



**AKRUTI CITY**  
LIFE TIME VALUE

**scaling new heights...**

**Annual Report  
2007 • 08**

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## Board of Directors

HEMANT M. SHAH	<i>Executive Chairman</i>
D. R. KAARTHIKEYAN	
SHAILESH V. HARIBHAKTI	
P. H. RAVIKUMAR	
SHAILESH H. BATHIYA	
VYOMESH M. SHAH (VIMAL M. SHAH)	<i>Managing Director</i>
MADHUKAR B. CHOBE	<i>Wholetime Director</i>

## Committees of the Board

### Audit Committee

SHAILESH V. HARIBHAKTI, Chairman
SHAILESH H. BATHIYA
P. H. RAVIKUMAR
VYOMESH M. SHAH

### Remuneration Committee

SHAILESH V. HARIBHAKTI, Chairman
D. R. KAARTHIKEYAN
P. H. RAVIKUMAR

### Shareholders' / Investors' Grievances Committee

SHAILESH H. BATHIYA, Chairman
HEMANT M. SHAH
VYOMESH M. SHAH

### Company Secretary

CHETAN S. MODY
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## Auditors

DALAL & SHAH, CHARTERED ACCOUNTANTS
DOSHI DOSHI & ASSOCIATES, CHARTERED ACCOUNTANTS

## Internal Auditors

ANEJA ASSOCIATES, CHARTERED ACCOUNTANTS
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## Registered Office

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

## Registrar & Transfer Agents

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

## Bankers

CANARA BANK
BANK OF INDIA
BANK OF BARODA
CORPORATION BANK
HDFC BANK
ICICI BANK
IDBI BANK
INDIAN OVERSEAS BANK
KOTAK MAHINDRA BANK
PUNJAB NATIONAL BANK
STATE BANK OF INDIA
STATE BANK OF PATIALA
UNION BANK OF INDIA



# Scaling new heights...

At **Akruti City** we are leveraging our rich past to create projects for the present and with an objective to build the India of tomorrow.

The real estate industry has undergone a transformation during the year. Increasing corporatisation, higher levels of transparency, access to capital markets and an increase in the scale of projects were some key developments during the past year. The year saw foreign capital flowing into the sector, making it a watershed year for the Indian real estate industry.

As the property sector has a strong correlation with the overall economic growth, the growth prospects for the real estate sector in India seem to be positive in the foreseeable future.

As a leading real estate developer, Akruti is well-poised to benefit from the unprecedented growth in the real estate sector in the country. We have scaled up our internal and external resources for efficient and timely execution of large projects.

The current economic uncertainty has posed the risk of a global economic slowdown, which has started impacting the realty sector in India. The current slowdown in demand, high interest rates, rising input costs and meltdown of realty stocks have also added to the problems. The slowdown has been precipitated further due to a falling stock market, which has prevented wealth creation, thereby creating capital deficiency for real estate projects.

The Company has already factored in all these dynamics. Not only we have strengthened our knowledge repository and invested constantly in the direct ownership of equipment, but also reinforced customer relationships and entered into collaborative participation with various stakeholders. It is the balanced combination of these initiatives that is now translating into an attractive profitability mix for the Company even in such economic slowdown.

Today, external factors present one of the greatest risks to businesses. There is no alternative but to adapt to them. A sudden spurt in inflation, combined with high international prices of crude and petroleum, is threatening to upset the country's economic equilibrium. But at Akruti, our well-defined strategic plan and business strategy articulate the direction for the Company towards a stable growth path.

The Company strategy is adaptable to different scenarios and emphasises on growth and success across different points in the real estate cycle. Efficiency and customer satisfaction strategies, too, have been accentuated to maintain profitability, thus ensuring the Company has the necessary capital and personnel to take advantage of growth opportunities at all possible times.

The Company's communication and promotion plan will continue to focus on building relationships. Our increasing geographic spread provides the Company with the dual advantage of working as a hedge against the cyclicity in the industry while enabling us to maintain margins.

Over the past few years, we have observed that growth does not come by just increasing capacity or bettering our financial performance. With the changing dynamics in the world of business, the Company has to look at every way of growing and adding value through organic and inorganic growth. We will leverage our local presence and customer proximity in various markets to work closely with our customers and jointly identify and address growth opportunities. This approach will provide bright, long term prospects for Akruti and also translate into a win-win situation for our customers.

At the global level, returns from real estate investment in India have traditionally been higher than in other Asian countries. The near future may see an increasing number of Real Estate Investment Trusts being set up and a new avenue for investments and growth being tapped into.

An inherent inspiration to scale new heights has always been one of Akruti's strengths. This is reflected in our decision making process and our approach towards creating value for our customers and projects. Using skilled human resources and exploiting our expertise of technology, Akruti is preparing to create real estate, which will be used as a benchmark for the future.

Our culture of learning, coupled with a zeal and desire to generate and implement new ideas, is the driving force within the organisation. This driving force is also representative of our operating system in which diverse businesses lead to a common goal. It is this force and enthusiasm which drives us to lead on the path forward. As we look into the near future, we know our greatest days lie ahead.

**The past is behind, learn from it.  
The future is ahead, prepare for it.  
The present is here, live it.**

– Thomas S. Monson



**Chairman's  
Letter  
to  
Shareholders**



We at Akruti have always focused on processes and systems to ensure accountability, transparency, quality.



Dear Shareholders,

It gives me great pleasure in presenting the Twentieth Annual Report for the year 2007-2008 in which your Company recorded commendable performance both in terms of revenue and profits. The salient features are:

- Total Income of Rs. 47378.83 lacs against Rs. 18652.65 lacs in the previous year
- Operating Profit of Rs. 39703.91 lacs against Rs. 11104.72 lacs in the previous year
- Net Profit of Rs. 29514.33 lacs against Rs. 7547.78 lacs in the previous year

Against a backdrop of the economic slowdown, shareholders globally are worried about the return on their investments. They are growing more concerned about issues like governance and transparency. It is during such tough times when companies with a culture of accountability and transparency are valued. We at Akruti have always focused on processes and systems to ensure accountability, transparency and quality. The financial year 2007-2008 has been a landmark year in this respect. Your Company has successfully set up new processes and systems in various departments across the company to create a more efficient, productive and responsible organisation.

While the country's economy is on a strong growth path, inflation is threatening to slow down the overall growth rate. A tighter monetary policy and higher interest rates present a challenge to India Inc., including the realty sector, to complete projects within stipulated costs and time.

Your Company has, in the short term, focused more on execution of projects rather than building land bank. All the projects of your Company are on schedule and steps have been initiated for completion well ahead of schedule.

The coming few months will see your Company strengthen its presence in Gujarat and Karnataka. We have also received clearance certificates for most projects, and your Company's growth prospects are bright.

The medium term picture looks stable. In the medium term we expect land to be available at realistic prices which would enable the Company to build a larger, reasonably priced land bank.

To ensure that Akruti stays on its growth path, we are investing in intellectual and human capital and constantly upgrading our systems and processes. Simultaneously, we are also identifying and foraying into newer geographies and growth areas to give stable and consistent returns on investments.

To sum it up, I would say that 2007-2008 has been an important year which has seen Akruti embark upon several new ventures, enter into new territories and acquire new customers.

The current fiscal year is full of challenges – runaway inflation, spiralling global crude prices, higher interest rates, liquidity crunch and falling demand. Let us take the challenge and work together to take the Company to newer heights. Our efforts to conduct our business as cost effectively as possible will continue, and I look forward to another year of good performance.

I take this opportunity to express my gratitude to various stakeholders for their wholehearted co-operation and look forward to your continued support and patronage in the future.

Best Wishes,

**Hemant M. Shah**  
Executive Chairman



**Managing  
Director's  
Message  
to  
Shareholders**



Akruti is uniquely positioned to deliver projects for a wide stratum of the economy – right from lower income groups to large multinationals.

Dear Shareholders,

At the outset, I would like to share with you a few performance highlights. Your Company registered good revenue and profit growth despite extreme cost pressures on account of inflation and rising interest rates. While net sales / income from operations increased by 147% and rose to Rs. 44050.06 lacs, the Profit before Tax stood at Rs. 33589.97, a rise of 295% over the previous year. The Net Profit stood at Rs. 29514.33 lacs, a rise of 291% over the previous year.

In consideration of the good results, your Board has recommended a final dividend of 7%, in addition to the interim dividend of 18% already paid. The total dividend for the year 2007-2008 aggregates 25% as against 15% for the previous year.

The year proved to be a challenging one for the economy in general and a few sectors like real estate in particular. The world is in throes of an economic slowdown, yet we are happy to see India swim against the tide and remain one of the few growth regions in the world. This phase presents both challenges and opportunities, and I am sure that given our strong fundamentals, we will capitalise on these opportunities and successfully tackle the challenges.

Akruti is uniquely positioned to deliver projects for a wide stratum of the economy – right from lower income groups to large multinationals. With an eye on the future, your Company has evolved an intelligent product mix to counter the various cyclical movements of the economy. Our capability to procure land through different sources, and our ability to execute projects on time with an unwavering focus on quality, will always safeguard the

stakeholders' interest.

Going ahead, your Company plans to expand its footprint into Gujarat and Karnataka, and consolidate its position in Maharashtra. Your Company has initiated forays into new real estate segments – Biotech Park, Infotech Park, SEZs, Robotic Car Park and Warehousing.

It has been over two decades since we began to pursue our dreams and strived to be more than just a real estate company. With each project, we have endeavoured to enrich people's lives. We have leveraged our close linkages with the industry and the society to build a sustainable India of tomorrow.

In our endeavour to deliver consistent value to all our stakeholders, your Company aspires to be one of the most valued companies in the Indian real estate industry. It would be a dream come true only with your unstinted support and co-operation.

We have a promising and fulfilling journey ahead of us for achieving greater heights. Looking forward to another successful year ahead.

Thanking You,

**Vyomesh M. Shah**  
Managing Director





**Prof. K. N. Vaid**  
Director General  
Akruti City Foundation

Our mandate is  
to conduct  
programmes of  
education, training  
and research,  
create knowledge  
and develop  
managers/  
entrepreneurs of  
the new  
generation, who  
will change the  
future of cities and  
their communities,  
drive growth and  
make India a  
world leader.

Akruti Education Initiative took a concrete shape during the past year. Three main projects have been taken up for implementation. First is a University in the Metropolitan Mumbai Region named Akruti Citygold Institute, it functions from our Town Centre located at Akruti Centre Point, Andheri (E). The land for the campus has been procured and an American architecture firm, a specialist in University Planning, is on the job. The focus of this Institute currently will be on infrastructure, real estate, construction and environment.

The second project is setting up an Institute of Technology at Ahmedabad in Gujarat, which will focus on science & technology, health & life sciences, trade & services, food & agriculture and natural sciences.

The third project involves "Vocational and Technical Training" to produce skilled tradesmen, supervisors and foremen for various enterprises. The Akruti Centre for Vocational and Technical Education (ACTIVE) has been set up for the purpose. ACTIVE has taken over 4 Industrial Technical Institutes (ITIs) from the Government on private - public participation model and is upgrading them. It has also set up its own Technical & Vocational Centres at Pune and Mumbai.

Currently, we function out of the Town Centre in Andheri (E), Mumbai. It is a modern premises with top-of-the line infrastructure, Wi-fi environment, a rapidly growing library and computer labs, classrooms and faculty offices.

Two post-graduate diploma courses were completed this academic year. All graduated students found placement with leading property development enterprises. Two research projects completed by faculty members have been published.

The Institute brings out a quarterly research journal targeted at international academicians clientele. In-service training courses for working executives and organising seminars are a regular activity.

Going ahead, we plan to be big, better and different.



## REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

TO

### THE MEMBERS

Your Directors have pleasure in presenting their Twentieth Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2008.

### FINANCIAL RESULTS :

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

(Rs. in lacs)

	STANDALONE		CONSOLIDATED	
	2007-2008	2006-2007	2007-2008	2006-2007
Net Sales / Income from Operations	44050.06	17788.77	43975.37	18947.60
Share of Profit / (Loss) from Joint Ventures and Partnership Firms	12.37	(135.46)	529.12	—
Other Income	3316.40	999.34	3070.20	910.82
Total Income	47378.83	18652.65	47574.69	19858.42
Operating Profit (before interest, depreciation and tax)	39703.91	11104.72	40980.43	11445.85
Less : Interest and Finance Charges	5474.65	1997.76	6153.74	1998.98
Profit before depreciation and tax	34229.26	9106.96	34826.69	9446.87
Less : Depreciation and amortization	639.29	613.76	693.07	621.06
Profit before tax	33589.97	8493.20	34133.62	8825.81
Less : Provision for income tax, fringe benefit tax, deferred tax and wealth tax	4075.64	945.42	4190.31	1066.21
Profit after tax	29514.33	7547.78	29943.31	7759.60
Add / (Less) : Prior period adjustments	(43.66)	38.94	10.46	37.43
Add / (Less) : Share of profit / loss from associate companies/ minority interest / pre-acquisition profit/goodwill on acquisition written off/reversal of excess profit booked in earlier year			(26.85)	(74.82)
Profit for the year	29470.67	7586.72	29926.92	7722.21
Profit brought forward	714.71	4678.52	881.56	4709.89
Profit available for appropriation	30185.38	12265.24	30808.48	12432.09
<b>APPROPRIATIONS</b>				
General Reserves	3000.00	380.00	3000.00	380.00
Debenture Redemption Reserve	-	10000.00	-	10000.00
Interim Dividend	1200.64	-	1200.64	-
Dividend Distribution Tax on above	204.04	-	204.04	-
Proposed Final Dividend	466.90	1000.50	466.90	1000.50
Dividend Distribution Tax on above	79.35	170.03	79.35	170.03
Balance carried to Balance Sheet	25234.45	714.71	25857.55	881.56

### PERFORMANCE REVIEW :

During the year under review, net sales/income from operations increased by 147.6 % to Rs. 44050.06 lacs from Rs. 17788.77 lacs in the previous year. The Company achieved operating profit (PBITD) of Rs. 39703.91 lacs as against Rs. 11104.72 lacs in the previous year. After providing for interest of Rs. 5474.65 lacs, depreciation of Rs. 639.29 lacs and taxation of Rs. 4075.64 lacs, the net profit stood at Rs. 29514.33 lacs which is higher by 291.03 % as against Rs. 7547.78 lacs in the previous year.



## **REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS (CONTD.)**

### **APPROPRIATIONS :**

An amount of Rs. 3000 lacs (Rs.380 lacs) is credited to General Reserves. Out of the amount available for appropriation, your Directors have recommended a final dividend of Rs.0.70 (7%) per equity share of the face value of Rs.10 each for the year ended March 31, 2008, amounting to Rs.466.90 lacs. The Company had earlier during the year declared an interim dividend of Rs.1.80 (18%) per share which was paid on February 12, 2008.

The total dividend for the year ended March 31, 2008 including the proposed final dividend is Rs.2.50 (25%) per share and amounts to Rs. 1667.54 lacs. The dividend distribution tax amounts to Rs. 283.39 lacs.

The dividend policy for the year under review has been formulated keeping in view the fund requirements of the Company, its business plans and strategy and intent to utilize internal accruals to the maximum. Your Directors believe that this will lead to an increase in shareholders' value in the long term.

### **ECONOMIC OVERVIEW :**

The India growth story remained intact with GDP expanding by 9 % for the third year in a row. However, rising inflation triggered by sharp increase in food and fuel prices, has emerged as a serious macroeconomic challenge.

### **INDUSTRY OVERVIEW :**

The real estate sector in the country has been an important contributor to the national exchequer for several decades. It is the second largest employer in the economy next only to agriculture and is linked to about 250 ancillary industries. The year 2007 saw sustained end-user demand in all segments of the industry, fuelled by buoyancy in the economy, favourable demographics, increasing urbanization, and rising income levels, besides an improving regulatory framework. According to a research by Deutsche Bank, the industry is expected to grow from USD 48 billion in 2007 to USD 140 billion by FY12 (CAGR of 21 %).

In the current scenario, the inflationary pressures have led to higher interest rates and difficult borrowing conditions. The liquidity crunch is expected to adversely affect the real estate industry as funding sources may taper off. On the one hand, high interest rates have hurt offtake, on the other hand, input prices have pushed up costs.

### **Residential Sector :**

The residential sector, the backbone of Indian Real Estate Sector has grown by leaps and bounds both in terms of volume, geographic spread and quality in response to growing end users and investment demand.

### **Commercial Offices :**

The genesis of transformation of the real estate sector, lay in the gradual positioning of India as a preferred destination for outsourcing. The boom especially in the IT/ITES Sector, led to a quantum increase in the year-on-year requirement for office space.

### **Special Economic Zones (SEZs):**

SEZs are specifically delineated duty free enclaves deemed to be foreign territories for purposes of Indian custom controls, duties and tariff. SEZs by virtue of their size, are expected to be a significant source of real estate demand and will emerge as key drivers of economic growth.

### **OPERATIONAL PERFORMANCE :**

During the year, several path-breaking steps were initiated to enhance geographic spread. The Company with its unique business model is in a high growth area of real estate development which offers huge opportunities.

The Company currently operates in the Residential, Commercial, SEZs, Infotech Park, Biotech Park, Robotic Car Park, Township and Warehousing segments of the Real Estate business.



## REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS (CONTD.)

### SEGMENT WISE DISCUSSIONS :

**Residential** : The Company is developing residential projects in Mumbai, Thane and Pune.

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

**Integrated Township** : The Company is in the process of acquiring land for projects which have tremendous growth potential.

**Robotic Car Park** : The automated car park at Mahalakshmi, Mumbai is nearing completion. The car park is expected to become operational shortly after undergoing mandatory safety tests.

**Biotech Park** : The Company has embarked upon the development of 700 acres Biotech Park at Savli, near Vadodara in the State of Gujarat in joint venture with Gujarat State Biotech Mission and the TCG Group.

**Warehousing** : During the year under review, the Company entered into the business of warehousing through its wholly owned subsidiary namely Akruti Warehousing Limited.

### OTHER OPPORTUNITIES :

The Company has been allotted Letter of Intent for development of bus terminals of Gujarat State Road Transport Corporation on Build-Operate-Transfer (BOT) basis.

The Company is also on the look out for strategic acquisitions in order to achieve inorganic growth.

All the aforesaid business initiatives would enable the Company to enhance long term shareholder value.

Steps have also been taken to strengthen the organization to enable it to cope with the challenges ahead. Tools of innovation are employed for any new project / marketing initiative, the purpose being to constantly stay ahead in terms of ideas.

The Company has also entered into strategic joint venture arrangements with other real estate development companies for some of its projects on a profit sharing basis. Collaborating strategically with other firms reduces the capital investment requirement 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 geographies and business lines.

All these business initiatives are expected over a period of time to create a robust organization where growth is a way of life.

### OPPORTUNITIES AND THREATS :

The real estate industry is going through a transformation, becoming more structured and corporatized, thereby throwing up new challenges and opportunities in its wake.

Some of these opportunities which is expected to further drive the demand for the real estate development are :

- Logistics and Warehousing Infrastructure
- Hospitality
- Low-cost Housing

Inflation is at thirteen years high prompting Reserve Bank of India to reduce liquidity which in turn will increase borrowing costs. Any further hike in interest rate by banks combined with temporary reduced buying power due to stock market fluctuations will add to the already negative sentiment.

A tightening of global financial markets has made private equity fund raising for the real estate and infrastructure sectors difficult with many funds expected to reduce the corpus target.



## REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS (CONTD.)

The cost of borrowing and availability of funds will be one of the major concerns for the real estate industry for the next few months.

### RISKS AND CONCERNS :

- Global geo-political risk, economic shocks and policy reversals.
- Economic risks – rising interest rates, inflation and currency risks.
- Event risks – riots, natural calamities, etc.
- Rising costs of operation.
- Constrained urban and physical infrastructure in cities.
- Land acquisition – the land acquisition process in India and its entitlement is anything but straightforward.
- Lack of verifiable records – the serious gap in ownership records as well as land titles being unclear, could pose several hurdles.
- Risks of speculation – the real estate markets across the board have registered substantial gains over the last few years and there may be selective instances of speculative risk.
- Transparency risk – Indian real estate market transparency is rated low as compared to international real estate transparency levels. Although market transparency has improved, it is still hard to get reliable and verifiable information.
- Mortgage rate risk – There has been a trend of rising mortgage rates and increased risk weightage norms in relation to real estate loans that could adversely affect the liquidity availability to the real estate sector.
- Lack of title insurance – The real estate market in India does not have title insurance. There is a risk of latent ownership issue in transactions with individual land owners.
- Property linked infrastructure risks – At major locations, the public infrastructure is under strain. Though development and construction is proceeding at a furious pace, required urban infrastructure is not catching up fast enough.
- Lack of real estate securities legislation.

The slowdown in demand can be mitigated by changing product mix to capture the future demand by way of sale before construction. The forays into different segments of the real estate sector and geographical spread can help reduce concentration risks.

### BUSINESS OUTLOOK :

At the international level, slowdown in Western economies and continuing write offs in the international banking system are making global investors bearish. Domestically, rising inflation, existent high prices and losses incurred by investors in the stock market are adding to the negative sentiment.

SEBI has recently announced guidelines for setting up Real Estate Mutual Funds (REMFs). REMFs as an investment tool may also lead Indian real estate developers to reinvent their business models and generate new revenue streams.

SEBI is considering framing guidelines for Real Estate Investment Trusts (REITs) going forward. REITs once operational, are expected to boost capital access and reduce capital costs for property owners, managers and developers.

Some moderation notwithstanding, the overall growth scenario is likely to remain strong, with investment as the main driver.

In summary, the real estate market comprising of residential, commercial SEZ, IT/ITES, retail, hotels will witness growth and decline in pockets and segments, yet the overall real estate growth will continue its northward push – albeit slowly. Though the rate of growth could slow down, the real estate sector will continue to do volumes of business. The Indian economy is expected to continue to attract foreign inflows, as it presents an attractive investment opportunity relative to most other countries.



## **REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS (CONTD.)**

### **NEW CORPORATE IDENTITY :**

In terms of the special resolution passed by the shareholders at the Annual General Meeting held on September 6, 2007 and approval from the Central Government, the name of the Company was changed to 'Akruti City Limited'. The new corporate identity represented by the new logo and name 'Akruti City Limited' has come into effect.

### **AUDITORS' REPORT :**

The observation made by the Auditors in their Report is self explanatory and need no further elaboration under Section 217 (3) of the Companies Act, 1956.

### **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 together with Auditor's Report thereon are annexed to this Report.

### **NON-CONVERTIBLE DEBENTURES :**

During the year under review, the Company redeemed the Secured, Redeemable Non-convertible Debentures aggregating Rs.100 crores issued to LIC Mutual Fund as per the terms of issue.

### **DEPOSITS AND LOANS / ADVANCES :**

The deposits outstanding as on March 31, 2008 were Rs. 772.55 lacs. There were no unclaimed/unpaid deposits as at the year end.

### **INFORMATION TECHNOLOGY :**

In order to strengthen the IT infrastructure within the Company commensurate with the increased scale of business activities and operations, the Company is in the process of implementing an ERP package of Oracle E business suite.

### **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.

In terms of sub-clause (v) of Clause 49 of the Listing Agreements, a certificate from CEO/CFO, inter-alia, confirming the correctness of the financial statements, adequacy of internal control measures and reporting of matters to the Audit Committee in terms of the said Clause, is also enclosed as a part of the said Report.

### **SECRETARIAL COMPLIANCE REPORT :**

As a reflection of your Company's commitment to transparency, the Board is pleased to enclose the Secretarial Compliance Report for the financial year 2007-2008 as a part of this Director's Report.

### **MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) :**

This Report includes MD&A at appropriate places so that repetition and overlap between Directors' Report and a separate MD&A is avoided.

### **INTERNAL CONTROLS :**

The Company has an adequate internal control system, commensurate with the size and nature of its business and well supported by documented policies, guidelines and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency. An independent Internal Audit firm appointed by the Company conducts periodical audits to ensure adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country. Their reports are reviewed at Audit Committee meetings. Internal Auditors also report on the implementation of recommendations. The scope of work of Internal Auditors includes internal controls on accounting and for efficiency and economy of operations. The Audit Committee of the Board reviews the adequacy and effectiveness of the internal control systems and suggest improvements for strengthening them.



## REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS (CONTD.)

### SUBSIDIARIES :

Apart from its existing subsidiaries, the Company also promoted / acquired a few more subsidiaries to further its business objectives. All the subsidiary companies are non-material, non-listed subsidiary companies as defined under Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

During the year under review :

- a. Akruti Middle East (FZE), Akruti Warehousing Limited became wholly owned subsidiaries;
- b. Devkrupa Build Tech Limited (formerly Simon Buildcon Limited), Gujarat Akruti-TCG Biotech Limited, Infrastructure Ventures India Limited and New Empire Realtors Limited became subsidiaries;
- c. Hiemo Builders and Developers Private Limited and Khem Buildcon Private Limited also became subsidiaries (being subsidiary of subsidiaries namely TDR Properties Limited and Arnav Gruh Limited respectively); and
- d. Akruti Security Plates Private Limited ceased to be a subsidiary.

A statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies is attached to the accounts.

The Company has been exempted by the Central Government (Ministry of Corporate Affairs) vide their letter no. 47/109/2008 –CL-III dated March 24, 2008 under Section 212 (8) of the Companies Act, 1956 from attaching the Audited Statement of Accounts and the Auditors' Report thereon for the year ended March 31, 2008 along with the Reports of the Board of Directors of the Subsidiary Companies. 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.

As directed by the Central Government, the financial data of the Subsidiaries have been furnished under 'Particulars of Subsidiary Companies' forming part of the Annual Report.

Further, pursuant to Accounting Standard AS-21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes the financial information of the Subsidiaries.

### DIRECTORS :

Mr. D. R. Kaarthikeyan and Mr. Shailesh V. Haribhakti retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Profiles of these Directors, as required by Clause 49 of the Listing Agreements are given in the Section on 'Corporate Governance'.

### 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 :

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (ii) they have selected such accounting policies and applied them consistently and made judgements 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, 2008 and of the profit of the Company for the year ended on that date;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) they have prepared the annual accounts on a going concern basis.



## REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS (CONTD.)

### AUDITORS :

M/s. Dalal & Shah, Chartered Accountants and M/s. Doshi Doshi & Associates, Chartered Accountants, the Joint Statutory Auditors of the Company retire at the close of this Annual General Meeting and are eligible for reappointment. The Company has received confirmation from both the firms that their appointment will be within the limits prescribed under Section 224(1) (b) of the Companies Act, 1956. The Audit Committee of the Board has recommended their reappointment. The necessary resolution is being placed before the shareholders for approval.

### RATING :

AQA International LLC has reaffirmed ISO 9001-2000 certification in recognition of the Quality Management System established by the Company.

CRISIL has reaffirmed 'DA2' rating certifying the Company's ability as developer to execute real estate projects as per specified quality levels within the stipulated time schedule and to transfer with a clear title.

### 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 is not engaged in any manufacturing activity, 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.

### EMPLOYEES :

Human Resource 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.

The Directors also wish to place on record their appreciation of the unstinted efforts and contributions made by the Management Team and the employees of the Company at all levels.

### CAUTIONARY STATEMENT:

*Certain statements in this Director's Report and 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.*

For and on behalf of the Board

**Hemant M. Shah**  
Executive Chairman

Mumbai, July 02, 2008



# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

Corporate Governance is not simply a matter of creating checks and balances; it is about creating an outperforming organisation, which leads to increasing employee and customer satisfaction and shareholder value. The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness; and to develop capabilities and identify opportunities that best serves the goal of value creation.

Good Corporate Governance, is a critical doctrine to the global economic system, enabling the business to not only effectively and efficiently achieve its corporate objectives but also provide it the structure and methodology to sustain its survival in a globally competitive environment.

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 good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholder value. There is no one universal model of a Corporate Governance Code. Different environments need specific solutions to meet the demands of legal compliances and regulations. Towards that end, the affairs of a company be controlled and regulated in a manner which is transparent, ethical and accountable. In this pursuit, your Company is committed to transparency in all its dealings and places uncompromising emphasis on integrity and regulatory compliances. The basic philosophy of Corporate Governance in your Company has been to achieve business excellence, to enhance stakeholder value, keeping in view the needs and the interest of all its stakeholders.

