

Annual Report 2008 - 09

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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 and Compliance Committee

| | |
|-------------------------|-----------------|
| SHAILESH V. HARIBHAKTI, | <i>Chairman</i> |
| P. H. RAVIKUMAR | |
| SHAILESH H. BATHIYA | |
| VYOMESH M. SHAH | |

Remuneration Committee

| | |
|-------------------------|-----------------|
| SHAILESH V. HARIBHAKTI, | <i>Chairman</i> |
| D. R. KAARTHIKEYAN | |
| P. H. RAVIKUMAR | |

Shareholders' / Investors' Grievances Committee

| | |
|----------------------|-----------------|
| SHAILESH H. BATHIYA, | <i>Chairman</i> |
| HEMANT M. SHAH | |
| VYOMESH M. SHAH | |

Company Secretary

CHETAN S. MODY

Statutory Auditors

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

Internal Auditors

ANEJA ASSOCIATES, CHARTERED ACCOUNTANTS

Registered Office

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

Registrar & Transfer Agents

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

Bankers

CANARA BANK
 CORPORATION BANK
 HDFC BANK
 IDBI BANK
 INDIAN OVERSEAS BANK
 PUNJAB NATIONAL BANK
 STATE BANK OF INDIA
 STATE BANK OF PATIALA
 UNION BANK OF INDIA

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF ACKRUTI CITY LIMITED (FORMERLY ACRUTI CITY LIMITED) WILL BE HELD ON THURSDAY, AUGUST 27, 2009 AT 11.30 A.M. AT WALCHAND HIRACHAND HALL, 4TH 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, 2009.
2. To declare dividend.
3. To appoint a Director in place of Mr. P. H. Ravikumar who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Shailesh H. Bathiya, 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 on a remuneration to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit and Compliance Committee, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company for the year ending March 31, 2010.

SPECIAL BUSINESS :

To consider and, if thought fit, to pass the following resolution as an ordinary resolution :

6. "RESOLVED THAT Mr. Vyomesh M. Shah, Managing Director is removed from the place of director pursuant to Section 284 and other applicable sections of the Companies Act, 1956."

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

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

Chetan S. Mody
 Company Secretary

June 30, 2009

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. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Item of special business is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, August 17, 2009 to Thursday, August 27, 2009 (both days inclusive) in connection with the Annual General Meeting.
5. The dividend as recommended by the Board, if sanctioned at the meeting, will be paid on or after August 28, 2009 to those members whose names appear on the Company's Register of Members on August 27, 2009. 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.
6. Members having any questions on accounts are requested to send them ten days in advance to the Secretarial Department so as to enable the Company to compile the relevant information.
7. 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 Link Intime India Private 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.

NOTICE (CONTD.)

8. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company / Link Intime India Private Limited will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company / Link Intime India Private 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.
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.

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

Chetan S. Mody
Company Secretary

June 30, 2009

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 (1) of the Companies Act, 1956 (the Act).

Item No. 6

Mr. Tapan Chakraborty, a shareholder of the Company has sent a notice under Section 284 of the Act for removal of Mr. Vyomesh M. Shah as Director of the Company alleging that Mr. Vyomesh M. Shah, Managing Director is unable to reply to the letters of shareholders and is managing the Company in a manner which is against the interest of the shareholders and the Company is being run with malpractices, malfunctioning, mismanagement and manipulation by the Directors with consent of the Managing Director.

The Company has received the following representation from the Managing Director, which is reproduced below :

"During the quarter January 2009 to March 2009, there was high volatility in the market price of the Company's shares. As a result, Mr. Tapan Chakraborty claims that he suffered heavy losses for which he holds the management of the Company responsible.

Mr. Tapan Chakraborty had also forwarded copies of publication namely 'Hamra Kam' being published at Kolkata carrying series of derogatory articles using highly abusive language and containing wild and baseless allegations against the Directors of the Company as well as the Chairman of SEBI and NSE and wanted replies to the published allegations from the management of the Company. The rise and fall in the market price of the Company's scrip was largely due to operation of market forces for which neither the promoters nor the management of the Company were responsible. It has been the management's policy not to comment on press reports and accordingly, Mr. Tapan Chakraborty's letters were not replied to by the management. Further, no irregularity or illegality has been committed by the Directors in conducting the affairs of the Company as can be seen from the financial results of the Company for the year ended March 31, 2009 and also the Auditors' Report does not contain any qualifications or adverse remarks against the management of the Company. The resolution proposed pursuant to the notice sent by Mr. Tapan Chakraborty, therefore, deserves to be defeated."

The Board of Directors, however, does not support the resolution for the removal of Mr. Vyomesh M. Shah as Director of the Company.

Mr. Vyomesh M. Shah and Mr. Hemant M. Shah may be deemed to be concerned or interested in the motion.

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

Chetan S. Mody
Company Secretary

June 30, 2009

REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

TO

THE MEMBERS

Your Directors have pleasure in presenting their Twenty First Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2009.

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 | |
|--|------------|----------|--------------|----------|
| | 2008-09 | 2007-08 | 2008-09 | 2007-08 |
| Net Sales / Income from Operations | 43719.47 | 44050.06 | 43476.68 | 43975.37 |
| Share of Profit from Joint Ventures and Partnership Firms | 2.20 | 12.37 | 0.23 | 529.12 |
| Other Income | 3355.16 | 3316.40 | 2001.34 | 3070.20 |
| Total Income | 47076.83 | 47378.83 | 45478.25 | 47574.69 |
| Operating Profit (before interest, depreciation and tax) | 40611.02 | 39703.91 | 42952.00 | 40980.43 |
| Less : Interest and Finance Charges | 10872.35 | 5474.65 | 14022.45 | 6153.74 |
| Profit before depreciation and tax | 29738.67 | 34229.26 | 28929.55 | 34826.69 |
| Less : Depreciation and amortization | 405.15 | 639.29 | 571.33 | 693.07 |
| Profit before tax | 29333.52 | 33589.97 | 28358.22 | 34133.62 |
| Less : Provision for taxation | 2308.74 | 4075.64 | 2323.10 | 4190.31 |
| Profit after tax | 27024.78 | 29514.33 | 26035.12 | 29943.31 |
| Add / (Less) : Short provision for taxation in respect of earlier years and Prior period adjustments | (646.81) | (43.66) | (514.60) | 10.46 |
| Add / (Less) : Share of profit / loss from associate companies/ minority interest / pre-acquisition loss/loss on disposal of associates / goodwill on acquisition written off/reversal of excess profit booked in earlier year | — | — | 952.63 | (26.85) |
| Profit for the year | 26377.97 | 29470.67 | 26473.15 | 29926.92 |
| Profit brought forward | 25234.45 | 714.71 | 25857.56 | 881.56 |
| Profit available for appropriation | 51612.42 | 30185.38 | 52330.71 | 30808.48 |
| APPROPRIATIONS | | | | |
| General Reserves | — | 3000.00 | 1.21 | 3000.00 |
| Interim Dividend | — | 1200.64 | — | 1200.64 |
| Proposed Dividend (proposed final dividend for 2007-2008) | 667.00 | 466.90 | 667.00 | 466.90 |
| Dividend Distribution Tax | 113.36 | 283.39 | 171.14 | 283.39 |
| Balance carried to Balance Sheet | 50832.06 | 25234.45 | 51491.36 | 25857.55 |

PERFORMANCE REVIEW :

During the year under review, the standalone revenue of your Company was marginally lower at Rs. 47076.83 lac as against Rs. 47378.83 lac in the previous year. The standalone operating profit before interest, depreciation and tax increased to Rs. 40611.02 lac in the current year from Rs. 39703.91 lac in the previous year. The standalone net profit was lower at Rs. 27024.78 lac as against Rs. 29514.33 lac in the previous year.

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

The consolidated revenue of the Company was lower at Rs. 45478.25 lac as against Rs. 47574.69 lac in the previous year. The consolidated operating profit before interest, depreciation and tax increased to Rs. 42952.00 lac in the current year from Rs. 40980.43 lac in the previous year. The consolidated net profit was lower at Rs. 26035.12 lac as against Rs. 29943.31 lac in the previous year.

APPROPRIATIONS :

No amount (Previous Year : Rs.3000 lac) is credited to General Reserves. Out of the amount available for appropriation, your Directors have recommended a dividend of Re. 1/- (10 %) (Previous Year : Rs.2.50 per share – 25 %) per equity share of the face value of Rs.10 each for the year ended March 31, 2009, aggregating Rs. 667 lac (Previous Year : Rs.1667.54 lac). The dividend distribution tax amounts to Rs. 113.36 lac (Previous Year : Rs. 283.39 lac).

The dividend payout for the year under review has been formulated in accordance with the Company's policy of striving to maintain a stable dividend linked to performance and keeping in view the Company's need for capital to finance its growth plans through internal accruals to the maximum. Your Directors believe that this will lead to an increase in shareholders' value in the long term.

ECONOMIC AND INDUSTRY OVERVIEW :

The global financial crisis which began in 2007 took a turn for the worse in September 2008 with the collapse of several international financial institutions, including investment banks, mortgage lenders and insurance companies. There has been a severe choking of credit since then and a global crash in stock markets. The slowdown intensified with the US, Europe and Japan sliding into recession. Current indications of the global situation are not encouraging. Forecasts indicate that the World economy in 2009 may fare worse than in 2008. A crisis of such magnitude in developed countries is bound to have an impact around the world. Most emerging market economies have slowed down significantly. India too has been affected. For the first nine months of the year under review, the growth rate of exports has come down to 17.1 per cent. According to the latest figures available, the industrial production has fallen by 2 per cent year-on-year basis in December 2008. In these difficult times, when most economies are struggling to stay afloat, a healthy 7.1 per cent rate of GDP growth driven by combined forces of booming economy, favourable demographics and liberalized Foreign Direct Investment (FDI) regime, still makes India the second fastest growing economy in the world.

GOVERNMENT INITIATIVES :

The Government of India announced stimulus package which, coupled with the Reserve Bank of India's move allowing banks to provide special treatment to the real estate sector, is likely to impact the Indian real estate sector in a positive way.

Foreign Investment Promotion Board (FIPB) announced new foreign direct investment policy (FDI) during the current year aimed at simplifying existing norms to attract foreign investment into India.

Besides the above measures, the government also announced an economic stimulus package keeping in mind the impact of the global slowdown on the Indian real estate sector. Public sector banks and private sector banks announced a package for home loan borrowers in various categories. This is expected to increase borrowing for homes and in turn give a boost to the realty sector. Moreover, excise duty cuts on cement and steel are expected to bring down construction cost.

COMPANY'S SUSTAINABILITY INITIATIVES FOR RE-ENGINEERING :

The year 2008-2009 has been a year of total re-engineering for the Company. In the midst of the economic and liquidity crisis, the Company was able to sustain tougher times largely due to the following initiatives undertaken :

- adopted the concept of Nano apartment in the residential segment;
- shifted focus to mid-segment housing and affordable housing segments which are perceived to have maximum demand;
- prioritized projects in terms of 'revenue generation';
- deferred development activities in respect of new township and project having long gestation period;
- process of disposal of long gestation period land and exit from long duration projects;
- substituted high cost loans by low cost loans;
- desisted from acquiring land bank by bidding at astronomical / exorbitant prices. This ensured that the Company did not overrun its budget.
- exploring newer construction techniques that would result in substantial savings over conventional techniques.

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

- exploring the use of new construction materials, better mechanization and technology for green and environment friendly approach or accreditation;
- slashing overheads and improving cost efficiencies;
- redefining bids for contracts with various State and Central Government agencies;
- boosting confidence of contractors, suppliers and creditors by furnishing appropriate guarantees on their behalf and initiating other confidence building measures;
- reviewing of Government policies with regard to SEZs and accordingly redefined timelines of the Company's SEZ projects.
- revisiting effectiveness of internal and external audit mechanism in order to ensure greater transparency for regulators and other statutory authorities.

THE BUSINESS :

The Company currently operates either on its own or through its subsidiaries / joint ventures / associate companies / partnership firms in the Residential, Commercial, SEZs, Infotech Park, Biotech Park and Robotic Car Park segments of the Real Estate business, and has planned forays into Warehousing segment. Operations of the Company include identification and acquisition of land / development rights, obtaining necessary approvals, planning, execution and marketing of the projects.

SEGMENT WISE DISCUSSIONS :

Residential :

Realising the huge demand potential in the low cost housing segment ('affordable housing'), the Company has launched the 'Just Perfect Home' series of residential apartments : '**Ackruti Gardenia**' at Mira Road, '**Ackruti Greenwoods**' at Thane and '**Ackruti Countrywoods**' at Kondhwa, Pune for middle income group. These apartment series are compact and are priced relatively lower without compromising on quality or basic amenities. The Company's low land acquisition cost and execution expertise will ensure profitability in these projects. Initial response of customers in booking flats in these projects has been encouraging.

Commercial :

The Company is developing through a joint venture company / subsidiary select commercial projects in Mumbai. The Company has received positive response from leading IT/ITES companies in the country at the time of launching various marketing activities.

INFO Park – Pune :

The Company has, through its associate company namely DLF Akruti Info Parks (Pune) Limited, in which DLF Limited is the other partner, set up SEZ at Hinjewadi, Pune which will be completed in two phases.

Robotic Car Park :

The construction of the automated car park at Mahalakshmi, Mumbai has been completed.

Biotech Park :

The Company has through its subsidiary namely Gujarat Akruti-TCG Biotech Limited embarked upon the development of approx. 708 acres Biotech Park at Savli, near Vadodara in the State of Gujarat in joint venture with Gujarat State Biotech Mission and the TCG Group. The Park is to be developed in three phases : Phase I - 90 acres (fully developed); Phase II - 124 acres (currently under development) and Phase III - 494 acres.

Saiwadi Project – Andheri (East) :

The Company is developing commercial and residential project at Saiwadi, Andheri (East) in joint venture with DLF Limited. The project, is expected to be completed within two years.

Ackruti SMC :

This a joint venture entity between Arnav Gruh Limited, a wholly owned subsidiary of the Company and SMC Infrastructure Private Limited, which has been awarded the contract to develop the bus depot at Thane owned by Maharashtra State Road Transport Corporation. The first phase of the project has been completed.

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

Ackruti Corporate Park – Kanjur Marg :

The Phase I of the project has been fully completed and approx. 90 % of the saleable area has been leased out.

Mumbai SEZ :

The Company in joint venture with DLF and Muttha Group plans to undertake development of IT SEZ project located between Mulund and Thane, off Eastern Express Highway.

The Company has embarked upon the development of real estate project on Ghatkopar-Mankhurd Link Road, Mumbai through an associate company on public private partnership basis with the Government of Maharashtra. IL & FS Limited, a leading private equity fund has agreed to make substantial investment for the development of the aforesaid project.

OTHER OPPORTUNITIES :

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

Steps have been initiated to manage the downturn by way of strong and sustainable cost reduction initiatives across all areas of operations. Tools of innovation are employed for any new project / marketing initiative, the purpose being to constantly stay ahead in terms of ideas.

OPPORTUNITIES AND THREATS :

With the downturn in the housing market caused by the global economic slowdown, there is an opportunity of creating portfolios in the affordable housing market and to grow the largely untapped mid-market segment. There is tremendous potential in the mid-housing segment which is seen as having maximum demand in the near future.

Real estate companies have seized the opportunity to re-classify their products / offerings in order to cater to the high volume affordable housing segment. Other measures include postponing new launches, re-allocating funds and focusing on completion of pre-committed projects, re-orienting product portfolio in favour of mid-income / affordable homes and cutting construction cost via value engineering to survive the ongoing slump.

The present crisis present an opportunity to every real estate company to correctly identify end-user needs and keep affordability in mind before embarking on newer projects.

There is also an urgent need for deregulation of most of the laws pertaining to the real estate sector.

RISKS AND CONCERNS :

Macro risks

- 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
- Disparities in regional development within States
- Declining property rates

Real Estate Sector Specific Risks

- Oversupply – in few product classes - IT SEZs, luxury end residential.
- Land acquisition – the land acquisition process in India and its entitlement is anything but simple. It is a very long drawn complicated affair.

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

- Lack of verifiable records – the serious gap in ownership records as well as land titles being unclear, could pose several hurdles.
- Regulatory risk – several regulatory issue remain.
- 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.
- 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.
- Lack of uniform land laws – varying rules, regulations, standards, practices from town to town across India.
- Lack of institutional mechanism to review and regulate the conduct of valuation professionals as well as the qualifications and conduct of bodies certifying their expertise.
- Distress sale by other developers likely to push down prices.
- Demand becoming increasingly price and product sensitive.

The Company is mitigating these risks by way of qualitative market research, faster decision making, and by taking a fresh look at its entire set of processes, apart from undertaking proactive approach towards problem resolution.

Property financing remains largely conducted through conventional mortgages, with the volume of more modern, transparent and liquid products still negligible. This is partly due to high registration charges and transaction costs and structural impediments in the securitization legal framework. Industry database on transaction volumes, structures and prices are also largely undeveloped.

BUSINESS OUTLOOK :

The organized real estate sector is just crossing the 'infancy' stage in its growth profile and needs all the policy and regulatory support to emerge stronger in the light of the significant demand-supply gaps across real estate asset segments, the multiplier effect on plethora of industries, the employment generation potential of this sector. Policy reforms such as according 'infrastructure' status, updating and maintenance of land records, appointment of real estate regulatory body, reduction and simplification in development rules and regulations would go a long way in helping this sector to grow in an organized manner.

The Real Estate Investment Trusts (REITs) and Real Estate Mutual Funds (REMFs) are expected to transform the ownership pattern of real estate and may lead real estate developers to reinvent their business models and generate new revenue streams.

Opportunities have also begun to emerge in sectors such as healthcare, hospitality, logistics and education. Global slowdown is expected to push relocation of production and research centers to India.

Another sector that promises to emerge as star of the next growth phase is the education sector. The government is focused on the expansion of higher education infrastructure and accessibility of higher education in India. It has made efforts in the public investment sphere like the setting up of new IITs and IIMs. Despite government initiatives, there exists a significant gap in the demand for higher education and the supply of infrastructure facilities. Restrictions have to be liberalized, policies updated and a new strategy has to be implemented to tackle the challenge of providing adequate infrastructure.

Some analysts believe that domestic demand for both consumption and investments is likely to remain subdued in the near term, given the uncertain economic prospects and limited funding options.

Further, the demographics remain favourable for real estate demand – a large and growing population, population pyramid skewed towards a younger population base, shift from joint family to nuclear families and increasing urbanization. Hence the long term story remains intact.

According to Ernst & Young, a consultancy firm, 'the current bearish trend of the real estate sector is a transitory slowdown. However, considering the opportunities present as well as the strong economic fundamental drivers, the outlook for the mid-to-long term is positive. The momentum of the market in the mid-to-long term would be sustained by the emergence of new markets, innovative products, ongoing corporatisation of the sector, integration with global markets, greater transparency

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

and new funding mechanism. What will drive the progress of this sector will be investment vehicles such as real estate investment trusts (REITs) and real estate mutual funds (REMFs), introduced in the regulatory scenario which is witnessing a positive change.'

NEW CORPORATE IDENTITY :

In terms of the special resolution passed by the shareholders on May 27, 2009 through Postal Ballot process and on receipt of approval from the Central Government, the name of the Company was changed to 'Ackruti City Limited'. The new corporate identity represented by the new name 'Ackruti City Limited' and new logo has come into effect.

ISSUE OF CAPITAL :

The Company is in the process of seeking the approval of the members through Postal Ballot under Section 81 (1A) of the Companies Act, 1956 for raising additional funds upto an amount not exceeding US \$ 500 million by way of issue of securities by various modes including Qualified Institutional Placement under the provisions of Chapter XIII A of SEBI (Disclosure and Investors Protection) Guidelines, 2000.

AUDITORS' REPORT :

Beginning September 2008, the global economic meltdown accompanied by credit crunch had a cascading effect on the Indian Economy and the Indian real estate sector was hit the hardest. The resultant severe slowdown and the recessionary pressures disrupted the fund cycle of the Company. As a result, there were few delays in making payments towards statutory dues and repayment of principal amounts due to the banks and financial institutions. Subsequently after the close of the year, the Company has paid a major portion of its outstanding statutory dues. In respect of amounts due to banks and financial institutions, the Company has either repaid the principal amounts or rescheduled the payment thereof.

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

CONSOLIDATED ACCOUNTS :

Pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements presented by the Company and annexed to this Report include the financial information of all its subsidiaries.

DEPOSITS AND LOANS / ADVANCES :

Total amount of deposits outstanding as on March 31, 2009 was Rs. 1872.55 lacs. There were no unclaimed/unpaid deposits as at the year end.

INFORMATION TECHNOLOGY :

The Company is in the process of implementing a comprehensive ERP package to better manage its systems and processes. This ERP is being implemented across the organization integrating the work of various departments, line function, improve management information systems and enable better management control of operations and activities.

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 Agreement, 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 and Compliance Committee in terms of the said Clause, is also enclosed as a part of the said 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 and Compliance 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 and Compliance Committee of the Board reviews the adequacy and effectiveness of the internal control systems and suggest improvements for strengthening them.

SUBSIDIARIES :

During the year under review :

- a. Infrastructure Ventures India Private Limited (formerly Infrastructure Ventures India Limited) ceased to be a subsidiary of the Company;
- b. Glamorous Properties Private Limited became an associate and Broadway Integrated Park Private Limited and Muttha Realty Private Limited ceased to be associates; and
- c. Pushpak Healthcare Services Private Limited and Urvi Build Tech Limited became subsidiaries of the Company.

Subsequent to the closure of the financial year under review, the following companies namely - Akruiti Campus of Research and Education Private Limited, Akruiti City Farming Private Limited, Akruiti City Knowledge Private Limited, Akruiti City Venture Capital Private Limited, Akruiti City Venture Capital Management Private Limited, Akruiti Guestline Private Limited, Citygold Education Research Limited, Citygold Farming Private Limited, Harmony Erectors Private Limited and Oracle Shelters Private Limited became wholly owned subsidiaries and Akruiti Security Plates Private Limited became a subsidiary of the Company.

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.

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 47/348/2009-CL-III dated May 27, 2009 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, 2009 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 summarized financials of all the subsidiaries have been furnished under the heading ' Summary of Financial Statements of Subsidiary Companies ' which forms part of the Annual Report.

DIRECTORS :

Mr. P H. Ravikumar and Mr. Shailesh H. Bathiya 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 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.

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 ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

The Company has received confirmation from both the firms that their reappointment, if made, would be within the limits prescribed under Section 224(1) (b) of the Companies Act, 1956. The Audit and Compliance Committee of the Board has recommended their reappointment. The necessary resolution is being placed before the shareholders for their approval.

STATUTORY INFORMATION :

Since the Company is not engaged in any manufacturing activity, the 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. Expenditure incurred in foreign currency amounted to Rs. 27.20 lacs. There was no earning in foreign exchange.

Information pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is given in Annexure - I to this Report.

EMPLOYEES :

Human resources continue to be the biggest asset of the Company. Your Company aims at creating a corporate culture that respects people, develops and trains them to deliver high quality performance and rewards talent and performance with growth opportunities.

The staff strength of the Company comprises of highly qualified and experienced professionals from various faculties like engineering, finance, legal, and management. Employee relations continue to be cordial.

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, June 30, 2009

ANNEXURE - I
STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2009.
A. Particulars of employees employed throughout the year in terms of Section 217 (2A) (a) (i) :

| Sr. No. | Name of the Employee | Designation / Nature of duties | Remuneration received (Rs.) | Qualifications and experience | Age (Years) | Date of commencement of employment | Particulars of previous employment / years of employment |
|---------|------------------------|------------------------------------|-----------------------------|----------------------------------|-------------|------------------------------------|--|
| 1 | Mr. Hemant M. Shah | Executive Chairman | 1,85,76,000 | B. E. (Civil Engineer) (31 Yrs.) | 56 | November 01, 2005 | Business |
| 2 | Mr. Vyomesh M. Shah | Managing Director | 1,65,12,000 | Chartered Accountant (28 Yrs.) | 49 | November 01, 2005 | Business |
| 3 | Mr. E. C. Paulose | Technical Advisor | 59,67,565 | B.S.C. (Engg.) (42 Yrs.) | 66 | November 01, 2005 | CPWD, Govt. of India, Nirman Bhavan, Delhi (31 Yrs.) - Asst. Engg. Citygold Management Services Pvt. Ltd. (6Yrs.) Sales Manager SKP Crossborder Consulting Pvt. Ltd. / Sudit K. Parekh & Co. (11 Yrs.) Executive Director P K. Ruia Group (2 Yrs.) - |
| 4 | Mr. Mayur Shah | Chief Sales Officer | 53,55,772 | M.B.A. (14 Yrs.) | 39 | November 01, 2005 | Executive President Govt. of Maharashtra, Public Health Department. (3 Yrs.)- Secretary M/s. Pal - Peugeot Ltd. (5 Yrs.)- Manager (Internal Audit) Business |
| 5 | Mr. Bharat Mody | Chief Finance Officer | 48,14,074 | B.Com, C. A (25 Yrs.) | 49 | November 11, 2007 | ICICI Ltd. (26 Yrs.) - Asst. Vice President Networth Stock Broking Limited (7 Months)- President PNG Securities Pvt. Ltd. (14 Yrs.) - Own Company |
| 6 | Mr. Milap Raj Bhansali | Chief Regional Officer | 48,11,410 | B.Com, C.A. (36 Yrs.) | 58 | February 11, 2008 | |
| 7 | Mr. Madhukar B. Chobe | Wholetime Director | 48,00,000 | B.A, IAS (35 Yrs.) | 65 | November 01, 2005 | |
| 8 | Mr. Rajendra Shah | Chief Budget & MIS | 47,38,120 | ACA,ICWA, DCP (16 Yrs.) | 40 | November 01, 2005 | |
| 9 | Mr. Kamal Matalia | Chief Accounts | 47,24,534 | B.Com, C.A. (20 Yrs.) | 46 | November 01, 2005 | |
| 10 | Ms. Charuta Maishe | Chief - Human Resource | 35,92,617 | MA,DCM (35 Yrs.) | 56 | July 01, 2001 | |
| 11 | Ms. Pankajlata Nigam | Vice President - Strategy Planning | 28,46,823 | M. A (16 Yrs.) | 44 | November 01, 2005 | |
| 12 | Mr. Pankaj Gandhi | Vice President - Finance | 24,52,604 | B. Com, C. A. (27 Yrs.) | 59 | December 24, 2007 | |

B. Particulars of employees employed for part of the year in terms of Section 217 (2A) (a) (ii) :

| Sr. No. | Name of the Employee | Designation / Nature of duties | Remuneration received (Rs.) | Qualifications and experience | Age (Years) | Date of commencement of employment | Particulars of previous employment / years of employment |
|---------|---------------------------------|--------------------------------|-----------------------------|---|-------------|------------------------------------|--|
| 1 | Col. Rajbir Singh Malik (Retd.) | Chief Operations Officer | 74,62,786 | B.E. (Civil) (41 Yrs.) | 64 | June 01, 2008 | Joyous Hsg. Ltd.(4 Yrs.) - Jt. Chief Civil Engg. |
| 2 | Mr Deepak Mehta | Chief Civil Engineer | 51,52,024 | B. E. (Civil) (39 Yrs.) | 60 | January 17, 2005 | N Sheth Developers Ltd. (3 Yrs.) -Asst. General Manager |
| 3 | Mr. A. Ramkrishnan | Chief Executive Officer | 40,89,460 | M.Sc (Physics), MBA, L.L.B, IAS (32 Yrs.) | 56 | June 01, 2006 | Principal Secretary to Govt. of Maharashtra (5 Yrs.) |
| 4 | Mr. Jinesh Sonawala | Chief Marketing Officer | 34,77,791 | C.A., M. B. A. (15 Yrs.) | 39 | July 02, 2007 | Webaroo, Santa Clara, CA, Mumbai, India (1 Yr.) - Sr. Director |

1. Remuneration received during the year includes salary, house rent allowance, Company's contribution to Provident Fund and Family Pension Fund, other allowances, and taxable value of perquisites as per Income tax Rules, 1962. Payments, if any, made in respect of earlier year have been excluded.
2. Nature of employment with the Executive Chairman, the Managing Director and the Wholetime Director is contractual.
3. Except for Mr. Hemant M. Shah and Mr. Vyomesh M. Shah, who are related to each other, none of the employees listed above is related to any Director of the Company.
4. Except for Mr. Hemant M. Shah and Mr. Vyomesh M. Shah, none of the employees listed above hold by themselves or alongwith their spouses and dependent children, 2 % or more of the equity shares of the Company.

