
Office Equipment	1,207,022	2,439,643	2,550	3,644,115	87,522	487,054	115	574,461	3,069,654	1,119,500
Furniture and Fixtures	82,818,917	12,584,738	—	95,403,655	21,368,943	11,576,914	—	32,945,857	62,457,798	61,449,974
Vehicles	11,989,901	13,305,383	—	25,295,284	5,466,437	3,613,633	—	9,080,070	16,215,214	6,523,464
Total (I)	172,658,524	34,779,088	48,462,382	158,975,230	28,079,316	19,462,343	730,793	46,810,866	112,164,364	144,579,208
Leased Assets (II)										
Leasehold Land	238,690,844	—	—	238,690,844	14,199,995	7,956,363	4,222,645	17,933,713	220,757,131	224,490,849
Commercial Premises	460,093,000	63,900,971	—	523,993,971	24,061,434	23,302,066	—	47,363,500	476,630,471	436,031,566
Furniture and Fixtures	81,604,489	22,815,844	15,229,349	89,190,984	28,221,028	10,654,876	7,921,890	30,954,014	58,236,970	53,383,461
Total (II)	780,388,333	86,716,815	15,229,349	861,875,799	66,482,457	41,913,305	12,144,535	96,251,227	755,624,572	713,905,876
Per Balance Sheet	953,046,857	121,495,903	63,691,731	1,010,851,029	94,561,773	61,375,648	\$12,875,328	143,062,093	867,788,936	858,485,084
Previous Year	842,592,403	468,080,556	357,629,102	953,046,857	91,309,876	47,801,098	44,549,201	94,561,773	858,485,084	—
Capital Work-In-Progress (Expenditure on Development of Software (Intangible))									2,670,639	—

Notes : @ Leased Premises (including Furniture and Fixtures in furnished premises and land acquired on lease) given under operating lease are held by the Company for sale in the ordinary course of business. These assets are disclosed under the Fixed Assets Schedule and depreciation is provided thereon only in pursuance of the requirement of Accounting Standard AS 19 - Leases (Refer Note 1 (V) (B)).

§ Includes Rs. 4,223,542/- (FY. Rs. 50,708/-) being excess depreciation for earlier years written back.

31st March, 2007
(Rupees)

31st March, 2006
(Rupees)

SCHEDULE 'E'

INVESTMENTS (Unquoted) (Trade, unless otherwise specified) Long term Investments (At Cost)

(I) Subsidiary Companies (Fully paid Equity Shares)

a) 2658 Equity Shares of Rs.100/- each Agreem Properties Limited (Formerly known as Agreem Properties Private Limited)	265,800	265,800
b) 50000 Equity Shares of Rs.10/- each (FY. 2650 Equity Shares of Rs. 100/- each) Adhivitiya Properties Limited (Formerly known as Adhivitiya Properties Private Limited)	500,000	265,000
c) 5000 (FY. 4150 Equity Shares) Equity Shares of Rs.100/- each TDR Properties Limited (Formerly known as TDR Properties Private Limited)	500,000	415,000
d) 50000 (FY. 27500 Equity Shares) Equity Shares of Rs.10/- each Akulpita Construction Limited (Formerly known as Akulpita Construction Private Limited)	500,000	275,000
e) 50000 (FY. 26700 Equity Shares) Equity Shares of Rs.10/- each Akruti Centre Point Infotech Limited (Formerly known as Akruti Centre Point Infotech Private Limited)	500,000	267,000
f) 49980 Equity Shares of Rs.10/- each (FY. 2753 Equity Shares of Rs. 100/- each) Vishal Tekniks (Civil) Limited (Formerly known as Vishal Tekniks (Civil) Private Limited)	499,800	275,300
c/f	2765600	1763100

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

		31st March, 2007 (Rupees)	31st March, 2006 (Rupees)
SCHEDULE 'E' (contd.)			
	b/f	2765600	1763100
g)	5000 (P.Y. 4394 Equity Shares) Equity Shares of Rs.100/- each Arnav Properties Limited (Formerly known as Arnav Properties Private Limited)	500,000	439,400
h)	2551 Equity Shares of Rs.100/- each Vishal Nirman (India) Limited (Formerly known as Vishal Nirman (India) Private Limited)	255,100	255,100
i)	249990 Equity Shares of Rs.10/- each E Commerce Solutions (India) Limited (Formerly known as E Commerce Solutions (India) Private Limited)	2,499,900	2,499,900
j)	50000 Equity Shares of Rs.10/- each Sheshan Housing & Area Development Engineers Limited (Formerly known as Sheshan Housing & Area Development Engineering Private Limited)	500,000	500,000
k)	44336 Equity Shares of Rs.10/- each Brainpoint Infotech Limited (Formerly known as Brainpoint Infotech Private Limited)	443,360	443,360
l)	4300 Equity Shares of Rs.100/-each Vaishnavi Builders & Developers Private Limited	430,000	430,000
		7,393,960	6,330,860
II) Bodies Corporate (Fully paid Equity Shares)			
A. Associate Companies			
a)	1666520 Equity Shares of Rs.10/- each Infrastructure Ventures India Limited	16,665,200	16,665,200
b)	25000 Equity Shares of Rs.100/- each Mangal Shruti Gruh Nirmiti Limited	2,500,000	2,500,000
c)	4890 Equity Shares of Rs.10/- each Gallant Infotech Private Limited	48,900	48,900
d)	8000 Equity Shares of Rs.10/- each Pristine Developers Private Limited	80,000	80,000
e)	50160 Equity Shares of Rs.10/- each DLF Akruti Info Parks (Pune) Limited	501,600	501,600
		19,795,700	19,795,700
B. Others			
a)	240 Equity Shares of Rs.100/- each @ Citygold Management Services Private Limited	24,000	24,000
b)	37815 Equity Shares of Rs.10/- each Janakalyan Sahakari Bank Limited	378,150	378,150
c)	5 Equity Shares of Rs.50/- each Gokul Niwas Co-op Housing Society Limited	250	250
d)	1425 A Class Equity Shares of Rs.500/-each Dharni Properties Private Limited	712,500	712,500
e)	6000 (P.Y. 4766 Equity Shares) B Class Equity Shares of Rs.50/- each @ Akruti Niharika Buildings Limited	300,000	238,300
f)	9000 (P.Y. Nil) Equity Shares of Rs.10/- each @ Akruti Security Plates Private Limited (Formerly known as Almighty Impex Private Limited)	1,800,000	—
		3,214,900	1,353,200
	c/f	30,404,560	27,479,760

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

b/f	31st March, 2007 (Rupees)	31st March, 2006 (Rupees)
	30,404,560	27,479,760
SCHEDULE 'E' (contd.)		
III) Capital of Partnership Firms / Joint Ventures (Refer Notes 3 and 4)	1,080,940,090	578,635,882
Less: Balance Contribution outstanding to a Joint Venture (Refer Note 9)	<u>408,335,196</u>	<u>408,335,196</u>
	672,604,894	170,300,686
Sub-total - Long term	703,009,454	197,780,446
<p>@ Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956. The above investments have been classified by the Company as long term investments in view of its intention to hold the same on a long term basis.</p>		
Current Investments (Other than Trade)		
(At lower of cost and fair value) (Refer Note 22(b))		
In Mutual Funds (Units of Rs. 10 each)		
a) Dividend Option		
164,418 Units of Birla Cash Plus-Institutional Premium-Daily Dividend (NAV : Rs. 1,647,385/-)	1,647,385	—
119,584,463 Units of HSBC Cash Fund-Institutional Plus-Daily Dividend (NAV : Rs. 1,196,514,303/-)	<u>1,196,514,303</u>	—
	1,198,161,688	—
b) Growth Option		
27,064,088 Units of ING Vysya Liquid Fund Super Institutional Growth Option (NAV : Rs. 301,756,459/-)	300,000,000	—
25,000,000 Units of Reliance Fixed Horizon Fund II-Quarterly Plan-Series V-Institutional Growth Plan (NAV : Rs. 251,572,500/-)	250,000,000	—
17,168,138 Units of Principal Floating Rate Fund-FMP-Institutional Option-Growth Plan (NAV : Rs. 201,214,011/-)	<u>200,086,061</u>	—
	750,086,061	—
Sub-total - Current	1,948,247,749	—
Per Balance Sheet	2,651,257,203	197,780,446

During the year the Company acquired and sold the following investments:

Particulars	Nos.	Acquisition Cost (Rupees)
Mutual Funds (Units of Rs. 10 each)		
Dividend Option		
Birla Cash Plus-Institutional Premium-Daily Dividend	44,912,421	450,000,000
Reliance Liquid Fund-Treasury Plan-Institutional Daily Dividend	1,970,034	30,114,326
HSBC Cash Fund-Institutional Plus-Daily Dividend	165,384,786	1,654,774,014
HSBC Liquid Plus-Institutional Plus Daily Dividend	333,191,676	3,333,922,517
Growth Option		
Principal Cash Management Fund Liquid Option Institutional Premium Plan -Growth	17,212,148	200,000,000

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

	31st March, 2007 (Rupees)	31st March, 2006 (Rupees)
SCHEDULE 'F'		
CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES (As taken, valued and certified by the Management)		
(Refer Note 1(V))		
Stock-in-trade		
Floor Space Index (FSI)	323,427,301	336,415,728
Transferable Development Rights (TDR)	—	68,318,634
Incomplete Projects	906,585,499	549,723,039
Finished Properties	254,156,329	87,290,934
	1,484,169,129	1,041,748,335
SUNDRY DEBTORS (Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months	20,477,478	15,040,000
Other Debts (Refer Note 20)	695,541,984	9,684,448
	716,019,462	24,724,448
CASH AND BANK BALANCES (Refer Note 22(b))		
Cash on hand	1,232,864	476,189
Bank Balances with Scheduled Banks		
- in Current Accounts	113,472,232	37,098,515
- in Deposit Accounts		
(Including Interest accrued Rs.7,529,611/-) *	1,172,700,320	—
- in Margin Money Accounts		
(Including Interest accrued Rs.400,307/-)	22,381,215	13,972,398
* Includes Rs.550,000,000 pledged as security towards Bank Overdraft.	1,309,786,631	51,547,102
LOANS AND ADVANCES (Unsecured, Considered Good)		
Loans to Subsidiary Companies (Refer Note 19)	315,485,755	103,223,590
Loans to Employees (Interest Free)	26,624	69,000
Loans and Advances to Others (Refer Note 19)	162,110,809	111,990,181
Income Tax Refund	2,583,640	25,066,166
Advances towards Share Application (Refer Note 19)	347,469,916	29,884,850
Advances recoverable in cash or in kind or for value to be received (includes Rs.2,209,488/- (P.Y. Rs. 2,209,488/-) due from private companies in which Director(s) is/are Director(s) and Rs. 29,673/- (P.Y. Rs. Nil) due from a subsidiary) (Refer Note 19)	626,602,617	95,897,755
Taxes Paid / Deducted at Source	148,481,749	16,670,428
	1,602,761,110	382,801,970
Per Balance Sheet	5,112,736,332	1,500,821,855
SCHEDULE 'G'		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors (Other than Small Scale Industrial Undertakings) (includes due to subsidiary companies Rs. Nil (P.Y. Rs. 321,358/-)) (Refer Note 21)	184,280,389	183,749,363
Advances from Customers	240,923,224	227,330,651
Overdrawn Bank Balances as per books of account	62,732,857	5,332,950
Other Liabilities	46,471,933	56,482,791
Interest accrued but not due on Loans	7,686,301	—
	542,094,704	472,895,755
PROVISIONS		
Income Tax	129,922,300	32,500,000
Fringe Benefit Tax	2,828,100	428,000
Wealth Tax	86,000	—
Proposed Dividend	100,050,000	72,000,000
Tax on Proposed Dividend	17,003,498	10,098,000
	249,889,898	115,026,000
Per Balance Sheet	791,984,602	587,921,755