The Board of Directors fully supports and endorses Corporate Governance practices as enunciated in 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 law. 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, Non-Executive, 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 Director	Category of Directorship	Directorship in in other companies (*)	No. of Board Committees (other than Akruti City Limited) in which Chairman / Member		Relationship with other Directors inter-se
			Chairman	Member @	
Mr. Hemant M. Shah <i>Executive Chairman</i>	Promoter, Executive, Non-Independent	10	—	—	Related to Mr. Vyomesh M. Shah
Mr. D. R. Kaarthikeyan	Non-Promoter, Non-Executive, Independent	5	—	1	Not related to any other Director of the Company
Mr. Shailesh V. Haribhakti	Non-Promoter, Non-Executive, Independent	14	4	9	
Mr. P. H. Ravikumar	Non-Promoter, Non-Executive, Independent	4	1	2	
Mr. Shailesh H. Bathiya	Non-Promoter, Non-Executive, Independent	2	—	3	
Mr. Madhukar B. Chobe <i>Wholetime Director</i>	Non-Promoter, Non-Independent, Executive	3	—	—	
Mr. Vyomesh M. Shah <i>Managing Director</i>	Promoter, Non-Independent, Executive	9	2	2	Related to Mr. Hemant M. Shah

(\*) - 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.

### TENURE :

Except for the Executive Chairman and the Managing Director, the other Directors of the Company, as eligible, are liable to retire by rotation. One-third of the said Directors are liable to retire every year and if eligible, offer themselves for reappointment. Accordingly, Mr. D. R. Kaarthikeyan and Mr. Shailesh V. Haribhakti retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

### 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.



## CORPORATE GOVERNANCE REPORT (CONTD.)

The Independent Directors are professionals, with expertise and experience in general corporate management, legal, public policy, finance, banking and other allied fields. 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.

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.

### NOTE ON DIRECTORS SEEKING REAPPOINTMENT :

Mr. D. R. Kaarthikeyan and Mr. Shailesh V. Haribhakti retire by rotation and being eligible, offer themselves for reappointment.

#### Mr. D. R. Kaarthikeyan

Mr. D. R. Kaarthikeyan, 69 years, holds Bachelor's degree in Agriculture and Chemistry from Annamalai University, Tamil Nadu and in Law from Madras Law College, University of Madras. He subsequently served in the Indian Police Service and held eminent positions as Director, Central Bureau of Investigation, Director General, Central Reserve Police Force and Director General, National Human Rights Commission. Mr. D. R. Kaarthikeyan is closely associated with several voluntary organizations such as World Community Service Centre, National Agriculturists Awareness Movement, Human Rights Organization, National Alliance on Fundamental Right to Education, Brahmakumari's Academy for a Better World, All-India Conference of Intellectuals and World Congress for Peace and Harmony. He is also a member of the High Power Committee alongwith a former justice of Supreme Court and High Court, appointed by the Hon'ble High Court of Kerala to look into the affairs of Travancore Devasthanam Board. He is a member of the Remuneration Committee of Directors of the Company. Mr. D. R. Kaarthikeyan holds 15 equity shares in the Company.

The other directorship and committee membership of Mr. D. R. Kaarthikeyan are as under :

Name of the Company	Board Position held	Committee Membership
Taj GVK Hotels & Resorts Limited	Director	Audit Committee
Star Health and Allied Insurance Company Limited	Director	-
Raj Television Network Limited	Director	-
Synergy Environics Limited	Director	-
Magus Media Private Limited	Director	-
Vidi Vedika Heritage Private Limited	Director	-
Lotus Eye Care Hospital (P) Limited	Director	-
Oriental Hotels Limited	Director	-



## CORPORATE GOVERNANCE REPORT (CONTD.)

### Mr. Shailesh V. Haribhakti

Mr. Shailesh V. Haribhakti is the Executive Chairman of Haribhakti Group. He is the only Indian member on the Standards Advisory Council of the International Accounting Standards Board. He is Chairman, Financial Planning Standards Board, India. He is a Committee Member of Futures & Options segment of National Stock Exchange of India Limited and is a member of SEBI Committee on Disclosures and Accounting Standards. He is a member of a Core Group on Carbon Credits co-ordinated by Riskraft Consulting Limited, on behalf of Financial Technologies Group. He serves as member of Managing Committees of ASSOCHAM and IMC, and Corporate Governance Committees of ASSOCHAM and CII and is Chairman of the Combating Global Warming Committee of IMC. He has been awarded 'The Best Non-Executive Independent Director Award - 2007' by the Asian Centre for Corporate Governance & IMC in January 2008. He is the Chairman of the Audit Committee and Remuneration Committee of Directors of the Company. Mr. Shailesh V. Haribhakti does not hold any equity shares in the Company.

The other directorship and committee membership of Mr. Shailesh V. Haribhakti are as under :

Name of the Company	Board Position held	Committee Membership
Pantaloon Retail (India) Limited	Director	Chairman - Audit Committee
Hexaware Technologies Limited	Director	Chairman - Audit Committee
ACC Limited	Director	Chairman - Audit Committee
Future Capital Holdings Limited	Director	Chairman - Audit Committee
Mahindra Lifespace Developers Limited	Director	Member - Audit Committee
Blue Star Limited	Director	Member - Audit Committee
Great Offshore Limited	Director	Member - Audit Committee
Ambuja Cements Limited	Director	Member - Audit Committee
The Dhanalakshmi Bank Limited	Director	Member - Audit Committee
Everest Kanto Cylinder Limited	Director	-
Kotak Mahindra Trusteeship Services Limited	Director	-
Fortune Financial Services (India) Limited	Director	-
Hercules Hoists Limited	Director	-
LIC Pension Fund Limited	Director	-
Morarjee Textiles Limited	Alternate Director	-

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

During the financial year ended March 31, 2008, seven Board Meetings were held on April 26, 2007, July 04, 2007, July 30, 2007, October 29, 2007, December 06, 2007, January 18, 2008 and January 29, 2008. The gap between two Board Meetings did not exceed four months.



## CORPORATE GOVERNANCE REPORT (CONTD.)

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 September 06, 2007
Mr. Hemant M. Shah	7	Attended
Mr. D. R. Kaarthikeyan	7	Not Attended
Mr. Shailesh V. Haribhakti	7	Attended
Mr. P. H. Ravikumar	5	Not Attended
Mr. Shailesh H. Bathiya	5	Attended
Mr. Madhukar B. Chobe	6	Attended
Mr. Vyomesh M. Shah	7	Attended

### 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:

- a. 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;
- b. 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;
- 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;



## CORPORATE GOVERNANCE REPORT (CONTD.)

- 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 the findings and recommendations of the 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). Compliance with the AS as applicable to the Company has been ensured in the Financial Statements for the year ended March 31, 2008.

### COMPOSITION:

The Audit Committee comprises of four Directors, three 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.

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. Shailesh V. Haribhakti	Chairman	Independent, Non-Executive
Mr. Shailesh H. Bathiya	Member	Independent, Non-Executive
* Mr. P. H. Ravikumar	Member	Independent, Non-Executive
Mr. Vyomesh M. Shah	Member	Promoter, Non-Independent, Executive

\* - appointed as member of the Committee effective July 04, 2007.



## CORPORATE GOVERNANCE REPORT (CONTD.)

### MEETINGS AND ATTENDANCE:

During the financial year ended March 31, 2008, five Audit Committee Meetings were held on April 26, 2007, July 04, 2007, July 30, 2007, October 29, 2007 and January 29, 2008. 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. Shailesh V. Haribhakti	5
Mr. Shailesh H. Bathiya	4
* Mr. P. H. Ravikumar	3
Mr. Vyomesh M. Shah	5

\* - appointed as member of the Committee effective July 04, 2007.

### 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.

## 4. REMUNERATION COMMITTEE:

### TERMS OF REFERENCE:

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

### 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 July 04, 2007. Mr. Shailesh V. Haribhakti and Mr. D. R. Kaarthikeyan attended the said 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.



## CORPORATE GOVERNANCE REPORT (CONTD.)

### A. Remuneration to Non-Executive Directors:

The Non-Executive Directors are paid sitting fees of Rs. 20,000 for each meeting of the Board/Committee of the Board attended by them.

In addition to the sitting fees, the Non-Executive Directors are entitled to receive commission of Rs. 20 lacs for each of the financial year commencing from April 1, 2007 to March 31, 2010 as approved by the shareholders at the Annual General Meeting of the Company held on September 6, 2007. For the year ended March 31, 2008, the Board of Directors has approved the payment of commission of Rupees Five Lacs to each of the Non-Executive Directors.

In the current competitive business, the Non-Executive Directors are required to take far more complex business decisions and are also required to commit their time and provide expertise for the Company's business in the light of stringent Accounting Standards and Corporate Governance norms. The commission is paid uniformly to the Non-Executive Directors based on the principle of collective responsibility.

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

### B. Remuneration to Executive Chairman / Managing Director and Wholetime Director:

The appointment of Executive Chairman / Managing Director and Wholetime 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 Wholetime Director is governed by the respective Agreements executed between them and the Company. Remuneration paid to Executive Chairman / Managing Director and Wholetime 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. Performance incentives for the Executive Chairman and the Managing Director are also decided by the Remuneration Committee and recommended to the Board for approval thereof.

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 for its Directors.

### DETAILS OF REMUNERATION TO ALL THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2008:

#### NON-EXECUTIVE DIRECTORS

Name of the Director	Sitting Fees (Gross) Rs.	Commission *(Gross) Rs.	No. of Shares held
Mr. Shailesh V. Haribhakti	2,60,000	5,00,000	Nil
Mr. Shailesh H. Bathiya	2,20,000	5,00,000	Nil
Mr. P. H. Ravikumar	1,60,000	5,00,000	350
Mr. D. R. Kaarthikeyan	1,60,000	5,00,000	15

\* - payable in 2008-09



## CORPORATE GOVERNANCE REPORT (CONTD.)

### EXECUTIVE CHAIRMAN / MANAGING DIRECTOR AND WHOLETIME DIRECTOR:

Name of the Director	Salaries and Perquisites Rs.	Performance Incentive* Rs.	Service Contract
Mr. Hemant M. Shah, Executive Chairman	1,29,84,000	72,00,000	5 years
Mr. Vyomesh M. Shah, Managing Director	1,19,02,000	66,00,000	5 years
Mr. Madhukar B. Chobe, Wholetime Director	24,00,000	—	5 years

\* - payable in 2008-09

### 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, Ministry of Corporate 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.

#### 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. Vyomesh 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 April 30, 2007 and September 28, 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. Vyomesh M. Shah	2



## CORPORATE GOVERNANCE REPORT (CONTD.)

### 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, 2008 were 449. There were no complaints outstanding as on March 31, 2008. The number of pending requests for dematerialisation as on March 31, 2008 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, 2008.

### 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
2004-2005	August 27, 2005	Akruti Trade Centre Road No. 7, Marol MIDC Andheri (East) Mumbai 400 093.	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.
2006-2007	September 06, 2007	Shri Bhaidas Sabhagriha Juhu Vile Parle Development Scheme, Vile Parle (West) Mumbai 400 056.	10.00 A.M.	i. payment of commission to Non-Executive Directors; ii. change of name of the Company; iii. keeping of Register and Index of Members at a place other than the Registered Office of the Company; and iv. issue of shares under Employees Stock Option Scheme.

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

#### 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
2005-2006	April 13, 2005	Akruti 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; and ii. issue of bonus shares.
	February 21, 2006		11.00 A.M.	alteration of objects clause.
2006-2007	June 12, 2006		03.00 PM.	alteration of Articles of Association.
2007-2008	February 16, 2008	Yashwantrao Chavan Auditorium, Y. B. Chavan Centre, Near Sachivalaya Gymkhana, Nariman Point Mumbai 400 021.	11.00 A.M.	issue of equity shares on a preferential basis.

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



## CORPORATE GOVERNANCE REPORT (CONTD.)

### POSTAL BALLOT :

No special resolution was passed through postal ballot during the financial year 2006-2007.

During the year ended March 31, 2008, the following resolutions were passed through Postal Ballot pursuant to Section 192A of the Companies Act, 1956:

- a. Special Resolution under Section 372A for making loan(s)/investment(s), giving guarantee(s) and providing security(ies) in excess of the limits prescribed under the said Section. The result of the Postal Ballot was announced by the Chairman on September 13, 2007 and was posted on the Company's website. The votes casted in favour of the resolution were 99.99% of the valid votes.
- b.
  - i. Special Resolution under Section 372A for making loan(s)/investment(s), and/or providing security(ies) in excess of the limits prescribed under the said Section. The votes casted in favour of the resolution were 99.99% of the valid votes.
  - ii. Ordinary Resolution under Section 293 (1) (d) of the Companies Act, 1956 authorising the Company to borrow monies in excess of the paid-up share capital and free reserves of the Company. The votes casted in favour of the resolution were 99.99% of the valid votes.
  - iii. Special Resolutions under Section 17 of the Companies Act, 1956 for insertion of new object clauses (47) and (48) and under Section 149 (2A) of the said Act for commencement of the said new businesses. The votes casted in favour of the resolutions were 99.99% of the valid votes.

The result of the Postal Ballot was declared by the Chairman on March 20, 2008 and posted on the Company's website.

The Company had appointed Mr. Ashish Bhatt, practising company secretary, as the Scrutinizer for conducting both the Postal Ballot voting process in a fair and transparent manner. Accordingly, the resolutions set out at (a) and (b) above were duly passed by requisite majority of the shareholders.

At the forthcoming Annual General Meeting, there is no agenda that needs approval by Postal Ballot.

### 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.

The Company monitors the performance of its Subsidiaries, inter-alia by the following means :

- The minutes of the Board Meetings of the Subsidiary Companies are noted at the Board Meetings of the Company.
- The investments made by the Subsidiary Companies are reviewed by the Audit Committee from time to time.
- Details of significant transactions and arrangements entered into by Subsidiary Companies are regularly placed at the Board Meetings of the Company.

### 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.akruticity.com](http://www.akruticity.com). For the year under review, all Board members and employees of the Company have confirmed their adherence to the provisions of the said Codes. A declaration signed by the Managing Director regarding affirmation of the compliance with the Code of Conduct by the Board members and employees of the Company is appended at the end of this report.

### 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.



## CORPORATE GOVERNANCE REPORT (CONTD.)

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 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.

### 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.

The Company has received disclosures from Senior Executives confirming that they have not entered into any financial or commercial transactions in which they or their relatives may have a personal interest.

The related party transactions have been reviewed by the Audit Committee as required under Clause 49 of the Listing Agreements and found them to be not materially significant.

#### b. Disclosure of Accounting Treatment:

In the preparation of the financial statements, the Company has followed the Accounting Standards prescribed under 'The Companies Accounting Standards Rules, 2006'. The significant accounting policies which are consistently applied are set out in the Annexure to Notes to the Accounts.

#### c. Risk Management:

An analysis of the Company's risks covering business, finance, legal and compliance risks as perceived by the management are being made and reviewed. The Audit Committee of the Board is regularly informed about the business risks and steps taken to mitigate 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:

The details of utilization of funds raised through IPO during the financial year 2006-2007 were provided to the Audit Committee and Board of Directors. The proceeds of the IPO of the Company have been utilized for the purposes mentioned in the prospectus and reported on a quarterly basis as a part of the quarterly financial results.



## CORPORATE GOVERNANCE REPORT (CONTD.)

Attention is invited to Note No. 24 in Schedule 'O' to the Accounts. During the year under review, the Company did not raise any proceeds through a public issue, rights issue or a preferential issue.

### **f. 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.

### **g. Mandatory requirements:**

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

### **h. 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.
- dd. The Company has not adopted Whistle Blower Policy.
- ee. The Board of Directors comprises of highly qualified professionals possessing wide and varied knowledge and experience in their respective fields, which is considered adequate for enabling them to discharge their responsibilities as Directors. As such, there is no formal training programme for the Directors.

## **11. MEANS OF COMMUNICATION :**

- (i) the main channel of communication to the shareholders is through Annual Report which includes inter-alia, the Directors' Report, Corporate Governance Report and Audited Financial Results.
- (ii) the Annual General Meeting of the Company is the principal forum for face-to-face communication with the shareholders.
- (iii) 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.
- (iv) the approved financial results are forthwith sent to the Listed Stock Exchanges and are published in widely circulated national and local daily newspapers such as 'Free Press Journal' and 'Navshakti', within forty-eight hours of approval thereof. The same are not being sent to the shareholders separately.
- (v) the Company also informs through intimation to the Stock Exchanges all price sensitive information.
- (vi) information/documents filed with the Stock Exchanges can also be viewed by visiting the website of Corporate Filing and Dissemination System (CFDS) at [www.corpfiling.co.in](http://www.corpfiling.co.in).
- (vii) the Company's financial results / official news releases, presentations made to institutional investors and analysts and other important investor related information are periodically displayed and updated on the Company's Website [www.akruticity.com](http://www.akruticity.com).
- (viii) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.



## **CORPORATE GOVERNANCE REPORT (CONTD.)**

### **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, 2008.

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 City Limited Code of Business Conduct and Ethics, as applicable to them, for the Financial Year ended March 31, 2008.

For **Akruti City Limited**

**Vyomesh M. Shah**  
**Managing Director**

Mumbai, July 02, 2008



## CORPORATE GOVERNANCE REPORT (CONTD.)

### Auditors' Certificate on Clause 49 Compliance – Corporate Governance

To The Members of

**Akruti City 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 31<sup>st</sup> March, 2008.

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 2, 2008

For and on behalf of  
**DOSHI DOSHI & ASSOCIATES**  
Chartered Accountants

**VIRAL D. DOSHI**  
Partner  
Membership No. : 105330



## **CORPORATE GOVERNANCE REPORT (CONTD.)**

### **Certification under Clause 49 of the Listing Agreements**

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

- a. we have reviewed the financial statements and the cash flow statement for the year ended March 31, 2008 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 any statement that might be misleading; and
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing generally accepted 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 are responsible for establishing and maintaining internal controls for financial reporting in the Company and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors of the Company and the Audit Committee, deficiencies in the design or operation of such 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 :
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the Notes to the financial statements; and
  - (iii) that there were 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 over financial reporting.

For **Akruti City Limited**

**Vyomesh M. Shah**  
**Managing Director**

**Bharat Mody**  
**Chief Finance Officer**

Mumbai, July 02, 2008



## 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.

### 1. Annual General Meeting:

Day : **MONDAY**  
 Date : **AUGUST 25, 2008**  
 Time : **11.30 A.M.**  
 Venue : **WALCHAND HIRACHAND HALL, 4<sup>TH</sup> FLOOR  
 INDIAN MERCHANTS' CHAMBER BUILDING  
 INDIAN MERCHANTS' CHAMBER MARG  
 CHURCHGATE, MUMBAI – 400 020**

### 2. Financial Calendar (2008-2009):

- Financial reporting for the quarter ending June 30, 2008 : End July 2008
- Financial reporting for the half year ending September 30, 2008 : End October 2008
- Financial reporting for the quarter ending December 31, 2008 : End January 2009
- Financial reporting for the year ending March 31, 2009 : End May 2009

### 3. Date of Book Closure: August 18, 2008 to August 25, 2008 (both days inclusive).

### 4. Dividend:

An interim dividend of Rs.1.80 per share (18 %) was declared on January 29, 2008 and paid on February 12, 2008. A final dividend of Re. 0.70 per share (7 %) was recommended on July 02, 2008 and subject to the approval of the shareholders at the Annual General Meeting will be paid on or after August 25, 2008.

### 5. (a) Registered Office :

Akruti Trade Centre  
 Road No. 7, Marol MIDC  
 Andheri (East), Mumbai – 400 093  
 Maharashtra.  
 Phone : 022-67037400; 67037427 Fax : 022-28218230

(b) Web Site : [www.akruticity.com](http://www.akruticity.com)

### 6. Corporate Identity Number (CIN) :

The Company's CIN allotted by the Ministry of Corporate Affairs is **L45200MH1989PLC050688**.

### 7. Listing of Shares:

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

The Annual Listing Fees payable to BSE and NSE for the financial year 2008-2009 have been paid within the prescribed time limit.

### 8. Stock Code :

BSE – 532799  
 NSE – Akruti EQ  
 International Securities Identification No. (ISIN) of Akruti on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) – INE703H01016.



## SHAREHOLDER INFORMATION (CONTD.)

### 9. Market Price Data during 2007-2008:

The monthly high and low price and the volume of shares traded on BSE and NSE during each month of the financial year from April 1, 2007 to March 31, 2008 are given below:

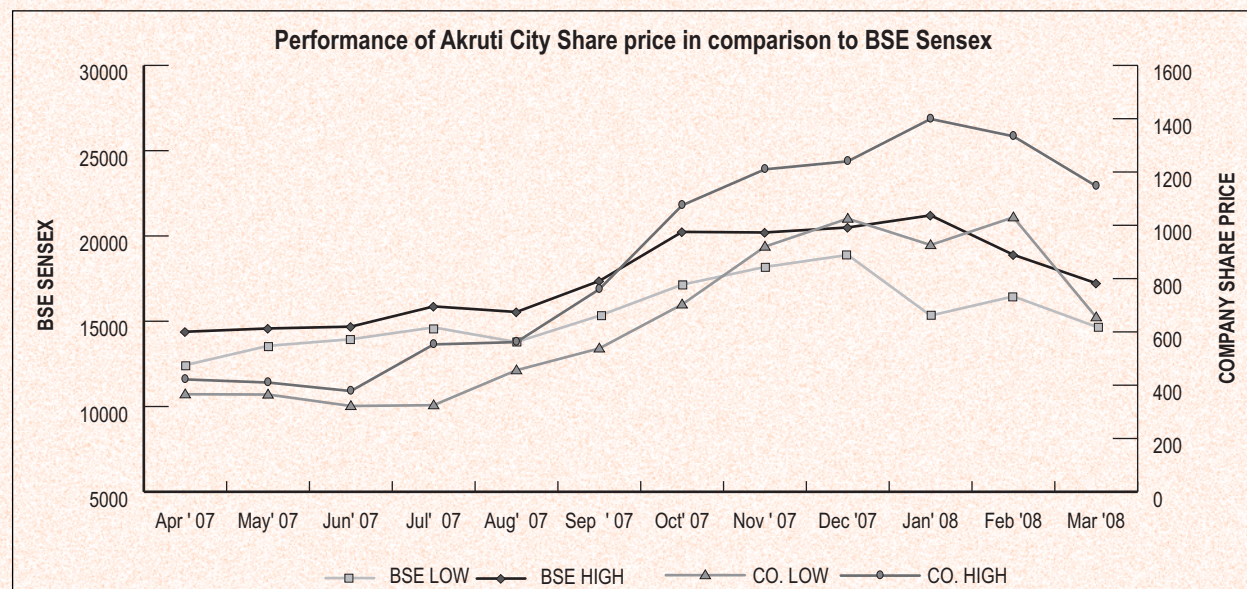
MONTH	BSE			NSE		
	High (Rs.)	Low (Rs.)	No. of shares traded	High (Rs.)	Low (Rs.)	No. of shares traded
April 2007	421.70	366.00	6680913	421.65	315.00	6510790
May 2007	410.00	365.00	2919456	410.70	365.70	2715546
June 2007	378.00	322.00	1108045	378.00	321.00	1207348
July 2007	553.00	325.00	27671694	554.00	327.00	31108460
August 2007	561.75	456.15	4735010	562.00	455.10	4464356
September 2007	760.00	538.00	7479585	759.90	538.00	6786729
October 2007	1075.00	703.10	8695612	1070.00	700.00	7095204
November 2007	1210.00	920.00	1504362	1210.00	883.70	1192981
December 2007	1240.00	1025.00	372751	1249.00	1042.60	1106725
January 2008	1399.00	926.00	3452245	1395.00	910.00	2041500
February 2008	1334.00	1030.00	1715509	1330.00	1035.00	665128
March 2008	1147.85	655.15	1084513	1100.00	655.00	852981

### 10. Market Capitalisation :

	BSE	NSE
No. of shares traded	67419701	65747748
Highest Share Price (Rs.)	1399	1395
Lowest Share Price (Rs.)	322	315
Closing Share Price as on March 31, 2008 (Rs.)	780.75	776.30
Market Capitalisation as on March 31, 2008 (Rs. in crores)	<b>5207.60</b>	<b>5177.92</b>

### 11. Stock Performance (Indexed) :

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





## SHAREHOLDER INFORMATION (CONTD.)

### 12. 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

e-mail : [www.intimespectrum.com](http://www.intimespectrum.com)

Time : 10.00 a. m. to 1.00 p. m. and 1.30 p. m. to 5.00 p. m.

### 13. Share Transfer System :

The transfer of shares in physical form is 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.

### 14. Distribution of shareholding size class as on March 31, 2008 :

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	23170	98.69	450025	0.68
501 – 1000	102	0.43	80723	0.12
1001 – 2000	74	0.32	108168	0.16
2001 – 3000	21	0.09	54417	0.08
3001 – 4000	9	0.04	30177	0.05
4001 – 5000	5	0.02	22811	0.03
5001 – 10000	22	0.09	167455	0.25
10001 - above	74	0.32	65786224	98.63
<b>TOTAL</b>	<b>23477</b>	<b>100.00</b>	<b>66700000</b>	<b>100.00</b>

### 15. Distribution of shareholding by ownership as on March 31, 2008 :

CATEGORY	No. of Shareholders	No. of shares held	% of Total
<b>A. Shareholding of Promoter and Promoter Group</b>			
<b>1. Indian</b>			
a. Individuals / Hindu Undivided Family	22	59400000	89.06
b. Bodies Corporate	2	600000	0.90
<b>Sub-Total (A) (1)</b>	<b>24</b>	<b>60000000</b>	<b>89.96</b>
<b>2. Foreign</b>	—	—	—
<b>Sub-Total (A) (2)</b>			
<b>A Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)</b>	<b>24</b>	<b>60000000</b>	<b>89.96</b>
<b>B. Public Shareholding</b>			
<b>1. Institutions</b>			
a. Mutual Funds	10	894444	1.34
b. Financial Institutions / Banks	3	2924	—
c. Venture Capital Fund	—	—	—
d. Insurance Companies	—	—	—
e. Foreign Institutional Investors	13	1666398	2.50
<b>Sub-Total (B) (1)</b>	<b>26</b>	<b>2563766</b>	<b>3.84</b>



## SHAREHOLDER INFORMATION (CONTD.)

CATEGORY	No. of Shareholders	No. of shares held	% of Total
<b>2. Non-Institutions</b>			
a. Bodies Corporate	363	2222442	3.33
b. Resident Individuals			
i. Individual shareholders holding nominal capital upto Rs.1 lac	22730	633764	0.95
ii. Individual shareholders holding nominal capital in excess of Rs. 1 lac	14	821927	1.23
c. Any other (specify)			
c-i. Non-Residents	184	197637	0.30
c-ii Overseas Corporate Bodies	2	11	---
c-iii Clearing Members	134	260453	0.39
<b>B Sub-Total (B) (2)</b>	<b>23427</b>	<b>4136234</b>	<b>6.20</b>
<b>Total Public Shareholding (B) = (B)(1) + (B) (2)</b>	<b>23453</b>	<b>6700000</b>	<b>10.04</b>
<b>GRAND TOTAL (A) + (B)</b>	<b>23477</b>	<b>66700000</b>	<b>100</b>

### 16. Dematerialisation of shares and liquidity :

A total of 4,50,99,987 equity shares of the Company constituting 67.62 % of the Issued, Subscribed and Paid-up Share Capital were dematerialized as on March 31, 2008.

### 17. Outstanding GDRs / ADRs / Warrants / Convertible Instruments and their impact on Equity:

The Company has not issued GDRs, ADRs, Warrants or any Convertible Instruments.

