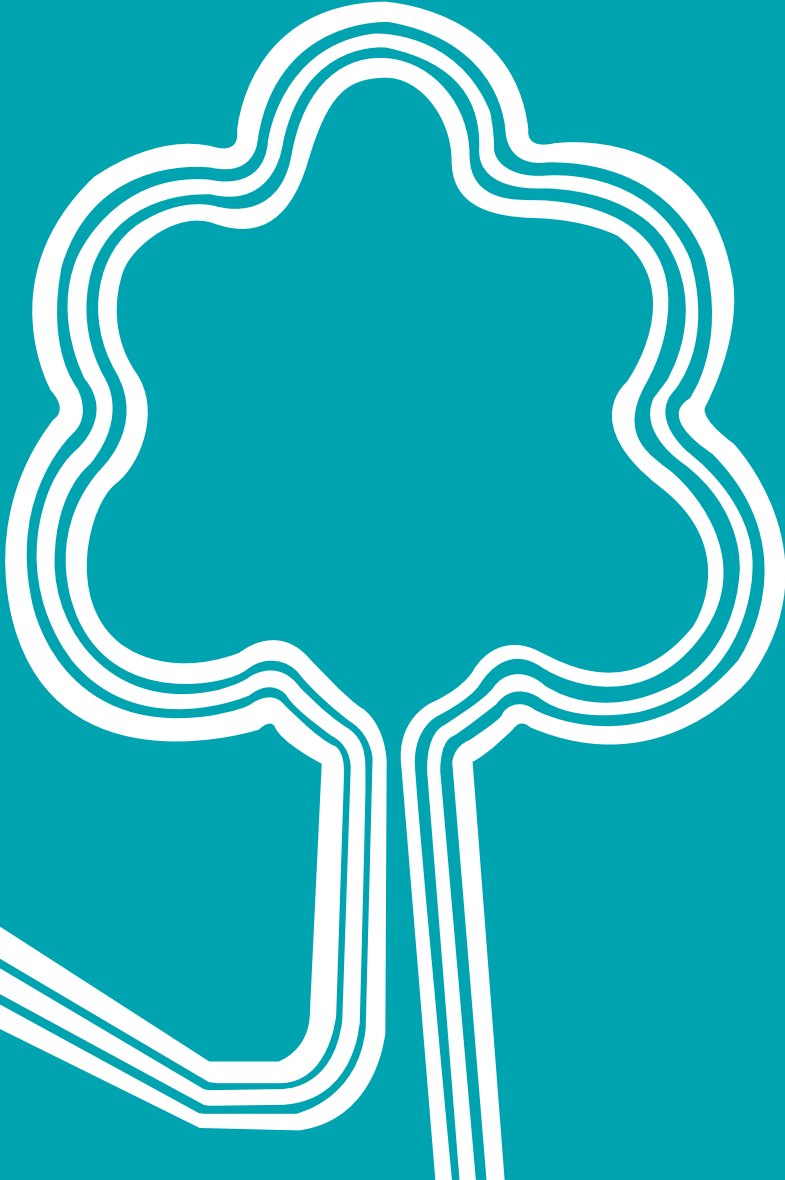




ACKRUTI CITY
L I F E T I M E V A L U E

BUILDINGS THAT TAKE CARE OF YOU.





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ACKRUTI CITY

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 H. BATHIYA	<i>Chairman</i>
P. H. RAVIKUMAR	
SHAILESH V. HARIBHAKTI	
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

MAHAJAN & AIBARA, CHARTERED ACCOUNTANTS
AXIS RISK CONSULTING SERVICES PRIVATE LIMITED

Registered Office

ACKRUTI TRADE CENTRE, 6TH FLOOR
ROAD NO.7, MAROL MIDC
ANDHERI (EAST), MUMBAI 400 093

Registrar & Transfer Agents

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

Bankers

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



ACKRUTI CITY

TOWARDS SUSTAINABLE DEVELOPMENT

“LIVING SUSTAINABLY MEANS LIVING HAPPIER, MORE BALANCED AND POTENTIALLY MORE FULFILLED LIVES.”

The Brundtland Report released by the United Nations in 1987 defines ‘**SUSTAINABLE DEVELOPMENT**’ as development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

Sustainable development is one of the hottest subjects amongst the authorities and developers alike and there seems to be widespread acceptance of the need for sustainable development. The scope of sustainable development, however, is quite broad and there are various areas that it encompasses, including infrastructure that is basic in the form of roads, railways, power, water and then a little more evolved in the form of schools, colleges and hospitals.

Sustainable real estate presents India with a unique and enormous opportunity to make concrete progress to improve its environment. Towards this end, the Indian Real Estate Sector has taken the initiative to contribute to save the environment by developing green buildings, which involve an efficient use of land and energy, conserve water, improve indoor air quality, reduce construction waste and conserve resources by the use of recycled and regional materials. They bring a vast array of practices and techniques to reduce and ultimately eliminate the impacts of the buildings on the environment.

At the very heart of sustainable development as it is discussed today, is the need to reduce the burden on infrastructure with all new development including homes, offices and industrial zones so that cities do not suffer and this is gradually being internalized by developers and authorities. However, sustainable development can go on to include other softer aspects, which are as critical to the home buyer. The development of the future generation – through learning on emotional, social and cultural fronts which can be considerably influenced by the surroundings and the environment, should also be a consideration in the subject of sustainable development.

The green building movement has also catalysed the emergence of various green rating systems that provide tools to enable comparison of buildings on their sustainability credentials. Among all these rating systems, Leadership in **Energy and Environmental Design (LEED)** has emerged as the most popular and is followed in 24 countries across the globe – including India. LEED is emerging as the preferred rating system as it is flexible enough to be applied to a diverse variety of markets and also because it enjoys the greatest recognition of the various international rating systems. This recognition is an important prime motivator for developers to create a certified sustainable building to differentiate their projects from competition.

India’s first green building was developed in 2001. Since then, the number of registered and certified green buildings in the country has steadily increased. According to a report of Indian Green Building Council, the total built-up area under green buildings increased from about 8 million sq. ft. in 2007 to over 79 million sq. ft. in 2009.

The Government has launched the **Energy Conservation Building Code (ECBC)** under the National Building Codes and Standards to promote green buildings in India and schemes under **Indian Renewable Energy Development Agency (IREDA)** for subsidizing capital from installation of solar water heaters, encouragement of energy audits and energy management. Apart from the above, mandatory use of flyash based construction material, groundwater and rain water harvesting and most importantly increased monitoring of air and water pollution in urban areas have encouraged sustainable development in the Indian horizon.

The **Confederation of Indian Industries (CII)** alongwith **Indian Green Building Council (IGBC)** and other professionals, are working to mitigate the challenges green buildings face, thereby enabling developers to develop and operate green buildings with ease.

“The shift towards sustainability is gaining momentum in India as environmentalism and sustainable buildings are an important part of doing business in this part of the world. Sustainable real estate is not a passing trend but a new way of doing business in real estate as sustainable buildings provide considerable financial savings. Terms such as Sustainable Development, Corporate Social Responsibility and Triple Bottom Reporting (economic prosperity, environmental quality and social equity) which are becoming a common trend in the real estate sector crystallize the greater consciousness towards the environmental crisis in India.” (Jones Lang LaSalle Meghraj Report).

However, the inherent challenges faced in the development of green buildings in India are the extra investment in an unstable real estate market scenario and the difficulty in sourcing green building material and sustainability consultants.

Your Company recognizes its responsibility towards sustainable development and the award and the recognition, described elsewhere in this report, received in that behalf bear testimony to this commitment.

“It is our task in our time and in our generation, to hand down undiminished to those who come after us, as was handed down to us by those who went before, the natural wealth and beauty which is ours.”— John F. Kennedy.



ACKRUTI CITY

CHAIRMAN'S MESSAGE

"AT THE DARKEST MOMENT, REMEMBER, THERE IS THE PROMISE OF DAYLIGHT"

Dear Shareholder,

It is my privilege to address you through the Annual Report in my role as Executive Chairman and share with you your Company's performance for year 2009-2010.

Seen in the light of the near collapse in the real estate market in October – December 2008, the year 2009-10 has been a year of impressive growth. The Indian economy showed some resilience as the year progressed. With the overall economy showing signs of recovery, there was improvement in sentiments and also in actual investments.

The last four months of 2009-2010 which saw robust economic numbers along with better-than-expected GDP growth, signifies the underlying strength in the domestic economy, that augurs well for the real estate sector. The market has somewhat stabilized and I believe that the worst is well behind us. However, the downside risks to this growth momentum are the possible adverse impacts of the European crisis, easing in the global growth and domestic inflationary pressures.

Post meltdown, it is undoubtedly the residential segment which has been the revival king, striking a high note over the last one and-a-half quarters of 2009-10, with pent-up demands bubbling over into hard-core sales and committed enquiries. Transaction volumes rebounded and pricing improved across the country.

The highlight of Ackruti City's performance in 2009-10 was its focus on affordable housing segment. Sensing the economic scenario and the shift in buyer's preference for affordability, your Company launched 'Just Perfect Homes' series of residential projects at Mira Road, Thane and Kondhwa (Pune) which received overwhelming response from the customers. These projects meet the aspirations of the buyers in terms of right size at right price without compromising on quality. Your Company has launched second phase of residential project for Thane and plans to launch Phase II of residential projects at Mira Road and Kondhwa shortly. The change of focus paid rich dividends and proved to be one of the triggers for growth. The future of affordable housing seems bright as we are heading towards better standard of living and working towards a better tomorrow.

According to the Confederation of Real Estate Developers' Associations of India (CREDAI), the affordable housing segment is set to play an important role in India's Real Estate Sector in 2010 on the back of substantial demand.

In September 2009, as a prudent deleveraging measure, the Company raised Rs.302.40 Crore through Qualified Institutions Placement (QIP) to retire high cost loans and to fund the on-going projects.

While we have set our sights firmly on the growth path, we have not lost sight of our social commitment. Energy conservation, environment assessment and waste management are key elements of the Company's sustainable development. As part of our green responsibility and commitment to conservation, our properties are being developed as sustainable developments under the guidance of Indian Green Building Council (IGBC) and certified for Leadership in Energy and Environmental Design (LEED). Your Company is one of the founding member of Indian Green Building Council and also one of the few Indian Companies to have established Carbon Management Systems.

OUTLOOK :

A recent Cushman & Wakefield – Global Real Estate Institute (GRI) India Real Estate Investment report estimates "that the residential demand will be 7.5 million units by 2013, while there will be a 196 million sq. ft. of office space demand in the same period. Though the high growth trajectory of the previous years saw a setback during the global economic slowdown, the inherent strong economic fundamentals, low exposure to debt and state intervention, helped the sector to gradually return to the path of recovery."

The findings of Knight Frank's Global House Price Index indicate that the Indian realty sector not only ended year 2009 on a strong note, but also emerged as a leading realty market on a global scale. The residential realty appreciation has earned India the number 11 spot among 34 major markets, ahead of countries like China, UK and US.



ACKRUTI CITY

The future holds immense potential and opportunities for growth and I assure you that we will strive to capitalize on them by remaining focused on growth and operational excellence. Ackruti has always adapted itself to changing circumstances by its responsive and creative thinking.

I would like to express my gratitude to all the Board members for their guidance. I sincerely thank each of you, my shareholders for placing faith in the Company. I also thank the very committed members of the Ackruti team and the Company's business associates, bankers and suppliers for their continued support. My team and I look forward to the challenges of delivering sustainable growth in the years ahead with confidence.

To conclude, our approach remains one of creating long-term value for our customers, shareholders and other stakeholders. We have emerged stronger from the downturn and are poised to meet the expectations of our shareholders and stakeholders. As always, we seek your invigorating support in pursuit of growth.



ACKRUTI CITY

POWERTALK

IN CONVERSATION WITH MANAGING DIRECTOR

Q : How would you assess the performance of the Company in 2009-2010 ?

Despite the global meltdown and the resultant liquidity crisis, the Company has been able to clock growth by adopting a well calibrated business strategy. We launched our series of affordable housing projects - 'Just Perfect Home' at Thane (Ackruti Greenwoods), Mira Road (Ackruti Gardenia) and Kondhwa, Pune (Ackruti Countrywoods) during the downturn and focused on the basic needs rather than the luxurious amenities. All the three projects received tremendous response. The Company launched Phase - II of Ackruti Greenwoods which received encouraging response from prospective buyers. A strict vigil was kept on cost as well.

All the ongoing projects of the Company are progressing as scheduled.

I may add that despite the meltdown, none of our projects were cancelled.

Q. What factors do you think can boost 'affordable housing' sector ?

Steps like single window clearances, expedited permissions, availability of low cost funds, adoption of housing friendly policies and extension of incentives for mass housing will be huge contribution by the government for the creation of an affordable housing stock.

Q. What are your views on the revival mode in the real estate sector ?

There is a clear positive trend indication as sentiment, supply, loan disbursal, job security and the employment market - are all moving up. These positive sentiments have translated into higher occupier confidence and improved demand.

Q. Post recession, what were the key lessons from a business perspective ?

The real estate industry has come of age; it had some bitter lessons, and has come out stronger, more willing to meet the needs of aspiring buyers.

The real estate players need to have correct product mix and right pricing for the long term success. Customers now want projects that are well conceptualised, credible and are backed by developers having a track record of timely delivery and quality.

The lesson to be learnt from the downturn is that spaces have to be made according to the demand and purchasing capacity of the buyer.

Q. What is the outlook for the sector as a whole?

Industry outlook is more vibrant than it was last year. Investor confidence is slowly returning to the sector. Though the commercial sector continues to be sluggish, the housing market is witnessing a fair amount of buoyancy. End users are opting for new projects that provide best value for their money. I am very optimistic about 2010-11.

Q. What are your biggest emerging challenges?

We would like to focus on increasing our scale of business without compromising on quality and customer delight. We would also like to maintain a strict vigil on our cash flows i.e. accruals, debt financing versus construction costs during the life cycle of the project to make sure there are no financial constraints in completing the project on time.

Q. Going ahead, how does the Company expect to enhance shareholder/stakeholder value ?

At Ackruti, we continuously strive to enhance value for all our stakeholders including shareholders. We try to achieve this through a combination of several strategies: wider geographical reach, accelerated project turnaround, venturing into newer segments like development of integrated textile park, biotech park and such similar specialized real estate products.



ACKRUTI CITY

Q. What are your views on the funding options for the real estate sector ?

The increased availability of funding opportunities, be it loans from banks and housing finance institutions, private equity, bonds, debentures, public equity offering, real estate mutual funds and real estate investment trusts, all have enhanced the growth opportunities for the Indian real estate sector manifold. It has also enabled the transformation of the sector from a largely unorganized one to a largely corporate one.

Q. What is the outlook for the residential and the commercial segments?

The residential segment was and will always be the prime growth driver for the real estate industry since it is the most versatile sector with a faster turnaround time.

The office real estate market is showing an uptrend in terms of level of enquiries, which more positively has resulted in enhanced deal velocity. Whilst the volumes are still on a lower end of the spectrum, markets are not as sluggish as they were in the last fiscal. Better quality developments are attracting demand. Also, much depends upon the profile of the buyer, time horizon and segment of the commercial property.

Our future plan entails in providing environmentally safe commercial business complexes and urban domiciles that one can easily differentiate because of their quality, affordability & aesthetics and lay emphasis on value and asset creation.



ACKRUTI CITY

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF ACKRUTI CITY LIMITED WILL BE HELD ON WEDNESDAY, SEPTEMBER 29, 2010 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 Balance Sheet as at and the Profit and Loss Account for the year ended March 31, 2010 and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Madhukar B. Chobe, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Shailesh V. Haribhakti, who retires by rotation and, being eligible, offers himself for reappointment.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :
"RESOLVED THAT pursuant to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Sudit K. Parekh & Co., Chartered Accountants and M/s. Doshi Doshi & Associates, Chartered Accountants, be and are hereby appointed/reappointed respectively as Joint Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration to be fixed by the Board of Directors of the Company, based on the recommendations of the Audit and Compliance Committee, in addition to reimbursement of all out-of-pocket expenses and service tax as applicable, in connection with the audit of the accounts of the Company for the year ending March 31, 2011."

SPECIAL BUSINESS :

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

As an Ordinary Resolution :

6. "RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration of Rs.2,36,32,200 (inclusive of performance incentive) paid to Mr. Hemant M. Shah, Executive Chairman for the year ended March 31, 2010 be and is hereby approved, confirmed and ratified by the Company."

As an Ordinary Resolution :

7. "RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration of Rs. 2,10,06,400 (inclusive of performance incentive) paid to Mr. Vyomesh M. Shah, Managing Director for the year ended March 31, 2010 be and is hereby approved, confirmed and ratified by the Company."

As an Ordinary Resolution :

8. "RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration of Rs. 45,60,000 paid to Mr. Madhukar B. Chobe, Wholetime Director for the year ended March 31, 2010 be and is hereby approved, confirmed and ratified by the Company."

Registered Office :
Ackruti 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

August 7, 2010

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.



ACKRUTI CITY

NOTICE (CONTD.)

3. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 setting out the material facts concerning the ordinary business at Item No. 5 and special business at Item Nos. 6 to 8 of the accompanying Notice is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 20, 2010 to September 29, 2010 (both days inclusive) in connection with the Annual General Meeting.
5. The dividend as recommended by the Board, if approved at the Annual General Meeting, will be made payable on or after September 29, 2010 to those members whose names appear in the Company's Register of Members as on the book closure dates.
6. Members having any questions on the Annual Report are requested to send their queries atleast ten days before the Annual General Meeting, which will enable the Company to furnish the replies at the Annual General Meeting.
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.
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. Pursuant to Clause 49 (VI) (A) of the Listing Agreement with the Stock Exchanges, a brief note on the background and the functional expertise of the Directors retiring by rotation and seeking reappointment at the ensuing Annual General Meeting is provided in the Section on 'Corporate Governance Report' forming part of the Annual Report.
10. Members are requested to bring their attendance slip alongwith the Annual Report to the Annual General Meeting.

Registered Office :
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Andheri (East), Mumbai 400 093

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

August 7, 2010

Chetan S. Mody
Company Secretary



ACKRUTI CITY

NOTICE (CONTD.)

ANNEXURE TO THE NOTICE

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

Item No. 5

Presently, the Company's accounts are being jointly audited by M/s. Dalal & Shah, Chartered Accountants and M/s. Doshi Doshi & Associates, Chartered Accountants, who hold office until the conclusion of this Annual General Meeting.

M/s. Doshi Doshi & Associates have offered themselves for reappointment. The other retiring Auditors, M/s. Dalal & Shah, have vide their letter dated August 2, 2010 informed the Company that in view of their heavy professional pre-occupation, they do not wish to be considered for reappointment at this Annual General Meeting.

The Board places on record its appreciation of the professional services rendered by M/s. Dalal & Shah during their association with the Company as its Auditors.

The Company has received a special notice pursuant to the provisions of Sections 190 and 225 of the Act from a member of the Company signifying his intention to propose the appointment of M/s. Sudit K. Parekh & Co., Chartered Accountants as Auditors of the Company in place of M/s. Dalal & Shah from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

Accordingly, the Board of Directors of the Company, based on the recommendations of the Audit and Compliance Committee, proposes the appointment of M/s. Sudit K. Parekh & Co., and the reappointment of M/s. Doshi Doshi & Associates as Joint Statutory Auditors of the Company, who will hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting.

M/s. Doshi Doshi & Associates and M/s. Sudit K. Parekh & Co., have expressed their willingness to act as the Joint Statutory Auditors of the Company and have further confirmed that their appointment, if made, would be within the limits prescribed under Section 224 (1)(b) of the Act.

The approval of the members is being sought to the appointment of M/s. Sudit K. Parekh & Co., and the reappointment of M/s. Doshi Doshi & Associates as the Joint Statutory Auditors and to authorize the Board of Directors, on the recommendation of the Audit and Compliance Committee, to determine the remuneration payable to the Auditors.

The Directors commend the resolution for the approval of the members.

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

Item Nos. 6, 7 & 8

At the Annual General Meeting of the Company held on August 25, 2008, the shareholders approved the salary grades of Executive Chairman, Managing Director and Wholetime Director effective April 1, 2008 as under :

- a. Mr. Hemant M. Shah, Executive Chairman - Rs. 900000 - Rs. 1500000 p.m.
- b. Mr. Vyomesh M. Shah, Managing Director - Rs.800000 - Rs. 1400000 p.m.
- c. Mr. Madhukar B. Chobe, Wholetime Director - Rs.400000 - Rs. 600000 p.m.

The Board of Directors / Remuneration Committee was authorized to fix the salaries payable to Executive Chairman, Managing Director and Wholetime Director within the aforesaid salary grades.

With the economic slowdown and the accompanying liquidity crisis spreading its claws across India, the Real Estate Sector saw one of its most severe and concentrated recessions starting from the fourth quarter of 2008 across first two quarters in 2009.

As a prudent economic measure, the Board of Directors accepted the recommendation of the Remuneration Committee for a reduction of 5 % in the salaries payable to Executive Chairman, Managing Director and Wholetime Director for the year ended March 31, 2010. However, the other terms and conditions of the appointment of Executive Chairman, Managing Director and Wholetime Director remained unchanged.

The reduced salary paid to Executive Chairman, Managing Director and Wholetime Director was as under :

Executive Chairman - Rs. 8,55,000 p.m.; Managing Director Rs.7,60,000 p.m.; and Wholetime Director Rs.4,60,000 p.m.



ACKRUTI CITY

NOTICE (CONTD.)

Consequent to the reduction as aforesaid, the salary paid to Executive Chairman, Managing Director and Wholetime Director for the year ended March 31, 2010 was lower than the approved respective salary grades.

Sub-section (1) of Section 309 of the Act inter-alia provides that the remuneration payable to the directors of a company including any managing director or wholetime director, shall be determined in accordance with and subject to the provisions of Sections 198 and 309, either by the Articles of the company, or by a resolution or, if the articles so require, by a special resolution, passed by the company in general meeting. The Articles of the Company are silent on this aspect and accordingly, the approval, confirmation and ratification of the members is being sought for the salary paid to Executive Chairman, Managing Director and Wholetime Director respectively for the year ended March 31, 2010.

The Board commends the resolutions set out at Item Nos. 6, 7 & 8 of the accompanying Notice for your approval.

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

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

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

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

August 7, 2010

Chetan S. Mody
Company Secretary



ACKRUTI CITY

REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

TO THE MEMBERS

Your Directors have pleasure in presenting their Twenty Second Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS :

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

(Rs. in lac)

	STANDALONE		CONSOLIDATED	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Net Sales / Income from Operations	48202.02	43721.66	57963.36	43476.91
Other Income	3200.58	3355.16	3846.21	2001.34
Total Income	51402.60	47076.82	61809.57	45478.25
Profit before tax	23859.45	29333.52	24706.68	28358.22
Profit after tax before prior period adjustments	17651.62	27024.78	16541.12	26035.12
Net Profit after prior period adjustment	17379.48	26377.97	16491.41	26473.15
Profit brought forward	50832.07	25234.45	51491.36	25857.56
Profit available for appropriation	68211.55	51612.42	67982.77	52330.71
APPROPRIATIONS				
General Reserves	1750.00	—	1750.00	1.21
Debenture Redemption Reserve	2500.00	—	2500.00	—
Proposed Dividend	3636.79	667.00	3636.79	667.00
Dividend Distribution Tax	618.07	113.36	618.07	171.14
Balance carried to Balance Sheet	59706.69	50832.06	59477.91	51491.36

OPERATIONAL HIGHLIGHTS :

On a standalone basis the total income of the Company was higher by 9.19 % at Rs.51402.60 lac as against Rs. 47076.82 lac in the previous year. Although the Company maintained a decent pace of growth in sales despite challenging environment owing to continued general slowdown in the economy, a significant increase in cost of construction has had the impact on Profit before Tax which stood at Rs. 23859.45 lac as against Rs. 29333.52 lac in the previous year. The net profit was Rs. 17379.48 lac as against Rs. 26377.97 lac in the previous year.

The consolidated revenues of the Company witnessed a robust growth of 35.9 % at Rs.61809.57 lac as against Rs. 45478.25 lac in the previous year. The consolidated net profit was Rs. 16491.41 lac as against Rs. 26473.15 lac in the previous year.

The increase in loans and advances from Rs. 80445 lac to Rs. 128420 lac represents substantial investments by your Company in its subsidiaries, associates, joint ventures, partnerships and other entities towards growing the business to drive higher profits in future and reflects the Management's confidence towards strong business growth.

Your Company continues to take initiatives for strengthening its business operations and thereby take advantage of the growing demand scenario in various verticals of residential and commercial segment. Your Company is also consolidating on the initiatives taken in previous few quarters.

Your Directors are pleased to state that after a tough challenging time in the year under report, realty market is now looking better placed with both buyer sentiment and liquidity scenario improving considerably. These are expected to be on the desired track in coming quarters.



ACKRUTI CITY

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

APPROPRIATIONS :

An amount of Rs.1750.00 lac (P.Y. Rs. Nil) is credited to General Reserves and Rs. 2500 lac (P.Y. Rs.Nil) is credited to Debenture Redemption Reserve. Out of the amount available for appropriation, your Directors have recommended a dividend of Rs. 5/- (50 %) (P.Y. : Re.1 per share – 10 %) per equity share of the face value of Rs.10 each for the year ended March 31, 2010, aggregating Rs. 3636.79 lac (P.Y. : Rs.667.00 lac). The dividend distribution tax amounts to Rs. 618.07 lac (P.Y. : Rs.113.36 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 payout 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.

THE BUSINESS :

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

The Company has a Western India focus with presence in major cities such as Mumbai, Thane, Pune, Surat, Vadodara and Ahmedabad with almost all the developments being undertaken within the city limits.

The Company's presence in Mumbai is well distributed among the western & eastern suburbs and the island city.

SEGMENT WISE DISCUSSIONS :

Residential : The Company had last year launched 'Just Perfect Homes' series of residential apartments in the affordable housing segment at Mira Road (Ackruti Gardenia), Thane (Ackruti Greenwoods) and Kondhwa, Pune (Ackruti Countrywoods). All the three projects received tremendous response. During the year under review, the Company also launched Phase – II of Ackruti Greenwoods. Plans are afoot to launch Phase II of Ackruti Gardenia and Ackruti Countrywoods in the current fiscal.

During the year under review, the Company launched three new projects namely 'Ackruti Jewel', 'Ackruti Sunmist' and 'Ackruti Shikhar' all located at Andheri. The response from the prospective buyers in booking flats of these Projects has been very encouraging.

Commercial : The construction activity of 'Ackruti Solaris' at Andheri is in full swing and is expected to be completed by 2011 end.

Construction activity has also commenced in respect of 'Ackruti Opal' located at Jogeshwari adjoining Western Express Highway. The construction of 'Ackruti Gold', a LEED certified building at Bandra Kurla Complex has been completed.

Robotic Car Park : India's first fully automated 20 storied car park at Mahalakshmi, Mumbai has become operational. It can park 240 cars as against 15-20 cars that could be parked earlier prior to the construction of the car park.

Info Park – Pune : The construction of last building 'Block 4' of Phase – I of Info Park at Hinjewadi, Pune is nearing completion.

Biotech Park : The Company has through its subsidiary namely Gujarat Ackruti-TCG Biotech Limited embarked upon the development of 700 acres Biotech Park at Savli, near Vadodara in the State of Gujarat in joint venture with Gujarat State Biotech Mission and the TCG Group. Phase – I of the Project has been marketed successfully. For Phase – II of the Project, the Company has acquired possession of land from GIDC and the infrastructure development work thereon has commenced.

Mumbai SEZ : The Company has obtained all the requisite approvals from SEZ authorities. Environmental clearance for the project has been obtained from the Ministry of Environment and Forest. The project is in advanced stage of development. The Company had also sought and obtained the status of Special Planning Authority (SPA) for the Project from the Government of Maharashtra. The Company will execute the said project in joint venture with the landowner.

Upvan Lake Project : The Company acquired management control of Upvan Lake Resorts Private Limited (Upvan) for undertaking the project for beautification of Upvan Lake at Thane under BOOT Scheme of Thane Municipal Corporation. Upvan is a subsidiary of the Company.

OTHER OPPORTUNITIES :

The Company has, through its associate companies, undertaken the development / upgradation of five bus terminals in the State of Gujarat under the public private partnership scheme. Subsequent to the close of the year, the Company received the Letter of Acceptance (LOA) from GSRTC for development of the said bus terminals. Under this Scheme, the Company will



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upgrade and maintain the bus depots and in return, will get lease and parking revenues from the commercial component. These commercial projects, when completed are expected to generate significant revenues at a minimal investment.

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.

The Company also received a Letter of Acceptance from Railway Land Development Authority for development of railway land at Bengaluru.

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

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.

Tools of innovation are employed for any new project / marketing initiative, the purpose being to constantly stay ahead in terms of ideas.