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

	Year ended 31st March, 2007 (Rupees)	Year ended 31st March, 2006 (Rupees)
SCHEDULE 'H'		
SALES AND INCOME FROM OPERATIONS		
Sale of Finished Properties, Transferable Development Rights (TDR) / Floor Space Index (FSI)	1,572,445,671	1,607,828,665
Sale of Transferable Development Rights (TDR) (Traded)	37,458,720	—
Income from premises given on lease (Gross, Tax deducted at source Rs.38,475,777/-; P.Y. Rs.14,241,139/-)	168,972,899	105,066,895
Per Profit and Loss Account	<u>1,778,877,290</u>	<u>1,712,895,560</u>
SCHEDULE 'I'		
OTHER INCOME		
Dividend from Current Investments	20,565,360	—
Profit on sale of Current Investments	1,637,241	—
Royalty received (Gross, Tax deducted at source Rs. 1,12,200/-; P.Y. Rs. Nil)	2,000,000	—
Interest (Gross, Tax Deducted at Source Rs. 12,661,022/-; P.Y. Rs. 1,403,922/-)		
- Loans	48,321,004	7,649,102
- Bank Fixed Deposits	17,818,047	1,362,370
- Others	<u>1,678,483</u>	<u>1,181,544</u>
	67,817,534	10,193,016
Foreign Exchange Gain	3,420	—
Miscellaneous Income	7,910,402	11,236,782
Per Profit and Loss Account	<u>99,933,957</u>	<u>21,429,798</u>
SCHEDULE 'J'		
COST OF CONSTRUCTION		
Construction cost incurred during the year (#)	1,046,852,763	1,403,392,474
Less : Transferred to Fixed Assets Schedule (Refer Note 1(V)(B))	76,415,802	461,707,208
Add : Written Down Value of Finished Properties transferred from Fixed Asset Schedule on sale of property (Refer Note 1(V)(B))	47,730,051	—
Per Profit and Loss Account	<u>1,018,167,012</u>	<u>941,685,266</u>

Includes Rs. 1,888,448/- (P.Y. Rs. Nil) being purchase of Incomplete Project

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

	Year ended 31st March, 2007 (Rupees)	Year ended 31st March, 2006 (Rupees)
SCHEDULE 'K' (INCREASE) /DECREASE IN INVENTORIES		
Opening Inventory :		
Floor Space Index (FSI)	336,415,728	550,015,695
Transferable Development Rights (TDR)	68,318,634	—
Incomplete Projects	549,723,039	602,156,837
Finished Properties	87,290,934	65,976,554
	<u>1,041,748,335</u>	<u>1,218,149,086</u>
Less: Cancellation of TDR purchased in earlier year	68,318,634	—
Less: Transferred to Fixed Assets Schedule (Refer Note 1(V)(B))	13,179,008	—
	<u>960,250,693</u>	<u>1,218,149,086</u>
Closing Inventory :		
Floor Space Index (FSI)	323,427,301	336,415,728
Transferable Development Rights (TDR)	—	68,318,634
Incomplete Projects	906,585,499	549,723,039
Finished Properties	254,156,329	87,290,934
	<u>1,484,169,129</u>	<u>1,041,748,335</u>
Per Profit and Loss Account	<u>(523,918,436)</u>	<u>176,400,751</u>
SCHEDULE 'L' EMPLOYMENT COSTS (Refer Note 13)		
Salaries, Bonus, etc.	62,018,745	12,718,966
Contribution to Provident Fund	3,909,977	272,925
Staff Welfare Expenses	961,139	394,862
Other Fund Expenses	214,386	101,106
Per Profit and Loss Account	<u>67,104,247</u>	<u>13,487,859</u>
SCHEDULE 'M' ADMINISTRATIVE, SELLING AND GENERAL EXPENSES		
Insurance	2,745,942	2,199,690
Rent	1,030,000	840,000
Advertisement	18,317,709	541,011
Advances and other debit balances written off	81,120	—
Donations	14,972,420	647,000
Brokerage	23,629,310	—
Directors' Fees and Travelling Expenses	1,093,322	180,000
Repairs and Society Maintenance Charges	16,627,239	174,533
Legal and Professional Fees	32,732,111	8,480,600
Other Expenses	40,675,451	29,597,559
Loss on Sale / Discardment of Fixed Assets (Net)	7,307,394	195,334
Per Profit and Loss Account	<u>159,212,018</u>	<u>42,855,727</u>
SCHEDULE 'N' INTEREST AND FINANCE CHARGES		
Interest		
- Debentures	34,216,436	—
- Fixed Loans	143,944,520	45,130,408
- Interest Others	8,078,112	14,869,240
	<u>186,239,068</u>	<u>59,999,648</u>
Loan Processing Fees and Other Finance Charges	13,536,932	100,000
Per Profit and Loss Account	<u>199,776,000</u>	<u>60,099,648</u>

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE 'O'

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007.

1. SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared and presented under the historical cost convention using the accrual basis of accounting in accordance with the accounting principles generally accepted in India and are in accordance with the applicable Accounting Standards, Guidance Notes and the relevant provisions of the Companies Act, 1956.

II. USE OF ESTIMATES

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

III. REVENUE RECOGNITION

A. Revenue from Construction Activity:

- i. Revenue from sale of finished properties / buildings is recognized on transfer of property and once significant risks and rewards of ownership have been transferred to the buyer. Similarly, revenue from sale of Transferable Development Rights (TDR) is recognized on transfer of the rights to the buyer. Revenue recognition is postponed to the extent of significant uncertainty.

- ii. Revenue from sale of incomplete properties is recognized on the basis of percentage of completion method, determined on the basis of physical proportion of the work completed, as certified by the Company's technical personnel, in relation to a contract or a group of contracts within a project, only after the work has progressed to the extent of 40% of the total work involved. Variations in estimates are updated periodically by technical certification. Further, revenue recognized in the aforesaid manner and related costs are both restricted to 90% until the construction activity and related formalities are substantially completed. Costs of construction / development are charged to the profit and loss account in proportion with the revenue recognized during the year. The balance cost are carried as part of 'Incomplete projects' under inventories. Amounts receivable / payable are reflected as Debtors / Advances from Customers, respectively, after considering income recognized in the aforesaid manner.

Recognition of revenue relating to agreements entered into with the buyers, which are subject to fulfillment of obligations / conditions imposed by statutory authorities, is postponed till such obligations are discharged.

The Company was recognizing revenue as per the completed building project method, upto the financial year ended 31st March, 2006. The change to the percentage of completion method, to the extent applicable, has been adopted in pursuance of the guidance note on recognition of revenue by real estate developers, issued by the Institute of Chartered Accountants of India, during the year (Attention is invited to Note 24)

- iii. Value of Floor Space Index (FSI) generated is recognized as inventory, at the rates quoted by the Stamp Duty Ready Reckoner issued by the State Government, in the year of completion of the agreed property (viz. Rehabilitation Building), in lieu of which the FSI is allotted to the Company. The value of FSI is carried as inventory held for sale or utilization in construction of projects undertaken for sale. The FSI value is considered as a part of construction cost of sale building, on the basis of weighted average for each project.

B. Profit / Loss from Partnership Firm / Joint Venture:

Share of Profit / Loss from partnership firms / joint ventures is accounted in respect of the financial year of the firm / venture, ending on or before the balance sheet date, on the basis of their audited / unaudited accounts, as the case maybe.

C. Income from Leased Premises:

Income from providing facilities / lease of premises is accrued over the period mentioned in the facility / leave and license agreement.

D. Others:

Other Revenues / incomes and Costs / Expenditure are generally accounted on accrual, as they are earned or incurred.

IV. FIXED ASSETS AND DEPRECIATION / AMORTISATION

- A. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortisation. Attention is also invited to Accounting Policy No. (V) (B).

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

- B. Depreciation for the year is provided on the written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such addition, or upto the date of such sale/disposal, as the case may be.

- C. Cost of Leasehold Land is amortised on a straight line basis, over the primary lease period.

V. INVENTORIES

- A. 'Incomplete projects' are stated at Cost or Net Realizable Value, whichever is lower. 'Incomplete projects' include costs of incomplete properties for which the Company has not entered into sale agreements, and in other cases, the costs incurred before the work has progressed to the extent of 40% of the total work involved. 'Incomplete projects' also include initial project costs that relate directly to a (prospective) project, incurred for the purpose of securing the project. These costs are recognized as expenditure for the year in which they are incurred unless they are separately identifiable and it is probable that the respective project will be obtained.
- B. Finished properties are stated at Cost or Net Realisable Value, whichever is lower. Finished properties given under operating lease are disclosed under the Fixed Assets Schedule as Leased Assets. The costs transferred to the Fixed Assets schedule are shown as deductions from the costs carried in opening inventory and construction costs incurred during the year. These assets (including Furniture and Fixtures in furnished properties and land acquired on lease) are depreciated / amortised as per the Accounting Policy given under Accounting Policy Nos. (IV)(B) and (IV)(C). Although the Company considers these assets as Inventories held for sale in the ordinary course of business, the disclosure under the Fixed Assets Schedule and provision for depreciation / amortisation is made to comply with the requirements of Accounting Standard 19 – Leases.
- C. Floor Space Index (FSI) is stated at the rate prescribed in the Stamp Duty Ready Reckoner Issued by the State Government, for the year in which FSI is generated. The said rate is reviewed at each balance sheet date and the carrying value of FSI is restated to mark decrease, if any, in the said rate. Increase, if any, in these rates is not taken into account. Attention is also invited to Accounting Policy No. (III) (A) (ii).
- D. All other inventory (viz. Transferable Development Rights) is stated at Cost or Net Realisable Value, whichever is lower. Costs included in inventory include costs incurred upto the completion of the project viz. cost of land, value of FSI, materials, services and other expenses (including borrowing costs) attributable to the projects. Cost formula used is average cost.

VI. INVESTMENTS

Investments are classified into current and long term investments. Current investments are stated at lower of cost and fair value. Long term investments are stated at cost. A provision for diminution is made to recognize decline, other than temporary, in the value of long term investments.

VII. RETIREMENT BENEFITS

- A. Retirement benefits in the form of Provident / Pension Fund is accounted on accrual basis and charged to the Profit and Loss Account of the year.
- B. Gratuity liability is covered under a Group Gratuity-cum-Life Assurance (Cash Accumulation) Scheme of the Life Insurance Corporation of India (LIC). The gratuity liability is charged to the Profit and Loss Account of the year on the basis of an Actuarial Valuation carried out by LIC at the close of the year.

VIII. BORROWING COST

Interest and other borrowing cost attributable to qualifying assets (including projects undertaken for sale) are allocated as part of the cost of construction / development of such assets. The borrowing cost incurred during the period in which activities, necessary to prepare the assets for their intended use or sale, are in progress, are allocated as aforesaid. Such allocation is suspended during extended periods in which active development is interrupted and, no costs are allocated once all such activities are substantially complete. All other borrowing costs are charged to the Profit and Loss Account.

IX. SHARE ISSUE EXPENSES

Share issue expenses are first charged against available balance in the Securities Premium Account.

X. FOREIGN CURRENCY TRANSLATIONS

- A. Balances in the form of Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted during the year.
- B. Income or expenditure in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

XI. TAXATION

Income tax expense comprises Current Tax, Fringe Benefit Tax (FBT) and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. Provision for FBT is made on the basis of the fringe benefits provided/deemed to have been provided during the year at the rates and values applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of deferred tax assets are reviewed to reassess realization.

2. Related party disclosures

A) Names of Related Parties and description of Relationships

I) Subsidiary Companies

Agreem Properties Limited
Adhivitiya Properties Limited
Akruti Centre Point Infotech Limited
Akulpita Construction Limited
Arnav Properties Limited
Brainpoint Infotech Limited
E Commerce Solutions (India) Limited
Sheshan Housing & Area Development Engineers Limited
TDR Properties Limited
Vaishnavi Builders & Developers Private Limited
Vishal Nirman (India) Limited
Vishal Teknics (Civil) Limited

II) Associate Companies and Joint Ventures (JV) / Partnership Firms

DLF Akruti Info Parks (Pune) Limited
Gallant Infotech Private Limited
Infrastructure Ventures India Limited
Mangal Shrushti Gruh Nirmitti Limited
Pristine Developers Private Limited
Akruti Chandan JV
Akruti GM JV
Hiranandani Akruti JV
Mount Mary JV
Niharika Shopping Mall JV
Aarti Projects & Constructions
Akruti Kailash Constructions
Akruti Steelfab Corporation
Jairaj Developers - Unit 9
Pristine Developers

III) Other parties where relationship of control exists

Gandhi Adhivitiya Combine
Suraksha Realtors
Akruti SMC JV
Akruti City Knowledge Private Limited
Akruti City Farming Private Limited
Akruti Guestline Private Limited
Akruti Niharika Buildings Limited
Akruti Security Plates Private Limited
Akruti SEZ (Mumbai) Private Limited
Citygold Education Research Limited
Citygold Farming Private Limited
Citygold Investments Private Limited
Citygold Management Services Private Limited
Ichha Constructions Private Limited
Roopkala Pictures Private Limited
Rushank Constructions Private Limited
Akruti Foundation for Knowledge and Research

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

IV) (a) Key Management Personnel

Mr. Hemant M. Shah (Chairman, Wholetime Director)
Mr. Vyomesh M. Shah (Managing Director)
Mr. Madhukar B. Chobe (Wholetime Director)

(b) Relatives of Key Management Personnel and their enterprises, where transactions have taken place:

Mrs. Kunjal H. Shah
Mrs. Falguni V. Shah
Hemant M. Shah (HUF)
Vyomesh M. Shah (HUF)
Mahipatray V. Shah (HUF)
Mrs. Lata M. Shah

Note: Related party relationships are as identified by the Company and relied upon by the Auditors.