For and on behalf of the Board

Hemant M. Shah
Executive Chairman

Mumbai, June 30, 2009

CORPORATE GOVERNANCE REPORT

INTRODUCTION

'Good Corporate Governance' is governance with the highest standards of professionalism, integrity, accountability, fairness, transparency and social responsibility and leads to long term shareholder value and enhances interest of other stakeholders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder value.

Transparency, accountability and integrity form the cornerstone of effective governance. The responsibility of effective corporate governance rests not with a single authority. However, the Board of Directors has the primary responsibility of ensuring that the fundamentals of corporate governance - as expressed in law and regulation are complied with. Corporate governance is a state of mind and a set of principles based on relationships and can only work if people charged with these responsibilities believe and are committed to the principles that underlie effective corporate governance. An effective corporate governance strategy can only emanate by constantly reviewing corporate governance practices.

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 :

Excellence in operations of a company stems from good Corporate Governance. Your Company is firmly committed to good Corporate Governance and transparency in its dealings and lays emphasis on integrity and regulatory compliance. With this objective, the Company has been continuously strengthening and upgrading its systems and processes in order to bring in transparency and efficiency in its business.

The Company's philosophy on corporate governance envisages attainment of transparency, accountability and propriety in the total functioning of the Company and in the conduct of its business internally and externally, including its interactions with employees, shareholders, creditors, consumers, and institutional and other lenders.

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

The Board of Directors fully supports and endorses corporate governance practices as 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 Ackruti 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 | 13 | — | — | Related to Mr. Vyomesh M. Shah |
| Mr. D. R. Kaarthikeyan | Non-Promoter, Non-Executive, Independent | 5 | — | 1 | |
| Mr. Shailesh V. Haribhakti | Non-Promoter, Non-Executive Independent | 13 | 3 | 8 | |
| Mr. P. H. Ravikumar | Non-Promoter, Non-Executive Independent | 5 | 2 | 4 | |
| Mr. Shailesh H. Bathiya | Non-Promoter, Non-Executive, Independent | 2 | — | 3 | |
| Mr. Madhukar B. Chobe <i>Wholetime Director</i> | Non-Promoter, Non-Independent, Executive | 8 | — | — | |
| Mr. Vyomesh M. Shah <i>Managing Director</i> | Promoter, Non-Independent Executive | 14 | 1 | 1 | 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. P. H. Ravikumar and Mr. Shailesh H. Bathiya 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 performances, authorise and monitor strategic investments, ensure regulatory compliances and safeguard interests of the stakeholders.

CORPORATE GOVERNANCE REPORT (CONTD.)

ROLE OF INDEPENDENT DIRECTORS :

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

The Independent Directors 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 often 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 as and when required 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. P. H. Ravikumar and Mr. Shaillesh H. Bathiya retire by rotation and being eligible, offer themselves for reappointment.

Mr. P. H. Ravikumar

Mr. P. H. Ravikumar, 58 years, holds a Bachelor's degree in Commerce and a senior diploma in French from Osmania University. He is also a certified associate of Indian Institute of Bankers and an associate of Chartered Institute of Bankers, London. He is a fellow of Securities Investments Institute, U. K. He is a commercial banker with over 37 years of experience in financial services industry. He was with Bank of India for 22 years and was a key part of the team which set up and grew ICICI Bank. At ICICI Bank, he headed functions like treasury and corporate banking. When he left ICICI Bank after 12 years, he was Senior General Manager responsible for Small & Medium Enterprises and Agri business of the Bank. Mr. Ravikumar was the first Managing Director and Chief Executive Officer of National Commodity and Derivatives Exchange Limited. He is currently the Chief Executive Officer of Invent Assets Securitisation & Reconstruction Limited. He is a member of the Audit and Compliance Committee and Remuneration Committee of Directors of the Company. Mr. P. H. Ravikumar does not hold any equity shares in the Company.

The other directorship and committee membership of Mr. P. H. Ravikumar are as under :

| Name of the Company | Board Position held | Committee Membership |
|--|---------------------|----------------------------|
| Bharat Forge Limited | Director | Audit Committee (Member) |
| Eveready Industries India Limited | Director | Audit Committee (Chairman) |
| The Federal Bank Limited | Director | Audit Committee (Chairman) |
| Fedbank Financial Services Limited | Director | Audit Committee (Member) |
| United Stock Exchange of India Limited | Director | — |

CORPORATE GOVERNANCE REPORT (CONTD.)

Mr. Shailesh H. Bathiya

Mr. Shailesh H. Bathiya, 53 years, is a Commerce and Law graduate from Mumbai University. He is a practicing Chartered Accountant and a senior partner in M/s. S. H. Bathiya & Associates. He has over 29 years of experience in the fields of project finance, public issue management, taxation, leasing, hire purchase, auditing & accounting, mergers & acquisitions, corporate law matters and management consultancy. Presently, Mr. Bathiya is a co-opted member of the Central Council Committee on Financial Markets and Investors' Protection and Committee on Corporate Governance of The Institute of Chartered Accountants of India. He is a member of the Audit and Compliance Committee and Chairman of Shareholders' / Investors' Grievances Committee of Directors of the Company. Mr. Shailesh H. Bathiya does not hold any equity shares in the Company.

The other directorship and committee membership of Mr. Shailesh H. Bathiya are as under :

| Name of the Company | Board Position held | Committee Membership |
|---------------------------|---------------------|---|
| Ashapura Minechem Limited | Director | Audit Committee (Member) Shareholders'/Investors' Grievances Committee (Member) |
| Tricom India Limited | Director | Audit Committee (Member) |

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

During the financial year ended March 31, 2009, five Board Meetings were held on April 28, 2008, July 02, 2008, July 29, 2008, October 20, 2008 and January 29, 2009. The gap between two Board Meetings did not exceed four months.

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

| Name of the Director | No. of Board Meetings attended | Attendance at last AGM held on August 25, 2008 |
|----------------------------|--------------------------------|--|
| Mr. Hemant M. Shah | 5 | Attended |
| Mr. D. R. Kaarthikeyan | 5 | Attended |
| Mr. Shailesh V. Haribhakti | 5 | Attended |
| Mr. P H. Ravikumar | 5 | Attended |
| Mr. Shailesh H. Bathiya | 5 | Attended |
| Mr. Madhukar B. Chobe | 5 | Attended |
| Mr. Vyomesh M. Shah | 5 | Attended |

3. AUDIT AND COMPLIANCE COMMITTEE :

BROAD TERMS OF REFERENCE :

In order to regulate and monitor timely compliance with all laws, rules and regulations applicable to the Company under Clause 49 of the Listing Agreements, the nomenclature of the 'Audit Committee' was changed to 'Audit and Compliance Committee'.

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

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

CORPORATE GOVERNANCE REPORT (CONTD.)

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

The Audit and Compliance Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS). Compliance with the Accounting Standards as applicable to the Company has been ensured in the Financial Statements for the year ended March 31, 2009.

The draft minutes of the Audit and Compliance Committee are circulated among members of the Committee before the same is confirmed and placed before the Board.

COMPOSITION :

The Audit and Compliance Committee comprises of four Directors, three of whom are Non-Executive, Independent Directors. The Audit and Compliance 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 and Compliance Committee Meetings is two independent members. The Company Secretary acts as Secretary to the Committee.

CORPORATE GOVERNANCE REPORT (CONTD.)

The composition of the Audit and Compliance 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 |

MEETINGS AND ATTENDANCE :

During the financial year ended March 31, 2009, five Audit and Compliance Committee Meetings were held on April 28, 2008, July 02, 2008, July 29, 2008, October 20, 2008 and January 29, 2009. The gap between two meetings did not exceed four months.

The attendance at the Audit and Compliance Committee Meetings is as under :

| Name of the Director | No. of meetings attended |
|----------------------------|--------------------------|
| Mr. Shailesh V. Haribhakti | 5 |
| Mr. Shailesh H. Bathiya | 5 |
| Mr. P. H. Ravikumar | 5 |
| Mr. Vyomesh M. Shah | 5 |

The Chairman of the Audit and Compliance Committee was present at the Twentieth Annual General Meeting held on August 25, 2008 to answer queries of the shareholders.

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 and Compliance 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 |

CORPORATE GOVERNANCE REPORT (CONTD.)

MEETING AND ATTENDANCE :

The Remuneration Committee met once on June 25, 2008. 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 Remuneration Committee/Board considers the performance of the Company, the current trends in the industry, the experience of the appointee(s), their past performance and other relevant factors.

A. Remuneration to Non-Executive Directors :

The remuneration of Non-Executive Directors consists of sitting fees and commission not exceeding the limits prescribed under Section 309 of the Companies Act, 1956, which is decided by the Board within the limits approved by the shareholders. The Non-Executive Directors are paid sitting fees of Rs.20,000 for every meeting of the Board/Committee of the Board attended by each of them. For the year ended March 31, 2009, the Non-Executive Directors have waived 10% of their commission voluntarily and hence each of them will be paid commission of Rs. 4.50 lacs instead of Rs. 5 lacs, based on the principle of collective responsibility.

The service contract, notice period and severance fees are not applicable to the Non-Executive Directors.

None of the Non-Executive Directors have any material pecuniary relationship or business transactions with the Company except for the commission payable to them annually.

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, 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. However, for the year ended March 31, 2009, the Executive Chairman and the Managing Director have volunteered to forgo their performance incentive.

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, 2009

NON-EXECUTIVE DIRECTORS :

| Name of the Director | Sitting Fees (Gross) Rs. | Commission *(Gross) Rs. | No. of Shares held |
|----------------------------|-----------------------------|----------------------------|--------------------|
| Mr. Shailesh V. Haribhakti | 2,20,000 | 4,50,000 | 100 |
| Mr. Shailesh H. Bathiya | 2,00,000 | 4,50,000 | — |
| Mr. P. H. Ravikumar | 2,00,000 | 4,50,000 | — |
| Mr. D. R. Kaarthikeyan | 1,20,000 | 4,50,000 | 15 |

* - The Commission for the year ended March 31, 2009 will be paid to Non-Executive Directors, subject to deduction of tax after adoption of accounts by the members at the Annual General Meeting to be held on August 27, 2009.

Consolidated provision for commission of Rs.18 lacs to Non-Executive Directors has been made in the books of account.

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 | 1,85,76,000 | — | 5 years |
| Mr. Vyomesh M. Shah, Managing Director | 1,65,12,000 | — | 5 years |
| Mr. Madhukar B. Chobe, Wholetime Director | 48,00,000 | — | 5 years |

- no performance incentive is payable for the year ended March 31, 2009.

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 Shareholders' / Investors' complaints. The Secretarial Department of the Company and the Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited (formerly 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 Company maintains continuous interaction with the said R & T Agent and takes proactive steps and actions for resolving complaints/queries of the shareholders/investors and also takes initiatives for solving critical issues. Shareholders are requested to furnish their telephone numbers and e-mail addresses to facilitate prompt action.

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

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 in terms of the Listing Agreements.

MEETINGS AND ATTENDANCE :

The Committee meetings are held as and when required.

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, 2009 were 27. These complaints related mainly to the non-receipt of dividend and/or annual report. In view of the posting of the dividend and annual reports within the statutory time limit, the delay or non-receipt of the dividend or the annual report, as the case may be, was not due to any lapse on the part of the Company.

There were no grievances outstanding as on March 31, 2009. The number of pending requests for dematerialisation as on March 31, 2009 were Nil. The 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, 2009.

CORPORATE GOVERNANCE REPORT (CONTD.)

6. GENERAL BODY MEETINGS :

a. Location and time, where last three Annual General Meetings were held and the Special Resolutions passed therein are given below :

| Financial Year | Date | Location of the Meeting | Time | Particulars of the Special Resolution |
|----------------|-----------------------|--|------------|---|
| 2005-2006 | May 08, 2006 | Akruti Trade Centre, 6 th floor, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093 | 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. |
| 2007-2008 | August 25, 2008 | Walchand Hirachand Hall, 4 th floor, Indian Merchants' Chamber Building, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020 | 11.30 A.M. | i. revision in the commission payable to Non-Executive Directors of the Company ii. issue of securities upto US \$ 500 million. |

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 P.M. | 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 preferential basis. |

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

CORPORATE GOVERNANCE REPORT (CONTD.)

POSTAL BALLOT :

| Sr. No. | Date of passing of the resolution | Nature of the resolution Ordinary / Special | Particulars of the resolution | % of votes in favour of the resolution |
|---------|-----------------------------------|---|---|--|
| 1. | September 13, 2007 | Special Resolution | Making loan(s) / investment(s), giving guarantee(s) and providing security(ies) in excess of the limits prescribed under Section 372A. | 99.99% |
| 2. | March 20, 2008 | Special Resolution | Making loan(s) / investment(s), giving guarantee(s) and providing security(ies) in excess of the limits prescribed under Section 372A. | 99.99% |
| | | Ordinary Resolution | Granting of authority to the Board of Directors of the Company to borrow monies in excess of the paid-up share capital and free reserves of the Company under Section 293 (1) (d). | 99.99% |
| | | Special Resolution | Alteration of Objects Clause by insertion of new sub-clauses (47) and (48) under Section 17 and for commencement of the businesses as mentioned in the said new sub-clauses (47) and (48) under Section 149 (2A). | 99.99% |
| 3. | December 15, 2008 | Special Resolution | Making loan(s) / investment(s), giving guarantee(s) and providing security(ies) in excess of the limits prescribed under Section 372A. | 99.99% |
| 4. | May 27, 2009 | Special Resolution | Change of name of the Company from 'Akruti City Limited' to 'Ackruti City Limited' under Section 21. | 99.99% |

Accordingly, all the abovementioned resolutions were duly passed by requisite majority of the shareholders. The results of the above Postal Ballots have been posted on the Company's website.

The Company had appointed Mr. Ashish Bhatt, practicing company secretary, as the Scrutinizer for conducting the aforesaid Postal Ballot voting processes in a fair and transparent manner.

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

A special resolution under Section 81 (1A) of the Companies Act, 1956 is proposed to be passed through Postal Ballot for issue of securities including Qualified Institutional Placement upto an amount not exceeding US \$ 500 million or its Indian Rupees equivalent. The Company has appointed Mr. Ashish Bhatt, practicing company secretary, as the Scrutinizer for conducting the aforesaid Postal Ballot voting process in a fair and transparent manner. The last date for receipt of the Postal Ballot is July 16, 2009, and the result will be declared on July 21, 2009.

CORPORATE GOVERNANCE REPORT (CONTD.)

7. SUBSIDIARIES :

The Company does not have any material unlisted Indian Subsidiary whose turnover or networth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or networth respectively, of the listed Holding Company together with 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 and Compliance 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 :

In order to further enhance the ethical and transparency process in conducting and managing the affairs of the Company based on best corporate governance practices, the Board of Directors at its meeting held on October 20, 2008 adopted revised Code of Business Conduct and Ethics for Directors and Employees of the Company. The said Code of Conduct has been posted on the Company's website - www.ackrutcitiy.com. All Board members and Senior Management Personnel have affirmed their compliance with the said Code for the financial year ended March 31, 2009. A declaration to this effect signed by the Managing Director 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.

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, which was reviewed and a revised Code was adopted by the Board of Directors at its meeting held on October 20, 2008. The Code is applicable to all Directors, Senior Management Personnel and such other designated employees 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, their relatives, Senior Management Personnel and designated employees, etc. 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 Directors and 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 :

The Company has not entered into any other transaction of a material nature with the Promoters, Directors or the Management, their Subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. All transactions were carried out on an arms length basis and were not prejudicial to the interest of the Company.

Transactions with related parties entered into by the Company in the normal course of business were placed before the Audit and Compliance Committee. Details of related party transactions as per requirements of Accounting Standard - AS 18 - 'Related Party Disclosures' are disclosed in Note No. 2 in Schedule 'O' to the Accounts in the Annual Report.

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.

CORPORATE GOVERNANCE REPORT (CONTD.)

The related party transactions have been reviewed by the Audit and Compliance 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 follows the Accounting Standards prescribed by 'The Companies Accounting Standards Rules, 2006' and relevant provisions of the Companies Act, 1956 and in preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standard(s). 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 and Compliance 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 :

During the year under review, the Company did not raise any proceeds through a public issue, rights issue or 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 constituted a Remuneration Committee. The Remuneration Committee determines the remuneration payable to the Executive Directors. The Chairman of the Remuneration Committee was present at the Annual General Meeting of the Company held on August 25, 2008.
- 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 Statements.
- (ii) the Annual General Meeting of the Company is the principal forum for face-to-face communication with the shareholders.

CORPORATE GOVERNANCE REPORT (CONTD.)

- (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) 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.ackruticity.com.
- (vii) Management Discussion & Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

12. GENERAL SHAREHOLDER INFORMATION :

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

13. COMPLIANCE CERTIFICATE OF THE AUDITORS :

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement 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, 2009.

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 Ackruti City Limited Code of Business Conduct and Ethics, as applicable to them, for the financial year ended March 31, 2009.

For **Ackruti City Limited**

Vyomesh M. Shah
Managing Director

Mumbai, June 30, 2009

CORPORATE GOVERNANCE REPORT (CONTD.)

Auditors' Certificate on Clause 49 Compliance – Corporate Governance

To the Members of

Ackruti City Limited
(Formerly known as 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 31st March, 2009.

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
June 30, 2009

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Chartered Accountants

VIRAL D. DOSHI
Partner
Membership No. : 105330

CERTIFICATION UNDER CLAUSE 49 OF THE LISTING AGREEMENTS

Pursuant to Clause 49 of the Listing Agreements 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, 2009 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 ended March 31, 2009, 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 and Compliance 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.
 - (i) there has not been any significant change in internal control over financial reporting during the year under review;
 - (ii) there has not been any significant change in the accounting policies during the year under review requiring disclosure in the notes to the financial statements; and
 - (iii) 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 **Ackruti City Limited**

Vyomesh M. Shah
Managing Director

Bharat Mody
Chief Finance Officer

Mumbai, June 30, 2009

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 : THURSDAY
 Date : AUGUST 27, 2009
 Time : 11.30 A.M.
 Venue : WALCHAND HIRACHAND HALL, 4TH FLOOR,
 INDIAN MERCHANTS' CHAMBER BUILDING,
 INDIAN MERCHANTS' CHAMBER MARG,
 CHURCHGATE, MUMBAI - 400 020.

2. Financial Calendar (2009-2010) :

- Financial reporting for the quarter ending June 30, 2009 : End July 2009
- Financial reporting for the half year ending September 30, 2009 : End October 2009
- Financial reporting for the quarter ending December 31, 2009 : End January 2010
- Financial reporting for the year ending March 31, 2010 : End June 2010

3. Date of Book Closure : August 17, 2009 to August 27, 2009 (both days inclusive).

4. Dividend Payment Date :

On or after August 28, 2009.

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) Website : www.ackruticity.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 2009-2010 have been paid within the prescribed time limit.

8. Stock Code :

BSE - **532799**

NSE - **ACKRUTI EQ**

International Securities Identification No. (ISIN) of Ackruti on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) - **INE703H01016**.

SHAREHOLDER INFORMATION (CONTD.)

9. Market Price Data during 2008-2009 :

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, 2008 to March 31, 2009 are given below :

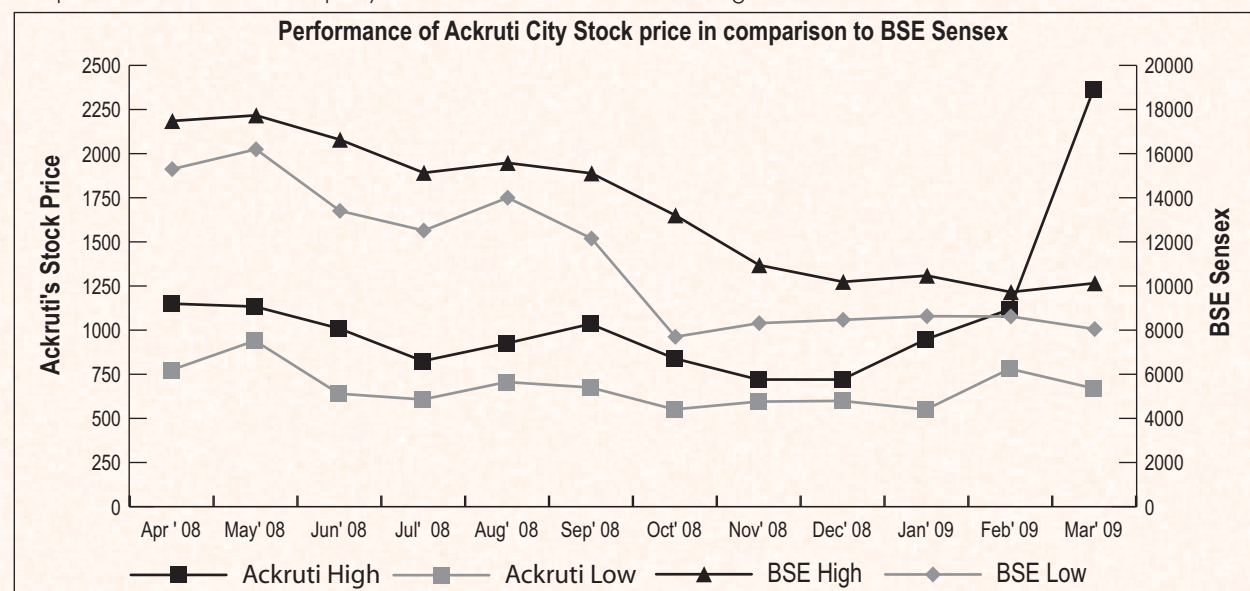
| MONTH | BSE | | | NSE | | |
|----------------|------------|-----------|----------------------|------------|-----------|----------------------|
| | High (Rs.) | Low (Rs.) | No. of shares traded | High (Rs.) | Low (Rs.) | No. of shares traded |
| April 2008 | 1150.00 | 773.60 | 3693682 | 1154.00 | 771.00 | 3301526 |
| May 2008 | 1133.50 | 939.95 | 500531 | 1135.00 | 925.00 | 545985 |
| June 2008 | 1010.00 | 640.10 | 380370 | 1011.00 | 645.45 | 386281 |
| July 2008 | 825.00 | 607.00 | 590190 | 840.00 | 605.00 | 641766 |
| August 2008 | 925.00 | 706.00 | 2662926 | 934.00 | 702.30 | 4589144 |
| September 2008 | 1035.00 | 675.00 | 11587191 | 1079.00 | 700.00 | 17649014 |
| October 2008 | 839.90 | 551.00 | 3348563 | 839.60 | 551.00 | 4189398 |
| November 2008 | 720.00 | 595.00 | 1483184 | 720.00 | 594.00 | 1416964 |
| December 2008 | 719.95 | 599.00 | 788020 | 733.00 | 599.00 | 1831300 |
| January 2009 | 947.90 | 550.05 | 5977853 | 949.00 | 550.00 | 7556022 |
| February 2009 | 1117.70 | 781.05 | 7193054 | 1124.70 | 781.35 | 12123441 |
| March 2009 | 2364.25 | 670.00 | 38970595 | 2359.95 | 700.00 | 58334481 |

10. Market Capitalisation :

| | BSE | NSE |
|--|----------------|----------------|
| No. of shares traded | 77176159 | 112565322 |
| Highest Share Price (Rs.) | 2364.25 | 2359.95 |
| Lowest Share Price (Rs.) | 550.05 | 550.00 |
| Closing Share Price as on March 31, 2009 (Rs.) | 702.60 | 856.95 |
| Market Capitalisation as on March 31, 2009 (Rs. in crores) | 4686.34 | 5715.86 |

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 :

Link Intime India Private Limited

(formerly 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 : mahadevan.iyer@linkintime.co.in

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 Link Intime India Private 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, 2009 :

| No. of Equity Shares held | No. of Shareholders | % of Shareholders | No. of shares held | % of shareholding |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| 1 - 500 | 24649 | 98.9046 | 466011 | 0.6987 |
| 501 - 1000 | 96 | 0.3852 | 69735 | 0.1046 |
| 1001 - 2000 | 46 | 0.1846 | 64625 | 0.0969 |
| 2001 - 3000 | 21 | 0.0843 | 51531 | 0.0773 |
| 3001 - 4000 | 6 | 0.0241 | 20541 | 0.0308 |
| 4001 - 5000 | 9 | 0.0361 | 41557 | 0.0623 |
| 5001 - 10000 | 16 | 0.0642 | 110791 | 0.1661 |
| 10001 - above | 78 | 0.3170 | 65875209 | 98.7634 |
| TOTAL | 24921 | 100.0000 | 66700000 | 100.0000 |

15. Distribution of shareholding by ownership as on March 31, 2009 :

| CATEGORY | No. of Shareholders | No. of shares held | % of Total |
|---|---------------------|--------------------|--------------|
| A. Shareholding of Promoter and Promoter Group | | | |
| 1. Indian | | | |
| a. Individuals / Hindu Undivided Family | 15 | 59400000 | 89.06 |
| b. Bodies Corporate | 2 | 600000 | 0.90 |
| Sub-Total (A) (1) | 17 | 60000000 | 89.96 |
| 2. Foreign | --- | --- | --- |
| Sub-Total (A) (2) | --- | --- | --- |

SHAREHOLDER INFORMATION (CONTD.)

| CATEGORY | No. of Shareholders | No. of shares held | % of Total |
|--|---------------------|--------------------|---------------|
| A Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2) | 17 | 60000000 | 89.96 |
| B. Public Shareholding | | | |
| 1. Institutions | | | |
| a. Mutual Funds | — | — | — |
| b. Financial Institutions / Banks | 1 | 56937 | 0.08 |
| c. Venture Capital Fund | — | — | — |
| d. Insurance Companies | — | — | — |
| e. Foreign Institutional Investors | 9 | 238696 | 0.36 |
| Sub-Total (B) (1) | 10 | 295633 | 0.44 |
| 2. Non-Institutions | | | |
| a. Bodies Corporate | 700 | 3764662 | 5.64 |
| b. Resident Individuals | | | |
| i. Individual shareholders holding nominal capital upto Rs.1 lac | 23708 | 442803 | 0.66 |
| ii. Individual shareholders holding nominal capital in excess of Rs. 1 lac | 20 | 1592398 | 2.39 |
| c. Trusts | 7 | 91 | 0.00 |
| c-i. Non-Residents | 138 | 140773 | 0.21 |
| c-ii Overseas Corporate Bodies | 2 | 11 | 0.00 |
| c-iii Clearing Members | 319 | 463629 | 0.70 |
| Sub-Total (B) (2) | 24894 | 6404367 | 9.60 |
| Total Public Shareholding (B) = (B) (1) + (B) (2) | 24904 | 6700000 | 10.04 |
| GRAND TOTAL (A) + (B) | 24921 | 66700000 | 100.00 |

16. Dematerialisation of shares and liquidity :

A total of 6,54,99,999 equity shares of the Company constituting 98.20 % of the Issued, Subscribed and Paid-up Share Capital were dematerialized as on March 31, 2009.

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

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

SHAREHOLDER INFORMATION (CONTD.)