ECONOMIC OVERVIEW :

The year 2009-10 was one filled with surprises. After flirting with financial disaster a little over a year back, the world economy engineered a remarkable turnaround, albeit a slow one, lifting capital markets considerably. Several cyclical parts of the global economy reported robust numbers, including industrial output, automobile and truck sales, bank lending and imports as well as exports during Q1 2010.

Therefore, as swift as the revival seems, the global economy is not completely out of the woods yet. Fears of a 'jobless recovery' in US, inflationary pressures in emerging markets and currency fluctuations in export-oriented economies, loom large. The spectre of recession looms large over the horizon on account of yet another turmoil in the European countries namely Greece, Spain, Portugal and Italy.

INDIAN ECONOMY :

Last year was when the ghosts of great economic depression returned and haunted the businesses worldwide. But, through collective action, the Western economies were able to avert a catastrophe. However, the economic growth took a severe blow. Amidst such shake-up, Indian economy showed resilience, the primary reason being that India is a domestic demand driven economy. The government stimulus further fuelled domestic demand. Another reason for Indian economy performing better than the others is our demographics. India is a much younger nation as compared to its western counterparts. Moreover, savings rate in India is far higher compared to international standards. This has enabled India to fund its investments through domestic sources rather than borrowings.

The actual turnaround in the Indian Economy came in the second quarter of 2009-2010 when the economy grew by 7.9 % and was estimated to grow by 8.5 % in the current fiscal. The performance of the Indian economy during the last year combined with an analysis of the economic trends over the last couple of years confirm the underlying strength of the fundamentals in India, which is now unarguably one of the world's fastest growing economies. Given the steadily improving fundamentals of the economy, the medium term prospects of the Indian economy certainly look consistently good and given the improvements in infrastructure and reforms in governance, the prospects of India moving into a double digit growth trajectory is high.

INDUSTRY OVERVIEW :

The real estate sector was in the eye of the financial hurricane that tore across markets and geographies, devastating people, companies and even entire countries leaving an estimated 20 million unemployed. Today, though the Sector is struggling in many countries, the Indian Real Estate Sector is witnessing a revival of its fortune with developers having raised capital through QIP route and prices taking on an upward trajectory. The downturn gave the real estate industry a fresh perspective on different levels. During the downturn, 'affordable housing' became a new mantra. A number of affordable projects launched in 2009-10 received good response.

The real estate market in India has resumed activity with segments such as affordable housing and commercial real estate witnessing definite revival of interest. Drop in property prices, reduced home loan interest rates and job market stability have brought investors and end-users, in equal measures, back to the market. A further catalyst to increased demand was the lowering of interest rates on housing loans which were revised to 8 % - 8.25 % p.a. and are still prevailing in that range, giving a boost to the individual home buyer.



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India's large domestic market is one of its biggest economic assets, accounting for the largest share of the demand pie. India, has an unmet housing shortage of approximately 25 million units (Union Ministry for Housing and Urban Poverty Alleviation), which alone offers a huge growth potential for the realty sector in India; beside a growing acceptance for low-cost and affordable housing projects even in a downtrend. India's sizeable pool of technically qualified manpower is yet another domestic strength, together with a stable internal policy framework that withstood turbulent times. All these factors have made India an attractive investment destination.

Over the last few months, the commercial segment has shown an uptrend in terms of level of enquiries, which more positively has also resulted in enhanced deal velocity. While the IT/ITES has been slower to get onto the path of recovery, corporate office space take-up has been quite encouraging; Fls, FMCG and Telecom sectors have all contributed to the same. Whilst the volumes are still on a lower end of the spectrum, markets are not as moribund as they were last fiscal.

The real estate sector in India is on a rapid growth trajectory. The Indian real estate industry is expected to reach a size of US \$ 180 billion by 2020. In order to attract more foreign direct investment (FDI) to the affordable housing segment, the Department of Industrial Policy and Promotion (DIPP) has proposed to liberalize FDI regulations in the realty sector.

OPPORTUNITIES AND THREATS :

Opportunities :

The fundamentals of India's real estate sector are improving as seen by better liquidity and improved demand in the residential segment. The growth of real estate sector in 2010-11 is expected to be driven by government support, especially for the affordable housing segment, improved access to debt and capital markets, and the recovery of real estate demand. However, sustainable operating performances and continued deleveraging by developers over a longer period will be key positive factors.

Growth of service sector and organized retail, increasing urbanization, rising income levels, contracting household sizes and easy availability of home loans are key growth drivers of the industry. In recent months, the residential real estate segment has witnessed a revival in demand, primarily due to improved affordability.

Demand in coming years is expected to be driven primarily by the unmet need in the housing segment, stable economic reforms and large infrastructure investments from the government, besides the strong demographic profile of the Indian consumers.

This year's budget has stepped up allocation for various urban and rural infrastructure projects, which have the potential to provide the much needed push to the real estate development in the long run.

The changes in the tax slabs in the Budget 2010 will give the common man extra disposable income and consequently, lead to an increase in spending by more than 60 % of the Indian population. This will contribute to the overall growth in the Indian economy.

According to Cushman & Wakefield Research Report, the pan India cumulative demand during 2009-2013 is estimated to be 196 million sq. ft. for commercial office, of which 42 % is expected to be generated in Tier 1 and 2 cities; 43 million sq. ft. for retail, mostly concentrated in Tier 1 and 2 cities; for the hospitality segment 690,000 room nights, of which 35 % is expected to be generated in Tier 1 and 2 cities; and for residential segment 7.5 million units across all categories, of which 60 % is expected to be generated in Tier 1 and 2 cities.

DEMAND PROJECTION FOR 2009-2013						
Asset Class	2009	2010	2011	2012	2013	Total
Commercial (mn. Sq. ft.)	29.5	30.00	40.5	45.4	53.9	196.3
Residential (units)	1,196,209	1,331,999	1,486,799	1,663,272	1,864,450	7,542,729
Retail (mn. Sq. ft.)	5.7	6.5	8.8	9.8	11.7	42.5
Hospitality (room nights)	83,221	112,911	141,587	167,358	185,671	690,748
Source : Cushman & Wakefield research report						

The economic slowdown in the previous year 2008-2009 having brought some rationality to real estate prices and with clear visibility of the Government's seriousness in developing the infrastructure, there is a significant improvement in demand in the residential sector. Vital public infrastructure is the greatest driver for the development of any vertical in the Real Estate sector since good infrastructure especially 'Mass Rapid Transit Systems' leads to mushrooming of residential segments which in turn create a ripple effect for development of other commercial segments including office space, retail, hospitality, health and entertainment.



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Relatively stable macroeconomic conditions and attractive returns in India would be the catalysts for capital inflows in the country. It is likely that much of the investment flow in the near-term will be in the residential sector, which has an enormous potential for growth due to the massive unmet housing demand. Furthermore, housing sector has an advantage over the commercial real estate sector on account of lower risk and shorter gestation period.

The residential sector is expected to lead the recovery with a realigned focus on affordable housing. Considering the revised growth forecasts for the economy and revised recruitment numbers by the IT/ITES majors, demand for office space is likely to improve throughout the year 2010-11.

Threats :

India's political and social landscape is a blend of diverse ideologies, religions and cultures. Despite offering a more stable environment for business and investment than other South Asian countries, India is not immune to the political upheaval, terrorist activities and economic strikes that are found within the region.

Continued sluggishness of global economy, execution risks in the local market and overall liquidity situation could upset the growth applecart. Alongwith the positive developments of equity raising and debt restructuring, long term liquidity concerns still remain serious. Cost of debt also remains high at a time when interest rates are declining, and this would put pressure on the bottomline of the real estate companies.

Also, absence of a single regulator to monitor business practices prevailing in Indian real estate market is perceived to be a risk factor by investors.

There are potential constraints for domestic as well as foreign investments in India. Also, there remain numerous ambiguities in guidelines relating to the real estate sector.

The primary constraint for foreign investments in India is the availability of exit options. Since the liberalization of FDI norms, significant foreign investments have flown into real estate; but availability of suitable exit options for such investments is still constrained. Creation of financial products and instruments providing for exit options will go a long way in adding depth and maturity to the real estate market.

- Changes in government policy and support for the real estate sector could affect the growth prospects and operational results of the Company;
- Changes in competitive environment could impact the Company's financial condition and operational results;
- Changes in operating environment, including adverse changes in any of the taxes levied by the central or state governments or removal of tax concessions, exemptions or incentives or claims by tax authorities could adversely affect the Company's financial condition and operational results;
- Inability to borrow funds at competitive rates, in timely manner and on acceptable terms could adversely affect the Company's financial and operational results; and
- In case of any overrun on time and cost for any of the projects undertaken for development, could adversely affect the Company's financial condition and operational results.

RISKS AND CONCERNS :

The Company operates in an environment which is affected by various factors, some of which are controllable while some are outside the control of the Company. The management monitors the risk management activities on a regular basis in addition to scanning for any new risks that may arise due to changes in business environment. While the possibility of a negative impact due to one or more such risks cannot be totally precluded, the Company proactively takes reasonable steps to mitigate significant risks that may affect it.

Macro risks

- Global geo-political risk, economic shocks and policy reversals;
- Economic risks – rising interest rates, political turmoil, natural calamities, inflation and currency risks;
- Event risks – riots, natural calamities, etc. ;
- Rising cost of operation ;
- Constrained urban and physical infrastructure in cities; and
- Disparities in regional development within States.



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Real Estate Sector Specific Risks

- Price Risk – Real estate price cycle can impact the bottom-line of real estate developers;
- Demand Risk - Demand risk indicates the ability to sell properties based on location, track record, brand name, quality and timeliness of completion;
- Financial Risk – liquidity crisis on account of stoppage of lending funds to real estate sector by banks, financial institutions and other lending agencies, leading to stoppage of development activity;
- Interest Rate Risk – possibility of interest rate fluctuation on borrowed funds. An increase in interest rates for existing and future borrowings can impact the ability to service debt and to finance development of new projects;
- Competitor Risk – Intensified competition with possible new entrants and the entry in new markets to compete with well-established companies;
- Project Execution Risk – any delay in project implementation could impact revenue and profit for that fiscal;
- Regulatory Risks – uncertainties in government policies, unfavourable changes in government policies and the regulatory environment and non-compliance with legal, taxation, corporate and other regulations;
- Operational Risks – non-availability of critical raw materials such as cement and steel; volatility in the prices of critical raw materials; shortage of skilled labour; inability to complete and deliver projects according to schedule;
- Human Resource Risk – high attrition of skilled/trained manpower;
- Legal and Statutory Risks – contractual liability risks may impose onerous responsibility; and
- IT Risk – loss/theft of important and confidential data.

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.

FUTURE OUTLOOK :

Indian economy and its real estate market is poised to witness further recovery during the fiscal 2010-2011. However, the strength of this recovery may be feeble, and it may hinge on several preconditions that will be influenced by the global macroeconomic conditions as well.

Considering that global capital flows will be guided by growth and the potential for growth, economic recovery in India during the fiscal 2010-2011 is likely to reinvigorate the interest of foreign investors in India's real estate markets. In this perspective enhanced capital inflow in the real estate sector in the medium to long term is expected.

SEZ Developers are seeing a rush of new firms willing to buy spaces to set up units in SEZs before March 31, 2011 to be eligible for tax exemptions under the SEZ Act. Beginning January 2010, there was renewed interest in the SEZs, which had lost sheen due to economic slowdown and crashing of real estate prices. Moreover, the termination of tax benefits beyond March 2011 to STPI units is likely to result in increased demand for space within IT/ITES SEZs.

India has an advantage in the form of young population, which is going to play a critical role in years to come. The government has shown that it has the ability to act quickly in order to meet challenges. Few reforms on the policy front can help strengthening the economy even more.

India remains a bright star on the economic firmament. The economy is vibrant with its own inbuilt circuit breakers and is poised to triple in size by 2015. As Charles Dickens began in one of his prophetic novels : **"It was the best of times, it was the worst of times."**

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.

FINANCE :

Issue of Shares:

Pursuant to the special resolution passed by the shareholders through Postal Ballot on July 21, 2009 for issue and allotment of further equity shares to Qualified Institutional Buyers (QIBs), your Company issued and allotted to QIBs 60,35,871 equity shares of



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Rs.10 each for cash at a premium of Rs.491 per share for an amount aggregating Rs. 302.39 crore on a Qualified Institutions Placement (QIP) basis. The new shares have been listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Consequent to the allotment of the equity shares to QIBs, the issued, subscribed and paid-up share capital of the Company has increased from Rs. 66.70 crore to Rs. 72.74 crore.

The proceeds from the QIP Issue have been fully utilised in line with its stated objectives inter-alia for pre-payment / repayment of debt, execution of projects and general corporate purposes.

Issue of Debentures :

During the year under review, the Company raised Rs.100 crore by issue of privately placed Secured, Redeemable, Non-convertible Debentures to part finance ongoing projects. The said debentures were redeemed in full subsequent to the closure of the financial year under review.

Further, subsequent to the closure of the financial year under review, the Company raised Rs.100 crore by way of private placement of Secured Redeemable Non-convertible Debentures to part finance ongoing projects.

AUDITORS :

M/s. Dalal & Shah, Chartered Accountants and M/s. Doshi Doshi & Associates, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting. M/s. Doshi Doshi & Associates, have offered themselves for reappointment. M/s. Dalal & Shah have by their letter dated August 2, 2010 informed the Company of their decision not to seek reappointment as Joint Auditors of the Company in view of their heavy professional pre-occupation. The Board of Directors, based on the recommendation of the Audit and Compliance Committee, propose the appointment of M/s. Sudit K. Parekh & Co., Chartered Accountants in place of M/s. Dalal & Shah and reappointment of M/s. Doshi Doshi & Associates, as Joint Auditors to conduct the audit of the accounts of the Company for the year ending March 31, 2011.

The Company has received confirmation from both the firms that their respective appointment / reappointment would be within the limits prescribed under Section 224(1) (b) of the Companies Act, 1956. The necessary resolution is being placed before you for your approval.

AUDITORS' REPORT :

In respect of Auditor's observations regarding delays in payment of statutory dues and installments of advance income tax, it may be clarified that the delays were purely temporary in nature, arising mainly due to mismatch in cashflows on account of disruption of fund cycle of the Company for the first few months of the year under review. However, the statutory dues have been paid in due course of time and the outstanding advance income tax installments shall be paid at the time of filing of the return of income of the Company.

CONSOLIDATED ACCOUNTS :

In terms of Clause 41 of the Listing Agreement executed with the Stock Exchanges, the Consolidated Financial Statements which have been prepared in accordance with Accounting Standard AS-21 on 'Consolidated Financial Statements', as issued by the Institute of Chartered Accountants of India, are annexed to and form part of this Report.

DEPOSITS AND LOANS / ADVANCES :

Total amount of deposits outstanding as on March 31, 2010 was Rs. 910.08 lac. There were no unclaimed/unpaid deposits as at the year end.

INSURANCE :

All the insurable interests of your Company including inventories, buildings are adequately insured.

INFORMATION TECHNOLOGY :

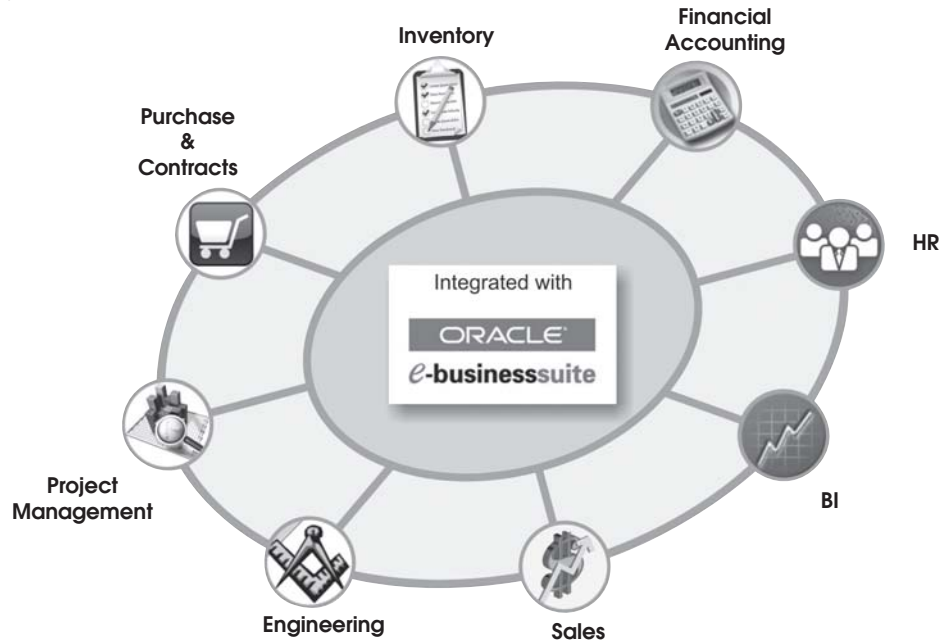
The Company has from January 1, 2010 implemented ERP package - Oracle E business suite 12.0, one of the best ERP worldwide, across the organization, to better manage its systems and processes. The implementation of the new ERP package will result in most of the Company's processes integrating into a single system, avoidance of duplication of work, increased efficiency, improved management information systems and better management control of operations and activities. The Company has faced substantial teething problems which were addressed by the Company's IT team and other experts.



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The Company's IT systems are periodically audited to ensure the adequacy of Information Systems control, Information Security and privacy aspects.



Business Processing Integration through ERP

GREEN BUILDINGS :

A 'Green Home' incorporates smart design, technology, construction and maintenance elements to significantly lessen the negative impacts of the home on the environment and improve the health of the people who live inside.

Your Company is the founding member of Indian Green Building Council (IGBC) promoted by Confederation of Indian Industries (CII) and is an active member of the Core Committee of IGBC - Mumbai Chapter. The Company has taken the initiative to 'Go Green' for its residential as well as commercial projects and in that direction has registered several of its projects with IGBC for the prestigious LEED certification.

CARBON FOOT PRINT :

Carbon Disclosure Project (CDP), a London based NGO collects and analyses data on climate change strategies and carbon footprint from more than 3500 organizations around the world. A request is made by CDP to world's leading organizations to disclose their carbon footprint and climate change related strategies. One such request was made by CDP to your Company and in response to which your Company established carbon footprint for the year 2009 and also carried out thorough opportunity and risk assessment due to climate change on its business.

Trucost plc., a public limited company registered in England helps organizations, investors and governments understand and quantify the environmental impacts of business activities. Your Company has been assigned a **five star** rating by Trucost Financed Emissions Assessment Tool (TFEAT) which demonstrates a strong commitment to environmental reporting. The disclosure rating is based upon the percentage of your Company's total environmental impacts disclosed in TFEAT.

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 Agreement 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.



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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.

CORPORATE GOVERNANCE – VOLUNTARY GUIDELINES

The Ministry of Corporate Affairs, Government of India has issued 'Corporate Governance Voluntary Guidelines' in December 2009. These guidelines recommend ways and means to further improve corporate governance standards and practices. Though these guidelines are recommendatory in nature, the Board would consider adopting these guidelines in an appropriate manner.

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 designed a system of internal controls operating on the Oracle platform, with the objective of (a) safeguarding the Company's assets; (b) ensuring that the transactions are properly authorized; and (c) providing significant assurance of the integrity, objectivity and reliability of financial information. The Internal Audit firms appointed by the Company conduct 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 Joint Statutory Auditors also attend and participate in the Audit Committee meetings to convey their views to the Audit and Compliance Committee on the adequacy of internal control systems in the Company. The Audit and Compliance Committee of the Board reviews the adequacy and effectiveness of the internal control systems and suggest improvements for strengthening them. The internal controls are constantly upgraded based on internal audit recommendations. Your Company's Statutory Auditors have confirmed the adequacy of the internal control system.

SUBSIDIARIES :

During the year under review :

1. The following companies have become subsidiaries of your Company :

- Ackruti Campus of Research and Education Private Limited
- Ackruti City Farming Private Limited
- Ackruti City Knowledge Private Limited
- India Development and Construction Venture Capital Private Limited (formerly Ackruti City Venture Capital Private Limited)
- ABP Realty Advisors Private Limited (formerly Ackruti City Venture Capital Management Private Limited)
- Ackruti Guestline Private Limited
- Citygold Education Research Limited
- Citygold Farming Private Limited
- Harmony Erectors Private Limited (formerly Ackruti SEZ (Mumbai) Private Limited)
- Oracle Shelters Private Limited (formerly Ackruti SEZ (Thane) Private Limited)
- Ackruti Security Plates Private Limited
- Nova Realty Private Limited
- Jihant Housing Private Limited
- Yantti Buildcon Private Limited
- Upvan Lake Resorts Private Limited
- Superaction Realty Private Limited



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2. The following companies have ceased to be subsidiaries of your Company :

- Ackruti City Bus Terminal (Mehsana) Private Limited (formerly Ackruti City Bus Terminal (Mehsana) Limited)
- Ackruti City Bus Terminal (Vadodara) Private Limited (formerly Ackruti City Bus Terminal (Vadodara) Limited)
- Ackruti City Bus Terminal (Adajan) Limited (formerly Multicity Bus Terminal (Surat-Adajan) Limited)
- Ackruti City Bus Terminal (Surat) Private Limited (formerly Multicity Bus Terminal (Surat) Private Limited)
- Agreem Properties Limited
- Brainpoint Infotech Private Limited
- Hiemo Builders and Developers Private Limited (step-down subsidiary)
- Khem Buildcon Private Limited (step-down subsidiary)

Subsequent to the close of the financial year under review, a wholly owned subsidiary namely 'Akruti Middle East FZE' was wound up and Ackruti Center Infotech Limited and Pushpak Healthcare Services Private Limited ceased to be subsidiaries of your 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.

The statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies is attached.

The Company has been exempted by the Central Government (Ministry of Corporate Affairs) vide their letter no. 47/325/2010-CL-III dated April 23, 2010 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, 2010 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 registered office of the Company during working hours between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

Further, as directed by the Ministry of Corporate Affairs, 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. Madhukar B. Chobe and Mr. Shailesh V. Haribhakti retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Appropriate resolutions for their reappointment are being placed before you at the ensuing Annual General Meeting.

The brief profile of Mr. Madhukar B. Chobe and Mr. Shailesh V. Haribhakti as required by Clause 49 of the Listing Agreements has been detailed in the Section on 'Corporate Governance'. Your Directors recommend the reappointment of Mr. Madhukar B. Chobe and Mr. Shailesh V. Haribhakti as Directors of your Company.

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) the accounting policies have been selected 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, 2010 and of the profit of the Company for the year ended on that date;



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- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on a going concern basis.

AWARDS :

Your Company has been the proud recipient of the following award and recognition :

- a. The Company's Residential Project – '**ACKRUTI ORCHID PARK**' at Saki Naka, Andheri-Kurla Road, Andheri (East), Mumbai has won the CNBC Awaaz Real Estate Award 2009 in the category of 'Best Overall Systems'. Presented in association with CREDAI and adjudged by CRISIL, the award is India's most prestigious award for excellence in real estate sector and acknowledges the best real estate developers for their spirit of achievement and contribution to society, industry and the nation as a whole.
- b. The Company's project – '**ACKRUTI GOLD**' at Bandra Kurla Complex, Bandra (East), Mumbai has achieved pre-certified Platinum Rating under the LEED India for Core & Shell Rating System from Indian Green Building Council. The 'Certification' signifies that Documentation has been submitted for the Project, which demonstrate an intent to design and build a high performance building in accordance with LEED India Green Building Rating System.

STATUTORY INFORMATION :

Since the Company is not engaged in any manufacturing activity, the other particulars relating to conservation of energy and technology absorption as stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 are not applicable. Expenditure incurred in foreign currency amounted to Rs. 106.66 lac. There was no earning in foreign exchange.

Ackruti had 260 employees as on March 31, 2010. During the year, 16 employees employed throughout the year and 4 employees employed for part of the year were in receipt of remuneration of Rs. 24 lac or more per annum. In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the statement annexed to the Directors' Report. In terms of the provisions of Section 219 (1) (b) (iv) of the said Act, the Directors' report is being sent to all the shareholders of the Company excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary.

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 would like to express their grateful 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 during the year under review 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

Vyomesh M. Shah
Managing Director

Madhukar B. Chobe
Wholetime Director

Mumbai, August 7, 2010



ACKRUTI CITY

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Corporate Governance has become an integral part of business aligning the organization to the best international practices of good governance. This encompasses the value systems of integrity, fairness, transparency and adoption of the highest standards of business ethics which aims to benefit all the stakeholders.

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:

The Company's essential character is shaped by the very value of transparency, customer satisfaction, integrity, professionalism and accountability. The Company continuously endeavors to improve on these aspects. The Board views Corporate Governance in its widest sense. The main objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness and to develop capabilities to attain the goal of value creation.

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.

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 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	3	—	—	Related to Mr. Vyomesh M. Shah
Mr. D. R. Kaarthikeyan	Non-Promoter, Non-Executive, Independent	6	—	1	} Not related to any other Director of the Company
Mr. Shailesh V. Haribhakti	Non-Promoter, Non-Executive, Independent	14	5	9	
Mr. P.H. Ravikumar	Non-Promoter, Non-Executive, Independent	7	2	5	



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CORPORATE GOVERNANCE REPORT (CONTD.)

Name of Director	Category of Directorship	Directorship 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. Shailesh H. Bathiya	Non-Promoter, Non-Executive, Independent	—	—	—	} Not related to any other Director of the Company
Mr. Madhukar B. Chobe <i>Wholetime Director</i>	Non-Promoter, Non-Independent, Executive	4	—	—	
Mr. Vyomesh M. Shah <i>Managing Director</i>	Promoter, Non-Independent, Executive	5	2	2	Related to Mr. Hemant M. Shah

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

@ - Member includes Chairman.

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

TENURE :

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

RESPONSIBILITIES :

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

ROLE OF INDEPENDENT DIRECTORS :

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

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.

In terms of Clause 49 of the Listing Agreement, the Independent Directors on the Company's Board :

- apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its subsidiaries and associates which may affect their independence;
- are not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- have not been executives of the Company in the immediately preceding three years;
- are not partners or executives, or were not partners or executives, during the preceding three years, of any of the following:
 - Statutory audit firm or the Internal audit firm that is associated with the Company;
 - Legal firm(s) and Consulting firm(s) that have a material association with the Company;



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CORPORATE GOVERNANCE REPORT (CONTD.)

- e. are not material suppliers, service providers or customers or lessors or lessees of the Company which may affect their independence;
- f. are not substantial shareholders of the Company i.e. owning two percent or more of the block of voting shares; and
- g. are not less than 21 years of age.

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. Madhukar B. Chobe and Mr. Shailesh V. Haribhakti retire by rotation and being eligible, offer themselves for reappointment.

Mr. Madhukar B. Chobe

Mr. Madhukar B. Chobe, aged 66 years, Wholetime Director, holds a Bachelor of Arts degree from Pune University. He served for 7 years in the Indian Army with the Regiment of Artillery and 23 years in the Indian Administrative Services from where he retired as Secretary to the Government of Maharashtra, Public Health Department. He is a member of the Committee of Director of the Company. Mr. Madhukar B. Chobe does not hold any equity shares in the share capital of the Company.

The other directorship and committee membership of Mr. Madhukar B. Chobe are as under :

Name of the Company	Board Position held	Committee Membership
Adhivitiya Properties Limited	Director	—
Citygold Education Research Limited	Director	—
Chitwan Electro-Cast Limited	Director	—
Chitwan Ispat Private Limited	Director	—
Shri Mahavir Sahakari Bank Limited	Director	—

Mr. Shailesh V. Haribhakti

Mr. Shailesh V. Haribhakti, aged 54 years, is a practising Chartered Accountant and Managing Partner of M/s. Haribhakti & Co., Chartered Accountants and Chairman of BDO Consulting Private Limited. He is a member of Futures and Options Committee of National Stock Exchange of India, and SEBI Committee on Disclosures and Accounting Standards. He also serves as member of the Managing Committees of ASSOCHAM and Indian Merchants Chamber (IMC), Corporate Governance Committees of IMC, ASSOCHAM and CII and Chairman of Combating Global Warming Committee of IMC. He is a member of the Audit and Compliance Committee and Chairman of the Remuneration Committee of Directors of the Company. Mr. Shailesh V. Haribhakti holds 100 equity shares in the share capital of the Company.



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CORPORATE GOVERNANCE REPORT (CONTD.)