B) Transactions with Related Parties:

(Rupees)

Sr. No.	Nature of transaction	Subsidiary Companies	Associate Companies	Joint Ventures/ Partnership Firms	Other parties where control exists	Key Management Personnel (Including Relatives)
i.	Loans and Advances received/ recovered	212,194,310 (113,824,625)	1,678,609 (104,225,191)	41,809,686 (766,468,983)	57,764,746 (25,664,925)	52,347,100 (23,051,706)
ii.	Loans and Advances given/ repaid /adjusted	424,907,533 (197,084,086)	72,765,642 (124,044,003)	57,485,030 (79,985,914)	54,436,015 (30,175,281)	52,347,100 (60,237,924)
iii.	Interest received	21,298,441 (4,276,154)	10,087,299 (2,597,995)	— (—)	74,015 (—)	— (—)
iv.	Interest paid	531,899 (448,414)	— (—)	— (—)	— (—)	— (347,278)
v.	Advance against share application	— (—)	39,634,691 (29,484,850)	— (—)	283,778,213 (400,000)	— (—)
vi.	Services received/ availed	8,808,616 (7,959,676)	1,403,039 (1,183,654)	— (—)	21,161,817 (29,523,059)	— (—)
vii.	Supervision/maintenance charges received	— (—)	— (—)	— (—)	18,000 (—)	— (—)
viii.	Rent received	— (—)	— (—)	— (—)	7,853,828 (4,499,280)	— (—)
ix.	Rent paid	— (—)	— (—)	— (—)	840,000 (840,000)	— (—)
x.	Royalty received	— (—)	— (—)	— (—)	2,000,000 (—)	— (—)
xi.	Directors' remuneration	— (—)	— (—)	— (—)	— (—)	16,234,000 (7,200,000)
xii.	Directors' sitting fees	— (—)	— (—)	— (—)	— (—)	100,000 (—)
xiii.	Purchase of TDR / Project	1,888,448 (3,272,256)	— (—)	— (68,318,634)	— (—)	— (—)
xiv.	Sale of Finished Properties / FSI	— (—)	— (—)	— (347,376,148)	— (—)	3,776,715 (—)
xv.	Investments made	— (—)	— (—)	607,949,330 (—)	— (—)	— (—)
xvi.	Investments withdrawn (at cost)	— (—)	— (—)	105,645,122 (—)	— (—)	— (—)
xvii.	Share of Profit from Partnerships/ Joint Ventures	— (—)	— (—)	33,075 (280,930,358)	— (—)	— (—)

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

Sr. No.	Nature of transaction	Subsidiary Companies	Associate Companies	Joint Ventures/ Partnership Firms	Other parties where control exists	Key Management Personnel (Including Relatives)
xviii.	Share of Loss from Partnerships/ Joint Ventures	— (—)	— (—)	13,579,265 (242,594)	— (—)	— (—)
xix.	Payments made on behalf of third parties	— (—)	— (—)	— (—)	1,075,000 (755,797)	— (—)
xx.	Collateral security given against loan availed by Company	Amount not quantifiable (Amount not quantifiable)	— (—)	— (—)	— (—)	Amount not quantifiable (Amount not quantifiable)
xxi.	Balances Outstanding					
	Receivable	315,515,428 (103,223,590)	164,236,509 (82,999,635)	51,733,038 (—)	287,875,501 (4,763,219)	— (—)
	Payable	3,026,732 (3,799,148)	— (—)	49,537 (—)	273,509 (12,988,519)	— (—)

Previous Year figures are given in brackets.

3. The details of investments made in capital of partnership firms as at 31 March, 2007 are as under

I) **M/s. Akruti Steelfab Corporation :**

Name of the Partners	Share of Partner	Capital (Rupees)
A Akruti Nirman Limited	55.00 %	2,878,736
B Steelfab Turnkey Projects Limited	45.00 %	2,587,985
Total	100.00 %	5,466,721

II) **M/s. Akruti Kailash Constructions :**

Name of the Partners	Share of Partner	Capital (Rupees)
A Akruti Nirman Limited	50.00 %	50,000
B Chirag A. Shah	12.50 %	12,500
C Deepak S. Shah	8.75 %	8,750
D Ketan D. Shah	7.50 %	7,500
E Niranjan P. Shah	12.50 %	12,500
F Shanlal T. Shah (HUF)	8.75 %	8,750
Total	100.00 %	100,000

III) **M/s. Aarti Projects & Constructions :**

Name of the Partners	Share of Partner	Capital (Rupees)
A Akruti Nirman Limited	33.00 %	101,354
B Dilip Shingarpure	9.00 %	24,739
C Surendra Sanas	17.00 %	46,729
D Smt. Daksha P. Patel	16.00 %	43,980
E Madhav Patankar	25.00 %	68,720
Total	100.00 %	285,522

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

IV) M/s. Pristine Developers :

	Name of the Partners	Share of Partner	Capital (Rupees)
A	Akruti Nirman Limited	40.00 %	—
B	Topmost Construction Private Limited	10.00 %	—
C	Pristine Developers Private Limited	25.00 %	—
D	Paresh M. Parekh	25.00 %	—
	Total	100.00 %	—

V) M/s. Jairaj Developers - Unit 9

	Name of the Partners	Share of Partner	Capital (Rupees)
A	Akruti Nirman Limited	66.66%	500,000,000
B	Jayant Hiralal Shah	15.00%	—
C	Malav Jayant Shah	15.00%	—
D	Jignesh Gunwant Gopani	3.34%	10,000,000
	Total	100.00 %	510,000,000

4. Interests of the Company in joint ventures are as under:

	Name of the Joint Ventures	Share of Interest
A	M/s. Hirandani Akruti JV	55 %
B	M/s. Niharika Shopping Mall JV	50 %
C	M/s. Mount Mary JV	50 %
D	M/s. Akruti GM JV	50 %
E	M/s. Akruti Chandan JV	50%

5. The transactions in respect of premises taken / given under operating lease :

a) Lease rental obligations :

	As at 31-03-2007 (Rupees)	As at 31-03-2006 (Rupees)
Lease rentals payable not later than one year	1,680,000	840,000
Later than one year but not later than five years	1,365,000	630,000
Later than five years	—	—

b) Lease rental income :

	As at 31-03-2007 (Rupees)	As at 31-03-2006 (Rupees)
Lease rentals receivable not later than one year	275,925,483	83,635,355
Later than one year but not later than five years	891,859,710	330,221,233
Later than five years	2,239,369	70,623,091

6. (a) The Company had, for the first time, during the financial year 2005-2006 recognised Deferred Taxes, in line with the Accounting Standard (AS-22) "Accounting for Taxes on Income". Deferred Tax Liability (net) as at 1st April, 2002, amounting to Rs. 159,868/- was recognised by adjusting the same against the surplus in the Profit and Loss Account brought forward from earlier years, as per the transitional provisions of the Standard.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

For the year ended 31st March, 2006 the Deferred Tax Liability recognised is as under :

Deferred Tax Liability on account of depreciation difference

(Rupees)

As at 31-03-2005	9,139,203
Less : Credit for the year ended 31-03-2005	(2,787,774)
As at 31-03-2006	6,351,429

The difference between Deferred Tax Liability as at 1st April, 2002 and as at 31st March, 2005 amounting to Rs. 8,979,335/-, was debited to the Profit and Loss Account during the year ended 31st March, 2005 and disclosed as deferred tax adjustments for earlier years.

(b) Deferred Taxation for the year ended 31st March, 2007 :

(Rupees)

	As at 31.03.2006	Charge/(Credit) during the year	As at 31.03.2007
Deferred Tax Liability / (Asset) on account of :			
i. Depreciation	6,351,429	(4,229,835)	2,121,594
ii. Expenses allowable for Tax purpose in subsequent year(s)	—	(813,925)	(813,925)
Net Deferred Tax Liability	6,351,429	(5,043,760)	1,307,669

7. Details of Security given against:-

(a) Secured Loans Availed / Debentures Issued

Sr. No.	Name of Lender	Security Created (Further secured against personal guarantee of Directors)
1	Canara Bank, Santacruz (East) Branch	i. Overdraft limit secured against hypothecation of goods/materials received against guarantee issued towards job work/conversion/ advances/ supplier credits. ii. Collateral: Extension of charge over immovable properties already charged to a bank. iii. Secured by a Registered Mortgage of proposed commercial construction at CTS No.2/839, Malabar Hill, Division 'D' Bhulabhai Desai Rd., Mumbai. iv. Collateral Security : Commercial premises in Akruti Trade Centre and two residential flats in Akruti Astha at Walkeshwar Mumbai. (one of which is jointly owned by a subsidiary and a relative of Director of the Company)
2	HDFC Limited, Ramon House	Secured by Registered Mortgage of immovable property consisting of flats in Akruti Elegance B Wing, Akruti Erica, Akruti Orion & Akruti Nova B Wing, Akruti Atria B Wing and Voltas Property situated at Thane.
3	State Bank of India	Secured by Equitable Mortgage of Commercial land and building at MIDC Central Road, Andheri (East), Mumbai.
4	Bank of India, Ghatkopar (West), Branch	Secured by way of Mortgage of immovable property situated at Akruti Trade Centre, MIDC, Andheri (East), Mumbai and Hypothecation of all movables, furniture, A/c plant etc. situated at Akruti Trade Centre, Andheri (East), Mumbai.
5	Debentures	Secured by way of mortgage of right to develop, sell, lease immovable property (proposed to be constructed) on land situated at Mount Mary Hills, Bandra, Mumbai (Security created subsequent to the close of the year).
6	IDBI Bank	Secured against Fixed Deposits placed with the Bank.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

b) Loans from banks against future lease rentals

Sr. No.	Bank Name	Security Created (Hypothecation on Rent / Compensation receivables. Further secured against personal guarantee of Directors).
1	Corporation Bank, Mumbai Samachar Branch	Secured against lease rentals receivable in respect of immovable property situated at Akruti Trade Centre, MIDC, Andheri (East), Mumbai.
2	Canara Bank, Santacruz (East) Branch	Secured against lease rentals receivable in respect of immovable properties situated at Akruti Trade Centre, MIDC, Andheri (East), Mumbai and at Akruti Softech Park, MIDC, Andheri (East), Mumbai.
3	Punjab National Bank, Bandra (West) Branch	Secured against lease rentals receivable in respect of immovable properties situated at Akruti Trade Centre, MIDC, Andheri (East), Mumbai and at Akruti Centre Point, MIDC, Andheri (East), Mumbai.
4	Union Bank of India, Princess Street Branch	Secured against lease rentals receivable in respect of immovable properties situated at Akruti Centre Point, MIDC, Andheri (East), Mumbai.

8. Contingent Liabilities (not provided for):

Sr. No.	Particulars	31st March, 2007 (Rupees)	31st March, 2006 (Rupees)
(A)	Claims against the Company, not acknowledged as debts on account of:-		
1.	Reassessment proceedings under the Income-tax Act, 1961, to be commenced in pursuance of search and seizure operations conducted during the year.	Amount not ascertainable at present	—
2.	Income Tax matters under appeal	—	5,848,000
3.	Demand notice issued by Brihanmumbai Municipal Corporation for Land Under Construction charges (property tax).	30,409,351	28,321,000
4.	Petition filed against the Company, under the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971, in relation to a Project.	5,000,000	—
(B)	On account of corporate guarantees issued by the Company to Bankers on behalf of another company and a joint venture for facilities availed by them (amount outstanding as at 31-03-2007).	79,585,161	15,000,000

Note: Interest / penalty that may accrue on original demands are not ascertainable, at present.

The Company has taken necessary steps to protect its position with respect to the above referred claims, which in its opinion, based on professional / legal advice, are not sustainable.