18. Address for Correspondence :

| Physical Shares | Demat Shares |
|---|---|
| Address: Link Intime India Private Limited (formerly Intime Spectrum Registry Limited) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 E-mail : mahadevan.iyer@linkintime.co.in | 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 Agreements, the Company has designated an e-mail ID exclusively for the purpose of registering complaints by investors. The e-mail ID is **investorcell@ackrutcitiy.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.

Form No. 2B can be obtained from the Company's Registrar and Share Transfer Agent or downloaded from the Company's website: www.ackrutcitiy.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 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.

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **ACKRUTI CITY LIMITED**, as at 31st March, 2009, the annexed Profit and Loss Account and also the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of the books of the Company;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2009, 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) Without qualifying our opinion, we invite attention to Note No. 20 in Schedule "O" to the Accounts, relating to debts considered good and fully recoverable;
 - (vii) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with our comments in para 3 (vi) above and the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (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: 30th June, 2009

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 31st MARCH, 2009 OF ACKRUTI CITY LIMITED (Formerly known as Akruti City 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 following a programme for verification of its fixed assets, in a phased manner, which, in our opinion, appears to be reasonable, looking to the size of the Company and the nature of its assets. The management has conducted a physical verification of its assets and is in the process of reconciling the same with its book records. As per the representations made to us, the differences are not expected to be material;
- (c) The Company has not disposed off any substantial part of its fixed asset so as to affect its going concern;
- (ii) (a) As explained to us, inventories have been physically verified by the management at intervals which are, in our opinion, reasonable in relation to the size of the Company and the nature of its business;
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) On the basis of our examination of the records of the Company, we are of the opinion that, the Company is maintaining proper project-wise records. Looking to the nature of the inventory, 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, during the year, granted / renewed unsecured loans (including advances in the nature of loans) aggregating Rs. 1,703,313,932, to five companies covered in the register maintained under Section 301 of the Companies Act, 1956. The amounts outstanding at the close of the year from four companies, after considering the repayments and discontinuance from directorships in some companies, aggregate Rs. 34,221,860. There were no loans granted to firms or 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, prima-facie, not prejudicial to the interest of the Company;
- (c) According to the information and explanations given to us, the recovery of principal amounts and interest thereon is generally regular;
- (d) According to the information and explanations given to us, the Company has, during the year, taken / renewed unsecured loans (including advances in the nature of loans) from two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The amounts outstanding at the close of the year from these companies, aggregate Rs. 7,820,760. There were no loans taken from firms or any other party covered in the register maintained under the said section;
- (e) In our opinion, the rate of interest and other terms and conditions of the loans taken are, prima-facie, not prejudicial to the interest of the Company;
- (f) According to the information and explanations given to us, the Company is generally regular in repayment of principal amounts and interest thereon;
- (iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of properties and services. There was no sale of goods during the year. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control;
- (v) (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations made to us, we are of the opinion that, the transactions in which directors were interested 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 referred to in (a) above did 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, carried out by a firm of Chartered Accountants, which is commensurate with its size and nature of its business;
- (viii) (a) According to the records of the Company, it has been generally regular in depositing undisputed statutory dues including Provident Fund, Sales Tax, Wealth Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities. **There have been delays in depositing undisputed Income Tax, Fringe Benefit Tax, Income Tax deducted at source and Service Tax.** However, there were no amounts outstanding as at the last day of the financial year for a period exceeding six months from the date they became payable **except for Advance Income Tax amounting to Rs.95,689,925.** As explained to us, the Employees State Insurance, is at present not applicable to

ANNEXURE TO THE AUDITORS' REPORT (CONTD.)

the Company. There were no dues during the year towards Investor Education and Protection Fund and Excise Duty;

- (b) On the basis of our examination of documents and records of the Company, there were no disputed dues in respect of Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or Cess. Disputed Income Tax dues are as under:

| Name of the statute | Amount involved (Rs.) | Period to which it relates (Assessment Year) | Forum where dispute is pending |
|----------------------|-----------------------|--|--------------------------------------|
| Income Tax Act, 1961 | 1,635,448 | 2003-2004 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | 13,845,668 | 2004-2005 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | 50,378,428 | 2005-2006 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | 118,985,353 | 2006-2007 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | 155,660,565 | 2007-2008 | 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 defaulted in repayment of dues to banks and financial institutions, as given below:

| Period of Default | Amount (Rs.) |
|---------------------|--------------------|
| Upto 30 days | 223,260,620 |
| 31- 60 days | 87,740,115 |

There were no dues to debenture holders during the year;

- (xi) As explained to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or any other securities;
- (xii) In respect of the securities dealt in or traded by the Company, proper records have been maintained in respect of the transactions and contracts, and timely entries have been made therein. All the investments are held by the Company in its own name;
- (xiii) According to the information and explanations given to us, and the representations made by the management, the guarantees given by the Company for loans taken by others from banks are, in our opinion, prima-facie, not prejudicial to the interests of the Company;
- (xiv) On the basis of the records examined by us, we have to state that, the Company has, prima-facie, applied the term loan availed, for the purpose for which it was obtained;
- (xv) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, and after placing reliance on the reasonable assumptions made by the Company for classification of usage of funds we are of the opinion that, prima facie, short term funds have not been used for long term investment;
- (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 debentures during the year;
- (xviii) The Company has not raised any money by way of public issue during the year;
- (xix) According to the information and explanations given to us, and to the best of our knowledge and belief, no significant fraud on or by the Company, has been noticed or reported by the Company during the year;

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

For and on behalf of

DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.: 37310

Mumbai: 30th June, 2009

For and on behalf of

DOSHI DOSHI & ASSOCIATES
Chartered Accountants

VIRAL D. DOSHI
Partner
Membership No.: 105330

BALANCE SHEET As At 31st MARCH, 2009

| | Schedule | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--|----------|------------------------------|------------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | A | 667,000,000 | 667,000,000 |
| Reserves and Surplus | B | 9,668,237,451 | 7,108,475,773 |
| | | 10,335,237,451 | 7,775,475,773 |
| LOAN FUNDS | C | | |
| Secured Loans | | 8,018,063,467 | 5,354,226,010 |
| Unsecured Loans | | 2,008,431,895 | 900,859,950 |
| | | 10,026,495,362 | 6,255,085,960 |
| DEFERRED TAX LIABILITY (Refer Note 6) | | — | 7,096,938 |
| TOTAL | | 20,361,732,813 | 14,037,658,671 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | D | | |
| Gross Block | | 275,134,202 | 1,022,875,621 |
| Less: Depreciation and Amortisation | | 93,497,641 | 203,729,279 |
| Net Block | | 181,636,561 | 819,146,342 |
| Capital Work-in-progress | | 38,961,575 | 23,987,811 |
| | | 220,598,136 | 843,134,153 |
| INVESTMENTS | E | 4,885,788,955 | 4,284,111,006 |
| DEFERRED TAX ASSETS (Refer Note 6) | | 103,704,377 | — |
| CURRENT ASSETS, LOANS AND ADVANCES | F | | |
| Inventories | | 3,270,032,480 | 1,823,617,949 |
| Sundry Debtors | | 4,512,980,545 | 1,109,313,818 |
| Cash and Bank Balances | | 47,433,304 | 213,225,578 |
| Other Current Assets | | 1,192,252,008 | 414,908,262 |
| Loans and Advances | | 7,988,303,743 | 6,604,969,003 |
| | | 17,011,002,080 | 10,166,034,610 |
| LESS : CURRENT LIABILITIES AND PROVISIONS | G | | |
| Current Liabilities | | 1,676,530,553 | 1,160,732,992 |
| Provisions | | 239,034,341 | 94,888,106 |
| | | 1,915,564,894 | 1,255,621,098 |
| NET CURRENT ASSETS | | 15,095,437,186 | 8,910,413,512 |
| MISCELLANEOUS EXPENDITURE (to the extent not written off) | | | |
| Loan Processing Fees and Other Finance Charges | | 56,204,159 | — |
| TOTAL | | 20,361,732,813 | 14,037,658,671 |
| 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: June 30, 2009

MUMBAI
 Date: June 30, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

| | Schedule | Year Ended 31st March, 2009 (Rupees) | Year Ended 31st March, 2008 (Rupees) |
|---|----------|--|--|
| INCOME | | | |
| Sales and Income from Operations | H | 3,995,573,859 | 4,405,006,202 |
| Surplus on Sale of Interest in Project executed through Subsidiary | | 376,372,565 | — |
| Share of Profit from Joint Ventures and Partnership Firms (Net) (Refer Note 1(III)(B)) | | 219,825 | 1,237,409 |
| Other Income | I | 335,516,026 | 331,639,888 |
| TOTAL | | 4,707,682,275 | 4,737,883,499 |
| EXPENDITURE | | | |
| Cost of Construction | J | 1,692,115,808 | 868,127,325 |
| (Increase) / Decrease in Inventories | K | (1,504,871,724) | (341,337,267) |
| Employment Cost | L | 103,205,253 | 54,987,356 |
| Administrative, Selling and General Expenses | M | 254,409,413 | 185,714,659 |
| Cost allocated to contractual interest in projects executed through Subsidiaries, Joint Ventures, etc. amortised | | 65,520,941 | — |
| Project Expenses written off | | 36,200,393 | — |
| Interest and Finance Charges | N | 1,087,234,801 | 547,464,489 |
| Depreciation and Amortisation | | 40,514,698 | 63,929,411 |
| TOTAL | | 1,774,329,583 | 1,378,885,973 |
| PROFIT BEFORE TAX | | 2,933,352,692 | 3,358,997,526 |
| Add / (Less): Provision for Taxation | | | |
| - Current Tax | | (340,000,000) | (400,000,000) |
| - Deferred Tax (Charge)/Credit (Refer Note 6) | | 110,801,315 | (5,789,269) |
| - Fringe Benefit Tax | | (1,500,000) | (1,525,000) |
| - Wealth Tax | | (175,500) | (250,000) |
| PROFIT FOR THE YEAR | | 2,702,478,507 | 2,951,433,257 |
| Add / (Less) : | | | |
| Short Provision for Taxation in respect of earlier years | | (67,723,546) | — |
| Prior Period Adjustments (Net) (Refer Note 14) | | 3,042,382 | (4,366,395) |
| | | 2,637,797,343 | 2,947,066,862 |
| Add / (Less) : | | | |
| Balance brought forward from previous year | | 2,523,445,008 | 71,470,943 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | 5,161,242,351 | 3,018,537,805 |
| Appropriations : | | | |
| Interim Dividend | | — | 120,063,634 |
| Tax on Interim Dividend | | — | 20,404,197 |
| Proposed Dividend | | 66,700,000 | 46,690,000 |
| Tax on Proposed Dividend | | 11,335,665 | 7,934,966 |
| General Reserve | | — | 300,000,000 |
| Balance carried to Balance Sheet | | 5,083,206,686 | 2,523,445,008 |
| Earning per Share of Rs. 10 each (Basic and Diluted) (Refer Note 16) | | 39.55 | 44.18 |
| 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: June 30, 2009

 MUMBAI
 Date: June 30, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

| | 2008 - 2009 (Rupees) | 2007 - 2008 (Rupees) |
|--|-------------------------|-------------------------|
| I CASH FLOW ARISING FROM OPERATING ACTIVITIES : | | |
| Net Profit before Tax as per Profit and Loss Account | 2,933,352,692 | 3,358,997,526 |
| Add / (Deduct) : | | |
| Interest and Finance Charges | 1,087,234,801 | 547,464,489 |
| Depreciation and Amortisation | 40,514,698 | 63,929,411 |
| Provision for Doubtful Advances | 80,588,447 | — |
| Contractual Interest in projects executed through Subsidiaries, Joint Ventures, etc. amortised | 65,520,941 | — |
| Dividend from Current Investments | (3,978,381) | (20,449,879) |
| Dividend from Subsidiary Company | (34,000,000) | — |
| Profit on Sale of Current Investments | — | (15,440,542) |
| Interest Income | (286,432,884) | (278,605,943) |
| Project Expenses Written off | 36,200,393 | — |
| Prior Period Adjustments (Net) | 2,557,987 | (4,366,395) |
| (Surplus) / Loss on Sale / Discardment of Fixed Assets (Net) | 29,720,841 | (1,428,130) |
| | 1,017,926,843 | 291,103,011 |
| Operating Profit before Working Capital Changes | 3,951,279,535 | 3,650,100,537 |
| Add / (Deduct) : | | |
| (Increase) in Inventories | (909,687,937) | (312,402,362) |
| (Increase) in Trade and Other Receivables | (2,754,452,963) | (1,688,375,455) |
| (Increase) in Contractual Interests in Projects undertaken by Subsidiaries, Joint Ventures, etc. | (823,191,527) | (412,324,622) |
| Increase in Trade Payables | 542,741,370 | 665,122,234 |
| Direct Taxes Paid | (308,047,809) | (345,866,511) |
| | (4,252,638,866) | (2,093,846,716) |
| Net Cash Flow in the course of Operating Activities | (301,359,331) | 1,556,253,821 |
| II CASH FLOW ARISING FROM INVESTING ACTIVITIES : | | |
| Inflow / (Outflow) on account of : | | |
| Dividend from Current Investments | 3,978,381 | 20,449,879 |
| Dividend from Subsidiary Company | 34,000,000 | — |
| Profit on Sale of Current Investments | — | 15,440,542 |
| Interest Income | 286,432,884 | 278,605,943 |
| (Increase) in Loans and Advances (Including towards Share Application) | (2,092,032,524) | (3,338,571,371) |
| Fixed Assets (Net) | (42,398,914) | (60,542,517) |
| Long term Investments (Net) | (621,693,380) | (3,562,766,171) |
| Current Investments (Net) | 20,015,431 | 1,928,232,318 |
| | (2,411,698,122) | (4,719,151,377) |
| Net Cash Flow in the course of Investing Activities | | |
| III CASH FLOW ARISING FROM FINANCING ACTIVITIES : | | |
| Inflow / (Outflow) on account of : | | |
| Increase in Secured Loans | 2,602,717,596 | 2,539,699,204 |
| Increase in Unsecured Loans | 1,105,121,385 | 897,833,218 |
| Interest and Finance Charges | (1,084,842,198) | (546,080,204) |
| Dividend Paid | (46,692,211) | (220,016,532) |
| Tax on Dividend Paid | (7,934,966) | (37,407,695) |
| Share Issue Expenses | — | (48,070,926) |
| | 2,568,369,606 | 2,585,957,065 |
| Net Cash Flow in the course of Financing Activities | | |
| Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III) | (144,687,847) | (576,940,491) |
| Add: Balance at the beginning of the year | 160,464,925 | 737,405,416 |
| Cash and Cash Equivalents at the close of the year | 15,777,078 | 160,464,925 |
| Reconciliation of Cash and Bank Balances given in Schedule F is as follows :- | | |
| Cash and Bank Balances | 47,433,304 | 213,225,578 |
| Less : Margin Money Balances | (31,656,226) | (52,760,653) |
| Cash and Cash Equivalents at the close of the year | 15,777,078 | 160,464,925 |

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: June 30, 2009

 MUMBAI
 Date: June 30, 2009

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

| | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--|--------------------------------------|--------------------------------------|
| SCHEDULE 'A' | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| 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> |
| ISSUED, SUBSCRIBED AND PAID-UP | | |
| 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.) | <u>667,000,000</u> | <u>667,000,000</u> |
| Per Balance Sheet | <u>667,000,000</u> | <u>667,000,000</u> |
| SCHEDULE 'B' | | |
| RESERVES AND SURPLUS | | |
| Securities Premium Account | | |
| Balance as per last Account | <u>3,247,030,765</u> | <u>3,241,825,438</u> |
| Add / (Less) : | | |
| Share Issue Expenses written back | <u>—</u> | <u>5,205,327</u> |
| | <u>3,247,030,765</u> | <u>3,247,030,765</u> |
| Debenture Redemption Reserve | | |
| Balance as per last Account | <u>—</u> | <u>1,000,000,000</u> |
| Add / (Less) : | | |
| Transferred to General Reserve | <u>—</u> | <u>(1,000,000,000)</u> |
| | <u>—</u> | <u>—</u> |
| General Reserve | | |
| Balance as per last Account | <u>1,338,000,000</u> | <u>38,000,000</u> |
| Add / (Less) : | | |
| Transferred from Debenture Redemption Reserve | <u>—</u> | <u>1,000,000,000</u> |
| Transferred from Profit and Loss Account | <u>—</u> | <u>300,000,000</u> |
| | <u>1,338,000,000</u> | <u>1,338,000,000</u> |
| Surplus in Profit and Loss Account | <u>5,083,206,686</u> | <u>2,523,445,008</u> |
| Per Balance Sheet | <u>9,668,237,451</u> | <u>7,108,475,773</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, 2009
SCHEDULE 'C'
LOAN FUNDS
Secured Loans

- a) Loans from Banks (Refer Note 7)
Interest accrued on above
- b) Loan from a Financial Institution (Refer Note 7)
- c) Loans from Banks against Future Lease Rentals (Refer Note 7)
- d) Vehicle Loans from Banks
(Secured against Vehicles purchased there against)
- e) Short Term / Working Capital Loans from Banks (Refer Note 7)
Interest accrued on above
- f) Loans from other companies (Refer Note 7)
Interest accrued on above

Per Balance Sheet
Unsecured Loans

Fixed Deposits
(Includes from Directors Rs.88,400,000/-; P.Y. Rs.5,000,000/-)

Short Term Loans from Subsidiary Companies
Interest accrued on above

Short Term Loans from other companies
Interest accrued on above

Per Balance Sheet

| 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|------------------------------|------------------------------|
| 3,004,750,129 | 1,122,948,620 |
| 31,415,345 | — |
| 3,036,165,474 | 1,122,948,620 |
| 966,600,000 | 100,000,000 |
| 1,005,000,948 | 1,136,192,561 |
| 313,508 | 1,422,332 |
| 300,000,000 | 13,662,497 |
| 7,368,946 | — |
| 307,368,946 | 13,662,497 |
| 2,680,279,021 | 2,980,000,000 |
| 22,335,570 | — |
| 2,702,614,591 | 2,980,000,000 |
| 8,018,063,467 | 5,354,226,010 |
| 187,255,000 | 72,255,000 |
| 13,164,023 | — |
| 224,265 | — |
| 13,388,288 | — |
| 1,805,562,312 | 828,604,950 |
| 2,226,295 | — |
| 1,807,788,607 | 828,604,950 |
| 2,008,431,895 | 900,859,950 |

Schedule 'D'
FIXED ASSETS

| PARTICULARS | GROSS BLOCK (At Cost) | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | |
|--|------------------------------|---------------------------|----------------------------|------------------------------|-----------------------------|--------------------------------|----------------------------|-----------------------------|------------------------------|------------------------------|
| | As at 31st March, 2008 | Additions/ Adjustments | Deductions/ Adjustments | As at 31st March, 2009 | Upto 31st March, 2008 | Provided during the year | Deductions/ Adjustments | Upto 31st March, 2009 | As at 31st March, 2009 | As at 31st March, 2008 |
| Freehold Land | 795,680 | — | — | 795,680 | — | — | — | — | 795,680 | 795,680 |
| Premises | 14,955,247 | — | 7,105,310 | 7,849,937 | 1,100,249 | 406,125 | 385,855 | 1,120,519 | 6,729,418 | 13,854,998 |
| Mivan System | 14,493,386 | 15,835,976 | — | 30,329,362 | 1,904,930 | 3,609,842 | — | 5,514,772 | 24,814,590 | 12,588,456 |
| Generator | 854,341 | — | # (5,204,400) | 6,058,741 | 51,952 | 547,215 | (2,072,821) | 2,671,988 | 3,386,753 | 802,389 |
| Laboratory Equipment | — | 1,656,277 | — | 1,656,277 | — | 224,076 | — | 224,076 | 1,432,201 | — |
| Air Conditioners | 1,808,642 | 190,164 | 71,479 | 1,927,327 | 413,835 | 211,987 | 45,303 | 580,519 | 1,346,808 | 1,394,807 |
| Computers | 12,248,396 | 3,531,228 | — | 15,779,624 | 4,083,093 | 4,599,008 | — | 8,682,101 | 7,097,523 | 8,165,303 |
| Office Equipment | 5,643,669 | 1,338,062 | 33,877 | 6,947,854 | 1,179,992 | 849,154 | 4,446 | 2,024,700 | 4,923,154 | 4,463,677 |
| Furniture and Fixtures | 96,501,914 | 2,510,424 | # 71,294,881 | 27,717,457 | 44,737,340 | 5,536,903 | * 38,436,521 | 11,837,722 | 15,879,735 | 51,764,574 |
| Vehicles | 33,950,773 | 3,121,091 | 232,876 | 36,838,988 | 12,741,335 | 5,986,442 | 199,425 | 18,528,352 | 18,310,636 | 21,209,438 |
| Total (I) | 181,252,048 | 28,183,222 | 73,534,023 | 135,901,247 | 66,212,726 | 21,970,752 | 36,998,729 | 51,184,749 | 84,716,498 | 115,039,322 |
| Leased Assets (@) | — | — | — | — | — | — | — | — | — | — |
| Leasehold Land | 234,666,859 | — | 196,196,900 | 38,469,959 | 25,642,667 | 3,647,555 | 21,229,040 | 8,061,182 | 30,408,777 | 209,024,192 |
| Commercial Premises \$ | 517,765,730 | — | 444,838,012 | 72,927,718 | 70,360,736 | 9,565,745 | 62,199,137 | 17,727,344 | 55,200,374 | 447,404,994 |
| Furniture and Fixtures | 89,190,984 | 6,540,776 | 67,896,482 | 27,835,278 | 41,513,150 | 5,330,646 | 30,319,430 | 16,524,366 | 11,310,912 | 47,677,834 |
| Total (II) | 841,623,573 | 6,540,776 | 708,931,394 | 139,232,955 | 137,516,553 | 18,543,946 | 113,747,607 | 42,312,892 | 96,920,063 | 704,107,020 |
| GRAND TOTAL | 1,022,875,621 | 34,723,998 | 782,465,417 | 275,134,202 | 203,729,279 | 40,514,698 | 150,746,336 | 93,497,641 | 181,636,561 | 819,146,342 |
| Previous Year | 1,010,851,029 | 41,255,860 | 29,231,268 | 1,022,875,621 | 143,062,093 | 63,929,411 | 3,262,225 | 203,729,279 | 819,146,342 | — |
| Capital Work-in-progress (Including expenditure on Development of Software (Intangible)) | | | | | | | | | 38,961,575 | 23,987,811 |

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)).

Reclassification of Assets.

* Includes Rs.484,395/- (P.Y. Rs. Nil) being excess depreciation of earlier years written back on account of reclassification of assets.

\$ Includes cost of shares held in companies (including two subsidiaries and an associate) aggregating to Rs.1,679,800/- (P.Y. Rs.1,679,800/-) carrying the occupancy rights in the premises.

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

SCHEDULE 'E'

INVESTMENTS (Unquoted) (Trade, unless otherwise specified)

Long term Investments (At Cost)

I) Subsidiary Companies (Fully paid Equity Shares)

| | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--|------------------------------|------------------------------|
| a) 26580 Equity Shares of Rs.10/- each (PY. 26580 Equity Shares of Rs. 10/- 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. 50000 Equity Shares of Rs. 10/- 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 | 500,000 | 500,000 |
| e) 50000 Equity Shares of Rs.10/- each (PY.50000 Equity Shares of Rs.10 each) Vishal Techno Commerce Limited | 500,000 | 500,000 |
| f) 50000 Equity Shares of Rs.10/- each (PY 50000 Equity Shares of Rs.10/-each) Arnav Gruh Limited | 500,000 | 500,000 |
| g) 25510 Equity Shares of Rs.10/- each (PY.25510 Equity shares of Rs.10/- each) Vishal Nirman (India) Limited | 255,100 | 255,100 |
| h) 250000 Equity Shares of Rs.10/- each (PY. 250000 Equity shares of Rs.10/- each) E-Commerce Magnum Solution Limited | 2,500,000 | 2,500,000 |
| i) 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 |
| j) 4300 Equity Shares of Rs.100/-each (PY 4300 Equity Shares of Rs.100/- each) Vaishnavi Builders & Developers Private Limited | 430,000 | 430,000 |
| k) 30000 Equity Shares of Rs.10/- each (PY.30000 Equity Shares of Rs.10/- each) New Empire Realtors Limited | 300,000 | 300,000 |
| l) 50000 Equity Shares of Rs.10/- each (PY. 50000 Equity Shares of Rs.10/- each) Akruti Warehousing Limited | 500,000 | 500,000 |
| m) 45000 Equity Shares of Rs.10/- each (PY.9000 Equity Shares of Rs.10/- each) Devkrupa Build Tech Limited (Formerly known as Simon Buildcon Limited) | 450,000 | 90,000 |
| n) 37000 Equity Shares of Rs. 10/- each (PY.37000 Equity Shares of Rs. 10/- each) Gujarat Akruti-TCG Biotech Limited | 370,000 | 370,000 |
| c/f | 8,070,900 | 7,710,900 |

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

| | | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--|-----|------------------------------|------------------------------|
| SCHEDULE 'E' (contd.) | | | |
| | b/f | 8,070,900 | 7,710,900 |
| o) Current Year Associate (PY.2500010 Equity Shares of Rs.10/-each) Infrastructure Ventures India Private Limited (Formerly known as Infrastructure Ventures India Limited) | | — | 624,160,210 |
| p) 10000 Equity Shares of Rs.10/- each (PY. Nil) Pushpak Healthcare Services Private Limited | | 154,750,000 | — |
| q) 1 Equity Share of AED 150000/- each (PY. 1 Equity Share of AED 150000/- each) Akruti Middle East (FZE) | | 1,774,425 | 1,774,425 |
| r) 47500 Equity Shares of Rs.10/-each (PY. Nil) Urvi Build Tech Limited (Formerly known as Nutritious Agro Foods Limited) | | 475,000 | — |
| | | 165,070,325 | 633,645,535 |
| II) Other Companies (Fully paid Shares / Debentures) | | | |
| A. Associate Companies | | | |
| a) 2666619 Equity Shares of Rs. 10/- each (PY. Subsidiary) Infrastructure Ventures India Private Limited (Formerly known as Infrastructure Ventures India Limited) | | 660,350,500 | — |
| b) 25000 Equity Shares of Rs.100/- each (PY 25000 Equity Shares of Rs.100/-each) Joyous Housing Limited | | 2,500,000 | 2,500,000 |
| c) 8000 Equity Shares of Rs.10/- each (PY.8000 Equity Shares of Rs.10/-each) Pristine Developers Private Limited | | 80,000 | 80,000 |
| d) 659997 Equity Shares of Rs.10/- each (PY 659997 Equity Shares of Rs.10/- each) DLF Akruti Info Parks (Pune) Limited | | 6,599,970 | 6,599,970 |
| e) 3198 Equity Shares of Rs.10/- each (PY.3191 Equity Shares of Rs.10/- each) Chaitra Realty Limited | | 881,060,289 | 879,506,652 |
| f) 24500 Equity Shares of Rs.10/- each (PY.24500 Equity Shares of Rs.10/- each) Akruti Security Plates Private Limited @ | | 4,900,000 | 4,900,000 |
| g) 10208 Cumulative Convertible Preference Shares of Rs.100/- each (PY.10208 Cumulative Convertible Preference Shares of Rs.100/- each) Akruti Security Plates Private Limited | | 1,020,800 | 1,020,800 |
| h) Nil (PY.3333 Equity Shares of Rs.100/- each) Muttha Realty Private Limited | | — | 333,300 |
| i) 312500 Equity Shares of Rs.10/- each (PY Nil) Glamorous Properties Private Limited | | 30,000,000 | — |
| j) Nil (PY.33330 Equity Shares of Rs.10/- each) Broadway Integrated Park Private Limited | | — | 333,300 |
| | c/f | 1,586,511,559 | 895,274,022 |
| | | 165,070,325 | 633,645,535 |