### 18. Address for Correspondence:

Physical Shares	Demat Shares
<b>Address :</b> Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai – 400 078  <b>E-mail :</b> www.intimespectrum.com	Respective Depository Participants of the Shareholders

### 19. Exclusive E-mail ID for redressal of investor complaints

In terms of Clause 47 (f) of the Listing Agreement, the Company has designated an e-mail ID exclusively for the purpose of registering complaints by investors. The e-mail ID is **investorcell@akrutcitiy.com**. Investors / Shareholders can send their complaints/grievances to the above e-mail ID and the same will be attended to by the Secretarial Department.

### 20. Electronic Clearing Service (ECS facility)

Under ECS facility, shareholders get an option to receive the dividend directly to their bank account rather than receiving the same through dividend warrants. Shareholders holding shares in physical form who wish to avail this facility, are requested to send the ECS mandate to the Company's Registrar and Share Transfer Agent. Shareholders holding shares in electronic form are requested to give the ECS mandate to their respective Depository Participants directly.

The ECS mandate form can be obtained from the Company's Registrar and Share Transfer Agent.

### 21. Nomination Facility

Section 109A of the Companies Act, 1956 facilitates shareholders to make nominations in respect of shares held by them. Shareholders holding shares in physical form who are desirous of making a nomination are requested to send their requests in Form No. 2B to the Company's Registrar and Share Transfer Agent. Shareholders holding shares in electronic form are requested to give their nomination request to their respective Depository Participants directly.



## SHAREHOLDER INFORMATION (CONTD.)

Form No. 2B can be obtained from the Company's Registrar and Share Transfer Agent or downloaded from the Company's website : [www.akruticity.com](http://www.akruticity.com) under the Section 'Investor Relations'.

### **22. 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 NSDL and 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.

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## SECRETARIAL COMPLIANCE CERTIFICATE

### The Board of Directors

#### Akruti City Limited

I have examined the registers, records and documents of Akruti City Limited ("the Company") for the financial year ended on March 31, 2008 according to the provisions of :

- The Companies Act, 1956 and the Rules made under that Act;
  - The Listing Agreements with Bombay Stock Exchange Limited and 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.
1. 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 regard 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 19<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> September, 2007;
    - (e) minutes of proceedings of General Meetings and of Board and other meetings;
    - (f) notices of Board Meetings and Committee Meetings of Directors;
    - (g) the meetings 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.
  2. I further report that:
    - a. the Company's Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings/ debenture holdings and directorships in other companies and interest in other entities;
    - b. the Company has obtained all necessary approvals under the various provisions of the Act; and
    - 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 :
    - a. the Company has complied with the requirements under the Listing Agreements entered into with Bombay Stock Exchange Limited and 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; and
    - 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.
  4. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and 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 2, 2008



## AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of AKRUTI CITY LIMITED, as at 31<sup>st</sup> March, 2008, the annexed Profit and Loss Account and 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 31<sup>st</sup> March, 2008, 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) Reference is invited to Note No. 22 and Policy No. 1 (VI) in Schedule O to the Accounts, relating to change in the accounting policy adopted during the year, in connection with costs incurred for execution of projects undertaken through Subsidiaries / Joint ventures, etc. Based on legal and accounting opinions, on which we have placed reliance, the Company has decided to carry forward such expenditure, as mentioned in the said policy / note. As a result of such change the profit (before tax) for the year ended 31<sup>st</sup> March, 2008 is higher by Rs. 412,324,622;
  - (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 other 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 31<sup>st</sup> March, 2008;
    - (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: 2nd July, 2008

For and on behalf of  
**DOSHI DOSHI & ASSOCIATES**  
Chartered Accountants

**VIRAL D. DOSHI**  
Partner  
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 31<sup>st</sup> MARCH, 2008 OF AKRUTI CITY LIMITED (formerly Akruiti 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 generally maintained proper records showing particulars, including quantitative details and situation of its fixed assets;
- (b) As explained to us, the Company is in the process of adopting a programme for verification of its fixed assets, in a phased manner, which, in our opinion, is 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 assets 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, as explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable 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 project-wise records. Looking at the nature of inventory referred in para (a) above, there are no discrepancies as compared to the stage of completion recorded;
- (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	4	108,358,749
Given / (Renewed) during the year	11	2,832,037,365
Repaid / (Renewed) during the year	11	2,337,992,618
Closing Balance	10	602,403,496
Maximum Balance	11	2,505,324,146

There were no loans granted to any 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, in our opinion, prima-facie, not prejudicial to the interest of the Company;
- (c) In absence of specified due dates for the repayment of loans granted and the payment of interest thereon, the question of irregularity does not arise;
- (d) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956;
- (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 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 do not exceed the value of Rupees Five Lac in respect of any party during the year;
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and its Rules, and also the directives of Reserve Bank of India. Since the Company has not defaulted in repayment of deposits, compliance of Section 58AA or obtaining any order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, does not arise;
- (vii) In our opinion, the Company has an internal audit system which is commensurate with the size of the Company and the nature of its business;



## ANNEXURE TO THE AUDITORS' REPORT (CONTD.)

- (viii) (a) According to the records of the Company, it has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities. As explained to us, the Employees State Insurance Act is, at present, not applicable to the Company. There were no dues toward Excise Duty during the year;
- (b) According to the information and explanation given to us, there were no disputed dues in respect of Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or Cess. However, Income tax dues amounting to Rs.68,160,244 have not been deposited on account of disputes pending with the Commissioner of Income tax (Appeals);
- (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 during the year in repayment of dues to debenture holders and financial institutions. **However, the Company has made delays in payment of interest dues to banks, as given below, which were repaid before the close of the year:**

Period of Default	Amount (Rs.)
Upto 90 days	19,996,222
91 - 180 days	2,202,045

- (xi) As explained to us, the Company has not granted any loan or advance 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 loans availed during the year, for the purpose for which they were obtained;
- (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, as at the close of the year, 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 not issued any new debentures during the year;
- (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, in the previous year, 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), (f), (g), (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: 2nd July, 2008

For and on behalf of  
**DOSHI DOSHI & ASSOCIATES**  
Chartered Accountants

**VIRAL D. DOSHI**  
Partner  
Membership No.: 105330



## BALANCE SHEET As At 31st MARCH, 2008

	Schedule	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	667,000,000	667,000,000
Reserves and Surplus	B	7,108,475,773	4,351,296,381
		<b>7,775,475,773</b>	5,018,296,381
<b>LOAN FUNDS</b>	C		
Secured Loans		5,354,226,010	2,819,837,726
Unsecured Loans		900,859,950	3,026,732
		<b>6,255,085,960</b>	2,822,864,458
<b>DEFERRED TAX LIABILITY (Refer Note 6 )</b>		<b>7,096,938</b>	1,307,669
<b>TOTAL</b>		<b>14,037,658,671</b>	7,842,468,508
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	D		
Gross Block		1,021,195,821	1,010,851,029
Less: Depreciation and Amortisation		203,729,279	143,062,093
Net Block		817,466,542	867,788,936
Capital Work-in-Progress		23,987,811	2,670,639
		<b>841,454,353</b>	870,459,575
<b>INVESTMENTS</b>	E	<b>4,285,790,806</b>	2,651,256,953
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	F		
Inventories		1,823,617,949	1,484,169,129
Sundry Debtors		1,109,313,818	716,019,462
Cash and Bank Balances		213,225,578	1,309,786,631
Other Current Assets		414,908,262	2,583,640
Loans and Advances		7,099,231,263	1,600,177,720
		<b>10,660,296,870</b>	5,112,736,582
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>	G		
Current Liabilities		1,160,732,992	542,094,704
Provisions		589,150,366	249,889,898
		<b>1,749,883,358</b>	791,984,602
<b>NET CURRENT ASSETS</b>		<b>8,910,413,512</b>	4,320,751,980
<b>TOTAL</b>		<b>14,037,658,671</b>	7,842,468,508
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  
**DOSHI DOSHI & ASSOCIATES**  
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**  
PARTNER

**CHETAN S. MODY**  
COMPANY SECRETARY

**BHARAT MODY**  
CHIEF FINANCE  
OFFICER

MUMBAI  
Date: July 2, 2008

MUMBAI  
Date: July 2, 2008



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	Schedule	Year Ended 31st March, 2008 (Rupees)	Year Ended 31st March, 2007 (Rupees)
<b>INCOME</b>			
Sales and Income from Operations	H	4,405,006,202	1,778,877,290
Share of Profit from Joint Ventures and Partnership Firms (Net) (Refer Note 16)		1,237,409	—
Other Income	I	331,639,888	99,933,957
<b>TOTAL</b>		<b>4,737,883,499</b>	<b>1,878,811,247</b>
<b>EXPENDITURE</b>			
Cost of Construction	J	868,127,325	1,018,167,012
(Increase) / Decrease in Inventories	K	(341,337,267)	(523,918,436)
Purchase of Transferable Development Rights (TDR) for Trade		—	34,227,905
Share of Loss from Joint Ventures and Partnership Firms (Net) (Refer Note 16)		—	13,546,190
Employment Cost	L	54,987,356	67,104,247
Administrative, Selling and General Expenses	M	185,714,659	159,212,018
Interest and Finance Charges	N	547,464,489	199,776,000
Depreciation and Amortisation		63,929,411	61,375,648
<b>TOTAL</b>		<b>1,378,885,973</b>	<b>1,029,490,584</b>
<b>PROFIT BEFORE TAX</b>		<b>3,358,997,526</b>	<b>849,320,663</b>
Add / (Less): Provision for Taxation			
- Current Tax		(400,000,000)	(97,200,000)
- Deferred Tax (Refer Note 6)		(5,789,269)	5,043,760
- Fringe Benefit Tax		(1,525,000)	(2,300,000)
- Wealth Tax		(250,000)	(86,000)
<b>PROFIT FOR THE YEAR</b>		<b>2,951,433,257</b>	<b>754,778,423</b>
Add / (Less) :			
Short Provision for Taxation in respect of earlier years		—	(329,438)
Prior Period Adjustments (Net) (Refer Note 25)		(4,366,395)	4,223,338
		<b>2,947,066,862</b>	<b>758,672,323</b>
Add / (Less) :			
Balance brought forward from previous year		71,470,943	520,352,118
Capitalised towards issue of Bonus Shares		—	(52,500,000)
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>3,018,537,805</b>	<b>1,226,524,441</b>
<b>Appropriations :</b>			
Interim Dividend		120,063,634	—
Tax on Interim Dividend		20,404,197	—
Proposed Dividend		46,690,000	100,050,000
Tax on Proposed Dividend		7,934,966	17,003,498
Debenture Redemption Reserve		—	1,000,000,000
General Reserve		300,000,000	38,000,000
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>2,523,445,008</b>	<b>71,470,943</b>
<b>Earning per Share of Rs. 10 each (Basic and Diluted) (Refer Note 17)</b>		<b>44.18</b>	<b>12.42</b>
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  
**DOSHI DOSHI & ASSOCIATES**  
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**  
PARTNER

**CHETAN S. MODY**  
COMPANY SECRETARY

**BHARAT MODY**  
CHIEF FINANCE  
OFFICER

MUMBAI  
Date: July 2, 2008

MUMBAI  
Date: July 2, 2008



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	2007 - 2008 (Rupees)	2006 - 2007 (Rupees)
<b>I CASH FLOW ARISING FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax as per Profit and Loss Account	3,358,997,526	849,320,663
<b>Add / (Deduct) :</b>		
Interest and Finance Charges	547,464,489	199,776,000
Depreciation and Amortisation	63,929,411	61,375,648
Dividend from Current Investments	(20,449,879)	(20,565,360)
Profit on sale of Current Investments	(15,440,542)	(1,637,241)
Interest Income	(278,605,943)	(67,817,534)
Prior Period adjustments (Net)	(4,366,395)	(204)
(Surplus) / Loss on sale / discardment of Fixed Assets (Net)	(1,428,130)	7,307,394
	<b>291,103,011</b>	<b>178,438,703</b>
Operating Profit before Working Capital Changes	<b>3,650,100,537</b>	<b>1,027,759,366</b>
<b>Add / (Deduct) :</b>		
(Increase) in Inventories	(312,402,362)	(484,285,553)
(Increase) in Trade and Other Receivables	(1,688,375,455)	(1,779,866,317)
(Increase) in Contractual Interests in Projects undertaken by Subsidiaries, Joint Ventures, etc.	(412,324,622)	—
Increase in Trade Payables	665,122,234	8,236,395
Direct Taxes paid	(345,866,511)	(109,335,833)
	<b>(2,093,846,716)</b>	<b>(2,365,251,308)</b>
<b>Net Cash Flow in the course of Operating Activities</b>	<b>1,556,253,821</b>	<b>(1,337,491,942)</b>
<b>II CASH FLOW ARISING FROM INVESTING ACTIVITIES :</b>		
<b>Inflow / (Outflow) on account of :</b>		
Dividend from Current Investments	20,449,879	20,565,360
Profit on sale of Current Investments	15,440,542	1,637,241
Interest Income	278,605,943	67,817,534
(Increase) in Loans and Advances (Including towards Share Application)	(3,338,571,371)	(580,467,859)
Fixed Assets (Net)	(60,542,517)	(34,569,232)
Long term Investments (Net)	(3,562,766,171)	(505,229,008)
Current Investments (Net)	1,928,232,318	(1,948,247,749)
<b>Net Cash Flow in the course of Investing Activities</b>	<b>(4,719,151,377)</b>	<b>(2,978,493,713)</b>
<b>III CASH FLOW ARISING FROM FINANCING ACTIVITIES :</b>		
<b>Inflow / (Outflow) on account of :</b>		
Increase in Secured Loans	2,539,699,204	1,924,438,597
Increase / (Decrease) in Unsecured Loans	897,833,218	(786,058)
Issue of Equity Shares	—	67,000,000
Securities Premium Account	—	3,551,000,000
Interest and Finance Charges	(546,080,204)	(187,839,863)
Dividend paid	(220,016,532)	(72,000,000)
Tax on Dividend paid	(37,407,695)	(10,098,000)
Share Issue Expenses	(48,070,926)	(255,898,309)
<b>Net Cash Flow in the course of Financing Activities</b>	<b>2,585,957,065</b>	<b>5,015,816,367</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)</b>	<b>(576,940,491)</b>	<b>699,830,712</b>
<b>Add: Balance at the beginning of the year</b>	<b>737,405,416</b>	<b>37,574,704</b>
<b>Cash and Cash Equivalents at the close of the year</b>	<b>160,464,925</b>	<b>737,405,416</b>
Reconciliation of Cash and Bank Balances given in Schedule F, is as follows :-		
Cash and Bank Balances	<b>213,225,578</b>	<b>1,309,786,631</b>
Less:-		
- Margin Money Balances	(52,760,653)	(22,381,215)
- Fixed Deposits pledged towards Bank Overdraft	—	(550,000,000)
<b>Cash and Cash Equivalents at the close of the year</b>	<b>160,464,925</b>	<b>737,405,416</b>

As per our report of even date

For and on behalf of  
**DALAL & SHAH**  
Chartered Accountants

For and on behalf of  
**DOSHI DOSHI & ASSOCIATES**  
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**  
PARTNER

**CHETAN S. MODY**  
COMPANY SECRETARY

**BHARAT MODY**  
CHIEF FINANCE  
OFFICER

MUMBAI  
Date: July 2, 2008

MUMBAI  
Date: July 2, 2008



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008**

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
12,50,00,000 Equity Shares of Rs. 10 each	<u>1,250,000,000</u>	<u>1,250,000,000</u>
	<u>1,250,000,000</u>	<u>1,250,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
6,67,00,000 Equity Shares of Rs.10 each fully paid up (Of the above, 5,85,00,000 shares allotted as fully paid-up bonus shares, by way of capitalisation of General Reserve and Surplus in Profit and Loss Account. During the previous year the Company allotted 1,20,00,000 Equity Shares as bonus shares and 67,00,000 Equity Shares under Initial Public Offer (IPO))	<u>667,000,000</u>	<u>667,000,000</u>
<b>Per Balance Sheet</b>	<u><u>667,000,000</u></u>	<u><u>667,000,000</u></u>
<b>SCHEDULE 'B'</b>		
<b>RESERVES AND SURPLUS</b>		
Securities Premium Account		
Balance as per last Account	3,241,825,438	—
Add / (Less) :		
Received during the year	—	3,551,000,000
Share Issue Expenses on IPO (incurred)/ written back	<u>5,205,327</u>	<u>(309,174,562)</u>
	<b>3,247,030,765</b>	<b>3,241,825,438</b>
Debenture Redemption Reserve		
Balance as per last Account	1,000,000,000	—
Add / (Less) :		
Transferred from Profit and Loss Account	—	1,000,000,000
Transferred to General Reserve	<u>1,000,000,000</u>	<u>—</u>
	—	1,000,000,000
General Reserve		
Balance as per last Account	38,000,000	67,500,000
Add / (Less) :		
Amount capitalised towards issue of bonus shares	—	(67,500,000)
Transferred from Debenture Redemption Reserve	1,000,000,000	—
Transferred from Profit and Loss Account	<u>300,000,000</u>	<u>38,000,000</u>
	<b>1,338,000,000</b>	<b>38,000,000</b>
Surplus in Profit and Loss Account	<u>2,523,445,008</u>	<u>71,470,943</u>
<b>Per Balance Sheet</b>	<u><u>7,108,475,773</u></u>	<u><u>4,351,296,381</u></u>



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

**SCHEDULE 'C'**  
**LOAN FUNDS**  
**Secured Loans**

- a) - (P.Y.100 ) Privately Placed Non-Convertible Debentures of Rs. 10,000,000/- each redeemed in equal installments of Rs. 5,000,000/- each on 13-10-2007 and 13-11-2007 respectively (Interest linked with MIBOR)
- b) Loans from Banks (Refer Note 7)  
Interest accrued on above
- c) Loans from Financial Institution and Other Companies (Refer Note 7)
- d) Loans from Banks against Future Lease Rentals (Refer Note 7)
- e) Vehicle Loans from Banks (Secured against Vehicles purchased there against)

**Per Balance Sheet**

**Unsecured Loans**

- Fixed Deposits  
(Includes from a Director Rs.5,000,000/-)
- Short Term Loans
- From Subsidiary Companies
  - From Other Companies

**Per Balance Sheet**

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
	—	1,000,000,000
	1,136,611,117	794,630,320
	—	5,310,920
	<b>1,136,611,117</b>	<b>799,941,240</b>
	<b>3,080,000,000</b>	<b>220,000,000</b>
	<b>1,136,192,561</b>	<b>796,716,249</b>
	<b>1,422,332</b>	<b>3,180,237</b>
	<b>5,354,226,010</b>	<b>2,819,837,726</b>
	<b>72,255,000</b>	—
	—	3,026,732
	<b>828,604,950</b>	—
	<b>828,604,950</b>	<b>3,026,732</b>
	<b>900,859,950</b>	<b>3,026,732</b>

**Schedule 'D'**  
**FIXED ASSETS**

(Rupees)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31 <sup>st</sup> March, 2007	Additions during the year	Deductions/ Adjustments	As at 31 <sup>st</sup> March, 2008	Upto 31 <sup>st</sup> March, 2007	Provided during the year	Deductions/ Adjustments	Upto 31 <sup>st</sup> March, 2008	As at 31 <sup>st</sup> March, 2008	As at 31 <sup>st</sup> March, 2007
Leasehold Land	4,228,357	-	#4,228,357	-	141,331	-	#141,331	-	-	4,087,026
Freehold Land	-	795,680	-	795,680	-	-	-	-	795,680	-
Commercial Premises	18,682,321	7,105,310	*10,832,384	14,955,247	992,849	710,871	*603,471	1,100,249	13,854,998	17,689,472
Mivan System	5,327,561	9,165,825	-	14,493,386	1,226,481	678,449	-	1,904,930	12,588,456	4,101,080
Generator	-	854,341	-	854,341	-	51,952	-	51,952	802,389	-
Air Conditioners	1,429,934	378,708	-	1,808,642	208,878	204,957	-	413,835	1,394,807	1,221,056
Computers	4,964,003	7,284,393	-	12,248,396	1,640,939	2,442,154	-	4,083,093	8,165,303	3,323,064
Office Equipment	3,644,115	2,032,204	32,650	5,643,669	574,461	612,214	6,683	1,179,992	4,463,677	3,069,654
Furniture and Fixtures	95,403,655	1,098,259	-	96,501,914	32,945,857	11,791,483	-	44,737,340	51,764,574	62,457,798
Vehicles	25,295,284	10,246,035	1,590,546	33,950,773	9,080,070	4,811,828	1,150,563	12,741,335	21,209,438	16,215,214
<b>Total (I)</b>	<b>158,975,230</b>	<b>38,960,755</b>	<b>16,683,937</b>	<b>181,252,048</b>	<b>46,810,866</b>	<b>21,303,908</b>	<b>1,902,048</b>	<b>66,212,726</b>	<b>115,039,322</b>	<b>112,164,364</b>
Leased Assets (@)										
Leasehold Land	238,690,844	-	#4,023,985	234,666,859	17,933,713	8,011,968	*303,014	25,642,667	209,024,192	220,757,131
Commercial Premises	523,993,971	2,295,105	*10,203,146	516,085,930	47,363,500	24,054,399	*1,057,163	70,360,736	445,725,194	476,630,471
Furniture and Fixtures	89,190,984	-	-	89,190,984	30,954,014	10,559,136	-	41,513,150	47,677,834	58,236,970
<b>Total (II)</b>	<b>851,875,799</b>	<b>2,295,105</b>	<b>14,227,131</b>	<b>839,943,773</b>	<b>96,251,227</b>	<b>42,625,503</b>	<b>1,360,177</b>	<b>137,516,553</b>	<b>702,427,220</b>	<b>755,624,572</b>
<b>GRAND TOTAL</b>	<b>1,010,851,029</b>	<b>41,255,860</b>	<b>30,911,068</b>	<b>1,021,195,821</b>	<b>143,062,093</b>	<b>63,929,411</b>	<b>3,262,225</b>	<b>203,729,279</b>	<b>817,466,542</b>	<b>867,788,936</b>
Previous Year	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	
Capital Work-in-Progress (Including expenditure on Development of Software (Intangible))									23,987,811	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 19 - Leases (Refer Note 1 (V) (B)).

\$ Includes Rs. Nil (P.Y. Rs. 4,223,542/-) being excess depreciation for earlier years written back.

# Includes Rs. 4,228,357/- cost and Rs. 141,331/- accumulated depreciation reclassified under Leased Assets on premises leased during the year.

\* Includes Rs. 10,566,094/- cost and Rs. 473,616/- accumulated depreciation reclassified under Leased Assets on premises leased during the year.



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

**SCHEDULE 'E'**

**INVESTMENTS (Unquoted) (Trade, unless otherwise specified)**

**Long term Investments (At Cost)**

**I) Subsidiary Companies (Fully paid Equity Shares)**

- a) 26580 Equity Shares of Rs.10/- each  
(PY. 2658 Equity Shares of Rs. 100/- each)  
**Agreem Properties Limited**

**265,800**

265,800

- b) 50000 Equity Shares of Rs.10/- each  
(PY. 50000 Equity Shares of Rs. 10/- each)  
**Adhivitiya Properties Limited**

**500,000**

500,000

- c) 50000 Equity Shares of Rs.10/- each  
(PY. 5000 Equity Shares of Rs. 100/- each)  
**TDR Properties Limited**

**500,000**

500,000

- d) 50000 Equity Shares of Rs.10/- each  
(PY. 50000 Equity Shares of Rs. 10/- each)  
**Vama Housing Limited (formerly Akulpita Construction Limited)**

**500,000**

500,000

- e) 47504 Equity Shares of Rs.10/- each  
(PY.50000 Equity Shares of Rs.10/-each)  
**Akruti Center Infotech Limited (formerly Akruti Centre Point Infotech Limited)**

**475,040**

500,000

- f) 50000 Equity Shares of Rs.10/- each  
(PY.49980 Equity Shares of Rs.10 each)  
**Vishal Techno Commerce Limited (formerly Vishal Tech (Civil) Limited)**

**500,000**

499,800

- g) 50000 Equity Shares of Rs.10/- each  
(PY. 5000 Equity Shares of Rs.100/-each)  
**Arnav Gruh Limited (formerly Arnav Properties Limited)**

**500,000**

500,000

- h) 25510 Equity Shares of Rs.10/- each  
(PY.2551 Equity Shares of Rs 100/-each)  
**Vishal Nirman (India) Limited**

**255,100**

255,100

- i) 250000 Equity Shares of Rs.10/- each  
(PY. 249990 Equity Shares of Rs.10/- each)  
**E-Commerce Magnum Solution Limited (formerly E-Commerce Solutions (India) Limited)**

**2,500,000**

2,499,900

- j) 50000 Equity Shares of Rs.10/- each  
(PY. 50000 Equity Shares of Rs.10/- each)  
**Sheshan Housing & Area Development Engineers Limited**

**500,000**

500,000

c/f

**6,495,940**

6,520,600



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

		31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>SCHEDULE 'E' (contd.)</b>			
	b/f	6,495,940	6,520,600
k)	44336 Equity Shares of Rs.10/- each (PY.44336 Equity Shares of Rs.10/- each) <b>Brainpoint Infotech Limited</b>	443,360	443,360
l)	4300 Equity Shares of Rs.100/-each (PY. 4300 Equity Shares of Rs.100/- each) <b>Vaishnavi Builders &amp; Developers Private Limited</b>	430,000	430,000
m)	30000 Equity Shares of Rs.10/- each (PY. Nil) <b>New Empire Realtors Private Limited</b>	300,000	—
n)	50000 Equity Shares of Rs.10/- each (PY. Nil) <b>Akruti Warehousing Limited</b>	500,000	—
o)	9000 Equity Shares of Rs.10/- each (PY. Nil) <b>Simon Buildcon Private Limited (formerly Devkrupa Consultancy Private Limited)</b>	90,000	—
p)	37000 Equity Shares of Rs. 10/- each (PY. Nil) <b>Gujarat Akruti-TCG Biotech Limited</b>	370,000	—
q)	2500010 Equity Shares of Rs. 10/- each (PY. Associate) <b>Infrastructure Ventures India Limited</b>	624,160,210	—
r)	1 Equity Share of Dirham 150000/- each (PY. Nil) <b>Akruti Middle East (FZE)</b>	1,774,425	—
		<b>628,067,995</b>	873,360
<b>II) Other Companies (Fully paid Shares/Debentures)</b>			
<b>A. Associate Companies</b>			
a)	Current Year Subsidiary (PY. 1666520 Equity Shares of Rs.10/- each) <b>Infrastructure Ventures India Limited</b>	—	16,665,200
b)	25000 Equity Shares of Rs.100/- each (PY. 25000 Equity Shares of Rs.100/-each) <b>Joyous Housing Limited (formerly Mangal Shruti Gruh Nirmiti Limited)</b>	2,500,000	2,500,000
c)	4890 Equity Shares of Rs.10/- each (PY. 4890 Equity Shares of Rs.10/- each) <b>Gallant Infotech Private Limited</b>	48,900	48,900
d)	8000 Equity Shares of Rs.10/- each (PY.8000 Equity Shares of Rs.10/-each) <b>Pristine Developers Private Limited</b>	80,000	19,294,100
		<b>2,628,900</b>	
	c/f	<b>637,192,835</b>	26,688,060