9. The Company has entered into a Joint Venture with another Company whereby the capital is to be contributed by generating 603,000 Sq.ft. of Floor Space Index. As on the date of the balance sheet, the Company has contributed 160,792 Sq.ft. Floor Space Index. The balance of Rs. 408,335,196/- representing 442,208 Sq.ft. Floor Space Index is reflected as "Balance Contribution Outstanding to Joint Ventures" as a reduction under the head "Investments" in the Balance Sheet.
10. Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) Rs.6,554,903/- (Previous year : Rs. Nil).
11. (a) Value of Imports on CIF basis :

Particulars	(Rupees)	
	Year ended 31st March, 2007	Year ended 31st March, 2006
Materials	22,967,080	29,670,244
Capital goods	3,524,433	—

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

(b) Expenditure in foreign currency

(Rupees)

Particulars	Year ended 31st March, 2007	Year ended 31st March, 2006
Entertainment expenses	301,378	96,965
Warehousing charges	1,236,702	—
Travelling expenses (*)	998,728	—
Professional charges (*)	25,779,962	—
Training expenses	1,007,325	—

(*) In connection with Initial Public Offer (IPO)

12. Auditors' remuneration (including Service Tax) :

(Rupees)

Particulars	Year ended 31st March, 2007	Year ended 31st March, 2006
Audit Fee (including Initial Public Offer Expenditure)	2,244,800	292,030
Tax Audit Fee	112,240	82,650
Certification and Other Matters	869,860	—
Certifying the Initial Public Offer Document (Included in Share Issue Expenses)	1,144,848	—

13. (a) Employment cost include managerial remuneration paid / payable during the year, in accordance with the provisions of section 198 of the Companies Act, 1956.

(Rupees)

Particulars	Year ended 31st March, 2007	Year ended 31st March, 2006
Salary and House Rent Allowance	15,820,000	7,200,000
Contribution to Provident and Other Funds	414,000	—

The employee-wise break-up of liability on account of Gratuity, based on an actuarial valuation, is not ascertainable. The amounts relatable to the Directors are therefore, not considered above.

- (b) The Board of Directors (the Board) at its meeting held on 30th May, 2006, appointed Mr. Madhukar Chobe as Wholtime Director, with effect from 1st June, 2006. The Board at its meeting held on 27th December, 2006 further approved the reappointment of the Managing Director and also revised the remuneration of the Managing Director, Executive Chairman and the other Wholtime Director, with effect from 1st January, 2007. The said appointment, reappointment and revisions are subject to the approval of the shareholders at the ensuing Annual General Meeting.

14. Sales during the year :

	Unit	Quantity	Value (Rupees)
Finished Properties, Transferable Development Rights (TDR) / Floor Space Index (FSI)	In sq. ft.	286,362 (658,816)	1,572,445,671 (1,607,828,665)
Transferable Development Rights (TDR) purchased for sale	In sq. ft.	15,608 (-)	37,458,720 (-)

Previous Year figures are given in brackets.

15. Balance confirmations in respect of Sundry Creditors, Sundry Debtors and Loans and Advances have not been called for. The balances are therefore as per the books of accounts only.
16. The financial statements of all Partnership Firms and Joint Ventures in which the Company is a partner / co-venture, are unaudited. The share of loss / profit accrued during the year by the Company is, therefore, subject to adjustments.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2007 (CONTD.)

17. Earning per share :

Particulars		Year ended 31st March, 2007	Year ended 31st March, 2006
Net Profit as per Profit and Loss Account available for Equity Shareholders	Rs.	758,672,323	622,076,298
Weighted average number of equity shares outstanding during the year (Adjusted for Bonus Shares issued during the year)	Nos.	61,064,658	44,657,534
Earnings Per Share of Rs.10/- each (Basic and Diluted)	Rs.	12.42	13.93

18. Disclosure of derivatives:

- A. No derivative instruments were outstanding at the close of the year.
B. Uncovered risks in foreign currency outstanding as at 31st March, 2007 :

	USD	EURO	HKD	SD
- Hedging Commitments outstanding as at 31st March 2007	—	—	—	—
- Uncovered Risks in Foreign Currency, as at 31st March 2007 :				
Cash on hand	5,702	—	1,434	266
Advances Recoverable	41,832	—	—	—
Creditors	509,354	172,750	—	—

19. (I) Loans and Advances in the nature of loans disclosed under Schedule 'F' include:-

(A) Loans to Subsidiary Companies :

(Rupees)

Sr. No.	Name of the Loanee	As at 31st March, 2007	Maximum Balance 2006-2007	As at 31st March, 2006	Maximum Balance 2005-2006
1.	Agreem Properties Limited	25,202,184	25,365,303	22,773,516	23,750,000
2.	Adhivitiya Properties Limited	15,889,857	15,987,791	7,017,540	7,148,703
3.	Akulpita Construction Limited	19,437,371	19,563,913	—	—
4.	Arnav Properties Limited	85,764,474	101,544,829	35,994,499	36,128,890
5.	E Commerce Solutions (India) Limited	5,814,297	10,000,000	—	13,540,000
6.	Sheshan Housing & Area Development Engineers Limited	35,763,800	35,986,825	—	1,841,268
7.	Vaishnavi Builders & Developers Private Limited	30,261,944	30,454,978	26,063,500	26,281,492
8.	Vishal Nirman (India) Limited	47,080,323	79,273,319	1,276,815	1,297,593
9.	Vishal Teknics (Civil) Limited	50,271,505	57,653,062	9,812,148	28,233,261
10.	TDR Properties Limited	—	4,046,217	285,572	10,440,113

- Notes:** 1. No shares are held by any Loanee in the Company.
2. The Company's Director(s) is / are Director(s) in all the above companies.

(B) Other than Subsidiary Companies :

(a) Associate Companies :

(Rupees)

Sr. No.	Name of the Loanee	As at 31st March, 2007	Maximum Balance 2006-2007	As at 31st March, 2006	Maximum Balance 2005-2006
1.	DLF Akruti Info Parks (Pune) Limited	98,866,394	98,933,727	45,837,525	46,420,515
2.	Mangal Shruti Gruh Nirmiti Limited *	5,513,497	6,055,333	5,455,333	14,514,567
3.	Infrastructure Ventures India Limited *	20,221,927	20,221,927	2,221,927	18,386,727

- Notes:** 1. No shares are held by any Loanee in the Company.
2. The Company's Director(s) is / are Director(s) in all the above companies.
3. * Represents Interest Free Loans.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

(b) Partnerships, Joint Ventures and others (Interest Free) :

(Rupees)

Sr. No.	Name of the Loanee	As at 31st March, 2007	Maximum Balance 2006-2007	As at 31st March, 2006	Maximum Balance 2005-2006
1.	Aarti Projects and Constructions (\$)	7,402,449	7,402,449	—	—
2.	Akruti Kailash Construction (\$)	3,866,838	3,866,838	—	—
3.	Akruti Steelfab Corporation (\$)	1,811,950	1,811,950	—	—
4.	Suraksha Realtors (\$)	—	791,795	—	—
	Total (Firms)	13,081,237		—	
5.	Hiranandani Akruti JV (\$)	5,147,656	30,400,000	—	—
6.	Niharika Shopping Mall JV (\$)	—	14,913,063	—	—
7.	Akruti SMC JV (\$)	—	200,000	—	—
8.	Citygold Education Research Limited (#)	—	24,321,408	3,328,730	3,328,730
9.	Akruti Security Plates Private Limited (#)	—	22,057,500	—	—
10.	Panorama Foundation Education Private Limited	7,716,474	7,716,474	7,500,000	7,500,000
11.	Bhavik Construction Private Limited	—	13,275,000	13,275,000	13,275,000

- Notes:**
1. No shares are held by any Loanee in the Company.
 2. \$ Partnership Firms / Joint Ventures in which the Company or its subsidiary is a partner.
 3. # Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.

(II) Advances towards Share Application given to companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 as given below :-

(Rupees)

Sr. No.	Name of the Company	As at 31st March, 2007	As at 31st March, 2006
1.	Akruti Guestline Private Limited	44,398,807	—
2.	Citygold Farming Private Limited	2,400,000	—
3.	Akruti City Knowledge Private Limited	86,400,000	—
4.	Akruti City Farming Private Limited	80,672,000	—

(III) Advances recoverable in cash or in kind for value to be received include amounts due from companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 as given below :-

(Rupees)

Sr. No.	Name of the Loanee	As at 31st March, 2007	Maximum Balance 2006-2007	As at 31st March, 2006	Maximum Balance 2005-2006
1.	Citygold Management Services Private Limited	1,034,488	1,734,488	1,034,488	14,193,106
2.	Roopkala Pictures Private Limited	1,175,000	1,180,000	11,75,000	1,175,000

20. 'Other Debts' disclosed under 'Sundry Debtors' (Schedule F) include Rs. 1,887,800/- (PY. Rs. Nil) being royalty due from Roopkala Pictures Private Limited, a company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 and in which Directors are Directors.
21. In the absence of necessary information with the Company relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act, could not be compiled and disclosed.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

22. (a) The Initial Public Offer (IPO) of the Company's Equity Shares aggregating Rs. 361.80 crore closed for subscription on 19th January, 2007. The Company allotted 67,00,000 equity shares of Rs.10/- each at a premium of Rs.530/- per share on 2nd February, 2007. The Equity Shares of the Company were listed on Bombay Stock Exchange Limited and The National Stock Exchange of India Limited on 7th February, 2007.

The share issue expenses amounting to Rs. 30.92 crore have been debited to the Securities Premium Account.

Details of utilisation of funds received from IPO of Equity Shares, as per Clause 43 of the Listing Agreement:

(Rs. in crore)

Particulars	Estimated Utilisation Amount		Actual utilisation upto 31st March, 2007
	Total	Upto 31st March, 2007	
Acquisition of land / rights in land or development rights	150.00	*150.00	7.29
Repayment of loan	25.00	25.00	28.25
Development and construction cost for projects under development	125.00	*30.00	5.86
Expenses relating to IPO	25.21	25.21	30.91
General Corporate purposes	36.58	18.30	18.00
Total	361.80	248.51	90.31

(*) Pursuant to agreements executed with the vendors of properties, the amount becomes due and payable to the vendors on completion of due diligence by the Company. The Company has utilised Rs. 144 crores during the last week of June, 2007, and the balance amount is expected to be utilised upto September, 2007.

- (b) The balance unutilised funds out of Rs.361.80 crore raised through Initial Public Offer have been temporarily deployed, pending utilisation for the objects of the issue, as follows:

(Rs. in crore)

	As at 31st March, 2007
Current Investments in Units of Mutual Funds (Schedule E)	194.82
In Current and Fixed Deposit Accounts with Scheduled Banks	76.67

23. Prior period adjustments include:

(Rupees)

	2006-2007	2005-2006
Depreciation Adjustments	4,223,542	50,708
Debits relating to earlier years	(319,790)	—
Credits relating to earlier years	319,586	—

24. Upto 31st March, 2006, the Company recognised revenue from sale of properties as per the completed building project method. Pursuant to the guidance note on 'Recognition of Revenue by Real Estate Developers', Issued by The Institute of Chartered Accountants of India, during the year, revenue from sale of incomplete properties (subject to fulfilment of specified conditions), is recognised on the basis of the percentage of completion method, with effect from 1st April, 2006 (only after the work has progressed to the extent of 40% of the total work involved). The Company has not given retrospective effect to this change in accounting policy, because such retrospective effect would have required the Company to identify all incomplete projects that fulfilled the conditions specified in the Guidance Note in the earlier reporting period and also to determine the stage of completion for all such projects in the earlier reporting period. The records required for such an exercise are not available. Hence, results for the year ended 31st March, 2006 have not been restated to reflect change in the revenue recognition policy.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

However, such change in the accounting policy has not resulted in any impact on the financial statements for the year ended 31st March, 2007, as no project, incomplete at the close of the year, has progressed to the extent of 40% of the total work involved for which revenue would have to be recognised as per the percentage of completion method. The effect of such change on the financial statements of subsequent financial years cannot be ascertained at present, as the same would depend upon the stage of completion of incomplete projects, if any, at the close of the respective years.

25. Previous year's figures have been regrouped /recast wherever necessary.

As per our report of even date

For and on behalf of
DALAL & SHAH
Chartered Accountants

For and on behalf of
VIRAL D. DOSHI & CO.
Chartered Accountants

For and on behalf of the Board

HEMANT M. SHAH
EXECUTIVE CHAIRMAN

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER

VIRAL D. DOSHI
PROPRIETOR

CHETAN S. MODY
COMPANY SECRETARY

RAJENDRA SHAH
CHIEF FINANCE OFFICER

MUMBAI:
Date : 4th July, 2007

MUMBAI:
Date : 4th July, 2007

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. REGISTRATION DETAILS:

Registration No.

State Code

Balance Sheet Date

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS):

Public Issue

Rights Issue

Bonus Issue

Private Placement

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS):

Total Liabilities

Total Assets

SOURCES OF FUNDS:

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability

APPLICATION OF FUNDS:

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS):

Turnover (Total Income)

Total Expenditure

Profit Before Tax

Profit After Tax

Earning per Share in Rs.

Dividend %

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS):

ITEM CODE NO. (ITC CODE)

PRODUCT DESCRIPTION

N.A.