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE 'E' (contd.)

| | b/f | 31st March, 2009 (Rupees) | | 31st March, 2008 (Rupees) | |
|--|-----|------------------------------|---------------|------------------------------|---------------|
| | | 1,586,511,559 | 165,070,325 | 895,274,022 | 633,645,535 |
| k) 100000 Equity Shares of Rs.10/- each (PY.100000 Equity Shares of Rs.10/- each) Zeus Infrastructure Private Limited | | 1,000,000 | | 1,000,000 | |
| l) 10000 Equity Shares of Rs.10/- each (P.Y.Nil) Akruti City Bus Terminal (Mehsana) Limited (Formerly known as Akruti City Bus Terminal (Mehsana) Private Limited) @ | | 100,000 | | — | |
| m) 10000 Equity Shares of Rs.10/- each (P.Y.Nil) Akruti City Bus Terminal (Vadodara) Limited (Formerly known as Akruti City Bus Terminal (Vadodara) Private Limited) @ | | 100,000 | | — | |
| n) 10000 Equity Shares of Rs.10/- each (P.Y.Nil) Multicity Bus Terminal (Surat) Limited (Formerly known as Multicity Bus Terminal (Surat) Private Limited) @ | | 100,000 | | — | |
| o) 10000 Equity Shares of Rs.10/- each (P.Y.Nil) Multicity Bus Terminal (Surat-Adajan) Limited (Formerly known as Multicity Bus Terminal (Surat-Adajan) Private Limited) @ | | 100,000 | | — | |
| | | | 1,587,911,559 | | 896,274,022 |
| B. Others | | | | | |
| a) 240 Equity Shares of Rs.100/- each (PY 240 Equity Shares of Rs.100/- each) Citygold Management Services Private Limited @ | | 24,000 | | 24,000 | |
| b) 37815 Equity Shares of Rs.10/- each (PY .37815 Equity Shares of Rs.10/- each) Janakalyan Sahakari Bank Limited | | 378,150 | | 378,150 | |
| c) 6000 'B' Class Equity Shares of Rs.50/- each (PY 6000 'B' Class Equity Shares of Rs.50/-each) Akruti Niharika Buildings Limited @ | | 300,000 | | 300,000 | |
| d) 250000 Optionally Convertible Debentures of Rs 5,000/- each (PY.250000 Optionally Convertible Debentures of Rs 5,000/- each) Netzone Developers Private Limited | | 1,250,000,000 | | 1,250,000,000 | |
| | | | 1,250,702,150 | | 1,250,702,150 |
| III) Capital of Partnership Firms / Joint Ventures (Refer Note 3) | | 2,268,708,910 | | 1,870,077,857 | |
| Less: Balance contribution outstanding to a Joint Venture (Refer Note 9) | | 387,603,989 | | 387,603,989 | |
| | | | 1,881,104,921 | | 1,482,473,868 |
| | c/f | | 4,884,788,955 | | 4,263,095,575 |

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

SCHEDULE 'E' (contd.)

| | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--|--------------------------------------|--------------------------------------|
| b/f | 4,884,788,955 | 4,263,095,575 |
| IV) Mutual Funds (Other than Trade) | | |
| Growth Option | | |
| (P.Y. 100000) 100000 Units of Principal PNB Long Term Equity Fund of Rs.10/- each (3 Year Plan) (NAV : Rs. 449,000/- : P.Y. Rs. 972,000) | 1,000,000 | 1,000,000 |
| Sub-total - Long term | 4,885,788,955 | 4,264,095,575 |
| @ Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956. | | |
| The above investments have been classified by the Company as long term investments in view of its intention to hold the same on a long term basis. | | |
| Current Investments (Other than Trade) (At lower of cost and fair value) | | |
| In Mutual Funds (Units of Rs. 10 each) | | |
| Dividend Option | | |
| Nil (P.Y. 2001523.10) Units of Fidelity Mutual Fund Daily Dividend Plan (NAV P.Y. Rs.200,015,431) | — | 20,015,431 |
| Sub-total - Current | — | 20,015,431 |
| Per Balance Sheet | 4,885,788,955 | 4,284,111,006 |

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

Particulars

Mutual Funds (Units of Rs. 10 each, unless specified)

Dividend Option

| Particulars | Units (Nos.) | Acquisition Cost (Rupees) |
|--|-------------------------|--|
| State Bank of India - Premier Liquid Fund | 15,022,059 | 150,708,809 |
| Franklin Templeton Fund - Income Fund | 50,054,853 | 501,088,670 |
| Franklin Templeton Fund - Treasury Fund (Units of Rs.1000/- each) | 499,920 | 500,074,677 |
| AIG India Liquid Fund (Units of Rs.1000/- each) | 300,218 | 300,462,863 |
| HDFC Cash Management Fund | 106,891,258 | 1,100,720,111 |
| Birla Cash Plus | 49,952,609 | 500,500,166 |
| Birla Sunlife Saving Fund | 25,010,713 | 250,277,206 |
| Reliance Liquid Fund | 10,013,126 | 100,162,300 |

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

SCHEDULE 'F'

CURRENT ASSETS, LOANS AND ADVANCES

INVENTORIES (As taken, valued and certified by the Management) (Refer Note 1(V))

Stock-in-trade

Floor Space Index (FSI)

Incomplete Projects

Finished Properties

SUNDRY DEBTORS (Unsecured, Considered Good)

(Refer Note 20)

Debts outstanding for a period exceeding six months

Other Debts

CASH AND BANK BALANCES

Cash on hand

Bank Balances with Scheduled Banks

- in Current Accounts

- in Deposit Accounts

(Including Interest accrued Rs.300,362/-; P.Y.Rs.35,388/-)

- in Margin Money Accounts (Including Interest accrued Rs.2,916,932/-; P.Y.Rs.1,583,964/-)

OTHER CURRENT ASSETS

Contractual Interests in Projects executed through

Subsidiaries, Joint Ventures, etc. (Refer Note 1(VI))

Income Tax Refund

LOANS AND ADVANCES

(Unsecured, Considered Good, unless otherwise specified)

Loans to Subsidiary Companies (Refer Note 18)

Loans to Employees (Interest Free)

Loans and Advances to Others (Refer Note 18)

Advances towards Share Application / Purchase (includes

Rs. 230,524,000/- ; P.Y. Rs. 148,294,000/- due from

subsidiaries) (Refer Note 18)

Advances against Land / Rights (Refer Note 18)

Good

Doubtful

Less : Provision

Advances recoverable in Cash or in Kind or for Value to be received (Includes Rs.Nil (P.Y. Rs.6,000/-) due from a private company in which Director(s) is/are Director(s) and Rs.Nil

(P.Y. Rs. 391,358/-) due from subsidiaries) (Refer Note 18)

Good

Doubtful

Less : Provision

Per Balance Sheet

| | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--|------------------------------|------------------------------|
| | 145,043,709 | 66,751,046 |
| | 3,091,547,080 | 1,625,506,196 |
| | 33,441,691 | 131,360,707 |
| | 3,270,032,480 | 1,823,617,949 |
| | 4,430,527,008 | 46,092,268 |
| | 82,453,537 | 1,063,221,550 |
| | 4,512,980,545 | 1,109,313,818 |
| | 1,114,979 | 1,614,786 |
| | 13,591,028 | 158,044,042 |
| | 1,071,071 | 806,097 |
| | 31,656,226 | 52,760,653 |
| | 46,318,325 | 211,610,792 |
| | 47,433,304 | 213,225,578 |
| | 1,192,252,008 | 412,324,622 |
| | — | 2,583,640 |
| | 1,192,252,008 | 414,908,262 |
| | 1,339,392,713 | 893,586,497 |
| | 315,347 | 314,228 |
| | 3,300,234,208 | 1,545,737,948 |
| | 1,616,043,454 | 1,724,313,406 |
| | 1,579,138,378 | 2,351,079,175 |
| | 60,700,000 | — |
| | (60,700,000) | (—) |
| | 1,579,138,378 | 2,351,079,175 |
| | 153,179,643 | 89,937,749 |
| | 19,888,447 | — |
| | (19,888,447) | (—) |
| | 153,179,643 | 89,937,749 |
| | 7,988,303,743 | 6,604,969,003 |
| | 17,011,002,080 | 10,166,034,610 |

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

SCHEDULE 'G'

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors (Refer Note 19) (Includes Rs.2,408,010/-
(P.Y. Rs.15,731,616/-) due to Directors and Rs.16,595,331/-
(P.Y. Rs. Nil) due to Subsidiaries)

Advances from Customers

Deposits from Customers

Overdrawn Bank Balances as per books of account

Other Liabilities

Interest accrued but not due on Loans (Includes Rs.4,252/-
(P.Y. Rs.23,686/-) due to a Director)

PROVISIONS

Income Tax

(Net of Advance Tax Rs. 609,451,429/-; P.Y. Rs. 489,940,225/-)

Fringe Benefit Tax

(Net of Advance Tax Rs. 5,082,179/-; P.Y. Rs. 4,322,035)

Wealth Tax

Proposed Dividend

Tax on Proposed Dividend

Employee Benefits

Per Balance Sheet

| | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--|------------------------------|------------------------------|
| | 363,233,423 | 271,982,652 |
| | 777,343,221 | 585,235,203 |
| | 241,699,854 | 232,072,506 |
| | 67,303,646 | — |
| | 217,542,562 | 57,061,125 |
| | 9,407,847 | 14,381,506 |
| | 1,676,530,553 | 1,160,732,992 |
| | 138,084,316 | 39,982,075 |
| | 770,921 | 31,065 |
| | 175,500 | 250,000 |
| | 66,700,000 | 46,690,000 |
| | 11,335,665 | 7,934,966 |
| | 21,967,939 | — |
| | 239,034,341 | 94,888,106 |
| | 1,915,564,894 | 1,255,621,098 |

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE 'H'

SALES AND INCOME FROM OPERATIONS

| | Year ended 31st March, 2009 (Rupees) | Year ended 31st March, 2008 (Rupees) |
|---|--|--|
| Sale of Properties / Rights | 4,718,572,422 | 4,104,735,241 |
| Sale of Incomplete Projects | 50,321,320 | — |
| | <u>4,768,893,742</u> | <u>4,104,735,241</u> |
| Less: Reversal of Development Rights / FSI sold (Refer Note 15) | 1,057,500,000 | — |
| | <u>3,711,393,742</u> | <u>4,104,735,241</u> |
| Project Management Services in connection with projects executed through Subsidiaries, Joint Ventures, etc. | 38,174,352 | — |
| Income from premises given on lease (Gross, Tax deducted at source Rs.63,820,459/-; P.Y. Rs. 74,233,114/-) | 246,005,765 | 300,270,961 |
| Per Profit and Loss Account | <u><u>3,995,573,859</u></u> | <u><u>4,405,006,202</u></u> |

SCHEDULE 'I'

OTHER INCOME

| | | |
|---|---------------------------|---------------------------|
| Dividend from Subsidiary | 34,000,000 | — |
| Dividend from Current Investments | 3,978,381 | 20,449,879 |
| Profit on Sale of Current Investments | — | 15,440,542 |
| Interest (Gross, Tax Deducted at Source Rs.61,852,977/- ; P.Y. Rs. 65,735,846/-) | | |
| - Loans | 273,051,379 | 273,439,095 |
| - Bank Fixed Deposits | 8,223,791 | 20,062,138 |
| - Others | 5,157,714 | 12,000 |
| | <u>286,432,884</u> | <u>293,513,233</u> |
| Less : Interest on Loan of earlier year reversed | — | 14,907,290 |
| | <u>286,432,884</u> | <u>278,605,943</u> |
| Surplus on Sale / Discardment of Fixed Assets (Net) | — | 1,428,130 |
| Gain on Foreign Currency fluctuation (net) | 200,143 | 1,759,461 |
| Miscellaneous Income | 10,904,618 | 13,955,933 |
| Per Profit and Loss Account | <u><u>335,516,026</u></u> | <u><u>331,639,888</u></u> |

SCHEDULE 'J'

COST OF CONSTRUCTION

| | | |
|---|-----------------------------|---------------------------|
| Construction Cost incurred during the year | 1,096,932,021 | 841,080,867 |
| Add : Written Down Value of Finished Properties transferred from Fixed Asset Schedule on sale of property (Refer Note 1(V)(B)) | 595,183,787 | 27,046,458 |
| Per Profit and Loss Account | <u><u>1,692,115,808</u></u> | <u><u>868,127,325</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, 2009

SCHEDULE 'K'

(INCREASE) / DECREASE IN INVENTORIES

Opening Inventory :

Floor Space Index (FSI)

Incomplete Projects

Finished Properties

Less: Project Expenses Written off

Less: Expenses transferred to contractual interest in projects executed through Subsidiary, Joint Ventures, etc.

Less: Advance against FSI regrouped

Closing Inventory :

Floor Space Index (FSI)

Incomplete Projects

Finished Properties

Per Profit and Loss Account

SCHEDULE 'L'

EMPLOYMENT COST (Refer Note 13)

Salaries, Bonus, etc.

Contribution to Provident and Other Funds

Staff Welfare Expenses

Other Fund Expenses

Less: Cost allocated to contractual interests in projects executed through Subsidiaries, Joint Ventures, etc.

Per Profit and Loss Account

| | Year ended 31st March, 2009 (Rupees) | Year ended 31st March, 2008 (Rupees) |
|--|--|--|
| | 66,751,046 | 323,427,301 |
| | 1,625,506,196 | 906,585,499 |
| | 131,360,707 | 254,156,329 |
| | 1,823,617,949 | 1,484,169,129 |
| | 36,200,393 | — |
| | 22,256,800 | — |
| | — | 1,888,447 |
| | 1,765,160,756 | 1,482,280,682 |
| | 145,043,709 | 66,751,046 |
| | 3,091,547,080 | 1,625,506,196 |
| | 33,441,691 | 131,360,707 |
| | 3,270,032,480 | 1,823,617,949 |
| | (1,504,871,724) | (341,337,267) |
| | | |
| | 221,924,988 | 156,698,802 |
| | 8,001,430 | 5,304,240 |
| | 4,850,402 | 5,248,532 |
| | 875,955 | 482,602 |
| | 235,652,775 | 167,734,176 |
| | 132,447,522 | 112,746,820 |
| | 103,205,253 | 54,987,356 |

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE 'M'

ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

| | Year ended 31st March, 2009 (Rupees) | Year ended 31st March, 2008 (Rupees) |
|---|--|--|
| Insurance | 6,088,481 | 4,650,266 |
| Rent | 2,492,442 | 5,246,967 |
| Rates and Taxes | 11,048,766 | 11,572,814 |
| Advertisement | 20,964,728 | 33,871,444 |
| Advances and other debit balances written off | 1,666,278 | 130,333 |
| Donations | 30,173,146 | 8,386,000 |
| Brokerage | 6,979,651 | 5,402,170 |
| Directors' Fees and Travelling Expenses | 2,060,973 | 1,340,486 |
| Commission to Non-executive Directors | 1,800,000 | 2,000,000 |
| Bad Debts | 398,336 | — |
| Provision for Doubtful Advances | 80,588,447 | — |
| Repairs and Society Maintenance Charges | 27,927,645 | 40,044,289 |
| Legal and Professional Fees | 118,501,855 | 61,389,245 |
| Other Expenses | 67,257,988 | 73,128,440 |
| Liquidated Damages | — | 70,168,000 |
| Loss on Sale / Discardment of Fixed Assets (Net) | 29,720,841 | — |
| | 407,669,577 | 317,330,454 |
| Less: Cost allocated to contractual interests in projects executed through Subsidiaries, Joint Ventures, etc. | 153,260,164 | 131,615,795 |
| Per Profit and Loss Account | 254,409,413 | 185,714,659 |

SCHEDULE 'N'

INTEREST AND FINANCE CHARGES

| | | |
|---|----------------------|--------------------|
| Interest | | |
| - Debentures | — | 52,192,865 |
| - Fixed Loans (Includes Interest on Fixed Deposit paid / payable to Managing and Whole time Director Rs.3,790,535/-; P.Y. Rs.293,836/-) | 1,135,105,275 | 442,730,379 |
| - Interest Others | 324,863,596 | 53,546,863 |
| | 1,459,968,871 | 548,470,107 |
| Loan Processing Fees and Other Finance Charges amortised | 164,749,770 | 166,956,389 |
| | 1,624,718,641 | 715,426,496 |
| Less: Cost allocated to contractual interests in projects executed through Subsidiaries, Joint Ventures, etc. | 537,483,840 | 167,962,007 |
| Per Profit and Loss Account | 1,087,234,801 | 547,464,489 |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009

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 cost are both restricted to 90% until the construction activity and related formalities are substantially completed. Cost relating to construction / development are charged to the Profit and Loss Account in proportion with the revenue recognized during the year. The balance cost are carried as part of 'Incomplete Projects' under inventories. Amounts receivable / payable are reflected as Debtors / Advances from Customers, respectively, after considering income recognized in the aforesaid manner. Recognition of revenue relating to agreements entered into with the buyers, which are subject to fulfilment 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.
- iv. Sale of interests in projects executed through Subsidiaries, Joint Ventures, etc. are recognised on transfer of respective securities, net of carrying values of those securities.

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 cost of incomplete properties for which the Company has not entered into sale agreements, and in other cases where the revenue recognition is postponed. '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 cost transferred to the Fixed Assets Schedule are shown as deductions from the cost 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 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.

Cost included in inventory include cost 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.

Cost 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 cost incurred for execution of these projects, net of recoveries made there against, are carried as "Contractual interests in projects executed through Subsidiaries, Joint Ventures, etc." under Current Assets. The manner of allocation of cost to such projects and the basis / principles applicable for recognition of such cost are same as that of cost incurred for projects executed solely by the Company.

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 for 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. **Other long-term benefits** (leave entitlement) are recognized in a manner similar to defined benefit plans;
- D. **Termination Benefits** are recognised as an expense in the Profit and Loss Account for the year in which they are incurred.

IX. BORROWING COST

Interest and other borrowing cost 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 cost incurred during the period in which activities, necessary to prepare the assets for their intended use or sale, are in progress, are allocated as aforesaid. Such allocation is suspended during extended periods in which active development is interrupted and, no cost are allocated once all such activities are substantially complete. Front-end fees, processing fees and other 'one time' charges are amortised over the period of the related borrowing, but not exceeding a period of three years. Other borrowing cost 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 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 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 Standards 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 mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of deferred tax assets are reviewed to reassess realization.

XV. IMPAIRMENT OF ASSETS

The carrying amount of assets is reviewed at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, i.e. when the carrying amount of the assets exceeds the recoverable amount, an impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed or reduced if there has been a favourable change in the estimate of the recoverable amount.

XVI. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving a substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that 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 Relationships

I) Subsidiary Companies

Adhivitiya Properties Limited
 Agreeem Properties Limited
 Akruti Center Infotech Limited
 Akruti Middle East (FZE)
 Akruti Warehousing Limited
 Arnav Gruh Limited
 Brainpoint Infotech Limited
 Devkrupa Build Tech Limited (Formerly Simon Buildcon Limited)
 E Commerce Magnum Solution Limited
 Gujarat Akruti-TCG Biotech Limited
 Hiemo Builders and Developers Private Limited
 Khem Buildcon Private Limited
 New Empire Realtors Limited (Formerly New Empire Realtors Private Limited)
 Pushpak Healthcare Services Private Limited
 Sheshan Housing and Area Development Engineers Limited
 TDR Properties Limited
 Urvi Build Tech Limited (Formerly Nutritious Agro Foods Limited)
 Vaishnavi Builders and Developers Private Limited
 Vama Housing Limited
 Vishal Nirman (India) Limited
 Vishal Techno Commerce Limited

II) Associate Companies, where transactions have taken place

Akruti City Bus Terminal (Mehsana) Limited (Formerly a Private Limited Company)
 Akruti City Bus Terminal (Vadodara) Limited (Formerly a Private Limited Company)
 Akruti Security Plates Private Limited
 Chaitra Realty Limited
 DLF Akruti Info Parks (Pune) Limited
 Gallant Infotech Private Limited
 Glamorous Properties Private Limited
 Infrastructure Ventures India Private Limited (Formerly Infrastructure Ventures India Limited)
 (Subsidiary upto 23rd November, 2008)
 Joyous Housing Limited
 Multicity Bus Terminal (Surat) Limited (Formerly a Private Limited Company)
 Multicity Bus Terminal (Surat-Adajan) Limited (Formerly a Private Limited Company)
 Pristine Developers Private Limited
 Zeus Infrastructure Private Limited
 Muttha Realty Private Limited (upto 2nd September 2008)

III) Joint Ventures (JV) / Partnership Firms

Aarti Projects and Constructions
 Akruti Jay Chandan JV (Formerly Akruti Chandan JV)
 Akruti Forefront JV
 Akruti GM JV
 Akruti Jay Developers (Formerly Jairaj Developers – Unit 9)
 Akruti Kailash Constructions
 Akruti Realty Forefront Combine
 Akruti Steelfab Corporation
 Hiranandani Akruti JV
 Niharika Shopping Mall JV
 Shreenath Realtors
 Shree Swami Samarth Developers

IV) Other parties where relationship of control exists

Akruti SMC JV
 Gandhi Adhivitiya Combine

V) (a) Key Management Personnel

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

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

Mrs. Falguni V. Shah
 Mr. Khilen V. Shah
 Mrs. Kunjal H. Shah
 Mr. Kushal H. Shah
 Mrs. Lata M. Shah
 Mr. Rushank V. Shah

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

Hemant M. Shah HUF
 Mahipatray V. Shah (Estate)
 Vyomesh M. Shah HUF
 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 Guestline Private Limited
 Akruti Niharika Buildings Limited
 Citygold Education Research Limited
 Citygold Farming Private Limited
 Citygold Investments Private Limited
 Citygold Management Services Private Limited
 Sanskriti Developers Private Limited

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

B) Transactions with Related Parties:

(Rupees)

| Sr. No. | Nature of transaction | Subsidiary Companies | Associate Companies | Joint Ventures / Partnership Firms | Other parties where control exists | Key Management Personnel, their Relatives and Enterprises |
|---------|--|----------------------------------|------------------------------|------------------------------------|------------------------------------|---|
| i. | Loans and Advances received/recovered/adjusted | | | | | |
| | Vishal Nirman (India) Limited | 1,700,081,417 (2,188,754,333) | — (—) | — (—) | — (—) | — (—) |
| | Citygold Investments Private Limited | — (—) | — (—) | — (—) | — (—) | 1,418,648,696 (664,705,142) |
| | Others | 56,219,912 (189,149,933) | 342,617,811 (247,292,398) | 260,940,750 (70,210,828) | — (200,000) | 600,710,827 (379,497,851) |
| ii. | Loans and Advances given/repaid/adjusted (including other payments) | | | | | |
| | Vishal Nirman (India) Limited | 1,697,590,571 (1,985,488,323) | — (—) | — (—) | — (—) | — (—) |
| | Citygold Investments Private Limited | — (—) | — (—) | — (—) | — (—) | 594,108,000 (658,497,097) |
| | Others | 623,194,792 (953,321,489) | 972,595,900 (573,109,391) | 623,456,727 (434,217,038) | — (200,000) | 716,814,028 (454,848,157) |
| iii. | Interest received | | | | | |
| | DLF Akruiti Info Parks (Pune) Limited | — (—) | 69,047,831 (28,034,780) | — (—) | — (—) | — (—) |
| | Citygold Education Research Limited | — (—) | — (—) | — (—) | — (—) | 28,720,346 (4,721,469) |
| | Devkrupa Build Tech Limited | 30,327,421 (8,958,205) | — (—) | — (—) | — (—) | — (—) |
| | Vishal Nirman (India) Limited | — (156,185,687) | — (—) | — (—) | — (—) | — (—) |
| | Others | 99,675,234 (53,567,691) | 21,947,844 (15,522,247) | — (—) | — (—) | 18,721,245 (2,596,634) |
| iv. | Interest paid | | | | | |
| | Citygold Investments Private Limited | — (—) | — (—) | — (—) | — (—) | 71,051,977 (16,805,142) |
| | Citygold Management Services Private Limited | — (—) | — (—) | — (—) | — (—) | 31,269,450 (—) |
| | Others | 1,576,342 (3,201,970) | — (—) | — (—) | — (—) | 12,898,475 (2,894,729) |
| v. | Advance against Share Application | | | | | |
| | Gujarat Akruiti-TCG Biotech Limited | 26,980,000 (1,482,940,000) | — (—) | — (—) | — (—) | — (—) |
| | Pushpak Healthcare Services Private Limited | 210,006,619 (—) | — (—) | — (—) | — (—) | — (—) |
| | Infrastructure Ventures India Private Limited | — (—) | 10,000,048 (—) | — (—) | — (—) | — (—) |
| | Citygold Education Research Limited | — (—) | — (—) | — (—) | — (—) | 34,500,000 (103,215,000) |
| | Citygold Farming Private Limited | — (—) | — (—) | — (—) | — (—) | — (239,100,000) |
| | Akruti City Farming Private Limited | — (—) | — (—) | — (—) | — (—) | — (196,897,000) |
| | Akruti City Knowledge Private Limited | — (—) | — (—) | — (—) | — (—) | — (464,200,000) |
| | Akruti Guestline Private Limited | — (—) | — (—) | — (—) | — (—) | — (327,900,000) |
| | Others | — (—) | — (—) | — (—) | — (—) | 150,000 (103,315,000) |

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 |
|---------|--|---------------------------|---------------------|------------------------------------|------------------------------------|---|
| vi. | Advance against Share Application adjusted/refunded | | | | | |
| | Akruti Guestline Private Limited | — (—) | — (—) | — (—) | — (—) | 250,000,000 (—) |
| | Pristine Developers Private Limited | — (—) | — (39,634,691) | — (—) | — (—) | — (—) |
| vii. | Services received/availed | | | | | |
| | Brainpoint Infotech Private Limited | 9,654,412 (9,653,588) | — (—) | — (—) | — (—) | — (—) |
| | Akruti Center Infotech Limited | 11,372,104 (8,896,148) | — (—) | — (—) | — (—) | — (—) |
| | Citygold Management Services Private Limited | — (—) | — (—) | — (—) | — (—) | 14,289,330 (28,048,023) |
| | Others | — (—) | — (1,001,588) | — (—) | — (—) | — (—) |
| viii. | Services Rendered | | | | | |
| | DLF Akruti Info Parks (Pune) Limited | — (—) | 32,758,352 (—) | — (—) | — (—) | — (—) |
| | Joyous Housing Limited | — (—) | 1,726,000 (—) | — (—) | — (—) | — (—) |
| | Niharika Shopping Mall JV | — (—) | — (—) | 3,690,000 (—) | — (—) | — (—) |
| ix. | Rent received | | | | | |
| | Citygold Management Services Private Limited | — (—) | — (—) | — (—) | — (—) | 14,890,291 (13,941,128) |
| | Others | — (—) | — (—) | — (—) | — (—) | — (192,500) |
| x. | Rent paid | | | | | |
| | Ichha Constructions Private Limited | — (—) | — (—) | — (—) | — (—) | 600,000 (600,000) |
| | Others | — (—) | — (—) | — (—) | — (—) | — (—) |
| xi. | Directors' Remuneration | | | | | |
| | Mr. Hemant M. Shah | — (—) | — (—) | — (—) | — (—) | 18,576,000 (20,184,000) |
| | Mr. Vyomesh M. Shah | — (—) | — (—) | — (—) | — (—) | 16,512,000 (18,502,000) |
| | Mr. Madhukar Chobe | — (—) | — (—) | — (—) | — (—) | 4,800,000 (2,400,000) |
| xii. | Purchase of TDR / Project / Material | 134,693 (—) | 63,863 (339,036) | 504,298 (224,528) | — (—) | — (—) |
| xiii. | Deposits received | | | | | |
| | Hemant M. Shah (HUF) | — (—) | — (—) | — (—) | — (—) | — (30,000,000) |
| | Mr. Hemant M. Shah | — (—) | — (—) | — (—) | — (—) | 38,500,000 (—) |
| | Mr. Vyomesh M. Shah | — (—) | — (—) | — (—) | — (—) | 45,600,000 (—) |
| | Vyomesh M. Shah (HUF) | — (—) | — (—) | — (—) | — (—) | 7,000,000 (17,000,000) |
| | Others | — (—) | — (—) | — (—) | — (—) | 11,280,500 (22,500,000) |