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

Name of the Company	Board Position held	Committee Membership
Pantaloon Retail (India) Limited	Director	Audit Committee – Member
Ambuja Cements Limited	Director	Audit Committee – Chairman
Everest Kanto Cylinder Limited	Director	—
Mahindra Lifespace Developers Limited	Director	Audit Committee - Member
Blue Star Limited	Director	Audit Committee - Member
ACC Limited	Director	Audit Committee – Chairman
Hercules Hoists Limited	Director	—
Hexaware Technologies Limited	Director	Audit Committee – Chairman
Future Capital Holdings Limited	Director	Audit Committee – Chairman
J. K. Paper Limited	Director	—
The Dhanlakshmi Bank Limited	Director	Audit Committee – Member
Fortune Financial Services (India) Limited	Director	—
Raymond Limited	Director	Audit Committee – Chairman
L&T Finance Limited	Director	—
Future Capital Financial Services Limited	Director	—
BDO Consulting Private Limited	Director	—
Advantage Moti (India) Private Limited	Director	—
Quadrum Solutions Private Limited	Director	—
J. M. Financial Asset Reconstruction Company Private Limited	Director	—
Planet People & Profit Consulting Private Limited	Director	—
Milestone Ecofirst Advisory Services (India) Private Limited	Director	—

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

During the financial year ended March 31, 2010, six Board Meetings were held on May 8, 2009, June 30, 2009, July 29, 2009, August 7, 2009, October 31, 2009 and January 30, 2010. The maximum gap between two Board Meetings was less than 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 27, 2009
Mr. Hemant M. Shah	6	Attended
Mr. D. R. Kaarthikeyan	5	Absent
Mr. Shailesh V. Haribhakti	6	Absent
Mr. P.H. Ravikumar	6	Attended
Mr. Shallesh H. Bathiya	5	Attended
Mr. Madhukar B. Chobe	6	Attended
Mr. Vyomesh M. Shah	6	Attended



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CORPORATE GOVERNANCE REPORT (CONTD.)

3. BOARD COMMITTEES :

The Company has four (4) Board-level Committees – Audit and Compliance Committee, Remuneration Committee, Shareholders' / Investors' Grievances Committee and Committee of Directors. The decisions relating to constitution of these Committees, appointment of members, and fixing terms of reference of each of these Committees are taken by the Board of Directors. Full particulars of the composition, role of these Committees, the number of meetings held and the related attendance are given below :

I. AUDIT AND COMPLIANCE COMMITTEE :

BROAD TERMS OF REFERENCE :

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 :

- a. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b. recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors, Internal Auditors and payment of audit fees;
- c. approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- d. reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - i. matters required to be included in the Director's Responsibility Statement which forms part of the Directors' Report pursuant to Clause (2AA) of Section 217 of the Companies Act, 1956;
 - ii. changes, if any, in accounting policies and practices and reasons for the same;
 - iii. major accounting entries involving estimates based on the exercise of judgment 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.



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CORPORATE GOVERNANCE REPORT (CONTD.)

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 Committee also discussed the audit plan/methodology, ERP Programme and the adequacy of the internal controls and systems.

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, 2010.

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 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.

The composition of the Audit and Compliance Committee is as follows:

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

* Chairman effective January 31, 2010

** Chairman upto January 30, 2010

MEETINGS AND ATTENDANCE :

During the financial year ended March 31, 2010, six Audit and Compliance Committee Meetings were held on May 8, 2009, June 30, 2009, July 29, 2009, August 7, 2009, October 31, 2009 and January 30, 2010. The maximum gap between two meetings was less than 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	6
Mr. Shailesh H. Bathiya	5
Mr. P.H. Ravikumar	6
Mr. Vyomesh M. Shah	6

Mr. Shailesh V. Haribhakti, erstwhile Chairman of the Audit and Compliance Committee was indisposed and hospitalized as a result of which he could not be present at the last Annual General Meeting. Instead, Mr. Shailesh H. Bathiya, Independent Director & member of the Committee took his place to answer queries from the shareholders.

INTERNAL AUDITORS:

M/s. Mahajan & Aibara, Chartered Accountants and M/s. Axis Risk Consulting Services Private Limited act as Internal Auditors to the Company 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.



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CORPORATE GOVERNANCE REPORT (CONTD.)

II. REMUNERATION COMMITTEE:

TERMS OF REFERENCE :

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

COMPOSITION :

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

The composition of the Remuneration Committee is as follows:

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

MEETING AND ATTENDANCE :

The Remuneration Committee met once on June 7, 2009. All the three members attended the said meeting.

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

REMUNERATION POLICY :

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

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, 2010, the Non-Executive Directors will be paid an amount of Rs.6.25 lac each as commission 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. 12 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 Executive Chairman and Managing Director are also decided by the Remuneration Committee and recommended to the Board for approval thereof.

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

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



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CORPORATE GOVERNANCE REPORT (CONTD.)

DETAILS OF REMUNERATION TO ALL THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2010

NON-EXECUTIVE DIRECTORS :

Name of the Director	Sitting Fees (Gross) Rs.	Commission* (Gross) Rs.	No. of Shares held
Mr. Shailesh V. Haribhakti	2,60,000	6,25,000	100
Mr. Shailesh H. Bathiya	2,60,000	6,25,000	—
Mr. P.H. Ravikumar	3,20,000	6,25,000	—
Mr. D. R. Kaarthikeyan	1,20,000	6,25,000	15

* - The Commission for the year ended March 31, 2010 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 September 29, 2010.

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	1,85,02,200	51,30,000	5 years
Mr. Vyomesh M. Shah, Managing Director	1,64,46,400	45,60,000	5 years
Mr. Madhukar B. Chobe, Wholetime Director	45,60,000	—	5 years

- Payable in 2010-2011

III. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE :

FUNCTIONS :

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

The Committee oversees share transfers and monitors redressal of investors' /shareholders' complaints such as relating to transfers, change of address, non-receipt of annual report or dividend. The Secretarial Department of the Company and the Registrar and Share Transfer Agent (R & T Agents), M/s. Link Intime India Private 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 Agents 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



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CORPORATE GOVERNANCE REPORT (CONTD.)

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 met once on June 30, 2009 which was attended by all the members.

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, 2010 were 10. 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, 2010. The number of pending requests for dematerialisation as on March 31, 2010 were Nil. Shareholders'/Investors' complaints and other correspondence are normally attended to within seven working days except where constrained by disputes or legal impediments. No investor grievances remained unattended / pending for more than thirty days as on March 31, 2010.

IV. COMMITTEE OF DIRECTORS :

The Board of Directors has constituted a Committee of Directors and delegated certain powers of routine nature required to effectively manage the day-to-day affairs of the Company. This Committee has relieved the full Board from the burden of considering routine matters.

COMPOSITION :

The composition of the Committee of Directors is as under :

Name of the Director		Category
Mr. Hemant M. Shah	Member	Promoter, Non-Independent, Executive
Mr. Vyomesh M. Shah	Member	Promoter, Non-Independent, Executive
Mr. Madhukar B. Chobe	Member	Non-Promoter, Non-Independent, Executive

The Committee meets as and when required.

The minutes of the Committee Meetings are noted by the Board of Directors at the Board Meetings. The Company Secretary acts as Secretary to the Committee.

V. QIP ISSUE COMMITTEE :

The Board of Directors of the Company constituted a Committee of Directors named as 'QIP Issue Committee' specifically for dealing with matters relating to the issue and allotment of equity shares of the Company on Qualified Institutions Placement basis.

COMPOSITION :

The composition of the QIP Issue Committee of Directors is as under :

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

TERMS OF REFERENCE :

- to decide on the timing, pricing, the number of shares to be issued and allotted, basis of allocation and allotment;
- to approve the offer document and filing of the same with regulatory authorities;
- to enter into arrangements/agreements for underwriting, marketing, listing of shares, appointment of lead managers, investment bankers, merchant bankers, underwriters, guarantors, financial and/or legal advisors, depositories, custodians, principal paying/transfer/conversion agent(s), trustees and other advisors, professionals and intermediaries; and
- to make listing applications and execute listing agreements with the stock exchanges.



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CORPORATE GOVERNANCE REPORT (CONTD.)

MEETINGS AND ATTENDANCE :

The QIP Issue Committee met three times on August 31, 2009, September 7, 2009 and September 10, 2009.

The attendance at the QIP Issue Committee Meetings is as under :

Name of the Director	No. of meetings attended
Mr. Shailesh H. Bathiya	2
Mr. P.H. Ravikumar	3
Mr. Vyomesh M. Shah	3

The minutes of the QIP Issue Committee Meetings were noted by the Board of Directors at the subsequent Board Meeting held on October 31, 2009.

4. GENERAL BODY MEETINGS :

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

Financial Year	Date	Location of the Meeting	Time	Particulars of the Special Resolution
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.
2008-2009	August 27, 2009	Walchand Hirachand Hall, 4 th floor, Indian Merchants' Chamber Building, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020	11.30 A.M.	no special resolution was passed at the meeting.

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
2006-2007	June 12, 2006	Ackruti Trade Centre, Road No.7, Marol MIDC, Andheri (East), Mumbai 400 093.	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 a preferential basis.
2008-2009	—	—	—	—

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



ACKRUTI CITY

CORPORATE GOVERNANCE REPORT (CONTD.)

POSTAL BALLOT :

Financial Year	Date of passing of the resolution	Nature of the resolution Ordinary / Special	Particulars of the resolution	% of votes in favour of the resolution
2007-2008	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 %
	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 new businesses as mentioned in the said new-clauses (47) and (48) under Section 149 (2A).	99.99 %
2008-2009	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 %
2009-2010	May 27, 2009	Special Resolution	Change of name of the Company from 'Akruti City Limited' to 'Ackruti City Limited' under Section 21.	99.99 %
	July 21, 2009	Special Resolution	Issue of equity shares on Qualified Institutions Placement basis.	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, Practising 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.

5. 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 and its subsidiaries in the immediately preceding accounting year as defined under Clause 49 of the Listing Agreements. Hence, it is not mandatory to have an Independent Director of the Company on the Board of such subsidiary company.



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CORPORATE GOVERNANCE REPORT (CONTD.)

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.

6. 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 has adopted Code of Business Conduct and Ethics for the Board of Directors and Senior Management of the Company. The said Code of Conduct has been posted on the Company's website - www.ackruti.com. All Board members and senior management personnel have affirmed their compliance with the said Code for the financial year ended March 31, 2010. A declaration to this effect signed by the Managing Director is appended at the end of this report.

7. INSIDER TRADING :

Code of Conduct for Prevention of Insider Trading :

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended, the Board of Directors of the Company has adopted the 'Ackruti Code of Conduct for Prevention of Insider Trading'. The Code is applicable to all Directors and designated employees and their dependants, who are expected to have access to unpublished price sensitive information relating to the Company. The rationale behind the Code is to prevent trading in shares of the Company by persons, who are in the management of the Company or are close to them on the basis of 'undisclosed price sensitive information' about the Company, which they possess but is not available to others.

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. Further, the Directors and Designated Employees who buy and sell any number of shares of the Company are prohibited from entering into an opposite transaction i.e. sell or buy during the next six months following the prior transaction.

In compliance with the provisions of the said Code, all Directors and designated employees have disclosed their dealings, if any, 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 under review. No Director or designated employee has taken positions in derivative transactions in the shares of the Company at any time during the year under review.

8. 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' issued by the Institute of Chartered Accountants of India are disclosed in Note No. 2 in Schedule 'O' to the Accounts in the Annual Report.

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

The related party transactions have been reviewed by the Audit 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 Schedule 'O' - Notes to the Accounts.



ACKRUTI CITY

CORPORATE GOVERNANCE REPORT (CONTD.)

c. Risk Management :

An analysis of the Company's risks covering business, finance, legal and regulatory and other 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, Rights Issue, Preferential Issue, etc :

During the year under review, the Company issued and allotted 60,35,871 equity shares of Rs.10 each for cash at a premium of Rs.491 per share for total consideration of Rs.302.40 crores on a Qualified Institutions Placement basis. The proceeds of the Issue have been utilised in terms of the stated objects of the said 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, Mr. Shailesh V. Haribhakti who was indisposed and hospitalized could not attend the Annual General Meeting of the Company held on August 27, 2009;
- 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. No employee of the Company has been denied access to the Audit and Compliance Committee; and
- ee. The Board of Directors comprises of highly qualified professionals possessing wide and varied knowledge and experience in their respective fields and contribute substantially to the decision making process. As such, there is no formal training programme for the Directors.

9. MEANS OF COMMUNICATION :

- (i) the main channel of communication to the shareholders is through Annual Report which includes inter-alia, the Directors' Report, Corporate Governance Report and Audited Financial Results;
- (ii) the Annual General Meeting of the Company is the principal forum for face-to-face communication with the shareholders;
- (iii) the Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreements within the stipulated time limit;
- (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;



ACKRUTI CITY

CORPORATE GOVERNANCE REPORT (CONTD.)

(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.ackruti.com; and

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

10. GENERAL SHAREHOLDER INFORMATION :

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

11. COMPLIANCE CERTIFICATE OF THE AUDITORS :

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.

12. SHARE SUSPENSE ACCOUNT :

Pursuant to Clause 5A of the Listing Agreement, the status of the equity shares lying in the Suspense Account is given below:

Particulars	No. of shareholders	No. of shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2009.	30	408
Number of shareholders who approached for transfer of shares from suspense account during the year 2009-2010.	8	111
Number of shareholders to whom shares were transferred from suspense account during the year 2009-2010.	8	111
Aggregate number of shareholders and the outstanding shares in the suspense account at the end of the year i.e. March 31, 2010.	22	297

The voting rights on these shares are frozen till the rightful owner of such shares claims the shares.

13. Website :

The Company's website www.ackruti.com contains a separate dedicated section 'Investor Relations' which provides information to the shareholders on shareholding patterns, financial results, annual reports, code of business conduct and ethics, code of conduct for prevention of insider trading in a user-friendly manner.

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, 2010.

For **Ackruti City Limited**

Vyomesh M. Shah
Managing Director

Mumbai, August 7, 2010



ACKRUTI CITY

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, 2010 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, 2010 which are fraudulent, illegal or violative of the Company's Code of Conduct;
- c. we accept responsibility 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. we have indicated to the Auditors and the Audit and Compliance Committee :
 - (i) significant changes, if any, in internal control over financial reporting during the year under review;
 - (ii) significant changes in accounting policies made during the year and that the same have been disclosed suitably 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, August 7, 2010



ACKRUTI CITY

Auditors' Certificate on Clause 49 Compliance - Corporate Governance

To the Members of

Ackruti 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, 2010.

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
Firm Registration No. 102021W
Chartered Accountants

SHISHIR DALAL
Partner
Membership No. : F-37310

Mumbai
August 7, 2010

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

VIRAL D. DOSHI
Partner
Membership No. : F-105330

Mumbai
August 7, 2010



ACKRUTI CITY

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 : **WEDNESDAY**
Date : **SEPTEMBER 29, 2010**
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 (2010-2011) (tentative and subject to change):

- Financial reporting for the quarter ending June 30, 2010 : by August 14, 2010
- Financial reporting for the half year ending September 30, 2010 : by November 14, 2010
- Financial reporting for the quarter ending December 31, 2010 : by February 14, 2011
- Financial reporting for the year ending March 31, 2011 : by May 30, 2011

3. Date of Book Closure: September 20, 2010 to September 29, 2010 (both days inclusive).

4. Dividend Payment Date:

On or after September 29, 2010.

5. (a) Registered Office :

Ackruti Trade Centre, 6th floor
Road No. 7, Marol MIDC
Andheri (East), Mumbai - 400 093
Maharashtra.
Phone : 022-67037400; 67037427 Fax : 022-28218230

(b) Website : www.ackrutciti.com

6. Corporate Identity Number (CIN) :

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

7. Listing Fees to Stock Exchanges:

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 2010-2011 have been paid within the prescribed time limit.

8. Custodial Fees to Depositories :

The Company has paid custodial fees for the year 2010-2011 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts maintained by the respective depositories as on March 31, 2010.

9. Stock Code :

BSE - **532799**

NSE - **ACKRUTI EQ**

International Securities Identification No. (ISIN) of Ackruti on NSDL and CDSL - **INE703H01016**.

The Company's equity shares constitute a part of BSE 500 Index of the Bombay Stock Exchange Limited.



ACKRUTI CITY

SHAREHOLDER INFORMATION (CONTD.)

10. Market Price Data during 2009-2010:

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, 2009 to March 31, 2010 are given below:

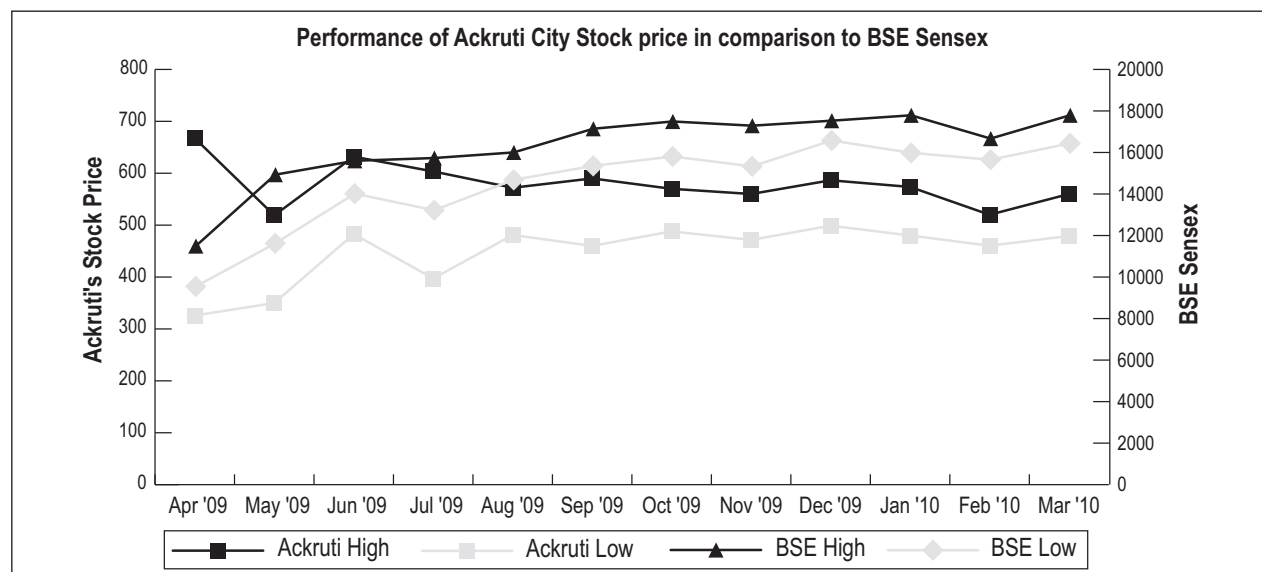
MONTH	BSE			NSE		
	High (Rs.)	Low (Rs.)	No. of shares traded	High (Rs.)	Low (Rs.)	No. of shares traded
April 2009	667.50	325.90	750568	814.10	396.15	365674
May 2009	518.85	350.00	766152	519.80	346.80	904879
June 2009	631.90	462.80	1572655	629.00	461.45	1535549
July 2009	603.50	397.20	3129438	603.00	397.10	3285874
August 2009	572.00	481.00	1998272	568.95	480.00	2794277
September 2009	590.00	460.00	2829556	590.00	530.00	3671712
October 2009	570.50	488.00	2791332	568.80	495.05	2723386
November 2009	560.00	471.50	2798427	555.00	474.00	2714612
December 2009	586.40	499.00	3713846	586.00	500.00	4868119
January 2010	573.60	480.00	2464767	572.40	464.80	2756993
February 2010	520.00	460.40	2173785	522.00	470.00	2045991
March 2010	560.00	479.15	4111384	560.00	478.60	3785748

11. Market Capitalisation :

	BSE	NSE
No. of shares traded	29100182	31452814
Highest Share Price (Rs.)	667.50	814.10
Lowest Share Price (Rs.)	325.90	346.80
Closing Share Price as on March 31, 2010 (Rs.)	518.95	518.50
Market Capitalisation as on March 31, 2010 (Rs. in crore)	3774.63	3771.35

12. Stock Performance (Indexed) :

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





ACKRUTI CITY

SHAREHOLDER INFORMATION (CONTD.)

13. Registrar and Share Transfer Agent :

Link Intime India Private 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 : joy.varghese@linkintime.co.in

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

14. Share Transfer System :

The transfer of shares in physical form is processed and completed by R & T Agent - 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.

15. Distribution of shareholding size class as on March 31, 2010 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	26598	98.51	768497	1.06
501 - 1000	175	0.65	140698	0.19
1001 - 2000	75	0.28	117654	0.16
2001 - 3000	33	0.12	84781	0.12
3001 - 4000	12	0.04	43549	0.06
4001 - 5000	15	0.06	71537	0.10
5001 - 10000	17	0.06	134515	0.18
10001 - above	75	0.28	71374640	98.13
TOTAL	27000	100	72735871	100

16. Distribution of shareholding by ownership as on March 31, 2010 :

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	81.67
b. Bodies Corporate	2	600000	0.82
Sub-Total (A) (1)	17	60000000	82.49
2. Foreign	—	—	—
Sub-Total (A) (2)	—	—	—



ACKRUTI CITY

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	82.49
B. Public Shareholding			
1. Institutions			
a. Mutual Funds / UTI	7	765959	1.05
b. Financial Institutions / Banks	1	10000	0.01
c. Venture Capital Fund	1	500000	0.69
d. Insurance Companies	1	56937	0.08
e. Foreign Institutional Investors	14	3506268	4.82
Sub-Total (B) (1)	24	4839164	6.65
2. Non-Institutions			
a. Bodies Corporate	637	4891079	6.72
b. Resident Individuals			
i. Individual shareholders holding nominal capital upto Rs.1 lac	25871	984899	1.35
ii. Individual shareholders holding nominal capital in excess of Rs. 1 lac	8	844849	1.16
c. Trusts	7	91	0.00
c-i. Non-Residents	240	506877	0.70
c-ii Overseas Corporate Bodies	2	11	0.00
c-iii Clearing Members	194	668901	0.92
B Sub-Total (B) (2)	26959	7896706	10.86
Total Public Shareholding (B) = (B)(1) + (B) (2)	26983	12735871	17.51
GRAND TOTAL (A) + (B)	27000	72735871	100.00

17. Dematerialisation of shares and liquidity :

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2010, 7,15,35,870 equity shares constituting 98.35 % of the total share capital of the Company were held in dematerialized form.

Status of Dematerialisation as on March 31, 2010 :

PARTICULARS	NO. OF SHARES	% TO TOTAL CAPITAL
National Securities Depository Limited	68092417	93.62
Central Depository Services (India) Limited	3443453	4.73
TOTAL DEMATERIALISED	71535870	98.35
PHYSICAL	1200001	1.65
GRAND TOTAL	72735871	100



ACKRUTI CITY

SHAREHOLDER INFORMATION (CONTD.)

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

As on March 31, 2010, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

19. Address for Correspondence:

Physical Shares	Demat Shares
Address : Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West) Mumbai - 400 078	Respective Depository Participants of the Shareholders
E-mail : joy.varghese@linkintime.co.in	

20. Exclusive E-mail ID for redressal of investor complaints

In terms of Clause 47 (f) of the Listing Agreement, the Company has designated an e-mail ID exclusively for the purpose of registering complaints by investors. The e-mail ID is investorcell@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.

21. 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 or downloaded from the Company's website: www.ackrutcitiy.com under the Section 'Investor Relations'.

22. 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'.

23. Secretarial Audit

- In terms of Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis have been issued by a company secretary in whole-time practice for due compliance of share transfer formalities by the Company.
- 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.

Persons constituting group coming within the definition of "Group" for the purpose of Regulation 3(1) (e) (i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following:

1. Camphor Mercantile LLP
2. Camwood Mercantile LLP



ACKRUTI CITY

AUDITORS' REPORT TO THE MEMBERS OF ACKRUTI CITY LIMITED

1. We have audited the attached Balance Sheet of **Ackruti City Limited** ("the Company"), as at 31st March, 2010, the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (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

For and on behalf of

DALAL & SHAH
Firm Registration No. 102021W
Chartered Accountants

DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.: F-37310

VIRAL DOSHI
Partner
Membership No.: F-105330

Mumbai: 7th August, 2010

Mumbai: 7th August, 2010



ACKRUTI CITY

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF ACKRUTI CITY LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification was conducted during the year.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has not granted / taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. 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. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of undisputed Income Tax, Work contract Tax, Income tax deducted at source and Service tax, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. Rs.183,696,417 towards advance income tax are outstanding for a period exceeding six months from the date the instalments became payable.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
9. The Company has no accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.



ACKRUTI CITY

ANNEXURE TO THE AUDITORS' REPORT (CONTD.)

10. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holder.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
15. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The Company has created security in respect of debentures issued and outstanding at the year-end.
19. The Company has not raised any money by public issues during the year.
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

The other clauses, (iii) (b), (iii) (c), (iii) (d), (iii) (e), (iii) (f), (iii) (g) and (viii) of paragraph 4 of the Order, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For and on behalf of

For and on behalf of

DALAL & SHAH
Firm Registration No. 102021W
Chartered Accountants

DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.: F-37310

VIRAL DOSHI
Partner
Membership No.: F-105330

Mumbai: 7th August, 2010

Mumbai: 7th August, 2010



ACKRUTI CITY

BALANCE SHEET As At 31st MARCH, 2010

	Schedule	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	727,358,710	667,000,000
Reserves and Surplus	B	13,805,280,281	9,668,237,451
		14,532,638,991	10,335,237,451
LOAN FUNDS			
Secured Loans	C	8,234,326,856	8,018,063,467
Unsecured Loans		1,745,216,395	2,008,431,895
		9,979,543,251	10,026,495,362
TOTAL		24,512,182,242	20,361,732,813
 APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	240,537,021	275,134,202
Less: Depreciation and Amortisation		89,602,906	93,497,641
Net Block		150,934,115	181,636,561
Capital Work-in-progress		12,554,381	38,961,575
		163,488,496	220,598,136
INVESTMENTS			
DEFERRED TAX ASSETS (Refer Note 6)	E	5,011,703,664	4,885,788,955
		51,052,223	103,704,377
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	F	5,178,010,912	3,270,032,480
Sundry Debtors		787,040,665	4,512,980,545
Cash and Bank Balances		792,644,837	47,433,304
Other Current Assets		1,842,371,804	1,192,252,008
Loans and Advances		12,842,038,704	8,044,507,902
		21,442,106,922	17,067,206,239
LESS : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	G	1,414,654,881	1,676,530,553
Provisions		741,514,182	239,034,341
		2,156,169,063	1,915,564,894
NET CURRENT ASSETS		19,285,937,859	15,151,641,345
TOTAL		24,512,182,242	20,361,732,813
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
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER
Membership No. F-037310

VIRAL D. DOSHI
PARTNER
Membership No. F-105330

CHETAN S. MODY
COMPANY SECRETARY

BHARAT MODY
CHIEF FINANCE
OFFICER

MADHUKAR B. CHOBE
WHOLETIME DIRECTOR

MUMBAI
Date: August 7, 2010

MUMBAI
Date: August 7, 2010



ACKRUTI CITY

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year ended 31st March, 2010 (Rupees)	Year ended 31st March, 2009 (Rupees)
INCOME			
Sales and Income from Operations	H	4,410,322,707	3,995,573,859
Surplus on Sale of Interest in Project executed through Subsidiary		—	376,372,565
Share of Profit from Joint Ventures and Partnership Firms (Net)		409,879,334	219,825
Other Income	I	320,057,972	335,516,026
TOTAL		5,140,260,013	4,707,682,275
EXPENDITURE			
Cost of Construction / Development	J	2,980,395,928	1,692,115,808
(Increase) / Decrease in Inventories	K	(1,907,978,432)	(1,504,871,724)
Employment Cost	L	121,446,757	103,205,253
Administrative, Selling and Other Expenses	M	332,535,920	356,130,747
Interest and Finance Charges	N	1,196,845,849	1,087,234,801
Depreciation and Amortisation		31,068,826	40,514,698
TOTAL		2,754,314,848	1,774,329,583
PROFIT BEFORE TAX		2,385,945,165	2,933,352,692
Add / (Less): Provision for Taxation			
- Current Tax		(568,000,000)	(340,000,000)
- Deferred Tax (Charge) /Credit (Refer Note 6)		(52,652,154)	110,801,315
- Fringe Benefit Tax		—	(1,500,000)
- Wealth Tax		(131,000)	(175,500)
PROFIT FOR THE YEAR BEFORE PRIOR PERIOD ADJUSTMENTS		1,765,162,011	2,702,478,507
Add / (Less) :			
Short Provision for Taxation in respect of earlier year		(27,528,407)	(67,723,546)
Prior Period Adjustments (Net) (Refer Note 13)		314,665	3,042,382
NET PROFIT		1,737,948,269	2,637,797,343
Add / (Less) :			
Balance brought forward from previous year		5,083,206,686	2,523,445,008
AMOUNT AVAILABLE FOR APPROPRIATION		6,821,154,955	5,161,242,351
Appropriations :			
Proposed Dividend		363,679,355	66,700,000
Tax on Proposed Dividend		61,807,306	11,335,665
Debenture Redemption Reserve		250,000,000	—
General Reserve		175,000,000	—
Balance carried to Balance Sheet		5,970,668,294	5,083,206,686
Earning per Share of Rs. 10 each (Basic and Diluted) (Refer Note 14)		24.81	39.55
Notes forming part of the Accounts	O		

As per our report of even date

For and on behalf of
DALAL & SHAH
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