Real Estate Development

CONSOLIDATED AUDITORS' REPORT

Auditors' Report to the Board of Directors of Akruti Nirman Limited on the Consolidated Financial Statements of Akruti Nirman Limited

1. We have audited the attached Consolidated Balance Sheet of **AKRUTI NIRMAN LIMITED**, its Subsidiaries, Associates, Joint Ventures and Partnerships (the Group) as at 31st March, 2007 and the Consolidated Profit and Loss Account for the year ended on that date. These consolidated 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respect, in accordance with an identified financial reporting framework, and 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, which reflect total assets of Rs.2,417,241,080 as at 31st March, 2007 and total revenues of Rs. 126,699,448 for the year then ended, which have been audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of the other auditors.

We did not audit the financial statements of the Associate Companies, Joint Ventures and Partnerships, for the year ended 31st March, 2007. A statement of financial results for the year ended on that date reflecting the Company's share of Loss (net) of Rs.5,418,475 has been compiled by the Management of Akruti Nirman Limited which has not been subjected to any validation tests or other auditing procedures and therefore any adjustment to its balances could have consequential effect on the attached consolidated financial statements. We have for the purpose of our audit completely relied on the unaudited financial results, which have been compiled and are certified by the management of those Companies and Joint Ventures and Partnerships, as the case may be.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27, "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India and on the basis of separate audited / certified financial statements of the Company, its subsidiaries, its associates and its joint ventures / partnerships and included in the consolidated financial statements.
5. Reference is invited to disclosures made under Note No. 13 in Schedule O to the Accounts, relating to change in accounting policy made during the year, with respect to recognition of revenue from sale of incomplete properties, which does not have any impact on the profit for the year.

CONSOLIDATED AUDITORS' REPORT (CONTD.)

6. On the basis of the information and explanations given to us and having considered the separate audit reports on individual audited financial statements of the Group, read together with our comments in para 5 above and the other notes thereon, we are of the opinion that, **except for the consequential effects, if any, on account of possible adjustments in respect of the unaudited Associates and Joint Venture / Partnership companies of the group**, the said Consolidated Financial Statements give a true and fair view in conformity with accounting principles generally accepted in India :-

- (i) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2007; and
- (ii) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.: 37310
Mumbai: 4th July, 2007

For and on behalf of
VIRAL D. DOSHI & CO.
Chartered Accountants

VIRAL DOSHI
Proprietor
Membership No.: 105330

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule		31st March, 2007 (Rupees)
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	A		667,000,000
Reserve and Surplus	B		4,379,306,215
LOAN FUNDS	C		
Secured Loans		2,819,837,726	
Unsecured Loans		2,058,915,051	
			4,878,752,777
DEFERRED TAX LIABILITY (Refer Note 6)			1,311,491
MINORITY INTEREST			1,193,240
TOTAL			9,927,563,723
APPLICATION OF FUNDS			
FIXED ASSETS	D		
Gross Block		1,035,383,205	
Less: Depreciation and Amortisation		144,535,604	
Net Block		890,847,601	
Capital Work-in-progress		2,670,639	893,518,240
INVESTMENTS	E		2,748,797,440
CURRENT ASSETS, LOANS AND ADVANCES	F		
Inventories		1,584,275,709	
Sundry Debtors		716,019,462	
Cash and Bank Balances		1,333,471,658	
Loans and Advances		3,573,167,148	
		7,206,933,977	
LESS : CURRENT LIABILITIES AND PROVISIONS	G		
Current Liabilities		659,720,336	
Provisions		261,965,598	
		921,685,934	
NET CURRENT ASSETS			6,285,248,043
TOTAL			9,927,563,723
Notes forming part of the Accounts	O		

As per our report of even date

For and on behalf of
DALAL & SHAH
Chartered Accountants

For and on behalf of
VIRAL D. DOSHI & CO.
Chartered Accountants

For and on behalf of the Board

HEMANT M. SHAH
EXECUTIVE CHAIRMAN

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER

VIRAL D. DOSHI
PROPRIETOR

CHETAN S. MODY
COMPANY SECRETARY

RAJENDRA SHAH
CHIEF FINANCE OFFICER

MUMBAI:
Date : 4th July, 2007

MUMBAI:
Date : 4th July, 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule	Year ended 31st March, 2007 (Rupees)
INCOME		
Sales and Income from Operations	H	1,894,759,987
Other Income	I	91,082,361
TOTAL		1,985,842,348
EXPENDITURE		
Cost of Construction	J	1,031,530,981
(Increase) / Decrease in Inventories	K	(459,733,075)
Purchase of Transferable Development Rights (TDR) for Trade		34,227,905
Share of (Profit) / Loss received from Partnership Firm / Joint Ventures (Net)		5,282,840
Employment Cost	L	67,329,247
Administrative, Selling and General Expenses	M	162,618,516
Interest and Finance Charges	N	199,898,232
Depreciation and Amortisation		62,105,971
TOTAL		1,103,260,617
PROFIT BEFORE TAX		882,581,731
Add/(Less) :		
Provision for Taxation		
- Current Tax		(109,269,500)
- Deferred Tax		5,039,938
- Fringe Benefit Tax		(2,306,200)
- Wealth Tax		(86,000)
PROFIT FOR THE YEAR		775,959,969
Add / (Less) :		
(Short) / Excess provision for Taxation in respect of earlier years		(530,336)
Deferred Tax Adjustments for earlier years		82,494
Prior Period Adjustments (Refer Note 12)		4,190,420
Share of Profit / (Loss) from Associate Companies		(758,598)
Minority Interest		(11,918)
Pre-acquisition Profit (Net)		(5,767,641)
Goodwill on acquisition written off		(967,700)
		772,220,526
Balance brought forward from previous year		523,489,311
Capitalised towards Issue of Bonus Shares		(52,500,000)
AMOUNT AVAILABLE FOR APPROPRIATION		1,243,209,837
Appropriations:		
Debenture Redemption Reserve		1,000,000,000
Proposed Dividend		100,050,000
Tax on Proposed Dividend		17,003,498
General Reserve		38,000,000
Balance carried to Balance Sheet		88,156,339
Earnings Per Share of Rs.10/- each (Basic and Diluted) (Refer Note 11)		12.65
Notes forming part of the Accounts	O	

As per our report of even date

For and on behalf of
DALAL & SHAH
Chartered Accountants

For and on behalf of
VIRAL D. DOSHI & CO.
Chartered Accountants

For and on behalf of the Board

HEMANT M. SHAH
EXECUTIVE CHAIRMAN

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER

VIRAL D. DOSHI
PROPRIETOR

CHETAN S. MODY
COMPANY SECRETARY

RAJENDRA SHAH
CHIEF FINANCE OFFICER

MUMBAI;
Date : 4th July, 2007

MUMBAI;
Date : 4th July, 2007

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

	31st March, 2007 (Rupees)
SCHEDULE 'A'	
SHARE CAPITAL	
AUTHORISED	
125,000,000 Equity Shares of Rs. 10 each	1,250,000,000
ISSUED, SUBSCRIBED AND PAID-UP	
667,00,000 (P.Y. 4,80,00,000) Equity Shares of Rs.10 each fully paid-up	667,000,000
(Of the above, 5,85,00,000 shares allotted as fully paid-up bonus shares, including 12,000,000 shares (P.Y. 45,000,000) shares allotted during the year by way of capitalisation of General Reserves and Surplus in Profit and Loss Account. On 2nd February, 2007, the Company issued and allotted 67,00,000 Equity shares of Rs 10 each under Initial Public offer)	
Per Balance Sheet	667,000,000
SCHEDULE 'B'	
RESERVES AND SURPLUS	
Securities Premium Account	
received during the year	3,551,000,000
Less: Share Issue Expenses (Initial Public Offer)	309,174,562
	3,241,825,438
Debenture Redemption Reserve	
Transferred from Profit and Loss account	1,000,000,000
General Reserve	
As per last Balance Sheet	67,500,000
Less : Amount capitalised towards issue of bonus shares	(67,500,000)
Add: Transferred from Profit and Loss Account	38,000,000
	38,000,000
Surplus in Profit and Loss Account	88,156,339
Capital Reserve	11,324,438
Per Balance Sheet	4,379,306,215
SCHEDULE 'C'	
LOAN FUNDS	
Secured Loans	
a) 100 Privately Placed Non-Convertible Debentures of Rs.10,000,000/- each to be redeemed in equal instalments of Rs 5,000,000/- each on 13th October, 2007 and 13th November, 2007 respectively (Interest linked with MIBOR)	1,000,000,000
b) Loans from Banks	794,630,320
Interest accrued on above	5,310,920
	799,941,240
c) Loans from Financial Institution	220,000,000
d) Loans from Banks against Future Lease Rentals	796,716,249
e) Vehicle Loans from Banks (Secured against Vehicles purchased thereagainst)	3,180,237
Per Balance Sheet	2,819,837,726
Unsecured Loans	
Short Term Loan	
From Body Corporates	2,054,999,999
From Others	3,915,052
Per Balance Sheet	2,058,915,051

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

Schedule 'D'

CONSOLIDATED FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31 st March, 2006	Additions during the year	Deductions/ Adjustments	As at 31 st March, 2007	Upto 31 st March, 2006	Provided during the year	Deductions/ Adjustments	Upto 31 st March, 2007	As at 31 st March, 2007
Leasehold Land	19,631,515	—	15,403,158	4,228,357	2,689	312,560	173,918	141,331	4,087,026
Commercial Premises	48,861,000	2,877,995	33,056,574	18,682,321	124,970	1,424,639	556,760	992,849	17,689,472
Mivan System	5,327,561	—	—	5,327,561	563,849	662,632	—	1,226,481	4,101,080
Air Conditioners	450,237	1,121,810	—	1,572,047	129,536	89,416	—	218,952	1,353,095
Computers	2,372,371	2,591,632	—	4,964,003	335,370	1,305,569	—	1,640,939	3,323,064
Office Equipment	1,207,022	2,439,643	2,550	3,644,115	87,522	487,064	115	574,461	3,069,654
Furniture and Fixtures	82,818,917	12,584,738	—	95,403,655	21,368,943	11,576,914	—	32,945,857	62,457,798
Vehicles	11,989,901	13,305,383	—	25,295,284	5,466,437	3,613,633	—	9,080,070	16,215,214
Total (I)	172,658,524	34,921,201	48,462,382	159,117,343	28,079,316	19,472,417	730,793	46,820,940	112,296,403
Leased Assets (II)									
Leasehold Land	238,690,844	—	—	238,690,844	14,199,995	7,956,363	4,222,645	17,933,713	220,757,131
Commercial Premises	465,637,888	82,746,146	—	548,384,034	24,804,622	24,022,316	—	48,826,938	499,557,096
Furniture and Fixtures	81,604,489	22,815,844	15,229,349	89,190,984	28,221,028	10,654,875	7,921,890	30,954,013	58,236,971
Total (II)	785,933,221	105,561,990	15,229,349	876,265,662	67,225,645	42,633,554	12,144,535	97,714,664	778,551,198
Per Balance Sheet	958,591,745	140,483,191	63,691,731	1,035,383,205	95,304,961	62,105,971	\$12,875,328	144,535,604	890,847,601
Capital Work-in-Progress (Expenditure on Development of Software (Intangible))									2,670,639

Notes : @ Leased Premises (including Furniture and Fixtures in furnished premises and land acquired on lease) given under operating lease are held by the Company for sale in the ordinary course of business. These assets are disclosed under the Fixed Assets Schedule and depreciation is provided thereon only in pursuance of the requirement of Accounting Standard AS-19 Leases. (Refer Note 1 (V) (B)).

\$ Includes Rs. 4,223,542/- being excess depreciation written back.

SCHEDULE 'E'

INVESTMENTS (Unquoted) (Trade, unless otherwise specified)

Long term Investments, (At Cost)

I Subsidiary Companies (Fully paid Equity Shares)

- a) 50000 Equity Shares (PY. 26700 Equity Shares) of Rs.10/- each
Akruiti Centre Point Infotech Ltd (Formerly known as Akruiti Centre Point Infotech Pvt Ltd)
- b) 44336 Equity Shares of Rs.10/- each
Brainpoint Infotech Ltd.(Formerly known as Brainpoint Infotech Pvt Ltd)

31st March, 2007
(Rupees)

756,270

443,360

1,199,630

II Trade Investments - Bodies Corporate (Fully paid Equity Shares)

A. Associate Companies

- a) 1666520 Equity Shares of Rs.10/- each
Infrastructure Venture India Limited
Share of Current Profit / (Loss)
(Includes Goodwill Rs 3388356)
- b) 25000 Equity Shares of Rs.100/- each
Mangal Shruti Gruh Nirmiti Limited
Share of Current Profit / (Loss)
(Includes Goodwill Rs 149391)
- c) 4890 Equity Shares of Rs.10/- each
Gallant Infotech Private Limited
- d) 8000 Equity Shares of Rs.10/- each
Pristine Developers Private Limited
Share of Current Profit / (Loss)

16,665,200
(1,046,048)

15,619,152

2,500,000
431,004

2,931,004

48,900

80,000
(80,000)

c/f

19,798,686

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007 (CONTD.)