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 |
|---------|---|------------------------|----------------------------|------------------------------------|------------------------------------|---|
| xiv. | Deposits repaid | | | | | |
| | Vyomesh M. Shah (HUF) | — (—) | — (—) | — (—) | — (—) | — (12,000,000) |
| | Vyomesh M. Shah | — (—) | — (—) | — (—) | — (—) | 700,000 (—) |
| xv. | Sale of Finished Properties / FSI | | | | | |
| | Niharika Shopping Mall JV | — (—) | — (—) | — (23,714,746) | — (—) | — (—) |
| xvi. | Sale of material | — (460,131) | 387,918 (—) | — (356,063) | — (—) | 13,500 (—) |
| xvii. | Investments made | | | | | |
| | Shreenath Realtors | — (—) | — (—) | 77,500,000 (—) | — (—) | — (—) |
| | Shree Swami Samarth Developers | — (—) | — (—) | 286,500,000 (—) | — (—) | — (—) |
| | Chaitra Realty Limited | — (—) | — (879,506,652) | — (—) | — (—) | — (—) |
| | Akruti Jay Chandan JV | — (—) | — (—) | — (112,500,000) | — (—) | — (—) |
| | Akruti Jay Developers | — (—) | — (—) | — (816,600,000) | — (—) | — (—) |
| | Pushpak Healthcare Services Private Limited | 154,750,000 (—) | — (—) | — (—) | — (—) | — (—) |
| | Glamorous Properties Private Limited | — (—) | — (—) | — (—) | — (—) | — (—) |
| | Infrastructure Ventures India Private Limited | — (—) | 118,750,475 (—) | — (—) | — (—) | — (—) |
| | Others | 835,000 (3,034,425) | 32,120,337 (11,423,170) | 99,209,832 (78,704,274) | — (—) | — (—) |
| xviii. | Investments transferred / withdrawn (At cost) | | | | | |
| | Akruti Security Plates Private Limited | — (—) | — (—) | — (—) | — (—) | — (204,000) |
| | Akruti Jay Developers | — (—) | — (—) | 123,250,000 (—) | — (—) | — (—) |
| xix. | Share of profit from Partnerships / Joint Ventures | | | | | |
| | Akruti Kailash Constructions | — (—) | — (—) | 4,611,692 (5,042,260) | — (—) | — (—) |
| | Hiranandani Akruti JV | — (—) | — (—) | 774,866 (—) | — (—) | — (—) |
| | Others | — (—) | — (—) | — (187,840) | — (—) | — (—) |

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 |
|---------|---|------------------------------|------------------------------|------------------------------------|------------------------------------|---|
| xx. | Share of Loss from Partnerships / Joint Ventures | | | | | |
| | Hiranandani Akruiti JV | — (—) | — (—) | — (4,005,737) | — (—) | — (—) |
| | Akruti Jay Chandan JV | — (—) | — (—) | 4,773,586 (—) | — (—) | — (—) |
| | Others | — (—) | — (—) | 393,147 (—) | — (—) | — (—) |
| xxi. | On behalf payments | | | | | |
| | Gujarat Akruiti-TCG Biotech Limited | — (141,856) | — (—) | — (—) | — (—) | — (—) |
| | Infrastructure Ventures India Private Limited | — (107,087) | — (—) | — (—) | — (—) | — (—) |
| | Akruti City Farming Private Limited | — (—) | — (—) | — (—) | — (—) | — (126,315) |
| | Mr. Madhukar B. Chobe | — (—) | — (—) | — (—) | — (—) | — (93,560) |
| | Akruti Realty Forefront Combine JV | — (—) | — (—) | 7,704,468 (—) | — (—) | — (—) |
| | Citygold Management Services Private Limited | — (—) | — (—) | — (—) | — (—) | 4,844,591 (—) |
| | Sheshan Housing & Area Development Engineers Limited | 2,489,284 (—) | — (—) | — (—) | — (—) | — (—) |
| | Others | 13,077 (—) | 1,450 (—) | 57,363 (—) | — (—) | — (6,000) |
| xxii. | Collateral security against loan availed by Company, vacated | Amount not quantifiable | — (—) | — (—) | — (—) | Amount not quantifiable |
| xxiii. | Balances Outstanding | | | | | |
| | Receivable | | | | | |
| | Infrastructure Ventures India Private Limited | — (110,862,646) | 10,000,048 (—) | — (—) | — (—) | — (—) |
| | Akruti Center Infotech Limited | — (321,358) | — (—) | — (—) | — (—) | — (—) |
| | Gujarat Akruiti-TCG Biotech Limited | 175,174,000 (148,364,000) | — (—) | — (—) | — (—) | — (—) |
| | DLF Akruiti Info Parks (Pune) Limited | — (—) | 867,509,741 (585,048,371) | — (—) | — (—) | — (—) |
| | Pristine Developers Private Limited | — (—) | 72,315,793 (60,697,649) | — (—) | — (—) | — (—) |
| | Akruti Security Plates Private Limited | — (—) | 42,288,451 (31,648,831) | — (—) | — (—) | — (—) |
| | Hiranandani Akruiti JV | — (—) | — (—) | 10,333,133 (3,091,639) | — (—) | — (—) |
| | Niharika Shopping Mall JV | — (—) | — (—) | 154,313 (34,054,219) | — (—) | — (—) |

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 |
|---------|--|--------------------------------|------------------------------|------------------------------------|------------------------------------|---|
| | Akruti Jay Chandan JV | — (—) | — (—) | 2,458,425 (26,728) | — (—) | — (—) |
| | Akruti Kailash Constructions | — (—) | — (—) | 303,076,564 (18,814,872) | — (—) | — (—) |
| | Akruti Jay Developers | — (—) | — (—) | 540,307,265 (329,307,265) | — (—) | — (—) |
| | Akruti City Knowledge Private Limited | — (—) | — (—) | — (—) | — (—) | 464,200,000 (476,188,971) |
| | Akruti City Farming Private Limited | — (—) | — (—) | — (—) | — (—) | 192,473,820 (197,139,992) |
| | Akruti Guestline Private Limited | — (—) | — (—) | — (—) | — (—) | 78,050,000 (327,900,000) |
| | Citygold Farming Private Limited | — (—) | — (—) | — (—) | — (—) | 386,166,897 (256,023,268) |
| | Zeus Infrastructure Private Limited | — (—) | 611,179,615 (254,579,615) | — (—) | — (—) | — (—) |
| | Pushpak Healthcare Services Private Limited | — (—) | — (—) | — (—) | — (—) | — (—) |
| | Others | 1,394,742,713 (783,183,982) | 236,570,537 (110,163,729) | 73,980,581 (22,010,290) | — (—) | 351,796,497 (152,771,735) |
| | Payable | | | | | |
| | Citygold Investments Private Limited | — (—) | — (—) | — (—) | — (—) | 827,940,696 (3,400,000) |
| | Mr. Hemant M. Shah | — (—) | — (—) | — (—) | — (—) | 51,106,667 (12,200,000) |
| | Hemant M. Shah (HUF) | — (—) | — (—) | — (—) | — (—) | 30,000,000 (30,000,000) |
| | Mr. Vyomesh M. Shah | — (—) | — (—) | — (—) | — (—) | 45,305,283 (6,531,616) |
| | Vyomesh M. Shah (HUF) | — (—) | — (—) | — (—) | — (—) | 12,000,000 (5,000,000) |
| | Ichha Constructions Private Limited | — (—) | — (—) | — (—) | — (—) | — (85,074) |
| | Citygold Management Services Private Limited | — (—) | — (—) | — (—) | — (—) | 136,412,913 (16,655,365) |
| | Others | 29,983,619 (—) | — (—) | 5,072,197 (—) | — (—) | 905,181,346 (17,682,990) |

Previous Year figures are given in brackets.

3. The details of investments made in capital of Partnership Firms and Joint Ventures, as at 31-03-2009 are as under :

(A) Partnership Firms

I) M/s. Akruti Steelfab Corporation

| | Name of the Partners | Share of Partner | Capital (Rupees) |
|----|-----------------------------------|------------------|------------------|
| A) | Ackruti City Limited | 55.00 % | 2,878,736 |
| B) | Steelfab Turnkey Projects Limited | 45.00 % | 2,595,268 |
| | Total | 100.00 % | 5,474,004 |

II) M/s. Akruti Kailash Constructions

| | Name of the Partners | Share of Partner | Capital (Rupees) |
|----|----------------------|------------------|------------------|
| A) | Ackruti City Limited | 90.00 % | 50,000 |
| B) | Ketan D. Shah | 10.00 % | 7,500 |
| | Total | 100.00 % | 57,500 |

III) M/s. Aarti Projects & Constructions *

| | Name of the Partners | Share of Partner | Capital (Rupees) |
|----|---------------------------------------|------------------|------------------|
| A) | Ackruti City Limited | 33.00 % | 101,354 |
| B) | Dilip Shingarpure | 9.00 % | 27,642 |
| C) | Surendra Sanas | 33.00 % | 101,352 |
| D) | Classic City Infopark Private Limited | 25.00 % | 76,783 |
| | Total | 100.00 % | 307,131 |

IV) M/s. Akruti Jay Developers (Formerly known as Jairaj Developers - Unit 9)

| | Name of the Partners | Share of Partner | Capital (Rupees) |
|----|------------------------|------------------|----------------------|
| A) | Ackruti City Limited | 66.66% | 1,066,600,000 |
| B) | Jayant Hiralal Shah | 15.00% | 25,750,000 |
| C) | Malav Jayant Shah | 15.00% | — |
| D) | Jignesh Gunwant Gopani | 3.34% | 10,000,000 |
| | Total | 100.00% | 1,102,350,000 |

V) M/s. Shree Swami Samarth Developers

| | Name of the Partners | Share of Partner | Capital (Rupees) |
|----|----------------------|------------------|--------------------|
| A) | Ackruti City Limited | 50.00% | 286,500,000 |
| B) | Farooq Y. Patel | 25.00% | 98,841,705 |
| C) | Sailesh R. Mahimtura | 12.50% | 63,771,353 |
| D) | Hiten R. Mahimtura | 12.50% | 63,771,352 |
| | Total | 100.00% | 512,884,410 |

VI) M/s. Shreenath Realtors

| | Name of the Partners | Share of Partner | Capital (Rupees) |
|----|-----------------------------|------------------|--------------------|
| A) | Ackruti City Limited | 50.00% | 77,500,000 |
| B) | Farooq Y. Patel | 11.25% | 44,252,250 |
| C) | Sailesh R. Mahimtura HUF | 8.125% | 25,876,625 |
| D) | Hiten R. Mahimtura HUF | 8.125% | 25,876,625 |
| E) | Dolbi Incon Private Limited | 22.50% | 73,943,784 |
| | Total | 100.00% | 247,449,284 |

* Amounts relating to this entity are as per unaudited financial statements and are hence, subject to adjustments, if any.

(B) Interest 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 Jay Chandan JV | 50% |
| V) | M/s. Akruti Realty Forefront Combine | 90% |
| VI) | M/s. Akruti Forefront JV | 75% |

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

(Rupees)

| | |
|---|------------------|
| A) Assets: | 2008-2009 |
| a) Fixed Assets (Net Block) | 217,639,514 |
| b) Current Assets, Loans and Advances : | |
| Inventories | 1,827,961,102 |
| Sundry Debtors | 4,807,105 |
| Cash and Bank Balances | 54,590,927 |
| Other Current Assets | — |
| Loans and Advances | 177,169,353 |
| B) Liabilities: | |
| a) Loan Funds : | |
| Secured Loans | 435,870,179 |
| Unsecured Loans | 757,607,785 |
| b) Current Liabilities and Provisions : | |
| Current Liabilities | 219,129,962 |
| Provisions | 340,346 |
| C) Income: | |
| a) Sales & Income from Operations | 15,506,438 |
| b) Other Income | 2,987,347 |
| D) Expenditure: | |
| a) Cost of Construction | 601,553,693 |
| b) (Increase)/Decrease in Inventories | (647,287,072) |
| c) Employment Cost | 1,165,066 |
| d) Administrative, Selling and General Expenses | 39,171,134 |
| e) Interest and Finance Charges | 30,843,206 |
| f) Depreciation and Amortization | 11,748,925 |
| g) Provision for Taxation | 322,425 |
| h) Prior Period Adjustments | (265,068) |

* Amounts relating to this entity are as per unaudited financial statements and are hence, subject to adjustments, if any.

4. Lease rental obligation in respect of premises taken under operating lease:

| | As at 31-03-2009 (Rupees) | As at 31-03-2008 (Rupees) |
|---|---------------------------------|---------------------------------|
| Lease rentals payable not later than one year | 600,000 | 4,086,188 |
| Later than one year but not later than five years | 300,000 | 9,438,347 |
| Later than five years | — | — |

5. Lease rental income in respect of premises given under operating lease:

| | As at 31-03-2009 (Rupees) | As at 31-03-2008 (Rupees) |
|---|---------------------------------|---------------------------------|
| Lease rentals receivable not later than one year | 10,431,628 | 295,333,517 |
| Later than one year but not later than five years | 22,371,373 | 1,165,982,597 |
| Later than five years | — | 1,256,523,795 |

6. Deferred Taxation for the year ended 31st March, 2009

| | As at 31-03-2008 (Rupees) | Charge/(Credit) during the year (Rupees) | As at 31-03-2009 (Rupees) |
|--|---------------------------------|--|---------------------------------|
| Deferred Tax Liability / (Asset) on account of : | | | |
| i. Depreciation | 7,096,938 | (22,385,759) | (15,288,821) |
| ii. Expenses allowable for Tax purpose in subsequent year(s) | — | (88,415,556) | (88,415,556) |
| Net Deferred Tax Liability / (Asset) | 7,096,938 | (110,801,315) | (103,704,377) |
| Previous Year | 1,307,669 | 5,789,269 | 7,096,938 |

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) |
|---------|---|--|
| 1. | State Bank of Patiala | i. Mortgage of office premises, interiors & fit outs of Ackruti City Ltd. on 6th Floor of Akruti Trade Centre, Andheri (East), Mumbai. ii. Pledge of equity shares in the Company held by the Promoters. |
| 2. | IDBI Bank | i. Mortgage of immovable property situated at Akruti Centre Point, Andheri (East), Mumbai. ii. Pledge of equity shares in the Company held by the Promoters. |
| 3. | Indian Overseas Bank New Marine Lines Branch | Equitable mortgage of property at Mahalaxmi, Mumbai. |
| 4. | State Bank of India IFB Andheri | i. Hypothecation of receivables in respect of projects at Voltas & Asiatic Gases, Thane. ii. Pledge of equity shares in the Company held by the Promoters. |
| 5. | IFCI Limited | Pledge of equity shares in the Company held by the Promoters. |
| 6. | Canara Bank Nariman Point Branch | i. Mortgage of immovable property at Unit No. 301 at Akruti Softech Park, Andheri (East), Mumbai. ii. Mortgage of immovable property at Unit No. 501 at Akruti Trade Centre, Andheri (East), Mumbai. iii. Mortgage of immovable property at Unit No. 201 at Akruti Trade Centre, Andheri (East), Mumbai. |

| Sr. No. | Name of Lender | Security Created # (Further secured by way of personal guarantee of one or more Directors) |
|---------|--------------------------------------|---|
| 7. | Canara Bank, Santacruz (East) Branch | i. Overdraft limit is secured against hypothecation of Goods / Material received against guarantee issued towards job work / conversion / advances / supplier credits. ii. Collateral extension of charge over immovable properties already charged to the Bank (mentioned in note 6 above). |
| 8. | Loans from Other Companies | Pledge of equity shares in the Company held by the Promoters. |

b) Loans from Banks against future lease rentals

| Sr. No. | Bank Name | Security Created # (Hypothecation of Rent /Compensation receivables. Further secured against personal guarantee of Directors) |
|---------|---|--|
| 1. | Corporation Bank, Mumbai Samachar Branch | Secured against lease rentals receivable in respect of immovable properties leased at Akruti Trade Centre, Andheri (East), Mumbai. |
| 2. | Punjab National Bank, Bandra (W), Branch | Secured against lease rentals receivable in respect of immovable properties leased at Akruti Trade Centre & Akruti Centre Point, Andheri (East), Mumbai. |
| 3. | Union Bank of India, Princess Street Branch | Secured against lease rentals receivable in respect of immovable properties leased at Akruti Trade Centre, Andheri (East), Mumbai. |
| 4. | HDFC Bank Ltd. | Secured against lease rentals receivable in respect of immovable properties leased at Akruti Centre Point, Andheri (East), Mumbai. |

Includes properties for which Company has entered into sale agreements, during the year.

8. Contingent Liabilities (not provided for):

| Sr. No. | Particulars | As at 31-03-2009 (Rupees) | As At 31-03-2008 (Rupees) |
|---------|--|---------------------------------|---------------------------------|
| (A) | Claims against the Company, not acknowledged as debts on account of: - | | |
| 1. | Income Tax matters under appeal for Financial Year 1999-2000 (A.Y. 2000-2001) | — | 68,160,244 |
| 2. | Income Tax matters under appeal for Financial Years 2000-2001 to 2006-2007 | 368,661,015 | Amount not ascertainable |
| 3. | Demand notice issued by Brihanmumbai Municipal Corporation for Land under Construction charges (Property Tax). | 41,197,579 | 32,890,156 |
| 4. | Petition filed against the Company, under the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971, in relation to a Project. | 5,000,000 | 7,732,730 |
| 5. | Petition pending with the Honourable High Court with regards to Mahalaxmi Car Project at Bhulabhai Desai Road, Mumbai. | 2,446,348 | — |
| (B) | On account of corporate guarantees issued by the Company to Bankers on behalf of other Companies and Joint Ventures for facilities availed by them (amount outstanding there against). | 976,733,756 | 636,992,765 |

Note: Further 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. of Floor Space Index. The balance of Rs. 387,603,989/- representing 409,988 sq.ft. of Floor Space Index is reflected as "Balance Contribution Outstanding to Joint Ventures" as a reduction under the head "Investments" under Schedule 'E'.
10. Estimated amount of contracts remaining to be executed on capital account, not provided for amount to Rs. 2,917,812/- (net of advances) (Previous year : Rs.12,196,417/-).

11. (a) Value of imports on CIF basis :

| Particulars | 2008-2009 (Rupees) | 2007-2008 (Rupees) |
|---------------|-----------------------|-----------------------|
| Capital goods | 13,787,600 | 6,421,769 |

- (b) Expenditure in foreign currency :

| Particulars | 2008-2009 (Rupees) | 2007-2008 (Rupees) |
|---------------------|-----------------------|-----------------------|
| Travelling expenses | 584,900 | 533,507 |
| Training expenses | 2,134,605 | 1,202,957 |

12. Auditors' remuneration (including Service Tax):

| Particulars | 2008-2009 (Rupees) | 2007-2008 (Rupees) |
|---------------------------------|-----------------------|-----------------------|
| Audit Fees | 2,812,650 | 2,809,000 |
| Tax Audit Fees | 110,300 | 112,360 |
| Certification and Other Matters | 2,150,010 | 1,365,216 |
| Out-of-pocket expenses | 37,017 | 65,326 |

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

| Particulars | 2008-2009 (Rupees) | 2007-2008 (Rupees) |
|---|-----------------------|-----------------------|
| Salary, House Rent Allowance & Leave Travel Allowance | 37,440,000 | 25,630,000 |
| Contribution to Provident and Other Funds | 2,448,000 | 1,656,000 |
| Performance Incentives | — | 13,800,000 |
| Commission to Non Executive Directors | 1,800,000 | 2,000,000 |

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

- (B) Statement showing the computation of Net Profit in accordance with Section 198 (1) of the Companies Act, 1956.

| Particulars | 2008-2009 (Rupees) | 2007-2008 (Rupees) |
|---|-----------------------|-----------------------|
| Profit before Tax – per Profit and Loss Account | 2,933,352,692 | 3,358,997,526 |
| Add / (Less): | | |
| Managerial Remuneration Paid / Provided | 39,888,000 | 41,086,000 |
| Directors' Sitting Fees and Commission | 2,540,000 | 2,800,000 |
| Prior period adjustments (net) | 3,042,382 | (4,366,395) |
| Capital Profit (under Section 349) | (376,372,565) | (15,440,542) |
| Net Profit in accordance with Sections 198 (1) / 349 | 2,602,450,509 | 3,383,076,589 |
| Commission to Non – Executive Directors not exceeding 1% of the annual net profit restricted to | 1,800,000 | 2,000,000 |

14. Prior period adjustments include:

| | 2008-2009 (Rupees) | 2007-2008 (Rupees) |
|-----------------------------------|-----------------------|-----------------------|
| Depreciation Adjustments | 484,395 | — |
| Debits relating to earlier years | (2,023,070) | (6,265,326) |
| Credits relating to earlier years | 4,581,057 | 1,898,931 |
| Total | 3,042,382 | (4,366,395) |

15. During the previous year the Company had entered into sale agreements for the joint development of two of its projects. However, during the year, the joint developer has decided to withdraw from these projects and has entered into a Deed of Cancellation of the earlier sale agreements. As a result of the same, revenues recognised during the previous year, aggregating Rs.105.75 Crore, have been reversed and the cost attributable to these projects, prior to the aforesaid sale have been recognised as inventory.

16. Earning per Share :

| Particulars | | 2008-2009 | 2007-2008 |
|---|---------|---------------|---------------|
| Net Profit as per Profit and Loss Account available for Equity Shareholders | In Rs. | 2,637,797,343 | 2,947,066,862 |
| Weighted average number of equity shares outstanding during the year | In Nos. | 66,700,000 | 66,700,000 |
| Earnings per Share of Rs.10/- each (Basic and Diluted) | In Rs. | 39.55 | 44.18 |

17. 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, 2009 :

| | USD | EURO | AED |
|--------------|------------------|------------|--------------------|
| Cash on hand | 3,279 (4,979) | 110 (—) | — (—) |
| Loans given | — (—) | — (—) | 50,000 (50,000) |

Previous year figures are given in brackets.

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

(A) Loans to Subsidiary Companies:

| Sr. No. | Name of the Loanee | As at 31-03-2009 (Rupees) | Maximum Balance 2008-2009 (Rupees) | As at 31-03-2008 (Rupees) | Maximum Balance 2007-2008 (Rupees) |
|---------|--|---------------------------------|---|---------------------------------|---|
| 1. | Agreem Properties Limited | 33,298,959 | 33,298,959 | 28,224,085 | 28,924,893 |
| 2. | Adhivitiya Properties Limited | 62,311,703 | 62,311,703 | 47,534,304 | 48,420,443 |
| 3. | Vama Housing Limited | 77,986,527 | 77,986,527 | 69,399,469 | 70,780,076 |
| 4. | Arnav Gruh Limited | 176,574,846 | 176,574,846 | 90,180,994 | 92,441,872 |
| 5. | E-Commerce Magnum Solution Limited | 681,531 | 704,943 | 456,624 | 5,814,297 |
| 6. | Sheshan Housing and Area Development Engineers Limited | — | — | — | 40,563,800 |

| Sr. No. | Name of the Loanee | As at 31-03-2009 (Rupees) | Maximum Balance 2008-2009 (Rupees) | As at 31-03-2008 (Rupees) | Maximum Balance 2007-2008 (Rupees) |
|---------|--|---------------------------|------------------------------------|---------------------------|------------------------------------|
| 7. | Vaishnavi Builders & Developers Private Limited | 49,705,767 | 49,705,767 | 35,685,058 | 36,541,507 |
| 8. | Vishal Nirman (India) Limited | — | 35,650,000 | — | 1,813,580,323 |
| 9. | Vishal Techno Commerce Limited (*) | 298,765,172 | 298,765,172 | 242,305,172 | 245,520,368 |
| 10. | TDR Properties Limited | — | 240,284 | — | 36,973,268 |
| 11. | Akruti Middle East (FZE) (*) | 700,725 | 700,725 | 700,725 | 711,301 |
| 12. | Akruti Warehousing Limited (*) | 212,525,113 | 212,525,113 | 66,872,746 | 67,512,132 |
| 13. | Devkrupa Build Tech Limited (Formerly Simon Buildcon Limited) | 194,583,503 | 201,455,697 | 160,053,276 | 162,083,205 |
| 14. | New Empire Realtors Limited | 54,237,421 | 54,237,421 | 41,752,117 | 42,409,200 |
| 15. | Gujarat Akruti –TCG Biotech Limited (*) | — | — | — | 19,612,856 |
| 16. | Urvi Build Tech Limited (Formerly Nutritious Agro Foods Limited) | 178,021,446 | 178,021,446 | — | 100,000 |
| 17. | Infrastructure Ventures India Private Limited (#) (Formerly Infrastructure Ventures India Limited) | — | 126,321,927 | 110,421,927 | 110,421,927 |

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 & 16.

The Directors have resigned from Companies mentioned in Sr. No. 3, 5, 6 and 13 before the close of the year

3. * Represents Interest Free Loans.

4. # Represents, a former subsidiary, which became an Associate Company from 24th November, 2008.

(B) Other than Subsidiary Companies :

(a) Associate Companies:

| Sr. No. | Name of the Loanee | As at 31-03-2009 (Rupees) | Maximum Balance 2008-2009 (Rupees) | As at 31-03-2008 (Rupees) | Maximum Balance 2007-2008 (Rupees) |
|---------|---|---------------------------|------------------------------------|---------------------------|------------------------------------|
| 1. | DLF Akruti Info Parks (Pune) Limited | 838,493,269 | 838,493,269 | 585,048,371 | 591,401,052 |
| 2. | Joyous Housing Limited (*) | 49,113,724 | 49,113,724 | 7,513,497 | 11,013,497 |
| 3. | Pristine Developers Private Limited | 72,315,793 | 72,315,793 | 61,036,685 | 61,036,685 |
| 4. | Zeus Infrastructure Private Limited (*) | 611,179,615 | 611,179,615 | 254,579,615 | 256,335,294 |
| 5. | Chaitra Realty Limited | 185,380,565 | 186,920,453 | — | 116,809,475 |
| 6. | Akruti Security Plates Private Limited | 42,288,451 | 42,288,451 | 31,648,831 | 32,105,987 |
| 7. | Infrastructure Ventures India Private Limited (*) | — | 1,740,877 | — | — |
| 8. | Muttha Realty Private Limited | — | 102,650,232 | 102,650,232 | 103,425,020 |

Notes : 1. No shares are held by any of the above Loanee in the Company.