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>SCHEDULE 'E' (contd.)</b>		
b/f	637,192,835	26,688,060
e) 659997 Equity Shares of Rs.10/- each (PY. 50160 Equity Shares of Rs.10/- each) <b>DLF Akroti Info Parks (Pune) Limited</b>	6,599,970	501,600
f) 3191 Equity Shares of Rs.10/- each (PY. Nil) <b>Chaitra Realty Limited</b>	879,506,652	—
g) 24500 Equity Shares of Rs.10/- each (PY. Nil) <b>Akroti Security Plates Private Limited @</b>	4,900,000	—
h) 10208 Cumulative Convertible Preference Shares of Rs.100/- each (PY. Nil) <b>Akroti Security Plates Private Limited</b>	1,020,800	—
i) 3333 Equity Shares of Rs.100/- each (PY. Nil) <b>Mutha Realty Private Limited</b>	333,300	—
j) 33330 Equity Shares of Rs.10/- each (PY. Nil) <b>Broadway Integrated Park Private Limited</b>	333,300	—
k) 100000 Equity Shares of Rs.10/- each (PY. Nil) <b>Zeus Infrastructure Private Limited</b>	1,000,000	—
	<b>893,694,022</b>	501,600
<b>B. Others</b>		
a) 240 Equity Shares of Rs.100/- each (PY. 240 Equity Shares of Rs.100/- each) <b>Citygold Management Services Private Limited @</b>	24,000	24,000
b) 37815 Equity Shares of Rs.10/- each (PY. 37815 Equity Shares of Rs.10/- each) <b>Janakalyan Sahakari Bank Limited</b>	378,150	378,150
c) 1425 'A' Class Equity Shares of Rs.500/-each (PY. 1425 A Class Equity Shares of Rs.500/- each) <b>Dharni Properties Private Limited</b>	712,500	712,500
d) 6000 'B' Class Equity Shares of Rs.50/- each (PY. 6000 B Class Equity Shares of Rs.50/-each) <b>Akroti Niharika Buildings Limited @</b>	300,000	300,000
e) Current Year Associate (PY. 9000 Equity Shares of Rs.10/-each) <b>Akroti Security Plates Private Limited @</b>	—	1,800,000
f) 250000 Optionally Convertible Debentures of Rs 5,000/- each (PY. Nil) <b>Netzone Developers Private Limited</b>	1,250,000,000	—
	<b>1,251,414,650</b>	3,214,650
c/f	<b>2,782,301,507</b>	30,404,310



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>SCHEDULE 'E' (contd.)</b>		
b/f	2,782,301,507	30,404,310
<b>III) Capital of Partnership Firms / Joint Ventures</b> (Refer Notes 3 and 4)	1,870,077,857	1,080,940,090
Less: Balance Contribution outstanding to a Joint Venture (Refer Note 9)	387,603,989	408,335,196
	<u>1,482,473,868</u>	<u>672,604,894</u>
<b>IV) Mutual Funds (Other than Trade)</b>		
100000 Units (P.Y. Nil ) of Principal PNB Long Term Equity Fund of Rs.10/- each (3 Year Plan) (NAV : Rs. 972,000/-)	1,000,000	—
<b>Sub-total-Long term</b>	<u>4,265,775,375</u>	<u>703,009,204</u>
<p>@ Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.</p> <p>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>		
<b>Current Investments (Other than Trade)</b> <b>(At lower of cost and fair value)</b>		
<b>In Mutual Funds (Units of Rs. 10 each)</b>		
<b>a) Dividend Option</b>		
(P.Y. 164,418) Units of Birla Cash Plus-Institutional Premium-Daily Dividend (P.Y. NAV : Rs. 1,647,385/-)	—	1,647,385
(P.Y. 119,584,463) Units of HSBC Cash Fund-Institutional Plus-Daily Dividend (P.Y. NAV : Rs. 1,196,514,303/-)	—	1,196,514,303
2,001,523.10 Units ( P.Y. Nil )of Fidelity Mutual Fund Daily Dividend plan (NAV Rs.20,015,431)	20,015,431	—
	<u>20,015,431</u>	<u>1,198,161,688</u>
c/f	20,015,431	1,198,161,688



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008**

		<b>31st March, 2008 (Rupees)</b>	<b>31st March, 2007 (Rupees)</b>
<b>SCHEDULE 'E' (contd.)</b>			
	b/f	<b>20,015,431</b>	<b>1,198,161,688</b>
<b>b) Growth Option</b>			
(PY. 27,064,088 ) Units of ING Vysya Liquid Fund Super Institutional Growth Option ( P.Y. NAV : Rs. 301,756,459/-)	—		300,000,000
(PY.25,000,000 ) Units of Reliance Fixed Horizon Fund II-Quarterly Plan-Series V-Institutional Growth Plan ( P.Y. NAV : Rs. 251,572,500/-)	—		250,000,000
(PY.17,168,138) Units of Principal Floating Rate Fund-FMP-Institutional Option-Growth Plan ( P.Y. NAV : Rs. 201,214,011/-)	—		200,086,061
		<hr/>	<hr/>
			750,086,061
<b>Sub-total - Current</b>		<b>20,015,431</b>	<b>1,948,247,749</b>
<b>Per Balance Sheet</b>		<b>4,285,790,806</b>	<b>2,651,256,953</b>

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

<b>Particulars</b>	<b>Units</b>	<b>Acquisition Cost (Rupees)</b>
<b>Mutual Funds (Units of Rs. 10 each)</b>		
<b>Dividend Option</b>		
State Bank of India -Cash Fund	47,882,688	802,049,390
State Bank of India -Premier Liquid Fund	7,983,022	80,089,671
HSBC Liquid Fund-Institutional Plan Dividend	8,374,311	83,848,623
HSBC Cash Fund-Institutional Plus-Daily Dividend	151,338,644	1,514,233,940
Birla Cash Plus	1,202	12,040
HDFC Cash Management Rate Fund	28,224,128	300,203,119
<b>Growth Option</b>		
HSBC Floating Rate Fund Long Term Plan	80,035,856	1,000,000,000
Relaince Liquid Plus Plan	25,251,115	256,765,000
UTI Liquid Cash Plan-Daily Income (@1000/- each)	7,331	7,510,891
ICICI Prudential Institutional Liquid Plan	46,977,943	540,000,000



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008**

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>SCHEDULE 'F'</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>INVENTORIES (As taken, valued and certified by the Management) (Refer Note 1 (V))</b>		
Stock-in-trade		
Floor Space Index (FSI)	66,751,046	323,427,301
Incomplete Projects	1,625,506,196	906,585,499
Finished Properties	131,360,707	254,156,329
	<b>1,823,617,949</b>	<b>1,484,169,129</b>
<b>SUNDRY DEBTORS (Unsecured, Considered Good)</b>		
Debts outstanding for a period exceeding six months	46,092,268	20,477,478
Other Debts (Refer Note 21)	1,063,221,550	695,541,984
	<b>1,109,313,818</b>	<b>716,019,462</b>
<b>CASH AND BANK BALANCES</b>		
Cash on hand	1,614,786	1,232,864
Bank Balances with Scheduled Banks		
- In Current Accounts	158,044,042	113,472,232
- In Deposit Accounts * (Including Interest accrued Rs. 35,388/-, P.Y. Rs. 7,529,611/-)	806,097	1,172,700,320
- In Margin Money Accounts (Including Interest accrued Rs. 1,583,964/-, P.Y. Rs. 400,307/-)	52,760,653	22,381,215
	<b>213,225,578</b>	<b>1,309,786,631</b>
* Includes Rs. Nil (P.Y. Rs.550,000,000/-) pledged as security towards Bank Overdrafts.		
<b>OTHER CURRENT ASSETS</b>		
Contractual Interests in Projects executed through Subsidiaries, Joint Ventures, etc. (Refer Note 22)	412,324,622	—
Income Tax Refund	2,583,640	2,583,640
	<b>414,908,262</b>	<b>2,583,640</b>
<b>LOANS AND ADVANCES (Unsecured, Considered Good)</b>		
Loans to Subsidiary Companies (Refer Note 19)	893,586,497	315,485,755
Loans to Employees (Interest Free)	314,228	26,624
Loans and Advances to Others (Refer Note 19)	1,545,737,948	162,110,809
Advances towards Share Application / Purchase (Refer Note 19)	1,724,313,406	347,469,916
Advance against Land / Rights (includes Rs.1,175,000/- (P.Y.Rs.1,175,000/-) due from a private company in which Director(s) is/are Director(s). (Refer Note 19)	2,351,079,175	521,185,246
Advances Recoverable in cash or in kind or for value to be received (includes Rs. 6,000/- (P.Y. Rs. 1,034,488/-) due from a private Company in which Director(s) is/are Director(s) and Rs. 391,358/- (P.Y. Rs. 29,673/-) due from subsidiaries) (Refer Note 19)	89,937,749	105,417,621
Taxes paid / deducted at Source	494,262,260	148,481,749
	<b>7,099,231,263</b>	<b>1,600,177,720</b>
<b>Per Balance Sheet</b>	<b>10,660,296,870</b>	<b>5,112,736,582</b>



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008**

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>SCHEDULE 'G'</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 23 )	271,982,652	184,280,389
(Includes Rs.15,731,616/- (PY.Rs.Nil) due to Directors)		
Advances from Customers	817,307,709	240,923,224
Overdrawn Bank Balances as per books of account	—	62,732,857
Other Liabilities	57,061,125	46,471,933
Interest accrued but not due on Loans (Includes Rs.23,686/- ( PY. Rs. Nil) due to a Director)	14,381,506	7,686,301
	<b>1,160,732,992</b>	<b>542,094,704</b>
<b>PROVISIONS</b>		
Income Tax	529,922,300	129,922,300
Fringe Benefit Tax	4,353,100	2,828,100
Wealth Tax	250,000	86,000
Proposed Dividend	46,690,000	100,050,000
Tax on Proposed Dividend	7,934,966	17,003,498
	<b>589,150,366</b>	<b>249,889,898</b>
<b>Per Balance Sheet</b>	<b>1,749,883,358</b>	<b>791,984,602</b>



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008**

**SCHEDULE 'H'**

**SALES AND INCOME FROM OPERATIONS**

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
Sale of Properties / Rights	4,104,735,241	1,572,445,671
Sale of Transferable Development Rights (TDR) (Traded)	—	37,458,720
Income from premises given on lease (Gross, Tax Deducted at Source Rs. 74,233,114/- ; PY. Rs. 38,475,777/-)	300,270,961	168,972,899
<b>Per Profit and Loss Account</b>	<b>4,405,006,202</b>	<b>1,778,877,290</b>

**SCHEDULE 'I'**

**OTHER INCOME**

Dividend from Current Investments	20,449,879	20,565,360
Profit on sale of Current Investments	15,440,542	1,637,241
Royalty received (Gross, Tax Deducted at Source Rs. Nil; PY. Rs. 112,200/-)	—	2,000,000
Interest (Gross, Tax Deducted at Source Rs. 65,735,846/-; PY. Rs. 12,661,022/-)		
- Loans	273,439,095	48,321,004
- Bank Fixed Deposits	20,062,138	17,818,047
- Others	12,000	1,678,483
	293,513,233	67,817,534
Less :Interest on Loan of earlier year reversed	14,907,290	—
	278,605,943	67,817,534
Surplus on Sale / Discardment of Fixed Assets (Net)	1,428,130	—
Gain on Foreign Currency fluctuation (net)	1,759,461	3,420
Miscellaneous Income	13,955,933	7,910,402
<b>Per Profit and Loss Account</b>	<b>331,639,888</b>	<b>99,933,957</b>

**SCHEDULE 'J'**

**COST OF CONSTRUCTION**

Construction cost incurred during the year	841,080,867	1,046,852,763
Less : Transferred to 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))	27,046,458	47,730,051
<b>Per Profit and Loss Account</b>	<b>868,127,325</b>	<b>1,018,167,012</b>



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	<b>31st March, 2008 (Rupees)</b>	<b>31st March, 2007 (Rupees)</b>
<b>SCHEDULE 'K'</b>		
<b>(INCREASE)/DECREASE IN INVENTORIES</b>		
<b>Opening Inventory :</b>		
Floor Space Index (FSI)	<b>323,427,301</b>	336,415,728
Transferable Development Rights (TDR)	<b>—</b>	68,318,634
Incomplete Projects	<b>906,585,499</b>	549,723,039
Finished Properties	<b>254,156,329</b>	87,290,934
	<b>1,484,169,129</b>	1,041,748,335
Less: Cancellation of TDR Purchased in earlier year	<b>—</b>	68,318,634
Less: Transferred to Fixed Assets Schedule (Refer Note 1(V)(B))	<b>—</b>	13,179,008
Less: Advance Against FSI regrouped	<b>1,888,447</b>	—
	<b>1,482,280,682</b>	960,250,693
<b>Closing Inventory :</b>		
Floor Space Index (FSI)	<b>66,751,046</b>	323,427,301
Incomplete Projects	<b>1,625,506,196</b>	906,585,499
Finished Properties	<b>131,360,707</b>	254,156,329
	<b>1,823,617,949</b>	1,484,169,129
<b>Per Profit and Loss Account</b>	<b>(341,337,267)</b>	(523,918,436)
<b>SCHEDULE 'L'</b>		
<b>EMPLOYMENT COST</b> (Refer Note 13)		
Salaries, Bonus, etc.	<b>150,105,618</b>	62,018,745
Contribution to Provident and Other Funds	<b>11,897,424</b>	3,909,977
Staff Welfare Expenses	<b>5,248,532</b>	961,139
Other Fund Expenses	<b>482,602</b>	214,386
	<b>167,734,176</b>	67,104,247
Less: Cost allocated to Contractual Interests in Projects executed through Subsidiaries, Joint Ventures, etc. (Refer Note 22)	<b>112,746,820</b>	—
<b>Per Profit and Loss Account</b>	<b>54,987,356</b>	67,104,247



**SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008**

**SCHEDULE 'M'**

**ADMINISTRATIVE, SELLING AND GENERAL EXPENSES**

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
Insurance	4,650,266	2,745,942
Rent paid	5,246,967	1,030,000
Rates and Taxes	11,572,814	6,336,574
Advertisement	33,871,444	18,317,709
Advances and other debit balances written off	130,333	81,120
Donations	8,386,000	14,972,420
Brokerage	5,402,170	23,629,310
Directors' Fees and Travelling Expenses	1,340,486	1,093,322
Commission to Non-executive Directors	2,000,000	—
Repairs and Society Maintenance Charges	40,044,289	10,290,665
Legal and Professional Fees	61,389,245	32,732,111
Other Expenses	73,128,440	40,675,451
Liquidated Damages	70,168,000	—
Loss on Sale/Discardment of Fixed Assets (Net)	—	7,307,394
	<b>317,330,454</b>	<b>159,212,018</b>
Less: Costs allocated to Contractual Interests in Projects executed through Subsidiaries, Joint Ventures, etc. (Refer Note 22)	<b>131,615,795</b>	<b>—</b>
<b>Per Profit and Loss Account</b>	<b>185,714,659</b>	<b>159,212,018</b>

**SCHEDULE 'N'**

**INTEREST AND FINANCE CHARGES**

Interest		
- Debentures	52,192,865	34,216,436
- Fixed Loans (Includes Interest on Fixed Deposit paid/payable to Managing and Whole time Director Rs. 293,836/- ; P.Y. Rs. Nil)	442,730,379	143,944,520
- Interest Others	53,546,863	8,078,112
	<b>548,470,107</b>	<b>186,239,068</b>
Loan Processing Fees and Other Finance Charges	166,956,389	13,536,932
	<b>715,426,496</b>	<b>199,776,000</b>
Less: Cost allocated to Contractual Interests in Projects executed through Subsidiaries, Joint Ventures, etc. (Refer Note 22)	<b>167,962,007</b>	<b>—</b>
<b>Per Profit and Loss Account</b>	<b>547,464,489</b>	<b>199,776,000</b>



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008

### SCHEDULE 'O'

#### 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. Cost 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.
- 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 Firms / Joint Ventures:

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 revenue / income and cost / expenditure are generally accounted on accrual, as they are earned or incurred.



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

### 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).
- B. Depreciation 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 cost 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 cost 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 cost 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/rights, value of FSI, materials, services and other expenses (including borrowing costs) attributable to the projects. Cost formula used is average cost.

### VI. CONTRACTUAL INTERESTS IN PROJECTS EXECUTED THROUGH SUBSIDIARIES, JOINT VENTURES, ETC.

Costs incurred by the Company allocable / attributable for execution of development projects undertaken through its Subsidiaries, Joint Ventures, etc. are carried at cost or net realisable value, whichever is lower. Such costs incurred for execution of these projects are carried as "Contractual interests in projects executed through Subsidiaries, Joint Ventures, etc." under Current Assets. The manner of allocation of costs to such projects and the basis / principles applicable for recognition of such costs are same as that of costs incurred for the Company's own development projects. Reference is invited to Note 22.

### VII. 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.

### VIII. EMPLOYEE BENEFITS

- a. Short term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered;



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)

### b. Post Employment Benefits :

- i. Defined contribution plans: Company's contribution to State governed Provident Fund Scheme is recognised during the year in which the related service is rendered;
- ii. Defined benefit plans: The present value of the gratuity obligation is determined based on an actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognised immediately in the Profit and Loss Account. In the case of gratuity which is funded with the Life Insurance Corporation of India, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plan to recognise the obligation on net basis;

### c. Termination Benefits are recognised as an expense in the Profit and Loss Account of the year in which they are incurred.

## IX. BORROWING COSTS

Interests and other borrowing costs attributable to qualifying assets (including projects undertaken for sale by the Company directly or through its Subsidiaries, Joint Ventures, etc.) 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.

## X. SHARE ISSUE EXPENSES

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

## XI. FOREIGN CURRENCY TRANSACTIONS

- A. All transactions in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.
- B. Monetary Assets and 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.

## XII. SEGMENT REPORTING

The Company is engaged in the business of Real Estate Development, which as per Accounting Standard AS-17 - 'Segment Reporting' is considered to be the only reportable business segment. The Company is also operating within the same geographical segment. Hence, disclosures under AS-17 are not applicable.

## XIII. PREMISES TAKEN ON LEASE

For premises taken on lease, lease rentals payable are charged to revenue.

## XIV. 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 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.

## XV. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

### 2. RELATED PARTY DISCLOSURES

#### A) Names of Related Parties and description of Relationships

##### I) Subsidiary Companies

Adhivitya Properties Limited  
 Agreeem Properties Limited  
 Akruti Center Infotech Limited (formerly Akruti Centre Point Infotech Limited)  
 Akruti Middle East (FZE)  
 Akruti Warehousing Limited  
 Arnav Gruh Limited (formerly Arnav Properties Limited)  
 Brainpoint Infotech Limited  
 Simon Buildcon Private Limited (formerly Devkrupa Consultancy Private Limited)  
 E Commerce Magnum Solution Limited (formerly E Commerce Solutions (India) Limited)  
 Gujarat Akruti-TCG Biotech Limited  
 Hiemo Builders and Developers Private Limited  
 Infrastructure Ventures India Limited (An Associate in the previous year)  
 Khem Buildcon Private Limited  
 New Empire Realtors Private Limited  
 Sheshan Housing & Area Development Engineers Limited  
 TDR Properties Limited  
 Vama Housing Limited (formerly Akulpita Construction Limited)  
 Vaishnavi Builders & Developers Private Limited  
 Vishal Nirman (India) Limited  
 Vishal Techno Commerce Limited (formerly Vishal Tech (Civil) Limited)

##### II) Joint Ventures (JV) / Partnership Firms

Aaarti Projects and Constructions  
 Akruti Chandan JV  
 Akruti GM JV  
 Akruti Kailash Constructions  
 Akruti Steelfab Corporation  
 Hiranandani Akruti JV  
 Jairaj Developers – Unit 9  
 Niharika Shopping Mall JV  
 Akruti P. Kumar JV

##### III) Associate Companies, where transactions have taken place

DLF Akruti Info Parks (Pune) Limited  
 Joyous Housing Limited (formerly Mangal Shruti Gruh Nirmitti Limited)  
 Chaitra Realty Limited  
 Akruti Security Plates Private Limited



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)

Gallant Infotech Private Limited  
 Muttha Realty Private Limited  
 Pristine Developers Private Limited  
 Zeus Infrastructure Private Limited

### IV) Other parties where relationship of control exists

Akruti SMC JV  
 Suraksha Realtors  
 Gandhi Adhivitya Combine

### V) (a) Key Management Personnel

Mr. Hemant M. Shah (Executive Chairman)  
 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. Falguni V. Shah  
 Mrs. Lata M. Shah  
 Mr. Rushank V. Shah  
 Mr. Khilen V. Shah  
 Master Kushal H. Shah

### (c) Enterprises where Key Managerial Personnel or their relatives exercise significant influence, where transactions have taken place

Citygold Investments Private Limited  
 Citygold Management Services Private Limited  
 Akruti Campus of Research and Education Private Limited  
 Akruti City Farming Private Limited  
 Akruti City Knowledge Private Limited  
 Akruti City Venture Capital Management Private Limited  
 Akruti City Venture Capital Private Limited  
 Akruti Guestline Private Limited  
 Akruti SEZ (Pune) Private Limited  
 Akruti SEZ (Thane) Private Limited  
 Citygold Education Research Limited  
 Citygold Farming Private Limited  
 Ichha Constructions Private Limited  
 Nutritious Agro Foods Limited  
 Roopkala Pictures Private Limited  
 Sanskriti Developers Private Limited  
 Hemant M. Shah (HUF)  
 Vyomesh M. Shah (HUF)

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



**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)**

**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, their Relatives and Enterprises
i.	<b>Loans, Advances received/ recovered/adjusted</b>					
	Vishal Nirman (India) Limited	2,188,754,333 (39,660,977)	— (—)	— (—)	— (—)	— (—)
	Citygold Investments Private Limited	— (—)	— (—)	— (—)	— (—)	664,705,142 (—)
	Others	189,149,933 (—)	247,292,398 (1,678,609)	70,201,828 (41,809,686)	200,000 (1,303,284)	379,497,851 (108,808,562)
ii.	<b>Loans and Advances given/ repaid/adjusted (including other payments)</b>					
	Vishal Nirman (India) Limited	1,985,488,323 (85,464,485)	— (—)	— (—)	— (—)	— (—)
	DLF Akruti Info Parks (Pune) Limited	— (—)	612,280,347 (54,049,856)	— (—)	— (—)	— (—)
	Citygold Investments Private Limited	— (—)	— (—)	— (—)	— (—)	658,497,097 (—)
	Others	953,321,489 (339,443,048)	573,109,391 (18,715,786)	434,217,038 (574,85,030)	200,000 (1,303,284)	454,848,517 (105,479,831)
iii.	<b>Interest received</b>					
	Vishal Nirman (India) Limited	156,185,687 (1,214,485)	— (—)	— (—)	— (—)	— (—)
	DLF Akruti Info Parks (Pune) Limited	— (—)	28,034,780 (4,549,856)	— (—)	— (—)	— (—)
	Others	62,525,896 (20,083,956)	15,522,247 (5,537,443)	— (—)	— (—)	7,318,103 (74,015)
iv.	<b>Interest paid</b>					
	Citygold Investments Private Limited	— (—)	— (—)	— (—)	— (—)	16,805,142 (—)
	Others	320,197 (531,899)	— (—)	— (—)	— (—)	2,894,729 (—)
v.	<b>Advance against Share Application</b>					
	Gujarat Akruti-TCG Biotech Limited.	148,294,000 (—)	— (—)	— (—)	— (—)	— (—)
	Citygold Farming Private Limited	— (—)	— (—)	— (—)	— (—)	239,100,000 (2,400,000)
	Akruti City Farming Private Limited	— (—)	— (—)	— (—)	— (—)	196,897,000 (80,672,000)
	Akruti City Knowledge Private Limited	— (—)	— (—)	— (—)	— (—)	464,200,000 (86,400,000)
	Akruti Guestline Private Limited	— (—)	— (—)	— (—)	— (—)	327,900,000 (—)
	Others	— (—)	— (39,634,691)	— (—)	— (—)	103,315,000 (114,306,213)
vi.	<b>Advance against Share Application adjusted</b>					
	Pristine Developers Private Limited	— (—)	39,634,691 (—)	— (—)	— (—)	— (—)
	Others	— (—)	— (—)	— (—)	— (—)	— (—)



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

### 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, their Relatives and Enterprises
vii.	<b>Services received/availed</b>					
	Brainpoint Infotech Limited.	9,653,588 (7,998,332)	(—)	(—)	(—)	(—)
	Akruti Center Infotech Limited (formerly Akruti Centre Point Infotech Limited)	8,896,148 (810,284)	(—)	(—)	(—)	(—)
	Citygold Management Services Private Limited	(—)	(—)	(—)	(—)	28,048,023 (21,161,817)
	Others	(—)	1,001,588 (1,403,039)	(—)	(—)	(—)
viii.	<b>Supervision/maintenance Charges received</b>	(—)	(—)	(—)	(—)	(18,000)
ix.	<b>Rent received</b>					
	Citygold Management Services Private Limited	(—)	(—)	(—)	(—)	13,941,128 (7,853,828)
	Others	(—)	(—)	(—)	(—)	192,500 (—)
x.	<b>Rent paid</b>					
	Iccha Constructions Private Limited	(—)	(—)	(—)	(—)	600,000 (840,000)
	Others	(—)	(—)	(—)	(—)	(—)
xi.	<b>Royalty received</b>	(—)	(—)	(—)	(—)	(2,000,000)
xii.	<b>Directors' Remuneration</b>					
	Mr. Hemant M. Shah	(—)	(—)	(—)	(—)	20,184,000 (7,596,000)
	Mr. Vyomesh M. Shah	(—)	(—)	(—)	(—)	18,502,000 (7,338,000)
	Others	(—)	(—)	(—)	(—)	2,400,000 (1,300,000)
xiii.	<b>Directors' Sitting Fees</b>	(—)	(—)	(—)	(—)	(100,000)
xiv.	<b>Purchase of TDR / Project / Material</b>					
	Pristine Developers Private Limited	(—)	339,036 (—)	(—)	(—)	(—)
	Niharika Shopping Mall JV	(—)	(—)	224,528 (—)	(—)	(—)
	Others	(1,888,448)	(—)	(—)	(—)	(—)
xv.	<b>Deposits Received</b>					
	Hemant M. Shah (HUF)	(—)	(—)	(—)	(—)	30,000,000 (—)
	Vyomesh M. Shah (HUF)	(—)	(—)	(—)	(—)	17,000,000 (—)
	Others	(—)	(—)	(—)	(—)	22,500,000 (—)
xvi.	<b>Deposits Repaid</b>					
	Vyomesh M. Shah (HUF)	(—)	(—)	(—)	(—)	12,000,000 (—)
	Others	(—)	(—)	(—)	(—)	(—)



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)

### 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, their Relatives and Enterprises
xvii.	<b>Sale of Finished Properties / FSI</b>					
	Niharika Shopping Mall JV	— (—)	— (—)	23,714,746 (—)	— (—)	— (—)
	Others	— (—)	— (—)	— (—)	— (—)	— (3,776,715)
xviii.	<b>Sale of Material</b>					
	Infrastructure Ventures India Limited	440,719 (—)	— (—)	— (—)	— (—)	— (—)
	Niharika Shopping Mall JV	— (—)	— (—)	356,063 (—)	— (—)	— (—)
	Others	19,412 (—)	— (—)	— (—)	— (—)	— (—)
xix.	<b>Investments made</b>					
	Chaitra Realty Limited	— (—)	879,506,652 (—)	— (—)	— (—)	— (—)
	Akruti Chandan JV	— (—)	— (—)	112,500,000 (100,000,000)	— (—)	— (—)
	Jairaj Developers - Unit 9	— (—)	— (—)	816,600,000 (500,000,000)	— (—)	— (—)
	Others	3,034,425 (—)	11,423,170 (—)	78,704,274 (7,949,330)	— (—)	— (—)
xx.	<b>Investments withdrawn (at cost)</b>					
	Akruti Security Plates Private Limited	— (—)	— (—)	— (—)	— (—)	204,000 (—)
	Others	— (—)	— (—)	— (—)	— (—)	— (—)
xxi.	<b>Share of profit from Partnerships/ Joint Ventures</b>					
	Akruti Kailash Constructions	— (—)	— (—)	5,042,260 (—)	— (—)	— (—)
	Others	— (—)	— (—)	187,840 (—)	— (—)	— (—)
xxii.	<b>Share of loss from Partnerships/ Joint Ventures</b>					
	Hiranandani Akruti JV	— (—)	— (—)	4,005,737 (13,566,508)	— (—)	— (—)
	Others	— (—)	— (—)	— (14,628)	— (—)	— (—)
xxiii.	<b>On behalf payments</b>					
	Gujarat Akruti-TCG Biotech Limited	141,856 (—)	— (—)	— (—)	— (—)	— (—)
	Infrastructure Ventures India Limited	107,087 (—)	— (—)	— (—)	— (—)	— (—)
	Akruti City Farming Private Limited	— (—)	— (—)	— (—)	— (—)	126,315 (—)
	Mr. Madhukar B. Chobe	— (—)	— (—)	— (—)	— (—)	93,560 (—)
	Others	— (—)	— (—)	— (—)	— (—)	6,000 (1,075,000)
xxiv.	<b>Collateral security against loan availed by Company, vacated</b>	Amount not quantifiable	— (—)	— (—)	— (—)	Amount not quantifiable



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)

### 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, their Relatives and Enterprises
xxv	<b>Balances Outstanding</b>					
	<b>Receivable</b>					
	Infrastructure Ventures India Limited	110,862,646 (20,221,927)	— (—)	— (—)	— (—)	— (—)
	Akruti Center Infotech Limited	321,358 (29,673)	— (—)	— (—)	— (—)	— (—)
	Gujarat Akruti -TCG Biotech Limited	148,364,000 (—)	— (—)	— (—)	— (—)	— (—)
	DLF Akruti Info Parks (Pune) Limited	— (—)	585,048,371 (98,866,394)	— (—)	— (—)	— (—)
	Pristine Developers Private Limited	— (—)	61,036,685 (39,634,691)	— (—)	— (—)	— (—)
	Akruti Security Plates Private Limited	— (—)	31,648,831 (—)	— (—)	— (—)	— (—)
	Hiranandani Akruti JV	— (—)	— (—)	3,091,639 (36,481,148)	— (—)	— (—)
	Niharika Shopping Mall JV	— (—)	— (—)	34,278,747 (2,163,925)	— (—)	— (—)
	Akruti Chandan JV	— (—)	— (—)	26,728 (6,728)	— (—)	— (—)
	Akruti Kailash Constructions	— (—)	— (—)	18,814,872 (3,866,838)	— (—)	— (—)
	Jairaj Developers - Unit 9	— (—)	— (—)	329,307,265 (—)	— (—)	— (—)
	Akruti City Knowledge Private Limited.	— (—)	— (—)	— (—)	— (—)	476,188,971 (86,400,000)
	Akruti City Farming Private Limited	— (—)	— (—)	— (—)	— (—)	197,139,992 (80,672,000)
	Akruti Guestline Private Limited	— (—)	— (—)	— (—)	— (—)	327,900,000 (44,398,807)
	Citygold Farming Private Limited	— (—)	— (—)	— (—)	— (—)	256,023,268 (2,400,000)
	Others	783,183,982 (295,263,828)	364,743,344 (5,513,497)	22,010,290 (9,214,399)	— (—)	152,771,735 (74,004,694)
	<b>Payable</b>					
	Pristine Developers Private Limited	— (—)	339,036 (—)	— (—)	— (—)	— (—)
	Niharika Shopping Mall JV	— (—)	— (—)	224,528 (—)	— (—)	— (—)
	Akruti Kailash Construction	— (—)	— (—)	(38,651)	— (—)	— (—)
	Citygold Investments Private Limited	— (—)	— (—)	— (—)	— (—)	3,400,000 (—)
	Mr. Hemant M. Shah	— (—)	— (—)	— (—)	— (—)	12,200,000 (—)
	Hemant M. Shah (HUF)	— (—)	— (—)	— (—)	— (—)	30,000,000 (—)
	Mr. Vyomesh M. Shah	— (—)	— (—)	— (—)	— (—)	6,531,616 (—)
	Vyomesh M. Shah (HUF)	— (—)	— (—)	— (—)	— (—)	5,000,000 (—)
	Iccha Constructions Private Limited	— (—)	— (—)	— (—)	— (—)	85,074 (—)
	Citygold Management Services Private Limited	— (—)	— (—)	— (—)	— (—)	16,655,365 (273,509)
	Others	(3,026,732)	— (—)	(10,886)	— (—)	17,682,990 (—)

Previous Year Figures are given in brackets.



### NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

3. The details of investments made in capital of partnership firms (unaudited) as at 31st March, 2008 are as under :

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

	Name of the Partners	Share of Partner	Capital (Rupees)
A)	Akruti City Limited	55.00 %	2,878,736
B)	Steelfab Turnkey Projects Limited	45.00 %	2,575,847
	<b>Total</b>	<b>100.00 %</b>	<b>5,454,583</b>

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

	Name of the Partners	Share of Partner	Capital (Rupees)
A)	Akruti City 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
	<b>Total</b>	<b>100.00 %</b>	<b>100,000</b>

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

	Name of the Partners	Share of Partner	Capital (Rupees)
A)	Akruti City Limited	33.00 %	101,354
B)	Dilip Shingarpure	9.00 %	27,642
C)	Surendra Sanas	33.00 %	101,352
D)	Madhav Patankar	25.00 %	76,783
	<b>Total</b>	<b>100.00 %</b>	<b>307,131</b>

IV) **M/s Jairaj Developers – Unit 9**

	Name of the Partners	Share of Partner	Capital (Rupees)
A)	Akruti City Limited	66.66%	1,066,600,000
B)	Jayant Hiralal Shah	15.00%	—
C)	Malav Jayant Shah	15.00%	—
D)	Jignesh Gunwant Gopani	3.34%	—
	<b>Total</b>	<b>100.00 %</b>	<b>1,066,600,000</b>



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

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

	Name of the Joint Ventures	Share of Interest
I)	M/s. Hiranandani Akruti JV	55%
II)	M/s. Niharika Shopping Mall JV	50%
III)	M/s. Akruti GM JV	50%
IV)	M/s. Akruti Chandan JV	50%
V)	M/s Akruti P Kumar JV	64%

Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities.

**2007-2008**

		( Rupees)
A)	Assets:	
	a) Fixed Assets (Net Block)	1,704,642
	b) Current Assets, Loans and Advances	
	Inventories	1,127,442,660
	Sundry Debtors	3,375,971
	Cash and Bank Balances	31,518,589
	Other Current Assets	—
	Loans and Advances	1,140,823,710
B)	Liabilities:	
	a) Loan Funds :	
	Secured Loans	165,980,098
	Unsecured Loans	3,574,513
	b) Current Liabilities and Provisions :	
	Current Liabilities	78,387,442
	Provisions	2,636,885
	c) Deferred Tax Liability (Net)	—
C)	Income:	
	a) Sales & Income from operations	141,271
	b) Other Income	442,359
D)	Expenditure:	
	a) Cost of Construction	551,543,736
	b) (Increase)/Decrease in Inventories	(576,961,006)
	c) Employment Cost	—
	d) Administrative, Selling and General Expenses	805,505
	e) Interest and Finance Charges	10,108
	f) Depreciation and Amortization	84,028
	g) Provision for Taxation	2,637,946
	h) Prior Period Adjustments	3,276,200



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

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

Lease rental obligations:

	As at 31-03-2008 (Rupees)	As at 31-03-2007 (Rupees)
Lease rentals payable not later than one year	4,086,188	1,680,000
Later than one year but not later than five years	9,438,347	1,365,000
Later than five years	—	—

6. Deferred Taxation for the year ended 31st March, 2008

(Rupees)

	As at 31-03-2007	Charge during the year	As at 31-03-2008
Deferred Tax Liability / (Asset) on account of :			
i. Depreciation	2,121,594	4,975,344	7,096,938
ii. Expenses allowable for Tax Purpose in subsequent year(s)	(813,925)	813,925	—
Net Deferred Tax Liability	1,307,669	<b>5,789,269</b>	<b>7,096,938</b>

7. Details of Security given against :

(a) Secured Loans Availed

Sr. No.	Name of Lender	Security Created (Further secured by way of personal guarantee of one or more Directors other than in 3 below)
1	Canara Bank, Santacruz (E) Branch	i. Overdraft limit secured against hypothecation of goods/materials received against guarantee issued towards job work/conversion/advances/ supplier credits; and ii. Collateral extension of charge over immovable properties charged to the Bank.
2	SICOM Ltd.	Pledge of Equity Shares in the Company held by the Promoters.
3	IDBI Bank	Mortgage of Project land & structure of Sale Building. Lien on all the flats in the clarity of property sale building.
4	IDBI Bank	i. Mortgage of immovable property situated at Unit No. 101 at Akruiti Centre Point, Andheri (East); and ii. Pledge of Equity Shares in the Company held by the Promoters. PDC for principal and interest payments.
5	State Bank of Patiala	i. Mortgage of office premises, interiors and fit outs of Akruiti City Ltd. on 6th Floor of Akruiti Trade Centre, Andheri (East); and ii. Pledge of Equity Shares in the Company held by the Promoters.
6	India Bulls Comm. Credit Ltd.	Pledge of Equity Shares in the Company held by the Promoters.



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

Sr. No.	Name of Lender	Security Created (Further secured by way of personal guarantee of one or more Directors other than in 3 below)
7	ECL Finance Ltd.	i. Pledge of Equity Shares in the Company held by the Promoters; ii. Demand Promissory Notes; and iii. Post dated cheques for interest payment & principal.
8	Crossborder Investments P. Ltd.	i. Pledge of Equity Shares in the Company held by the Promoters; ii. Demand Promissory Note; and iii. Post dated cheques for interest payment & principal.
9	L&T Infrastructure Finance Company Limited	i. Pledge of Equity Shares in the Company held by the Promoters. ii. Demand Promissory notes; and iii. Post dated cheques for all interest & principal payments.

(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 Marg Branch	Secured against lease rentals receivable in respect of immovable property at Akruiti Trade Centre, MIDC, Andheri (East), Mumbai.
2	Canara Bank, Santacruz (E) Branch	Secured against lease rentals, service contract charges & car parking rentals receivable in respect of units in immovable properties situated at Akruiti Trade Centre, MIDC, Andheri (East), Mumbai & at Akruiti Softech Park, MIDC, Andheri (East), Mumbai.
3	Punjab National Bank, Bandra (W) Branch	Secured against lease rentals receivable in respect of immovable properties at Akruiti Trade Centre, MIDC, Andheri (East), Mumbai and at Akruiti 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 Akruiti Centre Point, MIDC, Andheri (East), Mumbai.
5	HDFC Bank Ltd.	Secured against lease rentals receivable in respect of immovable properties situated at Akruiti Centre Point, MIDC, Andheri (East), Mumbai.

All these loans are also secured by mortgage of the respective properties.

8. Contingent Liabilities (not provided for):

Sr. No.	Particulars	As at 31-03-2008 (Rupees)	As At 31-03-2007 (Rupees)
(A)	Claims against the Company, not acknowledged as debts on account of:-		
1.	Reassessment proceedings under the Income-tax Act, 1961, commenced in pursuance of search and seizure operations conducted during the financial year 2006-2007	Amount not ascertainable at present	Amount not ascertainable at present
2.	Income Tax matters under appeal for Financial Year 1999-2000 (A.Y. 2000-2001).	68,160,244	—



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

Sr. No.	Particulars	As at 31-03-2008 (Rupees)	As At 31-03-2007 (Rupees)
3.	Demand notice issued by Brihanmumbai Municipal Corporation for land under construction charges (property tax).	32,890,156	30,409,351
4.	Petition filed against the Company under the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971, in relation to a project.	7,732,730	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 31-03-2008).	636,992,765	79,585,161

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 193,012 sq.ft. Floor Space Index. The balance of Rs.387,603,989/- representing 409,988 sq.ft. Floor Space Index is reflected as "Balance Contribution Outstanding to Joint Ventures" as a reduction from Investments in Joint Ventures under Schedule 'E'.
10. Estimated amount of contracts remaining to be executed on capital account, not provided for amount to Rs.12,196,417/- (net of advances) (Previous year : Rs. 6,554,903/-).
11. (a) Value of imports on CIF basis:

(Rupees)

Particulars	2007-2008	2006-2007
Materials	—	22,967,080
Capital goods	6,421,769	3,524,433

- (b) Expenditure in foreign currency:

(Rupees)

Particulars	2007-2008	2006-2007
Entertainment expenses	—	301,378
Warehousing charges	—	1,236,702
Travelling expenses	533,507	(*)998,728
Professional charges	—	(*)25,779,962
Training expenses	1,202,957	1,007,325

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



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)

### 12. Auditors' Remuneration (including Service Tax):

(Rupees)

Particulars	2007-2008	2006-2007
Audit Fees	2,809,000	2,244,800
Tax Audit Fees	112,360	112,240
Certification and Other Matters	1,365,216	869,860
Out-of-pocket expenses	65,326	—
Certifying the IPO document (included in share issue expenses)	—	1,144,848

### 13. Employment costs include managerial remuneration paid / payable during the year, in accordance with the provisions of Section 198 of the Companies Act, 1956.

(Rupees)

Particulars	2007-2008	2006-2007
Salary, House Rent Allowance & Leave Travel Allowance	25,630,000	15,820,000
Contribution to Provident and Other Funds	1,656,000	414,000
Performance Incentives	13,800,000	—

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.

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

Lease rental income:

	As at 31-03-2008 (Rupees)	As at 31-03-2007 (Rupees)
Lease rentals receivable not later than one year	295,333,517	275,925,483
Later than one year but not later than five years	1,165,982,597	891,859,710
Later than five years	1,256,523,795	2,239,369

### 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 books of accounts only.

### 16. The financial statements of all Partnership Firms and Joint Ventures in which the Company is a partner / co-venturer, are unaudited. The share of loss / profit accrued during the year by the Company is, therefore, subject to adjustments.

### 17. Earning per share :

Particulars		2007-2008	2006-2007
Net Profit as per Profit and Loss Account available for Equity Shareholders	In Rs.	2,947,066,862	758,672,323
Weighted average number of Equity Shares outstanding during the year	In Nos.	66,700,000	61,064,658
Earnings per Share of Rs.10/- each (Basic and Diluted)	In Rs.	44.18	12.42



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

### 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, 2008 :

	USD	EURO	HKD	SD
Cash on hand	4,979 (5,702)	— (—)	— (1,434)	— (266)
Advances recoverable	— (41,832)	— (—)	— (—)	— (—)
Creditors	— (509,354)	— (172,750)	— (—)	— (—)

Previous year figures are given in brackets.

### 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 31-03-2008	Maximum Balance 2007-2008	As at 31-03-2007	Maximum Balance 2006-2007
1.	Agreem Properties Limited	28,224,085	28,924,893	25,202,184	25,365,303
2.	Adhivitiya Properties Limited	47,534,304	48,420,443	15,889,857	15,987,791
3.	Vama Housing Limited (formerly Akulpita Construction Limited)	69,399,469	70,780,076	19,437,371	19,563,913
4.	Arnav Gruh Limited (formerly Arnav Properties Limited)	90,180,994	92,441,872	85,764,474	101,544,829
5.	E-Commerce Magnum Solution Limited (formerly E-Commerce Solutions (India) Limited)	456,624	5,814,297	5,814,297	10,000,000
6.	Sheshan Housing & Area Development Engineers Limited	—	40,563,800	35,763,800	35,986,825
7.	Vaishnavi Builders & Developers Private Limited	35,685,058	36,541,507	30,261,944	30,454,978
8.	Vishal Nirman (India) Limited	—	1,813,580,323	47,080,323	79,273,319
9.	Vishal Techno Commerce Limited (formerly Vishal Tech (Civil) Limited)	242,305,172	245,520,368	50,271,505	57,653,062
10.	TDR Properties Limited	—	36,973,268	—	4,046,217
11.	Akruti Middle East (FZE)	700,725	711,301	—	—
12.	Akruti Warehousing Limited	66,872,746	67,512,132	—	—
13.	Simon Buildcon Private Limited (formerly Devkrupa Consultancy Private Limited)	160,053,276	162,083,205	—	—
14.	New Empire Realtors Private Limited	41,752,117	42,409,200	—	—
15.	Infrastructure Ventures India Limited.(*)( #)	110,421,927	110,421,927	20,221,927	20,221,927
16.	Gujarat Akruti-TCG Biotech Limited (*)	—	19,612,856	—	—

# Associate Company in the previous year

\* Represents Interest Free Loans

**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, except for Sr. No.12.



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)

(B) Other than Subsidiary Companies :

(a) Associate Companies :

(Rupees)

Sr. No.	Name of the Loanee	As at 31-03-2008	Maximum Balance 2007-2008	As at 31-03-2007	Maximum Balance 2006-2007
1.	DLF Akruiti Info Parks (Pune) Limited	585,048,371	591,401,052	98,866,394	98,933,727
2.	Joyous Housing Limited. (formerly Mangal Shruti Gruh Nirmiti Limited)*	7,513,497	11,013,497	5,513,497	6,055,333
3.	Pristine Developers Private Limited	61,036,685	61,036,685	—	—
4.	Muttha Realty Private Limited	102,650,232	103,425,020	—	—
5.	Zeus Infrastructure Private Limited	254,579,615	256,335,294	—	—
6.	Chaitra Realty Limited	—	116,809,475	—	—
7.	Akruti Security Plates Private Limited	31,648,831	32,105,987	—	22,057,500

**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, except for Sr.No.3.  
3. \* Represents Interest Free Loans

(b) Partnerships, Joint Ventures and others :

(Rupees)

Sr. No.	Name of the Loanee	As at 31-03-2008	Maximum Balance 2007-2008	As at 31-03-2007	Maximum Balance 2006-2007
1.	Aarti Projects and Constructions (\$) *	19,302,449	19,302,449	7,402,449	7,402,449
2.	Akruti Kailash Construction (\$) *	13,811,263	13,811,263	3,866,838	3,866,838
3.	Akruti Steelfab Corporation (\$) *	2,700,001	2,811,950	1,811,950	1,811,950
4.	Suraksha Realtors (\$) *	—	2,00,000	—	791,795
5.	Jairaj Developers - Unit 9 (\$) *	329,307,265	329,307,265	—	—
	<b>Total (Firms)</b>	<b>365,120,978</b>			13,081,237
6.	Hiranandani Akruiti JV (\$) *	7,097,376	7,097,376	5,147,656	30,400,000
7.	Niharika Shopping Mall JV (\$) *	10,005,750	32,350,000	—	14,913,063
8.	Citygold Education Research Limited (#)	47,745,984	126,505,620	—	24,321,408
9.	Akruti City Farming Private Limited (#)	242,992	30,000,000	—	—
10.	Akruti City Knowledge Private Limited (#)	11,796,471	11,835,764	—	—
11.	Akruti Campus of Research & Education Private Limited (#)	105,874	107,595	—	—
12.	Akruti City Venture Capital Management Private Limited (#)	105,874	107,595	—	—
13.	Akruti City Venture Capital Private Limited (#)	106,001	107,759	—	—
14.	Akruti SEZ (Thane) Private Limited(#)	106,001	107,759	—	—
15.	Akruti SEZ (Pune) Private Limited (#)	106,001	107,759	—	—
16.	Citygold Farming Private Limited (#)	16,923,268	40,500,000	—	—
17.	Nutritious Agro Foods Limited (#)	—	100,000	—	—
18.	Citygold Management Services Private Limited (#)	—	10,000,000	—	—

**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.  
4. \* Represents Interest Free Loans



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008 (CONTD.)

- (II) Advance against Land/Rights include amount 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 Company	As at 31-03-2008	Maximum Balance 2007-2008	As at 31-03-2007	Maximum Balance 2006-2007
1.	Roopkala Pictures Private Limited	1,175,000	1,175,000	1,175,000	1,175,000

- (III) (a) 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 Company	As at 31-03-2008	Maximum Balance 2007-2008	As at 31-03-2007	Maximum Balance 2006-2007
1.	Citygold Management Services Private Limited	—	1,034,488	1,034,488	1,734,488
2.	Akruti City Knowledge Private Limited	192,500	192,500	—	—

- (b) Advances recoverable in cash or in kind for value to be received include amounts due from partnership firms / joint ventures in which the Company or its subsidiary is a partner :

Sr. No.	Name of the Partnership Firms / Joint Ventures	As at 31-03-2008	As at 31-03-2007
1.	Akruti Chandan JV	26,728	6,728
2.	Akruti Kailash Constructions	5,003,609	—
3.	Akruti Steelfab Corporation	7,840	—
4.	Niharika Shopping Mall Joint Venture	202,188	33,075

- (IV) 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 31-03-2008	As at 31-03-2007
1.	Akruti Guestline Private Limited	327,900,000	44,398,807
2.	Citygold Farming Private Limited	239,100,000	2,400,000
3.	Akruti City Knowledge Private Limited	464,200,000	86,400,000
4.	Akruti City Farming Private Limited	196,897,000	80,672,000
5.	Citygold Education Research Limited	103,215,000	—



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

20. An amount of Rs.5,253,067/- as contribution towards defined contribution plan is recognised as expense in the Profit and Loss Account. The disclosures in respect of the Defined Benefit Gratuity Plan (to the extent of information made available by LIC) are given below:

	<b>2007-2008 (Rupees)</b>
<b>Change in present value of obligation :</b>	
Obligation at beginning of the year	2,438,312
Current Service Cost	2,188,662
Interest Cost	182,873
Actuarial (gain)/loss	650,768
Benefits paid	87,958
Obligation at the end of the year	5,372,657
<b>Change in Plan Assets :</b>	
Fair value of Plan Assets at beginning of the year	927,611
Expected return on plan assets	119,997
Actuarial gain / (loss)	—
Contributions	860,324
Benefits paid	87,958
Fair value of Plan Assets at end of the year	1,819,974
<b><u>Reconciliation of present value of the obligation and the fair value of Plan Assets and amounts recognized in the Balance Sheet :</u></b>	
Present value of the obligation at the end of the year	5,372,657
Fair value of Plan Assets at the end of the year	1,819,974
Net Liability recognized in the Balance Sheet	3,552,683
<b><u>Gratuity cost recognised for the year :</u></b>	
Current Service Cost	2,188,662
Interest Cost	182,873
Expected return on plan assets	119,997
Actuarial (gain)/ loss	650,768
Net gratuity cost	3,142,300

### **Assumptions :**

Interest rate	8.0%
Rate of growth in salary levels *	3.0%

\*The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Since the above disclosures are mandatory for the first time, previous year figures have not been compiled and given.

21. 'Other Debts' disclosed under 'Sundry Debtors' (Schedule F) include Rs. Nil (P.Y. Rs.1,887,800/-) 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.



## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

22. The Company carries out development activities on its own as also through various projects that are executed / undertaken through its Subsidiaries, Joint Ventures, etc. The development activities through Subsidiaries, Joint Ventures, etc. have increased substantially during the year, which would henceforth continue to grow. The Company incurs substantial costs (including borrowing costs) for execution of such projects which are, on a reasonable basis, allocated to these projects on the same basis / principles as that of allocation of expenditure to its own development projects.

The Company hitherto recognised such expenditure in the Profit and Loss Account in the year in which the expenses were incurred as the proportion of such projects was not significant. During the year, based on a legal and accounting opinion, the Company has decided to carry forward such expenditure, to be recognised in the Profit and Loss Account in subsequent year(s), on the same basis / principles applicable to its own development projects.

As a result of such change, the profit (before tax) for the year ended 31st March, 2008 is higher by Rs.412,324,622/-. The effect of such change on the financial statements of subsequent financial years can only be ascertained during those respective years.

23. (a) 'Sundry Creditors' in Schedule 'G' to the Accounts include (i) Rs. Nil due to creditors registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME); and (ii) Rs.271,982,652 due to other creditors.  
(b) No interest was paid / payable during the year.  
(c) The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

24. **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 Total	Actual Utilisation upto 31-03-2008	Actual Utilisation upto 31-03-2007
Acquisition of land / rights in land or development rights	180	180	7
Repayment of loan	57	57	28
Development and construction cost for projects under development	55	55	6
Expenses relating to IPO	31	31	31
General corporate purposes	39	39	18
<b>Total</b>	<b>362</b>	<b>362</b>	<b>90</b>

(#) Reallocated, as stated in the Prospectus.

25. Prior period adjustments include :

(Rupees)

	2007-2008	2006-2007
Depreciation Adjustments	—	4,223,542
Debits relating to earlier years	(6,265,326)	(319,790)
Credits relating to earlier years	1,898,931	319,586
<b>Total</b>	<b>(4,366,395)</b>	<b>4,223,338</b>

26. 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  
**DOSHI DOSHI & ASSOCIATES**  
Chartered Accountants

**SHISHIR DALAL**  
PARTNER

**VIRAL D. DOSHI**  
PARTNER

**CHETAN S. MODY**  
COMPANY SECRETARY

**BHARAT MODY**  
CHIEF FINANCE  
OFFICER

MUMBAI  
Date: July 2, 2008

MUMBAI  
Date: July 2, 2008

For and on behalf of the Board

**HEMANT M. SHAH**  
EXECUTIVE CHAIRMAN

**VYOMESH M. SHAH**  
MANAGING DIRECTOR



## 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. 

L	4	5	2	0	0	M	H	1	9	8	9	P	L	C	0	5	0	6	8	8
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date 

3	1	.	0	3	.	0	8
---	---	---	---	---	---	---	---

 State Code 

1	1
---	---

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

Public Issue 

					N	I	L
--	--	--	--	--	---	---	---

 Rights Issue 

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue 

					N	I	L
--	--	--	--	--	---	---	---

 Private Placement 

					N	I	L
--	--	--	--	--	---	---	---

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

Total Liabilities 

1	4	0	3	7	6	5	9
---	---	---	---	---	---	---	---

 Total Assets 

1	4	0	3	7	6	5	9
---	---	---	---	---	---	---	---

##### SOURCES OF FUNDS:

Paid-up Capital 

		6	6	7	0	0	0
--	--	---	---	---	---	---	---

Reserves & Surplus 

	7	1	0	8	4	7	6
--	---	---	---	---	---	---	---

Secured Loans 

	5	3	5	4	2	2	6
--	---	---	---	---	---	---	---

Unsecured Loans 

		9	0	0	8	6	0
--	--	---	---	---	---	---	---

Deferred Tax Liability 

				7	0	9	7
--	--	--	--	---	---	---	---

##### APPLICATION OF FUNDS:

Net Fixed Assets 

		8	4	1	4	5	4
--	--	---	---	---	---	---	---

Investments 

	4	2	8	5	7	9	1
--	---	---	---	---	---	---	---

Net Current Assets 

	8	9	1	0	4	1	4
--	---	---	---	---	---	---	---

Misc. Expenditure 

					N	I	L
--	--	--	--	--	---	---	---

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

Turnover (Total Income) 

	4	7	3	7	8	8	3
--	---	---	---	---	---	---	---

 Total Expenditure 

	1	3	7	8	8	8	6
--	---	---	---	---	---	---	---

Profit Before Tax 

	3	3	5	8	9	9	8
--	---	---	---	---	---	---	---

 Profit After Tax 

	2	9	5	1	4	3	3
--	---	---	---	---	---	---	---

Earning per Share in Rs. 