	31st March, 2007 (Rupees)
b/f	19,798,686
e) 50160 Equity Shares of Rs.10/- each DLF Akruti Info Parks (Pune) Limited Share of Accumulated Reserves / Profit / (Loss) Share of Current Profit / (Loss) (Includes Goodwill Rs 40764)	501,600 (1,746) (63,554) <hr/> 436,300
B. Others	20,234,986
a) 693800 Equity Shares of Rs 10/- each Citygold Investment Private Limited	6,938,000
b) 240 Equity Shares of Rs.100/- each Citygold Management Services Private Limited	24,000
c) 37815 Equity Shares of Rs.10/- each Janakalyan Sahakari Bank Limited	378,150
d) 5 Equity Shares of Rs.50/- each Gokul Niwas Co-op Hsg. Soc. Limited	250
e) 3616 A Class Equity Shares of Rs.500/-each Dharni Properties Private Limited	1,807,750
f) 6000 B Class Equity Shares of Rs.50/- each Akruti Niharika Buildings Limited	300,000
g) 9000 Equity Shares of Rs 10/- each Akruti Security Plates Private Limited (Formerly known as Almighty Impex Private Limited)	1,800,000
h) 25 Equity Shares of Rs.29/- each & 125 Equity Shares of Rs 25/- each Shamrao Vitthal Co-operative Bank Limited	3,850 <hr/> 11,252,000
III In Capital of Partnership Firms / Joint Ventures	1,177,397,901
Less: Balance contribution outstanding to Joint Venture	408,335,196
	<hr/> 769,062,705
IV Current Investment (Other than trade)(At lower of cost and fair value)	
In Mutual Funds (Units of Rs 10 each)	
a) Dividend Option (Units of Rs.10 each, unless otherwise specified)	
164,418 Units of Birla Cash Plus-Instl. Premium-Daily Dividend (NAV:Rs 1,647,385/-)	1,647,385
119,584,463 Units of HSBC Cash Fund-Instl. Plus-Daily Dividend (NAV:Rs 1,196,514,303/-)	1,196,514,303
	<hr/> 1,198,161,688
b) Growth Option(Units of Rs.10 each, unless otherwise specified)	
27,064,088 Units of ING Vysya Liquid Fund Super Instl. Growth Option (NAV:Rs 301,756,459/-)	300,000,000
25,000,000 Units of Reliance Fixed Horizon Fund II-Quarterly Plan-Series V-Instl. Growth Plan(NAV:Rs 251,572,500/-)	250,000,000
17,168,138 Units of Principal Floating Rate Fund-FMP-Institutional Option-Growth Plan(NAV:Rs 201,214,011/-)	200,086,061
	<hr/> 750,086,061
Per Balance Sheet	<hr/> 2,748,797,440

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

	31st March, 2007 (Rupees)
SCHEDULE 'F'	
CURRENT ASSETS, LOANS AND ADVANCES	
INVENTORIES (As taken, valued and certified by the Management) (Refer Note 1(V))	
Stock-in-trade	
Floor Space Index (FSI)	323,427,301
Incomplete projects	1,006,692,079
Finished Properties	254,156,329
	<u>1,584,275,709</u>
SUNDRY DEBTORS (Unsecured, Considered Good)	
Debts outstanding for a period exceeding six months	20,477,478
Other Debts	695,541,984
	<u>716,019,462</u>
CASH AND BANK BALANCES	
Cash on hand	1,614,683
Bank balance with Scheduled Banks	
- In Current Accounts	136,555,590
- In Deposit Accounts (Including Interest accrued Rs 7,529,611/-) *	1,172,920,170
- In Margin Money Accounts (Including Interest accrued Rs 400,307/-)	22,381,215
	<u>1,333,471,658</u>
* Includes Rs 550,000,000/- placed as security towards bank overdraft.	
LOANS AND ADVANCES (Unsecured, Considered Good)	
Loans to Employees (Interest free)	26,624
Loans and advances to Others	163,608,577
Income Tax Refund	2,583,640
Advance towards application of shares	347,469,916
Advance Recoverable in cash or in kind or for value to be received	2,895,657,205
Taxes Paid / Deducted at Source	163,821,186
	<u>3,573,167,148</u>
Per Balance Sheet	<u><u>7,206,933,977</u></u>
SCHEDULE 'G'	
CURRENT LIABILITIES AND PROVISIONS	
CURRENT LIABILITIES	
Sundry Creditors (Other than Small Scale Industrial Undertakings)	253,865,545
Advances from Customers	265,590,224
Overdrawn Bank Balances as per books of accounts	62,755,442
Other Liabilities	69,822,824
Interest Accrued but not Due on Loans	7,686,301
	<u>659,720,336</u>
PROVISIONS	
Income Tax	141,991,800
Fringe Benefit Tax	2,834,300
Wealth Tax	86,000
Proposed Dividend	100,050,000
Tax on Proposed Dividend	17,003,498
	<u>261,965,598</u>
Per Balance Sheet	<u><u>921,685,934</u></u>

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

Year Ended
31st March, 2007
(Rupees)

SCHEDULE 'H'

SALES AND INCOME FROM OPERATIONS

Sale of Incomplete Project	956,030
Sale of Finished Properties, Transferable Development Rights (TDR)/Floor Space Index (FSI)	1,685,095,671
Sale of Transferable Development Rights (TDR) (Traded)	37,458,720
Income from premises given on lease (Gross, Tax deducted at source Rs. 39,014,337/-) (PY. Rs. 14,241,139/-)	171,249,566
Per Profit and Loss Account	1,894,759,987

SCHEDULE 'I'

OTHER INCOME

Dividend from current investments	20,566,310
Profit on sale of current investments	1,637,241
Royalty received (Gross, Tax deducted at source Rs. 11,22,000/-) (PY. Rs. Nil)	2,000,000
Interest (Gross, Tax deducted at source Rs. 14,67,33,52/-) (PY. Rs. 14,82,13,0/-)	
- Loans	31,039,358
- Bank Fixed Deposits	17,912,457
- Others	9,551,327
Foreign Exchange Gain	3,420
Miscellaneous Income	8,372,248
Per Profit and Loss Account	91,082,361

SCHEDULE 'J'

COST OF CONSTRUCTION

Construction Cost incurred during the year (#)	1,060,216,732
Less: Transferred under Fixed Assets Schedule (Refer Note 1(V)(B))	76,415,802
Add: Written down value of Finished Properties transferred from Fixed Assets Schedule on sale of property (Refer Note 1(V)(B))	47,730,051
Per Profit and Loss Account	1,031,530,981

Includes Rs. 1,88,84,48/- (PY. Rs. Nil) being purchase of Incomplete projects

SCHEDULE 'K'

(INCREASE) /DECREASE IN INVENTORIES

Opening Inventory

Floor Space Index (FSI)	336,415,728
Transferable Development Rights (TDR)	68,318,634
Incomplete projects	643,056,598
Finished Properties	177,094,493
	1,224,885,453
Less: Cancellation of TDR Purchased in earlier year	68,318,634
Less: Transferred under Fixed Assets Schedule (Refer Note 1 (V) (B))	32,024,185
	1,124,542,634
c/f	1,124,542,634

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD.)

	Year Ended 31st March, 2007 (Rupees)
b/f	1,124,542,634
SCHEDULE 'K'	
(INCREASE) /DECREASE IN INVENTORIES	
Closing Inventory	
Floor Space Index (FSI)	323,427,301
Incomplete projects	1,006,692,079
Finished Properties	254,156,329
	<u>1,584,275,709</u>
Per Profit and Loss Account	<u>(459,733,075)</u>
SCHEDULE 'L'	
EMPLOYMENT COSTS	
Salaries, Bonus, etc.	62,243,745
Contribution to Provident	3,909,977
Staff Welfare Expenses	961,139
Other Fund expenses	214,386
	<u>67,329,247</u>
Per Profit and Loss Account	<u>67,329,247</u>
SCHEDULE 'M'	
ADMINISTRATIVE, SELLING AND GENERAL EXPENSES	
Insurance	2,772,610
Rent	1,030,000
Advertisement	18,501,574
Advances and other debit balances written off	143,080
Donation	15,972,420
Brokerage	24,985,590
Directors' Fees and Travelling Expenses	1,093,322
Repairs and Society Maintenance Charges	16,904,295
Legal and Professional Fees	32,800,133
Other Expenses	41,102,620
Loss on Sale/ Discardment of Fixed Assets(Net)	7,307,394
Miscellaneous Expenditure written off	5,478
	<u>162,618,516</u>
Per Profit and Loss Account	<u>162,618,516</u>
SCHEDULE 'N'	
INTEREST AND FINANCE CHARGES	
Interest	
- Debenture	34,216,436
- Fixed Loans	143,944,520
- Interest Others	8,200,344
Loan Processing Fees and Other Finance Charges	13,536,932
	<u>199,898,232</u>
Per Profit and Loss Account	<u>199,898,232</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2007

SCHEDULE 'O'

- A. **PRINCIPLES OF CONSOLIDATION** : The Consolidated Financial Statements relate to Akruti Nirman Limited ('the Company') and its subsidiary companies and associates. The Consolidated Financial Statements have been prepared on the following basis :
- The Financial Statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealized profits or losses as per Accounting Standard AS-21 - Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India.
 - Investments in associate companies have been accounted under the equity method as per Accounting Standard AS-23 - Accounting for Investments in Associates in Consolidated Financial Statements (AS-23) issued by The Institute of Chartered Accountants of India.
 - The excess of the Company's portion of equity of the subsidiaries as at the date of its investment over the cost of its investment is treated as Capital Reserve. The excess of cost of investment over the Company's portion of equity as at the date of investment is treated as Goodwill and It is written off in the year in which it arises.
 - The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of Profit and Loss account as the Profit or Loss on disposal of investment in subsidiary.
 - Intra-group balances and intra-group transactions and resulting unrealized profits have been eliminated.
 - As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
 - The Company has an investment in M/s Brainpoint Infotech Limited (formerly known as M/s Brainpoint Infotech Private Limited) where the shareholding exceeds 51 %. The same is in the nature of temporary investment and has therefore not been consolidated. Further, M/s Akruti Center Point Infotech Limited (formerly known as Akruti Center Point Infotech Private Limited) which was consolidated in the previous year has also not been consolidated due to the same reason.
 - The Company has an investment in M/s Gallant Infotech Private Limited where the share holding exceeds 20 %. The same is in the nature of temporary investment and has therefore not been considered as an associate for the purpose of AS-23.
 - Some of the subsidiaries of the Company, had during the year, made investments in M/s Citygold Investment Private Limited, where the shareholding collectively exceeded 51 %. Being a temporary investment it has not been considered for consolidation.
 - The Company is a venturer / partner in joint ventures / partnership firms detailed in Note Nos. 3 and 4, respectively. The interest in the joint venture / partnership firm is acquired and held exclusively in connection with a particular project with the intention of subsequent disposal on completion of the project. The financial statements of these ventures / firms have not been audited for the Financial Year from 1st April, 2006 to 31st March, 2007. As a result of the aforesaid reasons, the figures considered for the above consolidation are as certified by the management.
- B. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS-13) on "Accounting for Investments".
- C. The list of subsidiary companies considered for consolidation, and the Company's holdings therein are as under:

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest
Adhivitiya Properties Limited	India	100.00%
Agreem Properties Limited	India	53.16%
Arnav Properties Limited	India	100.00%
Akulpita Constructions Limited	India	100.00%
E Commerce Solutions (India) Limited	India	99.99%
Sheshan Housing & Area Development Engineers Limited	India	100.00%
TDR Properties Limited	India	100.00%
Vishal Nirman (India) Limited	India	51.02%
Vishal Teknik (Civil) Limited	India	99.96%
Vaishnavi Builders & Developers Private Limited	India	86.00%

The audited financial statements of the subsidiaries used in consolidation have been drawn upto the same reporting date as that of the parent company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2007 (CONTD.)