For and on behalf of the Board

VYOMESH M. SHAH
MANAGING DIRECTOR

MADHUKAR B. CHOBE
WHOLETIME DIRECTOR

SHISHIR DALAL
PARTNER
Membership No. F-037310

VIRAL D. DOSHI
PARTNER
Membership No. F-105330

CHETAN S. MODY
COMPANY SECRETARY

BHARAT MODY
CHIEF FINANCE
OFFICER

MUMBAI
Date: August 7, 2010

MUMBAI
Date: August 7, 2010



ACKRUTI CITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009 - 2010 (Rupees)	2008 - 2009 (Rupees)
I CASH FLOW ARISING FROM OPERATING ACTIVITIES :		
Net Profit before Tax as per Profit and Loss Account	2,385,945,165	2,933,352,692
Add / (Deduct) :		
Interest and Finance Charges	1,196,845,849	1,087,234,801
Depreciation and Amortisation	31,068,826	40,514,698
Provision for Doubtful Advances (Net)	5,300,000	80,588,447
Dividend from Current Investments	(2,099,280)	(3,978,381)
Dividend from Subsidiary	—	(34,000,000)
Interest Income	(310,954,052)	(286,432,884)
Project Expenses Written off / Amortised	9,747,946	59,701,878
Prior Period Adjustments (Net)	314,665	2,557,987
Loss on Sale / Discardment of Fixed Assets (Net)	181,871	29,720,841
	930,405,825	975,907,387
Operating Profit before Working Capital Changes	3,316,350,990	3,909,260,079
Add / (Deduct) :		
(Increase) in Inventories	(1,851,795,951)	(909,687,937)
(Increase) / Decrease in Trade and Other Receivables (Including contractual interests in other projects)	679,457,304	(3,535,625,034)
Increase / (Decrease) in Trade Payables	(500,684,114)	542,741,370
Direct Taxes Paid	(456,622,033)	(308,047,809)
	(2,129,644,794)	(4,210,619,410)
Net Cash Flow in the course of Operating Activities	1,186,706,196	(301,359,331)
II CASH FLOW ARISING FROM INVESTING ACTIVITIES :		
Inflow / (Outflow) on account of :		
Dividend from Current Investments	2,099,280	3,978,381
Dividend from Subsidiary	—	34,000,000
Interest Income	310,954,052	286,432,884
(Increase) in Loans and Advances (Including towards Share Application)	(2,279,260,191)	(2,092,032,524)
Fixed Assets (Net)	(30,323,538)	(42,398,914)
Long term Investments (Net)	122,041,689	(621,693,380)
Current Investments (Net)	(247,956,398)	20,015,431
	(2,122,445,106)	(2,411,698,122)
Net Cash Flow in the course of Investing Activities	(2,122,445,106)	(2,411,698,122)
III CASH FLOW ARISING FROM FINANCING ACTIVITIES :		
Inflow / (Outflow) on account of :		
Equity Share Capital	60,358,710	—
Securities Premium	2,963,612,661	—
Increase in Secured Loans	277,383,250	2,602,717,596
Increase/ (Decrease) in Unsecured Loans	(260,764,940)	1,105,121,385
Interest and Finance Charges	(1,169,196,148)	(1,084,842,198)
Dividend Paid	(66,700,000)	(46,692,211)
Tax on Dividend Paid	(11,335,665)	(7,934,966)
Share Issue Expenses	(139,031,439)	—
	1,654,326,429	2,568,369,606
Net Cash Flow in the course of Financing Activities	1,654,326,429	2,568,369,606
Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)	718,587,519	(144,687,847)
Add: Balance at the beginning of the year	15,777,078	160,464,925
Cash and Cash Equivalents at the close of the year	734,364,597	15,777,078
Reconciliation of Cash and Bank Balances given in Schedule F is as follows :-		
Cash and Bank Balances	792,644,837	47,433,304
Less: Margin Money Balances	(58,280,240)	(31,656,226)
Cash and Cash Equivalents at the close of the year	734,364,597	15,777,078

As per our report of even date

For and on behalf of the Board

For and on behalf of
DALAL & SHAH
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER
Membership No. F-037310

VIRAL D. DOSHI
PARTNER
Membership No. F-105330

CHETAN S. MODY
COMPANY SECRETARY

BHARAT MODY
CHIEF FINANCE
OFFICER

MADHUKAR B. CHOBE
WHOLETIME DIRECTOR

MUMBAI
Date: August 7, 2010

MUMBAI
Date: August 7, 2010



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
125,000,000 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		
72,735,871(66,700,000) Equity Shares of Rs.10 each fully paid up (During the year the Company issued 6,035,871 Equity Shares of Rs.10/- each under Qualified Institutions Placement (QIP))	727,358,710	667,000,000
(Of the above, 58,500,000 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	<u>727,358,710</u>	<u>667,000,000</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
Securities Premium Account Balance as per last Account	3,247,030,765	3,247,030,765
Add / (Less) :		
Received during the year (On issue of 6,035,871 Equity Shares at a premium of Rs. 491/- each under QIP)	2,963,612,661	—
Share Issue Expenses on QIP	(139,031,439)	—
	6,071,611,987	<u>3,247,030,765</u>
Debenture Redemption Reserve Balance as per last Account	—	—
Add / (Less) :		
Transferred from Profit and Loss Account	250,000,000	—
	250,000,000	—
General Reserve Balance as per last Account	1,338,000,000	1,338,000,000
Add / (Less) :		
Transferred from Profit and Loss Account	175,000,000	—
	1,513,000,000	<u>1,338,000,000</u>
Surplus in Profit and Loss Account	5,970,668,294	<u>5,083,206,686</u>
Per Balance Sheet	<u>13,805,280,281</u>	<u>9,668,237,451</u>



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
SCHEDULE 'C'		
LOAN FUNDS		
Secured Loans		
a) Debentures - One Secured, Redeemable, Non-cumulative, Non-convertible Debenture of the face value of Rs.100 crore Part A- Face value Rs. 90 crore, Part B- Face value Rs. 10 crore to be redeemed at the end of 48 months. (Secured against mortgage of assets of Saiwadi Project, (Andheri East), including rights to LOI, Commercial and Residential Buildings)	1,000,000,000	—
b) Loans from Banks (Refer Note 7) Interest Accrued on above	5,267,641,829	3,004,750,129 31,415,345
c) Loans from Financial Institutions (Refer Note 7)	5,267,641,829	3,036,165,474
d) Loans from Banks against Future Lease Rentals	1,621,478,942	966,600,000
e) Vehicle Loan from a company (Secured against Vehicles purchased there against)	—	1,005,000,948
f) Short Term / Working Capital Loans from Banks Interest Accrued on above	72,062	313,508 300,000,000 7,368,946
g) Loans from other companies (Refer Note 7) Interest Accrued on above	345,134,023	307,368,946 2,680,279,021 22,335,570
Per Balance Sheet	8,234,326,856	8,018,063,467
Unsecured Loans		
Fixed Deposits (Includes from Directors Rs.3,400,000/-; PY Rs.88,400,000/-)	91,008,000	187,255,000
Short Term Loans from Subsidiary Companies Interest Accrued on above	18,431,923	13,164,023 224,265
Short Term Loans from Other Companies Interest Accrued on above	1,635,776,472	13,388,288 1,805,562,312 2,226,295
Per Balance Sheet	1,745,216,395	2,008,431,895

Schedule 'D' FIXED ASSETS

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31 st March, 2009	Additions/ Adjustments during the year	Deductions/ Adjustments	As at 31 st March, 2010	Upto 31 st March, 2009	Provided during the year	Deductions/ Adjustments	Upto 31 st March, 2010	As at 31 st March, 2010	As at 31 st March, 2009
	Freehold Land	795,680	—	—	795,680	—	—	—	—	795,680
Premises	7,849,937	1,400,000	—	9,249,937	1,120,519	361,786	—	1,482,305	7,767,632	6,729,418
Mivan System	30,329,362	5,103,849	—	35,433,211	5,514,772	9,675,312	—	15,190,084	20,243,127	24,814,590
Generator	6,058,741	—	—	6,058,741	2,671,988	471,097	—	3,143,085	2,915,656	3,386,753
Laboratory Equipment	1,656,277	—	—	1,656,277	224,076	199,219	—	423,295	1,232,982	1,432,201
Computers	15,779,624	2,623,132	154,356	18,248,400	8,682,101	3,169,538	64,466	11,787,173	6,461,227	7,097,523
Office Equipment	8,875,181	2,517,025	659,616	10,732,590	2,605,219	1,001,961	293,543	3,313,637	7,418,953	6,269,962
Furniture and Fixtures	27,717,457	2,546,355	380,087	29,883,725	11,837,722	3,122,598	54,468	14,905,852	14,977,873	15,879,735
Vehicles	36,838,988	864,898	6,128,441	31,575,445	18,528,352	4,701,746	5,236,460	17,993,638	13,581,807	18,310,636
Total (I)	135,901,247	15,055,259	7,322,500	143,634,006	51,184,749	22,703,257	5,648,937	68,239,069	75,394,937	84,716,498
Leased Assets (@)										
Leasehold Land	38,469,959	—	21,570,783	16,899,176	8,061,182	740,601	4,053,840	4,747,943	12,151,233	30,408,777
Commercial Premises \$	72,927,718	—	39,996,488	32,931,230	17,727,344	1,553,195	9,919,536	9,361,003	23,570,227	55,200,374
Furniture and Fixtures	27,835,278	—	24,278,224	3,557,054	16,524,366	771,608	15,341,248	1,954,726	1,602,328	11,310,912
Total (II)	139,232,955	—	85,845,495	53,387,460	42,312,892	3,065,404	29,314,624	16,063,672	37,323,788	96,920,063
Intangible Asset-Software	—	43,515,555	—	43,515,555	—	5,300,165	—	5,300,165	38,215,390	—
GRAND TOTAL	275,134,202	58,570,814	93,167,995	240,537,021	93,497,641	31,068,826	34,963,561	89,602,906	150,934,115	181,636,561
Previous Year	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	—
Capital Work-in-progress	—	—	—	—	—	—	—	—	12,554,381	38,961,575

Notes:

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

\$ Includes cost of shares held in companies (including one subsidiary and an associate) aggregating to Rs.1,104,800/- (PY Rs.1,476,210/-) carrying the occupancy rights in the premises.

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



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
SCHEDULE 'E'		
INVESTMENTS (Unquoted) (Trade, unless otherwise specified)		
Long term Investments (At Cost)		
I) Subsidiary Companies (Fully paid Equity Shares)		
a) 50000 Equity Shares of Rs.10/- each (P.Y. 50000 Equity Shares of Rs. 10/- each) Adhivitiya Properties Limited	500,000	500,000
b) 50000 Equity Shares of Rs.10/- each (P.Y. 50000 Equity Shares of Rs. 10/- each) TDR Properties Limited	500,000	500,000
c) 50000 Equity Shares of Rs.10/- each (P.Y. 50000 Equity Shares of Rs. 10/- each) Vama Housing Limited	500,000	500,000
d) 50000 Equity Shares of Rs.10/- each (P.Y. 50000 Equity Shares of Rs.10 each) Vishal Techno Commerce Limited	500,000	500,000
e) 50000 Equity Shares of Rs.10/- each (P.Y. 50000 Equity Shares of Rs.10/-each) Arnav Gruh Limited	500,000	500,000
f) 25510 Equity Shares of Rs.10/- each (P.Y. 25510 Equity Shares of Rs.10/- each) Vishal Nirman (India) Limited	255,100	255,100
g) 250000 Equity Shares of Rs.10/- each (P.Y. 250000 Equity Shares of Rs.10/- each) E Commerce Magnum Solution Limited	2,500,000	2,500,000
h) 50000 Equity Shares of Rs.10/- each (P.Y. 50000 Equity Shares of Rs.10/- each) Sheshan Housing & Area Development Engineers Limited	500,000	500,000
i) 4405 Equity Shares of Rs.100/-each (P.Y. 4300 Equity Shares of Rs.100/- each) Vaishnavi Builders & Developers Private Limited	7,220,466	430,000
j) 30000 Equity Shares of Rs.10/- each (P.Y. 30000 Equity Shares of Rs.10/- each) Holiac Realty Limited (Formerly New Empire Realtors Limited)	300,000	300,000
k) 100000 Equity Shares of Rs.10/- each (P.Y. 50000 Equity Shares of Rs.10/- each) Ackruti Warehousing Limited (Formerly Akruti Warehousing Limited)	60,000,000	500,000
l) 45000 Equity Shares of Rs.10/- each (P.Y. 45000 Equity Shares of Rs.10/- each) Devkrupa Build Tech Limited	450,000	450,000
m) 37000 Equity Shares of Rs. 10/- each (P.Y. 37000 Equity Shares of Rs. 10/- each) Gujarat Akruti-TCG Biotech Limited	370,000	370,000
c/f	74,095,566	7,805,100



ACKRUTI CITY

SCHEDULES FROM 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
SCHEDULE 'E' (contd.)		
b/f	74,095,566	7,805,100
n) 10000 Equity Shares of Rs.10/- each (P.Y. 10000 Equity Shares of Rs.10/- each) Pushpak Healthcare Services Private Limited	154,750,000	154,750,000
o) 1 Equity Shares of AED 150000/- (P.Y. 1 Equity Shares of AED 150000/-) Akruti Middle East, FZE	1,774,425	1,774,425
p) 47500 Equity Shares of Rs.10/-each (P.Y. 47500 Equity Shares of Rs.10/- each) Urvi Build Tech Limited	475,000	475,000
q) 36215 Equity Shares of Rs.10/- each (P.Y. Associate) Akruti Security Plates Private Limited (Formerly Akruti Security Plates Private Limited)	7,243,000	—
r) 20000 Cumulative Convertible Preference Shares of Rs.100/- each (P.Y. Associate) Akruti Security Plates Private Limited (Formerly Akruti Security Plates Private Limited)	2,000,000	—
s) Current Year Associate (P.Y. 26580 Equity Shares of Rs. 10/- each) Agreem Properties Limited	—	265,800
t) 10000 Equity Shares of Rs.10/- each (P.Y.Nil) Yantfi Buildcon Private Limited	100,000	—
u) 9000 Equity Shares of Rs.10/- each (P.Y.Nil) Upvan Lake Resorts Private Limited	90,000	—
v) 10000 Equity Shares of Rs.10/- each (P.Y.Nil) Jihant Housing Private Limited	100,000	—
w) 10000 Equity Shares of Rs. 10 /- each (P.Y. Nil) Superaction Realty Private Limited	100,000	—
x) 10000 Equity Shares of Rs.10/- each (P.Y. Nil) Nova Realty Private Limited	100,000	—
y) 10000 Equity Shares of Rs.10/- each (P.Y. Nil) Akruti Campus of Research and Education Private Limited (Formerly Akruti Campus of Research and Education Private Limited)	100,000	—
z) 10000 Equity Shares of Rs.10/- each (P.Y. Nil) Akruti City Farming Private Limited (Formerly Akruti City Farming Private Limited)	100,000	—
aa) 10000 Equity Shares of Rs.10/- each (P.Y. Nil) Akruti City Knowledge Private Limited (Formerly Akruti City Knowledge Private Limited)	100,000	—
ab) 10000 Equity Shares of Rs.10/- each (P.Y. Nil) Akruti Guestline Private Limited (Formerly Akruti Guestline Private Limited)	100,000	—
c/f	241,227,991	165,070,325



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March, 2010 (Rupees)		31st March, 2009 (Rupees)
SCHEDULE 'E' (contd.)			
b/f	241,227,991		165,070,325
ac) 50000 Equity Shares of Rs.10/- each (P.Y. Nil) Citygold Education Research Limited	500,000		—
ad) 10000 Equity Shares of Rs.10/- each (P.Y. Nil) Citygold Farming Private Limited	100,000		—
ae) 10000 Equity Shares of Rs.10/- each (P.Y. Nil) Harmony Erectors Private Limited	100,000		—
af) 10000 Equity Shares of Rs.10/- each (P.Y. Nil) Oracle Shelters Private Limited	100,000		—
ag) 50000 Equity Shares of Rs.10/- each (P.Y. Nil) ABP Realty Advisors Private Limited (Formerly Ackruti City Venture Capital Management Private Limited)	500,000		—
ah) 50000 Equity Shares of Rs.10/- each (P.Y. Nil) India Development And Construction Venture Capital Private Limited (Formerly Ackruti City Venture Capital Private Limited)	500,000		—
	243,027,991		165,070,325
II) Other Companies (Fully paid Shares / Debentures)			
A. Jointly Controlled Companies			
a) 2666619 Equity Shares of Rs. 10/- each (P.Y. Associate) Infrastructure Ventures India Private Limited	660,350,500		—
b) 25000 Equity Shares of Rs.100/- each (P.Y. Associate) Joyous Housing Limited	2,500,000		—
c) 659997 Equity Shares of Rs.10/- each (P.Y. Associate) DLF Ackruti Info Parks (Pune) Limited (Formerly DLF Akruti Info Parks Pune Limited)	6,599,970		—
	669,450,470		—
B. Associate Companies			
a) Current Year jointly controlled entity (P.Y. 2666619 Equity Shares of Rs.10/- each) Infrastructure Ventures India Private Limited	—	660,350,500	
b) Current Year jointly controlled entity (P.Y. 25000 Equity Shares of Rs.100/-each) Joyous Housing Limited	—	2,500,000	
c) 8000 Equity Shares of Rs.10/-each (P.Y. 8000 Equity Shares of Rs.10/-each) Pristine Developers Private Limited	80,000	80,000	
d) Current Year jointly controlled entity (P.Y. 659997 Equity Shares of Rs.10/- each) DLF Ackruti Info Parks (Pune) Limited (Formerly DLF Akruti Info Parks Pune Limited)	—	6,599,970	
c/f	80,000	912,478,461	669,530,470
			165,070,325



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'E' (contd.)	31st March, 2010 (Rupees)		31st March, 2009 (Rupees)	
b/f	80,000	912,478,461	669,530,470	165,070,325
e) 3203 Equity Shares of Rs.10/- each (P.Y. 3198 Equity Shares of Rs.10/- each) Chaitra Realty Limited	883,316,289		881,060,289	
f) 312500 Equity Shares of Rs.10/- each (P.Y. 312500 Equity Shares of Rs.10/- each) Glamorous Properties Private Limited	30,000,000		30,000,000	
g) 100000 Equity Shares of Rs.10/- each (P.Y. 100000 Equity Shares of Rs.10/- each) Zeus Infrastructure Private Limited	1,000,000		1,000,000	
h) 25000 Equity Shares of Rs.10/- each (P.Y. 10000 Equity Shares of Rs.10/- each) Ackruti City Bus Terminal (Mehsana) Private Limited (Formerly Ackruti City Bus Terminal (Mehsana) Limited)	250,000		100,000	
i) 25000 Equity Shares of Rs.10/- each (P.Y. 10000 Equity Shares of Rs.10/- each) Ackruti City Bus Terminal (Vadodara) Private Limited (Formerly Ackruti City Bus Terminal (Vadodara) Limited)	250,000		100,000	
j) 25000 Equity Shares of Rs.10/- each (P.Y. 10000 Equity Shares of Rs.10/- each) Ackruti City Bus Terminal (Surat) Private Limited (Formerly Multicity Bus Terminal (Surat) Private Limited)	250,000		100,000	
k) 25000 Equity Shares of Rs.10/- each (P.Y. 10000 Equity Shares of Rs.10/- each) Ackruti City Bus Terminal (Adajan) Limited (Formerly Multicity Bus Terminal (Surat-Adajan) Limited)	250,000		100,000	
l) 25000 Equity Shares of Rs.10/- each (P.Y. Subsidiary) Agreem Properties Limited	250,000		—	
m) 4997 Equity Shares of Rs.10/- each (P.Y. Nil) Shree Swami Samarth Developers Private Limited (A Partnership in the previous year)	49,970		—	
n) Current Year Subsidiary (P.Y.24500 Equity Shares of Rs.10/- each) Ackruti Security Plates Private Limited (Formerly Akruti Security Plates Private Limited)	—		4,900,000	
o) Current Year Subsidiary (P.Y.10208 Cumulative Convertible Preference Shares of Rs.100/- each) Ackruti Security Plates Private Limited (Formerly Akruti Security Plates Private Limited)	—		1,020,800	
p) 5000 Equity Shares of Rs.10/- each (P.Y. Nil) Harbinger Developers Private Limited	50,000		—	
q) 20000 Equity Shares of Rs.10/- each (P.Y. Nil) Buildbyte.Com (India) Private Limited	200,000		—	
c/f	915,946,259	912,478,461	1,587,911,559	165,070,325



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March, 2010 (Rupees)		31st March, 2009 (Rupees)	
SCHEDULE 'E' (contd.)				
b/f	915,946,259	912,478,461	1,587,911,559	165,070,325
r) 4350 Equity Shares of Rs.10 /- each (P.Y. Nil) Yellowcity Builders Private Limited	43,500		—	
s) 6095 ('A Class') Equity Shares of Rs.10 /- each (P.Y. Nil) Vinca Developer Private Limited	60,950		—	
t) 275000 Equity Shares of Rs.10 /- each (P.Y. Nil) Kamla Shanti Realities Private Limited	2,771,038		—	
u) 2600 Equity Shares of Rs.10 /- each (P.Y. Nil) Forefront Realty Private Limited (Formerly V. D. Developers Private Limited)	26,000		—	
	918,847,747		1,587,911,559	
C. Others				
(i) Fully paid Shares / Debentures : -				
a) 240 Equity Shares of Rs.100/- each (P.Y. 240 Equity Shares of Rs.100/- each) (Company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 for part of the year) Citygold Management Services Private Limited	24,000		24,000	
b) 37815 Equity Shares of Rs.10/- each (P.Y. 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 (P.Y. 6000 'B' Class Equity Shares of Rs.50/-each) (Company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956) Akruti Niharika Buildings Limited	300,000		300,000	
d) 250000 Optionally Convertible Debentures of Rs. 5,000/- each (P.Y. 250000 Optionally Convertible Debentures of Rs. 5,000/- each) Netzone Developers Private Limited	1,250,000,000		1,250,000,000	
e) 80000 Optionally Convertible Debentures of Rs. 1,000/- each (P.Y. Nil) Pivotal Infrastructure Private Limited	80,000,000		—	
(ii) Partly paid Shares : -				
a) 1882353 Equity Shares of Rs.10/- each, Rs. 9.46/- paid up, balance of Rs. 55.25/- each is uncalled liability (PY Nil) City Corporation Limited	896,000,000		—	
III) Capital of Partnership Firms / Joint Ventures				
c/f	2,226,702,150	704,718,908	1,250,702,150	1,881,104,921
	4,762,747,266		4,884,788,955	



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
SCHEDULE 'E' (contd.)		
b/f	4,762,747,266	4,884,788,955
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. 1,102,000/- (P.Y. Rs. 449000/-)	1,000,000	1,000,000
Sub-total - Long Term	4,763,747,266	4,885,788,955
<p>The above investments have been classified by the Company as long term investments in view of its intention to hold the same on a long term basis. However, investment in subsidiaries under serial number (y) to (ah) are considered long term since they are not readily realisable, although they are held exclusively for subsequent disposal.</p>		
Current Investments (Other than trade) (At lower of cost and fair value)		
Mutual Funds (Units of Rs.10 each)		
Dividend Option		
829403.905 Units (P.Y. Nil) of ICICI Prudential Flexible Income Plan Premium - Daily Dividend of Rs.10/- each (NAV : Rs 87,697,023 : P.Y. Nil)	87,697,023	—
5858781.234 Units (P.Y. Nil) of Reliance Medium Term Fund- Daily Dividend of Rs.10/- each (NAV : Rs 100,158,794 : P.Y. Nil)	100,158,794	—
6005974.074 Units (P.Y. Nil) of Birla Sunlife Savings Fund - Daily Dividend Reinvestment of Rs.10/- each (NAV : Rs 60,100,581 : P.Y. Nil)	60,100,581	—
Sub-total - Current	247,956,398	—
Per Balance Sheet	5,011,703,664	4,885,788,955
<p>During the year the Company acquired and sold the following investments:</p>		
Particulars	Units (Nos.)	Acquisition Cost (Rupees)
Mutual Fund (Units of Rs. 10/- each, unless specified)		
Dividend Option		
Birla Sun Life Cash Plus- Instl Premium Daily Dividend	44,912,421	450,000,000
ICICI Prudential Flexible Income Plan (Unit of Rs.100/- each)	3,310,162	350,000,000
ICICI Prudential Liquid Fund - Super Institutional Daily Dividend	70,860,560	787,500,000
Reliance Liquid Fund - Treasury Plan	58,872,782	900,000,000
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	18,916,918	200,018,037
Birla Sun Life Saving Fund - Institutional Daily Dividend	19,988,232	200,018,244
Birla Sun Life Cash Plus	19,984,433	200,234,028
Reliance Money Manager Fund (Unit of Rs.1000/- each)	349,631	350,028,546



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
SCHEDULE 'F'		
CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES (Refer Note 1(V))		
Stock-in-trade		
Floor Space Index (FSI)	134,041,830	145,043,709
Incomplete Projects	5,041,067,948	3,091,547,080
Finished Properties	2,901,134	33,441,691
	5,178,010,912	3,270,032,480
SUNDRY DEBTORS (Unsecured, Considered Good) (Refer Note 18)		
Debts outstanding for a period exceeding six months	659,780,831	4,430,527,008
Other Debts	127,259,834	82,453,537
	787,040,665	4,512,980,545
CASH AND BANK BALANCES		
Cash on hand	1,275,231	1,114,979
Bank Balances with Scheduled Banks		
— In Current Accounts	617,570,720	13,591,028
— In Deposit Accounts (Including Interest accrued Rs. 2,266,173/-;PY Rs.300,362/-)	115,518,646	1,071,071
— In Margin Money Accounts (Including Interest accrued Rs. 2,589,890/-;PY Rs.2,916,932/-)	58,280,240	31,656,226
	792,644,837	47,433,304
OTHER CURRENT ASSETS		
Unbilled Revenue (Refer Note 1(III))	1,516,283,106	—
Contractual Interests in Projects executed through Subsidiaries, Joint Ventures, etc. (Net of Amounts Recovered/Recoverable from other Entities) (Refer Note 1(VI))	295,779,283	1,192,252,008
Income Tax Refund	30,309,415	—
	1,842,371,804	1,192,252,008
LOANS AND ADVANCES (Unsecured, Considered Good, unless otherwise specified) (Refer Note 16)		
Loans to Subsidiary Companies	1,892,474,979	1,339,392,713
Loans and Advances to entities (Other than subsidiaries) for interest in projects and others	5,558,046,945	3,300,234,208
Advances towards Share Application / Purchase of Shares in entities for interest in projects and others (Includes Rs. 577,224,000/- PY Rs. 230,524,000/-) due from subsidiaries)	1,084,408,642	1,616,043,454
Advances against Land / Rights Good	1,935,067,246	1,579,138,378
Doubtful	60,200,000	60,700,000
Less : Provision	(60,200,000)	(60,700,000)
	1,935,067,246	1,579,138,378
c/f	10,469,997,812	7,834,808,753
	8,600,068,218	9,022,698,337



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March, 2010 (Rupees)		31st March, 2009 (Rupees)
SCHEDULE 'F' (Contd.)			
b/f	10,469,997,812	8,600,068,218	7,834,808,753
Loans to Employees (Interest Free)	236,747		315,347
Advances Recoverable in Cash or in Kind or for Value to be Received (Includes Rs. 463,485,464/- (P.Y. Rs. Nil) due from subsidiaries)			
Good	2,371,804,145		209,383,802
Doubtful	25,688,447		19,888,447
Less : Provision	(25,688,447)		(19,888,447)
	2,371,804,145		209,383,802
		12,842,038,704	8,044,507,902
Per Balance Sheet		21,442,106,922	17,067,206,239
SCHEDULE 'G'			
CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES			
Sundry Creditors (Refer Note 17) (Includes Rs. 14,559,219/- (P.Y. Rs. 2,408,010/-) due to Directors and Rs. 8,202,361/- (P.Y. Rs. 16,595,331/- due to Subsidiaries)	477,386,540		363,233,423
Advances from Customers	517,665,398		777,343,221
Deposits from Customers	—		241,699,854
Overdrawn Bank Balances as per books of account	67,890,798		67,303,646
Other Liabilities	117,813,800		217,542,562
Interest Accrued but not Due on Loans (Includes Rs. Nil (P.Y. Rs. 4,252/-) due to a Director)	233,898,345		9,407,847
		1,414,654,881	1,676,530,553
PROVISIONS			
Income Tax (Net of Advance Tax Rs. 1,004,327,172/- (P.Y. Rs. 609,451,429/-)	308,377,526		138,084,316
Fringe Benefit Tax (Net of Advance Tax Rs. 5,851,475/- (P.Y. Rs. 5,082,179/-)	—		770,921
Wealth Tax	—		175,500
Proposed Dividend	363,679,355		66,700,000
Tax on Proposed Dividend	61,807,306		11,335,665
Employee Benefits	7,649,995		21,967,939
		741,514,182	239,034,341
Per Balance Sheet		2,156,169,063	1,915,564,894