			4	4	.	1	8
--	--	--	---	---	---	---	---

 Dividend % 

						2	5
--	--	--	--	--	--	---	---

#### 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



## 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 City Limited			
				For Current	Financial Year	For Previous	Financial Year
				dealt with in the accounts of Akruti City Limited for the year ended March 31, 2008	not dealt with in the accounts of Akruti City Limited for the year ended March 31, 2008	dealt with in the accounts of Akruti City Limited for the year ended March 31, 2007	not dealt with in the accounts of Akruti City Limited for the year ended March 31, 2007
Adhivitiya Properties Limited	31.03.2008	50,000	100 %	(11.38)	—	(4.85)	—
Agreem Properties Limited	31.03.2008	26,580	53.16 %	(0.12)	(0.11)	(0.44)	(0.39)
Akruti Centre Infotech Limited (formerly Akruti Centre Point Infotech Limited)	31.03.2008	47,504	95.01 %	4.38	0.23	1.26	—
Akruti Middle East FZE (Sharjah)	30.11.2008	1	100 %	—	—	—	—
Akruti Warehousing Limited	31.03.2008	50,000	100 %	(8.41)	—	—	—
Arnav Gruh Limited (formerly Arnav Properties Limited)	31.03.2008	50,000	100 %	(4.13)	—	(23.03)	—
Brainpoint Infotech Limited	31.03.2008	44,336	88.67 %	7.22	0.92	(2.40)	(0.31)
Simon Buildcon Private Limited (formerly Devkrupa Consultancy Private Limited)	31.03.2008	9,000	90 %	0.27	0.03	—	—
E Commerce Magnum Solution Limited (formerly E-Commerce Solutions (India) Limited)	31.03.2008	2,50,000	100 %	(6.43)	—	(3.30)	(0.01)
Gujarat Akruti-TCG Biotech Limited	31.03.2008	37,000	74 %	(12.06)	(4.23)	—	—
Infrastructure Ventures India Limited	31.03.2008	25,00,010	50.02 %	(33.19)	(30.61)	—	—
New Empire Realtors Private Limited	31.03.2008	30,000	60 %	(12.65)	(8.42)	—	—
Sheshan Housing and Area Development Engineers Limited	31.03.2008	50,000	100 %	47.41	—	(0.33)	—
TDR Properties Limited	31.03.2008	50,000	100 %	578.79	—	72.77	—
Vaishnavi Builders and Developers Private Limited	31.03.2008	4,300	86 %	(0.17)	(0.02)	(0.066)	(0.011)
Vama Housing Limited (formerly Akulpita Construction Limited)	31.03.2008	50,000	100 %	(49.24)	—	(4.79)	—
Vishal Nirman (India) Limited	31.03.2008	25,510	51.02 %	27.44	26.34	0.18	0.17
Vishal Techno Commerce Limited (formerly Vishal Tech (Civil) Limited)	31.03.2008	50,000	100 %	1.47	—	231.19	0.18



# CONSOLIDATED ACCOUNTS



## CONSOLIDATED AUDITORS' REPORT

### Auditors' Report to the Board of Directors of Akruti City Limited (formerly Akruti Nirman Limited) on the Consolidated Financial Statements of Akruti City Limited

1. We have examined the attached Consolidated Balance Sheet of **AKRUTI CITY LIMITED**, its Subsidiaries, Joint Ventures and its Associates (together referred to as 'the Group') as at 31st March, 2008, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These consolidated financial statements are the responsibility of the management of Akruti City Limited. Our responsibility is to express an opinion on these consolidated 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. (a) The financial statements of thirteen subsidiaries have been audited by Doshi Doshi & Associates, Chartered Accountants which reflect total assets of Rs.2,826,604,447 as at 31st March, 2008 and total revenues of Rs.257,922,975 for the year then ended. The financial statements of one subsidiary have been audited by Dalal & Shah, Chartered Accountants which reflect total assets of Rs.251,049,564 as at 31st March, 2008 and total revenues of Rs.404,194 for the year then ended.
- (b) We did not audit the financial statements of three subsidiaries, which reflect total assets of Rs.290,697,422 as at 31st March, 2008 and total revenues of Rs.Nil for the year then ended. These financial statements 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 these subsidiaries, is based solely on the reports of the other auditors.
- (c) The financial statements of one subsidiary, which reflect total assets of Rs.2,359,405 as at 31st March, 2008 and total revenues of Rs.Nil for the year then ended are compiled by the management and have not been audited.
4. (a) The financial statements of a joint venture have been audited by Doshi Doshi & Associates, Chartered Accountants which reflect total assets of Rs.1,272,343,068 as at 31st March, 2008 and total revenues of Rs.710,500 for the year then ended.
- (b) The financial statements of the remaining Joint Ventures, which reflect total assets of Rs.1,401,749,193 as at 31st March, 2008 and total revenues of Rs.449,157 for the year then ended are compiled by the management and have not been audited.
5. (a) The financial statements of three Associates have been audited by Doshi Doshi & Associates, Chartered Accountants which reflect the Company's share of loss of Rs.559,140 for the year ended 31st March, 2008.
- (b) The financial statements of the remaining Associates, which reflect the Company's share of loss of Rs.322,974 for the year ended 31st March, 2008 are compiled by the management and have not been audited.
6. 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" and on the basis of separate audited / certified financial statements of the Company, its subsidiaries, its joint ventures and its associates.
7. Reference is invited to Note No.7 and Policy No. 1 (VI) in Schedule 'O' to the accounts, relating to change in the accounting policy adopted during the year, in connection with costs incurred for execution of projects undertaken through Associates, etc. Based on legal and accounting opinions, on which we have placed reliance, the Company has decided to carry forward such expenditure, as mentioned in the said policy / note. As a result of such change the profit (before tax) for the year ended 31st March, 2008 is higher by Rs.321,146,631.
8. On the basis of the information and explanations given to us we are of the opinion that, the Consolidated financial statements read together with our comments in para 7 above and the other notes thereon and **subject to the**



**consequential effect, if any, on account of possible adjustments in respect of the financial statements referred to in paras 3 (c), 4 (b) and 5 (b) above, give a true and fair view in conformity with accounting principles generally accepted in India :-**

- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2008;
- (b) 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; and
- (c) in the case of the Consolidated Cash Flow Statement of the consolidated cash flows 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: 2nd July, 2008

For and on behalf of  
**DOSHI DOSHI & ASSOCIATES**  
Chartered Accountants

**VIRAL D. DOSHI**  
Partner  
Membership No.: 105330



## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2008

	Schedule	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	667,000,000	667,000,000
Share Application Money		112,689,100	—
Reserves and Surplus	B	7,182,136,101	4,379,306,215
<b>LOAN FUNDS</b>	C		
Secured Loans		5,520,206,108	2,819,837,726
Unsecured Loans		2,771,744,123	2,058,915,051
		8,291,950,231	4,878,752,777
<b>DEFERRED TAX LIABILITY</b> (Refer Note 5)		6,353,878	1,311,491
<b>MINORITY INTEREST</b>		19,778,955	1,193,240
<b>TOTAL</b>		<b>16,279,908,265</b>	<b>9,927,563,723</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	D		
Gross Block		1,254,549,483	1,035,383,205
Less: Depreciation and Amortisation		212,137,553	144,535,604
Net Block		1,042,411,930	890,847,601
Capital Work-In-Progress		104,710,893	2,670,639
		1,147,122,823	893,518,240
<b>INVESTMENTS</b>	E	2,278,403,324	2,748,797,190
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	F		
Inventories		4,244,856,312	1,584,275,709
Sundry Debtors		1,102,912,661	716,019,462
Cash and Bank Balances		402,839,209	1,333,471,658
Other Current Assets		323,730,271	2,583,640
Loans and Advances		8,926,576,137	3,570,583,758
		15,000,914,590	7,206,934,227
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>	G		
Current Liabilities		1,548,836,280	659,720,336
Provisions		597,696,192	261,965,598
		2,146,532,472	921,685,934
<b>NET CURRENT ASSETS</b>		<b>12,854,382,118</b>	<b>6,285,248,293</b>
<b>TOTAL</b>		<b>16,279,908,265</b>	<b>9,927,563,723</b>
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  
**DOSHI DOSHI & ASSOCIATES**  
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**  
PARTNER

**CHETAN S. MODY**  
COMPANY SECRETARY

**BHARAT MODY**  
CHIEF FINANCE OFFICER

MUMBAI  
Date : 2nd July, 2008

MUMBAI  
Date : 2nd July, 2008



## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	Schedule	Year ended 31st March, 2008 (Rupees)	Year ended 31st March, 2007 (Rupees)
<b>INCOME</b>			
Sales and Income from Operations	H	4,397,537,667	1,894,759,987
Share of Profit from Joint Ventures and Partnership Firms (Net)		52,911,888	—
Other Income	I	307,019,589	91,082,361
<b>TOTAL</b>		<b>4,757,469,144</b>	<b>1,985,842,348</b>
<b>EXPENDITURE</b>			
Cost of Construction	J	2,398,460,232	1,031,530,981
(Increase) / Decrease in Inventories	K	(2,033,355,138)	(459,733,075)
Purchase of Transferable Development Rights (TDR) for Trade		—	34,227,905
Share of Loss from Joint Ventures and Partnership Firms (Net)		—	5,282,840
Employment Cost	L	69,667,214	67,329,247
Administrative, Selling and General Expenses	M	224,653,612	162,618,516
Interest and Finance Charges	N	615,373,621	199,898,232
Depreciation and Amortisation		69,307,432	62,105,971
<b>TOTAL</b>		<b>1,344,106,973</b>	<b>1,103,260,617</b>
<b>PROFIT BEFORE TAX</b>		<b>3,413,362,171</b>	<b>882,581,731</b>
Add/(Less): Provision for Taxation			
- Current Tax		(408,331,157)	(109,269,500)
- Deferred Tax (Refer Note 5)		(8,793,225)	5,039,938
- Fringe Benefit Tax		(1,656,700)	(2,306,200)
- Wealth Tax		(250,000)	(86,000)
<b>PROFIT FOR THE YEAR</b>		<b>2,994,331,089</b>	<b>775,959,969</b>
Add / (Less):			
Short Provision for Taxation in respect of earlier years		(476,327)	(530,336)
Deferred Tax adjustments for earlier years		—	82,494
Prior Period adjustments (Refer Note 10)		1,522,792	4,190,420
Share of Profit / (Loss) from Associate Companies		(882,114)	(758,598)
Minority Interest		847,583	11,918
Pre-acquisition (Profit) / Loss (Net)		2,408,649	(5,767,641)
Goodwill on acquisition written off		(1,696,271)	(967,700)
Reversal of excess profit booked in earlier year		(3,363,700)	—
		<b>2,992,691,701</b>	<b>772,220,526</b>
Add / (Less):			
Balance brought forward from previous year		88,156,339	523,489,311
Capitalised towards issue of Bonus Shares		—	(52,500,000)
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>3,080,848,040</b>	<b>1,243,209,837</b>
<b>Appropriations:</b>			
Interim Dividend		120,063,634	—
Tax on Interim Dividend		20,404,197	—
Proposed Dividend		46,690,000	100,050,000
Tax on Proposed Dividend		7,934,966	17,003,498
Debenture Redemption Reserve		—	1,000,000,000
General Reserve		300,000,000	38,000,000
<b>Balance carried to Balance Sheet</b>		<b>2,585,755,243</b>	<b>88,156,339</b>
<b>Earning per Share of Rs. 10/- each (Basic and Diluted) (Refer Note 9)</b>		<b>44.87</b>	<b>12.65</b>
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  
**DOSHI DOSHI & ASSOCIATES**  
 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**  
 PARTNER

**CHETAN S. MODY**  
 COMPANY SECRETARY

**BHARAT MODY**  
 CHIEF FINANCE OFFICER

MUMBAI  
 Date : 2nd July, 2008

MUMBAI  
 Date : 2nd July, 2008



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008

		2007 - 2008 (Rupees)	
<b>I</b>	<b>CASH FLOW ARISING FROM OPERATING ACTIVITIES :</b>		
	Net Profit before Tax as per Profit and Loss Account		3,413,362,171
	<b>Add / (Deduct) :</b>		
	Interest and Finance Charges	615,373,621	
	Depreciation and Amortisation	69,307,432	
	Dividend from Current Investments	(22,153,831)	
	Profit on Sale of Current Investments	(15,440,542)	
	Interest Income	(231,275,771)	
	Prior Period Adjustments (Net)	1,522,792	
	(Surplus) / Loss on Sale / Discardment of Fixed Assets (Net)	(1,428,130)	
			415,905,571
	Operating Profit before Working Capital Changes		<b>3,829,267,742</b>
	<b>Add / (Deduct) :</b>		
	(Increase) in Inventories	(2,633,534,145)	
	(Increase) in Trade and Other Receivables	(2,127,113,283)	
	(Increase) in Contractual Interests in Projects undertaken by subsidiaries, joint ventures, etc.	(321,146,631)	
	Increase in Trade Payables	549,099,892	
	Direct Taxes Paid	(351,646,394)	
			(4,884,340,561)
	<b>Net Cash Flow in the course of Operating Activities</b>		<b>(1,055,072,819)</b>
<b>II</b>	<b>CASH FLOW ARISING FROM INVESTING ACTIVITIES :</b>		
	<b>Inflow / (Outflow) on account of :</b>		
	Dividend from Current Investments	22,153,831	
	Profit on Sale of Current Investments	15,440,542	
	Interest Income	231,275,771	
	(Increase) in Loans and Advances (Including towards Share Application)	(2,369,555,848)	
	Fixed Assets (Net)	(344,594,093)	
	Minority Interest	18,585,715	
	Long term Investments (Net)	(1,445,803,242)	
	Current Investments (Net)	1,916,197,356	
	<b>Net Cash Flow in the course of Investing Activities</b>		<b>(1,956,299,968)</b>
<b>III</b>	<b>CASH FLOW ARISING FROM FINANCING ACTIVITIES :</b>		
	<b>Inflow / (Outflow) on account of :</b>		
	Increase in Secured Loans	2,705,679,302	
	Increase in Unsecured Loans	712,829,072	
	Share Application Money	112,689,100	
	Interest and Finance Charges	(613,989,336)	
	Dividend Paid	(220,016,532)	
	Tax on Dividend Paid	(37,407,695)	
	Share Issue Expenses	(48,070,926)	
	<b>Net Cash Flow in the course of Financing Activities</b>		<b>2,611,712,985</b>
	<b>Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)</b>		<b>(399,659,802)</b>
	<b>Add: Balance at the beginning of the year</b>		<b>761,090,443</b>
	<b>Cash and Cash Equivalents at the close of the year</b>		<b>361,430,641</b>
	<u>Reconciliation of Cash and Bank Balances given in Schedule F, is as follows :-</u>		
	Cash and Bank Balances		<b>402,839,209</b>
	Less:-		
	- Margin Money Balances		<b>(52,760,653)</b>
	- Fixed Deposits pledged towards Bank Overdraft		<b>—</b>
	<b>Cash and Cash Equivalents at the close of the year</b>		<b>350,078,556</b>

As per our report of even date

For and on behalf of  
**DALAL & SHAH**  
Chartered Accountants

For and on behalf of  
**DOSHI DOSHI & ASSOCIATES**  
Chartered Accountants

For and on behalf of the Board

**HEMANT M. SHAH**  
EXECUTIVE CHAIRMAN

**VYOMESH M. SHAH**  
MANAGING DIRECTOR

**SHISHIR DALAL**  
PARTNER

MUMBAI  
Date: July 2, 2008

**VIRAL D. DOSHI**  
PARTNER

**CHETAN S. MODY**  
COMPANY SECRETARY

MUMBAI  
Date: July 2, 2008

**BHARAT MODY**  
CHIEF FINANCE  
OFFICER



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
125,000,000 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>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
6,67,00,000 Equity Shares of Rs.10/- each fully paid-up	667,000,000	667,000,000
(Of the above, 5,85,00,000 shares allotted as fully paid-up bonus shares, by way of capitalisation of General Reserve and Surplus in Profit and Loss Account. During the previous year the Company allotted 1,20,00,000 Equity Shares as Bonus Shares and 67,00,000 Equity Shares under Initial Public Offer (IPO))		
<b>Per Balance Sheet</b>	<u>667,000,000</u>	<u>667,000,000</u>
<b>SCHEDULE 'B'</b>		
<b>RESERVES AND SURPLUS</b>		
Securities Premium Account	3,241,825,438	—
Balance as per last Account		
Add / (Less) :		
Received during the year	—	3,551,000,000
Share Issue Expenses on IPO (Incurred)/written back	<u>5,205,327</u>	<u>(309,174,562)</u>
	3,247,030,765	3,241,825,438
Debenture Redemption Reserve		
Balance as per last Account	1,000,000,000	—
Add / (Less) :		
Transferred from Profit and Loss Account	—	1,000,000,000
Transferred to General Reserve	<u>(1,000,000,000)</u>	<u>—</u>
	—	1,000,000,000
General Reserve		
Balance as per last Account	38,000,000	67,500,000
Add / (Less) :		
Amount capitalised towards issue of bonus shares	—	(67,500,000)
Transferred from Debenture Redemption Reserve	1,000,000,000	—
Transferred from Profit and Loss Account	<u>300,000,000</u>	<u>38,000,000</u>
	1,338,000,000	38,000,000
	2,585,755,243	88,156,339
Surplus in Profit and Loss Account		
Capital Reserve		
Balance as per last Account	11,324,438	—
Add / (Less) :		
Created during the year	<u>25,655</u>	<u>11,324,438</u>
	11,350,093	11,324,438
<b>Per Balance Sheet</b>	<u>7,182,136,101</u>	<u>4,379,306,215</u>



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>SCHEDULE 'C'</b>		
<b>LOAN FUNDS</b>		
<b>Secured Loans</b>		
a) - (PY.100) Privately Placed Non-Convertible Debentures of Rs. 10,000,000/- each redeemed in equal instalments of Rs. 5,000,000/- each on 13-10-2007 and 13-11-2007 respectively (Interest linked with MIBOR)	—	1,000,000,000
b) Loans from Banks	1,136,611,117	794,630,320
Interest accrued on above	—	5,310,920
	<b>1,136,611,117</b>	<b>799,941,240</b>
c) Loans from Financial Institution and Other Companies	<b>3,080,000,000</b>	<b>220,000,000</b>
d) Loans from Banks against Future Lease Rentals	<b>1,136,192,561</b>	<b>796,716,249</b>
e) Vehicle Loans from Banks (Secured against Vehicles purchased there against)	<b>1,422,332</b>	<b>3,180,237</b>
	<b>5,354,226,010</b>	<b>2,819,837,726</b>
Add : Share in Joint Ventures	<b>165,980,098</b>	<b>—</b>
<b>Per Balance Sheet</b>	<b>5,520,206,108</b>	<b>2,819,837,726</b>
<b>Unsecured Loans</b>		
Fixed Deposits	<b>72,255,000</b>	<b>—</b>
Short Term Loans		
From Body Corporates	<b>1,854,607,406</b>	<b>2,054,999,999</b>
From Others	<b>841,307,204</b>	<b>3,915,052</b>
	<b>2,695,914,610</b>	<b>2,058,915,051</b>
Add : Share in Joint Ventures	<b>3,574,513</b>	<b>—</b>
<b>Per Balance Sheet</b>	<b>2,771,744,123</b>	<b>2,058,915,051</b>

### SCHEDULE 'D'

#### CONSOLIDATED FIXED ASSETS

PARTICULARS	GROSS BLOCK	DEPRECIATION / AMORTISATION	NET BLOCK
	As at 31st March, 2008	Upto 31st March, 2008	As at 31st March, 2008
Freehold Land	795,680	-	795,680
Commercial Premises	14,955,247	1,100,249	13,854,998
Mivan System	14,493,386	1,904,930	12,588,456
Generator	854,341	51,952	802,389
Air Conditioner	2,482,437	571,814	1,910,623
Computer	14,803,043	5,277,498	9,525,545
Office Equipment	6,629,310	1,388,089	5,241,221
Furniture and Fixtures	98,882,366	45,828,491	53,053,875
Vehicles	34,353,585	12,995,553	21,358,032
Plant & Machinery	28,789,043	2,770,736	26,018,307
<b>Total (I)</b>	<b>217,038,438</b>	<b>71,889,312</b>	<b>145,149,126</b>
<b>Leased Assets</b>			
Leasehold Land	430,434,161	28,279,027	402,155,134
Commercial Premises	516,085,930	70,360,736	445,725,194
Furniture and Fixtures	89,190,984	41,513,150	47,677,834
<b>Total (II)</b>	<b>1,035,711,075</b>	<b>140,152,913</b>	<b>895,558,162</b>
<b>TOTAL (I + II)</b>	<b>1,252,749,513</b>	<b>212,042,225</b>	<b>1,040,707,288</b>
Add: Share in Joint Venture	1,799,970	95,328	1,704,642
<b>GRAND TOTAL</b>	<b>1,254,549,483</b>	<b>212,137,553</b>	<b>1,042,411,930</b>
Previous Year	1,035,383,205	144,535,604	890,847,601
Capital Work-in-Progress (Including expenditure on development of Software (Intangible))			<b>104,710,893</b>

Note : 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 (IV)).



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>SCHEDULE 'E'</b>		
<b>INVESTMENTS (Unquoted) (Trade, unless otherwise specified)</b>		
Long term Investments (At cost)		
<b>I) Subsidiary Companies (Fully paid Equity Shares)</b>		
a) 47504 Equity Shares of Rs.10/- each (PY. 50000 Equity Shares of Rs 10/- each) <b>Akruti Center Infotech Limited (formerly Akruti Centre Point Infotech Limited)</b>	731,310	756,270
b) 44336 Equity Shares of Rs.10/- each (PY. 44336 Equity Shares of Rs 10/- each) <b>Brainpoint Infotech Limited</b>	443,360	443,360
	<b>1,174,670</b>	<b>1,199,630</b>
<b>II) Other Companies (Fully paid Shares / Debentures)</b>		
<b>A. Associate Companies</b>		
a) Current Year Subsidiary (PY.1,666,520 Equity Shares of Rs.10/- each) <b>Infrastructure Ventures India Limited</b> Share of Current Profit / (Loss)	— —	16,665,200 (1,046,048)
b) 25,000 Equity Shares of Rs.100/- each (PY.25,000 Equity Shares of Rs.100/- each) <b>Joyous Housing Limited (formerly Mangal Shruti Gruh Nirmiti Limited)</b> Share of Accumulated Reserves / Profit / (Loss) Share of Current Profit / (Loss) (includes Goodwill Rs. 149,391/-)	2,500,000 431,004 (1,826,799)	2,500,000 — 431,004
	<b>1,104,205</b>	<b>2,931,004</b>
c) 4890 Equity Shares of Rs.10/- each (PY. 4890 Equity Shares of Rs. 10/- each) <b>Gallant Infotech Private Limited</b>	48,900	48,900
d) 8000 Equity Shares of Rs.10/- each (PY. 8000 Equity Shares of Rs.10/- each) <b>Pristine Developers Private Limited</b> Share of Accumulated Reserves / Profit / (Loss) Share of Current Profit / (Loss)	80,000 (80,000) —	80,000 (80,000) —
e) 659,997 Equity Shares of Rs.10/- each (PY. 50160 Equity shares of Rs. 10/- each) <b>DLF Akruti Info Parks (Pune) Limited</b> Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss) (includes Goodwill Rs. 40,764/-)	6,599,970 (65,300) 1,267,658	501,600 (1,746) (63,554)
	<b>7,802,328</b>	<b>436,300</b>
f) 3191 Equity Shares of Rs.10/- each (PY. Nil) <b>Chaitra Realty Limited</b> Share of Current Profit / (Loss) (includes Goodwill Rs. 878,745,017/-)	879,506,652 — <b>879,506,652</b>	— — <b>—</b>
<b>c/f</b>	<b>889,636,755</b>	<b>20,234,986</b>



**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)**

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
	889,636,755	20,234,986
<b>b/f</b>		
g) 24,500 Equity Shares of Rs 10/- each (P.Y. Nil) <b>Akruti Security Plates Private Limited</b>	4,900,000	—
Share of Current Profit / (Loss) (Includes Goodwill Rs. 5,869,071/-)	(330,919)	—
	4,569,081	—
h) 10,208 Cumulative Convertible Preference Shares of Rs.100/- each (P.Y. Nil) <b>Akruti Security Plates Private Limited</b>	1,020,800	—
i) 3333 Equity Shares of Rs.100/- each (P.Y. Nil) <b>Muttha Realty Private Limited</b>	333,300	—
Share of Current Profit / (Loss)	37,952	—
	371,252	—
j) 33,330 Equity Shares of Rs.10/- each (P.Y. Nil) <b>Broadway Integrated Park Private Limited</b>	333,300	—
Share of Current Profit / (Loss)	(943)	—
	332,357	—
k) 100,000 Equity Shares of Rs.10/- each (P.Y. Nil) <b>Zeus Infrastructure Private Limited</b>	1,000,000	—
Share of Current Profit / (Loss) (Includes Goodwill Rs. 148,224/-)	(29,064)	—
	970,936	—
	7,264,426	—
<b>B. Others</b>		
a) 693,800 Equity Shares of Rs 10/- each <b>Citygold Investments Private Limited</b>	6,938,000	6,938,000
b) 240 Equity Shares of Rs.100/- each <b>Citygold Management Services Private Limited</b>	24,000	24,000
c) 37815 Equity Shares of Rs.10/- each <b>Janakalyan Sahakari Bank Limited</b>	378,150	378,150
d) 3616 'A' Class Equity Shares of Rs.500/-each <b>Dharni Properties Private Limited</b>	1,807,750	1,807,750
e) 6000 'B' Class Equity Shares of Rs.50/- each <b>Akruti Niharika Buildings Limited</b>	300,000	300,000
f) Current Year Associate, (P.Y. 24500 Equity Shares of Rs 10/- each) <b>Akruti Security Plates Private Limited</b>	—	1,800,000
g) 25 Equity Shares of Rs.29/- each and 125 Equity Shares of Rs.25/- each <b>Shamrao Vithal Co-operative Bank Limited</b>	3,850	3,850
h) 250,000 Optionally Convertible Debentures of Rs.5000 each. (P.Y. Nil) <b>Netzone Developers Private Limited</b>	1,250,000,000	—
	1,259,451,750	11,251,750
<b>III) In Capital of Partnership Firms / Joint Ventures (Net of Contribution outstanding)</b>	90,000,000	769,062,705
<b>IV) Mutual Funds (Other than trade)</b>		
100000 Units (P.Y. Nil) of Principal PNB Long Term Equity Fund of Rs.10/- each (3 Year Plan) (NAV : Rs. 972,000/-)	1,000,000	—
<b>Sub-total Long Term</b>	2,247,352,931	800,549,441
<b>c/f</b>	2,247,352,931	800,549,441



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)

b/f	31st March, 2008 (Rupees) 2,247,352,931	31st March, 2007 (Rupees) 800,549,441
<b>Current Investments (Other than Trade) (At lower of cost and fair value) In Mutual Funds (Units of Rs. 10/- each)</b>		
<b>a) Dividend Option (Units of Rs.10/- each, unless otherwise specified)</b>		
(PY.164,418) Units of Birla Cash Plus-Instl. Premium-Daily Dividend (PY.NAV:Rs 1,647,385/-)	—	1,647,385
11,034,959 Units of HSBC Cash Fund-Institutional Plan (NAV: Rs. 11,034,962/-)	11,034,962	—
119,584,463 Units of HSBC Cash Fund-Instl. Plus Daily Dividend (NAV: Rs 1,196,514,303/-)	—	1,196,514,303
2,001,523.10 (PY. Nil) Units of Fidelity Mutual Fund Daily Dividend Plan (NAV: Rs 20,015,431/-)	20,015,431	—
	<b>31,050,393</b>	1,198,161,688
<b>b) Growth Option (Units of Rs.10/- each, unless otherwise specified)</b>		
(PY. 27,064,088) Units of ING Vysya Liquid Fund Super Institutional Growth Option (PY. NAV : Rs. 301,756,459/-)	—	300,000,000
(PY.25,000,000) Units of Reliance Fixed Horizon Fund II-Quarterly Plan-Series V-Institutional Growth Plan (PY. NAV : Rs. 251,572,500/-)	—	250,000,000
(PY.17,168,138) Units of Principal Floating Rate Fund-FMP-Institutional Option-Growth Plan (PY. NAV : Rs. 201,214,011/-)	—	200,086,061
	—	750,086,061
<b>Sub-total Current</b>	<b>31,050,393</b>	1,948,247,749
<b>Per Balance Sheet</b>	<b>2,278,403,324</b>	2,748,797,190
 <b>SCHEDULE 'F'</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>INVENTORIES (As taken, valued and certified by the Management) (Refer Note 1(V))</b>		
<b>Stock-in-trade</b>		
Floor Space Index (FSI)	66,751,046	323,427,301
Incomplete projects (includes Rs.604,768,606/- cost of Goodwill on acquisition representing value of Land/Rights)	2,919,301,899	1,006,692,079
Finished Properties	131,360,707	254,156,329
	3,117,413,652	1,584,275,709
Add : Share in Joint Ventures	1,127,442,660	—
	<b>4,244,856,312</b>	1,584,275,709
<b>SUNDRY DEBTORS (Unsecured, Considered Good)</b>		
Debts outstanding for a period exceeding six months	33,596,732	20,477,478
Other Debts	1,065,939,958	695,541,984
	1,099,536,690	716,019,462
Add : Share in Joint Ventures	3,375,971	—
	<b>1,102,912,661</b>	716,019,462
<b>c/f</b>	<b>5,347,768,973</b>	2,300,295,171



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)