2. The Company's Director(s) is/are Director(s) in all the Companies, except for Sr. Nos 3 and 4. The Directors have resigned from Companies mentioned in Sr. No. 6 and 8 before the close of the year

3. * Represents Interest Free Loans

4. In case of Companies at Sr. No. 6 and 7, loans were given to prior to the Company's Directors becoming Directors in the said Companies

(b) Partnerships, Joint Ventures and others :

| Sr. No. | Name of the Loanee | As at 31-03-2009 (Rupees) | Maximum Balance 2008-2009 (Rupees) | As at 31-03-2008 (Rupees) | Maximum Balance 2007-2008 (Rupees) |
|---------|--|---------------------------|------------------------------------|---------------------------|------------------------------------|
| 1. | Aarti Projects and Constructions (*) (#) | 32,815,000 | 32,815,000 | 19,302,449 | 19,302,449 |
| 2. | Akruti Kailash Constructions (*) (#) | 293,461,263 | 293,461,263 | 13,811,263 | 13,811,263 |
| 3. | Akruti Steelfab Corporation (*) (#) | 2,700,001 | 2,700,001 | 2,700,001 | 2,811,950 |
| 4. | Suraksha Realtors (*) (#) | — | — | — | 200,000 |
| 5. | Akruti Jay Developers (Formerly Jairaj Developers – Unit 9) (*) (#) | 540,307,265 | 540,307,265 | 329,307,265 | 329,307,265 |
| | Total (Firms) | 869,283,529 | | 365,120,978 | |
| 6. | Hiranandani Akruti JV (*) (#) | 8,972,059 | 8,972,059 | 7,097,376 | 7,097,376 |
| 7. | Niharika Shopping Mall JV (*) (#) | — | 28,730,750 | 10,005,750 | 32,350,000 |
| 8. | Akruti Forefront JV (*) (#) | 26,826,068 | 26,826,068 | — | — |
| 9. | Akruti SMC Joint Venture (*) (#) | 300,000 | 7,800,000 | — | — |
| 10. | Akruti Jay Chandan JV (*) (\$) | 2,458,425 | 2,458,425 | — | — |
| 11. | Citygold Education Research Limited (\$) | 212,220,055 | 236,407,739 | 47,745,984 | 126,505,620 |
| 12. | Akruti City Farming Private Limited (\$) | 276,820 | 276,820 | 242,992 | 30,000,000 |
| 13. | Akruti Campus of Research & Education Private Limited (\$) | 165,075 | 165,075 | 105,874 | 107,595 |
| 14. | Akruti City Venture Capital Management Private Limited (\$) | 120,613 | 120,613 | 105,874 | 107,595 |
| 15. | Akruti City Venture Capital Private Limited (\$) | 120,757 | 120,757 | 106,001 | 107,759 |
| 16. | Oracle Shelters Private Limited (Formerly Akruti SEZ (Thane) Private Limited) (\$) | 120,757 | 120,757 | 106,001 | 107,759 |
| 17. | Hazel Erectors Private Limited (Formerly Akruti SEZ (Pune) Private Limited) (\$) | 220,834 | 220,834 | 106,001 | 107,759 |
| 18. | Citygold Farming Private Limited (\$) | 147,066,897 | 151,647,268 | 16,923,268 | 40,500,000 |
| 19. | Kamal Bakery Private Limited | 50,710,903 | 50,710,903 | 43,798,148 | 43,798,148 |
| 20. | Akruti Citygold Institute (*) | — | 5,100,000 | — | — |
| 21. | Akruti Realty Forefront Combine (*) (#) | 100,000 | 100,000 | — | — |
| 22. | Asmeeta Infratech Private Limited (*) | 180,000,000 | 180,000,000 | — | — |
| 23. | Kanan Investments & Properties Private Limited (*) | 500,000 | 100,000,000 | — | — |
| 24. | Namdeo Gadkari (*) | 2,000,000 | 2,000,000 | — | — |
| 25. | Akruti City Knowledge Private Limited (\$) | — | 11,938,000 | 11,796,471 | 11,835,764 |

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. * Represents Interest Free Loans.

4. \$ Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.

- (II) (A) Advances recoverable in cash or in kind or 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 :

| Sr. No. | Name of the Company | As at 31-03-2009 (Rupees) | Maximum Balance 2008-2009 (Rupees) | As at 31-03-2008 (Rupees) | Maximum Balance 2007-2008 (Rupees) |
|---------|--|------------------------------|---------------------------------------|------------------------------|---------------------------------------|
| 1. | Citygold Management Services Private Limited (Rent receivable in respect of Akruti Trade Centre) | 985,372 | 2,542,835 | — | 1,034,488 |
| 2. | Citygold Management Services Private Limited (Rent receivable in respect of Akruti Centre Point) | 1,477,764 | 3,725,805 | — | — |
| 3. | Akruti City Knowledge Private Limited | 6,750 | 6,750 | 192,500 | 192,500 |

- (B) Advances recoverable in cash or in kind or 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 31-03-2009 (Rupees) | As at 31-03-2008 (Rupees) |
|---------|--|------------------------------|------------------------------|
| 1. | Akruti Jay Chandan JV | — | 26,728 |
| 2. | Akruti Kailash Constructions | 9,615,301 | 5,003,609 |
| 3. | Akruti Steelfab Corporation | — | 7,840 |
| 4. | Niharika Shopping Mall JV | 154,313 | 202,188 |
| 5. | Hiranandani Akruti JV | 1,361,074 | — |

- (III) 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 :-

| Sr. No. | Name of the Company | As at 31-03-2009 (Rupees) | As at 31-03-2008 (Rupees) |
|---------|---------------------------------------|------------------------------|------------------------------|
| 1. | Akruti Guestline Private Limited | 78,050,000 | 327,900,000 |
| 2. | Citygold Farming Private Limited | 239,100,000 | 239,100,000 |
| 3. | Akruti City Knowledge Private Limited | 464,200,000 | 464,200,000 |
| 4. | Akruti City Farming Private Limited | 192,197,000 | 196,897,000 |
| 5. | Citygold Education Research Limited | 137,715,000 | 103,215,000 |

19. (a) 'Sundry Creditors' in Schedule 'G' to the Accounts include (i) Rs. Nil (P.Y. – Rs. Nil) due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME); and (ii) Rs. 363,233,423/- (P.Y. – Rs. 271,982,652/-) due to other creditors.
- (b) No interest was paid / payable to micro or small enterprises 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.
20. 'Sundry Debtors' as at 31st March, 2009, include Rs.441.30 Crore due from two parties who have, during the year, requested the Company for extending the credit period originally granted in the respective sale agreements. The request was made on account of the severe slow down and recessionary pressures faced by the real estate industry, which had led to a substantial fall in both, the demand and property rates. The management considers the debt to be good and fully recoverable since the parties have confirmed the conditions originally agreed to and the Company has, after the close of the year, recovered Rs.44.04 Crore.

21. An amount of Rs. 7,498,269/- (P.Y. - 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:

| | 2008-2009 (Rupees) | 2007-2008 (Rupees) |
|---|-----------------------|-----------------------|
| <u>Change in present value of obligation :</u> | | |
| Obligation at the beginning of the year | 5,372,657 | 2,438,312 |
| Current Service Cost | 1,764,851 | 2,188,662 |
| Interest Cost | 429,813 | 182,873 |
| Actuarial (Gain) / Loss | 11,242,754 | 650,768 |
| Benefits paid | (164,453) | (87,958) |
| Obligation at the end of the year | 18,645,622 | 5,372,657 |
| <u>Change in Plan Assets :</u> | | |
| Fair value of Plan Assets at the beginning of the year | 1,819,974 | 927,611 |
| Expected return on Plan Assets | 145,599 | 119,997 |
| Actuarial Gain / (Loss) | 21,595 | - |
| Contributions | 853,708 | 860,324 |
| Benefits paid | (164,453) | (87,958) |
| Fair Value of Plan Assets at the end of the year | 2,676,423 | 1,819,974 |
| <u>Reconciliation of present value of the obligation and the fair value of Plan Assets and amounts recognized in the Balance Sheet :</u> | | |
| Present value of the obligation at the end of the year | 18,645,622 | 5,372,657 |
| Fair Value of Plan Assets at the end of the year | 2,676,423 | 1,819,974 |
| Net Liability recognized in the Balance Sheet | 15,969,199 | 3,552,683 |

| | 2008-2009 (Rupees) | 2007-2008 (Rupees) |
|---|-----------------------|-----------------------|
| <u>Gratuity Cost recognised for the year :</u> | | |
| Current Service Cost | 1,764,851 | 2,188,662 |
| Interest Cost | 429,813 | 182,873 |
| Expected return on Plan Assets | (145,598) | (119,997) |
| Actuarial (Gain) / Loss | 11,221,159 | 650,768 |
| Net Gratuity Cost | 13,270,225 | 2,902,306 |
| <u>Assumptions :</u> | | |
| Interest rate | 7.75% | 8.00% |
| Rate of growth in salary levels * | 5.00% | 3.00% |

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

22. 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

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: June 30, 2009

MUMBAI
 Date: June 30, 2009

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 | 9 |
|---|---|---|---|---|---|---|---|

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

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2 | 0 | 3 | 6 | 1 | 7 | 3 | 3 |
|---|---|---|---|---|---|---|---|

Total Assets

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2 | 0 | 3 | 6 | 1 | 7 | 3 | 3 |
|---|---|---|---|---|---|---|---|

SOURCES OF FUNDS:

Paid-up Capital

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

Reserves & Surplus

| | | | | | | | |
|--|---|---|---|---|---|---|---|
| | 9 | 6 | 6 | 8 | 2 | 3 | 7 |
|--|---|---|---|---|---|---|---|

Secured Loans

| | | | | | | | |
|--|---|---|---|---|---|---|---|
| | 8 | 0 | 1 | 8 | 0 | 6 | 4 |
|--|---|---|---|---|---|---|---|

Unsecured Loans

| | | | | | | | |
|--|---|---|---|---|---|---|---|
| | 2 | 0 | 0 | 8 | 4 | 3 | 2 |
|--|---|---|---|---|---|---|---|

Deferred Tax Liability

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

APPLICATION OF FUNDS:

Net Fixed Assets

| | | | | | | | |
|--|--|---|---|---|---|---|---|
| | | 2 | 2 | 0 | 5 | 9 | 8 |
|--|--|---|---|---|---|---|---|

Investments

| | | | | | | | |
|--|---|---|---|---|---|---|---|
| | 4 | 8 | 8 | 5 | 7 | 8 | 9 |
|--|---|---|---|---|---|---|---|

Deferred Tax Asset

| | | | | | | | |
|--|--|---|---|---|---|---|---|
| | | 1 | 0 | 3 | 7 | 0 | 5 |
|--|--|---|---|---|---|---|---|

Net Current Assets

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

Misc. Expenditure

| | | | | | | | |
|--|--|--|---|---|---|---|---|
| | | | 5 | 6 | 2 | 0 | 4 |
|--|--|--|---|---|---|---|---|

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

Turnover (Total Income)

| | | | | | | | |
|--|---|---|---|---|---|---|---|
| | 4 | 7 | 0 | 7 | 6 | 8 | 2 |
|--|---|---|---|---|---|---|---|

Total Expenditure

| | | | | | | | |
|--|---|---|---|---|---|---|---|
| | 1 | 7 | 7 | 4 | 3 | 3 | 0 |
|--|---|---|---|---|---|---|---|

Profit Before Tax

| | | | | | | | |
|--|---|---|---|---|---|---|---|
| | 2 | 9 | 3 | 3 | 3 | 5 | 2 |
|--|---|---|---|---|---|---|---|

Profit After Tax

| | | | | | | | |
|--|---|---|---|---|---|---|---|
| | 2 | 7 | 0 | 2 | 4 | 7 | 9 |
|--|---|---|---|---|---|---|---|

Earning per Share in Rs.

| | | | | | | | |
|--|--|--|---|---|---|---|---|
| | | | 3 | 9 | . | 5 | 5 |
|--|--|--|---|---|---|---|---|

Dividend Rate %

| | | | | | | | |
|--|--|--|--|--|---|---|---|
| | | | | | 1 | 0 | % |
|--|--|--|--|--|---|---|---|

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

ITEM CODE NO. (ITC CODE)

PRODUCT DESCRIPTION

N.A.

Real Estate Development

CONSOLIDATED ACCOUNTS

CONSOLIDATED AUDITORS' REPORT

Auditors' Report to the Board of Directors of Ackruti City Limited (Formerly known as Akruti City Limited) on the Consolidated Financial Statements of Ackruti City Limited.

1. We have examined the attached Consolidated Balance Sheet of **ACKRUTI CITY LIMITED**, its Subsidiaries, Joint Ventures and its Associates (together referred to as 'the Group') as at 31st March, 2009, 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 Ackruti 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. Those 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 fifteen Subsidiaries have been audited by Doshi Doshi & Associates, Chartered Accountants which reflect total assets of Rs.1,649,853,744 as at 31st March, 2009 and total revenues of Rs.33,096,018 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.229,231,948 as at 31st March, 2009 and total revenues of Rs.494 for the year then ended.
- (b) We did not audit the financial statements of three Subsidiaries, which reflect total assets of Rs. 666,518 as at 31st March, 2009 and total revenues of Rs.92,499,884 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.
4. (a) The financial statements of a Joint Venture have been audited by Doshi Doshi & Associates, Chartered Accountants which reflect total assets of Rs.1,794,570,932 as at 31st March, 2009 and total revenues of Rs.506,912 for the year then ended.
- (b) We did not audit the financial statements of ten Joint Ventures / Partnership Firms, which reflect total assets of Rs. 1,716,248,646 as at 31st March, 2009 and total revenues of Rs.21,317 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 entities, is based solely on the reports of the other auditors.
- (c) The financial statements of the remaining three Joint Ventures / Partnership firms, which reflect total assets of Rs.642,753,851 as at 31st March, 2009 and total revenues of Rs. 36,237,587 for the year then ended are compiled by the management and have not been audited.
5. (a) The financial statements of two Associates have been audited by Doshi Doshi & Associates, Chartered Accountants which reflect the Company's (net) share of Profit of Rs. 955,278 for the year ended 31st March, 2009. The financial statements of one Associate have been audited by Dalal & Shah, Chartered Accountants which reflect the Company's (net) share of Loss of Rs. 574,009 for the year ended 31st March, 2009.
- (b) We did not audit the financial statements of seven Associates, which reflect the Company's (net) share of Profit of Rs.84,948,844 for the year ended 31st March, 2009. 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 Associates, is based solely on the reports of the other auditors.
- (c) The financial statements of the remaining two Associates, which reflect the Company's (net) share of Profit of Rs.6,696,589 for the year ended 31st March, 2009 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. Without qualifying our opinion, we invite attention to Note No. 7 in Schedule 'O' to the Accounts, relating to debts considered good and fully recoverable;
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 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 4 (c) and 5 (c) 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, 2009;
 - (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: 30th June, 2009

For and on behalf of

DOSHI DOSHI & ASSOCIATES
Chartered Accountants

VIRAL D. DOSHI
Proprietor
Membership No.: 105330

CONSOLIDATED BALANCE SHEET As At 31st MARCH, 2009

| | Schedule | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--|----------|------------------------------|------------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | A | 667,000,000 | 667,000,000 |
| Reserves and Surplus | B | 9,755,612,435 | 7,182,136,101 |
| | | <u>10,422,612,435</u> | <u>7,849,136,101</u> |
| Share Application Money | | 41,997,000 | 112,689,100 |
| LOAN FUNDS | C | | |
| Secured Loans | | 8,488,933,646 | 5,520,206,108 |
| Unsecured Loans | | 2,079,832,952 | 2,771,744,123 |
| | | <u>10,568,766,598</u> | <u>8,291,950,231</u> |
| DEFERRED TAX LIABILITY (Refer Note 4) | | — | 6,353,878 |
| MINORITY INTEREST | | 1,854,886 | 19,778,955 |
| TOTAL | | <u>21,035,230,919</u> | <u>16,279,908,265</u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | D | | |
| Gross Block | | 759,885,766 | 1,256,485,553 |
| Less: Depreciation and Amortisation | | 109,531,016 | 212,137,553 |
| Net Block | | 650,354,750 | 1,044,348,000 |
| Capital Work-in-progress | | 331,221,526 | 104,710,893 |
| | | <u>981,576,276</u> | <u>1,149,058,893</u> |
| INVESTMENTS | E | 3,025,402,539 | 2,276,467,255 |
| DEFERRED TAX ASSETS (Refer Note 4) | | 103,720,757 | — |
| CURRENT ASSETS, LOANS AND ADVANCES | F | | |
| Inventories | | 7,729,937,253 | 4,244,856,312 |
| Sundry Debtors | | 4,517,393,832 | 1,102,912,661 |
| Cash and Bank Balances | | 109,753,873 | 402,839,209 |
| Other Current Assets | | 740,832,260 | 323,730,271 |
| Loans and Advances | | 6,153,155,062 | 8,926,576,137 |
| | | <u>19,251,072,280</u> | <u>15,000,914,590</u> |
| LESS : CURRENT LIABILITIES AND PROVISIONS | G | | |
| Current Liabilities | | 2,142,712,444 | 1,548,836,280 |
| Provisions | | 240,032,648 | 597,696,192 |
| | | <u>2,382,745,092</u> | <u>2,146,532,472</u> |
| NET CURRENT ASSETS | | 16,868,327,188 | 12,854,382,118 |
| MISCELLANEOUS EXPENDITURE (to the extent not written off) | | | |
| Loan processing fees and other finance charges | | 56,204,159 | — |
| TOTAL | | <u>21,035,230,919</u> | <u>16,279,908,265</u> |
| Notes forming part of the Accounts | O | | |

As per our report of even date

For and on behalf of the Board

 For and on behalf of
DALAL & SHAH
 Chartered Accountants

 For and on behalf of
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: June 30, 2009

 MUMBAI
 Date: June 30, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

| | Schedule | Year Ended 31 st March, 2009 (Rupees) | Year Ended 31 st March, 2008 (Rupees) |
|--|----------|--|--|
| INCOME | | | |
| Sales and Income from Operations | H | 3,970,771,972 | 4,397,537,667 |
| Surplus on Sale of Interest in project executed through subsidiary company | | 376,896,413 | — |
| Share of Profit from Joint Ventures and Partnership Firms (Net) | | 22,803 | 52,911,888 |
| Other Income | I | 200,133,878 | 307,019,589 |
| TOTAL | | 4,547,825,066 | 4,757,469,144 |
| EXPENDITURE | | | |
| Cost of Construction | J | 4,185,848,414 | 2,398,460,232 |
| (Increase) in Inventories | K | (4,545,667,069) | (2,033,355,138) |
| Employment Cost | L | 148,700,420 | 69,667,214 |
| Administrative, Selling and General Expenses | M | 369,033,321 | 224,653,612 |
| Cost allocated to Contractual Interest in Projects executed through Associates, etc. amortised | | 58,509,203 | — |
| Project Expenses written off | | 36,200,393 | — |
| Interest and Finance Charges | N | 1,402,245,416 | 615,373,621 |
| Depreciation and Amortisation | | 57,133,105 | 69,307,432 |
| TOTAL | | 1,712,003,203 | 1,344,106,973 |
| PROFIT BEFORE TAX | | 2,835,821,863 | 3,413,362,171 |
| Add/(Less) : Provision for Taxation | | | |
| — Current Tax | | (340,780,450) | (408,331,157) |
| — Deferred Tax (Charge) / Credit (Refer Note 4) | | 110,279,363 | (8,793,225) |
| — Fringe Benefit Tax | | (1,633,025) | (1,656,700) |
| — Wealth Tax | | (175,500) | (250,000) |
| PROFIT FOR THE YEAR | | 2,603,512,251 | 2,994,331,089 |
| Add / (Less) : | | | |
| Short Provision for Taxation in respect of earlier years (Net) | | (62,487,180) | (476,327) |
| Prior Period Adjustments (Refer Note 9) | | 11,027,373 | 1,522,792 |
| Share of Profit / (Loss) from Associate Companies | | 92,026,702 | (882,114) |
| Minority Interest | | 3,346,352 | 847,583 |
| Pre-acquisition Loss | | 72,589 | 2,408,649 |
| Loss on disposal of Associates | | (37,009) | — |
| Goodwill on acquisition written off | | (145,779) | (1,696,271) |
| Reversal of excess profit booked in earlier year | | — | (3,363,700) |
| | | 2,647,315,299 | 2,992,691,701 |
| Add / (Less) : | | | |
| Balance brought forward from previous year | | 2,585,755,243 | 88,156,339 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | 5,233,070,542 | 3,080,848,040 |
| Appropriations: | | | |
| Interim Dividend | | — | 120,063,634 |
| Tax on Interim Dividend | | — | 20,404,197 |
| Proposed Dividend | | 66,700,000 | 46,690,000 |
| Tax on Proposed Dividend | | 17,113,965 | 7,934,966 |
| General Reserve | | 121,000 | 300,000,000 |
| Balance carried to Balance Sheet | | 5,149,135,577 | 2,585,755,243 |
| Earning per Share of Rs. 10/- each (Basic and Diluted) (Refer Note 8) | | 39.69 | 44.87 |

Notes forming part of the Accounts

As per our report of even date

O

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: June 30, 2009

 MUMBAI
 Date: June 30, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

| | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--|------------------------------|------------------------------|
| I CASH FLOW ARISING FROM OPERATING ACTIVITIES : | | |
| Net Profit before Tax as per Profit and Loss Account | 2,835,821,863 | 3,413,362,171 |
| Add / (Deduct) : | | |
| Interest and Finance Charges | 1,402,245,416 | 615,373,621 |
| Project Expenses Written Off | 36,200,393 | — |
| Depreciation and Amortisation | 57,133,105 | 69,307,432 |
| Dividend from Current Investments | (4,749,240) | (22,153,831) |
| Profit on Sale of Current Investments | — | (15,440,542) |
| Interest Income | (180,705,634) | (231,275,771) |
| Minority Interest (Loss) | 3,346,352 | 847,583 |
| Pre-acquisition Loss | 72,589 | 2,408,649 |
| Provision for doubtful advances | 80,588,447 | — |
| Contractual Interest in projects executed through Associates, etc. amortised | 58,509,203 | — |
| Surplus on Sale / Discardment of Fixed Assets (Net) | 29,720,841 | (1,428,130) |
| | 1,482,361,472 | 417,639,011 |
| Operating Profit before Working Capital Changes | 4,318,183,335 | 3,831,001,182 |
| Add / (Deduct) : | | |
| (Increase) in Inventories | (2,879,442,847) | (2,633,534,145) |
| (Increase) / Decrease in Trade and Other Receivables | 29,601,620 | (2,511,383,131) |
| (Increase) in Contractual Interests in Projects undertaken by subsidiaries, joint ventures, etc. | (455,057,798) | (321,146,631) |
| Increase in Trade Payables | 421,779,706 | 898,510,081 |
| Direct Taxes Paid | (313,287,992) | (351,646,394) |
| | (3,196,407,311) | (4,919,200,220) |
| Cash Flow from operations before prior period adjustments | 1,121,776,024 | (1,088,199,038) |
| Prior Period Adjustments (Net) | 10,547,240 | 1,522,792 |
| Reversal of excess profit booked in earlier year | — | (3,363,700) |
| | 10,547,240 | (1,840,908) |
| Net Cash Flow in the course of Operating Activities | 1,132,323,264 | (1,090,039,946) |
| II CASH FLOW ARISING FROM INVESTING ACTIVITIES : | | |
| Inflow / (Outflow) on account of : | | |
| Fixed Assets (Net) | (232,678,984) | (346,299,960) |
| Dividend from Current Investments | 4,749,240 | 22,153,831 |
| Profit on Sale of Current Investments | — | 15,440,542 |
| Interest Income | 180,705,634 | 231,275,771 |
| (Increase) in Loans and Advances (Including towards Share Application) | (1,201,686,223) | (1,831,846,094) |
| Acquisition of Joint Ventures and Subsidiaries (Net) | (861,386,563) | (423,398,543) |
| Other Long term Investments Acquired (Net) | (100,749,225) | (1,446,639,559) |
| Current Investments Disposed off (Net) | 31,050,393 | 1,917,197,356 |
| Net Cash Flow in the course of Investing Activities | (2,179,995,728) | (1,862,116,656) |
| III CASH FLOW ARISING FROM FINANCING ACTIVITIES : | | |
| Inflow / (Outflow) on account of : | | |
| Increase in Secured Loans | 2,900,027,408 | 2,655,133,105 |
| Increase/(Decrease) in Unsecured Loans | (729,753,594) | 672,154,193 |
| Share Application Money | — | 95,786,650 |
| Interest and Finance Charges | (1,402,303,373) | (613,989,336) |
| Dividend Paid | (46,692,211) | (220,016,532) |
| Securities Premium Account | 9,975,000 | — |
| Tax on Dividend Paid | (13,713,266) | (37,407,695) |
| Share Issue Expenses | — | (48,070,926) |
| Net Cash Flow in the course of Financing Activities | 717,539,964 | 2,503,589,459 |
| Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III) | (330,132,500) | (448,567,143) |
| Add: Balance at the beginning of the year | 350,078,556 | 761,090,443 |
| Balances acquired on acquisition of Joint Ventures and Subsidiaries | 58,151,591 | 37,555,256 |
| Cash and Cash Equivalents at the close of the year | 78,097,647 | 350,078,556 |
| Reconciliation of Cash and Bank Balances given in Schedule F, is as follows :- | | |
| Cash and Bank Balances | 109,753,873 | 402,839,209 |
| Less: Margin Money Balances | (31,656,226) | (52,760,653) |
| Cash and Cash Equivalents at the close of the year | 78,097,647 | 350,078,556 |

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: June 30, 2009

 MUMBAI
 Date: June 30, 2009

SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE 'A'
SHARE CAPITAL
AUTHORISED

12,50,00,000 Equity Shares of Rs. 10 each

ISSUED, SUBSCRIBED AND PAID-UP

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.)