- D. The significant Associate Companies/Joint Ventures (JV)/Partnership Firms considered in the consolidated financial statements are

Name	Country of Incorporation	Proportion of ownership interest
DLF Akruti Info Parks (Pune) Limited	India	32.99%
Infrastructure Ventures India Limited	India	33.33%
Mangal Shrusti Gruh Nirmiti Limited	India	25.00%
Pristine Developers Private Limited	India	40.00%
Hiranandani Akruti JV	India	55.00%
Niharika Shopping Mall JV	India	50.00%
Akruti GM JV	India	50.00%
Mount Mary JV	India	50.00%
Akruti Chandan JV	India	50.00%
Akruti SMC JV	India	50.00%
Pristine Developers	India	40.00%
Akruti Kailash Constructions	India	50.00%
Akruti Steelfab Corporation	India	55.00%
Aarti Projects & Constructions	India	33.00%
Jairaj Developers - Unit 9	India	66.66%
Gandhi Adhivitiya Combine	India	60.00%
Suraksha Realtors	India	14.00%

The financial statements of the Associate Companies used in consolidation have been drawn for the period 1st April, 2006 to 31st March, 2007 on the basis of books of accounts which are subject to audit.

I. SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared and presented under the historical cost convention using the accrual basis of accounting in accordance with the accounting principles generally accepted in India and are in accordance with the applicable Accounting Standards, Guidance Notes and the relevant provisions of the Companies Act, 1956.

II. USE OF ESTIMATES

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

III. REVENUE RECOGNITION

A. Revenue from Construction Activity:

- Revenue from sale of finished properties / buildings is recognized on transfer of property and once significant risks and rewards of ownership have been transferred to the buyer. Similarly, revenue from sale of Transferable Development Rights (TDR) is recognized on transfer of the rights to the buyer. Revenue recognition is postponed to the extent of significant uncertainty.
- Revenue from sale of incomplete properties is recognized on the basis of percentage of completion method, determined on the basis of physical proportion of the work completed, as certified by the Company's technical personnel, in relation to a contract or a group of contracts within a project, only after the work has progressed to the extent of 40% of the total work involved. Variations in estimates are updated periodically by technical certification. Further, revenue recognized in the aforesaid manner and related costs are both restricted to 90% until the construction activity and related formalities are substantially completed. Costs of construction / development are charged to the profit and loss account in proportion with the revenue recognized during the year. The balance costs are carried as part of 'incomplete projects' under inventories. Amounts receivable / payable are reflected as Debtors / Advances from Customers, respectively, after considering income recognized in the aforesaid manner.

Recognition of revenue relating to agreements entered into with the buyers, which are subject to fulfillment of obligations / conditions imposed by statutory authorities, is postponed till such obligations are discharged.

The Company was recognizing revenue as per the completed contract method, upto the financial year ended 31st March, 2006. The change to the percentage of completion method, to the extent applicable, has been adopted in pursuance of the guidance note on recognition of revenue by real estate developers, issued by the Institute of Chartered Accountants of India, during the year (Attention is invited to Note 13).

- Value of Floor Space Index (FSI) generated is recognized as inventory, at the rates quoted by the Stamp Duty Ready Reckoner issued by the State Government, in the year of completion of the agreed property (viz. Rehabilitation Building), in lieu of which the FSI is allotted to the Company. The value of FSI is carried as inventory held for sale or

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2007 (CONTD.)

utilization in construction of projects undertaken for sale. The FSI value is considered as a part of construction cost of sale building, on the basis of weighted average for each project.

B. Profit / Loss from Partnership Firm / Joint Venture

Share of Profit / Loss from partnership firms / joint ventures is accounted in respect of the financial year of the firm / venture, ending on or before the balance sheet date, on the basis of their audited / unaudited accounts, as the case maybe.

C. Income from Leased Premises

Income from providing facilities / lease of premises is accrued over the period mentioned in the facility / leave and license agreement.

D. Others

Other Revenues / Incomes and Costs / Expenditure are generally accounted on accrual, as they are earned or incurred.

IV. FIXED ASSETS AND DEPRECIATION

A. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Attention is also invited to Accounting Policy No. (V) (B).

B. Depreciation for the year is provided on the written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such addition, or upto the date of such sale/disposal, as the case may be.

C. Cost of Leasehold Land is amortised on a straight line basis, over the primary lease period.

V. INVENTORIES

A. 'Incomplete projects' is stated at Cost or Net Realizable Value, whichever is lower. 'Incomplete projects' includes costs of incomplete properties for which the Company has not entered into sale agreements, and in other cases (construction contracts), the costs incurred before the work has progressed to the extent of 40% of the total work involved. 'Incomplete projects' also includes initial project costs that relate directly to a (prospective) project, incurred for the purpose of securing the project. These costs are recognized as expenditure for the year in which they are incurred unless they are separately identifiable and it is probable that the respective project will be obtained.

B. Finished properties are stated at Cost or Net Realizable Value, whichever is lower. Finished properties given under operating lease are disclosed under the Fixed Assets Schedule as Leased Assets. The costs transferred to the Fixed Assets schedule are shown as deductions from the costs carried in opening inventory and construction costs incurred during the year. These assets (including Furniture and Fixtures in furnished properties and land acquired on lease) are depreciated / amortised as per the Accounting Policy given under Accounting Policy Nos. (IV)(B) and (IV)(C). Although the Company considers these assets as inventories held for sale in the ordinary course of business, the disclosure under the Fixed Assets Schedule and provision for depreciation / amortisation is made to comply with the requirements of Accounting Standard 19 - Leases.

C. Floor Space Index (FSI) is stated at the rate prescribed in the Stamp Duty Ready Reckoner issued by the State Government, for the year in which FSI is generated. The said rate is reviewed at each balance sheet date and the carrying value of FSI is restated to mark decrease, if any, in the said rate. Increase, if any, in these rates is not taken into account. Attention is also invited to Accounting Policy No. (III) (A) (III).

D. All other inventory (viz. Transferable Development Rights) is stated at Cost or Net Realisable Value, whichever is lower.

Cost included in inventory include costs incurred upto the completion of the project viz. cost of land, value of FSI, materials, services and other expenses (including borrowing costs) attributable to the projects. Cost formula used is average cost.

VI. INVESTMENTS

Investments are classified into current and long term investments. Current investments are stated at lower of cost and fair value. Long term investments are stated at cost. A provision for diminution is made to recognize decline, other than temporary, in the value of long term investments.

VII. RETIREMENT BENEFITS

A. Retirement benefits in the form of Provident / Pension Fund is accounted on accrual basis and charged to the Profit and Loss Account of the year.

B. Gratuity liability is covered under a Group Gratuity-cum-Life Assurance (Cash Accumulation) Scheme of the Life Insurance Corporation of India (LIC). The gratuity liability is charged to the Profit and Loss Account of the year on the basis of an Actuarial Valuation carried out by LIC at the close of the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2007 (CONTD.)

VIII. BORROWING COSTS

Interests and other borrowing costs attributable to qualifying assets (including projects undertaken for sale) are allocated as part of the cost of construction / development of such assets. The borrowing costs incurred during the period in which activities, necessary to prepare the assets for their intended use or sale, are in progress, are allocated as aforesaid. Such allocation is suspended during extended periods in which active development is interrupted and, no costs are allocated once all such activities are substantially complete. All other borrowing costs are charged to the Profit and Loss Account.

IX. SHARE ISSUE EXPENSES

Share issue expenses are first charged against available balance in Securities Premium Account.

X. FOREIGN CURRENCY TRANSLATIONS

- A. Balances in the form of Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted during the year.
- B. Income or expenditure in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

XI. SEGMENT REPORTING

The Company is engaged in the business of Real Estate Development, which as per Accounting Standard AS-17 on 'Segment Reporting' issued by The Institute of Chartered Accountant of India is considered to be the only reportable business segment. The Company is operating in the same geographical segment.

XII. TAXATION

Income tax expense comprises Current Tax, Fringe Benefit Tax (FBT) and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. Provision for FBT is made on the basis of the fringe benefits provided/deemed to have been provided during the year at the rates and values applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of deferred tax assets are reviewed to reassess realization.

2. Related party disclosures

A) Names of Related Parties and description of Relationship:

- i) **Subsidiary Companies**
Brainpoint Infotech Limited
Akruti Center Point Infotech Limited
- ii) **Associate Companies and Joint Ventures (JV) / Partnership Firms**
DLF Akruti Info Parks (Pune) Limited
Gallant Infotech Private Limited
Infrastructure Ventures India Limited
Mangal Shrusti Gruh Nirmitti Limited
Pristine Developers Private Limited
Akruti Chandan JV
Akruti GM JV
Hiranandani Akruti JV
Mount Mary JV
Niharika Shopping Mall JV
Aarti Projects & Constructions
Akruti Kallash Constructions
Akruti Steelfab Corporation
Jairaj Developers - Unit 9
Pristine Developers
Gandhi Adhivitiya Combine
Suraksha Realtors
Akruti SMC JV
- iii) **Other parties where relationship of control exists**
Akruti City Knowledge Private Limited
Akruti City Farming Private Limited
Akruti Guestline Private Limited
Akruti Niharika Buildings Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2007 (CONTD.)

Akruti Security Plates Private Limited
Akruti SEZ (Mumbai) Private Limited
Citygold Education Research Limited
Citygold Farming Private Limited
Citygold Investments Private Limited
Citygold Management Services Private Limited
Bulldbyte.Com (India) Private Limited
Ichha Constructions Private Limited
Rookkala Pictures Private Limited
Rushank Constructions Private Limited
Akruti Foundation for Knowledge and Research

IV) (a) Key Management Personnel

Mr. Hemant M. Shah (Chairman, Wholetime Director)
Mr. Vyomesh M. Shah (Managing Director)
Mr. Madhukar B. Chobe (Wholetime Director)

(b) Relatives of Key Management Personnel and their enterprises, where transactions have taken place:

Mrs. Kunjal H. Shah
Mrs. Falguni V. Shah
Hemant M. Shah (HUF)
Vyomesh M. Shah (HUF)
Mahipatray V. Shah (HUF)
Mrs. Lata M. Shah

Note: Related party relationships are as identified by the Company and relied upon by the Auditors.

B) Transactions with Related Parties:

(Rupees)

Sr. No.	Nature of transaction	Subsidiary Companies	Associate Companies	Joint Ventures/ Partnership Firms	Other parties where control exists	Key Management Personnel (Including Relatives)
i.	Loans and Advances received/ recovered	— (—)	1,678,609 (104,225,191)	55,851,330 (766,493,983)	103,755,183 (31,388,925)	52,347,100 (41,251,660)
ii.	Loans and Advances given/ repaid /adjusted	— (—)	72,765,642 (124,044,003)	58,546,825 (83,309,114)	95,190,824 (30,199,281)	56,181,984 (99,290,022)
iii.	Interest received	— (—)	10,087,299 (2,597,995)	8,828,391 (—)	74,015 (—)	— (—)
iv.	Interest paid	— (—)	— (—)	— (—)	— (—)	— (676,109)
v.	Advance against share application	— (—)	39,634,691 (29,484,850)	— (—)	283,778,213 (400,000)	— (—)
vi.	Services received/ availed	8,808,616 (—)	1,403,039 (1,183,654)	— (—)	22,433,897 (32,802,611)	— (—)
vii.	Supervision/maintenance charges received	— (—)	— (—)	— (—)	18,000 (—)	— (—)
viii.	Rent received	— (—)	— (—)	— (—)	7,853,828 (4,499,280)	— (—)
ix.	Rent paid	— (—)	— (—)	— (—)	840,000 (840,000)	— (—)
x.	Royalty received	— (—)	— (—)	— (—)	2,000,000 (—)	— (—)
xi.	Directors' remuneration	— (—)	— (—)	— (—)	— (—)	16,459,000 (7,400,000)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2007 (CONTD.)

B) Transactions with Related Parties:

(Rupees)

Sl. No.	Nature of transaction	Subsidiary Companies	Associate Companies	Joint Ventures/ Partnership Firms	Other parties where control exists	Key Management Personnel (Including Relatives)
xii.	Directors' sitting fees	— (—)	— (—)	— (—)	— (—)	100,000 (—)
xiii.	Purchase of TDR / Project	— (—)	— (—)	— (68,318,634)	— (—)	— (—)
xiv.	Sale of Finished Properties / FSI	— (—)	— (—)	— (347,376,148)	— (—)	3,776,715 (—)
xv.	Investments made	— (—)	— (—)	698,029,041 (6,378,101)	1,200,000 (—)	— (—)
xvi.	Investments withdrawn (at cost)	— (—)	— (—)	118,624,971 (10,000,000)	— (—)	— (—)
xvii.	Share of Profit from Partnerships/ Joint Ventures	— (—)	— (—)	8,919,388 (286,390,218)	— (—)	— (—)
xviii.	Share of Loss from Partnerships/ Joint Ventures	— (—)	— (—)	13,579,265 (242,594)	— (—)	— (—)
xix.	Payments made on behalf of third parties	— (—)	— (—)	— (—)	1,075,000 (—)	— (—)
xx.	Collateral security given against loan availed by Company	Amount not quantifiable (Amount not quantifiable)	— (—)	— (—)	— (—)	Amount not quantifiable (Amount not quantifiable)
xxi.	Balances Outstanding					
	Receivable	29673 (—)	164,236,509 (82,999,635)	60,419,351 (13,402,812)	290,064,873 (12,188,219)	— (—)
	Payable	— (321,358)	— (—)	49,537 (—)	1,117,160 (15,791,180)	— (—)

Previous Year figures are given in brackets.