	31st March, 2008 (Rupees)	31st March, 2007 (Rupees)
<b>b/f</b>	<b>5,347,768,973</b>	<b>2,300,295,171</b>
<b>CASH AND BANK BALANCES</b>		
Cash on hand	2,461,113	1,614,683
Bank balances with Scheduled Banks		
- in Current Accounts	197,209,734	136,555,590
- in Deposit Accounts		
*(including Interest accrued thereon)	118,889,120	1,172,920,170
- in Margin Money Accounts	52,760,653	22,381,215
* includes Rs. Nil (PY.Rs 550,000,000/-) pledged as security towards Bank Overdraft		
	<u>371,320,620</u>	<u>1,333,471,658</u>
Add : Share in Joint Ventures	31,518,589	—
	<b>402,839,209</b>	<b>1,333,471,658</b>
<b>OTHER CURRENT ASSETS</b>		
Contractual Interests in Projects executed through Associates, etc. (Refer Note 7)	321,146,631	—
Income Tax Refund	2,583,640	2,583,640
	<b>323,730,271</b>	<b>2,583,640</b>
<b>LOANS AND ADVANCES (Unsecured, Considered Good)</b>		
Loans to Employees (interest free)	314,228	26,624
Loans and Advances to Others	1,304,614,935	163,608,577
Advance towards Share Application	1,576,019,406	347,469,916
Advance recoverable in cash or in kind or for value to be received (Including advance against Land/Rights)	4,401,891,336	2,895,657,455
Taxes paid / deducted at source	502,912,522	163,821,186
	<u>7,785,752,427</u>	<u>3,570,583,758</u>
Add : Share in Joint Ventures	1,140,823,710	—
	<b>8,926,576,137</b>	<b>3,570,583,758</b>
<b>Per Balance Sheet</b>	<b>15,000,914,590</b>	<b>7,206,934,227</b>
<b>SCHEDULE 'G'</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A) CURRENT LIABILITIES</b>		
Sundry Creditors	296,529,200	253,865,545
Advances from customers	847,337,209	265,590,224
Overdrawn Bank Balances as per books of accounts	1,836,627	62,755,442
Other Liabilities	310,364,296	69,822,824
Interest accrued but not due on loans	14,381,506	7,686,301
	<u>1,470,448,838</u>	<u>659,720,336</u>
Add : Share in Joint Ventures	78,387,442	—
	<b>1,548,836,280</b>	<b>659,720,336</b>
<b>B) PROVISIONS</b>		
Income Tax	535,615,511	141,991,800
Fringe Benefit Tax	4,568,830	2,834,300
Wealth Tax	250,000	86,000
Proposed Dividend	46,690,000	100,050,000
Tax on Proposed Dividend	7,934,966	17,003,498
	<u>595,059,307</u>	<u>261,965,598</u>
Add : Share in Joint Ventures	2,636,885	—
	<b>597,696,192</b>	<b>261,965,598</b>
<b>Per Balance Sheet</b>	<b>2,146,532,472</b>	<b>921,685,934</b>



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

	Year ended 31st March, 2008 (Rupees)	Year ended 31st March, 2007 (Rupees)
<b>SCHEDULE 'H'</b>		
<b>SALES AND INCOME FROM OPERATIONS</b>		
Sale of Properties / Rights	4,093,130,435	1,686,051,701
Sale of Transferable Development Rights (TDR) (Traded)	—	37,458,720
Income from premises given on lease	304,265,961	171,249,566
	<u>4,397,396,396</u>	<u>1,894,759,987</u>
Add : Share in Joint Ventures	141,271	—
<b>Per Profit and Loss Account</b>	<u><u>4,397,537,667</u></u>	<u><u>1,894,759,987</u></u>
 <b>SCHEDULE 'I'</b>		
<b>OTHER INCOME</b>		
Dividend from Current Investments	22,153,831	20,566,310
Profit on sale of Current Investments	15,440,542	1,637,241
Royalty received	—	2,000,000
Interest		
- Loans	219,604,435	31,039,358
- Bank Fixed Deposits	20,249,486	17,912,457
- Others	6,329,140	9,551,327
	<u>246,183,061</u>	<u>58,503,142</u>
Less : Interest on loan of earlier year reversed	14,907,290	—
	<u>231,275,771</u>	<u>58,503,142</u>
Surplus on sale / discardment of Fixed Assets (Net)	1,428,130	—
Gain on Foreign Currency fluctuation (Net)	1,759,461	3,420
Liquidated damages received	20,196,230	—
Miscellaneous Income	14,323,265	8,372,248
	<u>306,577,230</u>	<u>91,082,361</u>
Add : Share in Joint Ventures	442,359	—
<b>Per Profit and Loss Account</b>	<u><u>307,019,589</u></u>	<u><u>91,082,361</u></u>
 <b>SCHEDULE 'J'</b>		
<b>COST OF CONSTRUCTION</b>		
Construction Cost incurred during the year	1,819,870,038	1,060,216,732
Less: Transferred to 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))	27,046,458	47,730,051
	<u>1,846,916,496</u>	<u>1,031,530,981</u>
Add : Share in Joint Ventures	551,543,736	—
<b>Per Profit and Loss Account</b>	<u><u>2,398,460,232</u></u>	<u><u>1,031,530,981</u></u>



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

### SCHEDULE 'K'

#### (INCREASE) / DECREASE IN INVENTORIES

##### Opening Inventory

	Year ended 31st March, 2008 (Rupees)	Year ended 31st March, 2007 (Rupees)
Floor Space Index (FSI)	323,427,301	336,415,728
Transferable Development Rights (TDR)	—	68,318,634
Incomplete Projects *	1,085,324,338	643,056,598
Finished Properties	254,156,329	177,094,493
	<u>1,662,907,968</u>	<u>1,224,885,453</u>
Less: Cancellation of TDR purchased in earlier year	—	68,318,634
Less: Transferred to Fixed Assets Schedule (Refer Note 1(V) (B))	—	32,024,185
Less: Advance Against FSI regrouped	<u>1,888,447</u>	<u>—</u>
	<u>1,661,019,521</u>	<u>1,124,542,634</u>

\* Includes Rs.78,632,259/- of Infrastructure Ventures India Limited, a subsidiary acquired during the current year

##### Closing Inventory

Floor Space Index (FSI)	66,751,046	323,427,301
Incomplete Projects	2,919,301,899	1,006,692,079
Finished Properties	<u>131,360,707</u>	<u>254,156,329</u>
	<u>3,117,413,652</u>	<u>1,584,275,709</u>
(Increase) / Decrease in Inventories	(1,456,394,131)	(459,733,075)
Add : Share in Joint Ventures	(576,961,007)	—
<b>Per Profit and Loss Account</b>	<u>(2,033,355,138)</u>	<u>(459,733,075)</u>

### SCHEDULE 'L'

#### EMPLOYMENT COST

Salaries, Bonus etc.	153,143,000	62,243,745
Contribution to Provident and Other Funds	11,897,424	3,909,977
Staff Welfare Expenses	5,377,985	961,139
Other Fund Expenses	<u>482,602</u>	<u>214,386</u>
	<u>170,901,011</u>	<u>67,329,247</u>
Less: Cost allocated to Contractual Interests in Projects executed through Associates, etc. (Refer Note 7)	<u>101,233,797</u>	<u>—</u>
	<u>69,667,214</u>	<u>67,329,247</u>
<b>Per Profit and Loss Account</b>	<u>69,667,214</u>	<u>67,329,247</u>



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

	Year ended 31st March, 2008 (Rupees)	Year ended 31st March, 2007 (Rupees)
<b>SCHEDULE 'M'</b>		
<b>ADMINISTRATIVE, SELLING AND GENERAL EXPENSES</b>		
Insurance	4,693,267	2,772,610
Rent	5,246,967	1,030,000
Rate & Taxes	11,572,814	—
Advertisement	35,466,885	18,501,574
Advances and other debit balances written off	188,913	143,080
Donation	8,386,000	15,972,420
Brokerage	5,643,744	24,985,590
Director Fees and Travelling Expenses	1,340,486	1,093,322
Commission to Non Executive Directors	2,000,000	—
Repairs and Society Maintenance Charges	40,743,788	16,904,295
Legal and Professional Fees	77,272,275	32,800,133
Other Expenses	79,296,008	41,102,620
Loss on sale / discardment of Fixed Assets (Net)	—	7,307,394
Liquidated Damages	70,168,000	—
Miscellaneous Expenditure written off	—	5,478
	<u>342,019,147</u>	<u>162,618,516</u>
Less: Cost allocated to Contractual Interests in Projects executed through Associates, etc. (Refer Note7)	<u>118,171,040</u>	<u>—</u>
	<b>223,848,107</b>	<b>162,618,516</b>
Add : Share in Joint Ventures	<b>805,505</b>	<b>—</b>
<b>Per Profit and Loss Account</b>	<u><b>224,653,612</b></u>	<u><b>162,618,516</b></u>
<b>SCHEDULE 'N'</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest		
- Debentures	52,192,865	34,216,436
- Fixed Loans	442,859,127	143,944,520
- Interest Others	55,096,926	8,200,344
Loan Processing Fees and Other Finance Charges	166,956,389	13,536,932
	<u>717,105,307</u>	<u>199,898,232</u>
Less: Cost allocated to Contractual Interests in Projects executed through Associates, etc. (Refer Note7)	<u>101,741,794</u>	<u>—</u>
	<b>615,363,513</b>	<b>199,898,232</b>
Add: Share in Joint Ventures	<b>10,108</b>	<b>—</b>
<b>Per Profit and Loss Account</b>	<u><b>615,373,621</b></u>	<u><b>199,898,232</b></u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2008.

### SCHEDULE 'O'

#### A. PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements relate to Akruti City Limited ('the Company') and its Subsidiary Companies, Associates and Joint Ventures. The Consolidated Financial Statements have been prepared on the following basis :

- (i) 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.
- (ii) 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.
- (iii) Investment in Joint Ventures have been accounted under the proportionate consolidation method as per Accounting Standard AS-27 – Financial Reporting of Interests in Joint Ventures.
- (iv) 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 the same is written off in the year in which it arises. However, where goodwill arising on consolidation of entities acquired by the Group represent value of land / rights held by such entities, the same is considered as cost of construction and accordingly treated as part of cost of inventory of the group.
- (v) The difference between the proceeds from disposal of investment in a Subsidiary and the carrying amount of its assets less liabilities as on 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.
- (vi) Intra-group balances and intra-group transactions and resulting unrealized profits have been eliminated.
- (vii) 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.
- (viii) The Company has investments in Brainpoint Infotech Limited and Akruti Center Infotech Limited (formerly Akruti Centre Point Infotech Limited) where the shareholdings exceed 50%. The same are in the nature of temporary investments and have therefore, not been considered for consolidation.
- (ix) The Company has an investment in M/s Gallant Infotech Private Limited where the shareholding exceeds 20 %. The same is in the nature of temporary investment and has therefore, not been considered as an associate for the purpose of Accounting Standard AS-23.

B. Investments other than in Subsidiaries, Associates and Joint Ventures, 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:

<b>Name of the Subsidiaries</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest</b>
Adhivitiya Properties Limited	India	100.0%
Agreem Properties Limited	India	53.16%
Akruti Warehousing Limited	India	100.00%
Arnav Gruh Limited (formerly Arnav Properties Limited)	India	100.00%
Simon Buildcon Private Limited (formerly Devkrupa Consultancy Private Limited)	India	90.00%



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

E Commerce Magnum Solution Limited (formerly E Commerce Solutions (India) Limited)	India	100.00%
Gujarat Akruiti – TCG Biotech Limited	India	74.00%
Infrastructure Ventures India Limited (Associate in Previous Year)	India	50.02%
New Empire Realtors Private Limited	India	60.00%
Sheshan Housing & Area Development Engineers Limited	India	100.00%
TDR Properties Limited	India	100.00%
Vaishnavi Builders & Developers Private Limited	India	86.00%
Vama Housing Limited (formerly Akulpita Construction Limited)	India	100.00%
Vishal Nirman (India) Limited	India	51.02%
Vishal Techno Commerce Limited (formerly Vishal Tech (Civil) Limited)	India	100.00%
Hiemo Builders and Developers Private Limited	India	100.00%
Khem Buildcon Private Limited	India	100.00%
Akruti Middle East (FZE)	Sharjah	100.00%

The audited financial statements of the Subsidiaries except for Akruiti Middle East (FZE) used in consolidation have been drawn upto the same reporting date as that of the parent company.

D. The significant Associate Companies and Joint Ventures considered in the consolidated financial statements are :

Name	Country of Incorporation	Proportion of ownership interest
<b><u>Associates:</u></b>		
DLF Akruiti Info Parks (Pune) Limited (*)	India	33.00%
Joyous Housing Limited (formerly Mangal Shruti Gruh Nirmiti Limited) (*)	India	25.00%
Chaitra Realty Limited (*)	India	31.90%
Akruti Security Plates Private Limited	India	36.24%
Broadway Integrated Park Private Limited	India	33.33%
Muttha Realty Private Limited	India	33.33%
Pristine Developers Private Limited	India	40.00%
Zeus Infrastructure Private Limited	India	33.33%
<b><u>Joint Ventures:</u></b>		
Akruti Chandan JV	India	50.00%
Akruti GM JV	India	77.00%
Hiranandani Akruiti JV	India	50.00%
Niharika Shopping Mall JV (*)	India	50.00%
Akruti P. Kumar JV	India	50.00%
Akruti SMC JV	India	50.00%
Aarti Projects and Constructions	India	33.00%



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

Akruti Kailash Constructions	India	50.00%
Akruti Steelfab Corporation	India	50.00%
Jairaj Developers – Unit 9	India	66.66%
Gandhi Adhivitya Combine	India	45.00%

(\*)Consolidated as per Audited Accounts

The financial statements of Associate Companies and Joint Ventures used in consolidation have been drawn for the period 1st April, 2007 to 31st March, 2008 on the basis of books of account which are subject to audit except for those indicated otherwise. These financial statements are certified by the management for the purpose of consolidation.

### 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 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.

- 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008 (CONTD.)

### B. Profit / Loss from Partnership Firms / Joint Ventures:

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 may be.

### 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).
- B. Depreciation 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 AS-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.

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

### VI. CONTRACTUAL INTERESTS IN PROJECTS EXECUTED THROUGH ASSOCIATES, ETC.

Costs incurred by the Company allocable / attributable for execution of development projects undertaken through its Associates, etc. are carried at Cost or Net Realisable Value, whichever is lower. Such costs incurred for execution of these projects are carried as "Contractual interests in projects executed through Associates, etc." under Current Assets. The manner of allocation of costs to such projects and the basis / principles applicable for recognition of such costs are same as that of costs incurred for the Company's own development projects. Reference is invited to Note 7.

### VII. 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.

### VIII. EMPLOYEE BENEFITS

A. Short term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered;

B. Post Employment Benefits :

#### i. Defined contribution plans:

Company's contribution to State governed Provident Fund Scheme is recognised during the year in which the related service is rendered;

#### ii. Defined benefit plans:

The present value of the gratuity obligation is determined based on an actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognised immediately in the Profit and Loss Account. In the case of gratuity which is funded with the Life Insurance Corporation of India, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plan to recognise the obligation on net basis;

C. Termination Benefits are recognised as an expense in the Profit and Loss Account of the year in which they are incurred.

### IX. BORROWING COSTS

Interests and other borrowing costs attributable to qualifying assets (including projects undertaken for sale by the Company directly or through its Subsidiaries, Joint Ventures, etc.) 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.

### X. SHARE ISSUE EXPENSES

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

### XI. FOREIGN CURRENCY TRANSACTIONS

A. All transactions in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

B. Monetary assets and 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008 (CONTD.)

### XII. PREMISES TAKEN ON LEASE

For premises taken on lease, lease rentals payable are charged to revenue.

### XIII. 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 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 reassure realization.

### XIV. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

## 2. Related party disclosures

### A) NAMES OF RELATED PARTIES AND DESCRIPTION OF RELATIONSHIP:

#### I. SUBSIDIARIES

Akruti Center Infotech Limited (formerly Akruti Centre Point Infotech Limited)

Brainpoint Infotech Limited

#### II. ASSOCIATE COMPANIES AND JOINT VENTURES (JV) / PARTNERSHIP FIRMS

DLF Akruti Info Parks (Pune) Limited

Joyous Housing Limited (formerly Mangal Shruti Gruh Nirmiti Limited)

Chaitra Realty Limited

Akruti Security Plates Private Limited

Gallant Infotech Private Limited

Muttha Realty Private Limited

Pristine Developers Private Limited

Zeus Infrastructure Private Limited

Aarti Projects and Constructions

Akruti Chandan JV

Akruti Kailash Constructions

Akruti Steelfab Corporation

Hiranandani Akruti JV

Jairaj Developers – Unit 9

Niharika Shopping Mall JV



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (CONTD.)

### III. OTHER PARTIES WHERE RELATIONSHIP OF CONTROL EXISTS

Akruti SMC JV  
Suraksha Realtors  
Gandhi Adhivitya Combine

### IV. KEY MANAGEMENT PERSONNEL

Mr. Hemant M. Shah, Executive Chairman  
Mr. Vyomesh M. Shah, Managing Director  
Mr. Madhukar B. Chobe, Wholetime Director  
Mr. Hemant Gulati  
Mr. Ravindra Kamat

### V. RELATIVES OF KEY MANAGEMENT PERSONNEL

Mrs. Kunjal H. Shah  
Mrs. Falguni V. Shah  
Mrs. Lata M. Shah  
Mr. Rushank V. Shah  
Mr. Khilen V. Shah  
Master Kushal H. Shah  
Mr. Hemant M. Shah – Karta, Hemant M. Shah HUF  
Mr. Vyomesh M. Shah – Karta, Vyomesh M. Shah HUF  
Mr. Hemant M. Shah – Karta, Mahipatray V. Shah HUF

### VI. ENTERPRISES WHERE KEY MANAGERIAL PERSONNEL OR THEIR RELATIVES EXERCISE SIGNIFICANT INFLUENCE

Citygold Investments Private Limited  
Citygold Management Services Private Limited  
Akruti Campus of Research and Education Private Limited  
Akruti City Farming Private Limited  
Akruti City Knowledge Private Limited  
Akruti City Venture Capital Management Private Limited  
Akruti City Venture Capital Private Limited  
Akruti Guestline Private Limited  
Akruti SEZ (Pune) Private Limited  
Akruti SEZ (Thane) Private Limited  
Buildbyte.com (India) Private Limited  
Citygold Education Research Limited  
Citygold Farming Private Limited  
Ichha Constructions Private Limited  
Nutritious Agro Foods Limited  
Roopkala Pictures Private Limited  
Sanskriti Developers Private Limited

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008 (CONTD.)

### 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	— (—)	4,117,643,565 (1,678,609)	35,100,915 (55,851,330)	200,000 (103,755,183)	1,059,211,592 (52,347,100)
ii.	Loans and Advances given/repaid/adjusted	— (—)	3,055,740,905 (72,765,642)	164,268,929 (58,546,825)	200,000 (95,190,824)	1,119,495,614 (56,181,984)
iii.	Interest received	— (—)	208,410,926 (10,087,229)	6,317,141 (8,828,391)	— (74,015)	7,318,103 (—)
iv.	Interest paid	— (—)	— (—)	— (—)	— (—)	19,885,384 (—)
v.	Advance against share application	— (—)	— (39,634,691)	— (—)	— (283,778,213)	1,331,412,000 (—)
vi.	Advance against share application adjusted	— (—)	39,634,691 (—)	— (—)	— (—)	— (—)
vii.	Services received/availed	18,549,736 (8,808,616)	1,001,588 (1,403,039)	— (—)	— (22,433,897)	28,048,023 (—)
viii.	Supervision/maintenance charges received	— (—)	— (—)	— (—)	— (18,000)	— (—)
ix.	Rent received	— (—)	— (—)	— (—)	— (7,853,828)	14,133,628 (—)
x.	Rent paid	— (—)	— (—)	— (—)	— (840,000)	600,000 (—)
xi.	Royalty received	— (—)	— (—)	— (—)	— (2,000,000)	— (—)
xii.	Directors' Remuneration	— (—)	— (—)	— (—)	— (—)	41,086,000 (16,459,000)
xiii.	Directors' Sitting Fees	— (—)	— (—)	— (—)	— (—)	— (100,000)
xiv.	Purchase of TDR/Project/ Materials	— (—)	339,036 (—)	478,891 (—)	— (—)	— (—)
xv.	Sale of Finished Properties/FSI/ Material	— (—)	262,670 (—)	12,035,405 (—)	— (—)	— (3,776,715)
xvi.	Investments made	— (—)	890,929,822 (—)	430,815,863 (698,029,041)	— (1,200,000)	— (—)
xvii.	Investments withdrawn (at cost)	24,960 (—)	204,000 (—)	— (118,624,971)	— (—)	— (—)
xviii.	Share of Profit from Partnerships/Joint Ventures	— (—)	— (—)	55,871,455 (8,919,388)	— (—)	— (—)
xix.	Share of Loss from Partnerships/Joint Ventures	— (—)	— (—)	2,004,216 (13,579,265)	— (—)	— (—)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008 (CONTD.)

### B) Transactions with Related Parties: (contd.)

(Rupees)

Sr. No.	Nature of transaction	Subsidiary Companies	Associate Companies	Joint Ventures/ Partnership Firms	Other parties where control exists	Key Management Personnel (including relatives)
xx.	Payments made on behalf of third parties	— (—)	— (—)	— (—)	— (1,075,000)	225,875 (—)
xxi.	Collateral security given against loan availed by Company	Amount not quantifiable	— (—)	— (—)	— (—)	Amount not quantifiable
xxii.	Deposit received	— (—)	— (—)	— (—)	— (—)	69,500,000 (—)
xxiii.	Deposit paid	— (—)	— (—)	— (—)	— (—)	12,000,000 (—)
xxiv.	Balances Outstanding					
	Receivable	— (29,673)	1,042,739,901 (164,236,509)	160,799,012 (60,419,351)	— (290,064,873)	1,412,313,941 (—)
	Payable	— (—)	339,036 (—)	478,891 (49,537)	— (1,117,160)	95,979,539 (—)

Previous Year Figures are given in brackets.

3. The details of investments made in capital of Partnership Firms as on 31<sup>st</sup> March, 2008 are as under:

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

Name of the Partners	Share of Partner	Capital (Rupees)
A) Akruti City Limited	55.00 %	2,878,736
B) Steelfab Turnkey Projects Limited	45.00 %	2,575,847
<b>Total</b>	<b>100.00 %</b>	<b>5,454,583</b>

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

Name of the Partners	Share of Partner	Capital (Rupees)
A) Akruti City 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
<b>Total</b>	<b>100.00 %</b>	<b>100,000</b>

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

Name of the Partners	Share of Partner	Capital (Rupees)
A) Akruti City Limited	33.00 %	101,354
B) Dilip Shingarpure	9.00 %	27,642
C) Surendra Sanas	33.00 %	101,352
D) Madhav Patankar	25.00 %	76,783
<b>Total</b>	<b>100.00 %</b>	<b>304,131</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008 (CONTD.)

### IV) M/s. Jairaj Developers – Unit 9

Name of the Partners		Share of Partner	Capital (Rupees)
A)	Akruti City Limited	66.66%	1,066,600,000
B)	Jayant Hiralal Shah	15.00%	—
C)	Malav Jayant Shah	15.00%	—
D)	Jignesh Gunwant Gopani	3.34%	—
<b>Total</b>		<b>100.00 %</b>	<b>1,066,600,000</b>

### V) M/s. Gandhi Adhivitiya Combine :

Name of the Partners		Share of Partner	Capital (Rupees)
A)	Adhivitiya Properties Limited	45.00%	35,751,190
B)	Rajendra Gandhi	10.00%	925,000
C)	Ajitkumar Gandhi	10.00%	925,000
D)	Kirankumar Gandhi	10.00%	925,000
E)	Kiritkumar Gandhi	10.00%	925,000
F)	Forefront Property Developers (P) Ltd	10.00%	—
G)	Hemanti Dilip Parekh	5.00%	—
<b>Total</b>		<b>100.00 %</b>	<b>39,451,190</b>

### 4. Interests in Joint Ventures are as under:

Name of the Joint Ventures		Share of Interest
I)	M/s. Hiranandani Akruti JV	55 %
II)	M/s. Niharika Shopping Mall JV	50 %
III)	M/s. Akruti GM JV	50 %
IV)	M/s. Akruti Chandan JV	50%
V)	M/s. Akruti P. Kumar JV	64%
V)	M/s. Akruti SMC JV	50%

### 5. Deferred taxation for the year ended 31<sup>st</sup> March, 2008:

(Rupees)

Particulars		31st March, 2007	Charge/(Credit) During the year	31st March, 2008
Deferred Tax Liability/(Asset) on account of				
I)	Depreciation	2,085,544	5,026,942	<b>7,112,486</b>
II)	Unabsorbed Business Loss and Depreciation	(3,710,966)	2,952,358	<b>(758,608)</b>
III)	Expenses allowable for Tax purpose in subsequent year(s)	(813,925)	813,925	—
<b>Net Deferred Tax Liability / (Asset)</b>		<b>(2,439,347)*</b>	<b>8,793,225*</b>	<b>6,353,878</b>

\* includes Rs.3,750,838/- deferred tax asset as at 31<sup>st</sup> March, 2007 and charge during the year in respect of Infrastructure Ventures India Limited, a subsidiary acquired during the current year.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2008 (CONTD.)

6. 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 account.
7. The Company carries out development activities on its own as also through various projects that are executed / undertaken through its Associates, etc. The development activities through Associates, etc. have increased substantially during the year, which would henceforth continue to grow. The Company incurs substantial costs (including borrowing costs) for execution of such projects which are, on a reasonable basis, allocated to these projects on the same basis / principles as that of allocation of expenditure to its own development projects.

The Company hitherto recognised such expenditure in the Profit and Loss Account in the year in which the expenses were incurred as the proportion of such projects was not significant. During the year, based on a legal and accounting opinion, the Company has decided to carry forward such expenditure, to be recognised in the Profit and Loss Account in subsequent year(s), on the same basis / principles applicable to its own development projects.

As a result of such change, the profit (before tax) for the year ended 31st March, 2008 is higher by Rs.321,146,631/-. The effect of such change on the financial statements of subsequent financial years can only be ascertained during those respective years.