Per Balance Sheet

SCHEDULE 'B'

RESERVES AND SURPLUS

Securities Premium Account
Balance as per last Account
Add / (Less) :
Received during the year
Share Issue Expenses written back

Debenture Redemption Reserve
Balance as per last Account
Add / (Less) :
Transferred to General Reserve

General Reserve
Balance as per last Account
Add / (Less) :
Transferred from Debenture Redemption Reserve
Transferred from Profit and Loss Account

Capital Reserve
Balance as per last Account
Add / (Less) :
Created during the year

Surplus in Profit and Loss Account

Per Balance Sheet

SCHEDULE 'C'
LOAN FUNDS
Secured Loans

a) Loans from Banks
Interest accrued on above

b) Loan from a Financial Institution
c) Loans from Banks against Future Lease Rentals
d) Vehicle Loans from Banks
e) Short Term and Working Capital Loan from Banks
Interest accrued on above

f) Loans from Other Companies
Interest accrued on above

Add : Share in Joint Ventures

Per Balance Sheet

Unsecured Loans

Fixed Deposits
Short Term Loans
From Body Corporates
From Others

Add : Share in Joint Ventures

Per Balance Sheet

| | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--|------------------------------|------------------------------|
| | 1,250,000,000 | 1,250,000,000 |
| | 1,250,000,000 | 1,250,000,000 |
| | 667,000,000 | 667,000,000 |
| | 667,000,000 | 667,000,000 |
| | 3,247,030,765 | 3,241,825,438 |
| | 9,975,000 | — |
| | — | 5,205,327 |
| | 3,257,005,765 | 3,247,030,765 |
| | — | 1,000,000,000 |
| | — | 1,000,000,000 |
| | — | — |
| | 1,338,000,000 | 38,000,000 |
| | — | 1,000,000,000 |
| | 121,000 | 300,000,000 |
| | 1,338,121,000 | 1,338,000,000 |
| | 11,350,093 | 11,324,438 |
| | — | 25,655 |
| | 11,350,093 | 11,350,093 |
| | 5,149,135,577 | 2,585,755,243 |
| | 9,755,612,435 | 7,182,136,101 |
| | 3,004,750,129 | 1,136,611,117 |
| | 31,415,345 | — |
| | 3,036,165,474 | 1,136,611,117 |
| | 966,600,000 | 3,080,000,000 |
| | 1,005,000,948 | 1,136,192,561 |
| | 313,508 | 1,422,332 |
| | 300,000,000 | — |
| | 7,368,946 | — |
| | 307,368,946 | — |
| | 2,715,279,021 | — |
| | 22,335,570 | — |
| | 2,737,614,591 | — |
| | 8,053,063,467 | 5,354,226,010 |
| | 435,870,179 | 165,980,098 |
| | 8,488,933,646 | 5,520,206,108 |
| | 187,255,000 | 72,255,000 |
| | 1,843,888,623 | 1,854,607,406 |
| | 3,923,168 | 841,307,204 |
| | 1,847,811,791 | 2,695,914,610 |
| | 2,035,066,791 | 2,768,169,610 |
| | 44,766,161 | 3,574,513 |
| | 2,079,832,952 | 2,771,744,123 |

SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

Schedule 'D'
FIXED ASSETS

(Rupees)

| PARTICULARS | GROSS BLOCK | DEPRECIATION / AMORTISATION | NET BLOCK |
|---|------------------------------------|-----------------------------------|------------------------------------|
| | As at 31 st March, 2009 | Upto 31 st March, 2009 | As at 31 st March, 2009 |
| Freehold Land | 795,680 | — | 795,680 |
| Premises | 7,849,937 | 1,120,519 | 6,729,418 |
| Compound Wall | 10,635,281 | 185,025 | 10,450,256 |
| Mivan System | 30,329,362 | 5,514,772 | 24,814,590 |
| Generator | 6,058,741 | 2,671,988 | 3,386,753 |
| Laboratory Equipment | 1,656,277 | 224,076 | 1,432,201 |
| Air Conditioners | 2,118,999 | 635,392 | 1,483,607 |
| Computers | 15,931,272 | 8,737,682 | 7,193,590 |
| Office Equipment | 7,303,408 | 2,047,589 | 5,255,819 |
| Furniture and Fixtures | 28,285,126 | 11,965,729 | 16,319,397 |
| Vehicles | 36,864,988 | 18,535,724 | 18,329,264 |
| Total (I) | 147,829,071 | 51,638,496 | 96,190,575 |
| Leased Assets@ | | | |
| Leasehold Land | 281,542,333 | 11,785,228 | 269,757,105 |
| Commercial Premises \$ | 73,183,988 | 17,727,344 | 55,456,644 |
| Furniture and Fixtures | 27,835,278 | 16,524,366 | 11,310,912 |
| Total (II) | 382,561,599 | 46,036,938 | 336,524,661 |
| TOTAL (I + II) | 530,390,670 | 97,675,434 | 432,715,236 |
| Add: Share in Joint Venture | 229,495,096 | 11,855,582 | 217,639,514 |
| GRAND TOTAL | 759,885,766 | 109,531,016 | 650,354,750 |
| Previous Year | 1,256,485,553 | 212,137,553 | 1,044,348,000 |
| Capital Work-in-progress (Including expenditure on Development of Software (Intangible))(PY: Rs. 104,710,893/-) | | | 331,221,526 |

Notes:

- @ Leased Premises (including Furniture and Fixtures in furnished premises and land acquired on lease) given under operating lease are held by the Company for sale in the ordinary course of business. These assets are disclosed under the Fixed Assets Schedule and depreciation is provided thereon only in pursuance of the requirement of Accounting Standard AS-19 - Leases. (Refer Note 1 (V) (B)).
- \$ Includes cost of shares held in companies (including two subsidiaries and an associate) aggregating Rs. 1679800/- (PY: Rs 1679800/-) carrying the occupancy rights in the premises.

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

I) Companies (Fully paid Shares / Debentures)

A. Associate Companies

- a) 2666619 Equity Shares of Rs. 10/- each (PY Subsidiary)
Infrastructure Ventures India Private Limited
(Formerly known as Infrastructure Ventures India Limited)
Share of Current Profit / (Loss)
(Includes Goodwill Rs 483,814,885/-)
- b) 25000 Equity Shares of Rs.100/- each
(PY 25,000 Equity Shares of Rs.100/- each)
Joyous Housing Limited
Share of Accumulated Reserves / Profits / (Loss)
Share of Current Profit / (Loss)
(Includes Goodwill Rs 149391/-)
- c) 8000 Equity Shares of Rs.10/- each
(PY 8000 Equity Shares of Rs.10/- each)
Pristine Developers Private Limited
Share of Accumulated Reserves / Profits / (Loss)
Share of Current Profit / (Loss)
- d) 659997 Equity Shares of Rs.10/- each
(PY 659997 Equity shares of Rs. 10/- each)
DLF Akkruti Info Parks (Pune) Limited
Share of Accumulated Reserves / Profits / (Loss)
Share of Current Profit / (Loss)
(Includes Goodwill Rs 40764/-)
- e) 3198 Equity Shares of Rs.10/- each
(PY 3191 Equity Shares of Rs. 10/- each)
Chaitra Realty Limited
Share of Current Profit / (Loss)
(Includes Goodwill Rs. 878,745,017/-)

c/f

| 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--------------------------------------|-------------------------------------|
| 656,141,247 (574,009) | — |
| 655,567,238 | — |
| 2,500,000 (1,395,794) 703,192 | 2,500,000 431,004 (1,826,798) |
| 1,807,398 | 1,104,206 |
| 80,000 (80,000) 6,740,655 | 80,000 (80,000) |
| 6,740,655 | — |
| 6,599,970 1,202,358 89,537,764 | 6,599,970 (65,300) 1,267,658 |
| 97,340,092 | 7,802,328 |
| 881,060,289 252,086 | 879,506,652 |
| 881,312,375 | 879,506,652 |
| 1,642,767,758 | 888,413,186 |

SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|------------------|---|---------------------------------------|------------------------------|
| | b/f | 1,642,767,758 | 888,413,186 |
| f) | 24500 Equity shares of Rs 10/- each (PY. 24500 Equity Shares of Rs. 10/- each) Akruti Security Plates Private Limited Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss) (Includes Goodwill Rs. 5,869,071/-) | 4,900,000 (330,919) (4,569,081) | 4,900,000 - (330,919) |
| | | — | 4,569,081 |
| g) | 10208 Cumulative Convertible Preference Shares of Rs.100/- each (PY. 10208 Cumulative Convertible Preference Shares of Rs.100/- each) Akruti Security Plates Private Limited | 1,020,800 | 1,020,800 |
| h) | Nil (PY. 3333 Equity Shares of Rs.100/- each) Multha Realty Private Limited Share of Current Profit / (Loss) | — — | 333,300 37,952 |
| | | — | 371,252 |
| i) | Nil (PY. 33330 Equity Shares of Rs.10/- each) Broadway Integrated Park Private Limited Share of Current Profit / (Loss) | — — | 333,300 (943) |
| | | — | 332,357 |
| j) | 100000 Equity Shares of Rs.10/- each (PY. 100000 Equity Shares of Rs. 10/- each) Zeus Infrastructure Private Limited Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss) (Includes Goodwill Rs.148,224) | 1,000,000 (29,064) (44,066) | 1,000,000 — (29,064) |
| | | 926,870 | 970,936 |
| k) | 312500 Equity Shares of Rs.10/- each (PY. Nil) Glamorous Properties Private Limited Share of Current Profit / (Loss) (Includes Goodwill Rs. 30,023,975) | 30,000,000 (19,839) | — — |
| | | 29,980,161 | — |
| l) | 10000 Equity Shares of Rs.10/- each (PY. Nil) Akruti City Bus Terminal (Vadodara) Limited (Formerly known as Akruti City Bus Terminal (Vadodara) Private Limited) (Includes Goodwill Rs. 5,443) | 100,000 | — |
| m) | 10000 Equity Shares of Rs.10/- each (PY. Nil) Akruti City Bus Terminal (Mehsana) Limited (Formerly known as Akruti City Bus Terminal (Mehsana) Private Limited) (Includes Goodwill Rs. 10,034) | 100,000 | — |
| n) | 10000 Equity Shares of Rs.10/- each (PY. Nil) Multicity Bus Terminal (Surat) Limited (Formerly known as Multicity Bus Terminal (Surat) Private Limited) (Includes Goodwill Rs. 34,381) | 100,000 | — |
| o) | 10000 Equity Shares of Rs.10/- each (PY. Nil) Multicity Bus Terminal (Surat-Adajan) Limited (Formerly known as Multicity Bus Terminal (Surat-Adajan) Private Limited) (Includes Goodwill Rs. 2,316) | 100,000 | — |
| B. Others | | | |
| a) | 693770 Equity Shares of Rs. 10/- each (PY.693800 Equity shares of Rs 10/- each) Citygold Investments Private Limited | 6,937,700 | 6,938,000 |
| b) | 240 Equity Shares of Rs.100/- each (PY. 240 Equity Shares of Rs.100/- each) Citygold Management Services Private Limited | 24,000 | 24,000 |
| c) | 37815 Equity Shares of Rs.10/- each (PY. 37815 Equity Shares of Rs.10/- each) Janakalyan Sahakari Bank Limited | 378,150 | 378,150 |
| | c/f | 7,339,850 1,675,095,589 | 7,340,150 895,677,612 |

SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | | 31st March, 2009 (Rupees) | | 31st March, 2008 (Rupees) | |
|---|--|------------------------------|----------------------|------------------------------|----------------------|
| SCHEDULE 'E' (contd.) | | 7,339,850 | 1,675,095,589 | 7,340,150 | 895,677,612 |
| | b/f | | | | |
| d) | 3616 'A' Class Equity shares of Rs.500/-each (PY. 3616 'A' Class Equity Shares of Rs.500/-each) Dharni Properties Private Limited | 1,095,250 | | 1,095,250 | |
| e) | 6000 'B' Class Equity Shares of Rs.50/- each (PY. 6000 'B' Class Equity Shares of Rs.50/- each) Akruti Niharika Buildings Limited | 300,000 | | 300,000 | |
| f) | 25 Equity Shares of Rs.29/- each and 125 Equity Shares of Rs.25/- each (PY. 25 Equity Shares of Rs.29/- each and 125 Equity Shares of Rs.25/- each) Shamrao Vitthal Co-operative Bank Limited | 3,850 | | 3,850 | |
| g) | 4900 Equity Shares of Rs. 10/- each (PY. Nil) Opulent Trading and Investment Private Limited | 49,000 | | — | |
| h) | 2000 Equity Shares of Rs. 10/- each (PY. Nil) Suraksha Realty Limited | 20,000 | | — | |
| i) | 49900 Equity Shares of Rs. 10/- each (PY. Nil) Mahanagar Co-Operative Bank Limited | 499,000 | | — | |
| j) | 250000 Optionally Convertible Debentures of Rs.5000 each. (PY. 250000 Optionally Convertible Debentures of Rs.5000 each.) Netzone Developers Private Limited | 1,250,000,000 | | 1,250,000,000 | |
| | | | 1,259,306,950 | | 1,258,739,250 |
| II | In Capital of Partnership Firms / Joint Ventures (Net of Contribution outstanding) | | 90,000,000 | | 90,000,000 |
| III | Mutual Funds (Other than trade) Growth Option 100000 (PY 100000) Units of Principal PNB Long Term Equity Fund of Rs.10/- each (3 Year Plan) (NAV : Rs. 449,000/- : PY. Rs 972,000) | | 1,000,000 | | 1,000,000 |
| Sub-total Long term | | | 3,025,402,539 | | 2,245,416,862 |
| Current Investments (Other than Trade) (At lower of cost and fair value) In Mutual Funds (Units of Rs 10/- each) Dividend Option | | | | | |
| Nil (PY. 11,034,959) Units of HSBC Cash Fund-Institutional Plan (NAV PY.: Rs 11,034,962/-) | | | — | | 11,034,962 |
| Nil (PY. 2001523.10) Units of Fidelity Mutual Fund Daily Dividend Plan (NAV PY. Rs 20,015,431/-) | | | — | | 20,015,431 |
| Sub-total Current | | | — | | 31,050,393 |
| Per Balance Sheet | | | 3,025,402,539 | | 2,276,467,255 |
| SCHEDULE 'F' | | | | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | | | | |
| INVENTORIES (As taken, valued and certified by the Management) (Refer Note 1 (V)) | | | | | |
| Stock- in -trade | | | | | |
| Floor Space Index (FSI) | | 145,043,709 | | 66,751,046 | |
| Incomplete projects (Includes Rs.154,643,672/- cost of Goodwill on acquisition representing value of Land/Rights) | | 4,167,206,818 | | 2,919,301,899 | |
| Finished Properties | | 33,441,691 | | 131,360,707 | |
| | | 4,345,692,218 | | 3,117,413,652 | |
| Add : Share in Joint Ventures (Includes Rs. 1,469,239,828/- cost of Goodwill on acquisition representing value of Land/Rights) | | 3,384,245,035 | | 1,127,442,660 | |
| | | | 7,729,937,253 | | 4,244,856,312 |
| c/f | | | | | |

SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|---|------------------------------|------------------------------|
| SCHEDULE 'F' (contd.) | | |
| SUNDRY DEBTORS (Unsecured, Considered Good) | 7,729,937,253 | 4,244,856,312 |
| Debts outstanding for a period exceeding six months | 4,428,722,543 | 33,596,732 |
| Other Debts | 83,864,184 | 1,065,939,958 |
| | 4,512,586,727 | 1,099,536,690 |
| Add : Share in Joint Ventures | 4,807,105 | 3,375,971 |
| | 4,517,393,832 | 1,102,912,661 |
| CASH AND BANK BALANCES | | |
| Cash on hand | 2,311,202 | 2,461,113 |
| Bank Balances with Scheduled Banks | 20,112,454 | 197,209,734 |
| - In Current Accounts | 1,083,065 | 118,889,120 |
| - In Deposit Accounts * | 31,656,226 | 52,760,653 |
| - In Margin Money Accounts * | | |
| * Including Interest accrued thereon | | |
| | 55,162,947 | 371,320,620 |
| Add : Share in Joint Ventures | 54,590,926 | 31,518,589 |
| | 109,753,873 | 402,839,209 |
| OTHER CURRENT ASSETS | | |
| Contractual Interests in Projects executed through Associates, etc. | 740,235,889 | 321,146,631 |
| Income Tax Refund | 596,371 | 2,583,640 |
| | 740,832,260 | 323,730,271 |
| LOANS AND ADVANCES (Unsecured, Considered Good) | | |
| Loans to Employees (Interest free) | 362,847 | 314,228 |
| Loans and Advances to Others | 2,696,801,110 | 1,304,614,935 |
| Advance towards Share Application | 1,385,519,454 | 1,576,019,406 |
| Advance against Land / Rights | | |
| Advance Recoverable in Cash or in Kind or for Value to be Received | | |
| (Including advance against Land/Rights) | | |
| Good | 1,934,953,232 | 4,401,891,336 |
| Doubtful | 80,588,447 | — |
| Less: Provision | (80,588,447) | (—) |
| | 1,934,953,232 | 4,401,891,336 |
| Taxes Paid / Deducted at Source | 10,069,446 | 502,912,522 |
| | 6,027,706,089 | 7,785,752,427 |
| Add : Share in Joint Ventures | 125,448,973 | 1,140,823,710 |
| | 6,153,155,062 | 8,926,576,137 |
| Per Balance Sheet | 19,251,072,280 | 15,000,914,590 |
| SCHEDULE 'G' | | |
| CURRENT LIABILITIES AND PROVISIONS | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors | 438,214,715 | 296,529,200 |
| Advances from Customers | 726,472,721 | 847,337,209 |
| Deposits from Customers | 241,699,854 | — |
| Overdrawn Bank Balances as per books of accounts | 75,055,537 | 1,836,627 |
| Other Liabilities | 252,304,330 | 310,364,296 |
| Interest accrued but not due on Loans | 9,407,847 | 14,381,506 |
| | 1,743,155,004 | 1,470,448,838 |
| Add : Share in Joint Ventures | 399,557,440 | 78,387,442 |
| | 2,142,712,444 | 1,548,836,280 |
| PROVISIONS | | |
| Income Tax | 138,607,537 | 535,615,511 |
| Fringe Benefit Tax | 905,661 | 4,568,830 |
| Wealth Tax | 175,500 | 250,000 |
| Employees Benefit | 21,967,939 | — |
| Proposed dividend | 66,700,000 | 46,690,000 |
| Tax on Proposed Dividend | 11,335,665 | 7,934,966 |
| | 239,692,302 | 595,059,307 |
| Add : Share in Joint Ventures | 340,346 | 2,636,885 |
| | 240,032,648 | 597,696,192 |
| Per Balance Sheet | 2,382,745,092 | 2,146,532,472 |

SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|---|------------------------------|------------------------------|
| SCHEDULE 'H' | | |
| SALES AND INCOME FROM OPERATIONS | | |
| Sale of Properties / Rights | 4,718,572,422 | 4,093,130,435 |
| Sale of Incomplete Projects | 5,416,721 | — |
| | 4,723,989,143 | 4,093,130,435 |
| Less : Reversal of Development Rights / FSI sold (Refer Note 5) | 1,057,500,000 | — |
| | 3,666,489,143 | 4,093,130,435 |
| Project Management services in connection with Projects executed through Associates, etc. | 38,174,352 | — |
| Income from premises given on lease | 250,347,265 | 304,265,961 |
| | 3,955,010,760 | 4,397,396,396 |
| Add : Share in Joint Ventures | 15,761,212 | 141,271 |
| Per Profit and Loss Account | 3,970,771,972 | 4,397,537,667 |
| SCHEDULE 'I' | | |
| OTHER INCOME | | |
| Dividend from Current Investments | 4,749,240 | 22,153,831 |
| Profit on sale of Current Investments | — | 15,440,542 |
| Interest | | |
| - Loans | 141,375,753 | 204,697,145 |
| - Bank Fixed Deposits | 8,963,186 | 20,249,486 |
| - Others | 30,366,695 | 6,329,140 |
| | 180,705,634 | 231,275,771 |
| Surplus on Sale / Discardment of Fixed Assets (Net) | — | 1,428,130 |
| Gain on Foreign Currency Fluctuation (Net) | 866,661 | 1,759,461 |
| Liquidated Damages received | — | 20,196,230 |
| Miscellaneous Income | 11,079,771 | 14,323,265 |
| | 197,401,306 | 306,577,230 |
| Add : Share in Joint Ventures | 2,732,572 | 442,359 |
| Per Profit and Loss Account | 200,133,878 | 307,019,589 |
| SCHEDULE 'J' | | |
| COST OF CONSTRUCTION | | |
| Construction Cost incurred during the year | 1,568,654,321 | 1,819,870,038 |
| Add : Written Down Value of Finished Properties transferred from Fixed Assets Schedule, on sale of property (Refer Note I(V) (B)) | 595,183,787 | 27,046,458 |
| | 2,163,838,108 | 1,846,916,496 |
| Add : Share in Joint Ventures | 2,022,010,306 | 551,543,736 |
| Per Profit and Loss Account | 4,185,848,414 | 2,398,460,232 |
| SCHEDULE 'K' | | |
| (INCREASE) /DECREASE IN INVENTORIES | | |
| Opening Inventory | | |
| Floor Space Index (FSI) | 66,751,046 | 323,427,301 |
| Incomplete projects * | 2,926,243,133 | 1,085,324,338 |
| Finished Properties | 131,360,707 | 254,156,329 |
| | 3,124,354,886 | 1,662,907,968 |
| Less: Project expenses written off | 36,200,393 | — |
| Less: Transfer to contractual interest on account of dilution of Subsidiary to Associate | 22,382,345 | — |
| Less: Transfer to investment on account of dilution of Subsidiary to Associate | 604,768,607 | — |
| Less: Reduction of inventory on account of dilution in subsidiary | 267,255,699 | — |
| Less: Advance against FSI regrouped | — | 1,888,447 |
| | 2,193,747,842 | 1,661,019,521 |
| * Includes Rs.6,941,234/- of Pushpak Healthcare Services Private Limited, a subsidiary acquired during the current year | | |
| Closing Inventory | | |
| Floor Space Index (FSI) | 145,043,709 | 66,751,046 |
| Incomplete projects | 4,167,206,818 | 2,919,301,899 |
| Finished Properties | 33,441,691 | 131,360,707 |
| | 4,345,692,218 | 3,117,413,652 |
| (Increase) in Inventories | (2,151,944,376) | (1,456,394,131) |
| Add : Share in Joint Ventures | (2,393,722,693) | (576,961,007) |
| Per Profit and Loss Account | (4,545,667,069) | (2,033,355,138) |

SCHEDULES 'A' TO 'O' FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE 'L'

EMPLOYMENT COST

Salaries, Bonus, etc.
 Contribution to Provident and Other Funds
 Staff Welfare Expenses
 Other Fund Expenses

Less: Costs allocated to contractual Interests in projects executed through Associates, etc.

Add : Share in Joint Ventures

Per Profit and Loss Account

SCHEDULE 'M'

ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

Insurance
 Rent
 Rates and Taxes
 Advertisement
 Advances and other debit balances written off
 Donations
 Brokerage
 Director Fees and Travelling Expenses
 Commission to Non Executive Directors
 Bad Debts
 Provision for Doubtful Advances
 Repairs and Society Maintenance Charges
 Legal and Professional Fees
 Other Expenses
 Loss on sale / discardment of Fixed Assets (Net)
 Liquidated Damages

Less: Costs allocated to Contractual Interests in Projects executed through Associates etc.

Add : Share in Joint Ventures

Per Profit and Loss Account

SCHEDULE 'N'

INTEREST AND FINANCE CHARGES

Interest
 - Debentures
 - Fixed Loans
 - Interest Others

Loan Processing Fees and Other Finance Charges Amortised

Less: Costs allocated to contractual Interests in projects executed through Associates, etc.

Add: Share in Joint Ventures

Per Profit and Loss Account

| | 31st March, 2009 (Rupees) | 31st March, 2008 (Rupees) |
|--|------------------------------|------------------------------|
| SCHEDULE 'L' | | |
| EMPLOYMENT COST | | |
| Salaries, Bonus, etc. | 225,692,620 | 153,143,000 |
| Contribution to Provident and Other Funds | 8,001,430 | 11,897,424 |
| Staff Welfare Expenses | 4,911,743 | 5,377,985 |
| Other Fund Expenses | 875,955 | 482,602 |
| | <u>239,481,748</u> | <u>170,901,011</u> |
| Less: Costs allocated to contractual Interests in projects executed through Associates, etc. | <u>91,946,393</u> | <u>101,233,797</u> |
| | | <u>69,667,214</u> |
| Add : Share in Joint Ventures | <u>147,535,355</u> | <u>—</u> |
| Per Profit and Loss Account | <u><u>1,165,065</u></u> | <u><u>69,667,214</u></u> |
| SCHEDULE 'M' | | |
| ADMINISTRATIVE, SELLING AND GENERAL EXPENSES | | |
| Insurance | 6,348,923 | 4,693,267 |
| Rent | 3,835,357 | 5,246,967 |
| Rates and Taxes | 11,048,766 | 11,572,814 |
| Advertisement | 26,281,468 | 35,466,885 |
| Advances and other debit balances written off | 3,655,650 | 188,913 |
| Donations | 30,173,146 | 8,386,000 |
| Brokerage | 6,979,651 | 5,643,744 |
| Director Fees and Travelling Expenses | 2,060,973 | 1,340,486 |
| Commission to Non Executive Directors | 1,800,000 | 2,000,000 |
| Bad Debts | 398,336 | — |
| Provision for Doubtful Advances | 80,588,447 | — |
| Repairs and Society Maintenance Charges | 29,008,002 | 40,743,788 |
| Legal and Professional Fees | 123,654,193 | 77,272,275 |
| Other Expenses | 80,023,797 | 79,296,008 |
| Loss on sale / discardment of Fixed Assets (Net) | 29,720,841 | — |
| Liquidated Damages | — | 70,168,000 |
| | <u>435,577,550</u> | <u>342,019,147</u> |
| Less: Costs allocated to Contractual Interests in Projects executed through Associates etc. | <u>105,715,362</u> | <u>118,171,040</u> |
| | | <u>223,848,107</u> |
| Add : Share in Joint Ventures | <u>329,862,188</u> | <u>805,505</u> |
| Per Profit and Loss Account | <u><u>39,171,133</u></u> | <u><u>224,653,612</u></u> |
| SCHEDULE 'N' | | |
| INTEREST AND FINANCE CHARGES | | |
| Interest | — | 52,192,865 |
| - Debentures | 1,138,483,831 | 442,859,127 |
| - Fixed Loans | 325,506,558 | 55,096,926 |
| - Interest Others | — | — |
| | <u>1,463,990,389</u> | <u>550,148,918</u> |
| Loan Processing Fees and Other Finance Charges Amortised | <u>166,880,043</u> | <u>166,956,389</u> |
| | <u>1,630,870,432</u> | <u>717,105,307</u> |
| Less: Costs allocated to contractual Interests in projects executed through Associates, etc. | <u>257,554,361</u> | <u>101,741,794</u> |
| | | <u>615,363,513</u> |
| Add: Share in Joint Ventures | <u>1,373,316,071</u> | <u>10,108</u> |
| Per Profit and Loss Account | <u><u>28,929,345</u></u> | <u><u>615,373,621</u></u> |
| | <u><u>1,402,245,416</u></u> | |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009.

SCHEDULE 'O'

A. PRINCIPLES OF CONSOLIDATION:

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

- The Financial Statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealized profits or losses as per Accounting Standard - AS-21 - Consolidated Financial Statements.
- 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.
- Investments in Joint Ventures have been accounted under the proportionate consolidation method as per Accounting Standard - AS-27 - Financial Reporting of Interests in Joint Ventures.
- 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.
- The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of Profit and Loss Account as the profit or loss on disposal of investment in subsidiary.
- Intra-group balances and intra-group transactions and resulting unrealized profits have been eliminated.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- (a) The Company has investments in Brainpoint Infotech Limited and Akuriti Center Infotech Limited where the shareholdings exceeded 50%. The same are in the nature of temporary investments and are therefore, not considered for consolidation.
 (b) The Company has an investment in Gallant Infotech Private Limited where the shareholding exceeded 20 %. The same is in the nature of temporary investment and is therefore not considered as an associate for the purpose of AS-23. The cost of these shares are included in the cost of commercial premises under Fixed Assets since they carry the occupancy rights in those premises.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009.