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31st March, 2010 (Rupees)	Year ended 31st March, 2009 (Rupees)
SCHEDULE 'H'		
SALES AND INCOME FROM OPERATIONS		
Sale of Properties / Rights	4,344,660,757	4,718,572,422
Sale of Incomplete Projects	—	50,321,320
	4,344,660,757	4,768,893,742
Less: Reversal of Development Rights / FSI sold	—	1,057,500,000
	4,344,660,757	3,711,393,742
Project management services	36,105,089	38,174,352
Income from premises given on lease (Gross, Tax Deducted at Source Rs. 7,238,140/- (P.Y. Rs. 63,820,459/-)	29,556,861	246,005,765
Per Profit and Loss Account	4,410,322,707	3,995,573,859
 SCHEDULE 'I'		
OTHER INCOME		
Dividend from Subsidiary	—	34,000,000
Dividend from Current Investments	2,099,280	3,978,381
Interest (Gross, Tax Deducted at Source Rs. 21,930,053/- (P.Y. Rs. 61,852,977/-)		
— Loans	303,567,121	273,051,379
— Bank Fixed Deposits	7,386,931	8,223,791
— Others	—	5,157,714
	310,954,052	286,432,884
Gain on Foreign Currency fluctuation (net)	—	200,143
Provisions no longer required	500,000	—
Miscellaneous Income	6,504,640	10,904,618
Per Profit and Loss Account	320,057,972	335,516,026
 SCHEDULE 'J'		
COST OF CONSTRUCTION/DEVELOPMENT		
Construction Costs incurred during the year (Refer Note 20)	2,924,213,447	1,096,932,021
Add : Written Down Value of Finished Properties transferred from Fixed Asset Schedule on sale of property (Refer Note 1(V)(B))	56,182,481	595,183,787
Per Profit and Loss Account	2,980,395,928	1,692,115,808



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'K'

(INCREASE)/DECREASE IN INVENTORIES

Opening Inventory :

Floor Space Index (FSI)

Incomplete Projects

Finished Properties

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

Less: Project Expenses Written Off

Closing Inventory :

Floor Space Index (FSI)

Incomplete Projects

Finished Properties

Per Profit and Loss Account

SCHEDULE 'L'

EMPLOYMENT COST (Refer Note 12)

(Net of amounts recovered from other entities Rs. 45,206,795/- (P.Y. Rs. Nil))

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, 2010 (Rupees)	Year ended 31st March, 2009 (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
	—	22,256,800
	—	36,200,393
	3,270,032,480	1,765,160,756
	134,041,830	145,043,709
	5,041,067,948	3,091,547,080
	2,901,134	33,441,691
	5,178,010,912	3,270,032,480
	(1,907,978,432)	(1,504,871,724)
	174,091,515	221,924,988
	1,440,048	8,001,430
	5,138,285	4,850,402
	722,072	875,955
	181,391,920	235,652,775
	59,945,163	132,447,522
	121,446,757	103,205,253



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31st March, 2010 (Rupees)	Year ended 31st March, 2009 (Rupees)
SCHEDULE 'M'		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
(Net of amounts recovered from other entities Rs. 12,967,024/- (P.Y. Rs. Nil))		
Insurance	3,339,748	6,088,481
Rent	700,526	2,492,442
Rates and Taxes	4,120,937	11,048,766
Advertisement	47,567,514	20,964,728
Advances and other debit balances written off	3,596,969	1,666,278
Donations	7,744,000	30,173,146
Brokerage	1,834,004	6,979,651
Directors' Fees and Travelling Expenses	1,853,888	2,060,973
Commission to Non-executive Directors	2,500,000	1,800,000
Bad Debts	—	398,336
Provision for Doubtful Advances	5,800,000	80,588,447
Repairs and Society Maintenance Charges	13,361,699	27,927,645
Legal and Professional Fees	154,408,201	118,501,855
Project Expenses Written Off / Amortised	9,747,946	59,701,878
Cost allocable to project management services.	82,487,214	42,019,456
Other Expenses	48,341,310	67,257,988
Loss on Foreign Currency fluctuation (net)	16,029	—
Loss on Sale / Discardment of Fixed Assets (Net)	181,871	29,720,841
	387,601,856	509,390,911
Less: Costs allocated to Contractual Interests in Projects executed through Subsidiaries, Joint Ventures, etc.	55,065,936	153,260,164
Per Profit and Loss Account	332,535,920	356,130,747
 SCHEDULE 'N'		
INTEREST AND FINANCE CHARGES		
(Net of amounts recovered from other entities Rs. 681,167,034/- (P.Y. Rs. Nil))		
Interest		
— Debentures	117,097,599	—
— Fixed Loans (Includes Interest on Fixed Deposits paid / payable to Managing and Whole time Director Rs. 6,087,205/- (P.Y. Rs. 3,790,535/-))	892,560,465	1,135,105,275
— Interest Others	105,999,880	324,863,596
	1,115,657,944	1,459,968,871
Loan Processing Fees and Other Finance Charges	91,493,917	164,749,770
	1,207,151,861	1,624,718,641
Less: Cost allocated to Contractual Interests in Projects executed through Subsidiaries, Joint Ventures, etc.	10,306,012	537,483,840
Per Profit and Loss Account	1,196,845,849	1,087,234,801



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

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, in accordance with the accounting principles generally accepted in India and 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 / Development 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, subject to the actual cost incurred being atleast 25 % of the total estimated project cost involved and receipt of atleast 10% of the total sale consideration. Further, revenue recognized in the aforesaid manner and related costs are both restricted to 90% until the construction activity and related formalities are substantially completed. Costs relating to construction / development are charged to the Profit and Loss Account in proportion with the revenue recognized during the year. The balance costs are carried as part of 'Incomplete Projects' under inventories. Amounts receivable / payable are reflected as Debtors / Unbilled Receivables or Advances from Customers, respectively, after considering income recognized in the aforesaid manner. Recognition of revenue relating to agreements entered into with the buyers, which are subject to fulfillment of obligations / conditions imposed on the Company by statutory authorities, is postponed till such obligations are discharged.

The Company was, upto 30th June, 2009, commencing revenue recognition on completion of 40% of the physical work as a proportion of the total work involved. Reference is invited to Note No. 21 below.

Estimated costs of the project are based on the management's estimate of the cost to be incurred upto the completion of the project and include cost of land, Floor Space Index (FSI), materials, services and other expenses attributable to the projects. Cost of construction / development is charged to the profit and loss account in proportion with the revenue recognized during the year. Adjustments, if required, are made on completion of respective projects.

- iii. The Sale proceeds of the Investments held in the Subsidiaries, Joint Ventures, etc. developing Real Estate Projects are included in real estate revenue, net of cost.

B. Profit/ Loss from Partnership Firms / Association of Persons:

Share of Profit / Loss from Partnership Firms / Association of Persons (AOP) is accounted in respect of the financial year of the Firm / AOP, 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.



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

D. Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

E. 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.
- D. Cost of customized software is amortised on a straight line basis over a period of five years.

V. INVENTORIES

All inventories are stated at Cost or Net Realizable Value, whichever is lower.

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

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

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

Costs incurred by the Company allocable / attributable for execution of development projects undertaken through its Subsidiaries, Joint Ventures, etc. are carried at Cost or Net Realisable Value, whichever is lower. Such costs, incurred for execution of these projects, net of recoveries made thereagainst, are carried as "Contractual interests in projects executed through Subsidiaries, Joint Ventures, etc." under Current Assets. The manner of allocation of costs to such projects and the basis / principles applicable for recognition of such costs are same as that of costs incurred for 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;



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

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; and

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

IX. BORROWING COSTS

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

X. SHARE ISSUE EXPENSES

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

XI. FOREIGN CURRENCY TRANSACTIONS

- A.** All transactions in foreign currency are recorded in the reporting currency, 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. TAXATION

Income tax expense comprises Current Tax 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. The deferred tax asset and deferred tax liability is calculated by applying tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of deferred tax assets are reviewed to reassure realization.

XIV. 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.

XV. 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 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.



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

2. RELATED PARTIES DISCLOSURES

A. NAMES OF RELATED PARTIES AND DESCRIPTION OF RELATIONSHIPS

I) SUBSIDIARIES

1. ABP Realty Advisors Private Limited (Formerly known as Ackruti City Venture Capital Management Private Limited) (w.e.f. F.Y. 2009-2010)
2. Ackruti Campus of Research and Education Private Limited (Formerly known as Akruti Campus of Research and Education Private Limited) (w.e.f. F.Y. 2009-2010)
3. Ackruti Center Infotech Limited
4. Ackruti City Farming Private Limited (Formerly known as Akruti City Farming Private Limited) (w.e.f. F.Y. 2009-2010)
5. Ackruti City Knowledge Private Limited (Formerly known as Akruti City Knowledge Private Limited) (w.e.f. F.Y. 2009-2010)
6. Ackruti Guestline Private Limited (Formerly known as Akruti Guestline Private Limited) (w.e.f. F.Y. 2009-2010)
7. Ackruti Security Plates Private Limited (Formerly known as Akruti Security Plates Private Limited) (w.e.f. F.Y. 2009-2010) (associate during the previous year)
8. Ackruti Warehousing Limited (Formerly known as Akruti Warehousing Limited)
9. Adhivitiya Properties Limited
10. Akruti Middle East, FZE
11. Arnav Gruh Limited
12. Citygold Education Research Limited (w.e.f. F.Y. 2009-2010)
13. Citygold Farming Private Limited (w.e.f. F.Y. 2009-2010)
14. Devkrupa Build Tech Limited
15. E Commerce Magnum Solution Limited
16. Gujarat Akruti - TCG Biotech Limited
17. Harmony Erectors Private Limited (w.e.f. F.Y. 2009-2010)
18. India Development And Construction Venture Capital Private Limited (Formerly known as Ackruti City Venture Capital Private Limited) (w.e.f. F.Y. 2009-2010)
19. Holiac Realty Limited (Formerly known as New Empire Realtors Limited)
20. Jihant Housing Private Limited (w.e.f. F.Y. 2009-2010)
21. Nova Realty Private Limited (w.e.f. F.Y. 2009-2010)
22. Oracle Shelters Private Limited (w.e.f. F.Y. 2009-2010)
23. Pushpak Healthcare Services Private Limited
24. Sheshan Housing & Area Development Engineers Limited
25. Superaction Realty Private Limited (w.e.f. F.Y. 2009-2010)
26. TDR Properties Limited
27. Upvan Lake Resorts Private Limited (w.e.f. F.Y. 2009-2010)
28. Urvi Build Tech Limited
29. Vaishnavi Builders & Developers Private Limited
30. Vama Housing Limited
31. Vishal Nirman (India) Limited
32. Vishal Techno Commerce Limited
33. Yantti Buildcon Private Limited (w.e.f. F.Y. 2009-2010)



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

II) ASSOCIATES, WHERE TRANSACTIONS HAVE TAKEN PLACE

1. Ackruti City Bus Terminal (Adajan) Limited (Formerly known as Multicity Bus Terminal (Surat-Adajan) Limited)
2. Ackruti City Bus Terminal (Mehsana) Private Limited (Formerly a public limited company)
3. Ackruti City Bus Terminal (Vadodara) Private Limited (Formerly a public limited company)
4. Agreeem Properties Limited (subsidiary during the previous year)
5. Buildbyte.Com (India) Private Limited (w.e.f. F.Y. 2009-2010)
6. Chaitra Realty Limited
7. Forefront Realty Private Limited (Formerly known as V D Developers Private Limited) (w.e.f. F.Y. 2009-2010)
8. Gallant Infotech Private Limited
9. Glamorous Properties Private Limited
10. Harbinger Developers Private Limited (w.e.f. F.Y. 2009-2010)
11. Kamla Shanti Realties Private Limited (w.e.f. F.Y. 2009-2010)
12. Ackruti City Bus Terminal (Surat) Private Limited (Formerly known as Multicity Bus Terminal (Surat) Private Limited)
13. Pristine Developers Private Limited
14. Shree Swami Samarth Developers Private Limited (Partnership Firm in Previous year)
15. Vinca Developer Private Limited (w.e.f. F.Y. 2009-2010)
16. Yellowcity Builders Private Limited (w.e.f. F.Y. 2009-2010)
17. Zeus Infrastructure Private Limited

III) JOINTLY CONTROLLED ENTITIES

1. Aarti Projects & Constructions
2. Akruti Forefront JV
3. Akruti GM JV
4. Akruti Jay Chandan JV
5. Akruti Jay Developers
6. Akruti Kailash Constructions
7. Akruti Realty Forefront Combine
8. Akruti Steelfab Corporation
9. Hiranandani Akruti JV
10. Niharika Shopping Mall JV (For a part of the year)
11. Shreenath Realtors
12. Commercial Construction Corporation
13. DLF Ackruti Info Parks (Pune) Limited (Formerly known as DLF Akruti Info Parks (Pune) Limited) (Associate during the previous year)
14. Infrastructure Ventures India Private Limited (Associate during the previous year)
15. Joyous Housing Limited (Associate during the previous year)
16. Akruti SMC JV
17. Gandhi Adhivitiya Combine



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

IV) (a) KEY MANAGEMENT PERSONNEL

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

(b) RELATIVES OF KEY MANAGEMENT PERSONNEL (where transactions have taken place)

1. Mrs. Kunjal H. Shah
2. Mrs. Falguni V. Shah
3. Mrs. Lata M. Shah
4. Mr. Rushank V. Shah
5. Mr. Khilen V. Shah
6. Master Kushal H. Shah
7. Hemant M. Shah HUF
8. Vyomesh M. Shah HUF
9. Mahipatray V. Shah HUF

(c) ENTERPRISES WHERE KEY MANAGERIAL PERSONNEL OR THEIR RELATIVES EXERCISE SIGNIFICANT INFLUENCE (where transactions have taken place)

1. Citygold Management Services Private Limited
2. Ackruti Safety Innovations Limited
3. Ackruti Salt Works Limited
4. Boulevard Realty Private Limited (w.e.f. F.Y. 2009-2010)
5. Fourjone Realtors Private Limited
6. Ichha Constructions Private Limited
7. Refresh Buildcon Private Limited (w.e.f. F.Y. 2009-2010)
8. Saicharan Consultancy Private Limited
9. Sanskriti Developers Private Limited
10. Ackruti City Bus Terminal (Ahmedabad) Private Limited

Note: Related Party relationships are identified by the Company and relied upon by the auditors



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

B) Transactions with Related Parties:

(Rupees)

Sr. No.	Nature of transaction	Subsidiary Companies	Associate Companies	Joint Ventures / Partnership Firms	Key Management Personnel, their Relatives and Enterprises
i.	Loans and Advances received/ recovered/ adjusted				
	Citygold Farming Private Limited	542,156,711 (28,947,268)	-	-	-
	Vishal Techno Commerce Limited	658,450,000 (760,000)	-	-	-
	DLF Ackruti Info Parks (Pune) Limited	-	-	850,859,869	-
	Jay Developers	-	-	529,000,000	-
	Others	850,686,875 (1,726,594,061)	437,637,927 (342,617,811)	396,508,759 (260,940,750)	304,175,186 (2,019,359,523)
ii.	Loans and Advances given/ repaid/ adjusted				
	Ackruti City Knowledge Private Limited	576,110,050 (151,931,186)	-	-	-
	Zeus Infrastructure Private Limited	-	2,289,780,000 (356,600,000)	-	-
	Others	1,407,054,395 (2,168,854,177)	559,726,349 (615,995,900)	379,112,761 (623,456,727)	490,125,560 (716,814,028)
iii.	Interest Income				
	Zeus Infrastructure Private Limited	-	222,560,174 (-)	-	-
	Akruti Jay Developers	-	-	277,427,561	-
	Others	450,041,547 (130,002,655)	120,307,169 (90,995,675)	251,333,757 (-)	14,269,191 (47,441,591)
iv.	Interest Expense				
	Mr. Vyomesh M. Shah	-	-	-	2,088,329 (1,531,781)
	Mr. Hemant M. Shah	-	-	-	1,829,068 (2,258,754)
	Hemant M. Shah (HUF)	-	-	-	1,504,795 (3,354,053)
	Others	1,090,917 (1,576,342)	-	-	3,537,194 (108,075,314)
v.	Advance Against Share Application				
	Jihant Housing Private Limited	120,000,000 (-)	-	-	-
	Ackruti Guestline Private Limited	670,000,000 (150,000)	-	-	-
	Others	15,250,000 (236,836,619)	1,045,000 (10,000,048)	-	-
vi.	Advance against Share application adjusted/ refunded				
	Ackruti City Knowledge Private Limited	464,200,000 (-)	-	-	-
	Ackruti City Farming Private Limited	192,197,000 (-)	-	-	-



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

B) Transactions with Related Parties:

(Rupees)

Sr. No.	Nature of transaction	Subsidiary Companies	Associate Companies Firms	Joint Ventures / Partnership	Key Management Personnel, their Relatives and Enterprises
	Ackruti Guestline Private Limited	432,100,000 (-)	- (-)	- (-)	- (250,000,000)
	Citygold Farming Private Limited	239,100,000 (-)	- (-)	- (-)	- (-)
	Others	242,215,000 (-)	- (-)	50,000,000 (-)	850,000 (-)
vii.	Services availed/ received				
	Ackruti Center Infotech Limited	8,603,005 (11,372,104)	- (-)	- (-)	- (-)
	Others	- (9,654,412)	946,012 (-)	- (-)	5,240 (14,289,330)
viii.	Services rendered				
	DLF Ackruti Info Parks (Pune) Limited	- (-)	- (-)	30,455,615 (32,758,352)	- (-)
	Citygold Management Services Private Limited	- (-)	- (-)	- (-)	26,977,174 (-)
	Others	- (-)	- (1,726,000)	5,649,474 (3,690,000)	509,900 (-)
ix.	Rent received				
	Citygold Management Services Private Limited	- (-)	- (-)	- (-)	13,632,915 (14,890,291)
x.	Rent paid				
	Iccha Constructions Private Limited	- (-)	- (-)	- (-)	502,710 (600,000)
xi.	Directors Remuneration				
	Mr. Vyomesh M. Shah	- (-)	- (-)	- (-)	21,006,400 (16,512,000)
	Mr. Hemant M. Shah	- (-)	- (-)	- (-)	23,632,200 (18,576,000)
	Others	- (-)	- (-)	- (-)	4,560,000 (4,800,000)
xii.	Purchase of TDR/ materials				
	Akruti Steelfab Corporation	- (-)	- (-)	9,400,000 (-)	- (-)
	Others	38,605 (134,693)	398,001 (638,863)	- (504,298)	1,400,000 (-)



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

B) Transactions with Related Parties:

(Rupees)

Sr. No.	Nature of transaction	Subsidiary Companies	Associate Companies Firms	Joint Ventures / Partnership	Key Management Personnel, their Relatives and Enterprises
xiii.	Deposits received				
	Mrs. Kunjal H. Shah	-	-	-	4,000,000
		(-)	(-)	(-)	(3,000,000)
	Mrs. Lata M. Shah	-	-	-	1,500,000
		(-)	(-)	(-)	(-)
	Mr. Hemant M. Shah	-	-	-	2,000,000
		(-)	(-)	(-)	(38,500,000)
	Mr. Vyomesh M. Shah	-	-	-	-
		(-)	(-)	(-)	(45,600,000)
	Vyomesh M. Shah (HUF)	-	-	-	-
		(-)	(-)	(-)	(7,000,000)
	Others	-	-	-	3,500,000
		(-)	(-)	(-)	(8,280,500)
xiv.	Deposits repaid				
	Mr. Hemant M. Shah	-	-	-	45,500,000
		(-)	(-)	(-)	(-)
	Mr. Vyomesh M. Shah	-	-	-	45,777,800
		(-)	(-)	(-)	(700,000)
	Hemant M. Shah (HUF)	-	-	-	30,000,000
		(-)	(-)	(-)	(-)
	Others	-	-	-	11,634,620
		(-)	(-)	(-)	(-)
xv.	Sale of material	-	-	-	-
		(-)	(387,918)	(-)	(13,500)
xvi.	Investments made				
	Akruti GM JV	-	-	13,110,000	-
		(-)	(-)	(97,80,000)	(-)
	Shree Swami Samarth Developers Private Limited	-	-	7,000,000	-
		(-)	(-)	(286,500,000)	(-)
	Ackruti Warehousing Limited	59,500,000	-	-	-
		(-)	(-)	(-)	(-)
	Others	11,823,466	6,057,458	166,929,832	-
		(155,585,000)	(150,870,812)	(7,839,429,832)	(-)
xvii.	Investments withdrawn (at cost)				
	Shree Swami Samarth Developers Private Limited	-	-	293,500,000	-
		(-)	(-)	(-)	(-)
	Others	-	-	-	-
		(-)	(-)	(123,250,000)	(-)
xviii.	Share of profit from Partnerships/ Joint ventures				
	Akruti Kailash Constructions	-	-	380,885,837	-
		(-)	(-)	(4,611,692)	(-)



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

B) Transactions with Related Parties:

(Rupees)

Sr. No.	Nature of transaction	Subsidiary Companies	Associate Companies Firms	Joint Ventures / Partnership	Key Management Personnel, their Relatives and Enterprises
	Akruti Chandan JV	- (-)	- (-)	47,030,187 (-)	- (-)
	Others	- (-)	- (-)	2,623,575 (774,866)	- (-)
xix.	Share of loss from Partnerships/ Joint Ventures				
	Akruti Forefront JV	- (-)	- (-)	20,468,352 (291,629)	- (-)
	Others	- (-)	- (-)	191,913 (4,875,104)	- (-)
xx.	On behalf payments (Including Reimbursement of Expenses)				
	Vishal Techno Commerce Limited	25,574,807 (-)	- (-)	- (-)	- (-)
	Pristine Developers Private Limited	- (-)	20,175,457 (1,450)	- (-)	- (-)
	Others	47,746,491 (2,502,361)	18,047,287 (-)	69,834,376 (7,761,831)	48,762 (4,844,591)
	Security by way of shares in the Company pledged against loans availed by the Company	- (-)	- (-)	- (-)	Amount not quantifiable #
	Corporate Guarantees given for loans availed by others (net of guarantees vacated)	930,000,000 (-)	780,000,000 (530,000,000)	271,514,000 (-)	- (-)
	Corporate Guarantees vacated for loans availed by others (net of guarantees given)	- (-)	- (-)	- (350,000,000)	- (280,000,000)
xxi.	Balances outstanding *				
	Receivable				
	Zeus Infrastructure Private Limited	- (-)	2,925,404,806 (611,179,615)	- (-)	- (-)
	Others	2,894,475,904 (1,569,916,713)	264,401,254 (1,228,684,570)	1,726,483,509 (930,310,281)	63,508,474 (1,472,687,214)
	Payable				
	Citygold Farming Private Limited	18,431,923 (-)	- (-)	- (-)	- (-)
	Kamla Shanti Realities Private Limited	- (-)	88,000,000 (-)	- (-)	- (-)
	Others	8,202,361 (29,983,619)	1,408,559 (-)	- (5,072,197)	37,948,726 (2,007,946,905)
	Guarantees / Securities Security by way of shares in the Company pledged against loans availed by the Company	- (-)	- (-)	- (-)	Amount not quantifiable #
	Corporate Guarantees given for loans availed by others (amount outstanding thereagainst)	782,726,319 (6,400,000)	780,000,000 (259,200,000)	1,740,147,681 (711,200,000)	- (-)

* including balances relating to transactions entered when these were not related

amounts not quantifiable since they fluctuate based on market price of the quoted shares



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

3. THE DETAILS OF INVESTMENTS MADE IN CAPITAL OF PARTNERSHIP FIRMS AND JOINT VENTURES, AS AT 31-03-2010 ARE AS UNDER:

A) PARTNERSHIP FIRMS

I) 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

II) M/s Akruti Jay Developers

	Name of the Partners	Share of Partner	Capital (Rupees)
A)	Ackruti City Limited	66.66%	246,600,000
B)	Hazel Erectors Private Limited	33.34%	2,400,000
	Total	100.00%	249,000,000

III) 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

IV) 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

V) M/s Commercial Construction Corporation

	Name of the Partner	Share of Partner	Capital (Rupees)
A)	Eklavya Securities Private Limited (formerly known as State Street Securities Private Limited)	11.25 %	—
B)	Money Link Securities Private Limited	11.25 %	—
C)	Amal Finance Private Limited	5.00 %	—
D)	Mukesh M Doshi	12.50 %	—
E)	Mukesh M Doshi (HUF)	5.00 %	—
F)	Kaushal M Doshi	5.00 %	—
G)	Ackruti City Limited	50.00 %	—
	Total	100.00%	—



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

VI) M/s Shreenath Realtors

	Name of the Partner	Share of Partner	Capital (Rupees)
A)	Ackruti City Limited	50.00 %	77,500,000
B)	Farooq Y. Patel	11.25 %	39,252,250
C)	Sailesh R. Mahimtura HUF	8.125%	15,626,625
D)	Hiten R. Mahimtura HUF	8.125%	15,876,625
E)	Dolbi Incon Private Limited	22.50 %	86,743,784
	Total	100.00%	234,999,284

VII) M/s Gandhi Adhivitiya Combine

	Name of the Partner	Share of Partner	Capital (Rupees)
A)	Rajendra M Gandhi	10.00 %	675,000
B)	Ajitkumar M Gandhi	10.00 %	1,175,000
C)	Kirankumar M Gandhi	10.00 %	1,175,000
D)	Kiritkumar M Gandhi	10.00 %	1,175,000
E)	Adhivitiya Properties Limited	45.00 %	46,354,215
F)	Forefront Property Developers Private Limited	15.00 %	925,000
	Total	100.00%	51,479,215

B) INTEREST IN JVS

	Name of the Joint Ventures	Share of Interest
	- In Association of Person	
i)	Akruti Jay Chandan JV	50.00 %
ii)	Akruti GM JV	50.00 %
iii)	Akruti Forefront JV	75.00 %
iv)	Hiranandani Akruti JV	55.00 %
v)	Akruti Realty Forefront Combine	90.00 %
vi)	Akruti SMC JV	50.00 %
	- In body corporates	
vii)	Joyous Housing Limited	25.00 %
viii)	Infrastructure Ventures India Private Limited	40.00 %
ix)	DLF Ackruti Info Parks (Pune) Limited	33.33 %

C) Interest in the assets, liabilities, income and expenses with respect to entities under joint control as at 31st March, 2010 (Rupees)

A.	Assets:	2009-2010
	a) Fixed Assets (Net Block)	877,230,067
	Capital Work In Progress	703,594,535
	b) Investment	115,328,602
	c) Current Assets, Loans and Advances :	
	Inventories	1,527,787,363
	Sundry Debtors	868,399,256
	Cash and Bank Balances	274,947,215
	Other Current Assets	261,762,674
	Loans and Advances	619,169,142



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees)

A.	Assets (Continued):	2009-2010
B.	Liabilities:	
	a) Loan Funds:	
	Secured	1,725,398,565
	Unsecured	962,329,755
	b) Current Liabilities and Provisions:	
	Current Liabilities	953,270,833
	Provisions	200,528,984
	c) Deferred Tax Liability (Net)	1,236,484
C.	Total Income	1,483,347,769
D.	Expenditure:	
	a) Cost of Construction / Development	510,368,197
	b) Purchase of material/ TDR	44,160
	c) (Increase)/Decrease in Inventories	(377,065,950)
	d) Employment Cost	4,466,318
	e) Project Management Fee	9,910,433
	f) Administrative, Selling and Other Exp	121,022,815
	g) Interest and Finance Charges	511,750,990
	f) Depreciation and Amortization	37,164,461
	g) Prior Period Adjustments	7,321,138

4. LEASE RENTAL OBLIGATION IN RESPECT OF PREMISES TAKEN UNDER OPERATING LEASE:

	As at 31-03-2010 (Rupees)	As At 31-03-2009 (Rupees)
Lease rentals payable not later than one year	160,000	600,000
Later than one year but not later than five years	—	300,000
Later than five years	—	—

5. LEASE RENTAL INCOME IN RESPECT OF PREMISES GIVEN UNDER OPERATING LEASE:

	As at 31-03-2010 (Rupees)	As At 31-03-2009 (Rupees)
Lease rentals receivable not later than one year	—	10,431,628
Later than one year but not later than five years	—	22,371,373
Later than five years	—	—



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

6. DEFERRED TAXATION FOR THE YEAR ENDED 31ST MARCH, 2010:

	As at 31-03-2009 (Rupees)	Charge/(Credit) during the year (Rupees)	As at 31-03-2010 (Rupees)
Deferred Tax Liability / (Asset) on account of			
i. Depreciation	(15,288,821)	3,323,843	(11,964,978)
ii. Expenses allowable for Tax Purpose in subsequent year(s)	(88,415,556)	49,328,311	(39,087,245)
Net Deferred Tax Liability / (Asset)	(103,704,377)	52,652,154	(51,052,223)
Previous Year	7,096,938	(110,801,315)	(103,704,377)

7. DETAILS OF SECURITY GIVEN AGAINST:

SR. No.	NAME OF THE LENDER	SECURITY OFFERED (Further secured by way of personal guarantee of one or more Directors)
1	State Bank of India	<ul style="list-style-type: none"> i. Registered mortgage of part plot at Kondhwa Pune ii. Hypothecation of receivables in respect of projects at Voltas & Asiatic Gases, Thane. iii. Pledge of equity shares in the Company held by the Promoters.
2	Punjab National Bank	<ul style="list-style-type: none"> i. Mortgage/ assignment of Development rights arising from projects at a) Mt. Mary, Bandra b) Mayanagar, Worli c) Shastrinagar Bandra d) Shankarwadi, Jogeshwari e) Akruti Gardenia, Mira Road and ii. First charge by way of Escrow of receivables from above projects.
3	Indian Overseas Bank	<ul style="list-style-type: none"> i. Equitable mortgage of property at Mahalaxmi, Mumbai. ii. Pledge of equity shares in the Company held by the Promoters.
4	Bank of India	<ul style="list-style-type: none"> i. Mortgage of Immovable property and proposed structures thereof located at Saiwadi, Andheri (East). ii. Assignment of FSI accruing from construction of rehab buildings and Development Rights thereof. iii. Joint Deed of Hypothecation of stocks of materials imported under letter of credit. iv. Joint Deed of Hypothecation of Plant & Machineries and other building material imported under letter of credit. v. Collateral security of Escrow of lease rental receivable from Shopping Mall (including Car parks) under TRA mechanism
5	Canara Bank	<ul style="list-style-type: none"> i. Mortgage of land, FSI rights and structures thereof. ii. Charge on all revenues/ receivables of the project realizable including amounts realisable through Escrow Account. iii. Overdraft limit is secured against hypothecation of Goods/ Materials received against guarantee issued towards job work/ conversion/ advances/ supplier credits. iv. Collateral charge over certain immovable properties.
6	Union Bank of India	<ul style="list-style-type: none"> i. Mortgage of land, FSI rights and structures thereof of project site at Saiwadi, Andheri (E). ii. Charge on all revenues/ receivables of the project realizable including amounts realisable through Escrow Account. iii. Against mortgage of property at Village Panchpakdi Taluka and District Thane.