3. The details of investments made in capital of partnership firms as on 31st March, 2007 are as under:

i) M/s. Akruti Steelfab Corporation :

Name of the Partners	Share of Partner	Capital (Rupees)
A Akruti Nirman Limited	55.00 %	2,878,736
B Steelfab Turnkey Projects Limited	45.00 %	2,587,985
Total	100.00 %	5,466,721

ii) M/s. Akruti Kailash Constructions :

Name of the Partners	Share of Partner	Capital (Rupees)
A Akruti Nirman Limited	50.00 %	50,000
B Chirag A. Shah	12.50 %	12,500
C Deepak S. Shah	8.75 %	8,750
D Ketan D. Shah	7.50 %	7,500
E Niranjan P. Shah	12.50 %	12,500
F Shanalal T. Shah (HUF)	8.75 %	8,750
Total	100.00 %	100,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2007 (CONTD.)

III) M/s. Aarli Projects & Constructions :

Name of the Partners	Share of Partner	Capital (Rupees)
A Akruti Nirman Limited	33.00 %	101,354
B Dillip Shingarpure	9.00 %	24,739
C Surendra Sanas	17.00 %	46,729
D Smt. Daksha P. Patel	16.00 %	43,980
E Madhav Patankar	25.00 %	68,720
Total	100.00 %	285,522

IV) M/s. Pristine Developers :

Name of the Partners	Share of Partner	Capital (Rupees)
A Akruti Nirman Limited	40.00 %	—
B Topmost Construction Private Limited	10.00 %	—
C Pristine Developers Private Limited	25.00 %	—
D Paresh M. Parekh	25.00 %	—
Total	100.00 %	—

V) M/s. Jairaj Developers - Unit 9

Name of the Partners	Share of Partner	Capital (Rupees)
A Akruti Nirman Limited	66.66%	500,000,000
B Jayant Hirala Shah	15.00%	—
C Malav Jayant Shah	15.00%	—
D Jignesh Gunwant Gopani	3.34%	10,000,000
Total	100.00 %	510,000,000

VI) M/s. Gandhi Adhivitiya Combine :

Name of the Partners	Share of Partner	Capital (Rupees)
A Adhivitiya Properties Limited	60.00 %	13,807,804
B Ajitkumar Gandhi	8.00 %	740,000
C Kirankumar Gandhi	8.00 %	740,000
D Kiritkumar Gandhi	8.00 %	740,000
E Kusumben Gandhi	8.00 %	740,000
F Rajendra Gandhi	8.00 %	740,000
Total	100.00 %	17,507,804

VII) M/s. Suraksha Realtors:

Name of the Partners	Share of Partner	Capital (Rupees)
A T.D.R. Properties Limited	11.00%	8,620,253
B Vyomesh M. Shah	7.00%	5,612,888
C Hemant M. Shah	7.00%	5,612,888
D Karad Chemicals & Allied Product Private Limited	37.50%	30,069,044
E Vijay Parekh	37.50%	30,069,044
Total	100.00%	79,984,117

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2007 (CONTD.)

4. Interests of the Company in joint ventures are as under:

	Name of the Joint Ventures	Share of Interest
A	M/s. Hirandani Akruti JV	55 %
B	M/s. Niharika Shopping Mall JV	50 %
C	M/s. Mount Mary JV	50 %
D	M/s. Akruti GM JV	50 %
E	M/s. Akruti Chandan JV	50 %
F	M/s. Akruti SMC JV	50 %

5. The transactions in respect of premises taken / given under operating lease:

a) Lease rental obligations :

	31st March, 2007 (Rupees)
Lease rentals payable not later than one year	1,680,000
Later than one year but not later than five years	1,365,000
Later than five years	—

b) Lease rental income :

	31st March, 2007 (Rupees)
Lease rentals receivable not later than one year	278,337,150
Later than one year but not later than five years	893,033,043
Later than five years	2,239,369

6. Deferred taxation for the year ended 31st March, 2007 :

(Rupees)

Deferred Taxation	31st March, 2006	Changes/(Credit) During the year	31st March, 2007
Deferred Tax Liability/(Asset) On account of			
i) Depreciation	6,351,429	(4,226,013)	2,125,416
ii) Expenses allowable for Tax Purpose in subsequent year(s)	—	(813,925)	(813,925)
Net Deferred Tax Liability	6,351,429	(5,039,938)	1,311,491

7. The Company has entered into a Joint Venture with another Company whereby the capital is to be contributed by generating 603,000 Sq.ft of Floor Space Index. As on the date of the balance sheet, the Company has contributed 160,792 Sq.ft Floor Space Index. The balance of Rs. 408,335,196/- representing 442,208 Sq.ft Floor Space Index is reflected as "Balance Contribution Outstanding to Joint Ventures" as a reduction under the head "Investments" in the Balance Sheet.
8. Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) Rs.6,554,903/- (Previous Year: Rs. NIL)
9. Balance confirmations in respect of Sundry Creditors, Sundry Debtors and Loans and Advances have not been called for. The balances are therefore as per the books of accounts.
10. The financial statements of all Partnership Firms and Joint Ventures in which the Company is a partner / co-venture, are unaudited. The share of loss / profit accrued during the year by the Company is, therefore, subject to adjustments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2007 (CONTD.)

11. Earnings per share

Particulars		2006-2007
Net Profit as per Profit and Loss Account available for Equity Shareholders	In Rs.	772,220,526
Weighted average number of equity shares outstanding during the year (Adjusted for Bonus Shares issued during the year)	In Nos.	61064458
Earnings Per Share of Rs.10 each (Basic and Diluted)	In Rs.	12.65

12. Prior period adjustments include :

	(Rupees)
	2006-2007
Depreciation Adjustments	4,223,542
Debits relating to earlier years	(375,208)
Credits relating to earlier years	342,086

13. Upto 31st March, 2006, the Company recognised revenue from sale of properties as per the completed building project method. Pursuant to the guidance note on 'Recognition of Revenue by Real Estate Developers', issued by 'The Institute of Chartered Accountants of India' during the year, revenue from sale of incomplete properties (subject to fulfillment of specified conditions), is recognised on the basis of the percentage of completion method, with effect from 1st April, 2006 (only after the work has progressed to the extent of 40% of the total work involved). The Company has not given retrospective effect to this change in accounting policy, because such retrospective effect would have required the Company to identify all incomplete projects that fulfilled the conditions specified in the Guidance Note in the earlier reporting period and also to determine the stage of completion for all such projects in the earlier reporting period. The records required for such an exercise are not available. Hence, results for the year ended 31st March, 2006 have not been restated to reflect change in the revenue recognition policy.

However, such change in the accounting policy has not resulted in any impact on the financial statements for the year ended 31st March, 2007, as no project, incomplete at the close of the year, has progressed to the extent of 40% of the total work involved for which revenue would have to be recognised as per the percentage of completion method. The effect of such change on the financial statements of subsequent financial years cannot be ascertained at present, as the same would depend upon the stage of completion of incomplete projects, if any, at the close of the respective years.

14. The Accounting Standard AS-21 on 'Consolidated Financial Statement' has become applicable to the Company for the first time for the financial year ended 31st March, 2007. Hence, previous year figures have not been compiled and disclosed. Further, it is not practical to present the Consolidated Cash flow Statement for the year 2006 and 2007, since the opening balances which are relevant for compilation of this year's cash flow, are not available.

As per our report of even date

For and on behalf of
DALAL & SHAH
Chartered Accountants

For and on behalf of
VIRAL D. DOSHI & CO.
Chartered Accountants

For and on behalf of the Board

HEMANT M. SHAH
EXECUTIVE CHAIRMAN

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER

VIRAL D. DOSHI
PROPRIETOR

CHETAN S. MODY
COMPANY SECRETARY

RAJENDRA SHAH
CHIEF FINANCE OFFICER

MUMBAI:
Date : 4th July, 2007

MUMBAI:
Date : 4th July, 2007

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(Rs.in lacs)

Name of the Subsidiary Company	Financial year ending of the Subsidiary	Number of equity shares held	Extent of holding	The net aggregate of profits / (losses) of the Subsidiary Companies so far as they concern the members of Akruti Nirman Limited			
				For Current Financial Year		For Previous Financial Year	
				dealt with in the accounts of Akruti Nirman Limited for the year ended March 31, 2007	not dealt with in the accounts of Akruti Nirman Limited for the year ended March 31, 2007	dealt with in the accounts of Akruti Nirman Limited for the year ended March 31, 2007	not dealt with in the accounts of Akruti Nirman Limited for the year ended March 31, 2007
Adhivitiya Properties Limited	31.03.2007	50000	100 %	(4.85)	-	4.41	3.91
Agreem Properties Limited	31.03.2007	2658	53.16 %	(0.44)	(0.39)	7.85	6.92
Akulpita Construction Limited	31.03.2007	50000	100 %	(4.79)	-	0.99	0.82
Akruti Centrepoint Infotech Limited	31.03.2007	50000	100 %	1.26	-	0.09	0.08
Arnav Properties Limited	31.03.2007	5000	100 %	(23.03)	-	(0.18)	(0.03)
Brainpoint Infotech Limited	31.03.2007	44336	88.67 %	(2.40)	(0.31)	0.95	0.13
E Commerce Solutions (India) Limited	31.03.2007	249990	99.99 %	(3.30)	(0.01)	(0.18)	(0.01)
Sheshan Housing and Area Development Engineers Limited	31.03.2007	50000	100 %	(0.33)	-	(0.22)	-
TDR Properties Limited	31.03.2007	5000	100 %	72.77	-	33.90	6.95
Vaishnavi Builders and Developers Private limited	31.03.2007	4300	86 %	(0.066)	(0.011)	-	-
Vishal Nirman (India) Limited	31.03.2007	2551	51.02 %	0.18	0.17	(0.041)	(0.039)
Vishal Tekniks (Civil) Limited	31.03.2007	49980	99.96 %	231.19	0.18	13.38	10.93

INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

DISCLOSURE PURSUANT TO MINISTRY OF CORPORATE AFFAIRS APPROVAL NO. 47/193/2007-CL-III DATED APRIL 16, 2007 UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED MARCH 31, 2007

(Rs. in lacs)

Particulars	Aadhivithya Properties Limited	Agreem Properties Limited	Akulpita Construction Limited	Akruti Centre-Point Infotech Limited	Amav Properties Limited	Brainpoint Infotech Limited	E Commerce Solutions (India) Limited	Sheshan Housing and Area Development Engineers Limited	TDR Properties Limited	Vaishnavi Builders and Developers Private Limited	Vishal Nirman (India) Limited	Vishal Techniks (Civil) Limited
Share Capital	5.00	5.00	5.00	5.00	5.00	5.00	25.00	5.00	5.00	5.00	5.00	5.00
Reserves and Surplus	(13.63)	10.33	(4.95)	6.06	(26.92)	18.53	(3.93)	(0.59)	118.34	(9.39)	4.44	274.86
Total Assets	151.44	497.93	212.06	34.98	842.28	51.62	104.44	364.41	125.81	340.33	21709.82	1111.33
Total Liabilities *	160.08	482.29	212.01	23.91	864.20	28.08	83.41	360.00	2.47	344.71	21700.38	831.46
Investments - Shares (excluding subsidiaries) - Mutual Funds	10.00	10.00	19.12	-	-	-	-	-	0.03	-	-	41.21
Turnover and Other Income	12.37	-	14.07	27.42	75.96	135.54	0.06	0.02	89.2	69.10	19.66	1144.45
Profit / (Loss) before Taxation	(4.78)	(0.38)	3.69	1.41	(23.15)	(2.69)	(3.31)	(0.33)	79.55	(0.08)	0.55	351.46
Provision for Taxation **	0.06	0.44	1.09	0.14	-	0.01	-	-	-	-	0.18	120.18
Profit / (Loss) after Taxation	(4.85)	(0.82)	(4.79)	1.26	(23.15)	(2.71)	(3.31)	(0.33)	79.55	(0.08)	0.36	231.28
Proposed Dividend and Tax thereon	-	-	-	-	-	-	-	-	4.20	-	-	-

* - includes Debts + Current Liabilities + Deferred Tax Asset

** - Net of excess / short provision for tax in respect of earlier years.





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