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:

Name of the Subsidiaries

Adhivitiya Properties Limited
 Agreeem Properties Limited
 Akruti Warehousing Limited
 Arnay Gruh Limited
 Devkrupa Build Tech Limited (Formerly known as Simon Buildcon Limited)
 E Commerce Magnum Solution Limited
 Gujarat Akruti-TCG Biotech Limited
 New Empire Realtors Limited (Formerly known as New Empire Realtors Private Limited)
 Sheshan Housing & Area Development Engineers Limited
 TDR Properties Limited
 Vaishnavi Builders & Developers Private Limited
 Vama Housing Limited
 Vishal Nirman (India) Limited
 Vishal Techno Commerce Limited
 Urvi Build Tech Limited (Formerly known as Nutritious Agro Foods Limited)
 Pushpak Healthcare Services Private Limited
 Akruti Middle East (FZE)
 Hiemo Builders and Developers Private Limited (#)
 Khem Buildcon Private Limited (#)
 (#) Step down subsidiaries

| Country of Incorporation | Proportion of ownership |
|--------------------------|-------------------------|
| India | 100.0% |
| India | 53.16% |
| India | 100.00% |
| India | 100.00% |
| India | 90.00% |
| India | 100.00% |
| India | 74.00% |
| India | 60.00% |
| India | 100.00% |
| India | 100.00% |
| India | 86.00% |
| India | 100.00% |
| India | 51.02% |
| India | 100.00% |
| India | 95.00% |
| India | 80.00% |
| U.A.E. | 100.00% |
| India | 100.00% |
| India | 100.00% |

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

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

Name of the Subsidiaries

Associates:

DLF Akruti Info Parks (Pune) Limited
 Joyous Housing Limited
 Chaitra Realty Limited
 Akruti Security Plates Private Limited
 Pristine Developers Private Limited (*)
 Zeus Infrastructure Private Limited (*)
 Akruti City Bus Terminal (Vadodara) Limited (Formerly a Private Limited Company)
 Akruti City Bus Terminal (Mehsana) Limited (Formerly a Private Limited Company)
 Infrastructure Ventures India Private Limited (Formerly Infrastructure Ventures India Limited)
 (Subsidiary upto 23rd November, 2008)
 Multicity Bus Terminal (Surat) Limited (Formerly a Private Limited Company)
 Multicity Bus Terminal (Surat-Adajan) Limited (Formerly a Private Limited Company)
 Glamorous Properties Private Limited

| Country of Incorporation | Proportion of ownership |
|--------------------------|-------------------------|
| India | 33.00% |
| India | 25.00% |
| India | 31.97% |
| India | 36.24% |
| India | 40.00% |
| India | 33.33% |
| India | 20.00% |
| India | 20.00% |
| India | 40.00% |
| India | 20.00% |
| India | 20.00% |
| India | 25.00% |

Partnership/Joint Ventures :

Akruti Jay Chandan JV
 Akru GM JV
 Hiranandani Akru JV (*)
 Niharika Shopping Mall JV
 Akru SMC JV(*) (#)
 Aarti Projects and Constructions (*)
 Akru Kailash Constructions
 Akru Steelfab Corporation
 Akru Jay Developers (Formerly Jairaj Developers - Unit 9)
 Gandhi Adhivitiya Combine (#)
 Akru Forefront Joint Venture
 Akru Realty Forefront Combine
 Shreenath Realtors
 Shree Swami Samarth Developers
 (*) Consolidated as per Unaudited Accounts
 (#) Interests through subsidiaries

| | |
|-------|--------|
| India | 50.00% |
| India | 77.00% |
| India | 50.00% |
| India | 50.00% |
| India | 50.00% |
| India | 33.00% |
| India | 90.00% |
| India | 55.00% |
| India | 66.66% |
| India | 45.00% |
| India | 75.00% |
| India | 90.00% |
| India | 50.00% |
| India | 50.00% |

The financial statements of the Associate Companies and Joint Ventures used in consolidation have been drawn for the period 1st April 2008 to 31st March 2009 on the basis of audited books of account except for those indicated otherwise. These unaudited financial statements are certified by 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:

- Revenue from sale of finished properties/buildings is recognized on transfer of property and once significant risks and rewards of ownership have been transferred to the buyer. Similarly, revenue from sale of Transferable Development Rights (TDR) is recognized on transfer of the rights to the buyer. Revenue recognition is postponed to the extent of significant uncertainty.
- Revenue from sale of incomplete properties is recognized on the basis of percentage of completion method, determined on the basis of physical proportion of the work completed, as certified by the Company's technical personnel, in relation to a contract or a group of contracts within a project, only after the work has progressed to the extent of 40% of the total work involved. Variations in estimates are updated periodically by technical certification. Further, revenue recognized in the aforesaid manner and related costs are both restricted to 90% until the construction activity and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2009 (CONTD.)

related formalities are substantially completed. Cost relating to construction/development are charged to the Profit and Loss Account in proportion with the revenue recognized during the year. The balance cost are carried as part of 'Incomplete Projects' under inventories. Amounts receivable/payable are reflected as Debtors/Advances from Customers, respectively, after considering income recognized in the aforesaid manner. Recognition of revenue relating to agreements entered into with the buyers, which are subject to fulfilment 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.
- iv. Sale of interest in projects executed through Associates, etc. are recognised on transfer of respective securities, net of carrying values of those securities.

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 Cost/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 cost of incomplete properties for which the Company has not entered into sale agreements, and in other cases where the revenue recognition is postponed. '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 cost transferred to the Fixed Assets schedule are shown as deductions from the cost 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 – 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. (II) (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 cost) attributable to the projects. Cost formula used is average cost.

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

Cost incurred by the Company allocable/attribution for execution of development projects undertaken through its Associates, etc. are carried at Cost or Net Realizable Value, whichever is lower. Such cost incurred for execution of these projects, net of recoveries made there against, are carried as "Contractual interests in projects executed through Associates, etc." under Current Assets. The manner of allocation of cost to such projects and the basis/principles applicable for recognition of such cost are same as that of cost incurred for projects executed solely by the Company.

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 for 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. **Other long-term benefits** (leave entitlement) are recognized in a manner similar to defined benefit plans;
- D. **Termination Benefits** are recognised as an expense in the Profit and Loss Account for the year in which they are incurred.

IX. BORROWING COST

Interest and other borrowing cost 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 cost incurred during the period in which activities, necessary to prepare the assets for their intended use or sale, are in progress, are allocated as aforesaid. Such allocation is suspended during extended periods in which active development is interrupted and, no cost are allocated once all such activities are substantially complete. Front-end fees, processing fees and other 'one time' charges are amortised over the period of the related borrowing, but not exceeding a period of three years. Other borrowing cost 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (CONTD.)

XI. FOREIGN CURRENCY TRANSACTIONS

- A.** All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates 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 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 Standards 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 mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of Deferred Tax Assets are reviewed to reassure realization.

XV. IMPAIRMENT OF ASSETS

The carrying amount of assets is reviewed at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, i.e. when the carrying amount of the assets exceeds the recoverable amount, an impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed or reduced if there has been a favorable change in the estimate of the recoverable amount.

XVI. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

2. RELATED PARTY DISCLOSURES

A) Names of Related Parties and description of Relationships

I) Subsidiary Companies

Akruti Center Infotech Limited
 Brainpoint Infotech Limited

II) Associate Companies

Akruti City Bus Terminal (Mehsana) Limited (Formerly a Private Limited Company)
 Akruti City Bus Terminal (Vadodara) Limited (Formerly a Private Limited Company)
 Akruti Security Plates Private Limited
 Chaitra Realty Limited
 DLF Akruti Info Parks (Pune) Limited
 Gallant Infotech Private Limited
 Glamorous Properties Private Limited
 Infrastructure Ventures India Private Limited (Formerly Infrastructure Ventures India Limited)* (Subsidiary upto 23rd November, 2008)
 Joyous Housing Limited
 Multicity Bus Terminal (Surat) Limited (Formerly a Private Limited Company)
 Multicity Bus Terminal (Surat-Adajan) Limited (Formerly a Private Limited Company)
 Pristine Developers Private Limited
 Zeus Infrastructure Private Limited

* became an associate with effect from 24th November, 2008.

III) Joint Ventures (JV)/Partnership Firms

Aarti Projects and Constructions
 Akruti Jay Chandan JV (Formerly Akruti Chandan JV)
 Akruti Forefront JV
 Akruti GM JV
 Akruti Jay Developers (Formerly Jairaj Developers – Unit 9)
 Akruti Kailash Constructions
 Akruti Realty Forefront Combine
 Akruti Steelfab Corporation
 Hiranandani Akruti JV
 Niharika Shopping Mall JV
 Shreenath Realtors
 Shree Swami Samarth Developers

IV) Other parties where relationship of control exists

Akruti SMC JV
 Gandhi Adhivitiya Combine

V) (a) Key Management Personnel

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

(b) Relatives of Key Management Personnel

Mrs. Falguni V. Shah
 Mr. Khilen V. Shah
 Mrs. Kunjal H. Shah
 Mr. Kushal H. Shah
 Mrs. Lata M. Shah
 Mr. Rushank V. Shah

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (CONTD.)
(c) Enterprises where Key Management Personnel or their relatives exercise significant influence

Hemant M. Shah HUF
 Mahipatray V. Shah (Estate)
 Mahipatray V. Shah HUF
 Vyomesh M. Shah HUF
 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 Guestline Private Limited
 Citygold Education Research Limited
 Citygold Farming Private Limited
 Citygold Investments Private Limited
 Citygold Management Services Private Limited
 Sanskriti Developers Private Limited

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

B) Transactions with Related Parties:

| (Rupees) | | | | | | |
|----------|--|----------------------------|----------------------------------|-----------------------------------|------------------------------------|--|
| Sr. No. | Nature of transaction | Subsidiary Companies | Associate Companies | Joint Ventures/ Partnership Firms | Other parties where control exists | Key Management Personnel (Including Relatives) |
| i. | Loans and Advances Received/ Recovered | — (—) | 1,587,678,050 (4,117,643,565) | 142,679,876 (35,100,915) | — (200,000) | 2,034,529,121 (1,059,211,592) |
| ii. | Loans and Advances Given/ Repaid/Adjusted | — (—) | 2,233,556,139 (3,055,740,905) | 222,800,047 (164,268,929) | — (200,000) | 1,310,922,028 (1,119,495,614) |
| iii. | Interest Received | — (—) | 90,995,675 (208,410,926) | 2,339,164 (6,317,141) | — (—) | 47,441,591 (7,318,103) |
| iv. | Interest Paid | — (—) | — (—) | — (—) | — (—) | 116,699,858 (19,885,384) |
| v. | Advance against Share Application | — (—) | 10,000,048 (—) | — (—) | — (—) | 34,650,000 (1,331,412,000) |
| vi. | Advance against Share Application adjusted | — (—) | — (39,634,691) | — (—) | — (—) | — (—) |
| vii. | Services received/ availed | 21,026,516 (18,549,736) | — (1,001,588) | — (—) | — (—) | 38,507,080 (28,048,023) |
| viii. | Services rendered | — (—) | 34,662,130 (—) | 2,035,035 (—) | — (—) | — (—) |
| ix. | Reimbursement of Expenses | — (—) | 1,450 (—) | 783,870 (—) | — (—) | 4,844,591 (—) |
| x. | Rent received | — (—) | — (—) | — (—) | — (—) | 14,890,291 (14,133,628) |
| xi. | Rent paid | — (—) | — (—) | — (—) | — (—) | 600,000 (600,000) |
| xii. | Directors' Remuneration | — (—) | — (—) | — (—) | — (—) | 39,888,000 (41,086,000) |
| xiii. | Purchase of TDR/ Project/Material | — (—) | 2,207,733 (339,036) | 463,343 (478,891) | — (—) | — (—) |
| xiv. | Sale of Finished Properties/ FSI/Material | — (—) | 387,918 (262,670) | — (12,035,405) | — (—) | 13,500 (—) |
| xv. | Investments made | — (—) | 150,870,812 (890,929,822) | 473,812,857 (430,815,863) | — (—) | — (—) |
| xvi. | Investments withdrawn (at cost) | — (24,960) | 83,393,485 (204,000) | 142,156,854 (—) | — (—) | 250,000,000 (—) |
| xvii. | Share of Profit from Partnerships/Joint Ventures | — (—) | — (—) | 22,803 (52,911,888) | — (—) | — (—) |
| xviii. | Share of Loss from Partnerships/Joint Ventures | — (—) | — (—) | 5,179,233 (2,004,216) | — (—) | — (—) |
| xix. | Payments made on behalf of third parties | — (—) | — (—) | — (—) | — (—) | — (225,875) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2009 (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. | Collateral security given against loan availed by Company | Amount not quantifiable | — (—) | — (—) | — (—) | Amount not quantifiable |
| xxi. | Deposits Received | — (—) | — (—) | — (—) | — (—) | 102,380,500 (69,500,000) |
| xxii. | Deposits Paid | — (—) | — (—) | — (—) | — (—) | 700,000 (12,000,000) |
| xxiii. | Balances Outstanding | | | | | |
| | Receivable | — (—) | 1,839,864,185 (1,042,739,901) | 327,721,468 (160,799,012) | — (—) | 1,008,487,214 (1,412,313,941) |
| | Payable | 16,460,648 (—) | — (339,036) | 2,628,298 (478,891) | — (—) | 1,219,303,324 (95,979,539) |

Previous Year Figures are given in brackets.

3. The details of investments made in capital of Partnership Firms and Joint Ventures, as at 31-03-2009 are as under :
(A) Partnership Firms
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 % | 2,595,268 |
| Total | | 100.00 % | 5,474,004 |

II) M/s. Akruti Kailash Constructions

| Name of the Partners | | Share of Partner | Capital (Rupees) |
|----------------------|---------------------|------------------|------------------|
| A) | Akruti City Limited | 90.00 % | 50,000 |
| B) | Ketan D. Shah | 10.00 % | 7,500 |
| Total | | 100.00 % | 57,500 |

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) | Classic City Infopark Private Limited | 25.00 % | 76,783 |
| Total | | 100.00 % | 307,131 |

IV) M/s. Akruti Jay Developers

| 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% | 25,750,000 |
| C) | Malav Jayant Shah | 15.00% | — |
| D) | Jignesh Gunwant Gopani | 3.34% | 10,000,000 |
| Total | | 100.00 % | 1,102,350,000 |

V) M/s. Shree Swami Samarth Developers

| Name of the Partners | | Share of Partner | Capital (Rupees) |
|----------------------|----------------------|------------------|--------------------|
| A) | Akruti City Limited | 50.00% | 286,500,000 |
| B) | Farooq Y. Patel | 25.00% | 98,841,705 |
| C) | Sailesh R. Mahimtura | 12.50% | 63,771,353 |
| D) | Hiten R. Mahimtura | 12.50% | 63,771,352 |
| Total | | 100.00 % | 512,884,410 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (CONTD.)
VI) M/s. Shreenath Realtors

| | Name of the Partner | Share of Partner | Capital (Rupees) |
|----|-----------------------------|-------------------------|-------------------------|
| A) | Akruti City Limited | 50.00% | 77,500,000 |
| B) | Farooq Y. Patel | 11.25% | 44,252,250 |
| C) | Sailesh R. Mahimtura HUF | 8.125% | 25,876,625 |
| D) | Hiten R. Mahimtura HUF | 8.125% | 25,876,625 |
| E) | Dolbi Incon Private Limited | 22.50% | 73,943,784 |
| | Total | 100.00% | 247,449,284 |

VII) M/s. Gandhi Adhivitiya Combine :

| | Name of the Partners | Share of Partner | Capital (Rupees) |
|----|--|-------------------------|-------------------------|
| A) | Adhivitiya Properties Limited | 45.00% | 46,354,215 |
| B) | Rajendra Gandhi | 10.00% | 1,175,000 |
| C) | Ajitkumar Gandhi | 10.00% | 1,175,000 |
| D) | Kirankumar Gandhi | 10.00% | 1,175,000 |
| E) | Kirittkumar Gandhi | 10.00% | 1,175,000 |
| F) | Forefront Property Developers (P) Ltd. | 15.00% | 925,000 |
| | Total | 100.00 % | 51,979,215 |

(B) 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 Jay Chandan JV | 50% |
| V) | M/s. Akruti Realty Forefront Combine | 90% |
| VI) | M/s. Akruti Forefront JV | 75% |
| VII) | M/s. Akruti SMC JV | 50% |

4. Deferred Taxation for the year ended 31st March, 2009

| | | 31st March, 2008 | Charge/(Credit) during the year | 31st March, 2009 |
|------|--|------------------------------------|--|------------------------------------|
| | Deferred Tax Liability/(Asset) on account of : | | | |
| i. | Depreciation | 7,251,369 | (22,556,570) | (15,305,201) |
| ii. | Unabsorbed Business Loss & Depreciation | (669,078) | 669,078 | — |
| iii. | Expenses allowable for Tax purpose in subsequent year(s) | — | (88,415,556) | (88,415,556) |
| | Net Deferred Tax Liability/(Asset) | *6,582,291 | @(110,303,048) | (103,720,757) |

* Excludes Rs.228,413/- Deferred Tax Asset as at 31st March, 2008 of Infrastructure Ventures India Private Limited (IVIL) which became an associate company with effect from 24-11-2008.

@ Excludes debit upto aforesaid date, relating to IVIL.

- During the previous year, the Company had entered into sale agreements for the joint development of two of its projects. However, during the year, the other party has decided to withdraw from these projects and has entered into a Deed of Cancellation of the earlier sale agreements. As a result of the same, on execution of the said cancellation deeds, the revenues recognised during the previous year, aggregating Rs. 105.75 Crore, have been reversed and the cost attributable to these projects, prior to the aforesaid sale, have been recognised as inventory.
- 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (CONTD.)

7. 'Sundry Debtors' as at 31st March, 2009, include Rs.441.30 Crore due from two parties who have, during the year, requested the Company for extending the credit period originally granted in the respective sale agreements. The request was made on account of the severe slow down and recessionary pressures faced by the real estate industry, which had led to a substantial fall in both, the demand and property rates. The management considers the debt to be good and fully recoverable since the parties have confirmed the conditions originally agreed to and the Company has, after the close of the year, recovered Rs.44.04 Crore.

8. Earning per share :

| | | (Rupees) | |
|---|---------|---------------|---------------|
| Particulars | | 2008-2009 | 2007-2008 |
| Net Profit as per Profit and Loss Account available for Equity Shareholders | In Rs. | 2,647,315,299 | 2,992,691,701 |
| Weighted average number of equity shares outstanding during the year. | In Nos. | 66,700,000 | 66,700,000 |
| Earning per Share of Rs.10 each (Basic and Diluted) | In Rs. | 39.69 | 44.87 |

9. Prior period adjustments include:

| Particulars | 2008-2009 | 2007-2008 |
|-----------------------------------|-------------|-------------|
| Depreciation Adjustments | 480,133 | — |
| Debits relating to earlier years | (2,980,097) | (6,265,326) |
| Credits relating to earlier years | 13,527,337 | 7,788,118 |
| | 11,027,373 | 1,522,792 |

10. Contingent Liabilities (not provided for):

| Sr. No. | Particulars | As at 31-03-2009 (Rupees) | As at 31-03-2008 (Rupees) |
|---------|---|---------------------------|---------------------------|
| (A) | Claims against the Company, not acknowledged as debts on account of: - | | |
| 1. | Income Tax matters under appeal for Financial Year 1999-2000 (A.Y. 2000-2001) | — | 68,160,244 |
| 2. | Income Tax matters under appeal for Financial Years 2000-2001 to 2006-2007 | 497,661,240 | Amount not ascertainable |
| 3. | Demand notice issued by Brihanmumbai Municipal Corporation for Land Under Construction charges (property tax). | 41,197,579 | 32,890,156 |
| 4. | Petition filed against the Company, under the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971, in relation to a Project. | 5,000,000 | 7,732,730 |
| 5. | Petition pending with the Honourable High Court with regards to Mahalaxmi Car Project at Bhulabhai Desai Road, Mumbai | 2,446,348 | 1,853,303 |
| (B) | On account of corporate guarantees issued by the Company to Bankers on behalf of other companies and joint ventures for facilities availed by them (amount outstanding thereagainst.) | 621,175,507 | 636,992,765 |

Note: Further 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.

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

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: June 30, 2009

MUMBAI
 Date: June 30, 2009

SUMMARY OF FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

DISCLOSURE PURSUANT TO MINISTRY OF CORPORATE AFFAIRS APPROVAL NO. 47/348/2009-CL-III DATED May 27, 2009 UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED MARCH 31, 2009

(Rs.in lac)

| Name of Subsidiary Company | Issued and Subscribed Share Capital | Reserves and Surplus | Total Assets | Total Liabilities | Investments Other than investments in subsidiary companies | 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 | (80.43) | 571.91 | 647.34 | 475.30 | 42.41 | (55.39) | — | (55.39) | — |
| Agreem Properties Limited | 5.00 | 9.67 | 588.75 | 574.08 | 10.00 | 55.42 | (0.43) | — | (0.43) | — |
| Akruti Center Infotech Limited | 5.00 | 17.37 | 126.32 | 103.95 | — | 166.96 | 1.42 | — | 1.42 | — |
| Akruti Warehousing Limited | 5.00 | (10.78) | 2461.11 | 2466.89 | — | 5.76 | (2.00) | — | (2.00) | — |
| Arnav Gruh Limited | 5.00 | (233.03) | 1750.51 | 1978.54 | 672.00 | 55.31 | (201.97) | — | (201.97) | — |
| Brainpoint Infotech Limited | 5.00 | 39.42 | 147.55 | 103.13 | — | 152.14 | 12.26 | 0.03 | 12.23 | — |
| Devkrupa Build Tech Limited (formerly Simon Buildcon Limited) | 5.00 | (3.77) | 2677.21 | 2675.98 | — | 826.37 | (3.81) | (0.07) | (3.74) | — |
| E Commerce Magnum Solution Limited | 25.00 | (31.87) | 0.52 | 7.39 | — | — | (21.44) | — | (21.44) | — |
| Gujarat Akruti-TCG Biotech Limited | 5.00 | (53.69) | 2283.43 | 2332.12 | — | — | (30.20) | 7.20 | (37.40) | — |
| Hiemo Builders and Developers Private Limited | 456.00 | (10.91) | 450.92 | 5.83 | 450.00 | 0.11 | (0.42) | — | (0.42) | — |
| Khem Buildcon Private Limited | 456.00 | (11.60) | 450.96 | 6.56 | 450.00 | 0.12 | (0.44) | — | (0.44) | — |
| New Empire Realtors Limited (formerly New Empire Realtors Private Limited) | 5.00 | (94.74) | 472.45 | 562.19 | — | 89.84 | (73.95) | (1.41) | (72.54) | — |
| Pushpak Healthcare Services Private Limited | 1.25 | 99.56 | 732.31 | 631.50 | 4.99 | 48.04 | 0.91 | 1.24 | (0.32) | — |
| Sheshan Housing and Area Development Engineers Limited | 5.00 | 53.86 | 60.35 | 1.49 | — | 6.68 | 3.67 | 1.22 | 2.45 | — |
| TDR Properties Limited | 5.00 | 370.45 | 468.91 | 93.46 | 0.23 | 12.99 | 12.11 | 2.22 | 9.89 | 397.78 |
| Urvi Build Tech Limited | 5.00 | (10.00) | 1901.91 | 1906.91 | 0.49 | 1893.23 | (9.13) | 0.05 | (9.18) | — |
| Vaishnavi Builders and Developers Private Limited | 5.00 | (10.09) | 584.12 | 589.21 | — | 162.59 | (0.50) | — | (0.50) | — |
| Vama Housing Limited | 5.00 | (161.56) | 660.71 | 817.27 | 19.13 | 28.17 | (107.37) | — | (107.37) | — |
| Vishal Nirman (India) Limited | 5.00 | 18.07 | 34.05 | 10.98 | — | 1.05 | (47.08) | — | (47.08) | — |
| Vishal Techno Commerce Limited | 5.00 | 243.61 | 3504.22 | 3255.61 | 41.21 | 467.58 | (30.61) | (0.07) | (30.54) | — |
| # - Akruti Middle East (FZE) (Sharjah) | 20.68 | 1.08 | 22.45 | 0.69 | — | — | (8.56) | — | (8.56) | — |

Note : # - The Indian rupee equivalent of the figure given in foreign currency in the accounts of the Subsidiary Company, has been given based on the exchange rate as on March 31, 2009 (1 AED = Rs. 13.7872).

- The financial year of the Subsidiary Company ends on November 30. However, the results given are as of March 31, 2009.

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

(Rs. in lac)

| 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 Ackruti City Limited | | | |
|--|---|------------------------------|-------------------|--|--|--|--|
| | | | | For Current Financial Year | | For Previous Financial Year | |
| | | | | dealt with in the accounts of Ackruti City Limited for the year ended March 31, 2009 | not dealt with in the accounts of Ackruti City Limited for the year ended March 31, 2009 | dealt with in the accounts of Ackruti City Limited for the year ended March 31, 2008 | not dealt with in the accounts of Ackruti City Limited for the year ended March 31, 2008 |
| Adhivitiya Properties Limited | 31.03.2009 | 50000 | 100 % | (55.38) | — | (11.38) | — |
| Agreem Properties Limited | 31.03.2009 | 26580 | 53.16 % | (0.23) | (0.20) | (0.12) | (0.11) |
| Akruti Center Infotech Limited | 31.03.2009 | 34904 | 69.81 % | 0.99 | 0.43 | 4.38 | 0.23 |
| Akruti Warehousing Limited | 31.03.2009 | 50000 | 100 % | (2.00) | — | (8.41) | — |
| Arnav Gruh Limited | 31.03.2009 | 50000 | 100 % | (201.97) | — | (4.13) | — |
| Brainpoint Infotech Limited | 31.03.2009 | 36577 | 73.15 % | 8.95 | 3.28 | 7.22 | 0.92 |
| Devkrupa Build Tech Limited (formerly Simon Buildcon Limited) | 31.03.2009 | 45000 | 90.00 % | (3.37) | (0.38) | 0.29 | 0.03 |
| E Commerce Magnum Solution Limited | 31.03.2009 | 250000 | 100 % | (21.44) | — | (6.43) | — |
| Gujarat Akruti-TCG Biotech Limited | 31.03.2009 | 37000 | 74.00 % | (27.68) | (9.72) | (12.06) | (4.23) |
| New Empire Realtors Limited (formerly New Empire Realtors Private Limited) | 31.03.2009 | 30000 | 60.00 % | (43.52) | (29.01) | (12.65) | (8.42) |
| Pushpak Healthcare Services Private Limited | 31.03.2009 | 10000 | 80.00 % | (0.26) | (0.06) | (0.12) | (0.03) |
| Sheshan Housing and Area Development Engineers Limited | 31.03.2009 | 50000 | 100 % | 7.03 | — | 47.42 | — |
| TDR Properties Limited | 31.03.2009 | 50000 | 100 % | 9.89 | — | 520.78 | — |
| Urvi Build Tech Limited | 31.03.2009 | 47500 | 95.00 % | (8.72) | (0.46) | — | — |
| Vaishnavi Builders and Developers Private Limited | 31.03.2009 | 4300 | 86.00 % | (0.43) | (0.07) | (0.17) | (0.02) |
| Vama Housing Limited | 31.03.2009 | 50000 | 100 % | (107.37) | — | (49.28) | — |
| Vishal Nirman (India) Limited | 31.03.2009 | 25510 | 51.02 % | (24.02) | (23.06) | 27.44 | 26.34 |
| Vishal Techno Commerce Limited | 31.03.2009 | 50000 | 100 % | (30.55) | — | 1.47 | — |
| # Akruti Middle East (FZE) (Sharjah) | 31.03.2009 | 1 | 100 % | (8.56) | — | — | — |

Note : # - The Indian rupee equivalent of the figure given in foreign currency in the accounts of the Subsidiary Company, has been given based on the exchange rate as on March 31, 2009.

- The financial year of the Subsidiary Company ends on November 30. However, the results given are as of March 31, 2009.

[illegible]

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

ACKRUTI CITY LIMITED
 (formerly known as AKRUTI CITY LIMITED)

Registered Office : Akruti Trade Centre, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093

| | |
|----------------------------|--|
| Folio No. / Client ID. No. | |
| No. of shares held | |

ATTENDANCE SLIP

I/We hereby record my/our presence at the Twenty First Annual General Meeting of the Company held on **Thursday, August 27, 2009** at **11.30 a.m.** at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber Building, Indian Merchants' Chamber Marg, Churchgate, Mumbai - 400 020.

| | |
|--|--|
| NAME OF THE SHAREHOLDER (IN BLOCK LETTERS) | |
| SIGNATURE OF THE SHAREHOLDER | |
| NAME OF THE PROXY (IN BLOCK LETTERS) | |
| SIGNATURE OF PROXY | |

Notes:

1. You are requested to sign and handover this slip at the entrance to the Meeting Venue.
2. If you intend to appoint a proxy to attend the Meeting instead of yourself, the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

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|----------------------------|--|
| Folio No. / Client ID. No. | |
| No. of shares held | |

FORM OF PROXY

I/We..... of in the district of being a member/members of **ACKRUTI CITY LIMITED** hereby appoint of in the district of or failing him.....ofin the district of as my/our proxy to vote for me/us on my/our behalf at the Twenty First Annual General Meeting of the Company to be held on **Thursday, August 27, 2009** at **11.30 a.m.** at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber Building, Indian Merchants' Chamber Marg, Churchgate, Mumbai - 400 020 and at any adjournment thereof.

Signed this day of, 2009.

Affix Re.1
Revenue
Stamp

Signature _____

N.B. : The proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