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

SR. No.	NAME OF THE LENDER	SECURITY OFFERED (Further secured by way of personal guarantee of one or more Directors)
7	Central Bank of India	Against assets of Project at J P Road and charge on Project land.
8	SICOM Limited	i. Pledge of shares of the promoters ii. First pari passu charge on Unit 701 of 7th Floor of Ackruti Trade Centre at Andheri. iii. First charge by way of mortgage on agricultural land at Tal. Panvel, Dist. Raigad.
9	Loans from a Financial Institutions and other Companies	Pledge of equity shares in the Company held by the Promoters.

8. CONTINGENT LIABILITIES (NOT PROVIDED FOR):

Sr. No.	Particulars	As at 31-03-2010 (Rupees)	As At 31-03-2009 (Rupees)
(A)	Claims against the Company, not acknowledged as debts on account of: -		
1	Income Tax matters under appeal for Financial Year 2000-2001 to 2006-2007.	—	368,661,015
2	Demand notice issued by Brihanmumbai Municipal Corporation for Land Under Construction charges (property tax).	48,051,625	41,197,579
3	Petition filed against the Company, under the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971, in relation to a Project.	5,000,000	5,000,000
4	Petition pending with the Honourable High Court with regards to Mahalaxmi Car Project at Bhulabhai Desai Road, Mumbai	—	2,446,348
5	Development Permission from Forest Department	15,622,000	—
(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).	9,332,850,075	976,733,756

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. Estimated amount of contracts remaining to be executed on capital account, not provided for amount to Rs. 3,749,648/- (net of advances) (Previous year : Rs.2,917,812/-).

10. VALUE OF PAYMENTS MADE IN FOREIGN EXCHANGE:

- (a) Value of imports on CIF basis

Particulars	2009-2010 (Rupees)	2008-2009 (Rupees)
Capital goods (including capital work-in-progress)	6,234,478	13,787,600



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

(b) Expenditure in foreign currency:

Particulars	2009-2010 (Rupees)	2008-2009 (Rupees)
Traveling Expenses	916,734	584,900
Training Expenses	—	2,134,605
Legal / Professional fees	3,260,930	—
Recruitment Fee	254,207	—

11. AUDITORS' REMUNERATION (INCLUDING SERVICE TAX):

Particulars	2009-2010	2008-2009
Audit Fee	2,812,652	2,812,650
Tax Audit Fee	110,300	110,300
Certification and Other Matters	798,176	2,150,010
Fee for representation before Statutory Authorities	3,200,000	—
Certifying documents for Qualified Institutional Placement	1,555,442	—
Out of pocket expenses	29,681	37,017

12. A) EMPLOYMENT COSTS INCLUDE MANAGERIAL REMUNERATION PAID / PAYABLE DURING THE YEAR, IN ACCORDANCE WITH THE PROVISIONS OF SECTION 198 OF THE COMPANIES ACT, 1956:

Particulars	2009-2010	2008-2009
Salary, House Rent Allowance & Leave Travel Allowance	37,183,000	37,440,000
Contribution to Provident and Other Funds	2,325,600	2,448,000
Performance Incentives	9,690,000	—

The employee-wise break-up of liability on account of employee benefits based on actuarial valuation, is not ascertainable. The amounts relating 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.

	2009-2010 (Rupees)	2008-2009 (Rupees)
Profit before Tax - per Profit and Loss Account	2,385,945,165	2,933,352,692
Add / (Less):		
Managerial Remuneration Paid / Provided	49,198,600	39,888,000
Directors' Sitting Fees and Commission	3,460,000	2,540,000
Prior period adjustments (net)	314,665	3,042,382
Capital profit (under section 349)	—	(376,372,565)
Net Profit in accordance with Section 198 (1) / 349	2,438,918,430	2,602,450,509
Commission to Non - Executive Directors not exceeding 1% of the annual net profit restricted to	2,500,000	1,800,000



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

13. PRIOR PERIOD ADJUSTMENTS INCLUDE:

Particulars	2009-2010 (Rupees)	2008-2009 (Rupees)
Depreciation Adjustments	—	484,395
Debits relating to earlier years	101,811	(2,023,070)
Credits relating to earlier years	416,476	4,581,057
Total	314,665	3,042,382

14. EARNINGS PER SHARE

Particulars		2009-2010	2008-2009
Net Profit as per Profit and Loss Account available for Equity Shareholders	In Rs.	1,737,948,269	2,637,797,343
Number of Shares as on 31st March 2010	In Nos.	72,735,871	66,700,000
Weighted average number of equity shares outstanding during the year	In Nos.	70,056,936	66,700,000
Earnings Per Share of Rs.10/- each (Basic and Diluted)	In Rs.	24.81	39.55

15. DISCLOSURE OF DERIVATIVES:

- A. No derivative instruments were outstanding at the close of the year.
 B. Uncovered risks in foreign currency transactions disclosed as at 31st March, 2010 :

	USD	EURO	U K Pound	SG\$	DHRMS	AED
Cash on hand	1,629 (3,279)	110 (110)	740 (—)	32 (—)	400 (—)	— (—)
Creditors	12,195 (—)	— (—)	— (—)	25,200 (—)	— (—)	— (—)
Loans given	— (—)	— (—)	— (—)	— (—)	— (—)	50,000 (50,000)

Previous year figures are given in brackets.

16. (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 31-03-2010 (Rupees)	Maximum Balance 2009-2010 (Rupees)	As at 31-03-2009 (Rupees)	Maximum Balance 2008-2009 (Rupees)
1	Adhivitiya Properties Limited	73,602,379	74,593,010	62,311,703	62,311,703
2	Akruti Middle East (FZE) *	700,725	700,725	700,725	700,725
3	Ackruti Warehousing Limited	99,745,113	224,945,112	212,525,113	212,525,113
4	ABP Realty Advisors Private Limited \$	2,673,597	2,673,597	—	—
5	Ackruti City Knowledge Private Limited \$	125,100,000	289,300,000	—	—
6	Citygold Education Research Limited \$	307,368,055	359,317,533	—	—
7	Agreem Properties Limited #	—	—	33,298,959	33,298,959
8	Arnav Gruh Limited	223,217,808	223,217,808	176,574,846	176,574,846
9	Devkrupa Build Tech Limited	241,005,152	241,016,179	194,583,503	201,455,697



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

Sr. No.	Name of the Loanee	As at 31-03-2010 (Rupees)	Maximum Balance 2009-2010 (Rupees)	As at 31-03-2009 (Rupees)	Maximum Balance 2008-2009 (Rupees)
10	E Commerce Magnum Solution Limited	778,850	778,850	681,531	704,943
11	Holiac Realty Limited (New Empire Realtors Limited)	64,570,629	64,570,629	54,237,421	54,237,421
12	TDR Properties Limited	99,425	99,425	—	240,284
13	Urvi Build Tech Limited	210,129,978	210,129,978	178,021,446	178,021,446
14	Vaishnavi Builders & Developers Private Limited	77,825,057	77,825,057	49,705,767	49,705,767
15	Vama Housing Limited	44,376,831	81,536,527	77,986,527	77,986,527
16	Vishal Nirman (India) Limited	3,548,009	3,548,009	—	35,650,000
17	Vishal Techno Commerce Limited	118,873,272	298,865,172	298,765,172	298,765,172
18	Superaction Realty Private limited \$	608,211	608,211	—	—
19	Yantti Buildcon Private Limited \$	2,255,148	97,455,148	—	—
20	Upvan Lake Resorts Private Limited \$	5,214,520	5,214,520	—	—
21	Ackruti Security Plates Private Limited \$	54,812,291	54,812,291	—	—
22	Ackruti Campus of Research & Education Private Limited \$	187,360	187,360	—	—
23	Ackruti City Farming Private Limited \$	194,783,820	194,783,820	—	—
24	Oracle Shelters Private Limited \$	137,060	137,060	—	—
25	Pushpak Healthcare Services Private Limited	332,498	332,957	—	—
26	India Development And Construction Venture Capital Private Limited \$	520,352	520,352	—	—

Notes:

1. No shares are held by any Loanee in the Company.
2. * Interest free loan has been given to this wholly owned subsidiary.
3. # Associate w.e.f. F.Y. 2009 – 2010.
4. \$ Subsidiaries w.e.f. F.Y. 2009 – 2010.



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

B. OTHER THAN SUBSIDIARY COMPANIES:

(a) ASSOCIATE COMPANIES:

Sr. No.	Name of the Loanee	As at 31-03-2010 (Rupees)	Maximum Balance 2009-2010 (Rupees)	As at 31-03-2009 (Rupees)	Maximum Balance 2008-2009 (Rupees)
1	Ackruti City Bus Terminal (Mehsana) Private Limited	37,291,170	37,291,170	—	—
2	Ackruti City Bus Terminal (Vadodara) Private Limited	16,847,625	16,847,625	—	—
3	Agreem Properties Limited \$	40,008,839	40,008,839	—	—
4	Ackruti Security Plates Private Limited #	—	—	42,288,451	42,288,451
5	Chaitra Realty Limited	33,310,891	185,450,565	185,380,565	186,920,453
6	DLF Ackruti Info Parks (Pune) Limited @	—	—	838,493,269	838,493,269
7	Joyous Housing Limited @	—	—	49,113,724	49,113,724
8	Pristine Developers Private Limited	483,049	75,915,793	72,315,793	72,315,793
9	Zeus Infrastructure Private Limited	2,730,959,615	2,730,959,615	611,179,615	611,179,615
10	Yellowcity Builders Private limited \$	10,000,000	10,000,000	—	—
11	Ackruti City Bus Terminal (Adajan) Limited	26,055,563	28,184,288	—	—
12	Ackruti City Bus Terminal (Surat) Private Limited	9,814,624	9,814,624	—	—
13	Shree Swami Samarath Developers Private Limited	319,181,978	319,181,978	—	—

Notes:

1. No shares are held by any Loanee in the Company.
2. \$ Associate w.e.f. F.Y. 2009 – 2010.
3. # Subsidiary w.e.f. F.Y. 2009 – 2010.
4. @ Jointly controlled entities w.e.f. F.Y. 2009 – 2010.

(b) PARTNERSHIPS AND OTHERS:

Sr. No.	Name of the Loanee	As at 31-03-2010 (Rupees)	Maximum Balance 2009-2010 (Rupees)	As at 31-03-2009 (Rupees)	Maximum Balance 2008-2009 (Rupees)
1	Aarti Projects & Constructions \$	42,765,000	42,765,000	32,815,000	32,815,000
2	Akruti Kailash Constructions \$	223,982,906	485,039,681	293,461,263	293,461,263
3	Akruti Steelfab Corporation \$	3,690,301	3,744,036	2,700,001	2,700,001
4	Akruti Jay Developers \$	45,675,461	550,922,861	540,307,265	540,307,265
5	Shreenath Realtors \$	63,831,250	63,831,250	—	—
6	Commercial Construction Corporation \$	59,957,411	59,957,411	—	—
	Total (Firms)	439,902,329		869,283,529	
7	Akruti Citygold Institute *	1,738,000	1,738,000	—	5,100,000
8	Kanan Investments & Properties Private Limited *	—	500,000	500,000	100,000,000
9	Namdeo P.Gadkari *	2,000,000	2,000,000	2,000,000	2,000,000

Note:

1. No shares are held by any Loanee in the Company.
2. * Interest free loans.
3. \$ Partnership Firms in which the Company is a partner.



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

17. (a) 'Sundry Creditors' in Schedule 'G' to the Accounts include (i) Rs. NIL (PY.- Rs. Nil) due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME); and (ii) Rs. 477,386,540/- (PY.- Rs. 363,233,423/-) 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.
18. "Sundry Debtors" as at 31st March, 2010, include Rs.61.24 Crore (Rs.441.30 Crore as at 31.03.2009), due from two customers who had during the previous year, requested the Company for extending the credit period originally granted in their respective sale agreements. The parties had affirmed to remain committed to the consideration originally agreed to and have, during the current year, discharged a large part of the total outstanding debt. These parties have requested the management for further extension upto 30th September, 2010. Based on the above, the management considers the debt to be good and fully recoverable as at the balance sheet date.
19. An amount of Rs. 7,229,718 (PY. - Rs.7,948,269/-) 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:

	2009-2010 (Rupees)	2008-2009 (Rupees)
Change in present value of obligation :		
Obligation at beginning of the year	18,645,622	5,372,657
Current Service Cost	3,146,622	1,764,851
Interest Cost	1,436,114	429,813
Actuarial (Gain) / Loss	(9,093,068)	11,242,754
Benefits paid	(230,242)	(164,453)
Obligation at the end of the year	13,905,048	18,645,622
Change in Plan assets :		
Fair value of Plan Assets at beginning of the year	2,676,423	1,819,974
Expected return on plan assets	608,900	145,598
Actuarial Gain / (Loss)	(245,494)	21,595
Contributions	8,186,710	853,708
Benefits paid	(230,242)	(164,453)
Fair Value of Plan Assets at end of the year	10,996,297	2,676,423
Reconciliation of present value of the obligation and the fair value of Plan Assets and amounts recognized in the balance sheet:		
Present value of the obligation at the end of the year	13,905,048	18,645,622
Fair Value of Plan Assets at the end of the year	10,996,297	2,676,423
Net Liability recognized in the Balance Sheet	(2,908,751)	15,969,199
Gratuity cost recognised for the year :		
Current Service Cost	3,146,622	1,764,851
Interest Cost	1,436,114	429,813
Expected return on Plan Assets	(608,900)	(145,598)
Actuarial (Gain) / Loss	(8,847,574)	11,221,159
Net gratuity cost	(4,873,738)	13,270,225
Assumptions :		
Interest rate	8.00%	7.75%
Rate of growth in salary levels *	5.00%	5.00%

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



ACKRUTI CITY

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

20. Costs of construction/development includes:

Nature of expenditure	2009-2010 (Rupees)
Land / Rights Acquired	1,636,049,912
Material and Labour Costs	690,456,102
Approval and Consultation Expenses	354,603,264
Other Direct Development Expenses	243,104,169
Total	2,924,213,447

21. The Company, upto 30th June, 2009, was recognising revenue from sale of incomplete properties based on the percentage of completion method, only after work had physically progressed to the extent of 40% of the total work estimated. With effect from 1st July, 2009, revenue as per this method, is recognised upon incurring 25% of the total estimated project cost, subject to receipt of atleast 10% of the total sale consideration, which is in line with norms generally followed in the industry, so as to make the financial statements more comparable. As a result of this change, the revenue and the profit before taxation for the year are higher by Rs.3,385,966,512 and Rs.1,659,020,685, respectively. The effect of such change on the financial statements of subsequent financial years cannot be ascertained at present.

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

As per our report of even date

For and on behalf of the Board

For and on behalf of
DALAL & SHAH
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER
Membership No. F-037310

VIRAL D. DOSHI
PARTNER
Membership No. F-105330

CHETAN S. MODY
COMPANY SECRETARY

BHARAT MODY
CHIEF FINANCE
OFFICER

MADHUKAR B. CHOBE
WHOLETIME DIRECTOR

MUMBAI
Date: August 7, 2010

MUMBAI
Date: August 7, 2010



ACKRUTI CITY

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.

Balance Sheet Date

State Code

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

Public Issue

Rights Issue

Bonus Issue

Private Placement

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

Total Liabilities

Total Assets

SOURCES OF FUNDS:

APPLICATION OF FUNDS:

Paid-up Capital

Net Fixed Assets

Reserves & Surplus

Investments

Secured Loans

Deferred Tax Asset

Unsecured Loans

Net Current Assets

Deferred Tax Liability

Misc. Expenditure

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

Turnover (Total Income)

Total Expenditure

Profit Before Tax

Profit After Tax

Earning per Share in Rs.

Dividend Rate %

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



ACKRUTI CITY

CONSOLIDATED ACCOUNTS



ACKRUTI CITY

CONSOLIDATED AUDITORS' REPORT

Auditors' Report on the Consolidated Financial Statements of Ackruti City Limited.

The Board of Directors of Ackruti City Limited

1. We have audited the attached consolidated balance sheet of Ackruti City Limited (the "Company") and its subsidiaries, its jointly controlled entities and associates; hereinafter referred to as the "Group" (refer Note 1 (III) and (IV) of Schedule O to the attached consolidated financial statements) as at 31st March, 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of (i) eight subsidiaries and thirteen jointly controlled entities included in the consolidated financial statements, which constitute total assets of Rs.4,287,779,804 as at 31st March, 2010, total income of Rs.1,467,724,157, net profit of Rs.521,981,341 and net cash flows amounting to Rs.174,295,090 for the year then ended; and (ii) thirteen associates which constitute net profit of Rs.34,101,277 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of 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 notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
 - (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For and on behalf of

DALAL & SHAH
Firm Registration No. 102021W
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.: F-37310

Mumbai: 7th August, 2010

For and on behalf of

DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

VIRAL DOSHI
Partner
Membership No.: F-105330

Mumbai: 7th August, 2010



ACKRUTI CITY

CONSOLIDATED BALANCE SHEET As At 31st MARCH, 2010

	Schedule	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	727,358,710	667,000,000
Reserves and Surplus	B	14,006,089,340	9,755,612,435
		14,733,448,050	10,422,612,435
Share Application Money		53,497,019	41,997,000
LOAN FUNDS			
Secured Loans	C	10,815,524,553	8,488,933,646
Unsecured Loans		2,239,707,312	2,079,832,952
		13,055,231,865	10,568,766,598
MINORITY INTEREST		1,349,283	1,854,886
TOTAL		27,843,526,217	21,035,230,919
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	1,573,715,377	759,885,766
Less: Depreciation and Amortisation		162,355,047	109,531,016
Net Block		1,411,360,330	650,354,750
Capital Work-in-progress		988,803,990	331,221,526
		2,400,164,320	981,576,276
GOODWILL ON CONSOLIDATION (Refer Note (I) (iv))		969,203,445	1,623,883,500
INVESTMENTS	E	3,563,167,191	3,025,402,539
DEFERRED TAX ASSETS (Refer Note 4)		50,242,052	103,720,757
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	F	7,902,503,726	6,106,053,753
Sundry Debtors		3,207,641,806	4,517,393,832
Cash and Bank Balances		1,216,315,318	109,753,873
Other Current Assets		478,574,835	740,832,260
Loans and Advances		11,215,662,831	6,209,359,221
		24,020,698,516	17,683,392,939
LESS : CURRENT LIABILITIES AND PROVISIONS	G		
Current Liabilities		2,216,468,959	2,142,712,444
Provisions		943,480,348	240,032,648
		3,159,949,307	2,382,745,092
NET CURRENT ASSETS		20,860,749,209	15,300,647,847
TOTAL		27,843,526,217	21,035,230,919
Notes forming part of the Accounts	O		

As per our report of even date

For and on behalf of
DALAL & SHAH
Firm Registration No. 102021W
Chartered Accountants

SHISHIR DALAL
PARTNER
Membership No. F-037310

MUMBAI
Date: August 7, 2010

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

VIRAL D. DOSHI
PARTNER
Membership No. F-105330

CHETAN S. MODY
COMPANY SECRETARY

MUMBAI
Date: August 7, 2010

BHARAT MODY
CHIEF FINANCE
OFFICER

For and on behalf of the Board

VYOMESH M. SHAH
MANAGING DIRECTOR

MADHUKAR B. CHOBE
WHOLETIME DIRECTOR



ACKRUTI CITY

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year Ended 31st March, 2010 (Rupees)	Year Ended 31st March, 2009 (Rupees)
INCOME			
Sales and Income from Operations	H	5,796,335,971	3,970,771,972
Surplus on Sale of Interest in project executed through subsidiary		—	376,896,413
Other Income	I	384,621,475	200,156,681
TOTAL		6,180,957,446	4,547,825,066
EXPENDITURE			
Cost of Construction / Development	J	3,128,930,664	2,562,064,914
(Increase) in Inventories	K	(1,814,830,062)	(2,921,883,569)
Employment Costs	L	140,779,650	148,700,420
Administrative, Selling and Other Expenses	M	516,659,449	463,925,705
Interest and Finance Charges	N	1,680,040,840	1,402,245,416
Depreciation and Amortisation		71,431,823	57,133,105
TOTAL		3,723,012,364	1,712,185,991
PROFIT BEFORE TAX, BEFORE MINORITY INTEREST AND SHARE OF PROFIT / (LOSS) OF ASSOCIATES		2,457,945,082	2,835,639,075
Add/(Less) :Provision for Taxation			
Current Tax		(764,643,044)	(340,780,450)
Deferred Tax (Charge) / Credit (Refer Note 4)		(51,781,319)	110,279,363
Fringe Benefit Tax		—	(1,633,025)
Wealth Tax		(131,000)	(175,500)
PROFIT AFTER TAX, BEFORE MINORITY INTEREST AND SHARE OF PROFIT / (LOSS) OF ASSOCIATES		1,641,389,719	2,603,329,463
Add/(Less) :			
Taxation in respect of earlier years		(27,540,972)	(62,487,180)
Prior Period adjustments (Refer Note 7)		7,013,094	11,027,373
Share of Profit/(Loss) from Associate Companies		36,224,672	92,026,702
Minority Interest		157,831	3,346,352
Pre-acquisition Loss/(Profit)		(8,103,608)	72,589
PROFIT FOR THE YEAR		1,649,140,736	2,647,315,299
Add:			
Balance brought forward from previous year		5,149,135,577	2,585,755,243
AMOUNT AVAILABLE FOR APPROPRIATION		6,798,276,313	5,233,070,542
Appropriations:			
Transfer to Debenture Redemption Reserve		250,000,000	—
Proposed Dividend		363,679,355	66,700,000
Tax on Proposed Dividend		61,807,306	17,113,965
General Reserve		175,000,000	121,000
Balance carried to Balance Sheet		5,947,789,652	5,149,135,577
Earning per Share of Rs. 10/- each (Basic and Diluted) (Refer Note 8)		23.54	39.69
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
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER
Membership No. F-037310

VIRAL D. DOSHI
PARTNER
Membership No. F-105330

CHETAN S. MODY
COMPANY SECRETARY

BHARAT MODY
CHIEF FINANCE
OFFICER

MADHUKAR B. CHOBE
WHOLETIME DIRECTOR

MUMBAI
Date: August 7, 2010

MUMBAI
Date: August 7, 2010



ACKRUTI CITY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
I CASH FLOW ARISING FROM OPERATING ACTIVITIES :		
Net Profit before Tax as per Profit and Loss Account	2,458,102,913	2,835,639,075
Add / (Deduct) :		
Interest and Finance Charges	1,680,040,840	1,402,245,416
Project Expenses Written Off / Amortised	11,745,173	36,200,393
Depreciation and Amortisation	71,431,823	57,133,105
Dividend from Current Investments	(2,159,280)	(4,749,240)
Interest Income	(213,057,097)	(180,705,634)
Pre-acquisition Loss / (Profit)	(8,103,608)	72,589
Provision for doubtful advances	5,800,000	80,588,447
Loss on Sale / Discardment of Fixed Assets (Net)	181,871	29,720,841
Prior Period Adjustments (Net)	7,013,094	10,547,240
Goodwill on Acquisition Written Off	11,961,494	145,779
Loss on cessation / sale of interest in subsidiaries / associates	761,022	37,009
	1,565,615,332	1,431,235,945
Operating Profit before Working Capital Changes	4,023,718,245	4,266,875,020
Add / (Deduct) :		
(Increase) in Inventories	(1,350,847,842)	(2,879,442,847)
(Increase) / Decrease in Trade and Other Receivables (Including contractual interests in other projects)	13,917,508	(366,946,975)
Increase in Trade Payables	(189,861,253)	425,126,058
Direct Taxes Paid	(661,889,277)	(313,287,992)
	(2,188,680,864)	(3,134,551,756)
Net Cash Flow in the course of Operating Activities	1,835,037,381	1,132,323,264
II CASH FLOW ARISING FROM INVESTING ACTIVITIES :		
Inflow / (Outflow) on account of :		
Fixed Assets (Net)	(145,658,472)	(232,678,984)
Dividend from Current Investments	2,159,280	4,749,240
Interest Income	213,057,097	180,705,634
(Increase) in Loans and Advances (Including towards Share Application)	(2,914,462,637)	(1,201,686,223)
(Acquisition) / Disposal of Interest in Joint Ventures and Subsidiaries (Net)	654,680,055	(861,386,563)
Other Long term Investments Acquired (Net)	(608,283,179)	(100,749,225)
Current Investments (Acquired) / Disposed off (Net)	(363,284,998)	31,050,393
	(3,161,792,854)	(2,179,995,728)
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	928,616,537	2,900,027,408
(Decrease) in Unsecured Loans	(168,973,971)	(729,753,594)
Share Application Money	3,500,000	—
Interest and Finance Charges	(1,481,212,919)	(1,402,303,373)
Dividend Paid	(66,700,000)	(46,692,211)
Tax on Dividend Paid	(11,335,665)	(13,713,266)
Proceeds from Issue of Shares	60,358,710	—
Securities Premium Account	3,165,854,269	9,975,000
Share Issue Expenses	(139,031,439)	—
	2,291,075,522	717,539,964
Net Cash Flow in the course of Financing Activities		
Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)	964,320,049	(330,132,500)
Add: Balance at the beginning of the year	78,097,647	350,078,556
Balances acquired on acquisition of Joint Ventures and Subsidiaries	97,062,046	58,151,591
Cash and Cash Equivalents at the close of the year	1,139,479,742	78,097,647
Reconciliation of Cash and Bank Balances given in Schedule F, is as follows :-		
Cash and Bank Balances	1,216,315,318	109,753,873
Less: Margin Money Balances	(76,835,576)	(31,656,226)
Cash and Cash Equivalents at the close of the year	1,139,479,742	78,097,647

As per our report of even date

For and on behalf of the Board

For and on behalf of
DALAL & SHAH
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