8. The consolidated financial statements present the consolidated accounts of the Company with its Subsidiaries, Joint Ventures and Associates, which incorporate Akruti Warehousing Limited (AWL) a subsidiary of the Company that is yet to commence commercial operations. The operations of this Subsidiary would fall within a segment separate from the existing one of builders and developers. However, consolidated segment information would be given once AWL commences operations. Further, the Group operates within a single geographical segment.
9. Earning per share:

Particulars		2007-2008	2006-2007
Net Profit as per Profit and Loss Account available for Equity Shareholders	in Rs.	<b>2,992,691,701</b>	772,220,526
Weighted average number of equity shares outstanding during the year	in Nos.	<b>66,700,000</b>	61,064,458
Earning per share of Rs.10 each (Basic and Diluted)	in Rs.	<b>44.87</b>	12.65

10. Prior period adjustments include:

(Rupees)

Particulars	2007-2008	2006-2007
Depreciation adjustments	—	4,223,542
Debits relating to earlier years	<b>(6,265,326)</b>	(375,208)
Credits relating to earlier years	<b>7,788,118</b>	342,086
	<b>1,522,792</b>	4,190,420

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

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  
**DOSHI DOSHI & ASSOCIATES**  
Chartered Accountants

**HEMANT M. SHAH**  
EXECUTIVE CHAIRMAN

**VYOMESH M. SHAH**  
MANAGING DIRECTOR

**SHISHIR DALAL**  
PARTNER

**VIRAL D. DOSHI**  
PARTNER

**CHETAN S. MODY**  
COMPANY SECRETARY

**BHARAT MODY**  
CHIEF FINANCE OFFICER

MUMBAI  
Date : 2nd July, 2008

MUMBAI  
Date : 2nd July, 2008



## PARTICULARS OF SUBSIDIARY COMPANIES

DISCLOSURE PURSUANT TO MINISTRY OF CORPORATE AFFAIRS APPROVAL NO. 47/109/2008-CL-III DATED MARCH 24, 2008 UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED MARCH 31, 2008

(Rs.in lacs)

Name of Subsidiary Company	Issued and Subscribed Share Capital	Reserves and Surplus	Total Assets	Total Liabilities*	Investments included in Total Assets***	Turnover and Other Income	Profit / (Loss) before Taxation	Provision for Taxation**	Profit / (Loss) after Taxation	Proposed Dividend and Tax thereon
Adhivitiya Properties Limited	5.00	(25.02)	464.34	484.36	10.00	28.08	(11.38)	—	(11.38)	—
Agreem Properties Limited	5.00	10.10	533.00	517.90	10.00	—	(0.23)	—	(0.23)	—
Akruti Centre Infotech Limited (formerly Akruti Centre Point Infotech Limited)	5.00	16.73	115.25	93.52	—	149.74	4.61	—	4.61	—
Akruti Warehousing Limited	5.00	(8.41)	672.82	676.82	—	—	(8.41)	—	(8.41)	—
Arnav Gruh Limited (formerly Arnav Properties Limited)	5.00	(31.06)	898.51	924.57	—	96.15	(4.14)	—	(4.14)	—
Brainpoint Infotech Limited	5.00	33.10	57.54	19.44	—	158.66	8.15	0.01	8.14	—
Simon Buildcon Private Limited (formerly Devkrupa Consultancy Private Limited)	1.00	0.25	1784.00	1782.80	—	1.00	0.46	0.15	0.31	—
E Commerce Magnum Solution Limited (formerly E-Commerce Solutions (India) Limited)	25.00	(10.37)	20.65	6.04	—	—	(6.44)	—	(6.44)	—
Gujarat Akruti-TCG Biotech Limited	5.00	(16.29)	1998.22	120.01	—	—	(22.24)	5.96	(16.29)	—
Hiemo Builders and Developers Private Limited	456.00	(10.48)	451.02	5.50	—	—	(10.48)	—	(10.48)	—
Infrastructure Ventures India Limited	500.00	(180.84)	2510.49	1484.42	—	4.04	(28.06)	(35.74)	(63.80)	—
Khem Buildcon Private Limited	456.00	(11.16)	451.03	6.18	—	—	(11.16)	—	(11.16)	—
New Empire Realtors Private Limited	5.00	(22.20)	409.15	426.35	—	—	(19.48)	1.59	(21.07)	—
Sheshan Housing and Area Development Engineers Limited	5.00	46.83	106.98	55.16	—	203.76	74.42	27.00	47.42	—
TDR Properties Limited	5.00	697.14	707.29	5.15	110.38	543.49	520.78	—	520.78	—
Vaishnavi Builders and Developers Private Limited	5.00	(9.59)	402.61	407.19	—	—	(0.19)	—	(0.19)	—
Vama Housing Limited (formerly Akulpita Construction Limited)	5.00	(54.19)	667.41	716.61	19.12	25.78	(49.32)	(0.04)	(49.28)	—
Vishal Nirman (India) Private Limited	5.00	58.22	18728.36	18665.14	—	1664.46	82.32	28.53	53.79	—
Vishal Techno Commerce Limited (formerly Vishal Tech (Civil) Limited)	5.00	276.34	2870.93	2589.60	41.21	17.20	7.54	1.27	6.27	—

\* - includes Debts + Current Liabilities + Deferred Tax Asset

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

\*\*\* - excludes investments in subsidiaries/partnership firms



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT THE TWENTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF AKRUTI CITY LIMITED (FORMERLY AKRUTI NIRMAN LIMITED) WILL BE HELD ON MONDAY, AUGUST 25, 2008 AT 11.30 A.M. AT WALCHAND HIRACHAND HALL, 4<sup>TH</sup> FLOOR, INDIAN MERCHANTS' CHAMBER BUILDING, INDIAN MERCHANTS' CHAMBER MARG, CHURCHGATE, MUMBAI 400 020 TO TRANSACT THE FOLLOWING BUSINESS :**

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Statement of Accounts together with Directors' Report as also the Auditors' Report thereon for the year ended March 31, 2008.
2. To confirm the interim dividend of Rs.1.80 per equity share of Rs. 10 each already paid and to declare final dividend for the year ended March 31, 2008.
3. To appoint a Director in place of Mr. D. R. Kaarthikeyan, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Shailesh V. Haribhakti, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint M/s. Dalal & Shah, Chartered Accountants and M/s. Doshi Doshi & Associates, Chartered Accountants as Joint Statutory Auditors and to authorise the Audit Committee / Board of Directors to fix their remuneration.

### **SPECIAL BUSINESS :**

**To consider and if thought fit, to pass with or without modifications, the following resolutions :**

#### **As an Ordinary Resolution :**

6. "RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting held on September 6, 2007 and pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the Company hereby accords its approval to an increase in the remuneration payable to Mr. Hemant M. Shah, Executive Chairman, with effect from April 1, 2008, for the remainder period of his tenure, as set out in the supplementary agreement submitted to this meeting duly initiated for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board/Remuneration Committee to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Company and Mr. Hemant M. Shah in the best interest of the Company."

#### **As an Ordinary Resolution :**

7. "RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting held on September 6, 2007 and pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the Company hereby accords its approval to an increase in the remuneration payable to Mr. Vyomesh M. Shah, Managing Director, with effect from April 1, 2008, for the remainder period of his tenure, as set out in the supplementary agreement submitted to this meeting duly initiated for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board/Remuneration Committee to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Company and Mr. Vyomesh M. Shah in the best interest of the Company."

#### **As an Ordinary Resolution :**

8. "RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting held on September 6, 2007 and pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the Company hereby accords its approval to an increase in the remuneration payable to Mr. Madhukar B. Chobe, Wholetime Director, with effect from April 1, 2008, for the remainder period of his tenure, as set out in the supplementary agreement submitted to this meeting duly initiated for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board/Remuneration Committee to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Company and Mr. Madhukar B. Chobe in the best interest of the Company."



## NOTICE (CONTD.)

### 9. As a Special Resolution :

"RESOLVED THAT in supersession of the special resolution passed at the Annual General Meeting held on September 6, 2007 and pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and Article 153 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the payment of remuneration by way of commission or otherwise of a sum not exceeding 1 % of the annual net profit of the Company computed in accordance with the provisions of Sections 198, 349 and 350 of the said Act, subject to an overall ceiling of Rs.40,00,000 (Rupees Forty Lacs) to be paid to and distributed amongst such Directors of the Company other than the Executive Chairman, Managing Director and Wholtime Director in such proportion and in such manner as may be decided by the Board of Directors of the Company and such payment shall be made in respect of the profits of the Company for three financial years commencing from April 1, 2009 to March 31, 2012."

### As an Ordinary Resolution :

10. "RESOLVED THAT in supersession of the resolution passed by the shareholders by Postal Ballot vide Postal Ballot Notice dated January 29, 2008, the consent of the Company be and is hereby accorded pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company (the Board), to borrow from time to time any sum or sums of money, secured or unsecured and on such terms and conditions as the Board may deem requisite for the purpose of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the aggregate of the paid-up capital and free reserves of the Company by more than a sum of Rs.5000 crores at any one time."

### As a Special Resolution :

11. "RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), the provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and subject to such approvals, permissions, consents and sanctions as may be necessary from the Government of India (GOI), Reserve Bank of India (RBI) or any other authorities, institutions or bodies as may be relevant (hereinafter collectively referred to as "the appropriate authorities"), and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and in accordance with the regulations and guidelines issued by the GOI, RBI, Securities and Exchange Board of India (SEBI) and any competent authorities and clarifications issued thereon from time to time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall include any Committee thereof), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot in one or more tranches whether rupee denominated or denominated in foreign currency, in the course of domestic or international offerings or Qualified Institutional Placements (QIP) in one or more international markets and/or Indian market, to Domestic Institutions, Foreign Institutions, Non-resident Indians, Indian Public Companies, Bodies Corporate, Mutual Funds, Banks, Insurance Companies, Pension Funds, Qualified Institutional Buyers (QIBs) as defined by SEBI (Disclosure and Investor Protection) Guidelines, 2000 (SEBI DIP Guidelines), Indian and/or Multilateral Financial Institutions, and/or any other categories of investors whether they be shareholders of the Company or not (collectively called the "Investors"), through public issue(s) through prospectus, offering circular or placement document and / or on a private placement basis and/or QIP within the meaning of Chapter XIII A of SEBI DIP Guidelines or a combination thereof at such time or times, at such price or prices, at a discount or premium to the market price, in such manner and on such terms and conditions including security, rate or interest, etc. as may be decided by and deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the Lead Managers or other Advisors, as the Board in its absolute discretion may deem fit and appropriate, Equity Shares,



## NOTICE (CONTD.)

Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Participatory Notes (PNs), Foreign Currency Convertible Bonds (FCCBs), Equity Shares through Depository Receipt Mechanism and/or securities other than warrants convertible into or exchangeable with Equity Shares (hereinafter collectively referred to as "Securities"), or any combination of securities secured or unsecured such that the total amount raised through the aforesaid securities should not exceed US \$ 500 million (equivalent to Indian Rs. 2,250 crores at current rate of exchange);

RESOLVED FURTHER THAT in case of a QIP pursuant to Chapter XIII A of SEBI DIP Guidelines, the allotment of securities shall only be to QIBs within the meaning of Chapter XIII A of SEBI DIP Guidelines and such securities shall be fully paid-up and the allotment of such securities shall be completed within 12 months from the date of the relevant shareholder's resolution or such other time as may be allowed by SEBI DIP Guidelines from time to time;

RESOLVED FURTHER THAT in case of a QIP of Equity Shares or other securities pursuant to Chapter XIII A of SEBI DIP Guidelines, the 'Relevant Date' for the purpose of pricing of the Equity Shares or securities shall be the date which is thirty (30) days prior to the date on which the special resolution in terms of Section 81(1A) of the Companies Act, 1956 approving the proposed issue of securities is passed i.e. July 26, 2008;

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradeability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional equity shares or variation of the conversion price of the securities during the tenure of such securities and the Board be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose off such of the securities that are not subscribed;

RESOLVED FURTHER THAT:

- (i) the securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of the Company; and
- (ii) the underlying Equity Shares shall rank pari passu with the existing Equity Shares of the Company;

RESOLVED FURTHER THAT the Board or a Committee thereof duly authorised in this regard by the Board be and is hereby authorized on behalf of the Company to finalize the pricing, terms and conditions relating to the issue of aforesaid securities, determine the form, terms and timing of the issue(s), including the class of investors to whom the securities are to be allotted, number of securities to be allotted in each tranche, issue price, face value, premium amount on issue, listing on one or more stock exchanges in India and/or abroad as the Board or Committee in its absolute discretion deem fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the Issue(s);

RESOLVED FURTHER THAT the Board or a Committee thereof duly authorized in this regard by the Board, be and is hereby severally authorized to appoint Lead Managers, Merchant Bankers, Underwriters, Guarantors, Financial and/or Legal Advisors, Depositories, Custodians, Principal Paying /Transfer/Conversion Agents, Listing Agents, Registrars, Trustees and all other agencies, whether in India or abroad, and to finalize the terms and conditions (including the payment of fees, commission, out-of-pocket expenses and their charges subject to requisite approvals of RBI), if any, of the aforesaid appointments and remunerate them by way of commission, brokerage, fees or the like and also to renew or terminate the appointments so made, as the Board/Committee may in its absolute discretion think fit and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc. with such agencies and also to seek the listing of such securities on one or more Indian and International Stock Exchange(s);

RESOLVED FURTHER THAT the Board or a Committee thereof duly authorized in this regard by the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be necessary in accordance with the terms of the offering, all such equity shares ranking pari passu with the existing Equity Shares of the Company in all respect;



## NOTICE (CONTD.)

RESOLVED FURTHER THAT any director or directors of the Company or any other officer or officers of the Company as may be authorised by the Board be and is hereby authorised to sign, execute and issue consolidated receipts(s) for the securities, listing applications, various agreements including but not limited to subscription agreement(s), depository agreement(s), trustee agreement(s), undertaking(s), deeds, declarations and to do all such things, deeds and acts and to comply with all the formalities as may, in the opinion of such authorised person, be required in connection with or incidental to the aforesaid offering of securities, including post issue formalities;

RESOLVED FURTHER THAT all acts, deeds and things already done by the Board or by any delegated officer of the Company in this regard be and are hereby confirmed, approved and ratified."

Registered Office :  
Akruti Trade Centre, 6<sup>th</sup> floor  
Road No.7, Marol MIDC  
Andheri (East), Mumbai 400 093

July 02, 2008

By Order of the Board  
For **Akruti City Limited**

**Chetan S. Mody**  
Company Secretary

### Notes :

1. A PERSON ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A proxy in order to be effective must be lodged at the Registered Office of the Company not less than 48 hours before the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, August 18, 2008 to Monday, August 25, 2008 (both days inclusive) in connection with the Annual General Meeting.
4. The dividend as recommended by the Board, if sanctioned at the meeting, will be paid on or after August 25, 2008 to those members whose names appear on the Company's Register of Members on August 25, 2008. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
5. Members are requested to notify immediately any change in their address / bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (West), Mumbai 400 078 in respect of their physical share folios, if any.
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company / Intime Spectrum Registry Limited will be printed on their dividend warrants as per the applicable regulations of the Depositories. The Company / Intime Spectrum Registry Limited will not entertain any direct request from such members for deletion of / change in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.
7. Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 in respect of special business at Item Nos. 6 to 11 of the accompanying Notice is annexed hereto.
8. All documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m. prior to the date of the Annual General Meeting (AGM) and at the meeting venue on the date of the AGM.
9. Brief note on the background and the functional expertise of the Directors proposed for appointment pursuant to Clause 49 (VI) (A) of the Listing Agreement relating to the Code of Corporate Governance is given in the Section on Corporate Governance.



## ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 (the Act).

### Item Nos. 6, 7 and 8

In appreciation of their dedicated efforts which contributed substantially to the growth of the Company and having regard to the increased responsibilities for further improving the Company's performance in a competitive market, the Board of Directors of the Company at its meeting held on July 2, 2008 has decided (based on the recommendation of the Remuneration Committee) to increase the remuneration of the Executive Chairman, Managing Director and Wholetime Director with effect from April 1, 2008, by increasing the salary grades till the expiry of their present term of office. There are no changes in the perquisites or other allowances payable to them. The revised salary grades are as under:

#### Salary :

The Board of Directors / Remuneration Committee of Directors will, from time to time, fix the salary of the Executive Chairman, Managing Director and Wholetime Director within the given salary grades :

Mr. Hemant M. Shah, Executive Chairman : Rs. 9,00,000 p.m. – Rs.15,00,000 p.m.

Mr. Vyomesh M. Shah, Managing Director : Rs. 8,00,000 p.m. – Rs. 14,00,000 p.m.

Mr. Madhukar B. Chobe, Wholetime Director : Rs. 4,00,000 p.m. – Rs. 6,00,000 p.m.

Such increment as may be decided by the Board of Directors / Remuneration Committee of Directors from time to time may be granted within the aforesaid salary grades.

Notwithstanding anything contained hereinabove, where in any financial year during the currency of their tenure as Executive Chairman, Managing Director / Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration as specified above.

Compared to the remuneration packages of similarly placed personnel of other bodies corporate across various industries in the country including real estate sector, the Board considers the terms of revised remuneration to be fair, just and reasonable and commensurate with the responsibilities shouldered by the Executive Chairman, Managing Director / Wholetime Director.

Accordingly, the Board recommends the resolutions at Item Nos. 6, 7 and 8 for your approval.

Mr. Hemant M. Shah, Mr. Vyomesh M. Shah and Mr. Madhukar B. Chobe are deemed to be concerned or interested in the respective resolutions. None of the other Directors are interested in these resolutions.

This explanation, together with the relevant resolutions may be treated as an Abstract of Terms and Memorandum of Interest pursuant to the provisions of Section 302 of the Act.

### Item No. 9

At the Annual General Meeting of the Company held on September 6, 2007, the shareholders had accorded their consent to the Board of Directors of the Company to pay commission not exceeding 1% of the annual net profit of the Company subject to an overall ceiling of Rs. 20 lacs to be paid to and distributed amongst the Non-Wholetime Directors of the Company.

In the current competitive business, the Directors are required to take far more complex business decisions than before and are required to commit their time and provide expertise for the Company's business. In addition, with the more stringent Accounting Standards and Corporate Governance norms, the Board of Directors not only has to ensure compliance with various statutory requirements but also enhance the level and quality of Corporate Governance. The role of the Non-Executive Independent Directors has also undergone significant qualitative changes by virtue of their being Chairman/ members of the Committees of the Board.

It is accordingly proposed that the Non-Wholetime Directors be paid commission not exceeding 1 % of the annual net profit of the Company, subject to an overall ceiling of Rs. 40,00,000 (Rupees Forty lacs) computed in accordance with the provisions of the Act for three financial years commencing from April 1, 2009 to March 31, 2012 and in the manner set out in the resolution at Item No.9 of the accompanying Notice. This amount will be distributed amongst the Non-Wholetime Directors in accordance with the directions given by the Board. The revised remuneration to Non-Executive Independent Directors is commensurate with their enhanced role and involvement in the corporate governance of the Company.



## **ANNEXURE TO THE NOTICE (CONTD.)**

The Board commends the Special Resolution set out at Item No. 9 of the accompanying Notice.

All the Non-Wholetime Directors of the Company may be deemed to be concerned or interested in the aforesaid resolution to the extent of the commission that may be received by them.

### **Item No. 10**

Under Section 293 (1) (d) of the Act, the Board of Directors ('the Board') of a company cannot borrow moneys which together with the moneys already borrowed by the company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) would exceed the aggregate of the paid-up capital and free reserves of the company, unless the company in general meeting authorises the Board to do so.

In accordance with the resolution passed by the members of the Company through Postal Ballot vide Postal Ballot Notice dated January 29, 2008, the Board was authorised to borrow an amount not exceeding Rs. 3,000 crores over and above the aggregate of its paid-up share capital and free reserves.

The Board is constantly reviewing opportunities of expanding its business operations by way of undertaking new projects and/or through acquisition of existing business(es). Taking into consideration the requirement of additional funds for new projects/acquisitions, as also additional working capital requirements and for augmenting long term resources, the aforesaid limit as sanctioned by the members is likely to be exceeded.

Approval of the members is being sought pursuant to Section 293 (1) (d) of the Act to authorize the Board to borrow upto Rs. 5,000 crores in excess of the aggregate of the paid-up capital and free reserves of the Company as stated in the resolution at Item No. 10 of the accompanying Notice.

The Board accordingly, commends the resolution as set out at Item No. 10 of the accompanying Notice for the approval of the members.

No Director of the Company is concerned or interested in the said Resolution.

### **Item No. 11**

The real estate sector is one of the key growth sectors of the Indian economy, which has witnessed a robust growth in the recent past and is expected to sustain reasonable growth momentum on the back of a sustained economic growth.

The Company is one of the leading real estate companies in India. Apart from having presence in residential, commercial and retail real estate segments, the Company has also initiated forays into IT Parks, Biotech Parks, SEZs, Hospitality, Robotic Car Parks and Warehousing either directly or through its subsidiaries/associates/joint ventures and intends to further capitalize on its potential. However, all these initiatives will require significant outlay of funds over the next 3-4 years.

In order to exploit opportunities in existing businesses and/or explore the scope of any new business opportunities including business acquisitions, capital expenditures, financing new business initiatives, meeting additional working capital requirements arising out of growth in operations, investment in / loans / advances to subsidiaries / joint ventures / associates and for other corporate purposes, it is necessary for the Company to have access to external funds at different point of times in the future. The Company, therefore, proposes to raise further capital from the domestic and international markets in one or more tranches at an appropriate time.

The resolution in the accompanying Notice being proposed as a Special Resolution is essentially an enabling one and relates to a proposal to create, issue, offer and allot equity shares/depository receipts/foreign currency convertible bonds and/or other appropriate securities upto an amount not exceeding US \$ 500 million (equivalent to Indian Rs. 2,250 crores at current rate of exchange) inclusive of premium in the course of domestic/international offerings. Such securities are proposed to be issued to any eligible person including but not limited to resident investors and foreign investors (whether individuals, mutual funds, incorporated bodies, institutions or otherwise), Foreign Financial Institutions and Qualified Institutional Buyers, etc.

The Special Resolution also seeks to empower the Board of Directors to undertake a Qualified Institutional Placement (QIP) with Qualified Institutional Buyers (QIBs) as defined by SEBI DIP Guidelines. The Board of Directors may in its discretion adopt this mechanism as prescribed under Chapter XIII A of SEBI DIP Guidelines without the need for fresh approval from the shareholders.



## ANNEXURE TO THE NOTICE (CONTD.)

In case of a QIP of Equity Shares or other securities pursuant to Chapter XIII A of SEBI DIP Guidelines, the 'Relevant Date' for determination of the price of the Equity Shares or other securities shall be the date which is thirty (30) days prior to the date on which the shareholder's resolution in terms of Section 81 (1A) of the Act approving the proposed issue of Equity Shares or other securities is passed i.e. July 26, 2008.

Such further issue of securities would provide a platform to the Company to meet its fund requirements and improve the financial leveraging strength of the Company besides reducing interest cost and enhancing the network.

The detailed terms and conditions of the offer will be determined by the Board in consultation with the Lead Manager(s), Advisor(s), Underwriter(s), Consultant(s), and such other expert(s) and authority(ies) and agency(ies) as may be required to be consulted by the Company. This will be done after considering the prevailing market conditions and all other relevant factors. To the extent applicable, the pricing of the offering(s) will be market related subject to the pricing as determined in accordance with SEBI DIP Guidelines and applicable laws.

The securities to be issued through such proposed offering(s), if required, may be listed either on International Stock Exchange(s) or Indian Stock Exchange(s) as may be considered appropriate.

Section 81 (1A) of the Act inter-alia provides that whenever it is proposed to increase the subscribed capital of the Company by issue of further shares, such shares shall first be offered to the existing shareholders of the Company in the manner laid down in the said section; unless the shareholders decide otherwise by a special resolution. Accordingly, consent of the members is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Act and in terms of the listing agreements executed by the Company with the Stock Exchanges, and other applicable laws, rules, regulations and guidelines, authorizing the Board to create, offer, issue and allot securities as stated in the resolution.

The special resolution is only an enabling resolution that seeks to give adequate flexibility and discretion to the Board to finalise the terms of the issue, in consultation with lead managers, underwriters, legal advisors and experts or such other authority or authorities as need to be consulted in relation to the pricing of the issue which will be fixed keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines.

The Board commends the resolution for your approval.

No Director of the Company is in any way, concerned or interested in the said resolutions.

Registered Office :  
Akruti Trade Centre, 6<sup>th</sup> floor  
Road No.7, Marol MIDC  
Andheri (East), Mumbai 400 093

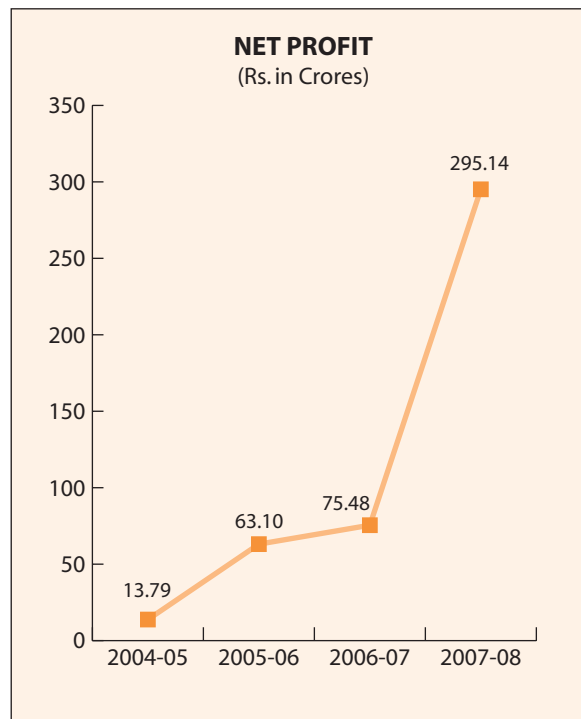
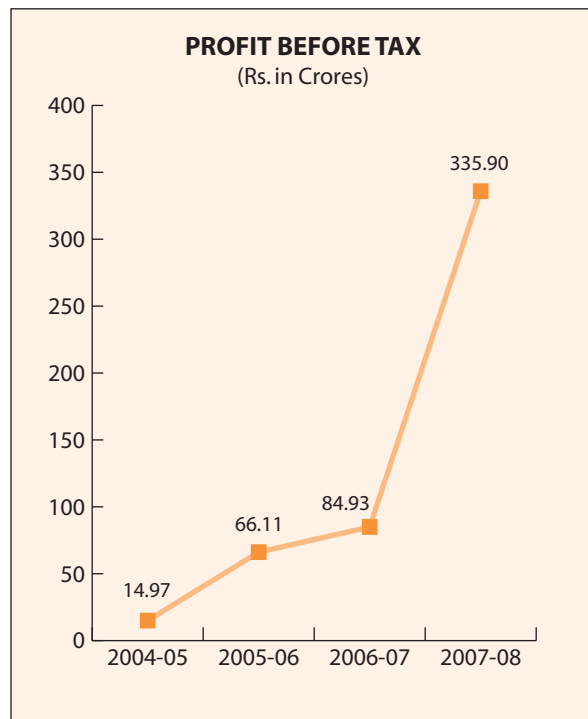
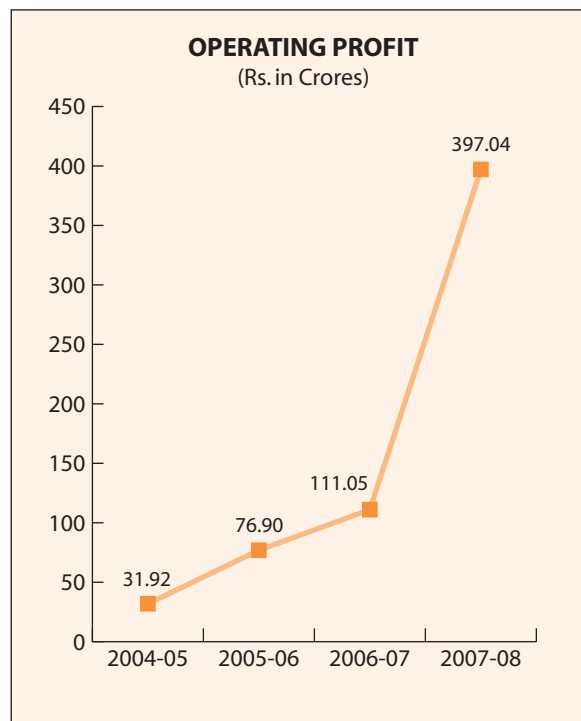
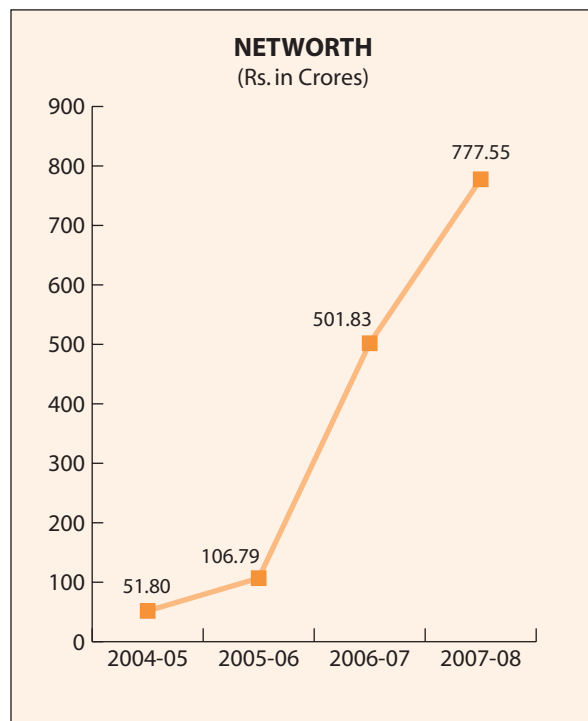
July 02, 2008

By Order of the Board  
For **Akruti City Limited**

**Chetan S. Mody**  
Company Secretary



## PERFORMANCE INDICATORS







[www.akruticity.com](http://www.akruticity.com)