VYOMESH M. SHAH
MANAGING DIRECTOR

SHISHIR DALAL
PARTNER
Membership No. F-037310

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Membership No. F-105330

CHETAN S. MODY
COMPANY SECRETARY

BHARAT MODY
CHIEF FINANCE
OFFICER

MADHUKAR B. CHOBE
WHOLETIME DIRECTOR

MUMBAI
Date: August 7, 2010

MUMBAI
Date: August 7, 2010



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

	31 st March, 2010 (Rupees)	31 st March, 2009 (Rupees)
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
125,000,000 Equity Shares of Rs. 10/- each	1,250,000,000	1,250,000,000
	<u>1,250,000,000</u>	<u>1,250,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
72,735,871 (P.Y. 66,700,000) Equity Shares of Rs.10/- each fully paid-up (Of the above, 58,500,000 shares allotted as fully paid-up bonus shares, by way of capitalisation of General Reserve and Surplus in Profit and Loss Account.) (During the year the Company issued 6,035,871 Equity Shares of Rs 10/- each under Qualified Institutions Placement at a premium of Rs. 491/- each)	727,358,710	667,000,000
	<u>727,358,710</u>	<u>667,000,000</u>
Per Balance Sheet	<u>727,358,710</u>	<u>667,000,000</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
Securities Premium Account	3,257,005,765	3,247,030,765
Balance as per last Account		
Add / (Less) :		
Received during the year	2,963,612,661	9,975,000
Share Issue Expenses	(139,031,439)	—
	<u>6,081,586,987</u>	<u>3,257,005,765</u>
	<u>202,241,608</u>	<u>—</u>
Add : Share in Joint Ventures	<u>6,283,828,595</u>	<u>3,257,005,765</u>
General Reserve		
Balance as per last Account	1,338,121,000	1,338,000,000
Add / (Less) :		
Transferred from Profit and Loss Account	175,000,000	121,000
	<u>1,513,121,000</u>	<u>1,338,121,000</u>
Debenture Redemption Reserve		
Balance as per last Account	—	—
Add / (Less) :		
Transferred from Profit and Loss Account	250,000,000	—
	<u>250,000,000</u>	<u>—</u>
Surplus in Profit and Loss Account	5,823,121,520	4,835,166,652
Add : Share in Joint Ventures	<u>124,668,132</u>	<u>313,968,925</u>
	<u>5,947,789,652</u>	<u>5,149,135,577</u>
Capital Reserve		
Balance as per last Account	11,350,093	11,350,093
	<u>11,350,093</u>	<u>11,350,093</u>
Per Balance Sheet	<u>14,006,089,340</u>	<u>9,755,612,435</u>
SCHEDULE 'C'		
LOAN FUNDS		
Secured Loans		
a) Debentures		
One Secured, Redeemable, Non-cumulative, Non-convertible Debenture of the face value of Rs 100 crore	1,000,000,000	—
Part A-Face value of Rs 90 crore, Part B-Face value of Rs 10 crore to be redeemed at the end of 48 months	1,651,966,441	966,600,000
b) Loans from Financial Institutions	—	1,005,000,948
c) Loans from Banks against Future Lease Rentals	72,062	313,508
d) Vehicle Loan from a Company		
e) Loans from Banks	6,057,496,178	3,004,750,129
Interest accrued on above	35,457,284	31,415,345
	<u>6,092,953,462</u>	<u>3,036,165,474</u>
f) Short Term and Working Capital Loan from Banks	—	300,000,000
Interest accrued on above	—	7,368,946
	<u>—</u>	<u>307,368,946</u>
g) Loan from other Companies	345,134,023	2,715,279,021
Interest accrued on above	—	22,335,570
	<u>345,134,023</u>	<u>2,737,614,591</u>
Add : Share in Joint Ventures	<u>9,090,125,988</u>	<u>8,053,063,467</u>
	<u>1,725,398,565</u>	<u>435,870,179</u>
Per Balance Sheet	<u>10,815,524,553</u>	<u>8,488,933,646</u>
Unsecured Loans		
Fixed Deposits		
Short Term Loans	91,008,000	187,255,000
From Body Corporates	1,614,539,793	1,843,888,623
From Others	11,635,309	3,923,168
	<u>1,626,175,102</u>	<u>1,847,811,791</u>
Add : Share in Joint Ventures	<u>522,524,210</u>	<u>44,766,161</u>
Per Balance Sheet	<u>2,239,707,312</u>	<u>2,079,832,952</u>



ACKRUTI CITY

SCHEDULES 'A' TO 'O' FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

**Schedule 'D'
FIXED ASSETS**

(Rupees)

PARTICULARS	GROSS BLOCK As at 31 st March, 2010	DEPRECIATION / AMORTISATION Upto 31 st March, 2010	NET BLOCK As at 31 st March, 2010
Freehold Land	795,680	-	795,680
Premises	13,221,950	2,373,613	10,848,337
Compound Wall	10,635,281	707,538	9,927,743
Mivan System	35,433,211	15,190,084	20,243,127
Generator	6,058,741	3,143,085	2,915,656
QC Laboratory	1,656,277	423,295	1,232,982
Air Conditioners	2,699,043	872,202	1,826,841
Computers	18,451,428	11,926,790	6,524,638
Office Equipment	8,251,819	2,523,256	5,728,563
Furniture and Fixtures	30,848,282	15,229,366	15,618,916
Vehicles	31,601,445	18,005,833	13,595,612
Plant and Machinery	1,722,104	587,706	1,134,398
Total (I)	161,375,261	70,982,768	90,392,493
Leased Assets			
Leasehold Land	359,774,739	5,219,942	354,554,797
Commercial Premises [§]	57,577,563	14,161,899	43,415,664
Furniture and Fixtures	3,557,054	1,954,726	1,602,328
Total (II)	420,909,356	21,336,567	399,572,789
Intangible Assets (Software) (III)	50,970,905	6,805,925	44,164,980
TOTAL (I + II + III)	633,255,522	99,125,260	534,130,262
Add: Share in Joint Ventures	940,459,855	63,229,787	877,230,068
GRAND TOTAL	1,573,715,377	162,355,047	1,411,360,330
Previous Year	759,885,766	109,531,016	650,354,750
Capital Work-in-Progress (P.Y.: Rs. 331,221,526/-)			988,803,990

Note : § includes cost of shares held in companies (including one subsidiary and an associate) carrying the occupancy rights in the premises (Refer Note 1(I)(viii)(b))

SCHEDULE 'E'

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

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
I) Subsidiary Companies (Fully paid Equity Shares) (Refer Note 1 (I)(viii)(a))		
a) 10000 Equity Shares of Rs.10/- each (P.Y. NIL) Ackruti Campus of Research and Education Private Limited	100,000	—
b) 10000 Equity Shares of Rs.10/- each (P.Y. NIL) Ackruti City Farming Private Limited	100,000	—
c) 10000 Equity Shares of Rs.10/- each (P.Y. NIL) Ackruti City Knowledge Private Limited	100,000	—
d) 50000 Equity Shares of Rs.10/- each (P.Y. NIL) ABP Realty Advisors Private Limited	500,000	—
e) 50000 Equity Shares of Rs.10/- each (P.Y. NIL) India Development and Construction Venture Capital Private Limited	500,000	—
f) 10000 Equity Shares of Rs.10/- each (P.Y. NIL) Ackruti Guestline Private Limited	100,000	—
g) 50000 Equity Shares of Rs.10/- each (P.Y. NIL) Citygold Education Research Limited	500,000	—
h) 10000 Equity Shares of Rs.10/- each (P.Y. NIL) Citygold Farming Private Limited	100,000	—
i) 10000 Equity Shares of Rs.10/- each (P.Y. NIL) Harmony Erectors Private Limited	100,000	—
j) 10000 Equity Shares of Rs.10/- each (P.Y. NIL) Oracle Shelters Private Limited	100,000	—
	2,200,000	—
II) Other Companies (Fully paid Shares / Debentures)		
A. Associate Companies		
a) Current Year jointly controlled entity (P.Y. 2666619 Equity Shares of Rs10/- each) Infrastructure Ventures India Private Limited	—	656,141,247
Share of Accumulated Reserves / Profits / (Loss)	—	—
Share of Current Profit / (Loss) (Includes Goodwill Rs 483,814,885/-)	—	(574,009)
	—	—
b) Current Year jointly controlled entity (P.Y.25,000 Equity Shares of Rs.100/- each) Joyous Housing Limited	—	655,567,238
Share of Accumulated Reserves / Profits / (Loss)	—	2,500,000
Share of Current Profit / (Loss) (Includes Goodwill Rs 149391/-)	—	(1,395,794)
	—	703,192
	—	1,807,398



ACKRUTI CITY

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, 2010 (Rupees)	31st March, 2009 (Rupees)
SCHEDULE 'E' (Contd.)		
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)	80,000 6,660,655 27,071,078	80,000 (80,000) 6,740,655
	33,811,733	6,740,655
d) Current Year jointly controlled entity (PY. 659997 Equity Shares of Rs. 10/- each) DLF Ackruti Info Parks (Pune) Limited Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss) (Includes Goodwill Rs. 40,764/-)	— — —	6,599,970 1,202,358 89,537,764
	—	97,340,092
e) 3203 Equity Shares of Rs.10/- each (PY. 3198 Equity Shares of Rs. 10/- each) Chaitra Realty Limited Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss) (Includes Goodwill Rs. 878,745,017/-)	883,316,289 252,086 2,862,670	881,060,289 — 252,086
	886,431,045	881,312,375
f) 36215 Equity shares of Rs 10/- each (PY. 24500 Equity Shares of Rs. 10/- each) Ackruti Security Plates Private Limited (current year subsidiary) 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)
	—	—
g) 10208 Cumulative Convertible Preference Shares of Rs.100/- each (PY. 10208 Cumulative Convertible Preference Shares of Rs.100/- each) Ackruti Security Plates Private Limited (current year subsidiary)	—	1,020,800
	—	—
h) 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 (73,128) 939,240	1,000,000 (29,064) (44,066)
	1,866,112	926,870
i) 312500 Equity Shares of Rs.10/- each (PY. 312500 Equity Shares of Rs 10/- each) Glamorous Properties Private Limited Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss) (Includes Goodwill Rs. 30,023,975/-)	30,000,000 (19,839) (165,111)	30,000,000 — (19,839)
	29,815,050	29,980,161
j) 25000 Equity Shares of Rs.10/- each (PY. 10000 Equity Shares of Rs. 10/- each) Ackruti City Bus Terminal (Vadodara) Private Limited (Formerly Ackruti City Bus Terminal (Vadodara) Limited) Share of Current Profit / (Loss) (Includes Goodwill Rs. 5,443/-)	250,000 (28,799)	—
	221,201	100,000
k) 25000 Equity Shares of Rs.10/- each (PY. 10000 Equity Shares of Rs. 10/- each) Ackruti City Bus Terminal (Mehsana) Private Limited (Formerly Akruti City Bus Terminal (Mehsana) Limited) Share of Current Profit / (Loss) (Includes Goodwill Rs. 10,034/-)	250,000 (38,937)	—
	211,063	100,000
l) 25000 Equity Shares of Rs.10/- each (PY. 10000 Equity Shares of Rs. 10/- each) Ackruti City Bus Terminal (Surat) Private Limited (Formerly Multicity Bus Terminal (Surat) Limited) Share of Current Profit / (Loss) (Includes Goodwill Rs. 34,381/-)	250,000 (38,388)	—
	211,612	100,000



ACKRUTI CITY

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, 2010 (Rupees)	31st March, 2009 (Rupees)
SCHEDULE 'E' (Contd.)		
m) 25000 Equity Shares of Rs.10/- each (PY. 10000 Equity Shares of Rs. 10/- each) Ackruti City Bus Terminal (Adajan) Limited (Formerly Multicity Bus Terminal (Surat-Adajan) Limited) Share of Current Profit / (Loss)	250,000 (45,457)	
	204,543	100,000
n) 5000 Equity Shares of Rs.10/- each (PY. Nil) Harbinger Developers Private Limited Share of Current Profit / (Loss)	50,000 —	
	50,000	—
o) 25000 Equity Shares of Rs.10/- each (PY. 26580 Equity Shares of Rs. 10/- each) Agreem Properties Limited (previous year subsidiary) Share of Accumulated Reserves / Profits / (Loss) Share of Current Profit / (Loss)	250,000 483,050 (733,050)	
	—	—
p) 4350 Equity Shares of Rs.10/- each (PY. Nil) Yellowcity Builders Private Limited Share of Current Profit / (Loss)	43,500 26,225	
	69,725	—
q) 6095 ('A' Class) Equity Shares of Rs.10/- each (PY. Nil) Vinca Developer Private Limited Share of Current Profit / (Loss) (Includes Goodwill Rs. 15,991,860/-)	60,950 (60,950)	
	—	—
r) 20000 Equity Shares of Rs.10/- each (PY. Nil) Buildbyte.Com (India) Private Limited Share of Current Profit / (Loss) (Includes Goodwill Rs. 1,065,833/-)	200,000 (6,224)	
	193,776	—
s) 2600 Equity Shares of Rs.10/- each (PY. Nil) Forefront Realty Private Limited (Formerly V. D. Developers Private Limited) Share of Current Profit / (Loss)	26,000 (2,311)	
	23,689	—
t) 275000 Equity Shares of Rs.10/- each (PY. Nil) Kamla Shanti Realities Private Limited Share of Current Profit / (Loss)	2,771,038 191	
	2,771,229	—
u) 4997 Equity Shares of Rs.10/- each Shree Swami Samarth Developers Private Limited (A Partnership in the previous year) Share of Current Profit / (Loss)	49,970 6,444,495	
	6,494,465	—
	962,375,243	1,675,095,589
B. Others		
(i) Fully paid Shares / Debentures :		
a) 593770 Equity Shares of Rs. 10/- each (PY.693770 Equity shares of Rs 10/- each) Citygold Investments Private Limited	5,937,700	6,937,700
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
d) 3616 'A' Class Equity shares of Rs.500/-each (PY. 3616 'A' Class Equity shares of Rs.500/-each) Dhami 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. 4900 Equity shares of Rs. 10/- each) Opulent Trading and Investment Private Limited	49,000	49,000
h) 2000 Equity Shares of Rs. 10/- each (PY. 2000 Equity Shares of Rs. 10/- each) Suraksha Realty Limited	20,000	20,000
i) 49900 Equity Shares of Rs. 10/- each (PY. 49900 Equity shares of Rs. 10/- each) Mahanagar Co-Op Bank Limited	499,000	499,000
j) 80000 Optionally Convertible Debentures of Rs.1000 each. (PY. Nil) Pivotal Infrastructure Private Limited	80,000,000	—
k) 250000 Optionally Convertible Debentures of Rs.5000 each. (PY. 250000 Optionally Convertible Debentures of Rs.5000 each.) Netzeo Developers Private Limited	1,250,000,000	1,250,000,000
	1,338,306,950	1,259,306,950



ACKRUTI CITY

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, 2010.

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
SCHEDULE 'E' (Contd.)		
(ii) Partly paid shares :		
j) 1882353 Equity Shares of Rs 10/- each, Rs 9.46 Paid up balance of Rs. 55.25 is uncalled liability (PY. Nil)	896,000,000	—
City Corporation Limited	—	90,000,000
III In Capital of Partnership Firms / Joint Ventures (Net of Contribution outstanding)	—	—
IV Mutual Funds (Other than trade)		
Growth Option		
(PY 100000) 100000 Units of Principal PNB Long Term Equity Fund of Rs.10/- each (3 Year Plan) (NAV : Rs. 1,102,000/- : PY. Rs 449,000/-)	1,000,000	1,000,000
Sub total Long term	3,199,882,193	3,025,402,539
Current Investments (Other than Trade) (At lower of cost and fair value)		
In Mutual Funds (Units of Rs 10/- each)		
Dividend Option		
329403,905 units (PY Nil) of ICICI Prudential Flexible Income Plan Premium Daily Dividend (NAV : Rs 87,697,022/-, PY Nil)	87,697,022	—
5858781,234 units (PY Nil) of Reliance Medium Term Fund - Daily Dividend of Rs 10/- each (NAV: Rs 100,158,794, PY Nil)	100,158,794	—
6005974,074 units (PY Nil) of Birla Sun Life Savings Fund - Daily Dividend Reinvestment of Rs 10/- each (NAV : Rs 60,100,581/-, PY. Nil)	60,100,580	—
Add : Share in Joint Ventures	115,328,602	—
Sub total Current	363,284,998	—
Per Balance Sheet	3,563,167,191	3,025,402,539
SCHEDULE 'F'		
CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
Stock- in -trade		
Floor Space Index (FSI)	134,041,830	145,043,709
Incomplete projects	5,969,796,184	4,012,563,146
Finished Properties	166,277,629	33,441,691
Add : Share in Joint Ventures	6,270,115,643	4,191,048,546
	1,632,388,083	1,915,005,207
Sub total Inventories	7,902,503,726	6,106,053,753
SUNDRY DEBTORS (Unsecured, Considered Good)		
(Includes unbilled revenue)		
Sundry Debtors	2,338,578,623	4,512,586,727
Add : Share in Joint Ventures	869,063,183	4,807,105
Sub total Sundry Debtors	3,207,641,806	4,517,393,832
CASH AND BANK BALANCES		
Cash on hand	2,384,240	2,311,202
Bank Balances with Scheduled Banks		
- In Current Accounts	718,160,610	20,112,454
- In Deposit Accounts *	143,987,677	1,083,065
- In Margin Money Accounts *	76,835,576	31,656,226
* Including Interest Accrued thereon		
Add : Share in Joint Ventures	941,368,103	55,162,947
	274,947,215	54,590,926
Sub total Cash and Bank Balances	1,216,315,318	109,753,873
OTHER CURRENT ASSETS		
Contractual Interests in Projects executed through Subsidiaries, Associates, etc.	285,032,383	740,235,889
Income Tax Refund	37,044,425	596,371
Add : Share in Joint Ventures	322,076,808	740,832,260
	156,498,027	—
Sub total Other Current Assets	478,574,835	740,832,260
LOANS AND ADVANCES (Unsecured, Considered Good)		
Loans to Subsidiary Companies	639,984,763	—
Loans to Employees (Interest free)	236,747	362,847
Loans and Advances to entities (other than subsidiaries) for interest in projects and others	5,353,851,353	2,696,801,110
Advance towards Share Application/Purchase of shares in entities for interest in projects and others	823,134,640	1,385,519,454
Advances Recoverable in Cash or in Kind or for Value to be Received (Including advance against Land/Rights)		
Good	3,838,971,423	1,991,157,391
Doubtful	85,888,447	80,588,447
Less: Provision	(85,888,447)	(80,588,447)
Taxes Paid / Deducted at Source	3,838,971,423	1,991,157,391
	14,674,333	10,069,446
Add : Share in Joint Ventures	10,670,853,259	6,083,910,248
	544,809,572	125,448,973
Sub total Loans and Advances	11,215,662,831	6,209,359,221
Per Balance Sheet	24,020,698,516	17,683,392,939



ACKRUTI CITY

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, 2010

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
SCHEDULE 'G'		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	625,145,538	438,214,715
Advances from Customers	526,615,119	726,472,721
Deposits from Customers	3,450,000	241,699,854
Overdrawn Bank Balances as per books of account	78,858,729	75,055,537
Other Liabilities	161,596,067	252,304,330
Interest accrued but not due on Loans	233,898,345	9,407,847
	1,629,563,798	1,743,155,004
Add : Share in Joint Ventures	586,905,161	399,557,440
	2,216,468,959	2,142,712,444
PROVISIONS		
Income Tax	309,625,315	138,607,537
Fringe Benefit Tax	117,442	905,661
Wealth Tax	—	175,500
Employees Benefits	7,721,946	21,967,939
Proposed Dividend	363,679,355	66,700,000
Tax on Proposed Dividend	61,807,306	11,335,665
	742,951,364	239,692,302
Add : Share in Joint Ventures	200,528,984	340,346
	943,480,348	240,032,648
Per Balance Sheet	3,159,949,307	2,382,745,092
SCHEDULE 'H'		
SALES AND INCOME FROM OPERATIONS		
Sale of Properties / Rights	4,424,762,445	4,718,572,422
Sale of Incomplete Projects	—	5,416,721
	4,424,762,445	4,723,989,143
Less : Reversal of Development Rights / FSI sold	—	1,057,500,000
	4,424,762,445	3,666,489,143
Project Management Services	26,194,656	38,174,352
Income from premises given on lease	31,293,361	250,347,265
	4,482,250,462	3,955,010,760
Add : Share in Joint Ventures	1,314,085,509	15,761,212
Per Profit and Loss Account	5,796,335,971	3,970,771,972
SCHEDULE 'I'		
OTHER INCOME		
Dividend from Current Investments	—	—
Interest	2,159,280	4,749,240
- Loans	168,095,181	141,375,753
- Bank Fixed Deposits	8,583,320	8,963,186
- Others	36,378,596	30,366,695
	213,057,097	180,705,634
Gain on Foreign Currency Fluctuation (Net)	142,781	866,661
Miscellaneous Income	15,726,623	11,102,574
	231,085,781	197,424,109
Add : Share in Joint Ventures	153,535,694	2,732,572
Per Profit and Loss Account	384,621,475	200,156,681
SCHEDULE 'J'		
COST OF CONSTRUCTION / DEVELOPMENT		
Construction Cost incurred during the year	2,562,335,826	1,414,110,649
Add : Written Down Value of Finished Properties transferred from Fixed Assets Schedule, on sale of property (Refer Note 2(V) (B))	56,182,481	595,183,787
	2,618,518,307	2,009,294,436
Add : Share in Joint Ventures	510,412,357	552,770,478
Per Profit and Loss Account	3,128,930,664	2,562,064,914
SCHEDULE 'K'		
(INCREASE) /DECREASE IN INVENTORIES		
Opening Inventory		
Floor Space Index (FSI)	145,043,709	66,751,046
Incomplete Projects	3,912,644,078	2,926,243,133
Finished Properties	33,441,691	131,360,707
	4,091,129,478	3,124,354,886
Less: Project expenses written off	—	36,200,393
Less: Transfer to contractual interest	37,886,217	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
	4,053,243,261	2,193,747,842
Closing Inventory		
Floor Space Index (FSI)	134,041,830	145,043,709
Incomplete projects	5,969,796,184	3,912,744,078
Finished Properties	166,277,629	33,441,691
	6,270,115,643	4,091,229,478
Add : Share in Joint Ventures	(2,216,872,382)	(1,897,481,636)
	402,042,320	(1,024,401,933)
Per Profit and Loss Account	(1,814,830,062)	(2,921,883,569)



ACKRUTI CITY

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, 2010

	31st March, 2010 (Rupees)	31st March, 2009 (Rupees)
SCHEDULE 'L'		
EMPLOYMENT COST		
Salaries, Bonus, etc.	175,116,010	225,692,620
Contribution to Provident and Other Funds	1,440,048	8,001,430
Staff Welfare Expenses	5,138,285	4,911,743
Other Fund Expenses	722,072	875,955
	<u>182,416,415</u>	<u>239,481,748</u>
Less: Costs allocated to Contractual Interests	59,945,163	91,946,393
	<u>122,471,252</u>	<u>147,535,355</u>
Add : Share in Joint Ventures	18,308,398	1,165,065
Per Profit and Loss Account	<u><u>140,779,650</u></u>	<u><u>148,700,420</u></u>
SCHEDULE 'M'		
ADMINISTRATIVE, SELLING AND GENERAL EXPENSES		
Insurance	3,630,365	6,348,923
Rent	1,775,326	3,835,357
Rates & Taxes	4,120,937	11,048,766
Advertisement	61,887,220	26,281,468
Advances and other debit balances written off	3,649,048	3,655,650
Donations	7,744,000	30,173,146
Brokerage	1,834,004	6,979,651
Directors' Fees and Travelling Expenses	1,853,888	2,060,973
Commission to Non Executive Directors	2,500,000	1,800,000
Bad Debts	-	398,336
Provision for Doubtful Advances	5,800,000	80,588,447
Repairs and Society Maintenance Charges	13,903,915	29,008,002
Legal and Professional Fees	169,807,655	123,654,193
Cost allocable to project management services	77,174,843	58,509,203
Other Expenses	58,436,827	80,023,797
Project Expenses written off/amortised	11,745,173	36,200,393
Project Implementation Cost	13,573,967	-
Loss on sale / discardment of Fixed Assets (Net)	181,871	29,720,841
Loss on cessation/sale of interest in subsidiaries/associates	761,022	37,009
Goodwill on acquisition written off	11,961,494	145,779
	<u>452,341,555</u>	<u>530,469,934</u>
Less: Costs allocated to Contractual Interests	55,065,936	105,715,362
	<u>397,275,619</u>	<u>424,754,572</u>
Add : Share in Joint Ventures	119,383,830	39,171,133
Per Profit and Loss Account	<u><u>516,659,449</u></u>	<u><u>463,925,705</u></u>
SCHEDULE 'N'		
INTEREST AND FINANCE CHARGES		
(Net off amounts capitalized Rs. 38,901,321/-)		
Interest		
- Debenture and Fixed Loans	1,110,230,961	1,138,483,831
- Others	107,582,850	325,506,558
	<u>1,217,813,811</u>	<u>1,463,990,389</u>
Loan Processing Fees and Other Finance Charges	96,189,326	166,880,043
	<u>1,314,003,137</u>	<u>1,630,870,432</u>
Less: Costs allocated to Contractual Interests in Projects executed through Associates, etc.	10,306,012	257,554,361
	<u>1,303,697,125</u>	<u>1,373,316,071</u>
Add: Share in Joint Ventures	376,343,715	28,929,345
Per Profit and Loss Account	<u><u>1,680,040,840</u></u>	<u><u>1,402,245,416</u></u>



ACKRUTI CITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010.

SCHEDULE 'O'

1. PRINCIPLES OF CONSOLIDATION:

- (I) 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:
- (i) The Financial Statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses as per Accounting Standard (AS-21) – Consolidated Financial Statements.
 - (ii) Investments in Associates have been accounted under the equity method as per Accounting Standard (AS-23) – Accounting for Investments in Associates in Consolidated Financial Statements.
 - (iii) 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.
 - (iv) The excess of the Company's portion of equity in 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, Goodwill arising on consolidation of entities acquired by the Group representing value of land / rights held by such entities, is carried forward. Further, such Goodwill is tested for impairment at each balance sheet date.
 - (v) 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.
 - (vi) Intra-group balances and intra-group transactions and resulting unrealized profits have been eliminated.
 - (vii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
 - (viii) (a) The Company has investments in ABP Realty Advisors Private Limited (100%), Ackruti Campus of Research and Education Private Limited (100%), Ackruti City Farming Private Limited (100%), Ackruti City Knowledge Private Limited (100%), Ackruti Guestline Private Limited (100%), Citygold Education Research Limited (100%), Citygold Farming Private Limited (100%), Harmony Erectors Private Limited (100%), India Development and Construction Venture Capital Private Limited (100%) and Oracle Shelters Private Limited (100%) where the shareholdings exceed 50%. The same are in the nature of temporary investments and therefore, not considered for consolidation.
 - (b) The Company has investments in Ackruti Center Infotech Limited (67.98%) where the proportion of ownership exceed 50% and Gallant Infotech Private Limited (38.81%) where the proportion of ownership exceeds 20%. These investments are temporary in nature and, therefore, not considered for consolidation. The costs of these shares are included in the cost of Commercial Premises under Fixed Assets since they carry the occupancy rights in those premises.
- (II) Investments other than in Subsidiaries, Associates and Joint Ventures, have been accounted as per Accounting Standard (AS-13) on "Accounting for Investments".
- (III) The list of Subsidiary Companies considered for consolidation, and the Company's holdings therein are as under:

<u>Name of the Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Proportion of ownership interest</u>
Ackruti Security Plates Private Limited (Associate in the previous year)	India	53.57 %
Ackruti Warehousing Limited	India	100.00 %
Adhivitiya Properties Limited	India	100.00 %
Akruti Middle East, FZE	U.A.E.	100.00 %
Arnav Gruh Limited	India	100.00 %
Devkrupa Build Tech Limited	India	90.00 %
E Commerce Magnum Solution Limited	India	100.00 %
Gujarat Akruti - TCG Biotech Limited	India	74.00 %
Holiac Realty Limited	India	60.00 %
Jihant Housing Private Limited (w.e.f F.Y. 2009-2010)	India	100.00 %
Nova Realty Private Limited (w.e.f F.Y. 2009-2010)	India	100.00 %
Pushpak Healthcare Services Private Limited	India	80.00 %
Sheshan Housing & Area Dev. Engg. Limited	India	100.00 %
Superaction Realty Private Limited (w.e.f F.Y. 2009-2010)	India	100.00 %
TDR Properties Limited	India	100.00 %
Upvan Lake Resorts Private Limited (w.e.f F.Y. 2009-2010)	India	75.00 %
Urvi Build Tech Limited	India	95.00 %
Vaishnavi Builders and Developers Private Limited	India	88.10 %
Vama Housing Limited	India	100.00 %
Vishal Nirman (India) Limited	India	51.02 %
Vishal Techno Commerce Limited	India	100.00 %
Yantti Buildcon Private Limited (w.e.f F.Y. 2009-2010)	India	100.00 %
Hiemo Builders and Developers Private Limited (Upto February 15, 2010) (#)	India	100.00 %
Khem Buildcon Private Limited (Upto February 15, 2010) (#)	India	100.00 %

(#) denotes step down subsidiaries



ACKRUTI CITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010.

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

<u>Name of the Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Proportion of ownership interest</u>
Associates:		
Ackruti City Bus Terminal (Adajan) Limited	India	50.00 %
Ackruti City Bus Terminal (Mehsana) Private Limited	India	50.00 %
Ackruti City Bus Terminal (Vadodara) Private Limited	India	50.00 %
Agreem Properties Limited (Subsidiary in the previous year)	India	50.00 %
Buildbyte.Com (India) Private Limited (w.e.f. F.Y. 2009-2010)	India	50.00 %
Chaitra Realty Limited	India	32.02 %
Forefront Realty Private Limited (w.e.f. F.Y. 2009-2010)	India	26.00 %
Glamorous Properties Private Limited	India	25.00 %
Harbinger Developers Private Limited (w.e.f. F.Y. 2009-2010)	India	50.00 %
Kamla Shanti Realities Private Limited (w.e.f. F.Y. 2009-2010)	India	30.56 %
Ackruti City Bus Terminal (Surat) Private Limited	India	50.00 %
Pristine Developers Private Limited	India	40.00 %
Shree Swami Samarth Developers Private Limited (w.e.f. F.Y. 2009-2010)	India	49.97 %
Vinca Developer Private Limited (w.e.f. F.Y. 2009-2010)	India	49.00 %
Yellowcity Builders Private Limited (w.e.f. F.Y. 2009-2010)	India	43.50 %
Zeus Infrastructure Private Limited	India	33.33 %
Jointly Controlled Entities:		
Aarti Projects and Constructions	India	33.00 %
Akruti Forefront JV	India	75.00 %
Akruti GM JV	India	77.00 %
Akruti Jay Chandan JV	India	50.00 %
Akruti Jay Developers	India	66.66 %
Akruti Kailash Constructions	India	90.00 %
Akruti Realty Forefront Combine	India	90.00 %
Akruti Steelfab Corporation	India	55.00 %
Hiranandani Akruti JV	India	50.00 %
Shreenath Realtors	India	50.00 %
Commercial Construction Corporation	India	50.00 %
Akruti SMC JV (#)	India	50.00 %
Gandhi Adhivitiya Combine (#)	India	45.00 %
DLF Ackruti Info Parks (Pune) Limited (Associate in the previous year)	India	33.00 %
Infrastructure Ventures India Private Limited (Associate in the previous year)	India	40.00 %
Joyous Housing Limited (Associate in the previous year)	India	25.00 %
(#) Interests through subsidiaries		

2. 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 / Development 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, subject to the actual cost incurred being atleast 25 % of the total estimated project cost involved and receipt of atleast 10% of the the total sale consideration. Further, revenue recognized in the aforesaid manner and related costs are both restricted to 90% until the construction activity and related formalities are substantially completed. Costs relating to construction / development are charged to the Profit and Loss Account in proportion



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010.

with the revenue recognized during the year. The balance costs are carried as part of 'Incomplete Projects' under inventories. Amounts receivable / payable are reflected as Debtors / Advances from Customers / Unbilled Receivables or 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 on the Company by statutory authorities, is postponed till such obligations are discharged.

The Company was, upto 30th June, 2009, commencing revenue recognition on completion of 40% of the physical work as a proportion of the total work involved. Reference is invited to Note No. 10 below.

Estimated costs of the project are based on the management's estimate of the cost to be incurred upto the completion of the project and include cost of land, Floor Space Index (FSI), materials, services and other expenses attributable to the projects. Cost of construction / development is charged to the Profit & Loss Account in proportion with the revenue recognized during the year. Adjustments, if required, are made on completion of respective projects.

- iii. The Sale proceeds of the Investments held in the Subsidiaries, Joint Ventures, etc. developing Real Estate Projects are included in real estate revenue, net of cost.

B. Income from Leased Premises:

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

C. Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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.
- D. Cost of customized software is amortised on a straight line basis over a period of five years.

V. INVENTORIES

All inventories are stated at Cost or Net Realizable Value, whichever is lower.

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

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

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

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



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010.

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

IX. BORROWING COSTS

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

X. SHARE ISSUE EXPENSES

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

XI. FOREIGN CURRENCY TRANSACTIONS

- A. All transactions in foreign currency are recorded in the reporting currency, 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. TAXATION

Income tax expense comprises Current Tax 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. The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets arising on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of Deferred Tax Assets are reviewed to reassure realization.

XIII. 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.

XIV. 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 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.

3. RELATED PARTIES DISCLOSURES

A. NAMES OF RELATED PARTIES AND DESCRIPTION OF RELATIONSHIPS

I) SUBSIDIARIES

1. ABP Realty Advisors Private Limited (formerly Ackruti City Venture Capital Management Private Limited) (w.e.f. F. Y. 2009-2010)
2. Ackruti Campus of Research and Education Private Limited (formerly Akruti Campus of Research and Education Private Limited) (w.e.f. F. Y. 2009-2010)
3. Ackruti Center Infotech Limited
4. Ackruti City Farming Private Limited (formerly Akruti City Farming Private Limited) (w.e.f. F. Y. 2009-2010)
5. Ackruti City Knowledge Private Limited (formerly Akruti City Knowledge Private Limited) (w.e.f. F. Y. 2009-2010)
6. Ackruti Guestline Private Limited (formerly Akruti Guestline Private Limited) (w.e.f. F. Y. 2009-2010)
7. Citygold Education Research Limited (w.e.f. F. Y. 2009-2010)
8. Citygold Farming Private Limited (w.e.f. F. Y. 2009-2010)
9. Harmony Erectors Private Limited (w.e.f. F. Y. 2009-2010)
10. India Development and Construction Venture Capital Private Limited (formerly Ackruti City Venture Capital Private Limited) (w.e.f. F. Y. 2009-2010)
11. Oracle Shelters Private Limited (w.e.f. F. Y. 2009-2010)

II) ASSOCIATES, WHERE TRANSACTIONS HAVE TAKEN PLACE

1. Ackruti City Bus Terminal (Adajan) Limited (formerly Multicity Bus Terminal (Surat-Adjan) Limited)
2. Ackruti City Bus Terminal (Mehsana) Private Limited (formerly a public limited company)
3. Ackruti City Bus Terminal (Vadodara) Private Limited (formerly a public limited company)
4. Agreem Properties Limited (subsidiary during the previous year)
5. Buildbyte.Com (India) Private Limited (w.e.f. F. Y. 2009-2010)
6. Chaitra Realty Limited
7. Forefront Realty Private Limited (formerly V D Developers Private Limited) (w.e.f. F. Y. 2009-2010)
8. Gallant Infotech Private Limited
9. Glamorous Properties Private Limited



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010.

10. Harbinger Developers Private Limited (w.e.f. F. Y. 2009-2010)
11. Kamla Shanti Realities Private Limited (w.e.f. F. Y. 2009-2010)
12. Ackruti City Bus Terminal (Surat) Private Limited (formerly Multicity Bus Terminal (Surat) Private Limited)
13. Pristine Developers Private Limited
14. Shree Swami Samarth Developers Private Limited (Partnership firm in previous year)
15. Vinca Developer Private Limited (w.e.f. F. Y. 2009-2010)
16. Yellowcity Builders Private Limited (w.e.f. F. Y. 2009-2010)
17. Zeus Infrastructure Private Limited

III) JOINTLY CONTROLLED ENTITIES

1. Aarti Projects and Constructions
2. Akruti Forefront JV
3. Akruti GM JV
4. Akruti Jay Chandan JV
5. Akruti Jay Developers
6. Akruti Kailash Constructions
7. Akruti Realty Forefront Combine
8. Akruti Steelfab Corporation
9. Hiranandani Akruti JV
10. Niharika Shopping Mall JV (For a part of the year)
11. Shreenath Realtors
12. Commercial Construction Corporation
13. DLF Akruti Info Parks (Pune) Limited (formerly DLF Akruti Info Parks (Pune) Limited) (Associate during the previous year)
14. Infrastructure Ventures India Private Limited (Associate during the previous year)
15. Joyous Housing Limited (Associate during the previous year)
16. Akruti SMC JV
17. Gandhi Adhivitiya Combine

IV) (a) KEY MANAGEMENT PERSONNEL

1. Mr. Hemant M. Shah (Executive Chairman, Wholtime Director)
2. Mr. Vyomesh M. Shah (Managing Director)
3. Mr. Madhukar B. Chobe (Wholtime Director)

(b) RELATIVES OF KEY MANAGEMENT PERSONNEL (where transactions have taken place)

1. Mrs. Kunjal H. Shah
2. Mrs. Falguni V. Shah
3. Mrs. Lata M. Shah
4. Mr. Rushank V. Shah
5. Mr. Khilen V. Shah
6. Master Kushal H. Shah
7. Hemant M. Shah HUF
8. Vyomesh M. Shah HUF
9. Mahipatray V. Shah HUF

(c) ENTERPRISES WHERE KEY MANAGERIAL PERSONNEL OR THEIR RELATIVES EXERCISE SIGNIFICANT INFLUENCE (where transactions have taken place)

1. Citygold Management Services Private Limited
2. Ackruti Safety Innovations Limited
3. Ackruti Salt Works Limited
4. Boulevard Realty Private Limited (w.e.f. F. Y. 2009-2010)
5. Fourjone Realtors Private Limited
6. Ichha Constructions Private Limited
7. Refresh Buildcon Private Limited (w.e.f. F. Y. 2009-2010)
8. Saicharan Consultancy Private Limited
9. Sanskriti Developers Private Limited
10. Ackruti City Bus Terminal (Ahmedabad) Private Limited

Note: Related Party relationships are identified by the Company and relied upon by the auditors



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010.

B. TRANSACTIONS WITH RELATED PARTIES

Nature of transaction	(Rupees)				
	Subsidiary Companies	Associate Companies	Jointly Controlled Entities	Other parties where control exists	Key Management Personnel (Including Relatives)
Loans & Advances received / recovered	1,106,126,761 (-)	437,637,927 (1,587,678,050)	927,918,660 (142,679,876)	325,215,240 (-)	210,000 (2,034,529,121)
Loans & Advances Given / repaid/ adjusted	1,151,551,217 (-)	2,880,957,031 (2,233,556,139)	199,553,486 (222,800,047)	490,125,560 (-)	- (1,310,922,028)
Interest Received	248,057,119 (-)	342,867,343 (90,995,675)	207,503,806 (2,339,164)	14,269,191 (-)	- (47,441,591)
Interest Paid	- (-)	- (-)	- (-)	1,213,068 (-)	8,901,934 (116,699,858)
Advance against Share application	670,000,000 (-)	1,045,000 (10,000,048)	- (-)	- (-)	- (34,650,000)
Advance against Share application adjusted	1,465,312,000 (-)	2,224,500,000 (-)	30,000,000 (-)	850,000 (-)	- (-)
Services received / availed	8,603,005 (21,026,516)	946,012 (-)	- (-)	44,977,070 (-)	- (38,507,080)
Services rendered	- (-)	- (34,662,130)	20,213,392 (2,035,036)	509,900 (-)	- (-)
Reimbursement of Expenses	- (-)	38,222,744 (1,450)	24,487,898 (783,870)	48,762 (-)	55,920 (4,844,591)
Rent received	- (-)	- (-)	- (-)	13,632,915 (-)	- (14,890,291)
Rent paid	- (-)	- (-)	- (-)	502,710 (-)	- (600,000)
Directors' remuneration	- (-)	- (-)	- (-)	- (-)	49,198,600 (39,888,000)
Purchase of TDR / Project / Material	38,605 (-)	- (2,207,733)	4,494,153 (463,343)	- (-)	- (-)
Purchase of Flat	- (-)	- (-)	- (-)	- (-)	1,400,000 (-)
Sale of Finished Properties / FSI / Material	- (-)	- (387,918)	- (-)	- (-)	- (13,500)
Investments made	2,200,000 (-)	6,057,458 (150,870,812)	20,110,000 (473,812,857)	- (-)	- (-)
Investments withdrawn	45,600,000 (-)	15,800 (83,393,485)	293,500,000 (142,156,854)	- (-)	- (250,000,000)
Share of Profit from Joint Ventures & Partnership	- (-)	- (-)	430,539,599 (22,803)	- (-)	- (-)
Share of Loss from Joint Ventures & Partnership	- (-)	- (-)	46,117,207 (5,179,233)	- (-)	- (-)
Deposits received	- (-)	- (-)	- (-)	- (-)	11,000,000 (102,380,500)
Deposits repaid	- (-)	- (-)	- (-)	1,234,620 (-)	131,677,800 (700,000)
Security by way of shares in the Company pledged against loans availed by Company.	- (-)	- (-)	- (-)	- (-)	Amount not quantifiable #
Corporate Guarantees given for loans availed by others (net of guarantees vacated)	- (-)	780,000,000 (530,000,000)	391,934,380 (-)	- (-)	- (-)
Corporate Guarantees given for loans availed by others (net of guarantees vacated)	- (-)	- (-)	- (175,000,000)	- (280,000,000)	- (-)



ACKRUTI CITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010.

B. TRANSACTIONS WITH RELATED PARTIES

(Rupees)

Nature of transaction	Subsidiary Companies	Associate Companies	Jointly Controlled Entities	Other parties where control exists	Key Management Personnel (Including Relatives)
Balances Outstanding *					
Receivable	1,120,223,583 (-)	3,189,806,060 (1,839,864,185)	582,161,977 (327,721,468)	63,508,474 (-)	- (100,848,724)
Payable	26,634,284 (16,460,648)	1,334,453,993 (-)	74,888,440 (2,628,298)	61,614,867 (-)	37,607,019 (1,219,303,324)
Security by way of shares in the Company pledged against loans availed by Company	-	-	-	-	Amount not quantifiable #
Corporate Guarantees given for loans availed by others (amount outstanding there against)	-	780,000,000 (259,200,000)	1,130,632,661 (711,100,000)	-	-

* including balances relating to transactions entered when these were not related

amounts not quantifiable since they fluctuate based on market price of the quoted shares

4. DEFERRED TAXATION FOR THE YEAR ENDED 31ST MARCH, 2010:

	As at 31 st March, 2009	Charge/(Credit) during the year	As at 31 st March, 2010
Deferred Tax Liability/(Asset) on account of :			
i. Depreciation	(15,305,201)	4,565,032	(10,740,169)
ii. Expenses allowable for Tax Purpose in subsequent year(s)	(88,415,556)	48,913,673	(39,501,883)
Net Deferred Tax Liability / (Asset)	(103,720,757)	*53,478,705	(50,242,052)

* Includes Rs. 1,697,386/- for Deferred Tax adjustment of entities which have become Subsidiaries, Associates, Joint Ventures etc. during the year.

5. The consolidated financial statements present the consolidated accounts of the Company with its Subsidiaries, Joint Ventures and Associates, which incorporate Ackruti Warehousing Limited (AWL) & Ackruti Security Plates Private Limited (ASPPL), both subsidiaries of the company that are yet to commence commercial operations. The operations of these Subsidiaries would fall within a segment separate from the existing one of Real Estate Development. However, consolidated segment information would be given once AWL & ASPPL commence operations. Further, the Group operates within a single geographical segment.
6. "Sundry Debtors" as at 31st March, 2010, include Rs.61.24 Crore (Rs.441.30 Crore as at 31.03.2009), due from two customers who had during the previous year, requested the Company for extending the credit period originally granted in their respective sale agreements. The parties had affirmed to remain committed to the consideration originally agreed to and have, during the current year, discharged a large part of the total outstanding debt. These parties have requested the management for further extension upto 30th September, 2010. Based on the above, the management considers the debt to be good and fully recoverable as at the balance sheet date.
7. **PRIOR PERIOD ADJUSTMENTS INCLUDE:**

	2009-2010 (Rupees)	2008-2009 (Rupees)
Depreciation Adjustments	-	480,133
Debits relating to earlier years	(900,982)	(2,980,097)
Credits relating to earlier years	7,914,076	13,527,337
Total	7,013,094	11,027,373

8. EARNING PER SHARE :

Particulars		2009-2010	2008-2009
Net Profit as per Profit and Loss Account available for Equity Shareholders	In Rs.	1,649,140,736	2,647,315,299
Number of Shares as on 31 st March 2010	In Nos.	72,735,871	66,700,000
Weighted average number of equity shares outstanding during the year	In Nos.	70,056,936	66,700,000
Earning Per Share of Rs.10/- each (Basic and Diluted)	In Rs.	23.54	39.69



ACKRUTI CITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010(CONTD.)

9. CONTINGENT LIABILITIES (INCLUDING SHARE OF JOINT VENTURE) (NOT PROVIDED FOR):

Sr. No.	Particulars	As at 31-03-2010 (Rupees)	As at 31-03-2009 (Rupees)
(A)	Claims against the Company, not acknowledged as debts on account of: -		
1.	Income Tax matters under appeal (including share in joint venture Rs. 1,252,991/-, P.Y. Rs.1,252,991/-)	7,178,868	498,914,231
2.	Demand notice issued by Brihanmumbai Municipal Corporation for Land Under Construction charges (Property Tax).	48,051,625	41,197,579
3.	Others (including share in joint ventures Rs. 1,986,562/- P.Y. Rs. Nil)	23,170,274	7,446,348
(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).	7,940,608,734	621,175,507

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.

10. The Company, upto 30th June, 2009, was recognising revenue from sale of incomplete properties based on the percentage of completion method, only after work had physically progressed to the extent of 40% of the total work estimated. With effect from 1st July, 2009, revenue as per this method, is recognised upon incurring 25% of the total estimated project cost, subject to receipt of atleast 10% of the total sale consideration, which is in line with norms generally followed in the industry, so as to make the financial statements more comparable. As a result of this change, the revenue and the profit before taxation for the year are higher by Rs. 4,507,052,795 and Rs.2,337,312,780, respectively. The effect of such change on the financial statements of subsequent financial years cannot be ascertained at present.
11. Previous year's figures have been regrouped / recast wherever necessary.

As per our report of even date

For and on behalf of
DALAL & SHAH
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of
DOSHI DOSHI & ASSOCIATES
Firm Registration No. 121773W
Chartered Accountants

For and on behalf of the Board

VYOMESH M. SHAH
MANAGING DIRECTOR

MADHUKAR B. CHOBE
WHOLETIME DIRECTOR

SHISHIR DALAL
PARTNER
Membership No. F-037310

VIRAL D. DOSHI
PARTNER
Membership No. F-105330

CHETAN S. MODY
COMPANY SECRETARY

BHARAT MODY
CHIEF FINANCE
OFFICER

MUMBAI
Date: August 7, 2010

MUMBAI
Date: August 7, 2010



ACKRUTI CITY

SUMMARY OF FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

DISCLOSURE PURSUANT TO MINISTRY OF CORPORATE AFFAIRS APPROVAL NO. 47/325/2010-CL-III DATED APRIL 23, 2010 UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED MARCH 31, 2010

(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 (included in total assets)	Turnover and Other Income	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend and Tax thereon
ABP Realty Advisors Private Limited (formerly Ackruti City Venture Capital Management Private Limited)	5.00	(26.64)	187.06	208.70	—	0.03	(25.64)	—	(25.64)	—
Ackruti Campus of Research and Education Limited	1.00	(1.81)	1.15	1.96	—	—	(0.43)	—	(0.43)	—
Ackruti Center Infotech Limited	5.00	21.91	113.79	86.88	—	164.21	4.61	—	4.61	—
Ackruti City Farming Private Limited	1.00	154.44	3533.45	3378.01	—	224.94	125.18	43.26	81.92	—
Ackruti City Knowledge Private Limited	1.00	201.56	10498.83	10296.27	321.12	0.11	(191.01)	—	(191.01)	—
Ackruti Guestline Private Limited	1.00	21.36	13513.96	13491.60	—	—	(0.54)	—	(0.54)	—
Ackruti Security Plates Private Limited	26.76	(234.13)	365.68	573.05	—	51.36	(55.86)	—	(55.86)	—
Ackruti Warehousing Limited	10.00	461.93	3880.81	3408.88	—	9.19	(114.64)	—	(114.64)	—
Adhivitiya Properties Limited	5.00	(175.75)	575.73	746.48	473.54	50.91	(95.32)	—	(95.32)	—
Arnav Gruh Limited	5.00	(487.05)	2214.76	2696.81	672.00	289.14	(253.92)	—	(253.92)	—
Citygold Education Research Limited	230.50	2359.02	7673.87	5084.35	—	32.04	(24.75)	(5.85)	(30.60)	—
Citygold Farming Private Limited	259.76	2865.15	13653.23	10528.32	—	97.31	77.18	14.32	62.86	—
Devkrupa Build Tech Limited	5.00	(434.73)	3159.38	3589.11	—	495.29	(432.35)	—	(432.35)	—
E Commerce Magnum Solution Limited	25.00	(31.02)	2.59	8.61	—	2.60	0.85	—	0.85	—
Gujarat Akruti-TCG Biotech Limited	5.00	(115.60)	2408.31	2518.91	—	1.60	(61.99)	—	(61.99)	—
Harmony Erectors Private Limited (formerly Akruti SEZ (Mumbai) Private Limited)	1.00	(0.67)	0.56	0.23	—	—	(0.19)	—	(0.19)	—
Holiac Realty Limited (formerly New Empire Realtors Limited)	5.00	(96.85)	639.26	731.11	—	0.08	(2.09)	—	(2.09)	—
India Development and Construction Venture Capital Private Limited (formerly Akruti City Venture Capital Private Limited)	5.00	(10.30)	8.47	13.77	—	—	(7.94)	—	(7.94)	—
Jihant Housing Private Limited	1.00	(0.38)	180.88	180.26	—	—	(0.38)	—	(0.38)	—
Nova Realty Private Limited	1.00	(0.33)	0.92	0.25	—	—	(0.21)	—	(0.21)	—
Oracle Shelters Private Limited (formerly Akruti SEZ (Thane) Private Limited)	1.00	(1.06)	1.75	1.81	—	—	(0.27)	—	(0.27)	—
Pushpak Healthcare Services Private Limited	1.25	106.98	702.50	594.27	4.99	13.38	10.13	2.71	7.42	—
Sheshan Housing and Area Development Engineers Limited	5.00	59.37	68.34	3.97	—	8.76	7.98	2.47	5.51	—
Superaction Realty Private Limited	1.00	(0.32)	8.68	8.00	—	—	(0.20)	—	(0.20)	—
TDR Properties Limited	5.00	379.61	391.17	6.56	0.23	22.24	13.47	4.23	9.24	—
Upvan Lake Resorts Private Limited	1.20	(9.03)	161.99	169.82	—	1.61	(8.59)	—	(8.59)	—
Urvi Build Tech Limited	5.00	(959.82)	1776.67	2731.49	0.49	305.76	(945.36)	—	(945.36)	—
Vaishnavi Builders and Developers Private Limited	5.00	(11.91)	908.64	915.55	—	—	(1.81)	—	(1.81)	—
Vama Housing Limited	5.00	(262.40)	196.74	454.14	19.13	5.12	(100.83)	—	(100.83)	—
Vishal Nirman (India) Limited	5.00	19.08	30.61	6.53	—	2.90	1.77	0.76	1.01	—
Vishal Techno Commerce Limited	5.00	153.04	8459.04	8301.00	41.21	147.55	(9.36)	—	(9.36)	—
Yantli Buildcon Private Limited	1.00	0.12	978.94	977.82	—	1.16	0.21	0.09	0.12	—
# - Akruti Middle East (FZE) (Sharjah)	18.33	(2.33)	16.00	—	—	—	(3.29)	—	(3.29)	—

Note : # - The Indian rupee equivalent of the figures given in foreign currency in the accounts of the Subsidiary Company, has been given based on the exchange rate as on March 31, 2010 (1 AED = Rs. 12.2228).

- The financial year of the Subsidiary Company ends on November 30. However, the results given are as of March 31, 2010.



ACKRUTI CITY

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, 2010	not dealt with in the accounts of Ackruti City Limited for the year ended March 31, 2010	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
ABP Realty Advisors Private Limited (formerly Ackruti City Venture Capital Management Private Limited)	31.03.2010	50000	100 %	(25.64)	—	—	—
Ackruti Campus of Research and Education Limited	31.03.2010	10000	100 %	(0.43)	—	—	—
Akruti Center Infotech Limited	31.03.2010	33989	67.81 %	3.13	1.48	0.99	0.43
Ackruti City Farming Private Limited	31.03.2010	10000	100 %	81.93	—	—	—
Ackruti City Knowledge Private Limited	31.03.2010	10000	100 %	(191.01)	—	—	—
Ackruti Guestline Private Limited	31.03.2010	10000	100 %	(0.54)	—	—	—
Ackruti Security Plates Private Limited	31.03.2010	36215 Class 'A' equity shares of Rs. 10 each and 20000 9 % cumulative convertible preference shares of Rs.100 each	53.57 %	(29.92)	(25.94)	—	—
Ackruti Warehousing Limited	31.03.2010	100000	100 %	(114.64)	—	(2.00)	—
Adhivitiya Properties Limited	31.03.2010	50000	100 %	(95.32)	—	(55.41)	—
Arnav Gruh Limited	31.03.2010	50000	100 %	(254.02)	—	(201.97)	—
Citygold Education Research Limited	31.03.2010	50000	100 %	(30.60)	—	—	—
Citygold Farming Private Limited	31.03.2010	10000	100 %	62.86	—	—	—
Devkrupa Build Tech Limited	31.03.2010	45000	90.00 %	(387.86)	(43.10)	(3.61)	(0.41)
E Commerce Magnum Solution Limited	31.03.2010	250000	100 %	(0.85)	—	(21.50)	—
Gujarat Akruti-TCG Biotech Limited	31.03.2010	37000	74.00 %	(45.81)	(16.10)	(27.68)	(9.72)
Harmony Erectors Private Limited (formerly Akruti SEZ (Mumbai) Private Limited)	31.03.2010	10000	100 %	(0.19)	—	—	—
Holiac Realty Limited (formerly New Empire Realtors Limited)	31.03.2010	30000	60.00 %	(1.27)	(0.84)	(43.52)	(29.02)



ACKRUTI CITY

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, 2010	not dealt with in the accounts of Ackruti City Limited for the year ended March 31, 2010	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
India Development and Construction Venture Capital Private Limited (formerly Akruti City Venture Capital Private Limited)	31.03.2010	50000	100 %	(7.94)	—	—	—
Jihant Housing Private Limited	31.03.2010	10000	100 %	(0.38)	—	—	—
Nova Realty Private Limited	31.03.2010	10000	100 %	(0.21)	—	—	—
Oracle Shelters Private Limited (formerly Akruti SEZ (Thane) Private Limited)	31.03.2010	10000	100 %	(0.27)	—	—	—
Pushpak Healthcare Services Private Limited	31.03.2010	10000	80.00 %	5.94	1.48	(0.28)	(0.07)
Sheshan Housing and Area Development Engineers Limited	31.03.2010	50000	100 %	5.52	—	7.03	—
Superaction Realty Private Limited	31.03.2010	10000	100 %	(0.20)	—	—	—
TDR Properties Limited	31.03.2010	50000	100 %	9.17	—	71.09	—
Upvan Lake Resorts Private Limited	31.03.2010	9000	75 %	(6.44)	(2.15)	—	—
Urvi Build Tech Limited	31.03.2010	47500	95.00 %	(897.84)	(47.25)	(8.72)	(0.46)
Vaishnavi Builders and Developers Private Limited	31.03.2010	4405	88.10 %	(1.60)	(0.22)	(0.43)	(0.07)
Vama Housing Limited	31.03.2010	50000	100 %	(100.83)	—	(107.37)	—
Vishal Nirman (India) Limited	31.03.2010	25510	51.02 %	0.51	0.49	(20.49)	(19.66)
Vishal Techno Commerce Limited	31.03.2010	50000	100 %	(9.39)	—	(32.73)	—
Yantti Buildcon Private Limited	31.03.2010	10000	100 %	(0.12)	—	—	—
# Akruti Middle East, FZE	31.03.2010	1	100 %	(3.29)	—	(8.56)	—

Note : # - The Indian rupee equivalent of the figures given in foreign currency in the accounts of the Subsidiary Company, has been given based on the exchange rate as on March 31, 2010 (1 AED = Rs. 12.2228).

- The financial year of the Subsidiary Company ends on November 30. However, the results given are as of March 31, 2010.



ACKRUTI CITY

NOTES



ACKRUTI CITY

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ACKRUTI CITY

ACKRUTI CITY LIMITED

Registered Office : Ackruti Trade Centre, 6th Floor, 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 Second Annual General Meeting of the Company held on **Wednesday, September 29, 2010 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.

ACKRUTI CITY LIMITED

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

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 Second Annual General Meeting of the Company to be held on **Wednesday, September 29, 2010 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, 2010.

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.



TRUCOST PLC

This is to certify that Ackruti City Limited has submitted data to the Trucost Financed Emissions Tool and has achieved a five star rating.

Trucost Financed Emissions Assessment Tool

Ackruti City Limited

Carbon Footprint
4,711.00 tonnes



Simon Thomas
Chief Executive of Trucost

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Indian Green Building Council (IGBC)

hereby certifies that

Ackruti Gold
Mumbai

has achieved precertification under the LEED India for Core & Shell Rating System.
Documentation has been submitted for this project, which demonstrates an intent
to design and build a high performance building in accordance with
LEED India Green Building Rating System

LEED India for Core & Shell Precertified Platinum
January 2010

C N Raghavendran
Chairman, LEED India

Dr Prem C Jain
Chairman, IGBC

Jamshyd N Godrej
Chairman, CII-Godrej GBC



ACKRUTI CITY

L I F E T I M E V A L U E

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